LIMITED LIABILITY COMPANY
“LIGHTSPACE TECHNOLOGIES”
(UNIFIED REGISTRATION NUMBER: 40103758550)

2024 ANNUAL REPORT

PREPARED IN ACCORDANCE WITH THE LAW ON THE ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS EFFECTIVE IN THE REPUBLIC OF LATVIA AND INDEPENDENT AUDITORS' REPORT*

Mārupe, 2025

**This version of financial statements is a translation from the original, which was prepared in the Latvian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of financial statements takes precedence over this translation.*

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General information

Name of company	Lightspace Technologies
Legal status of the company	Limited Liability Company
Company registration number, place and date	40103758550 Ogre, February 12, 2014
Legal address of the company	3 Zemzaru Street, Marupe, Marupes nov., LV-2167, Latvia
Shareholders of the Company	Lightspace Group Inc., (100%) Reg.Nr. 6905392 16192 Coastal Highway, Lewes, DE 19958, Sussex, Delaware, U.S.
Board members of the Company	Ilmārs Osmanis, Chairman of the Board Baiba Ebuliņa, Member of the Board (from 11.10.2023 to 23.07.2024.)
The Company's subsidiaries	Lightspace Labs Inc. (100% ownership, former subsidiary name – Lightspace Technologies Inc.) (up to 05.04.2024.) Reg No 75-3120036 P.O. Box 242, Twinsburg OH 44087, USA SIA "EUROLCDS" (ownership 83.81%) (up to 15.11.2024) Reg No 41203040030 Ventspils Augsto tehnoloģiju parks 2, Ventspils, LV-3602, Latvia
The Company's operating activities (NACE2)	Manufacture of computers and peripheral equipment (26.20) Manufacture of optical instruments and photographic equipment (26.70)
Independent auditor and certified auditor name and address	SIA "Deloitte Audits Latvia" Republikas laukums 2A, Riga, LV-1010 License No. 43 Inguna Stasa Sworn auditor of the Republic of Latvia Certificate No 145
Previous financial year **Financial year**	1 January 2023 – 31 December 2023 1 January 2024 – 31 December 2024
Preparer of the Annual Report	Monta Grāvelsiņa Accountant

Management report

Introduction

"Lightspace Technologies" SIA (hereinafter - the Company or Lightspace) is a developer of photonics and optical solutions company that has become a global technology leader in the development of augmented reality (AR) and virtual reality (VR) multi-focal head displays, as well as future holographic 3D image display technologies. The economic activity of SIA "Lightspace Technologies" is the development of new virtual reality 3D image creation technologies, the development and production of 3D optics products using liquid crystal display (LCD) technologies. The company develops technologies, carries out patenting, licenses its inventions, as well as produces 3D technology products, with applications in medicine, science, defence industry, games, entertainment and multi-media, as well as in other professional fields.

The subsidiary registered in the USA, Lightspace Labs Inc., was strategically utilized as a sales channel and is involved in both operational and product development work for the group's business development in the USA market. During the reporting year, a decision was made to re-register the existing subsidiary at the parent company's Lightspace Group Inc. level, by concluding a sales agreement with the parent company.

The subsidiary company registered in the United Kingdom, Lightspace Labs Ltd., will be strategically utilized as a new technology development centre for the creation of new 3D image formation technologies and as a sales channel to ensure successful collaboration with clients registered in the United Kingdom.

Multi-focal image AR, VR head-mounted displays are considered critical technology for the realization of near-distance 3D image visualization for professional 3D graphics, military systems, digital manufacturing (smart manufacturing), digital and image-guided medicine, training, and simulations in a realistic 3D environment. The latest head-mounted display model iG1055, through validation projects, has been highly appreciated in terms of image quality and eye comfort during prolonged use. In partnership with Medtronic, a head-mounted display trial and validation project was conducted, the results of which have been considered in further product development.

Similar technology validation (proof of concept) projects have been accomplished in collaboration with Rheinmetall Electronics, which, as part of the “Rheinmetall” offering, were demonstrated at the UK Ministry of Defence military experiment and to the UK Army's Armored Trials and Development Unit. The solution received favourable evaluations. As a result, a partnership agreement was concluded with the military industrial company "Rheinmetall" group's company "Rheinmetall Electronics UK." This agreement envisages the joint development and production of multi-focal augmented reality systems for military applications. The company's optical solutions enable the viewing of images and information in multiple planes, providing significant operational improvements and preventing eye strain caused by other single focal plane solutions.

The goal of the collaboration is to leverage the strengths of both companies to create augmented reality systems and applications specifically tailored to the needs of the defence and security sectors. The planned solutions aim to significantly improve situational awareness in military operations, decision-making processes, and operational efficiency.

The Company's operating results for the reporting year

The Company concluded the reporting year with a net turnover of 151,644 EUR (2023: 171,195 EUR) and a net profit of 483,220 EUR (2023: net loss - 5,273,636 EUR). The total balance as of December 31, 2024, amounted to 5,814,564 EUR, compared to the total balance at the end of the previous year, which was 7,635,500 EUR.

Share capital and shares of the Company

At the end of the reporting year, the Company's share capital is 32,672 EUR, consisting of 32,672 shares, with a nominal value of 1 EUR per share. The Company's share capital is fully paid-up. The sole owner of the Company's capital shares is the US-established company Lightspace Group Inc. (100%), reg. no. 6905392, address: 16192 Coastal Highway, Lewes, DE 19958, Sussex, Delaware, USA.

During the reporting year, there have been no changes to the Company's share capital, as well as no changes to the composition of the Company's shareholders.

December 2, 2024, the shareholders of Lightspace Group Inc. signed a “Share Exchange Agreement” with the Finnish company SUMMA DEFENCE OY for inclusion in the planned Finnish defence holding company with a 100% share exchange transaction. It is anticipated that the transaction will be completed (“closing”) in the first half of 2025. The agreement stipulates that SUMMA DEFENCE OY commits, upon evaluating the Company's business plan and receiving approval from the Finnish company's directors, to provide the Company with further funding. The indicative amount of funding determined is 8.7 million EUR over the next 24 months.

Simultaneously with the "Share Exchange Agreement", the parent company Lightspace Group Inc. and SUMMA DEFENCE OY signed a Bridge loan agreement for a loan of 0.47 million EUR, with a repayment term set for June 30, 2026. In December 2024, within the Lightspace Technologies group, SIA Lightspace Technologies received Bridge loan payments in the amount of 80 thousand EUR and Lightspace Group Inc. has received 80 thousand EUR.

The Company financing activities and restructuring

In 2024, SIA “Lightspace Technologies” made investments amounting to 0.91 million EUR in manufacturing equipment, research assets, and technology development.

In 2024, a decision was made to restructure the intellectual property owned by the Company, and part of the intellectual property related to technology patents was transferred to the parent company, Lightspace Group Inc., by selling it to the parent company at acquisition or creation value for profit. In 2024, intellectual property amounting to 4.58 million EUR was sold to the parent company, Lightspace Group Inc., resulting in a recognized profit of 2.36 million EUR.

To simplify the Company group's structure, the management decided in the reporting year to move the subsidiary Lightspace Labs Inc. (USA) to the parent company's level, Lightspace Group Inc. (USA), by concluding a share sale agreement on April 5, 2024. The share sale agreement stipulates the sale of the subsidiary company Lightspace Group Inc.'s capital shares to the parent company, setting the contract price at 50,000 USD. The share re-registration was completed on July 25, 2024. Within the framework of the transaction, revenue from the sale of the subsidiary was recognized in the amount of 15,865 EUR.

Considering the additional challenges created by the economic environment in Latvia and worldwide, the management board of SIA “Lightspace Technologies” submitted a request to the court in 2024 to initiate the legal protection process with the aim of attracting additional funding to stabilize the Company’s operations and cash flow. On July 8, 2024, the Riga District Court initiated the legal protection process for SIA “Lightspace Technologies” with a decision in case no. C33434024. According to the decision of the Riga District Court, a deadline was set for the development and submission of a legal protection plan for SIA “Lightspace Technologies,” coordinated with the creditors, until November 8, 2024. On November 25, 2024, the Riga District Court approved the prepared and creditor-coordinated legal protection plan for the Company, which defined the implementation term of the plan as 4 years, anticipating revenue from the sale of head-mounted displays and revenue from the disposal of intangible assets at the group level, as well as covering accumulated liabilities to the State Revenue Service and ALTUM over a 2-year period and starting the repayment of other liabilities accumulated in the legal protection plan from December 2026.

In 2024, to prepare for the Company's sale transaction, SIA Lightspace Technologies decided and carried out a significant sale of intellectual property assets (amounting to 4.58 million EUR) at their creation value to the parent company Lightspace Group Inc. As a result of the transaction, a profit of 2.36 million EUR was recognized, which significantly increased the Company’s equity. The transaction was intended as one of the debt reduction activities within the legal protection process plan, ensuring substantial strengthening of the balance sheet. In 2024, following the sale transaction, convertible loans and other liabilities of the Company totalling 3.5 million EUR were excluded from the Company's balance sheet, through mutual transaction offsets with the parent company Lightspace Group Inc.

During the reporting year, the Company also received several bridge loans within the group framework. A total of 691.4 thousand EUR from the parent company's shareholders, as well as from the investor SUMMA DEFENCE OY:

- Loan agreement with SIA “C3” – 215 thousand EUR.
- Loan agreement with SIA “Macro Rīga” – 91.4 thousand EUR.
- Lightspace Group Inc. loan agreement with investor SUMMA DEFENCE OY – 80 thousand EUR.
- Lightspace Group Inc. loan agreement with other shareholders - 305 thousand EUR.

Research and development

In 2024, SIA "Lightspace Technologies" continued work on both new product development and the creation of technological solutions for augmented reality (AR) and virtual reality (VR) multi-focal head-mounted displays, as well as the development of future holographic 3D image display technologies. Patent applications for inventions were submitted, and several patents were granted.

During the reporting year, the Company continued to work on the implementation of the SIA “Lightspace Technologies” project, submitted and approved in 2022, with application no. 101092889 "Embodied Social Experiences in Hybrid Shared Spaces (Sharespace)", funded by the European Commission's HORIZON-RIA program in collaboration with 15 other European companies and research organizations. The project implementation started on January 1, 2023, with a term of 36 months. The total project costs are 5.947 million EUR, of which SIA “Lightspace Technologies” share is 223,750 EUR, with 100% project funding. In the previous reporting year, the Company received an advance of 50% of the total project costs, amounting to 111,875 EUR, which is recognized as revenue proportionally to the project's attributable costs. During the reporting period, the Company received a second funding advance in the amount of 78,313 EUR. By the end of the reporting year, the Company's total received funding under the project is 190,188 EUR.

During the reporting year, the Company started to implement the project no. 101161333 "We Are Health Champions - Disrupting the European Healthcare Systems with Virtual Reality and Augmented Reality Applications (VRHealthChampions)" which was submitted in 2023 and approved in 2024. The project was applied for under the European Commission's co-financed Interregional Innovation Investment (I3) instrument program call *I3-2023-INV2a* and is being implemented in collaboration with 16 other European companies and research organizations. In the third quarter of 2024, a cooperation agreement and a contract with the European Commission for funding of 70% of the total project costs were signed. The project implementation started on October 1, 2024, with a term of 36 months. The total project costs are 7,881,329 EUR, of which the share of SIA “Lightspace Technologies” is 758,699 EUR, with a maximum funding amount set at 531,088 EUR. During the reporting year, the Company received a funding advance of 154,326 EUR for the project implementation, which is recognized as revenue proportionally to the project's attributable costs. By the end of the reporting year, the Company's total received funding under the project is 154,326 EUR.

Exposure to risks

The Company is exposed to liquidity risk. Liquidity is influenced by the amount of received advances, supplier payment terms, and the amount of working capital available to the Company. The Company controls its liquidity risk by maintaining an appropriate amount of cash.

The Company is exposed to cash flow risk due to insufficient stability of cash flow. The Company conducts careful and thoughtful cash flow planning to ensure the fulfilment of current liabilities within specified terms and to mitigate cash flow risk. Monthly cash flow forecasting is carried out to ensure an adequate amount of financial resources for its operations, creating a liquidity reserve from its own funds as well as using credit resources.

The Company's management is taking steps to implement new projects, promote the Company's development, and attract new investments, strategic partners, and shareholders.

During the reporting year, the Company undertook measures to reduce operational costs, optimizing monthly premises and office expenses, as well as reviewing the current workload of employees, with a focus on fulfilling the largest client's cooperation agreement.

For the funding of development and research projects, grant funding programs supported by CFLA and EIC are utilized.

Together with cooperation partners and scientific institutions, development and research projects supported by CFLA and EIC are being implemented, within which it is planned to receive more funding.

During the reporting year, the Company attracted loans amounting to 385 thousand EUR from the existing shareholder Lightspace Group Inc. The loan agreements were concluded at the Lightspace Group Inc. level and provide for the payment to be made directly to the Company's account. Part of the loans were settled against debtor receivables, with the unpaid loan principal amount at the end of the reporting year being 185 thousand EUR. The Company also received a loan for working capital financing from the parent company's shareholder SIA “C3” amounting to 215 thousand EUR and from SIA “Macro Rīga” amounting to 91.4 thousand EUR, excluding accrued loan interest.

The Company is exposed to credit risk related to its issued trade credits and receivables from buyers and customers. The Company has implemented several procedures that reduce the risk of uncollectible debts arising, including regularly evaluating the payment history of buyers' debts, setting trade credit limits, and terms individually for each buyer.

The Company is exposed to foreign currency risk related to its monetary assets and liabilities, which include cash and cash equivalents, debts to suppliers and contractors, loans and borrowings. The Company is primarily exposed to foreign currency risk related to the US dollar (USD). As of December 31, 2024, the Company has payments with its subsidiary and parent company in USD.

The Company is exposed to the interbank money market EURIBOR interest rate risk, primarily related to the potential increase in ECB base rates and the associated EURIBOR interest rate values for long-term borrowings, which are applied with variable interest rates. The sensitivity of the Company's financial performance to potential changes in EURIBOR interest rates is insignificant.

Financial risk management is reflected in Note 30 of the financial statement.

Further development of the Company

The Company's future development is planned in the already existing development directions. In 2025, the Company will continue to work on the development of 3D image creation technology, demonstrations to potential clients, as well as efforts to attract necessary investments for the Company's further development.

It is planned to continue working on the preparation of the product manufacturing line, commercialization of the product, improvement of design and industrialization processes, initiating the production and sales of products for the medical, defence, and other market sectors.

The Company's management will continue to take measures to implement new projects, promote the Company's development, and attract new investments, strategic partners, or shareholders.

The assessment of the continuation of the Company's activities is reflected in the financial statement Note 31.

Significant events after the end of the reporting year

In 2025, loans amounting to 310 thousand EUR have been received from SUMMA DEFENCE OY for working capital financing.

On January 14, 2025, the Company concluded an additional "Bridge" loan agreement amounting to 400 thousand EUR with SUMMA DEFENCE OY. As of the date of signing these financial statements the loan has been received in full amount.

On January 29, 2025, SUMMA DEFENCE OY announced the commencement of the reverse IPO and listing preparation process for NASDAQ FIRST NORTH in Stockholm and Helsinki. This includes the merger with Meriaura Group Plc:

View - https://ml-eu.globenewswire.com/Resource/Download/b23ff6ff-fdd5-45e4-94f8-fcf935ab0797

On January 15, 2025, the Company decided on changes to the Legal Protection Process Plan from September 30, 2024, with the aim of terminating the Legal Protection Process within one month. Amendments to the Plan dated January 15, 2025, were prepared and approved by 92% of creditors. The documentation was submitted for approval to the Riga District Court. With the decision of the Riga District Court dated February 24, 2025, the amendments to the legal protection process plan dated January 15, 2025, were approved, which provide for the following actions upon receiving the 400 thousand EUR loan: (a) settling creditor debts, (b) concluding an agreement with creditors SIA P95, SIA “Macro Rīga”, and AS “Attīstības finanšu institūcija Altum” for debt payment outside of the legal protection process amounting to a total of 890.5 thousand EUR.

In the period from the last day of the financial year to the date of signature of this annual report, there have been no other significant events that could have a material effect on the result of the financial year or should be presented in this financial statement.

On behalf of the Company's Board:

Ilmārs Osmanis
Chairman of the Board

Statement of profit and loss

	Note	2024 EUR	2023 EUR
Net sales	3	151 644	171 195
Cost of sales	4	(1 247 629)	(1 286 817)
Gross profit or loss		**(1 095 985)**	**(1 115 622)**
Selling expenses	5	(207 997)	(208 087)
Administrative expenses	6	(311 216)	(202 584)
Other operating income	7	2 570 801	218 899
Other operating expenses	8	(339 291)	(25 121)
Operating profit or loss		**616 312**	**(1 332 515)**
Other interest income and similar income	9	19 192	21 891
a) from affiliated undertakings		*19 192*	*21 891*
Interest and similar expenses	10	(133 092)	(84 968)
b) other persons		*(133 092)*	*(84 968)*
Impairment adjustments of long-term and short-term financial investments	10a	(19 192)	(3 877 860)
a) impairment of participations in the capital of related parties		-	*(3 556 147)*
b) other impairment adjustments		*(19 192)*	*(321 713)*
Profit or (loss) before corporate income tax		**483 220**	**(5 273 452)**
Corporate income tax for the reporting year	11	-	(184)
Profit / (loss) of the reporting year		**483 220**	**(5 273 636)**

The accompanying notes on pages 13 to 39 form an integral part of these financial statements.

Ilmārs Osmanis
Chairman of the Board

Monta Grāvelsiņa
Accountant

Balance sheet

ASSETS	Note	31.12.2024. EUR	31.12.2023. EUR
NON-CURRENT ASSETS			
Intangible assets			
Development costs	13	3 850 583	5 452 836
Concessions, patents, licenses, trademarks and similar rights	13	-	88 723
Other intangible assets	13	9 278	22 965
Total intangible assets		**3 859 861**	**5 564 524**
Property, plant and equipment			
Leasehold improvements	14	36 071	47 729
Other property and equipment	14	218 948	302 269
Construction in progress	14	138 537	372 932
Total property, plant and equipment		**393 556**	**722 930**
Non-current financial investments			
Investments in related parties	15	-	30 209
Loans to related parties	16	1 010	271
Total non-current financial investments		**1 010**	**30 480**
TOTAL NON-CURRENT INVESTMENTS		**4 254 427**	**6 317 934**
CURRENT ASSETS			
Inventories			
Raw materials, basic materials and consumables		391 800	572 822
Work in progress and unfinished orders		59 220	418 806
Prepayments for inventories		13 225	13 399
Total inventories		**464 245**	**1 005 027**
Receivables			
Trade receivables		-	57 195
Related party receivables	16a	1 030 452	118 171
Other receivables	17	6 249	88 995
Prepaid expenses	18	17 117	12 401
Accrued income	19	33 563	34 414
Total receivables		**1 087 381**	**311 176**
Cash	20	**8 511**	**1 363**
TOTAL CURRENT ASSETS		**1 560 137**	**1 317 566**
TOTAL ASSETS		**5 814 564**	**7 635 500**

The accompanying notes on pages 13 to 39 form an integral part of these financial statements.

Ilmārs Osmanis
Chairman of the Board

Monta Grāvelsiņa
Accountant

Balance sheet

EQUITY& LIABILITIES	Note	31.12.2024. EUR	31.12.2023. EUR
EQUITY			
Share capital	21	32 672	32 672
Share premium		12 650 032	12 650 032
Retained earnings or uncovered losses:			
(a) Profit / (loss) brought forward from previous years		(9 766 108)	(4 492 472)
(b) Profit /(loss) of the reporting year		483 220	(5 273 636)
TOTAL EQUITY		**3 399 816**	**2 916 596**
LIABILITIES			
Non-current liabilities			
Convertible loans	22	-	1 201 838
Other loans	23	533 214	-
Trade payables to suppliers and contractors		243 480	
Taxes and mandatory state social insurance contributions	25	70 673	-
Other liabilities	27	304 349	
Deferred income	24	151 980	201 460
Total non-current liabilities		**1 303 696**	**1 403 298**
Current liabilities			
Other loans	23	538 436	1 513 443
Advances from customers		3 890	3 890
Trade payables to suppliers and contractors		9 331	1 399 424
Related party payables		-	76 156
Taxes and mandatory state social insurance contributions	25	259 554	115 876
Other liabilities	27	52 076	63 735
Accrued liabilities	26	106 312	115 872
Deferred income	24	141 453	27 210
Total current liabilities		**1 111 052**	**3 315 606**
TOTAL LIABILITIES		**2 414 748**	**4 718 904**
TOTAL EQUITY AND LIABILITIES		**5 814 564**	**7 635 500**

The accompanying notes on pages 13 to 39 form an integral part of these financial statements.

Ilmārs Osmanis
Chairman of the Board

Monta Grāvelsiņa
Accountant

Statement of Cash Flows

Cash flows from operating activities	**Note**	**2024 EUR**	**2023 EUR**
Profit or loss before corporate income tax		483 220	(5 273 452)
Adjustments:			
Adjustments to impairment of tangible and intangible assets	13,14	853 583	935 791
Adjustments for long-term and short-term financial investments	10a	19 192	3 877 860
Adjustments for accruals (except allowances for bad debts)	4	113 143	-
Exclusion of fixed assets/ intangible assets	14	(2 358 737)	10 000
(Profit)/loss from recognition of grant financing		(15 865)	-
(Revenue)/expenses from recognition of grant financing	7	(194 019)	(218 899)
Other interest income and similar income	9	(19 192)	(21 891)
Interest and similar expenses	10	132 419	84 969
Profit or loss before adjustments for the effect of changes to current assets and current liabilities		(986 256)	(605 622)
Adjustments for:			
(Increase) in inventories		427 639	(187 344)
Decrease/(increase) in trade receivables*		237 523	10 889
Increase/(decrease) in trade payables		341 824	(253 215)
Gross cash flow from operating activities		**20 730**	**(1035 292)**
Interest payments		(49 532)	-
Corporate income tax		(184)	(184)
Net cash flows from operating activities		**(28 986)**	**(1 035 476)**
Cash flows used in/ from investing activities			
Income from the disposal of shares or participation in related companies, associated companies, or other companies		46 074	-
Purchase of property, plant and equipment and intangible assets	13,14	(1 047 415)	(960 550)
Proceeds from sale of property, plant and equipment and intangible assets		102 181	-
Loans granted	16	(739)	(271)
Net cash flows used in/ from investing activities		**(899 899)**	**(960 821)**
Cash flows from financing activities			
Proceeds from borrowings		691 400	1 985 737
Repayment of borrowings		(15 000)	(177 000)
Subsidies, grants, donations or gifts received		259 633	181 262
Net cash flows used in/ from financing activities		**936 033**	**1 989 999**
Impact of foreign exchange fluctuations		-	-
Net cash increase		**7 148**	**(6 298)**
Cash at the beginning of the reporting year		1 363	7 661
Cash at the end of the reporting year	20	**8 511**	**1 363**

*In 2024, an agreement was concluded to mutually offset the parent company Lightspace Group Inc.'s debtor debt for sold intellectual property assets and the funds received by the Company within the convertible investment loan agreements, with a total settlement amounting to 3.47 million EUR.

The accompanying notes on pages 13 to 39 form an integral part of these financial statements.

Ilmārs Osmanis
Chairman of the Board

Monta Grāvelsiņa
Accountant

Statement of changes in equity

	Share capital EUR	Share premium	Accumulated profit / (loss) of previous years EUR	Profit /(loss) of the reporting years EUR	**Total** **EUR**
December 31, 2022	**32 672**	**12 650 032**	**(3 031 299)**	**(1461 173)**	**8 190 232**
Transferred to accumulated profit loss	-	-	(1461 173)	1 461 173	-
Profit or loss for the year	-	-	-	(5 273 636)	(5 273 636)
December 31, 2023*	**32 672**	**12 650 032**	**(4492 472)**	**(5273 636)**	**2 916 596**
Transferred to accumulated profit loss	-	-	(5 273 636)	5 273 636	-
Profit or loss for the year	-	-	-	483 220	483 220
December 31, 2024*	**32 672**	**12 650 032**	**(9 766 108)**	**483 220**	**3 399 816**

*In 2023 and 2024, there have been no changes in the Company's share capital.

The accompanying notes on pages 13 to 39 form an integral part of these financial statements.

Ilmārs Osmanis
Chairman of the Board

Monta Grāvelsiņa
Accountant

Notes to the financial statements

1. Corporate information

SIA “Lightspace Technologies” (hereinafter – the Company) is registered in the Commercial Register of the Republic of Latvia on February 12, 2014. The Company's legal address is 3 Zemzaru Street, Mārupe, Mārupe municipality, LV-2167, Latvia.

The Company's board consists of Chairman Ilmārs Osmanis.

The Company's council has been abolished since June 13, 2023.

The Company's business activities are related to the development and production of 3D image creation display technologies and products.

SIA "Lightspace Technologies" subsidiaries are Lightspace Labs Inc (USA) (until 05.04.2024) and SIA "EUROLCDS" (LV) (until 15.11.2024). SIA "Lightspace Technologies" owned 50,000 Lightspace Labs Inc shares (100% participation) and 4,023 SIA "EUROLCDS" shares (83.81% participation).

2. Summary of significant accounting principles

Basis of preparation of financial statements

The financial statement reflects the financial position of SIA "Lightspace Technologies" as a separate entity.

The financial statement has been prepared in accordance with the Annual Accounts and Consolidated Annual Accounts Law of the Republic of Latvia.

According to the criteria stipulated by law, the Company is classified as a small Company.

The Company's financial statements have been prepared based on the initial value accounting principle. The Company's financial statements use the euro (EUR) as the monetary unit.

The Company's financial statements covers the period from January 1, 2024, to December 31, 2024.

The Company's profit and loss statement has been prepared in accordance with the turnover cost method.

The Company's cash flow statement has been prepared using the indirect method.

Compared to the previous reporting year, the accounting and valuation methods used by the Company have not changed.

The items in the Company's financial statements have been evaluated according to the following principles:

1.) Assuming that the Company will continue to operate in the future;
2.) Using the same valuation methods employed in the previous reporting year;
3.) Evaluation has been carried out with due diligence, considering the following conditions:
   a.) Only the profit earned up to the balance sheet date is included in the report;
   b.) All foreseeable risk amounts and losses incurred during the reporting year or previous years have been taken into account, even if they became known during the period between the balance sheet date and the date of preparation of the annual report;
   c.) All impairment and depreciation amounts have been calculated and taken into account, regardless of whether the reporting year ends with a profit or a loss.
4.) The Company's profit and loss statement includes revenues and expenses related to the reporting year, regardless of the payment date or the date of receipt or issuance of the invoice. Expenses are matched with revenues in the respective reporting periods;
5.) The components of asset and liability items have been evaluated separately;
6.) The balance sheet at the beginning of the reporting year corresponds to the closing balance sheet of the previous year;
7.) All items that significantly impact the assessment or decision-making of users of the Company's annual report are indicated;
8.) The Company’s business transactions are recorded and reflected in the Company's annual report, taking into account their economic content and essence, not just their legal form.

2. Summary of important accounting principles (continued)

Use of estimates

In preparing the Company's financial statements, management must rely on certain estimates and assumptions that affect the balances of the Company's balance sheet and profit, or loss statement items reflected in the individual reports, as well as the potential amount of liabilities. Future events may affect the assumptions upon which these estimates were based. Any impact of changes in estimates is reflected in the financial statements at the time they are determined.

Estimates primarily concern the capitalization of product development costs, the useful life of fixed and intangible assets, the recognition of doubtful debts and obsolete inventory, as well as the assessment of impairment. Although these estimates are prepared based on comprehensive information available to management about current events and activities, actual results may differ from these estimates.

The most significant assumptions and key estimates about the future and other uncertainties existing at the balance sheet date, which pose the risk of significant correction of the asset and liability values in the next reporting year:

Impairment tests

At the end of each reporting year, the Company checks for signs of impairment in its investments in subsidiary companies. If signs of impairment are found, management performs an impairment test to determine the recoverable amount. The impairment tests performed did not indicate any further impairment during the reporting year. In 2023, the full impairment of the investment in the subsidiary SIA "EUROLCDS" was recognized, with no changes as of December 31, 2024.

Capitalization of development costs

The Company capitalizes development costs in accordance with accounting policies. Management makes its assessments based on the facts and circumstances of each individual project. Initially, costs are capitalized based on management's assessment of the technological and economic feasibility of the respective project. This assessment is also considered the basis for cost capitalization, which is later subject to an impairment test at the time of recognition and annually, until the completion of the development stage.

Carrying amount of fixed assets and intangible assets (at cost)

Company management evaluates the carrying value of fixed and intangible assets and assesses whether there are any signs indicating that the recoverable amount of the assets is lower than the carrying value. Company management calculates and recognizes impairment losses for fixed and intangible assets based on estimates of their future use, liquidation, or sale.

At the end of the reporting year, a recoverability analysis is performed for the usage value of assets. Estimates of the usage value of assets are determined using discounted cash flow forecasts prepared for 5-7 years, where the turnover growth is based on the planned business growth strategy. Among other things, the value calculation depends on assumptions regarding the discount rate.

Taking into account the Company's planned business activity volumes and the potential market value of assets, Company management believes that significant adjustments to the value of fixed or intangible assets are not necessary. See Notes 13 and 14 for additional information.

Going concern

The Company's financial statements are prepared using the going concern principle, assuming that the Company will continue its operations. See Note 31 for additional information.

Foreign currency revaluation

The currency used in the Company's financial statements is the euro (EUR), the monetary unit of the Republic of Latvia. All transactions in foreign currencies are converted to EUR at the euro reference rate published by the European Central Bank on the day the respective transaction is conducted. Monetary assets and liabilities denominated

2. Summary of important accounting principles (continued)

in foreign currencies are converted at the EUR reference rate published by the European Central Bank on the last day of the reporting year. Exchange rate differences arising from settlements in foreign currencies or reflecting asset and liability items using exchange rates different from those originally used for transaction recording are recognized in the profit or loss statement at net value.

Non-monetary items accounted for at initial costs in foreign currencies are indicated using the exchange rate that was in effect on the date of the initial transaction. Non-monetary items are shown at their initial costs, and subsequent currency conversions are not performed.

Intangible assets

Intangible assets are recorded at their initial value, which is amortized over the useful life of the assets using the straight-line method. Depreciation of intangible assets is calculated over the asset's useful life using the straight-line method for 3-10 years. If any events or changes in circumstances indicate that the carrying value of intangible assets may be unrecoverable, the value of the respective intangible assets is reviewed to determine their impairment. Impairment losses are recognized if the carrying value of intangible assets exceeds their recoverable amount.

The recoverable amount of an intangible asset is the greater of its net selling price and its usage value. When determining the usage value, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market projections regarding changes in the asset's value and the risks associated with it. For an asset that does not generate significant cash flows on its own, the recoverable amount is determined based on the cash-generating asset it belongs to. Impairment losses are recognized in the profit or loss statement as the cost of goods produced.

Research and development costs

Research costs are included in the profit or loss statement at the time they are incurred. Development costs associated with specific projects are deferred to future periods if their recoverability in the future can be considered reasonably proven. Amortization for all deferred costs is calculated over the asset’s useful life using the straight-line method – 10 years.

Development costs - assets related to the production business model ODM (Original Design Manufacturing) for products developed (created) within the company, intellectual property resulting from the company's development activities in the form of ODM (Original Design Manufacturing) assets.

The company recognizes and capitalizes the results of development work on products, materials, equipment, processes, and systems obtained through targeted development projects. Such assets can consist of both tangible results – prototypes, samples, equipment, systems, and intangible results – project or production documentation, documented processes, patents, protected or unprotected inventions or innovations.

By using assets related to the ODM business model, the company gains material benefits by selling their licenses, including their amortization and expected profit in the product sale price, and license fee. The license price per unit of the ODM asset included in the client's product delivery price can be set higher than the amortization cost, and it can be applied to a larger number of units than necessary for amortization, generating gross profit.

If development costs included in the ODM business model asset are an integral part of the asset and cannot function independently or primarily consist of material costs during the asset creation process, after its completion, the asset is classified as fixed asset.

If the respective asset is not used, the carrying value of development costs is reviewed annually to determine potential impairment. Otherwise, such a review is performed if any events or changes in circumstances indicate that the carrying value may be unrecoverable.

2. Summary of important accounting principles (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is calculated on a straight-line basis over the useful life of the asset:

Equipment and machinery	3 – 10 years
Other PPE	3 – 5 years
Long-term investments in leased fixed assets	during rental period

Depreciation is calculated starting from the next month after the fixed assets are put into operation or engaged in economic activity. For each part of a fixed asset whose costs are significant in relation to the total costs of that asset, depreciation must be calculated separately. If the Company separately depreciates some parts of a fixed asset, it also separately depreciates the remaining parts of the same fixed asset. The remaining parts consist of those parts of the fixed asset that individually are not significant. The depreciation of the remaining parts is calculated using approximation methods to truly reflect their useful life.

If any events or changes in circumstances indicate that the carrying value of fixed assets may be unrecoverable, the value of the respective fixed assets is reviewed to determine their impairment. If signs of irrecoverability exist and if the carrying value of the asset exceeds the estimated recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The recoverable amount of a fixed asset is the greater of its net selling price and its usage value. When determining the usage value, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market projections regarding changes in the asset's value and the risks associated with it. For an asset that does not generate significant cash flows on its own, the recoverable amount is determined based on the cash-generating asset it belongs to. Impairment losses are recognized in the profit or loss statement as the cost of goods produced.

The recognition of the carrying value of fixed assets is ceased if the asset is disposed of or when no economic benefits are expected from its further use. Any profit or loss arising from the derecognition of a fixed asset (calculated as the difference between the net proceeds from disposal and the carrying value of the fixed asset) is recognized in the profit or loss statement in the period when the derecognition occurs.

Costs related to improvements made to leased property are capitalized and reflected as fixed assets. Depreciation of these assets is calculated over the entire lease period using the straight-line method. The costs of constructing fixed assets and incomplete construction projects are recorded at their initial value. The initial value includes the construction costs of fixed assets and other direct costs. Depreciation is not calculated for incomplete construction until the respective assets are completed and put into operation.

Investments in subsidiaries and associates

Investments in subsidiaries (i.e., companies in which the Parent Company owns more than 50% of the equity or controls in some other way) and associate companies (i.e., companies in which the Parent Company has significant influence but does not own a controlling share of equity, owning 20-50% of the equity) are accounted for using the cost method. After initial recognition, investments in subsidiaries and associates are recorded at their initial value, net of impairment losses. If any events or changes in circumstances indicate that the carrying value of investments in subsidiaries and associates may be unrecoverable, the value of the respective investments in subsidiaries and associates is reviewed to determine their impairment. The Company recognizes income from participation only to the extent that the Company receives the accumulated profit share of its subsidiary or associate after the date of acquisition of the shares/equity. The received profit share that exceeds such profit is considered as a recovery of investment and is accounted for as a reduction in the initial value of the investment.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment schedules that are not quoted in an active market. Such assets are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the profit or loss statement upon the derecognition or impairment of these assets, as well as during the amortization process.

2. Summary of important accounting principles (continued)

Inventories

Inventories are accounted for at the lowest of the cost price or net realizable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials are accounted for according to the cost of their purchase according to the "first in - first out" (FIFO) method;

- finished and work in progress are accounted for in their direct costs of materials and labour plus a proportion of the general costs of production on the basis of normal capacity of production facilities, but excluding borrowing costs.

Net realizable value is the estimated selling price in ordinary business less estimated costs of completion and sale of production. Net realizable value is reflected as the cost price minus the accruals created.

The Company's management evaluates the net realizable value of inventories based on information about expected selling prices and selling costs, as well as evaluates the physical condition of inventories during the annual inventory. In cases where the net realizable value of inventories is lower than the cost price of inventories, a provision is made for inventories.

The inventory provision policy stipulates the evaluation of slow-moving inventory based on their age, using the inventory acquisition date and recorded book value as the basis. Starting from the 2024, inventory evaluation and recognition of impairment is done once a year on December 31 of the current year. The material inventories are evaluated based on age, determining an appropriate inventory value impairment adjustment for each age group. Impairment must be recognized for inventories older than 24 months, calculated according to the following age periods:

Inventory Age Period From - To	Recognition of Book Value, % of Acquisition Cost	Provision Recognition, % of Acquisition Cost
0 – 12 months	100 %	0 %
13 – 24 months	100 %	0 %
25 – 36 months	75 %	25 %
37 – 48 months	50 %	50 %
More than 48 months	0 %	100 %

An inventory impairment provision is recognized in the accounting records in accordance with the calculated amounts.

Trade receivables and other debtors

Receivables from customers and clients are recorded and presented in the balance sheet at the initial invoice amount, net of provisions created for doubtful debts. Provisions for doubtful debts are estimated when the full recovery of the debt amount is no longer probable. Debts are written off when their recovery is considered impossible.

Cash

Cash and cash equivalents consist of cash in the bank and short-term deposits with an original maturity of no more than three months.

Loans and borrowings

Loans and borrowings are initially disclosed at cost which is calculated as the fair value of loans and borrowings plus or minus costs connected with issuing or receiving the loan.

Subsequent to initial recognition, loans and borrowings are measured at amortized cost using the effective interest rate method. Amortized cost is calculated considering loan origination costs or borrowing costs and all discounts and premiums related to loans or borrowings.

Gains and losses resulting from amortization are recognized in the profit and loss statement as interest income/ expense.

2. Summary of important accounting principles (continued)

Accounting for grants

Financial support received from national and international organizations is recognized when the Company has obtained sufficient assurance that the conditions for receiving the support will be met and the support will be received.

Financial support from national and international organizations intended for the acquisition, creation, or construction of long-term investment objects is initially recognized in deferred income and systematically recognized in the profit or loss statement according to the useful life of the long-term investments.

Other state support is systematically recognized in the profit or loss statement over the periods in which the Company expenses the costs that the state support compensates. State support received for covering expenses or losses already incurred or intended to provide immediate financial support to the Company and not related to future costs, is presented in the profit or loss statement in the period when the Company has the right to receive it.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) arising from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the Company expects that the expenditures required to settle the provision will be reimbursed partially or fully, for example within an insurance contract, the reimbursement is recognized as a separate asset only when it is virtually certain that the reimbursement will be received. Costs related to any provision are reflected in the profit or loss statement net of the amounts that are reimbursed. In cases where the effect of the time value of money is material, provisions are calculated by discounting the expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation, if applicable. If discounting is performed, the increase of the provision over time is recognized as borrowing costs.

Contingent liabilities and assets

Contingent liabilities are not recognized in this financial statement. They are recognized as liabilities only when it becomes sufficiently probable that resources will be expended. Contingent assets are not recognized in this financial statement but are disclosed only when it becomes sufficiently probable that the economic benefits associated with the transaction will flow to the Company.

Rent

Finance lease transactions, under which all risks and rewards arising from ownership of the leased asset are transferred to the Company, are recognized in the balance sheet as fixed assets at the amount corresponding to the fair value of the leased property at the commencement of the lease or, if lower, at the present value of the minimum lease payments. Finance lease payments are allocated between finance costs and reduction of the liability to maintain a constant interest rate on the remaining balance of the liability in each period. Finance costs are included in the profit or loss statement as interest expenses.

If there is sufficient reason to believe that the leased asset will transfer to the lessee's ownership at the end of the lease term, the anticipated useful life of the asset is assumed to be the useful life of the asset. In all other cases, the depreciation of capitalized leased assets is calculated using the straight-line method over the estimated useful life of the assets or the lease term, whichever is shorter.

Leases under which substantially all risks and rewards arising from ownership are borne by the lessor are classified as operating leases. Lease payments under operating leases are accounted for as expenses throughout the lease period, using the straight-line method. The Company's obligations arising from operating lease agreements are disclosed as off-balance sheet liabilities.

2. Summary of important accounting principles (continued)

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company derives income from research and development services and sale of goods.

Revenue is recognized net of value added tax (if applicable) as well as discounts directly related to sales. Revenue is recognised on an accrual basis. Revenue is recognized based on the following conditions:

Sales of goods

Revenue is recognized when the Group and the Parent Company has transferred the significant risks and rewards of ownership of the goods to the client.

Rendering of services

The Group and the Parent Company primarily provides product development and manufacturing services. Revenue is recognized in the period when the services are rendered.

Revenue from services and corresponding expenses are recognized by reference to the stage of completion at the balance sheet date.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Dividends

Revenue is recognized when the shareholder becomes entitled to dividends.

Corporate income tax

As of January 1, 2018, the Corporate Income Tax Law is in force in the Republic of Latvia, which provides that the tax rate is 20%, the tax period is a month and the taxable base includes:
- distributed profits (imputed dividends, distributions treated as dividends, notional dividends), and
- conditionally distributed profit (expenses not related to economic activity, unsafe receivables, increased interest payments, loans to a related person, reduction of income or excess of expenses arising from transactions at prices different from market prices, the calculation methods of which are determined by the Cabinet, benefits granted by a non-resident to his employees or members of the board (council), regardless of whether the recipient is a resident or a non-resident, if they are attributed to the activities of a permanent establishment in Latvia, the liquidation quota).

Related parties

Related parties represent both legal entities and private individuals related to the company in accordance with the following rules.
a) A person or a close member of that person's family is related to a reporting entity if that person:
   i. has control or joint control over the reporting entity;
   ii. has significant influence over the reporting entity; or
   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is related to a reporting entity if any of the following conditions applies:
   i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
   iii. Both entities are joint ventures of the same third party;
   iv. One entity is a joint venture of a third entity, and the other entity is an associate of the third entity;
   v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

2. Summary of important accounting principles (continued)

vi. The entity is controlled, or jointly controlled by a person identified in (a);
vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).;
viii. The entity or any member of the group to which the entity belongs provides management personnel services to the entity or the parent of company of the entity.

Transactions with related parties – the transfer of resources, services or obligations between the reporting company and its related party, regardless of whether there is a remuneration for it.

Related persons are subsidiaries and associates of the Parent Company, as well as members/shareholders of the parent company of the group who can control the Parent Company or who have a significant influence over the Parent Company in making decisions related to the main business, senior management officials of the company or its parent company and a close family member of any of the above-mentioned individuals, as well as companies that are controlled by these persons or have significant influence over them.

Subsequent events

Events after the end of the reporting year that provide additional information about the Company's financial position at the balance sheet date (adjusting events) are reflected in the financial statement. If events after the end of the reporting year are non-adjusting, they are disclosed in the notes to the financial statement only if they are significant.

3. Net sales

	2024 EUR	**2023 EUR**
Revenue from the sale of research and development (RD) projects	125 983	168 745
Revenue from the sale of research and development (RD) products	25 661	2 450
TOTAL:	**151 644**	**171 195**

The distribution of the Company's revenue by location of customers according to management records is as follows:

	2024 EUR	**2023 EUR**
Latvia	-	973
The European Union	120 000	-
Outside the European Union	31 644	170 222
TOTAL:	**151 644**	**171 195**

4. Cost of sales

	2024 EUR	2023 EUR
Research costs	1 091 603	1 260 261
*incl. research staff costs**	55 503	30 416
incl. research amortization and depreciation	821 915	912 718
incl. costs related to ensuring research process	9	100 130
incl. costs related to use and maintenance of patents and licenses	24 630	10 001
incl. costs related lease of research premises	140 692	167 779
incl. utilities of research premises	48 854	39 217
Cost of materials and delivery	27 969	13 149
Transport expenses	1 091	2 763
Cost of low-value inventory	3 434	370
Provisions for slow moving inventories**	113 143	-
Other production costs	10 389	10 274
TOTAL:	**1 247 629**	**1 286 817**

*In 2024, personnel costs of EUR 585,688 were included in the balance sheet item (capitalized), compared to capitalized personnel costs of EUR 770,942 in 2023.
**In 2024, provisions for slow moving inventories were created in the amount of EUR 113,143.

5. Selling expenses

	2024 EUR	2023 EUR
Staff costs	180 433	139 428
Business trips	16 068	40 117
Marketing expenses	7 648	26 274
Communication costs	1 467	1 407
Transportation expenses	2 381	861
TOTAL:	**207 997**	**208 087**

6. Administrative expenses

	2024 EUR	2023 EUR
Staff costs	173 449	140 691
Amortization and depreciation	31 668	23 073
Professional services	83 551	84 749
Bank charges	1 295	2 834
Representation expenses	1 237	2 730
Staff training	144	9 482
Recruitment costs	213	1 290
Employee sustainability costs	65	449
Insurance costs	593	355
Communication expenses	834	1 132
Transport costs	537	1 555
Office expenses	10 911	36 497
Allowances for bad receivables	6 719	(102 987)
Other administrative costs	-	734
TOTAL:	**311 216**	**202 584**

7. Other operating income

	2024 EUR	2023 EUR
Revenue from the recognition of the EU research funding *	194 019	218 899
Income from the Sale of Long-term Investments**	2 358 737	-
Income from the Sale of a Subsidiary***	15 865	
Income from Currency Exchange Rate Fluctuations	667	-
Other income	1 513	-
TOTAL:	**2 570 801**	**218 899**

* In 2021, SIA “Lightspace Technologies,” as a cooperation partner of SIA “HansaMatrix Innovation,” completed the implementation of the Central Finance and Contracting Agency (CFLA) supervised product development and research project No. 1.1.1.1/18/A/179 “Creation of a compact high-brightness laser projection system for use in volumetric type 3D display systems.” The development project involved the scientific institution of the University of Latvia. The total project cost was EUR 830,530, of which the ERDF support funding amounted to EUR 553,000. In the reporting year, the Company recognized EU funding income of EUR 8,960 proportionally to the useful life of the technology developed within the project.

* In 2021, SIA "Lightspace Technologies" in cooperation with the subsidiary SIA "EUROLCDS" has completed the implementation of the CFLA-supervised product development and research project No. 1.1.1.1/18/A/120 "Improvement of electro-optical properties of liquid crystal switches". The total planned cost of the project is 807 696 EUR, ERDF support funding 514,531 EUR. Scientific institutions Institute of Solid State Physics and Institute of Organic Synthesis were engaged to conduct the research. During the reporting period, the Company recognised the revenue of EU funding in the amount of EUR 18,250 in proportion to the useful life of the technology created within the framework of the project.

* In 2023, the implementation of project No. 101092889 "Embodied Social Experiences in Hybrid Shared Spaces (Sharespace)" began under the European Commission's co-financed program HORIZON-RIA, in collaboration with 15 other European companies and research organizations. The project term is 36 months. The total project cost is EUR 5.947 million, with SIA “Lightspace Technologies” share being EUR 223,750. In 2023, SIA “Lightspace Technologies” received advance funding of EUR 111,875 for project implementation and received advance funding of EUR 78,313 in 2024. In the reporting year, the Company recognized EU funding income of EUR 104,456.

* In 2024, the Company began implementing the project submitted in 2023 and approved in 2024, SIA “Lightspace Technologies” project No. 101161333 "We Are Health Champions-Disrupting the European Healthcare Systems with Virtual Reality and Augmented Reality Applications (VRHealthChampions)." The project was submitted to the European Commission's co-financed Interregional Innovation Investment (I3) instrument program call I3-2023-INV2a and is being implemented in collaboration with 16 other European companies and research organizations. Project implementation began on October 1, 2024, with a term of 36 months. The total project cost is EUR 7,843,242, of which SIA “Lightspace Technologies” share is EUR 758,699, and the maximum funding is set at EUR 531,088. In the reporting year, SIA “Lightspace Technologies” received advance funding of EUR 154,326 for project implementation. In the reporting year, the Company recognized EU funding income of EUR 40,083.

* In 2024, the Company recognized the EU funding income of EUR 22,270 under the LIAA project, voucher No. VP-V-2020/36, related to the sale of the developed patent to the parent company Lightspace Group Inc. In the previous reporting year, the funding was accounted for as deferred income.

** In 2024, a decision was made to restructure the intellectual property belonging to the Company, and part of the intellectual property related to technology patents was transferred to the parent company Lightspace Group Inc., selling it to the parent company at the acquisition or creation value with profit. In 2024, intellectual property totalling EUR 4.58 million was sold to the parent company Lightspace Group Inc., resulting in a recognized profit of EUR 2.36 million.

7. Other operating income (continued)

*** To simplify the Company's group structure, the Company's management decided to transfer the subsidiary Lightspace Labs Inc. (USA) to the parent company level of Lightspace Group Inc. (USA) during the reporting year, by concluding a share sale agreement on April 5, 2024. The share sale agreement involves the sale of the subsidiary's capital shares to the parent company, setting the contract price at USD 50,000. The re-registration of capital shares was completed on July 25, 2024. As a result of the transaction, income of EUR 15,865 from the sale of the subsidiary was recognized.

8. Other operating expenses

	2024 EUR	2023 EUR
Losses from Currency Exchange Rate Fluctuations	-	4 570
Paid fines	24 227	20 263
Losses from the Liquidation of a Subsidiary	-	288
Other expenses**	315 064	-
TOTAL:	**339 291**	**25 121**

* In 2023, a decision was made to liquidate the subsidiary Lightspace Labs SIA, registered in the United Kingdom. The subsidiary was liquidated on September 26, 2023, recognizing losses from the liquidation of the subsidiary in the amount of EUR 288, which arose from the investment exclusion losses of EUR 11,787 and the unpaid capital exclusion income of EUR 11,499.

** In 2024, an agreement was signed for the early termination of the lease agreement with SIA “P95. Calculated compensation amount according to the agreement is EUR 315,064.

9. Other interest income and similar income

	2024 EUR	2023 EUR
Interest receivable (SIA EUROLCDS loan)*	19 192	21 891
TOTAL:	**19 192**	**21 891**

* The Company issued a convertible long-term loan to its subsidiary SIA “EUROLCDS,” for which an investment agreement was signed on May 31, 2021, with an annual loan interest rate of 8%. In 2024, loan interest of EUR 19,192 was calculated until November 15, 2024, when the subsidiary's insolvency was declared.

10.Interest and similar expenses

	2024 EUR	2023 EUR
Interest on loans	132 419	80 752
Directly Attributable Loan Agreement Fees	673	4 216
TOTAL:	**133 092**	**84 968**

10a. Long-term and short-term financial investment impairment adjustments

	2024 EUR	2023 EUR
Losses from subsidiary value adjustments*	-	3 556 147
Other value impairment adjustments**	19 192	321 713
TOTAL:	**19 192**	**3 877 860**

* In 2024, a decision was made and, on October 22, 2024, the management application of SIA “EUROLCDS” for the termination of the legal protection process and the initiation of the insolvency process was submitted to the court. By the judgment of the Kurzeme District Court on November 15, 2024, the insolvency process of SIA “EUROLCDS” was declared, and an administrator was appointed in the insolvency process. In 2023, the value impairment of the subsidiary SIA “EUROLCDS” investment was recognized in the amount of EUR 3,556,147.

** In 2024, loan interest of EUR 19,192 was calculated and added to the outstanding loan amount. By the end of the reporting year, the outstanding loan amount, including the calculated loan interest, is EUR 340,905. At the end of the reporting year, a provision of EUR 340,905 was recognized in full for irrecoverable loans.

11.Corporate income tax for the reporting year

	2024	2023
Corporate income tax calculated for the reporting year	-	184
Corporate income tax calculated for the reporting year:	**-**	**184**

12.Personnel costs and number of employees

	2024 EUR	2023 EUR
Remuneration for work	797 725	872 392
Compulsory state social security contributions for employees	188 112	201 216
Employee health insurance policies	9 104	7 735
Business risk state duty	132	134
TOTAL:	**995 073**	**1 081 477**

The average number of employees for the reporting year:

	2024	2023
The average number of employees for the reporting year	30	30

Total personnel costs are included in the following profit and loss statement items:

	2024 EUR	2023 EUR
Cost of sales	641 191	801 358
Capitalized under work in progress and unfinished orders	(585 688)	(770 942)
Selling expenses	180 433	139 428
Administrative expenses	173 449	140 691
TOTAL:	**409 385**	**310 535**

13.Intangible assets

	Development costs	Concessions, patents, licences and similar rights	Other intangible assets	Total
	EUR	EUR	EUR	EUR
Cost as at 01.01.2023.	7 402 597	174 987	63 835	**7 641 419**
Additions	663 477	-	9 773	**673 250**
Initial value 01.01.2023.	8 066 074	174 987	73 608	**8 314 669**
Accumulated amortization as at 01.01.2023	1 872 975	68 765	28 788	**1 970 528**
Charge for the year	740 263	17 499	21 855	**779 617**
Accumulated amortization as at 01.01.2023	2 613 238	86 264	50 643	**2 750 145**
Residual value as of 01.01.2023	**5 529 622**	**106 222**	**35 047**	**5 670 891**
Residual value as of 31.12.2023	**5 452 836**	**88 723**	**22 965**	**5 564 524**
Cost as at 01.01.2024.	8 066 074	174 987	73 608	**8 314 669**
Additions	783 075	-	-	**783 075**
Disposals	(3 963 094)	(174 987)	-	**(4 138 081)**
Initial value as at 31.12.2024.	4 886 055	-	73 608	**4 959 663**
Accumulated amortization as at 01.01.2024.	2 613 238	86 264	50 643	**2 750 145**
Charge for the year	676 288	4 375	13 687	**694 350**
Value decrease (sold)	(2 254 054)	(90 639)	-	**(2 344 693)**
Accumulated amortization as at 31.12.2024.	1 035 472	-	64 330	**1 099 802**
Residual value as of 01.01.2024	**5 452 836**	**88 723**	**22 965**	**5 564 524**
Residual value as of 31.12.2024	**3 850 583**	**-**	**9 278**	**3 859 861**

The Company is still in the early development phase, and the projected growth is associated with a higher degree of uncertainty, which would not be present in companies operating in a stable business development phase. Additionally, it depends on further successful operations of the Company and market development. The recoverable value of assets largely depends on the management assumptions regarding sales growth, the timing of this growth, profitability targets, as well as the ability of the management to realize these assumptions and overall market development, the competitiveness of products, as well as the availability of financing for the implementation of management plans. Any negative changes in these assumptions may adversely affect the carrying value of long-term assets as presented in the Company's balance sheet as of December 31, 2024.

Management has conducted an evaluation of the value of intangible assets and fixed assets as of December 31, 2024, to determine their recoverable value at the end of the reporting year, taking into account the value of the planned transaction related to the inclusion of the Company in the SUMMA DEFENCE OY group (see Note 31). The evaluation resulted with conclusion that the potential value of the transaction exceeds the carrying value of the assets, thus it was concluded that no adjustments to the asset values are necessary as of December 31, 2024.

14. Property, plant and equipment

	Leasehold improvements	Other fixed assets and inventory	Products in development	Total
	EUR	EUR	EUR	EUR
Initial value as of 01.01.2023.	20 574	1 065 587	245 121	**1 331 282**
Purchase	30 203	119 286	137 811	**287 300**
Eliminations	-	-	(10 000)	**(10 000)**
Initial value as of 31.12.2023.	50 777	1 184 873	372 932	**1 608 582**
Cost as at 01.01.2023.	-	729 478	-	**729 478**
Depreciation for the year	3 048	153 126	-	**156 174**
Accumulated depreciation as at 31.12. 2023..	3 048	882 604	-	**885 652**
Residual value as of 01.01.2023	**20 574**	**336 109**	**245 121**	**601 804**
Residual value as of 31.12.2023	**47 729**	**302 269**	**372 932**	**722 930**
Cost as at 01.01.2024.	50 777	1 184 873	372 932	**1 608 582**
Additions	1 944	68 025	194 371	**264 340**
Disposals	-	(8 229)	(428 766)	**(436 995)**
Initial value as at 31.12.2024.	52 721	1 244 669	138 537	**1 435 927**
Accumulated amortization as at 01.01.2024.	3 048	882 604	-	**885 652**
Charge for the year	13 602	145 631	-	**159 233**
Value decrease (sold)	-	(2 514)		**(2 514)**
Accumulated amortization as at 31.12.2024.	16 650	1 025 721	-	**1 042 371**
Residual value as of 01.01.2024	**47 729**	**302 269**	**372 932**	**722 930**
Residual value as of 31.12.2024	**36 071**	**218 948**	**138 537**	**393 556**

* An impairment analysis for the asset's value in use is performed according to the information provided in Note 13. Management has assessed the recoverability of assets, and no value impairments have been identified.

15.Investments in related parties

			The Company's investment		**The investee's financial data**			
			31.12.2024.	**31.12.2023.**	**2024 Loss for the financial year**	**31.12.2024. Equity**	**2023 Loss for the financial year**	**31.12.2023. Equity**
Company	**Business**	**%**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Lightspace Labs Inc.	Sales channel for U.S.-registered customers*	100	-	30 209	-	-	(4 298)	(108 645)
SIA "EUROLCDS"	Liquid crystal display (LCD) technology products**	83.81	-	-	-	-	(799 725)	2 138 838
	Total		**-**	**30 209**	**-**	**-**	**(804 023)**	**2 030 193**

* In 2024, a decision was made to transfer the subsidiary Lightspace Labs Inc. (USA) to the level of the parent company Lightspace Group Inc. (USA), for which a share sale agreement was signed on April 5, 2024. The re-registration of share capital was completed on July 25, 2024. As part of the transaction, the subsidiary was excluded from the Company's balance sheet accounting.

** In 2024, a decision was made and, on October 22, 2024, the management application of SIA “EUROLCDS” for the termination of the legal protection process and the initiation of the insolvency process was submitted to the court. By the judgment of the Kurzeme District Court on November 15, 2024, the insolvency process of SIA “EUROLCDS” was declared, and an administrator was appointed in the insolvency process. In 2023, the value impairment of the subsidiary SIA “EUROLCDS” investment was recognized in the amount of EUR 3,556,147.

a) Participation in the capital of affiliated companies - Lightspace Labs Inc.

	2024 EUR	2023 EUR
Balance as of January 1	4 209 864	4 209 864
Purchase	-	-
Impairment allowance	(4 179 655)	(4 179 655)
Sale	(30 209)	-
Balance as of December 31	**-**	**30 209**

Since its acquisition in 2015, the US-registered subsidiary Lightspace Labs Inc. has been strategically utilized as a sales channel to ensure the successful collaboration of the group with US-registered clients. At the same time, Lightspace Labs Inc. has registered several valid patents that protect the group's intellectual property rights.

No additional investments were made in the company’s capital during 2024.

In 2024, a decision was made to transfer the company Lightspace Labs Inc. (USA) to the level of the parent company Lightspace Group Inc. (USA), for which a share sale agreement was signed on April 5, 2024. The re-registration of share capital was completed on July 25, 2024. As part of the transaction, the subsidiary was excluded from the Company's balance sheet accounting.

b) Equity interest in subsidiaries – SIA "EUROLCDS"

	2024 EUR	2023 EUR
Net carrying amount as of January 1	4 034 934	4 034 934
Acquisitions	-	-
Impairment allowance	(4 034 934)	(478 786)
Changes in impairment value	-	(3 556 148)
Net carrying amount as of December 31	**-**	**-**

SIA “Lightspace Technologies” owns 83.81% (4,023 shares) of SIA “EUROLCDS”. The remaining 16.19% (777 shares) are owned by the Sweden-registered company Hornell Teknikinvest AB.

Before the initiation of the insolvency process (November 2024), the economic activity of SIA “EUROLCDS” was the development and manufacturing of new technologies, solutions, and original products using liquid crystal display (LCD) technologies.

Reasons and chronology of the initiation of the insolvency process for SIA “EUROLCDS”

Given the additional challenges created by the macroeconomic environment in Latvia and worldwide, the board of SIA “EUROLCDS” submitted a request to the court at the beginning of 2023, and the court approved the request to initiate the company's legal protection process (TAP). Consequently, the Legal Protection Process plan (LPP plan) was approved.

In 2024, amendments to the LPP plan were agreed upon. However, considering economic factors and the continuation of the Russia-Ukraine war, attracting investments to ensure the operations of SIA “EUROLCDS” and the implementation of the LPP plan had become an extremely difficult task. Therefore, on October 22, 2024, the management of SIA “EUROLCDS” submitted an application to the court for the termination of the LPP and the initiation of the insolvency process. On November 15, 2024, the Kurzeme District Court announced the initiation of the insolvency process for SIA EUROLCDS, appointing an administrator.

Provision for impairment of SIA “EUROLCDS” value

Given the aforementioned challenges, the management of SIA “Lightspace Technologies” assessed the recoverability of assets.

Management recognized the full impairment of the investment in SIA “EUROLCDS” (i.e., EUR 3,556,148), creating the relevant provision in accordance with the 2023 annual report (i.e., in the balance sheet of SIA “Lightspace Technologies” as of 31.12.2023).

16.Loans to related parties

	31.12.2024. EUR	31.12.2023. EUR
Loan to Lightspace Labs Inc.*	721	271
Loan to Lightspace Group Inc.	289	-
TOTAL:	**1 010**	**271**

* In 2024, intellectual property amounting to EUR 4.58 million was sold to the parent company Lightspace Group Inc., a mutual settlement was made, and partial payment was received. As of December 31, 2024, the outstanding debt is EUR 1,027,015.

16a Related party receivables

	31.12.2024. EUR	31.12.2023. EUR
Lightspace Group Inc. borrowing*	1 027 015	4 640
Lightspace Labs Inc. borrowing*	3 437	113 531
TOTAL:	**1 030 452**	**118 171**

*In 2024, the parent company Lightspace Group Inc. sold intellectual property amounting to EUR 4.58 million, part of it mutual settlement was made, and partial payment was received. As of December 31, 2024, the remaining debt amounts to EUR 1,027,015.

17.Other receivables

	31.12.2024. EUR	31.12.2023. EUR
Security deposit	6 249	88 995
TOTAL:	**6 249**	**88 995**

18.Prepaid expenses

	31.12.2024. EUR	31.12.2023. EUR
Marketing expenses	93	211
Software maintenance expenses	10 145	10 685
Rent of premises	6 248	-
Insurance payments	631	768
Loan commissions	-	653
Other prepaid expenses	-	84
TOTAL:	**17 117**	**12 401**

19.Accrued income

	31.12.2024. EUR	31.12.2023. EUR
Accrued revenue (CFLA project PIP3 1.1.1.1/18/A/151)	-	26 995
Accrued revenue (Project SHARESPACE No. 101092889)	33 563	7 419
TOTAL:	**33 563**	**34 414**

In the reporting year, accrued revenues for development and research projects supported by CFLA were recognized in accordance with the grant support rate specified in the project financing agreement. The project description is included in Note 7.

20.Cash

	31.12.2024. EUR	31.12.2023. EUR
Cash in bank	8 511	1 363
TOTAL:	**8 511**	**1 363**

21.Share capital

As of 31.12.2024 and 31.12.2023, the Company's share capital is EUR 32,672 consisting of 32,672 shares, with a nominal value of EUR 1 per share. The Company's share capital is fully paid-up. The owner of the Company's shares is the US- based company Lightspace Group Inc. (100%), Reg. No. 6905392, address 16192 Coastal Highway, Lewes, DE 19958, Sussex, Delaware, USA.

During the reporting year there have been no changes in the share capital of the Company, as well as there have been no changes in the composition of the Company's members.

	31.12.2024. EUR	31.12.2023. EUR
Share capital	32 672	32 672
Number of shares	32 672	32 672
Nominal value of one share	1	1

	31.12.2024.		31.12.2023.	
Shareholders	**Number of shares owned**	**Interest on the share capital**	**Number of shares owned**	**Interest on the share capital**
Lightspace Group Inc. (USA)	32 672	100 %	32 672	100 %
TOTAL:	32 672	100 %	32 672	100 %

22.Convertible loans

	31.12.2024. EUR	31.12.2023. EUR
Convertible Loan - Lightspace Group Inc.*	-	1 200 202
Convertible loan - Other	-	1 636
TOTAL:	**-**	**1 201 838**

* In the reporting year and the previous year, convertible investment loan agreements were concluded within the group with the parent company Lightspace Group Inc. The investment agreements stipulate the conversion of investments into shares of Lightspace Group Inc. and the direct payment of investments into the company's settlement account. Loans convertible into shares are presented in the position of long-term creditors, as it is not intended to settle these liabilities by payment in cash. In 2024, an agreement was reached to mutually offset the parent company Lightspace Group Inc.'s debtor debt for the sold intellectual property assets and the funds received by the company under the convertible investment loan agreements.

23.Other loans

			31.12.2024.		31.12.2023.	
	Original amount, EUR	Maturity	Short-term, EUR	Long term, EUR	Short-term, EUR	Long term, EUR
Attīstības finanšu institūcija Altum, AS*	400 000	30.11.2026.	239 031	193 549	408 426	-
Macro Rīga SIA**	211 574	31.10.2028.	-	224 525	1 105 017	-
C3 SIA***	215 000	31.05.2026.	226 890	-	-	-
Lightspace Group Inc. (C3 SIA)****	40 000	31.05.2026.	41 742	-	-	-
Lightspace Group Inc. (Erica Synths)****	30 000	31.01.2025.	30 773	-	-	-
Lighstpace Group Inc. (Henzen Technology BV)****	10 000	-	-	10 000	-	-
Lighstpace Group Inc. (Viso Chrome BV)****	25 000	-	-	25 000	-	-
Lighstpace Group Inc. (SUMMA DEFENCE OY)****	80 000	30.06.2026.	-	80 140	-	-
TOTAL:			**538 436**	**533 214**	**1 513 443**	**-**

* On October 14, 2021, the company signed loan agreement No. 228920/03 with AS “Attīstības finanšu institūciju Altum”, receiving a loan amount of EUR 400,000 to ensure the implementation of development projects. The agreement provided for the repayment of the principal loan amount of EUR 395,000 by April 25, 2023, and the repayment of the remaining amount of EUR 1,000 per month by May 25, 2023. As security, a commercial pledge was registered on part of the fixed assets of the subsidiary SIA “EUROLCDS”. In July 2023, contract amendments were signed extending the repayment term of the remaining loan amount of EUR 398,000 until April 25, 2024, paying off

the loan according to the schedule of EUR 40,000 every quarter starting from September 25, 2023, and the remaining amount at the end of the term, as well as setting the fixed part of the loan interest rate at 6.4%.

At the end of the reporting year, the unpaid loan amount, including accrued interest, is EUR 432,580.

On July 8, 2024, a legal protection process (LPP) was initiated for SIA “Lightspace Technologies” in the Riga District Court with the decision in case No. C33434024. On November 25, 2024, the Riga District Court approved the company's LPP plan, which was agreed upon with the creditors. The plan envisages a implementation period of 4 years, fully covering the accrued liabilities towards the State Revenue Service and ALTUM within a 2-year period, i.e., by November 30, 2026.

** On December 1, 2021, the company concluded a loan agreement with SIA “Macro Rīga” for the issuance of a loan. The loan agreement stipulated an interest rate of 8% per annum and a repayment term of August 31, 2022. On March 30, 2022, amendments to the loan agreement were signed with the existing shareholder SIA “Macro Rīga”, extending the repayment term to December 31, 2022, and setting an annual interest rate of 10%, and on September 30, 2022, additional amendments were signed, setting the interest rate at 11%. On March 6, 2024, amendments to the loan agreement with SIA “Macro Rīga” were signed, setting the interest rate at 8% starting from January 1, 2023, and setting the repayment term for accrued interest to December 31, 2024, a repayment term for the principal amount of 36 months, and starting the repayment of the principal amount from July 1, 2024. The amendments to the loan agreement also stipulate the transfer of the loan amount of EUR 100,000 to a convertible loan, for which a convertible loan agreement has been concluded with Lightspace Group Inc. (USA), and which can be converted into shares of Lightspace Group Inc.

On November 14, 2024, a convertible loan agreement was signed at the parent company's Lightspace Group Inc. level, stipulating the transfer of a loan amount of EUR 916,422 to a convertible loan.

At the end of the reporting year, the unpaid loan amount is EUR 224,525, including accrued loan interest.

On November 25, 2024, the Riga District Court approved the company's LPP plan, which was agreed upon with creditors. The plan envisages a realization period of 4 years, fully covering accrued liabilities towards the State Revenue Service and ALTUM within a 2-year period by November 30, 2026, and starting payments to SIA “Macro Rīga” and other creditors in linear instalments from December 1, 2026, until October 31, 2028.

*** On March 7, 2024, the company concluded a loan agreement with SIA “C3” for the issuance of a loan in the amount of EUR 100,000. The loan agreement stipulates an interest rate of 8% per annum and a repayment term of September 7, 2024. On March 25, 2024, the company signed an addendum to the loan agreement for an additional loan amount of EUR 25,000. On June 14, 2024, the company signed an addendum to the loan agreement for an additional loan amount of EUR 50,000. On July 17, 2024, the company signed an addendum to the loan agreement for an additional loan amount of EUR 40,000. At the end of the reporting year, the unpaid loan amount is EUR 226,890, including accrued loan interest.

**** During the reporting period, several tripartite loan agreements were concluded within the group with the parent company Lightspace Group Inc., which stipulate direct payment of the loan into the company's settlement account as the user of the financing, for which the loan interest stipulated in the loan agreement is also calculated.

On September 24, 2024, the parent company Lightspace Group Inc. concluded a loan agreement with SIA “C3” for the issuance of a loan in the amount of EUR 40,000. The loan agreement stipulates an interest rate of 16% per annum and a repayment term of January 31, 2025. At the end of the reporting year, the unpaid loan amount is EUR 41,742, including accrued loan interest.

On November 1, 2024, the parent company Lightspace Group Inc. concluded a loan agreement with SIA “Erica Synths” for the issuance of a loan in the amount of EUR 30,000. The loan agreement stipulates an interest rate of 16% per annum and a repayment term of January 31, 2025. At the end of the reporting year, the unpaid loan amount is EUR 30,773, including accrued loan interest.

On December 3, 2024, the parent company Lightspace Group Inc. concluded a loan agreement with SUMMA DEFENCE OY for the issuance of a loan in the amount of EUR 470,000. The loan agreement stipulates an interest rate of 8% per annum and a repayment term of June 30, 2026. At the end of the reporting year, a loan of EUR 80,000 has been received, and the unpaid loan amount is EUR 80,140, including accrued loan interest.

On May 10, 2024, the parent company Lightspace Group Inc. concluded a convertible investment loan agreement with Henzen Technology B.V. for the issuance of an investment loan in the amount of EUR 10,000. At the end of the reporting year, the unpaid loan amount is EUR 10,000.

On May 13, 2024, the parent company Lightspace Group Inc. concluded a convertible investment loan agreement with VisoChrome B.V. for the issuance of an investment loan in the amount of EUR 25,000. At the end of the reporting year, the unpaid loan amount is EUR 25,000.

Convertible investment loans at the end of the reporting period are presented in the long-term creditors' position, as it is not intended to settle these liabilities in the short term by payment in cash.

24.Deferred income

Long term:	**31.12.2024. EUR**	**31.12.2023. EUR**
Grant payment received (CFLA project PIP2 1.1.1.1/18/A/120)	104 940	123 190
Grant payment received (CFLA project PIP2 1.1.1.1/18/A/179)	47 040	56 000
Grant payment received (LIAA voucher Nr. VP-V-2020/36)	-	22 270
TOTAL:	**151 980**	**201 460**

Short term	**31.12.2024. EUR**	**31.12.2023. EUR**
Grant advance received (VRHealth Champions No. 210993927)	114 243	-
Grant payment received (CFLA project PIP2 1.1.1.1/18/A/120)	18 250	18 250
Grant payment received (CFLA project PIP2 1.1.1.1/18/A/179)	8 960	8 960
TOTAL:	**141 453**	**27 210**

* In the reporting year, part of the received grant funding for technology development research conducted by scientific institutions within the framework of development and research projects supported by CFLA was recognized in future period income. The project description is included in Note 7.

25.Taxes and mandatory state social insurance contributions

The Company's tax liabilities and assets in the balance sheet are reflected as follows:

	31.12.2024. EUR	31.12.2023. EUR
Mandatory state social insurance contributions	(206 027)	(86 471)
Value added tax	9 750	25 757
Personal income tax	(133 868)	(54 955)
Corporate income tax	-	(184)
Natural resources tax	(1)	(1)
Business risk levy	(81)	(22)
TOTAL:	**(330 227)**	**(115 876)**
TOTAL CURRENT:	*(259 554)*	*(115 876)*
TOTAL NON- CURRENT:	*(70 673)*	-

* A unified tax account is used for tax payments, and tax liabilities in the balance sheet are shown in net amount.

26.Accrued liabilities

	31.12.2024. EUR	31.12.2023. EUR
Accrued liabilities for unused vacations	70 323	84 419
Other accrued liabilities	35 989	31 453
TOTAL:	**106 312**	**115 872**

27.Other liabilities

	31.12.2024. EUR	31.12.2023. EUR
Compensation to “P95”SIA*	304 349	-
Remuneration	38 364	51 773
Due to staff	13 712	11 648
Other liabilities	-	314
TOTAL:	**356 425**	**63 735**
TOTAL CURRENT	*52 076*	*63 735*
TOTAL NON -CURRENT	*304 349*	-

*In 2024, an agreement on compensation due to early termination of the lease contract was signed with SIA “P95”, with repayment period up to 30.11.2025, but coordinated as part of the legal protection plan and prolonged until 31.10.2028. The total remaining compensation amount as on 31.12.2024 is 304,349 EUR.

28.Related party transactions

Related parties are members of the Company, affiliated companies, officials of the Company, close family members of these officials, as well as companies that are controlled by the above-mentioned persons or in which they have significant influence.

During the reporting year, the Company had the following transactions with related persons:

Related party	Description of the transaction	Transaction turnover in 2024 EUR	Transaction turnover in 2023 EUR	Debts of related persons / (liabilities) 31.12.2024. EUR	Debts of related parties / (liabilities) 31.12.2023. EUR
AS "HansaMatrix" (affiliated company of the shareholder)	Goods received; services received	-	(2 288)	-	-
	Convertible loan agreement	378 133	-	-	(378 133)
	Goods sold; services provided	-	116	-	-
	TOTAL:	-	-	-	(378 133)
	Total receivables:	-	-	-	-
	Total liabilities:	-	-	-	(378 133)

Related party	Description of the transaction	Transaction turnover in 2024 EUR	Transaction turnover in 2023 EUR	Debts of related persons / (liabilities) 31.12.2024. EUR	Debts of related parties / (liabilities) 31.12.2023. EUR
SIA "HansaMatrix Innovation" (affiliated company of the shareholder)	Goods sold; services provided	-	557	-	-
	Goods received; services received	-	(557)	-	-
	TOTAL:	-	-	-	-
	Total receivables:	-	-	-	-
	Total liabilities:	-	-	-	-

Related party	Description of the transaction	Transaction turnover in 2024 EUR	Transaction turnover in 2023 EUR	Debts of related persons / (liabilities) 31.12.2024. EUR	Debts of related parties / (liabilities) 31.12.2023. EUR
SIA "EUROLCDS" (subsidiary 83.81%)	Goods sold; services provided	264	300	12 053	11 789
	Goods received; services received	(29 766)	(165 055)	6 455	(76 156)
	Loan issued; incl. accrued %	19 192	21 891	340 905	321 713
	TOTAL:	-	-	359 413	257 346
	Total receivables:	-	-	359 413	333 502
	Total liabilities:	-	-	-	(76 156)

Related party	Description of the transaction	Transaction turnover in 2024 EUR	Transaction turnover in 2023 EUR	Debts of related persons / (liabilities) 31.12.2024. EUR	Debts of related parties / (liabilities) 31.12.2023. EUR
Lightspace Labs Inc. (USA) (subsidiary 100%)	Goods sold; services provided	-	-	-	110 787
	Loan issued; incl. accrued %	721	-	721	-
	Other billing	5 813	2 744	3 437	2 744
	TOTAL:	-	-	4 158	113 531
	Total receivables:	-	-	4 158	113 531
	Total liabilities:	-	-	-	-

Related party	Description of the transaction	Transaction turnover in 2024 EUR	Transaction turnover in 2023 EUR	Debts of related persons / (liabilities) 31.12.2024. EUR	Debts of related parties / (liabilities) 31.12.2023. EUR
Lightspace Holding AS (affiliated company of the shareholder)	Cession agreement	689 646	-	-	(689 646)
	Goods sold; services rendered	-	-		-
	TOTAL:	-	-	-	(689 646)
	Total receivables:	-	-	-	-
	Total liabilities:	-	-	-	(689 646)

Related party	Description of the transaction	Transaction turnover in 2024 EUR	Transaction turnover in 2023 EUR	Debts of related persons / (liabilities) 31.12.2024. EUR	Debts of related parties / (liabilities) 31.12.2023. EUR
SIA "Macro Rīga" (affiliated company of the shareholder)	Loan received; incl. accrued %	1 580 834	(1 603 596)	(224 525)	(1 805 359)
	Goods received; services received	(36 300)	(60 000)	-	(12 100)
	Other billing	(387)	(230)	(617)	(230)
	TOTAL:	-	-	(225 142)	(1 817 689)
	Total receivables:	-	-	-	-
	Total liabilities:	-	-	(225 142)	(1 817 689)

Related party	Description of the transaction	Transaction turnover in 2024 EUR	Transaction turnover in 2023 EUR	Debts of related persons / (liabilities) 31.12.2024. EUR	Debts of related parties / (liabilities) 31.12.2023. EUR
Lightspace Group Inc.	Loan received	1 012 547	(950 202)	(187 655)	(1 200 202)
(parent company)	Goods sold; services rendered	4 638 664	-	1 021 006	-
	Loan issued; incl. accrued %	-	271	289	271
	Other billing	1 035	4 639	6 009	4 639
	TOTAL:	-	-	839 649	(1 195 292)
	Total receivables:	-	-	1 027 304	4 910
	Total liabilities:	-	-	(187 655)	(1 200 202)

Rules and conditions applicable to transactions with related parties:

The outstanding liabilities at the end of the year are not secured in any way, and transactions with subsidiaries are carried out in cash. No guarantees have been given or received for related party debts.

At the end of the reporting year, the Company has created provisions for doubtful debts in connection with amounts owed to it by related parties, including a loan issued to SIA “EUROLCDS” in the amount of EUR 340,905, provisions for doubtful debts in the amount of EUR 18,507, and investments in the subsidiary in the amount of EUR 3,556,147.

The Company also plans to continue transactions with related parties, ensuring an optimal business structure and reducing supply chain risks.

29.Commitments and contingencies

Pledges

SIA EUROLCDS has entered into commercial pledge agreements with AS ‘Attīstības finanšu institūcija Altum’ (contract No. 228920/03-K1, 14.10.2021) in favor of the borrower's parent company SIA “Lightspace Technologies”. As a collateral SIA EUROLCDS pledged all its existing and future assets.

Leases

In 2023, the Company concluded a lease agreement for premises with SIA “Panorama TC”, with the lease term lasting until December 31, 2026. According to the lease agreement, the rent is EUR 10 per sq.m. plus VAT for office premises with an area of 510 m² and EUR 50 per unit plus VAT for 16 parking spaces. In 2025 and 2026, the minimum rental costs (excluding utilities) are EUR 7,139 (including VAT 21%) per month.

The Company has not provided loans or guarantees to management or members.

30.Financial risk management

Financial risks

The main financial risks related to the Company's financial instruments are interest rate risk, liquidity risk, cash flow risk, and credit risk.

Interest rate risk

The Company is exposed to interest rate risk primarily in relation to its current and non-current floating-rate borrowings. The Company is exposed to EURIBOR interbank money market risk, mainly due to a possible increase in the ECB's base rates and the related value of EURIBOR interest rates for long-term variable rate borrowings. The sensitivity of the Company's profit before tax to possible changes in EURIBOR interest rates is negligible and does not affect the amount of equity at the time of the change.

Cash flow risk

The Company is exposed to cash flow risk related to insufficient stability of cash flow. The Company conducts careful and thoughtful planning of its cash flow to ensure the fulfilment of current obligations within specified deadlines and to mitigate cash flow risk. Monthly cash flow forecasting is carried out to ensure an appropriate amount of financial resources for business operations, creating a liquidity reserve from own funds, as well as using credit resources.

Liquidity risk

The Company concluded the year 2024 with a profit of EUR 483,220. As of the end of the reporting year, December 31, 2024, the Company's current assets exceeded short-term liabilities by EUR 449,085 and the Company's liquidity ratio was 1.40. Current assets include a debt from Lightspace Group Inc. valued at EUR 1,021,006. As of the date of issuing these financial statements, there is no clarity regarding the repayment schedule of the debt, thus the Company has liquidity issues as of December 31, 2024, and is taking specific actions to address this matter (see Note 31).

In 2024, the Company will continue working on the development of 3D image creation technology, demonstration to potential clients, and attracting necessary investments for further Company development. It is planned to continue working on the preparation of the product manufacturing line, product commercialization, refinement of design and industrialization processes, and to start product manufacturing and sales in defence and other market segments. The Company's management will continue to take measures to implement new projects, promote the Company's development, attract new investments, new strategic partners, and shareholders.

In the reporting year, the Company took measures to reduce operational costs by optimizing monthly premises and office expenses, as well as reviewing current employee workloads, focusing on fulfilling the cooperation agreement with the largest client. Considering the additional challenges created by the economic environment in Latvia and the world, the board of SIA “Lightspace Technologies” submitted a request to the court in 2024 to initiate the Company's Legal Protection Process, aimed at attracting additional funding to stabilize the Company's operations and cash flow. Within the framework of the Legal Protection Process, repayment schedules for creditor obligations were agreed upon, which foresee the commencement of repayment of most creditor obligations in December 2026 (see Note 23).

On November 25, 2024, the Riga District Court approved the Company's Legal Protection Process plan, agreed upon with creditors, which envisages a plan execution period of 4 years. The plan includes fully covering the accrued obligations to the State Revenue Service and ALTUM in a 2-year period, i.e., by November 30, 2026, and starting December 1, 2026, proceed with the repayment of obligations to other creditors with equal monthly payments until October 31, 2028. Please also see the information regarding the amendments to the legal protection process plan after the balance sheet date in Note 31.

Grant funding programs supported by CFLA and EIC are used for the financing of development and research projects.

Together with cooperation partners and scientific institutions, CFLA and EIC-supported development and research projects are being implemented, within the framework of which it is planned to receive funding in 2025.

Credit risk

The Company is exposed to credit risk related to its issued loans and receivables from buyers and customers, as well as money in banks. The Company has implemented several procedures that reduce the likelihood of uncollectible debts, including constantly evaluating the repayment history of buyers' debts, setting trade credit limits, and conditions individually for each buyer.

Currency risk

The Company's monetary assets and liabilities exposed to foreign currency risk include cash and its equivalents, payables to suppliers and contractors, and short-term and long-term borrowings. The Company is mainly exposed to foreign currency risk related to the US dollar (USD). As of December 31, 2024, the Company has settlements with a subsidiary in USD currency.

31.Going concern and events after the balance sheet date

The future development of the Company is planned in the existing development directions. In 2025, the Company will continue working on the development of 3D image creation technology, demonstration to potential clients, and attracting necessary investments for further Company development.

It is planned to continue working on the preparation of the product manufacturing line, product commercialization, the refinement of design and industrialization processes, to start product manufacturing, and to launch finished products in the medical, defence, and other manufacturing sectors.

The Company's management will continue to take measures to implement new projects, promote the Company's development, and attract new investments, new strategic partners, or shareholders.

SUMMA DEFENCE OY

In September 2024, investors of Lightspace Technologies SIA initiated discussions about the inclusion of the Company in the SUMMA DEFENCE Oy holding.

December 2, 2024, the shareholders of Lightspace Group Inc. signed a “Share Exchange Agreement” with the Finnish company SUMMA DEFENCE Oy for inclusion in the planned Finnish defence holding with a 100% share swap transaction. The transaction is expected to be completed ("closing") in the first half of the year of 2025. The agreement stipulates that SUMMA DEFENCE Oy undertakes, after evaluating the Company's business plan and receiving approval from the Finnish company's directors, to provide further funding to the Company. The indicative amount of funding is EUR 8.7 million over the next 24 months.

In 2025, loans amounting to 310 thousand EUR have been received from SUMMA DEFENCE OY for working capital financing.

January 14, 2025, the Company concluded an additional Bridge loan agreement in the amount of EUR 400 thousand with SUMMA DEFENCE Oy, what has been received on the date of signing these financial statements in full amount.

On January 29, 2025, SUMMA DEFENCE Oy announced the start of the process for a reverse IPO and listing on NASDAQ FIRST NORTH in Stockholm and Helsinki. This includes the merger with Meriaura Group Plc. –

Link - https://ml-eu.globenewswire.com/Resource/Download/b23ff6ff-fdd5-45e4-94f8-fcf935ab0797

In March 2025, SUMMA DEFENCE Oy has provided the Company with a Support letter confirming its commitment to financially support the Company to ensure its continued operations until the end of the 2025 financial year, as well as to provide the necessary funding for development.

Exit from Legal Protection Plan (TAP) process

January 15, 2025, the Company decided to make changes to the Legal Protection Plan (LPP).

February 24, 2025, the Riga District Court approved the amendments to the Legal Protection Plan (LPP), which envisage the following after receiving a loan in the amount of EUR 400 thousand: (a) make debt payments to creditors, (b) reach an agreement with the creditors SIA P95, SIA “Macro Rīga”, and AS “Attīstības finanšu institūcija Altum” for out-of-LPP debt repayment in the total amount of EUR 890.5 thousand.

As of the date of issuing the financial statements, the transaction with SUMMA DEFENCE Oy has not yet been closed and the legal protection process has not yet been terminated, therefore there is significant uncertainty regarding the Company's ability to continue its operations in the future. These financial statements are prepared according to the going concern principle and do not include any adjustments that would be necessary if the going concern principle were not applicable.

In the period from the last day of the financial year to the date of signature of this annual report, there have been no other significant events that could have a material effect on the result of the financial year or should be presented in this financial statement.

The accompanying notes on pages 13 to 39 form an integral part of these financial statements.

Ilmārs Osmanis	Monta Grāvelsiņa
Chairman of the Board	Accountant

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Independent Auditors' Report

To the shareholders of SIA Lightspace Technologies

Our Qualified Opinion on the Financial Statements

We have audited the accompanying financial statements of SIA "Lightspace Technologies" (further - "the Company") set out on pages 8 to 39 of the accompanying annual report, which comprise:

- balance sheet as at 31 December 2024,
- profit and loss statement for the year then ended,
- statement of changes in equity for the year then ended,
- statement of cash flows for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with the "Law On the Annual Reports and Consolidated Annual Reports".

Basis for Qualified Opinion

As described in notes 10 and 15 to the financial statements, during year 2023 the Company recognised impairment losses in the total amount of EUR 3 889 367 in respect of the investment in subsidiary, issued loans and doubtful receivables related to SIA "EUROLCDS". As on 31.12.2024 the subsidiary is under insolvency procedures. Were unable to verify whether the losses included in the 2023 profit or loss statement are attributable to the year 2023 and whether they fully or partly relate to reporting periods prior to 2023. If these impairment losses would had been recognised prior to 2023, the losses for the year 2023 would decrease by EUR 3 889 367. We included this matter in our auditor's report for the year 2023.

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and Law on Audit Services of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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Material Uncertainty Related to Going Concern

As described in note 31 to the financial statements, as of the date of issuing these financial statements, SIA "Lightspace Technologies" is still in legal protection process to stabilize the Company's operations and liquidity. The Company is currently taking active measures to improve financial stability and is in process of inclusion in the group of a Finnish holding company SUMMA DEFENCE OY with a planned stock exchange listing. After the balance sheet date, Latvian court has approved changes to legal protection plan which envisages settlement of liabilities towards creditors and signing separate agreements on settlement of liabilities for specific creditors outside legal protection plan in order to terminate legal protection status. In March 2025 SUMMA DEFENCE OY has issued the letter of financial support. Nevertheless, as of the date of issuing these financial statements, the Company is under Legal protection process and transaction with Summa Defence OY is not yet closed. Therefore, there is material uncertainty regarding the Company's ability to continue its operations in the future. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

Emphasis of matter

We draw attention to Note 13 "Intangible assets" which indicates that the Company is still in an early phase of development and the projected sales and profit growth is associated with an increased degree of uncertainty and depends on the further successful operation of the Company and the development of the market. The cash flow projections and development cost value assessment involve significant management judgement, related with the assumptions. The recoverable value of assets significantly depends on sales growth, timing of this growth, profitability targets, financing received as well as the Company management's ability to realize those assumptions and overall development of the market and viability of products developed by the Company. Any adverse changes to these assumptions may negatively influence the carrying value of non-current assets presented in the Company's balance sheet as of 31 December 2024. Our opinion is not modified in respect of this matter.

Reporting on Other Information

The Company's management is responsible for the other information. The other information comprises:

- General information about the Company, as set out on page 3 of the accompanying Annual Report,
- the Management Report, as set out on pages 4 - 7 of the accompanying Annual Report.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia* section of our report.

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 and in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. Except for the impact of the matter described in the "Basis for Disclaimer of opinion" section, we have nothing to report in this regard.

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Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- except for the potential impact of the matter described in "Basis for qualified opinion" the Management Report has been prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism 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.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report 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 auditor's report. 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 a 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.

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Licence No.43

Inguna Stasa
Member of the Board
Certified Auditor of Latvia
Certificate No.145

Riga, Latvia
17 March 2025