

III Lightspace

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

2023 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, 2024

**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, Mārupe, Mārupes nov., LV-2167, Latvia
Shareholders of the Company	Lightspace Group Inc., (100%) Reģ.Nr. 6905392 16192 Coastal Highway, Lewes, DE 19958, Sussex, Delaware, U.S.
Board members of the Company	Ilmārs Osmanis, Chairman of the Board Krišs Osmanis, Member of the Board (from 05.09.2022 to 23.02.2023.) Glen Arthur Barry Grant, Member of the Board (from 13.06.2023 to 05.10.2023.) Baiba Ebuliņa, Member of the Board (from 11.10.2023 to 23.07.2024.)
Council members of the Company	Jānis Janevics, Chairman of the Council (from 12.05.2021 to 18.05.2023.) Līga Baltiņa, Member of the Council (from 05.09.2022 to 02.02.2023.) Simon Digby Boddy, Member of the Council (from 05.09.2022 to 13.06.2023) Glen Arthur Barry Grant, Chairman of the Council (from 05.09.2022 to 13.06.2023)
The Company's subsidiaries	Lightspace Labs Inc. (100% ownership, former subsidiary name – Lightspace Technologies Inc.) Reģ.Nr. 75-3120036 P.O. Box 242, Twinsburg OH 44087, USA Lightspace Labs Ltd. (ownership 100%, liquidated 26.09.2023.) Reģ.Nr. 13556321 Kemp House, 160 City Road, London, United Kingdom, EC1V 2NX SIA "EUROLCDS" (ownership 83.81%) Reģ.Nr. 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, Rīga, LV-1010 License No. 43 Inguna Stasa Sworn auditor of the Republic of Latvia Certificate No 145
Previous financial year	1 January 2022 – 31 December 2022
Financial year	1 January 2023 – 31 December 2023
Preparer of the Annual Report	Baiba Lamberte 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, defense industry, games, entertainment and multi-media, as well as in other professional fields.

The economic activity of the subsidiary company SIA "EUROLCDS" is the development and production of new technologies, solutions and original products using liquid crystal display (LCD) technologies. SIA "EUROLCDS" strategically develops two unique technologies – fast production of optical switches and bistable liquid crystal displays, including related end products, as well as develops research projects and produces experimental product series. During the reporting year, Lightspace held meetings with numerous potential investors to discuss the sale of EUROLCDS and explore opportunities for attracting new investments.

Lightspace Labs Inc., a U.S.-based subsidiary, is strategically used as a sales channel to ensure the group's successful operations in the U.S. market.

Lightspace Labs Ltd., a UK-based subsidiary, will be strategically used as a hub for the development of new 3D imaging technologies and as a sales channel to ensure successful cooperation with UK-based clients. During the reporting year, a decision was made to liquidate the existing subsidiary and establish a new company at the level of the parent company, Lightspace Group Inc. (hereinafter referred to as subsidiaries).

Multifocal image AR, VR head displays are considered a critical technology for the realization of short-range 3D image visualization for professional 3D graphics, digital production (*smart manufacturing*), digital and image-guided (*medicine*), training and simulations in a realistic 3D environment. The previous prototype of the headset, the iG1000 model through validation projects, has been highly appreciated for image quality and has been accepted by medical technology partners for use in surgical navigation and similar applications that require high image accuracy. As a result, the Company has implemented pilot production of the upgraded head display model iG1050 and delivered them as application development kits to companies in the medical and defense segment. In parallel, work continues on improving the ergonomics of the head display and the development of an improved model iG1055.

The partnership agreement concluded between Rheinmetall Electronics UK and SIA "Lightspace Technologies", a group company of the military industry company Rheinmetall, provides for the joint development and production of multifocal augmented reality systems for military applications. The Company's optical solutions enable the viewing of images and information in multiple planes, providing significant performance improvements and eliminating eye fatigue caused by other single-focal plane solutions.

The aim of the cooperation is to use the strengths of both Companies to create augmented reality systems and applications that are specifically tailored to the needs of the defense and security sector. It is planned to develop solutions that will significantly improve the situational awareness of military operations, the decision-making process and the effectiveness of operations.

In 2023, Rheinmetall Electronics UK and SIA "Lightspace Technologies" collaborated on a solution that was demonstrated as part of Rheinmetall's offering in a military experiment by the UK Ministry of Defense and the UK Army's Armed Trials and Development Unit. The solution was welcomed.

The Company's operating results for the reporting year

The Company closed the reporting year with a net turnover of EUR 171 195 (EUR 420 480 in 2022) and a net loss of EUR 5 273 636 (net loss in 2022 – EUR 1 461 173). As of 31 December 2023, the balance sheet total amounted to EUR 7 635 500, compared to the final amount of EUR 11 280 433 at the end of the previous year.

The Company will cover the losses for the reporting year by attracting new product development investments and from the profits of future years.

Share capital and shares of the Company

As of the end of the reporting year, the Company's share capital is 32 672 EUR and it consists of 32 672 shares, the nominal value of one share is 1 EUR. The authorized capital of the Company is fully paid. The owner of the Company's shares is Lightspace Group Inc., a U.S.-based company, (100%), reg. No. 6905392, address 16192 Coastal Highway, Lewes, DE 19958, Sussex, Delaware, USA.

During the reporting year there have not been any changes in the share capital of the Company, as well as there have not been any changes in the composition of the Company's members.

Investment activities of the Company

In year 2023 SIA "Lightspace Technologies" has made investments of EUR 0.96 million. EUR for production facilities, research assets and technological development.

On October 14, 2021, the Company entered into loan agreement No. 228920/03 with JSC "Development Finance Institutions Altum", received a loan amount of 400,000 EUR, the loan was intended to ensure the implementation of development projects. The loan agreement provided for repayment of the principal amount of the loan in the amount of EUR 395,000 by April 25, 2023, and repayment of the remaining amount of EUR 1,000 per month until May 25, 2023.

In July 2023, the Company has entered into loan agreement No. 228920/03 (14.10.2021) with amendments to JSC Development Finance Institution Altum, setting the loan balance 398,000 EUR repayment term on 25.04.2024, repaying the loan on schedule in the amount of 40,000 EUR every quarter starting from 25.09.2023, 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%.

As collateral for the loan, a commercial pledge is registered on a part of the fixed assets of the subsidiary SIA "EUROLCDS".

On 08.07.2024, a legal protection process was initiated for SIA "Lightspace Technologies" by the Riga District Court in case no. C33434024. By a decision of the Riga District Court dated 25.11.2024, the Company's legal protection process plan, which was agreed upon with creditors, was approved. This plan sets a 4 year implementation period, with accrued obligations to the State Revenue Service and ALTUM to be settled within the first 2 years.

During the reporting year, the Company raised EUR 0.95 million. In the amount of EUR, a convertible investment loan from the existing shareholder, in the previous year the Company has attracted investments of EUR 1.9 million. EUR.

During the reporting year, the Company also received a loan from the parent member of the Company SIA "Macro Rīga" to finance working capital for 963 thousand EUR excluding accrued interest on the loan.

Research and development

In year 2023, SIA "Lightspace Technologies" continued to work on the development of new products, as well as the creation of technological solutions for augmented reality (AR) and virtual reality (VR) multi-focal head displays, as well as the development of future holographic 3D image display technologies.

During the reporting year, SIA "Lightspace Technologies", in cooperation with the subsidiary SIA "EUROLCDS" as a cooperation partner, continued to implement the CFLA-supervised product development and research project No. 1.1.1.1/20/A/151 "Development of a miniature multifocal image source module of the next generation for use in devices with a display close to the eye". The total planned project costs are 713 722 EUR, eligible costs 680 184 EUR, total ERDF support funding 476 129 EUR, of which the part of SIA "Lightspace Technologies" is 217 620 EUR. The aim of the study is the development of a miniature multi-focal imaging module for applications in augmented and virtual reality head displays. During the reporting year, the Company received financing in the amount of EUR 69 387. As of the end of the reporting year, the Company's total financing received within the framework of the project is 190 625 EUR.

In the previous reporting year, SIA "Lightspace Technologies" project application No.101092889 "Embodied Social Experiences in Hybrid Shared Spaces (Sharespace)" was submitted and approved in the HORIZON-RIA program co-financed by the European Commission in cooperation with 15 more European companies and research organizations. At the end of 2022, a cooperation agreement and an agreement with the European Commission on the allocation of funding in the amount of 100% of the total project costs were signed. The implementation of the project was started on January 1, 2023, with a term of 36 months. The total cost of the project is EUR 5,947 million EUR, of which the share of SIA "Lightspace Technologies" is 223 750 EUR. During the reporting year, the Company has received a financing advance of 50% of the total project costs in the amount of EUR 111 875 for the implementation of the project, which is recognized in revenue in proportion to the eligible costs of the project. As of the end of the reporting year, the Company's total financing received within the framework of the project is 111 875 EUR.

Exposure to risks

The Company is exposed to liquidity risk. Liquidity is affected by the amount of advances received, the terms of payment of suppliers and the amount of working capital at the disposal of the Company. The company controls its liquidity risk by maintaining an appropriate amount of money.

The Company is exposed to cash flow risk due to insufficient cash flow stability. The Company conducts careful and thoughtful planning of its cash flow in order to ensure that current liabilities are met within the agreed maturities and to mitigate cash flow risk. Monthly cash flow forecasting is carried out in order to ensure an adequate amount of financial resources for economic activity, forming a liquidity reserve from own funds, as well as using credit resources.

The management of the Company takes measures to implement new projects, promote the development of the Company and attract new investments, new strategic partners and shareholders.

During the reporting year, the Company took measures to reduce the costs of its activities, optimizing the monthly costs of premises and office, as well as reviewing the existing workloads of employees, focusing on the execution of the cooperation agreement of the largest client.

Grant funding programs supported by the CFLA and EIC are used to finance development and research projects.

In cooperation with cooperation partners and scientific institutions, development and research projects supported by the CFLA and EIC are implemented for the total amount of support during the project implementation period of 700 thousand EUR. In 2024, it is planned to receive financing within the framework of the project more than 100 thousand EUR. In the first half of 2024, funding of 27 thousand EUR has already been received.

During the reporting year, the Company raised EUR 0.95 million large convertible investment loan from existing shareholder Lightspace Group Inc. In 2024, work is underway to attract new convertible investment loans.

On March 16, 2023, the legal protection process of the subsidiary company SIA "EUROLCDS" was initiated in the Kurzeme District Court and its main purpose was to carry out a restructuring of the subsidiary's activities with the attraction of additional financing in order to stabilize the Company's activities. In accordance with the decisions of the Kurzeme District Court of 16 March and 16 May 2023, the plan of legal protection proceedings approved by the majority of creditors was submitted to the Kurzeme District Court, which, by decision of 6 July 2023, approved the plan of the legal protection process and its implementation in the 24-month period until 5 July 2025. The plan of the legal protection process provides for the extension of its term up to 2 years after the expiration of the approved term, as well as the attraction of additional investments to ensure the economic activity of the Company.

As of the reporting date, amendments to the legal protection process plan for SIA "EUROLCDS" were agreed upon and submitted for approval to all creditors, with a decision by the Kurzeme District Court in August 2024. However, given the current economic environment and the ongoing Russia-Ukraine conflict, attracting investments has become challenging and unpredictable. The involvement of the Dutch company with new investments and project financing did not materialize, leading to a decision to file a management application for the termination of the legal protection process and the initiation of insolvency proceedings for SIA "EUROLCDS" on October 22, 2024. By the decision of the Kurzeme District Court on November 15, 2024, the insolvency process for SIA "EUROLCDS" was declared, and an administrator for the insolvency process was appointed.

The Company is exposed to credit risk in connection with the trade loans issued by it and the trade receivables of buyers and customers. The Company has implemented a number of procedures that reduce the likelihood of the occurrence of irrecoverable debts, the history of repayment of buyers' debts is constantly evaluated, the limits and conditions of trade lending are set for each buyer individually.

The Company is exposed to foreign exchange risk in connection with its monetary assets and liabilities, which include cash and cash equivalents, debts to suppliers and contractors, borrowings and loans. The Company is primarily exposed to foreign exchange risk in relation to the US dollar (USD). As of December 31, 2023, the Company has settlements with the subsidiary and parent company in USD currency.

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 financial indicators to possible changes in EURIBOR interest rates is insignificant.

The management of financial risks is reflected in the financial statement note 30.

Further development of the Company

Further development of the Company is planned in the already existing development directions. In 2024, the Company will continue its work on the development of 3D imaging technology, demonstrations for potential clients, as well as work on attracting the necessary investments for the further development of the Company.

It is planned to continue working on the preparation of the product production line, improvement of the processes of commercialization of the product, design and industrialization, start the production of products and launch ready-made products on the market for the medical, defense and other manufacturing sectors.

The management of the Company will continue to take measures to implement new projects, promote the development of the Company and attract new investments, new 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 2024, the Company continues the process of attracting active investments in order to attract capital from international and domestic investors. At the time of the report in 2024, the parent company Lightspace Group Inc. attracted convertible investment loans 397 thousand EUR from existing and new members.

In 2024, the Company received a loan from the existing members of the parent company Lightspace Group Inc. SIA "C3" 255 thousand EUR and SIA "Macro Rīga" 91.4 thousand EUR for working capital financing.

On March 6, 2024, clarifications of the loan agreement with SIA "Macro Rīga" were signed, setting the interest rate from January 1, 2023, at 8% and determining the repayment term of the accrued interest until December 31, 2024, the repayment term of the principal amount of 36 months, as well as determining the commencement of repayment of the principal amount from July 1, 2024. The clarifications of the loan agreement also provide for the redirection 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 may be converted to the shares of Lightspace Group Inc.

In 2024, a decision was made to restructure the intellectual property owned by the Company and to transfer some of the intellectual property related to the technology patents to the parent company, Lightspace Group Inc., selling it at the acquisition or creation value with a profit to the parent company. In April 2024, intellectual property was sold to the parent company Lightspace Group Inc. for EUR 1.7 million, resulting in a gain of EUR 0.8 million.

Taking into consideration the additional challenges created by the economic environment in Latvia and in the world, in 2024 the Board of SIA "Lightspace Technologies" has submitted a request to the court to initiate the legal protection process of the Company, the purpose of which is to attract additional financing in order to stabilize the Company's activities and cash flow.

SIA "Lightspace Technologies" on July 8, 2024, in the Riga District Court with a decision in case no. C33434024 legal protection proceedings have been initiated. In accordance with the decision of the Riga District Court, the deadline for the development and submission of a plan for the legal protection process of SIA "Lightspace Technologies" agreed with creditors has been set until November 8, 2024. On November 25, 2024, the Riga District Court will review the prepared legal protection process plan for the Company, which has been agreed upon with creditors. The plan outlines a 4 year implementation period, forecasting revenues from the sale of head-up displays and from the disposal of intangible assets at the group level. It also includes the repayment of accumulated obligations to the State Revenue Service and ALTUM within a 2 year period, and the initiation of repayments for other accumulated obligations under the legal protection process plan starting from December 2026.

In November 2024, in preparation for the sale of the Company, SIA "Lightspace Technologies" made the decision to sell significant IP assets (approximately EUR 2.8M) at their creation value to the holding company Lightspace Group Inc. As a result of this transaction, a profit of approximately EUR 1.6M was recognized, which significantly increased the Company's equity. The transaction was intended as one of the debt reduction measures within the legal protection process plan, which ensured significant balance sheet strengthening. In 2024, after the sale transaction, convertible loans and certain other liabilities of the Company amounting to a total of EUR 2.5M were eliminated from the Company's balance sheet through mutual transactions with Lightspace Group Inc.

On 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 defense holding company with a 100% equity swap. The transaction is expected to be completed ("closing") in the first quarter of 2025. The agreement stipulates that SUMMA DEFENCE undertakes, after evaluating the Company's business plan and receiving the approval of the Finnish company's directors, to provide further funding to the Company. The indicative amount of funding is 8.7 million EUR over the next 24 months.

Simultaneously with the "Share Exchange Agreement" with SUMMA DEFENCE, a Bridge loan agreement was signed for a 0.47m EUR loan to Lightspace Group Inc., setting a maturity date of June 30, 2026, from which on December 13, SIA "Lightspace Technologies" has received the first payment of the Bridge loan.

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 or loss

	Note	2023	2022
		EUR	EUR
Net sales	3	171 195	420 480
Cost of sales	4	(1 286 817)	(1 464 389)
Gross profit or loss		(1 115 622)	(1 043 909)
Selling expenses	5	(208 087)	(288 074)
Administrative expenses	6	(202 584)	(611 376)
Other operating income	7	218 899	578 174
Other operating expenses	8	(25 121)	(15 493)
Operating profit or loss		(1 323 709)	(1 380 678)
Other interest income and similar income	9	21 891	29 932
<i>(a) from affiliated undertakings</i>		<i>21 891</i>	<i>29 932</i>
Interest and similar expenses	10	(84 968)	(110 322)
<i>(b) other persons</i>		<i>(84 968)</i>	<i>(110 322)</i>
Impairment adjustments for long-term and short-term financial investments	10a	3 877 860	-
<i>a) impairment of participations in the capital of related parties</i>		<i>3 556 147</i>	<i>-</i>
<i>b) other impairment adjustments</i>		<i>321 713</i>	<i>-</i>
Profit or loss before corporate income tax		(5 273 452)	(1 461 068)
Corporate income tax for the reporting year	11	(184)	(105)
(Loss) of the reporting year		(5 273 636)	(1 461 173)

The accompanying notes on pages 14 to 37 form an integral part of these financial statements.

 Ilmārs Osmanis
 Chairman of the Board

 Baiba Lamberte
 Accountant

Balance sheet

ASSETS	Note	31.12.2023. EUR	31.12.2022. EUR
NON-CURRENT ASSETS			
Intangible assets			
Development costs	13	5 452 836	5 529 622
Concessions, patents, licenses, trademarks and similar rights	13	88 723	106 222
Other intangible assets	13	22 965	35 047
Total intangible assets		5 564 524	5 670 891
Property, plant and equipment			
Leasehold improvements	14	47 729	20 574
Other property and equipment	14	302 269	336 109
Construction in progress	14	372 932	245 121
Total property, plant and equipment		722 930	601 804
Non-current financial investments			
Investments in related parties	15	30 209	3 598 144
Loans to related parties	16	271	299 822
Total non-current financial investments		30 480	3 897 966
TOTAL NON-CURRENT INVESTMENTS		6 317 934	10 170 661
CURRENT ASSETS			
Inventories			
Raw materials, basic materials and consumables		572 822	517 640
Work in progress and unfinished orders		418 806	263 715
Prepayments for inventories		13 399	36 328
Total inventories		1 005 027	817 683
Receivables			
Trade receivables		57 195	99 560
Related party receivables		118 171	77 355
Other receivables	17	88 995	72 416
Prepaid expenses	18	12 401	11 110
Accrued income	19	34 414	23 987
Total receivables		311 176	284 428
Cash	20	1 363	7 661
TOTAL CURRENT ASSETS		1 317 566	1 109 772
TOTAL ASSETS		7 635 500	11 280 433

The accompanying notes on pages 14 to 37 form an integral part of these financial statements.

 Ilmārs Osmanis
 Chairman of the Board

 Baiba Lamberte
 Accountant

Balance sheet

EQUITY & LIABILITIES	Note	31.12.2023. EUR	31.12.2022. 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		(4 492 472)	(3 031 299)
(b) Profit /(loss) of the reporting year		(5 273 636)	(1 461 173)
TOTAL EQUITY		2 916 596	8 190 232
LIABILITIES			
Non-current liabilities			
Convertible loans	22	1 201 838	251 636
Deferred income	24	201 460	228 670
Total non-current liabilities		1 403 298	480 306
Current liabilities			
Other loans	23	1 513 443	652 872
Advances from customers		3 890	65 387
Trade payables to suppliers and contractors		1 399 424	1 459 163
Related party payables		76 156	11 275
Taxes and mandatory state social insurance contributions	25	115 876	194 501
Other liabilities	27	63 735	77 442
Accrued liabilities	26	115 872	122 045
Deferred income	24	27 210	27 210
Total current liabilities		3 315 606	2 609 895
TOTAL LIABILITIES		4 718 904	3 090 201
TOTAL EQUITY AND LIABILITIES		7 635 500	11 280 433

The accompanying notes on pages 14 to 37 form an integral part of these financial statements.

Ilmārs Osmanis
 Chairman of the Board

Baiba Lamberte
 Accountant

Statement of Cash Flows

Cash flows from operating activities	Note	2023 EUR	2022 EUR
Profit or loss before corporate income tax		(5 273 452)	(1 461 068)
Adjustments:			
Adjustments to impairment of tangible and intangible assets	13,14	935 791	816 538
Value adjustments for long-term and short-term financial investments	10a	3 877 860	-
Exclusion of fixed assets/ intangible assets	14	10 000	-
(Revenue)/expenses from recognition of grant financing	7	(218 899)	(559 496)
(Revenue)/expenses from receiving financial support		-	-
Other interest income and similar income	9	(21 891)	(29 932)
Interest and similar expenses	10	84 969	110 322
Profit or loss before adjustments for the effect of changes to current assets and current liabilities		(605 622)	(1123 636)
Adjustments for:			
(Increase) in inventories		(187 344)	(203 594)
Decrease in trade receivables		10 889	221 849
Increase in trade payables		(253 215)	250 119
Gross cash flow from operating activities		(1 035 292)	(855 262)
Interest payments		-	(110 322)
Corporate income tax		(184)	(105)
Net cash flows from operating activities		(1 035 476)	(965 689)
Cash flows used in/ from investing activities			
Purchase of shares in a subsidiary		-	(1 077)
Purchase of property, plant and equipment and intangible assets	13,14	(960 550)	(1 699 704)
Proceeds from sale of property, plant and equipment and intangible assets		-	3 103
Loans granted		(271)	(44 532)
Interest received		-	29 932
Net cash flows used in/ from investing activities		(960 821)	(1712 278)
Cash flows from financing activities			
Proceeds from the issue of shares and bonds or investments of capital participation shares		-	1 663 658
Proceeds from borrowings		1 985 737	735 508
Repayment of borrowings		(177 000)	(253 000)
Subsidies, grants, donations or gifts received		181 262	536 997
Net cash flows used in/ from financing activities		1 989 999	2 683 163
Impact of foreign exchange fluctuations		-	-
Net cash increase		(6 298)	5 196
Cash at the beginning of the reporting year		7 661	2 465
Cash at the end of the reporting year	20	1 363	7 661

The accompanying notes on pages 14 to 37 form an integral part of these financial statements.

 Ilmārs Osmanis
 Chairman of the Board

 Baiba Lamberte
 Accountant

Statement of changes in equity

	Share capital	Share premium	Accumulated profit / (loss) of previous years	Profit /(loss) of the reporting year	Total
	EUR	EUR	EUR	EUR	EUR
December 31, 2021	25 769	9 978 277	(2 294 626)	(736 673)	6 972 747
Increase in share capital*	6 903	2 671 755	-	-	2 678 658
Transferred to accumulated loss	-	-	(736 673)	736 673	-
Profit or loss for the year	-	-	-	(1 461 173)	(1 461 173)
December 31, 2022	32 672	12 650 032	(3 031 299)	(1 461 173)	8 190 232
Transferred to accumulated loss	-	-	(1 461 173)	1 461 173	-
Loss/Profit for the reporting year	-	-	-	(5 273 636)	(5 273 636)
December 31, 2023	32 672	12 650 032	(4 492 472)	(5 273 636)	2 916 596

* In July 2022 and September 2022, a decision was made by the participants of SIA "Lightspace Technologies" on increasing the share capital.

** In year 2023, there have been no changes in the company's share capital.

The accompanying notes on pages 14 to 37 form an integral part of these financial statements.

 Ilmārs Osmanis
 Chairman of the Board

 Baiba Lamberte
 Accountant

Notes to the financial statements

1. Corporate information

SIA Lightspace Technologies (hereinafter – the Company) was registered in the Republic of Latvia Commercial Register on February 12, 2014. The registered office of the Company is Zemzaru iela 3, Mārupe, Mārupes pag., LV-2167, Latvia.

The board of the Company is Ilmārs Osmanis, chairman of the board.

The Council of the Company has been abolished as of June 13, 2023.

The Company's economic activity is related to the development and production of 3D imaging display technologies and products.

The subsidiaries of SIA "Lightspace Technologies" are Lightspace Labs Inc (USA), Lightspace Labs Ltd (Great Britain, liquidated on 26.09.2023) and SIA "EUROLCDs" (LV). SIA "Lightspace Technologies" owns 50,000 shares of Lightspace Labs Inc (100% interest) and 4,023 shares of SIA EUROLCDs (83.81% interest).

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 Company prepares the consolidated financial statement separately. The consolidated financial statement reflects the consolidated financial position of Lightspace Technologies Group (SIA Lightspace Technologies and its subsidiaries) and will be publicly available.

The financial statements are prepared in accordance with the Law on the Annual Financial Statements and Consolidated Financial Statements of the Republic of Latvia.

In accordance with the criteria established by law, the Company is classified as a small company.

The Company's financial statement has been prepared in accordance with the historical value accounting principle. The Company's financial statement shall use the euro (EUR) as a monetary unit.

The financial statement of the Company covers the period from January 1, 2023, to December 31, 2023.

The Company's income statement has been prepared according to the turnover cost method.

The Company's cash flow statement has been prepared according to 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 statement are valued according to the following principles:

- 1) Going concern assumption that the Company will continue as a going concern;
- 2) Consistent valuation principles with those used in the previous reporting year;
- 3) Items have been valued in accordance with the principle of prudence:
 - a) the financial statements reflect only the profit generated to the balance sheet date;
 - b) all expected risk amounts and losses incurred during the reporting year or prior years have been taken into consideration even if discovered in the period of time between the balance sheet date and the date of preparation of the financial statements;
 - c) all amounts of impairment and depreciation have been taken into consideration irrespective of whether the financial result was a loss or profit.
- 4) The company's income statement includes income and expenses incurred during the reporting year irrespective of the payment date or the date when the invoice is issued or received. Expenses have been matched with income in the respective reporting periods;
- 5) Assets and liabilities have been valued separately;
- 6) At the beginning of the financial year, the balance sheet of the Company is consistent with the balance sheet of the Company closing the previous year;
- 7) All items that materially affect the assessment or decision-making of the users of the Company's annual report are indicated;
- 8) The Company's economic transactions are recorded and reflected in the annual report of the Company, taking into account their economic content and nature, and not only their legal form.

2. Summary of important accounting principles (continued)

Use of estimates

In preparing the Company's financial statement, management has to rely on certain estimates and assumptions that affect the balances of the company's balance sheet and the company's income statement items reflected in separate statements, as well as the amount of contingent liabilities. Future events may affect the assumptions on the basis of which the relevant estimates are made. Any effect of changes in estimates is reflected in the financial statement at the time of their determination.

Estimates relate primarily to the capitalization of product development costs, the lifetime of property, plant and equipment and intangible assets, the recognition of unsafe receivables and obsolete inventories, and the measurement of impairment. Although these estimates are based on comprehensive information available to management about current events and activities, actual results may differ from them.

Key assumptions and key estimates for the future and other uncertainties existing at the balance sheet date that entail a risk of a material adjustment to the value of assets and liabilities in the following financial year:

Impairment tests

At the end of each reporting year, the Company checks for signs of impairment of investments in subsidiaries. If signs of impairment are found, management conducts an impairment test in determining the recoverable amount. As a result of the examination of the recoverability of value, no additional impairment in the reporting year was found. See Note 15 on estimates and assumptions used in the recoverability tests of subsidiaries' investments.

Capitalization of development costs

The company capitalizes on development costs in accordance with accounting policies. Management makes its own assessments based on the facts and circumstances of each individual project. Initially, costs are capitalized on the basis of the assessment of management regarding the technological and economic execution of the project in question. Such a valuation is also considered as the basis for the capitalization of costs, which are subsequently subject to an impairment test at the time of recognition and annually, until the completion of the development phase.

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

The company's management assesses the carrying amount of property, plant and equipment and intangible assets and assesses whether there are any indications that the recoverable amount of assets is lower than the carrying amount. The company's management calculates and recognizes a loss on impairment of property, plant and equipment and intangible assets based on estimates of their future use, liquidation or sale.

At the end of the reporting year, an analysis of the recoverable amount of the assets is performed. Estimates of the value in use of the assets are determined using discounted cash flow forecasts prepared for a period of 5-7 years, where the revenue growth is based on the planned business growth strategy. The valuation also depends, among other factors, on assumptions regarding the discount rate. Taking into account the planned amounts of economic activity of the Company and the possible market value of the assets, the management of the Company considers that significant adjustments to the value of fixed assets or intangible assets are not necessary. See additional information in Note 13 and 14.

Going concern

The Company's financial statements are prepared applying the going concern basis, assuming that the Company will continue to operate. See additional information in Note 31.

Foreign currency revaluation

The currency used in the Company's financial statements is the currency of the Republic of Latvia in euro (EUR). All transactions in foreign currencies are revalued in EUR at the euro reference rate published by the European Central Bank on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the euro reference rate published by the European Central Bank on the last day of the reporting year. Exchange differences arising from currency settlements or from the presentation of asset and liability items using exchange rates different from those originally used to account for transactions are recognised in the income statement at net value.

Non-monetary items accounted for at historical cost in foreign currency are shown using the exchange rate in force on the date of the original transaction. Non-monetary items are presented at their initial cost, and no further currency revaluations are carried out.

2. Summary of important accounting principles (continued)

Intangible assets

Intangible assets are accounted for at their initial value, which is amortised over the useful life of the assets using the straight-line method. For intangible assets, depreciation is calculated over the useful life of the asset using the linear method over 3-10 years. If any events or changes in circumstances indicate that the book value of intangible assets are likely to be irrecoverable, the value of the related intangible assets is revised to determine their impairment. Impairment losses are recognised when the book value of intangible assets exceeds their recoverable amount.

The recoverable amount of an intangible asset is the higher of net realisable value and value in use. In determining value in use, the 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 according to the cash flow-generating asset to which it belongs. Impairment losses are recognised in the income statement as the cost of production of marketed products.

Research and development costs

Research costs are included in profit or loss statement as incurred. Development costs incurred on an individual project are carried forward when its future recoverability can be foreseen with reasonable certainty. Any expenditure carried forward is amortized over the useful life of the asset – 10 years, on a straight line basis.

Development costs comprise assets related to in-house developed production business model ODM (Original Design Manufacturing); intellectual property arising from research and development activities in the form of ODM assets.

The Company recognizes and capitalizes the outcome of developing products, materials, devices, processes and systems derived as a result of targeted projects, which are ODM assets. These assets can incorporate tangible elements, such as prototypes of materials or products, samples, devices, systems, and intangible elements, such as project or production documents, documented processes, inventions or innovations which are or are not protected by patents.

Using ODM assets, material benefit is gained through selling the license; the respective amortization and expected profit are included into the product selling price, i.e., the license fee. The license fee of one ODM asset unit included in the product delivery price can also be stated higher than amortization charge and it can be applied to a greater number of units that are necessary for amortization to generate gross profit.

If the development costs included in the ODM asset are an integral part of the respective assets and cannot function on their own or the prevailing costs used for their development are those of materials, after its completion the respective asset is classified as property, plant and equipment.

If the respective asset is not used, the carrying amount of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 with the following month after the asset is put into operation or engaged in commercial activity. Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. If the Company depreciates separately some parts of a property, plant and equipment, it shall also depreciate separately the remaining parts of the same asset. The balance consists of those parts of the property, plant and equipment that are not separately important. Depreciation of the remaining components is calculated using approximation methods to make proper disclosures of the useful life.

2. Summary of important accounting principles (continued)

If any events or changes in circumstances indicate that the book value of property, plant and equipment is likely to be irrecoverable, the value of the asset in question is revised to determine its impairment. If there are signs of irrecoverability of value and if the asset's book value exceeds the estimated recoverable amount, the asset or money-generating unit is written off to its recoverable amount. The recoverable amount of property, plant and equipment is the greater of net sales value and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of profit or loss under cost of sales.

The recognition of the carrying amount of items of property, plant and equipment is discontinued if it is disposed of or when no economic benefits are expected from future use of the asset. Any profit or loss arising from the derecognition of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the book value of the property, plant and equipment) is recognised in the income statement in the period in which the derecognition of the property, plant and equipment occurs.

Expenses related to leasehold improvements are capitalized as property, plant and equipment and depreciated over the lease period on a straight-line basis. The cost of creating fixed assets and unfinished construction objects is accounted for at the initial value. The initial value includes the cost of creating fixed assets and other direct costs. For unfinished construction, depreciation is not calculated until the corresponding assets are completed and put into operation.

Investments in subsidiaries and associates

Investments in subsidiaries (i.e., companies in which the Parent Company owns or controls more than 50% of the share capital) and associates (i.e. companies in which the Parent Company has significant influence but does not own a controlling share/shareholding in which it owns 20-50% of the share capital) are accounted for using the cost method. After initial recognition, investments in subsidiaries and associates are accounted for at their initial value less impairment losses. If any events or changes in circumstances indicate that the book value of investments in subsidiaries and associates is likely to be irrecoverable, the value of the related investments in subsidiaries and associates is revised to determine their impairment. The Company recognizes income from participating interests only to the extent that the Company receives a portion of the accumulated profits of its subsidiary or associate earned after the date of acquisition of the shares. The share of profit received that exceeds such profit is considered to be the recovery of investments and is accounted for as a decrease in the initial value of investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with a fixed or determinable payment schedule that are not listed on the active market. Such assets are accounted for at amortized cost using the effective interest rate method. Profit and loss is recognized in the income statement at the time of derecognition or impairment of these assets, as well as in the amortization process.

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 labor 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.

Trade receivables and other debtors

Trade receivables are accounted for and reflected in the balance sheet according to the initial invoice amount, less provisions for unsecured debts. A doubtful debt allowance is estimated when the recovery of the full amount is no longer reasonable. Receivables are written off when their recovery is considered impossible.

2. Summary of important accounting principles (continued)

Cash

Cash and cash equivalents represent cash in bank and short-term deposits with initial maturities of less than 3 month.

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 taking into account 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.

Accounting for grants

The financial support received by state and international organizations is recognized when the Company has gained reasonable assurance that the conditions for receiving support will be met and the support will be received.

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

Other State support is systematically recognized in the income statement during the periods in which the Company includes in its expenses the costs that the State support compensates for. State support, which is receivable to cover expenses or losses already incurred or is intended for the provision of immediate financial support to the Company and which is not related to further costs, shall be shown in the income statement in the period when the Company becomes entitled to receive it.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive or induced) caused by a past event and there is a likelihood that the discharge of resources embodying economic benefits from the Company will be necessary to meet those obligations and the amount of the liability can be measured with sufficient reliability. If the Company expects that the expenses necessary for the creation of savings will be partially or fully reimbursed, for example, under an insurance contract, the reimbursement of such expenses will be recognized as a separate asset only when it is practically clear that such expenses will actually be reimbursed. The costs associated with any provision are reflected in the income statement net of amounts recovered. In the case of a material effect on the time value of money, the provision is calculated by discounting the expected future cash flow using a pre-tax rate that reflects the current assessment of the time value of money in the market and the risks pertaining to the specific liability, if any. If discounting is carried out, an increase in provisions over time is recognized as a borrowing cost.

Contingent liabilities and assets

In this financial statement, a contingent liability is not recognised. They are only recognised as a liability if the likelihood that the funds will be issued becomes sufficiently justified. Contingent assets are not recognised in this financial statement but are only reflected when the likelihood that the economic benefits associated with the transaction will reach the Company is sufficiently substantiated.

Rent

Financial leasing transactions in which all risks and rewards arising from ownership of the leasehold are transferred to the Company are recognised on the balance sheet as property, plant and equipment for an amount which, at the commencement of the lease, corresponds to the fair value of the leased property or, if less, to the present value of the minimum lease payments. Financial lease payments are divided between financial costs and reduction of liabilities in order to ensure a constant interest rate on the balance of liabilities for each period. Financial costs are included in the income statement as interest costs.

If there are reasonable grounds for believing that, at the end of the lease period, the relevant lease object will become the property of the lessee, the expected useful life of that asset is taken as the expected useful life of that asset. In all other cases, depreciation of capitalised leased assets is calculated using the straight-line method, over the estimated useful life of the assets or the lease period, whichever is shorter.

2. Summary of important accounting principles (continued)

Asset leases, in which virtually all the risks arising from ownership are borne and remunerated by the lessor, are classified as operating leases. Lease payments within the framework of an operating lease are accounted for as costs throughout the lease period using the linear method. The Company's liabilities arising from operating leases are reflected as off-balance sheet liabilities.

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).

The use of carry-over tax losses accumulated in previous periods is limited: these losses can reduce the amount of tax on dividends calculated in the reporting year by no more than 50%. The unused amount of losses can be carried forward to subsequent years and could be used until 2022 in the above way.

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.
- b) 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;

2. Summary of important accounting principles (continued)

- 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.
- 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

The financial statements reflect events that occurred subsequent to the year-end and that provide additional information on the Company's financial position at the balance sheet date (adjusting events). If the nature of subsequent events is other than adjusting, they are disclosed in the notes to the financial statements only if they are significant.

3. Net sales

	2023 EUR	2022 EUR
Revenue from the sale of research and development (RD) projects	168 745	113 000
Revenue from the sale of research and development (RD) products	2 450	307 480
TOTAL:	171 195	420 480

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

	2023 EUR	2022 EUR
Latvia	973	369 059
The European Union	-	34 500
Outside the European Union	170 222	16 921
TOTAL:	171 195	420 480

4. Cost of sales

	2023 EUR	2022 EUR
Research costs	1 260 261	1 190 763
<i>incl. research staff costs*</i>	30 416	108 191
<i>incl. research amortization and depreciation</i>	912 718	803 001
<i>incl. costs related to ensuring research process</i>	100 130	132 770
<i>incl. costs related to use and maintenance of patents and licenses</i>	10 001	74 349
<i>incl. costs related lease of research premises</i>	167 779	56 717
<i>incl. utilities of research premises</i>	39 217	15 735
Cost of materials and delivery	13 149	250 658
Transport expenses	2 763	3 953
Cost of low-value inventory	370	6 692
Other cost of production	10 274	12 323
TOTAL:	1 286 817	1 464 389

* In 2023, personnel costs of the Parent Company in the amount of EUR 770 942 are included in the cost price of the balance sheet item (capitalized), in 2021 personnel costs in the amount of EUR 1 010 538 were capitalized.

5. Selling expenses

	2023	2022
	EUR	EUR
Staff costs	139 428	155 666
Business trips	40 117	68 059
Marketing expenses	26 274	59 370
Project administration costs	1 407	2 052
Communication expenses	861	2 927
TOTAL:	208 087	288 074

6. Administrative expenses

	2023	2022
	EUR	EUR
Staff costs	140 691	244 988
Amortization and depreciation	23 073	13 538
Professional services	84 749	228 060
Bank charges	2 834	2 778
Representation expenses	2 730	1 050
Staff training	9 482	9 199
Recruitment costs	1 290	2 910
Employee sustainability costs	449	1 900
Insurance costs	355	350
Communication expenses	1 132	1 993
Transport costs	1 555	1 656
Office expenses	36 497	37 112
Provision for bad receivables	(102 987)	65 123
Other administrative costs	734	719
TOTAL:	202 584	611 376

7. Other operating income

	2023	2022
	EUR	EUR
Revenue from the recognition of EU research funding *	218 899	559 496
Financial support for ensuring the flow of working capital	-	6 159
Other income	-	12 519
TOTAL:	218 899	578 174

* In 2021, SIA "Lightspace Technologies" as a cooperation partner of SIA "HansaMatrix Innovation" has completed the implementation of the product development and research project No. 1.1.1.1/18/A/179 supervised by the Central Finance and Contracting Agency (CFLA) "Development of a compact high-luminosity laser imaging projection system for applications in volumetric type 3D display systems". A scientific institution of the University of Latvia was involved in the implementation of the development project. The total cost of the project is 830 530 EUR, ERDF support funding 553 000 EUR. During the reporting year, the Company acknowledged the revenue of EU funding in the amount of EUR 8 960 in proportion to the useful life of the technology created within the framework of 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 year, 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.

* During the reporting year, SIA "Lightspace Technologies", in cooperation with SIA "EUROLCDs" as a cooperation partner, continued to implement the CFLA-supervised product development and research project No. 1.1.1.1/20/A/151 "Development of a miniature next-generation multifocal image source module for use in devices with a display close to the eye". The total planned project costs are 713 722 EUR, eligible costs 680 184 EUR, ERDF support funding 476 129 EUR. During the reporting year, the Company recognised the revenue of EU funding in the amount of EUR 72 395.

* During the reporting year, the project No.101092889 "Embodied Social Experiences in Hybrid Shared Spaces (Sharespace)" was launched in the HORIZON-RIA programme co-financed by the European Commission in cooperation with 15 more European companies and research organizations. The term of the project is 36 months. The total cost of the project is EUR 5,947 million. EUR, of which the share of SIA "Lightspace Technologies" is 223 750 EUR. In 2023, the payment of advance payments in the amount of 50% of the total project costs was approved, SIA "Lightspace Technologies" received pre-financing for the implementation of the project in the amount of 111,875 EUR. During the reporting year, the Company acknowledged the revenue of EU funding in the amount of EUR 119 294.

8. Other operating expenses

	2023	2022
	EUR	EUR
Exchange rate losses	4 570	-
Fined paid	20 263	15 493
Losses from the liquidation of the subsidiary*	288	-
TOTAL:	25 121	15 493

*In 2023, a decision was made on the liquidation of Lightspace Labs Ltd., a subsidiary registered in the UK. The subsidiary was liquidated on 26 September 2023, recognising losses from the liquidation of the subsidiary in the amount of EUR 288, which resulted from the loss of exclusion of the investment in the amount of EUR 11 787 and the proceeds from the exclusion of unpaid capital in the amount of EUR 11 499.

9. Other interest income and similar income

	2023	2022
	EUR	EUR
Interest receivable (SIA EUROLCDs loan)*	21 891	29 932
TOTAL:	21 891	29 932

* The Company has issued a convertible long-term loan to the subsidiary SIA "EUROLCDs", for which an investment agreement has been concluded on May 31, 2021 for the total amount of investments in the amount of EUR 900,000 with a loan interest rate of 8% per annum. In 2023, interest on the loan was calculated in the amount of EUR 21 891.

10. Interest and similar expenses

	2023	2022
	EUR	EUR
Interest on loans	80 752	103 733
Directly attributable loan agreement commissions	4 216	6 589
TOTAL:	84 968	110 322

10a. Impairment adjustments for long-term and short-term financial investments

	2023	2022
	EUR	EUR
Impairment of participations in the capital of related parties**	3 556 147	-
Other impairment adjustments***	321 713	-
TOTAL:	3 877 860	-

** In 2024, a decision was made, and on October 22, 2024, a management application was submitted to the court by SIA "EUROLCDs" to terminate the legal protection process and initiate insolvency proceedings. By a decision of the Kurzeme District Court on November 15, 2024, the insolvency process for SIA "EUROLCDs" was declared, and an administrator was appointed for the insolvency process. By the end of the reporting year, a reduction in the value of the investment in the subsidiary SIA "EUROLCDs" has been recognized in the amount of EUR 3 556 147.

*** In 2023, interest on the loan amounting to EUR 21 891 was calculated and added to the outstanding loan amount. As of the end of the reporting year, the outstanding loan amount, including the calculated interest, is EUR 321 713. According to the legal protection process initiated on March 16, 2023, for the subsidiary SIA EUROLCDs and the approved legal protection process plan, the loan amount was included in the legal protection process creditors' list. It also provides the possibility that, in the event of an increase in share capital, the remaining obligations to the related creditor may be settled with additional issued shares. As of the end of the reporting year, a provision of EUR 321 713 for irrecoverable loans has been recognized in full.

11. Corporate income tax for the reporting year

	2023	2022
Corporate income tax calculated for the reporting year	184	105
Corporate income tax calculated for the reporting year:	184	105

12. Personnel costs and number of employees

	2023	2022
	EUR	EUR
Remuneration for work	872 392	1 222 040
Compulsory state social security contributions for employees	201 216	288 168
Employee health insurance policies	7 735	8 992
Business risk state duty	134	183
TOTAL:	1 081 477	1 519 383

The average number of employees for the reporting year:

	2023	2022
The average number of employees for the reporting year	30	42

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

	2023	2022
	EUR	EUR
Cost of sales	801 358	1 118 729
Capitalized under work in progress and unfinished orders	(770 942)	(1 010 538)
Selling expenses	139 428	155 666
Administrative expenses	140 691	244 988
TOTAL:	310 535	508 845

13. Intangible assets

	Development costs	Concessions, patents, licences and similar rights	Other intangible assets	Total
	EUR	EUR	EUR	EUR
Cost as at 01.01.2022.	5 891 629	174 987	52 250	6 118 866
Additions	1 510 968	-	15 385	1 526 353
Transfer*	-	-	(3 800)	(3 800)
Initial value as at 31.12.2022.	7 402 597	174 987	63 835	7 641 419
Accumulated amortization as at 01.01.2022.	1 283 809	51 266	12 311	1 347 386
Charge for the year	589 166	17 499	17 174	623 839
Off	-	-	(697)	(697)
Accumulated amortization as at 31.12.2022.	1 872 975	68 765	28 788	1 970 528
Residual value as of 01.01.2022	4 607 820	123 721	39 939	4 771 480
Residual value as of 31.12.2022	5 529 622	106 222	35 047	5 670 891
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 31.12.2023.	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

In 2023, a discount rate of 15.00% was applied to the cash flow calculations for the period from 2024 to 2030, using the after-tax weighted average cost of capital (WACC). The management's business growth strategy anticipates a turnover of 281 thousand EUR in 2024 and an increase in turnover to EUR 196 million by 2030, driven by the sale of head-up displays, reaching a sales volume of 17,000 units in 2030. The forecast includes initial R&D and industrialization investments and assumes that as volumes increase, cost proportions decrease. Management has assessed the recoverability of the assets and has not identified any impairment as of December 31, 2023.

The Company remains in an early development phase, and the projected growth is associated with a higher level of uncertainty compared to companies operating in a stable business development phase. This growth also depends on the continued successful operation of the company and market development.

The recoverable value of the assets largely depends on management's assumptions regarding sales growth, the timing of this growth, profitability targets, and the ability of the management to achieve these assumptions and overall market development. Any negative changes in these assumptions could adversely affect the carrying value of long-term assets recorded on the company's balance sheet as of December 31, 2023.

14. Property, plant and equipment

	Leasehold improvements	Other fixed assets and inventory	Products in development	Total
	EUR	EUR	EUR	EUR
Cost as at 01.01.2022.	-	964 961	192 970	1 157 931
Additions	20 574	100 626	52 151	173 351
Initial value as of 31.12.2022.	20 574	1 065 587	245 121	1 331 282
Accumulated depreciation as of 01.01.2022.	-	536 779	-	536 779
Depreciation for the year	-	192 699	-	192 699
Accumulated depreciation as of 31.12.2022.	-	729 478	-	729 478
Residual value as of 01.01.2022.	-	428 182	192 970	621 152
Residual value as of 31.12.2022.	20 574	336 109	245 121	601 804
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
Off	-	-	(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

* The value in use of assets is subject to a recovery analysis in accordance with the information in Note 13. Management has assessed the recoverability of assets, and no value losses have been identified.

15. Investments in related parties

The company's investments in subsidiaries on December 31, 2023, and 2022:

Company	Business	%	The Company's investment		2023 Loss for the financial year EUR	The investee's financial data		
			31.12.2023.	31.12.2022.		31.12.2023.	2022	31.12.2022.
			EUR	EUR	EUR	Equity EUR	Loss for the financial year EUR	Equity EUR
Lightspace Labs Inc.	Sales channel for U.S.-registered customers	100	30 209	30 209	(4 298)	(108 645)	(3 778)	(108 104)
Lightspace Labs Ltd.	Sales channel in GB for registered customers*	100	-	11 787	-	-	-	11 275
SIA "EUROLCDS"	Liquid crystal display (LCD) technology products	83.81	-	3 556 148	(799 725)	2 138 838	(580 201)	3 216 355
Total subsidiaries			30 209	3 598 144	(804 023)	2 030 193	(583 979)	3 119 526

* In 2023, a decision was made on the liquidation of Lightspace Labs Ltd., a subsidiary registered in the UK. The subsidiary was liquidated on 26 September 2023, recognizing losses from the liquidation of the subsidiary in the amount of EUR 288, which resulted from the loss of exclusion of the investment in the amount of EUR 11 787 and the proceeds from the exclusion of unpaid capital in the amount of EUR 11 499.

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

	2023	2022
	EUR	EUR
Balance as of January 1	4 209 864	4 208 787
Purchase	-	1 077
Impairment allowance	(4 179 655)	(4 179 655)
Balance as of December 31	30 209	30 209

Lightspace Labs Inc., a U.S.-based subsidiary, is strategically used as a sales channel to ensure the group's successful cooperation with U.S.-based customers.

On July 10, 2015, SIA "Lightspace Technologies" has entered into a purchase agreement with the Swedish company LC-TEC Holding AB (reg.Nr. 556480-7377, registered office: Tunavagen 281 781 73, Borlange, Sweden) for the purchase of 50,000 shares of the US company Lightspace Labs Inc. (reg.Nr. 75-3120036, registered office: 2374 Edison Boulevard Twinsburg, OH 44087, USA) 50,000 shares, representing 100% of the shares of Lightspace Labs Inc. The contract provides for a contract price of \$13,000 and a debt assignment of \$4,531,905.76 between the seller and the buyer, as well as a takeover of the know-how rights of Lightspace Labs Inc.

On March 11, 2015, an additional agreement was signed between SIA "Lightspace Technologies" and LC-TEC Holding AB on the acquisition of shares and re-registration of ownership of Lightspace Labs Inc. The transaction was concluded, and the shares were re-registered in 2016. Part purchase agreement "Closing Memo" signed on May 24, 2016.

During the reporting year, no additional investments were made in the capital of the subsidiary, but a loan of EUR 271 was issued for the maintenance of the economic activity of Lightspace Labs Inc. The value of Lightspace Labs Inc.'s investment is attributed to the value of international patents owned by the subsidiary. The subsidiary company has several valid patents registered that protect the Group's intellectual property rights.

b) Participation in the capital of related companies – SIA "EUROLCDS"

	2023	2022
	EUR	EUR
Net carrying amount as of January 1	4 034 934	4 034 934
Acquisitions	-	-
Impairment allowance	(478 786)	(478 786)
Changes in impairment value	(3 556 148)	
Net carrying amount as of December 31	-	3 556 148

The business activity of SIA "EUROLCDS", a subsidiary of SIA "Lightspace Technologies" is the development and production of new technologies, solutions and original products using liquid crystal display (LCD) technologies. The company strategically develops two unique technologies– fast optical shutter and bi-stable LCD technologies – as well as implements research projects and manufactures experimental product series.

In February 2018, after the increase in the share capital of SIA EUROLCDS, SIA "Lightspace Technologies" subscribed to 1000 shares committing to make a cash contribution of EUR 1 400 000. The par value of a new share is EUR 14, and the share premium is set at EUR 1 386 000. After subscribing to the issued shares, the investment of SIA "Lightspace Technologies" in SIA "EUROLCDS" total 30.73%.

After the increase in share capital SIA EUROLCDS acquired the status of an associate. The investment was valued using the equity method and an impairment allowance was recognized with the loss charged to the profit and loss statement. Under the equity method, the investment was carried at historical cost with adjustments made to the carrying amount to recognise the Parent Company's share in the associate's net assets after acquisition.

In April 2018, a share exchange transaction took place between SIA "Lightspace Technologies", AS "HansaMatrix" and BaltCap Latvia Venture Capital Fund KS. AS HansaMatrix and BaltCap Latvia Venture Capital Fund KS made an in-kind contribution to the share capital of SIA "Lightspace Technologies". BaltCap Latvia Venture Capital Fund KS contributed 1 117 shares of SIA EUROLCDS whose value after being recognized as an in-kind contribution was set at EUR 892 501.48 (EUR 799.02 per share), while AS HansaMatrix contributed 360 shares of SIA EUROLCDS whose value accordingly was set at EUR 287 646.06 (EUR 799.02 per share). As a result of the share contribution, SIA "Lightspace Technologies", AS "HansaMatrix" acquired 4 300 shares of SIA Lightspace Technologies (par value of one share: EUR 207.55) and BaltCap Latvia Venture Capital Fund KS acquired 1 386 shares of SIA "Lightspace Technologies" (par value of one share: EUR 207.55).

After the share swap transaction in May 2018 SIA "Lightspace Technologies" acquired 1 477 shares of SIA "EUROLCDS" (equity interest of 76.12%) and achieved an optimum business structure and reduced supply chain risks. The other 23.88% shares of SIA EUROLCDS were held by the Swedish company Hornell Teknikinvest AB.

In May 2018, when the Company acquired an additional holding in SIA "EUROLCDS", SIA "EUROLCDS" acquired the status of a subsidiary.

In June 2019, after the increase in the share capital of SIA "EUROLCDS", SIA "Lightspace Technologies" subscribed to 1 546 shares committing to make a cash contribution of EUR 1 454 786. The par value of a new share is EUR 14, and the share premium is set at EUR 1 433 142. In June 2019, as a result of the share purchase transaction, SIA "Lightspace Technologies" obtained 83.81% (4 023 shares) in the major vendor SIA EUROLCDS ensuring an optimal business structure and reducing supply chain risks; the other 16.19% (777 shares) in SIA EUROLCDS are owned by Hornell Teknikinvest AB (Sweden).

The subsidiary is still in an early phase of development and the projected growth is associated with an increased degree of uncertainty, which would not be present for companies operating in the phase of stable business development, as well as depends on the further successful operation of the company and the development of the market.

Taking into account the additional challenges created by the macroeconomic environment in Latvia and in the world, the board of the subsidiary company SIA "EUROLCDS" has submitted a request to the court to initiate the legal protection process of the Company.

The legal protection process of SIA "EUROLCDS" was initiated at the Kurzeme District Court on March 16, 2023, and its main goal is to carry out restructuring of the subsidiary's activities with the attraction of additional financing in order to stabilize the company's activities. In accordance with the decisions of the Kurzeme District Court of 16 March and 16 May 2023, the plan of legal protection proceedings approved by the majority of creditors was submitted to the Kurzeme District Court, which, by decision of 6 July 2023, approved the plan of the legal protection process and its implementation in the 24-month period until 5 July 2025. The plan of the legal protection process provides for the extension of its term up to 2 years after the expiration of the approved term, as well as the attraction of additional investments to ensure the economic activity of the company.

As of the reporting date, amendments to the legal protection process plan were agreed upon and submitted for approval to all creditors, with a decision by the Kurzeme District Court in August 2024. However, given the current economic environment and the ongoing Russia-Ukraine conflict, attracting investments has become challenging and unpredictable. A decision was made, and on October 22, 2024, a management application was submitted to the court by SIA "EUROLCDS" to terminate the legal protection process and initiate insolvency proceedings. By a decision of the Kurzeme District Court on November 15, 2024, the insolvency process for SIA "EUROLCDS" was declared, and an administrator was appointed for the insolvency process.

The management has assessed the recoverability of the assets and at the end of the reporting year the reduction in the value of the investment in the amount of EUR 3 556 148 has been recognized, creating a provision in full for the value of the investment in the subsidiary SIA "EUROLCDS".

**(c) Participation in the capital of related companies —
 Lightspace Labs Ltd.**

	2023	2022
	EUR	EUR
Net carrying amount as of January 1	11 787	11 787
Acquisitions	-	-
Exclusion	(11 787)	-
Net carrying amount as of December 31	-	11 787

On August 9, 2021, SIA "Lightspace Technologies" made a decision on the establishment of a subsidiary in the UK. SIA "Lightspace Technologies" has established a UK-based subsidiary Lightspace Labs Ltd., the share capital of which consists of 10,000 shares, the nominal value of one share of GBP 1 (100% interest). As of December 31, 2022, the share capital has not been paid.

Lightspace Labs Ltd., a UK-based subsidiary, was strategically used as a sales channel to ensure the group's successful cooperation with UK-based customers.

In 2023, a decision was made on the liquidation of Lightspace Labs Ltd., a subsidiary registered in the UK. The subsidiary was liquidated on 26 September 2023, recognizing losses from the liquidation of the subsidiary in the amount of EUR 288, which resulted from the loss of exclusion of the investment in the amount of EUR 11 787 and the proceeds from the exclusion of unpaid capital in the amount of EUR 11 499.

In order to ensure the group's successful cooperation with UK-based customers, a new sales channel will be created by registering a subsidiary in the UK at the level of the parent company Lightspace Group Inc.

16. Loans to related parties

	31.12.2023. EUR	31.12.2022. EUR
Loan to SIA EUOLCDS*	-	299 822
Loan to Lightspace Labs Inc.	271	-
TOTAL:	271	299 822

* In 2022, the Company issued a convertible long-term loan to the subsidiary SIA "EUOLCDS" in the amount of EUR 14,600, in 2021 issued EUR 255,290, for which an investment agreement was concluded on May 31, 2021, for the total amount of investments in the amount of EUR 900,000. The investment agreement stipulates that the loan can be converted to capital shares within 12 months after payment of the loan amount in full and provides for an interest rate on the loan of 8% per annum.

In 2023, interest on the loan amounting to EUR 21 891 was calculated and added to the outstanding loan amount. As of the end of the reporting year, the outstanding loan amount, including the calculated interest, is EUR 321 713. According to the legal protection process initiated on March 16, 2023, for the subsidiary SIA "EUOLCDS" and the approved legal protection process plan, the loan amount was included in the legal protection process creditors' list. It also provides the possibility that, in the event of an increase in share capital, the remaining obligations to the related creditor may be settled with additional issued shares. As of the end of the reporting year, a provision of EUR 321 713 for irrecoverable loans has been recognized in full.

17. Other receivables

	31.12.2023. EUR	31.12.2022. EUR
Security deposit	88 995	72 227
Settlements with advance persons	-	189
TOTAL:	88 995	72 416

18. Prepaid expenses

	31.12.2023. EUR	31.12.2022. EUR
Marketing expenses	211	998
Software maintenance expenses	10 685	5 200
Insurance payments	768	661
Loan commissions	653	2 809
Travel expenses	-	241
Other prepaid expenses	84	1 201
TOTAL:	12 401	11 110

19. Accrued income

	31.12.2023. EUR	31.12.2022. EUR
Accrued revenue (CFLA project PIP3 1.1.1.1/18/A/151)	26 995	23 987
Accrued revenue (Project SHARESPACE No. 101092889)	7 419	-
TOTAL:	34 414	23 987

* During the reporting year, accrued revenues for development and research projects supported by the CFLA were recognized in accordance with the grant support rate stipulated in the project funding agreement. The description of the projects is inserted in Note 7.

20. Cash

	31.12.2023. EUR	31.12.2022. EUR
Cash in the bank	1 363	7 661
TOTAL:	1 363	7 661

21. Share capital

On 31.12.2023. and on 31.12.2022. The share capital of the company is 32 672 EUR, and it consists of 32 672 shares, the nominal value of one share is 1 EUR. The authorized capital of the company is fully paid. The owner of the company's shares is Lightspace Group Inc., a U.S.-based company, (100%), reg. Nr 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.

	31.12.2023. EUR	31.12.2022. EUR
Share capital	32 672	32 672
Number of shares	32 672	32 672
Nominal value of one share	1	1

Shareholders	31.12.2023.		31.12.2022.	
	Number of shares owned	Interest on the share capital	Number of shares owned	Interest on the share capital
Lightspace Group Inc. (U.S.)	32 672	100 %	32 672	100 %
TOTAL:	32 672	100 %	32 672	100 %

22. Convertible loans

	31.12.2023. EUR	31.12.2022. EUR
Convertible Loan - Lightspace Group Inc.*	1 200 202	250 000
Convertible loan - Other	1 636	1 636
TOTAL:	1 201 838	251 636

* Convertible investment loan agreements issued during the reporting year were concluded within the group with the parent company Lightspace Group Inc. Investment agreements provide for the conversion of investments to the shares of Lightspace Group Inc. and the payment of investment contributions directly to the Company's current account. Convertible loans are presented under long-term liabilities as there is no intention to settle these obligations by paying in cash.

23. Other loans

	Original amount, EUR	Maturity	31.12.2023.		31.12.2022.	
			Short-term, EUR	Long term, EUR	Short-term, EUR	Long term, EUR
Attīstības finanšu institūcija Altum, AS*	400 000	25.04.2024.	408 426	-	400 000	-
Macro Riga SIA**	101 422	31.12.2024.	1 105 017	-	101 422	-
C3 SIA***	151 540	31.03.2023.	-	-	151 450	-
TOTAL:			1 513 443	-	652 872	-

* On October 14, 2021, the Company has entered into loan agreement No. 228920/03 with JSC "Development Finance Institution Altum", received a loan amount of 400,000 EUR, the loan is intended to ensure the implementation of development projects. The loan agreement provides for the repayment of the principal amount of the loan in the amount of EUR 395,000 by April 25, 2023, and the repayment of the remaining amount in the amount of EUR 1,000 per month until May 25, 2023. As collateral, a commercial pledge is registered on a part of the fixed assets of the subsidiary SIA "EUROLDCDS". Changes to the agreement signed in July 2023 extend the maturity of the loan balance in the amount of EUR 398 000 until 25.04.2024, redeeming the loan on schedule in the amount of EUR 40 000 every quarter starting from 25.09.2023, and the remaining amount at the end of the term, as well as setting the fixed part of the interest rate on the

loan at 6.4%. As of the end of the reporting year, the outstanding loan amount, including accrued interest, is EUR 408 426.

On July 8, 2024, the Riga District Court initiated a legal protection process for SIA "Lightspace Technologies" with a decision in case no. C33434024. By a decision of the Riga District Court dated 25.11.2024, the legal protection process plan agreed upon with the creditors was approved. The plan sets a 4 year implementation period, with the accumulated obligations to the State Revenue Service and ALTUM to be settled within a 2 year period.

** On December 1, 2021, the Company has entered into a loan agreement with SIA "Macro Rīga" on issuing a loan, the loan agreement provides for an interest rate of 8% per annum and a loan repayment period of 31.08.2022. On March 30, 2022, clarifications of the loan agreements were signed with the existing shareholder SIA "Macro Rīga", extending the loan payment term until 31.12.2022 and setting the annual interest rate at 10% and with 30.09.2022 signed additional amendments setting the interest rate at 11%. On March 6, 2024, clarifications of the loan agreement with SIA "Macro Rīga" were signed, setting the interest rate from January 1, 2023, at 8% and determining the repayment term of the accrued interest until December 31, 2024, the repayment term of the principal amount of 36 months, as well as determining the commencement of repayment of the principal amount from July 1, 2024. The clarifications of the loan agreement also provide for the redirection 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 may be converted to the shares of Lightspace Group Inc. As of the end of the reporting year, the outstanding loan amount is EUR 1 105 017 including accrued interest on the loan.

*** On December 12, 2022, the Company has entered into a loan agreement with SIA "C3" on issuing a loan in the amount of 150,000 EUR, the loan agreement provides for an interest rate of 12% per annum and a loan repayment period of 31.03.2023. By the end of the reporting year, the principal amount of the loan and the accrued interest have been paid.

24. Deferred income

Non- current:	31.12.2023. EUR	31.12.2022. EUR
Grant payment received (CFLA project PIP2 1.1.1.1/18/A/120)	123 190	141 440
Grant payment received (CFLA project PIP2 1.1.1.1/18/A/179)	56 000	64 960
Grant payment received (LIAA voucher Nr. VP-V-2020/36)	22 270	22 270
TOTAL:	201 460	228 670
Current:	31.12.2023. EUR	31.12.2022. EUR
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:	27 210	27 210

* During the reporting year, part of the grant funding received for technology development research conducted by scientific institutions within the framework of development and research projects supported by the CFLA was recognized in the revenues of subsequent periods. The description of the projects is inserted in Note 7.

25. Taxes and mandatory state social insurance contributions

The Company's tax liabilities and assets are not netted against each other and are reflected in the balance sheet as follows:

	31.12.2023. EUR	31.12.2022. EUR
Mandatory state social insurance contributions	(86 471)	(128 581)
Value added tax	25 757	27 104
Personal income tax	(54 955)	(92 838)
Corporate income tax	(184)	(105)
Natural resources tax	(1)	(20)
Business risk levy	(22)	(61)
TOTAL:	(115 876)	(194 501)
<i>including overpayment</i>	-	-
<i>Obligations</i>	(115 876)	(194 501)

26. Accrued liabilities

	31.12.2023. EUR	31.12.2022. EUR
Accrued liabilities for unused vacations	84 419	91 977
Other accrued liabilities	31 453	30 068
TOTAL:	115 872	122 045

27. Other liabilities

	31.12.2023. EUR	31.12.2022. EUR
Remuneration	51 773	61 635
Debts to persons making advance payments	11 648	10 176
Other liabilities	314	5 631
TOTAL:	63 735	77 442

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	Transaction	Debts of	Debts of
		turnover in 2023	turnover in 2022	related persons / (liabilities) 31.12.2023.	related parties / (liabilities) 31.12.2022.
		EUR	EUR	EUR	EUR
HansaMatrix AS	Goods received; services received	(2 288)	(211 586)	(378 133)	(231 422)
(affiliated company of the shareholder)	Goods sold; services provided	116	198 196	-	73 591
TOTAL:		-	-	(378 133)	(157 831)
<i>Total requirements:</i>		-	-	-	73 591
<i>Total commitments:</i>		-	-	(378 133)	(231 422)

Related party	Description of the transaction	Transaction	Transaction	Debts of	Debts of
		turnover in 2023	turnover in 2022	related persons / (liabilities) 31.12.2023.	related parties / (liabilities) 31.12.2022.
		EUR	EUR	EUR	EUR
"HansaMatrix Innovation" SIA	Goods sold; services provided	557	114 975	-	-
(affiliated company of the shareholder)	Goods received; services received	(557)	(192 969)	-	(218 897)
TOTAL:		-	-	-	(218 897)
<i>Total requirements:</i>		-	-	-	-
<i>Total commitments:</i>		-	-	-	(218 897)

Related party	Description of the transaction	Transaction turnover in 2023	Transaction turnover in 2022	Debts of related persons / (liabilities) 31.12.2023.	Debts of related parties / (liabilities) 31.12.2022.
		EUR	EUR	EUR	EUR
EUROLCDS SIA (subsidiary 83.81%)	Goods sold; services provided	300	9 510	11 789	77 355
	Goods received; services received	(165 055)	(471 374)	(76 156)	-
	Loan issued, t.sk. accrued %	21 891	44 531	321 713	299 822
	TOTAL:	-	-	257 346	377 177
	<i>Total requirements:</i>	-	-	333 502	377 177
	<i>Total commitments:</i>	-	-	(76 156)	-

Related party	Description of the transaction	Transaction turnover in 2023	Transaction turnover in 2022	Debts of related persons / (liabilities) 31.12.2023.	Debts of related parties / (liabilities) 31.12.2022.
		EUR	EUR	EUR	EUR
Lightspace Labs Inc. (subsidiary 100%)	Goods sold; services provided	-	-	110 787	114 776
	Loan issued, t.sk. accrued %	272	-	272	-
	Other billing	2 744	2 992	2 744	-
	TOTAL:	-	-	113 803	114 776
	<i>Total requirements:</i>	-	-	113 803	114 776
	<i>Total commitments:</i>	-	-	-	-

Related party	Description of the transaction	Transaction turnover in 2023	Transaction turnover in 2022	Debts of related persons / (liabilities) 31.12.2023.	Debts of related parties / (liabilities) 31.12.2022.
		EUR	EUR	EUR	EUR
Lightspace Labs Ltd (subsidiary 100%)	Other (Settlement of unpaid amounts in the share capital)	-	-	-	(11 275)
	TOTAL:	-	-	-	(11 275)
	<i>Total requirements:</i>	-	-	-	-
	<i>Total commitments:</i>	-	-	-	(11 275)

Related party	Description of the transaction	Transaction turnover in 2023 EUR	Transaction turnover in 2022 EUR	Debts of related persons / (liabilities) 31.12.2023. EUR	Debts of related parties / (liabilities) 31.12.2022. EUR
Lightspace Holding AS (affiliated company of the shareholder)	Cession agreement	-	-	(689 646)	(689 646)
	Goods sold; services rendered	-	12 000	-	-
TOTAL:		-	-	(689 646)	(689 646)
<i>Total requirements:</i>		-	-	-	-
<i>Total commitments:</i>		-	-	(689 646)	(689 646)

Related party	Description of the transaction	Transaction turnover in 2023 EUR	Transaction turnover in 2022 EUR	Debts of related persons / (liabilities) 31.12.2023. EUR	Debts of related parties / (liabilities) 31.12.2022. EUR
Macro Rīga SIA (affiliated company of the shareholder)	Loan received, t.sk. accrued %	(1 603 596)	563 237	(1 805 359)	(201 763)
	Goods received; services received	(60 000)	(20 000)	(12 100)	(9 500)
	Other billing	(230)	-	(230)	-
TOTAL:		-	-	(1 817 689)	(211 263)
<i>Total requirements:</i>		-	-	-	-
<i>Total commitments:</i>		-	-	(1 817 689)	(211 263)

Related party	Description of the transaction	Transaction turnover in 2023 EUR	Transaction turnover in 2022 EUR	Debts of related persons / (liabilities) 31.12.2023. EUR	Debts of related parties / (liabilities) 31.12.2022. EUR
Lightspace Group Inc. (parent company)	Loan received	(950 202)	(250 000)	(1200 202)	(250 000)
	Other billing	4 639	-	4 639	-
TOTAL:		-	-	(1 195 563)	(250 000)
<i>Total requirements:</i>		-	-	4 639	-
<i>Total commitments:</i>		-	-	(1 200 202)	(250 000)

Terms and conditions applicable to transactions with related parties:

Outstanding obligations at the end of the year are not secured in any way, and settlements with subsidiaries are carried out in cash. No guarantees have been given or received for the debts of related parties. During the reporting year, the Company created provisions for doubtful debts related to amounts owed to it by related parties, including the irrecoverable loan to SIA "EUROLCDS" in the amount of EUR 321,713 provisions for doubtful debts in the amount of EUR 11,789 and allowance for investments in the subsidiary in the amount of EUR 3,556,147.

The Company will continue to plan transactions with related parties, ensuring optimal business structure and reducing supply chain risks.

Remuneration for the performance of the duties of the members of the board and council of the Company is not calculated.

In 2023, the Company calculated the remuneration for board members in the amount of EUR 116 399, t.sk. employer's Social tax in the amount of EUR 22 218. In 2022, the Company calculated the remuneration of board members in the amount of EUR 200 491, including employer's mandatory state social insurance contributions in the amount of EUR 38 268.

29. Commitments and contingencies

Pledges

SIA EUROLDCDS has entered into commercial pledge agreements with AS 'Attīstības finanšu institūcija Altum' (contract No. 228920/03-K1, 14.10.2021) in favour of the borrower's parent company SIA "Lightspace Technologies". As collateral pledged the Company's fixed assets as a community of things and the next components of the community of things.

Leases

In 2022, the Company entered into a lease agreement with SIA "P95". The premises were commissioned in September 2022. The term of the lease agreement is 7 years. According to the contract, the rent is 5.10 eur/m² without VAT for production premises 1604 m² and 8.15 eur/m² without VAT for research premises 636.53 m². In 2023, the rent was increased to 5.30 eur/m² excluding VAT for production premises 1604 m² and 8.30 eur/m² excluding VAT for research premises 636.53 m².

The Company's total rental costs in 2023 (incl. utility costs) amounted to EUR 248 289 (including VAT 21%). The minimum cost of rent (without utility costs) payable in 2024 to SIA "P95" according to the contract is 18 634 EUR (including VAT 21%) per month. In 2023, a decision was made to terminate the lease agreement with SIA "P95", in 2024 an agreement was signed on early termination of the lease agreement, which provides for minimum monthly compensation costs of 17 504 EUR from 30.06.2024 to 30.11.2025.

In 2023, the Company entered into a lease agreement with SIA "Panorama TC", the term of the lease agreement is until 31.12.2026. According to the premises rental agreement, the rent is 10 eur/m² excluding VAT for office premises with an area of 510 m² and 50 eur/pc. without VAT for 16 parking spaces. In 2023, the adaptation of the premises was started, the costs of the repairs made are capitalized as an investment in the leased fixed assets. The lease agreement stipulates that no lease payments are made during the first 4 months of the lease. The minimum cost of rent (without utility costs) payable in 2024 to SIA "Panorama TC" according to the contract is 7 139 EUR (including VAT 21%) per month.

The Company has not issued any loans or guarantees to management or board members.

30. Financial risk management

Financial risks

The main financial risks associated with the Company's financial instruments are interest rate risk, liquidity risk, cash flow 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 cash flow stability. The Company conducts careful and thoughtful planning of its cash flow in order to ensure that current liabilities are met within the agreed maturities and to mitigate cash flow risk. Monthly cash flow forecasting is carried out in order to ensure an adequate amount of financial resources for economic activity, creating a liquidity reserve from own funds, as well as using credit resources

Liquidity risk

The Company closed 2023 with a loss of EUR 5 273 636. As of the end of the reporting year on December 31, 2023, the Company's short-term liabilities exceeded its current assets by EUR 1 998 040 and the Company's liquidity ratio was 0.4.

In 2024, the Company will continue its work on the development of 3D imaging technology, demonstrations for potential clients, as well as work on attracting the necessary investments for the further development of the Company. It is planned to continue working on the preparation of the product production line, the improvement of the processes of commercialization of the product, design and industrialization, to start the production of products and to place on the market ready-made products for the medical, defense and other manufacturing sectors. The management of the Company will continue to take measures to implement new projects, promote the development of the Company and attract new investments, new strategic partners and shareholders.

During the reporting year, the Company took measures to reduce the costs of the management activity by optimizing the monthly costs of premises and office, as well as reviewing the existing workloads of employees, focusing on the execution of the cooperation agreement of the largest client.

Taking into account the additional challenges created by the economic environment in Latvia and in the world, in 2024 the Board of SIA "Lightspace Technologies" has submitted a request to the court to initiate the legal protection process of the Company, the purpose of which is to attract additional financing in order to stabilize the Company's activities and cash flow. As part of the legal protection process, the repayment schedules of the credit unions will be harmonised, which provides for the commencement of repayment of the liabilities of the largest creditors of the companies in December 2026.

Grant funding programmes supported by the CFLA and EIC are used to finance development and research projects.

In cooperation with cooperation partners and scientific institutions, development and research projects supported by the CFLA and EIC are implemented for the total amount of support during the project implementation period of 700 thousand EUR. In 2024, it is planned to receive financing within the framework of the project more than 100 thousand EUR. In the first half of 2024, funding of 27 thousand EUR has already been received.

During the reporting year, the Company raised 0.95 million EUR large convertible investment loan from existing shareholder Lightspace Group Inc. In 2024, work is underway to attract new convertible investment loans.

During the reporting year, the Company also received a loan from the parent member of the Company SIA "Macro Rīga" to finance working capital for financing 963 thousand EUR excluding accrued interest on the loan.

In 2024, work is underway on the conclusion of new convertible investment loan agreements at the group level of companies.

Credit risk

The Group is exposed to credit risk through its trade credits issued, trade receivables and cash at banks. The Group has a number of procedures in place to reduce the likelihood of incurring bad debts, including consistent assessment of client payment history, trade credit limits and setting individual conditions for each client.

Currency risk

The Company's monetary assets and liabilities at foreign exchange risk include cash and cash equivalents, debts to suppliers and contractors, and short- and long-term borrowings. The Company is primarily exposed to foreign exchange risk in relation to the US dollar (USD). As of December 31, 2023, the Company has settlements with the subsidiary in USD currency.

31. Going concern and events after the balance sheet date

The Company closed 2023 with a loss of EUR 5 273 636. As of the end of the reporting year on 31 December 2023, the Company's short-term liabilities exceeded its current assets by EUR 1 998 040.

Further development of the Company is planned in the already existing development directions. In 2024, the Company will continue its work on the development of 3D imaging technology, demonstrations for potential clients, as well as work on attracting the necessary investments for the further development of the Company.

It is planned to continue working on the preparation of the product production line, improvement of the processes of commercialization of the product, design and industrialization, start the production of products and launch ready-made products on the market for the medical, defense and other manufacturing sectors.

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

In 2024, the company continues the process of attracting active investments in order to attract capital from international and domestic investors. At the time of signing the report in 2024, convertible investment loans raised at the level of the parent company Lightspace Group Inc. amounted to 397 thousand EUR from existing and new members.

In 2024, the Company received a loan from the existing members of the parent company Lightspace Group Inc. SIA "C3" 255 thousand EUR and SIA "Macro Rīga" 91.4 thousand EUR for working capital financing.

On March 6, 2024, clarifications of the loan agreement with SIA "Macro Rīga" were signed, setting the interest rate from January 1, 2023, at 8% and determining the repayment term of the accrued interest until December 31, 2024, the repayment term of the principal amount of 36 months, as well as determining the commencement of repayment of the principal amount from July 1, 2024. The clarifications of the loan agreement also provide for the redirection 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 may be converted to the shares of Lightspace Group Inc.

In 2024, a decision was made to restructure the intellectual property owned by the Company, transferring part of the intellectual property related to technology patents to the parent company Lightspace Group Inc., selling it at its acquisition or creation value with a profit to the parent company, Lightspace Group Inc. In April 2024, intellectual property was sold to the parent company Lightspace Group Inc. for EUR 1.7 million, resulting in a gain of EUR 0.8 million.

Taking into account the additional challenges created by the economic environment in Latvia and in the world, in 2024 the Board of SIA "Lightspace Technologies" has submitted a request to the court to initiate the legal protection process of the Company, the purpose of which is to attract additional financing in order to stabilize the Company's activities and cash flow.

On July 8, 2024 in the Riga District Court regards SIA "Lightspace Technologies" decision made in case no. C33434024 and legal protection proceedings have been initiated. In accordance with the decision of the Riga District Court, the deadline for the development and submission of a plan for the legal protection process of SIA "Lightspace Technologies" agreed with creditors has been set until 8 January 2024. November.

By a decision of the Riga District Court of 25 November, 2024, the Company's legal protection process plan agreed with creditors was approved, which provides for a term of implementation of the plan of 4 years, providing for revenue from the sale of headsets and proceeds from the disposal of intangible assets at the group level, as well as covering of liabilities accumulated over a period of 2 years to the State Revenue Service and ALTUM, and determining the commencement of repayment of other accrued liabilities from December 2026.

On November 15, 2024, insolvency proceedings were initiated for the subsidiary SIA "EUROLCDS".

In addition, in 2024, the Company has received a letter of support from the Ministry of Economics with a confirmation that the Ministry of Economics, ALTUM and LIAA will continue to review the support portfolio and advise SIA "Lightspace Technologies" on the company's support options in business support programs, as well as the Ministry of Economics has proposed 2 million EUR in 2025 within the framework of the allocated funds. The allocation of EUR from the state budget to the creation of the Innovation Capital Fund, which, together with the funds raised by Altum, would allow the creation of EUR 10 million EUR. The creation of this fund would provide an opportunity to support companies such as SIA "Lightspace Technologies" for financing ideas of similar technology-intensive companies, including by developing the capacity of the defense and security industry.

In September 2024, investors of SIA "Lightspace Technologies" started negotiations on the Company's inclusion in the SUMMA DEFENCE Oy holding.

In November 2024, in preparation for the sale of the Company, SIA "Lightspace Technologies" made the decision to sell significant IP assets (approximately EUR 2.8M) at their creation value to the holding company Lightspace Group Inc. As a result of this transaction, a profit of approximately EUR 1.6M was recognized, which significantly increased the Company's equity. The transaction was intended as one of the debt reduction measures within the legal protection process plan, which ensured significant balance sheet strengthening. In 2024, after the sale transaction, convertible loans and certain other liabilities of the Company amounting to a total of EUR 2.5M were eliminated from the Company's balance sheet through mutual transactions with Lightspace Group Inc.

On 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 defense holding company with a 100% equity swap. The transaction is expected to be completed ("closing") in the first quarter of 2025. The agreement stipulates that SUMMA DEFENCE Oy undertakes, after evaluating the Company's business plan and receiving the approval of the Finnish company's directors, to provide further funding to the Company. The indicative amount of funding is 8.7 million EUR over the next 24 months.

Simultaneously with the "Share Exchange Agreement" with SUMMA DEFENCE Oy, a Bridge loan agreement was signed for a EUR 0.47M loan to Lightspace Group Inc., setting a maturity date of June 30, 2026, from which on December 13, SIA "Lightspace Technologies" has received the first payment of the Bridge loan.

These financial statements have been prepared in accordance with the going concern basis and do not include any adjustments that would have been necessary if the going concern basis had not been 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 14 to 37 form an integral part of these financial statements.

Ilmārs Osmanis
Chairman of the Board

Baiba Lamberte
Accountant

Independent Auditors' Report

To the shareholders of SIA Lightspace Technologies

Disclaimer of Opinion

We were engaged to audit financial statements of the SIA Lightspace Technologies" (further - "the Company") set out on pages 9 to 37 of the accompanying annual report, which comprise:

- balance sheet as at 31 December 2023,
- 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.

We do not express opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements prepared in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports'.

Basis of Disclaimer of opinion

As described in note 31 to the financial statements, after the balance sheet date SIA "Lightspace Technologies" has initiated a legal protection process to stabilize the Company's operations and to attract additional financing. The legal protection plan was approved on 25 November 2024. The legal protection plan among other things envisages postponing the settlement deadlines of liabilities. The Company needs to receive additional funding in the near future. The Company's management is currently taking active measures to improve financial stability of the Company and has plan to include the Company in the group of a Finnish holding company with a planned stock exchange listing, which would provide the Company with the financing needed to settle obligations and further develop the Company. Although the management plans are in process of implementation, as at the date of issuing these financial statements, there is significant uncertainty regarding the Company's ability to continue its operations in the future and the availability of financing needed to complete the development of its product and ensure sufficient cash flows to recover the value of the assets recognised in the balance sheet. Consequently, during our audit, we were unable to obtain sufficient appropriate audit evidence on the Company's ability to continue operations and ascertain that the assets included in the balance sheet have not been impaired.

Additionally, as described in notes 15 and 16 to the financial statements, during 2023 the Company recognised impairment allowances in the total amount of EUR 3 889 367 for the investment, issued loans and doubtful receivables of SIA "EUROLCD". Related expenses are included profit or loss statement for the reporting year. We 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 previous reporting years. If these allowances would had been made in previous years, the losses for the current year would decrease by EUR 3 889 367 and the accumulated losses of previous years would increase by EUR 3,889,367. In our audit opinion for the year 2022, we included qualification regarding valuation of these assets as of 31 December 2022.

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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 - 8 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.

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 disclaimer of 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.

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Auditors' Responsibility for the Audit of Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs) and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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

Riga, Latvia
30 December, 2024

THIS DOCUMENT IS SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP

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