

JOINT STOCK COMPANY
„BALTIC TECHNOLOGY VENTURES”

Unified registration number 40103655981

REPORT
FOR THE PERIOD 01 JANUARY - 31 MARCH 2021

Translation from Latvian



Member of the Board
Gene Zolotarev



Accountant
Inese Morozova

Riga 2021

JSC "Baltic Technology Ventures"
Report for the period 1 January - 31 March 2021

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BALANCE SHEET

ASSETS	Note	31.03.2021 EUR	31.12.2020 EUR
I. Long-term investments			
III. Long-term financial investments			
5. Other securities and investments	2	10 000	10 000
Total long-term financial investments		10 000	10 000
Total long-term investments		10 000	10 000
II. Current assets			
II. Debtors			
1. Trade debtor		500	0
4. Other debtors	3	45 500	45 500
7. Deferred expenses	4	3 412	0
8. Accrued income		717	717
Total debtors		50 129	46 217
IV. Cash	5	380 863	7 824
Total current assets		430 992	54 041
Total assets		440 992	64 041
LIABILITIES AND EQUITY			
I. Equity			
1. Share capital	6	2 405 980	2 310 980
2. Share premium		285 000	0
5. Reserves			
f) other reserves		37 755	37 755
6. Retained profit or non-covered losses brought forward from previous years		-2 380 504	-2 352 697
7. Profit or losses for the reporting year		-7 598	-27 807
Total equity		340 633	-31 769
III. Liabilities			
I. Long-term liabilities			
8. Payables to affiliated companies	7	12 688	12 688
Total long-term liabilities		12 688	12 688
II. Short-term liabilities			
4. Other borrowings	8	65 215	65 215
6. Trade payables	9	15 294	13 622
10. Taxes and mandatory state social insurance contributions	10	2 044	50
11. Other creditors		3 000	0
14. Accrued liabilities	11	2 118	4 235
Total short-term liabilities		87 671	83 122
Total liabilities		100 359	95 810
Total liabilities and equity		440 992	64 041

Notes on pages 7 to 19 form an integral part of these financial statements

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05 May 2021

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PROFIT AND LOSS ACCOUNT
 (according to the function of expenses)


	Note	2021	2020
		EUR	EUR
1. Net turnover			
b) from other types of principal activity	12	1 000	1 000
3. Gross profit or loss		1 000	1 000
5. Administrative expenses	13	-8 680	-29 071
10. Other interest income and similar income	14		
b) from other parties		82	717
12. Interest expenses and similar expenses	15		
a) to affiliated companies		0	-188
b) to other parties		0	-215
13. Profit or loss before corporate income tax		-7 598	-27 757
14. Corporate income tax for the reporting year	16	0	-50
15. Profit or loss after corporate income tax		-7 598	-27 807
18. Profit or losses for the reporting year		-7 598	-27 807

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CASH FLOW STATEMENT

(by indirect method)

	2021	2020
	EUR	EUR
I. Cash flow from operating activities		
1. Profit or loss before corporate income tax	-7 598	-27 757
2. Profit or loss before adjustments of working capital and short-term liabilities	-7 598	-27 757
Adjustments for:		
a) increase or decrease of trade receivables	-3 912	-706
c) increase or decrease of trade payables	4 549	16 249
3. Gross cash flow from operating activities	-6 961	-12 214
5. Corporate income tax payments	0	-50
6. Net cash flow from operating activities	-6 961	-12 264
II. Cash flow from investing activities		
1. Acquisition of stocks or shares of affiliated companies, associated companies, or other companies	0	-10 000
5. Loans issued	0	-45 000
9. Net cash flow from investing activities	0	-55 000
III. Cash flow from financing activities		
1. Proceeds from an equity share issue	380 000	0
2. Loans received	0	75 000
7. Net cash flow from financing activities	380 000	75 000
V. Net cash flow of the reporting year	373 039	7 736
VI. Cash and cash equivalents at the beginning of the reporting year	7 824	88
VII. Cash and cash equivalents at the end of the reporting year	380 863	7 824

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STATEMENT OF CHANGES IN EQUITY

	2021	2020
	EUR	EUR
I. Share capital		
1 At the balance sheet date of the previous year	2 310 980	2 310 980
3 Increase or decrease in the share capital	95 000	0
4 At the balance sheet date of the current year	2 405 980	2 310 980
II. Share premium		
1 At the balance sheet date of the previous year	0	0
3 Increase or decrease in the share premium	285 000	0
4 At the balance sheet date of the current year	285 000	0
V. Reserves		
1 At the balance sheet date of the previous year	37 755	37 755
4 At the balance sheet date of the current year	37 755	37 755
VI. Uncovered losses		
1 At the balance sheet date of the previous year	-2 380 504	-2 352 697
3 Increase or decrease in the retained profit	-7 598	-27 807
4 At the balance sheet date of the current year	-2 388 102	-2 380 504
VII. Equity		
1 At the balance sheet date of the previous year	-31 769	-3 982
3 At the balance sheet date of the current year	340 633	-31 769

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05 May 2021

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NOTES TO THE FINANCIAL STATEMENTS

Information on the Company

Name of the Company	Joint stock company Baltic Technology Ventures	
Legal status of the Company	Joint stock company	
Registration No., place and date	40103655981, Riga, 04.04.2013	
Legal address	Rūpniecības Street 1-5, Riga, LV-1010	
The Board	Gene Zolotarev	member of the Board
The Council	Arta Snipe	deputy chairman of the Council (until 01.04.2021.)
	Jānis Mellups	chairman of the Council (until 01.04.2021.)
	Sandra Liepiņa	member of the Council (until 01.04.2021.)
	Ketan Karia	member of the Council (from 01.04.2021.)
	Vladimirs Loginovs	member of the Council (from 01.04.2021.)
	Jānis Zelmenis	member of the Council (from 01.04.2021.)
Shareholders as of 31.12.2020	SSE Baltic Opportunities Limited	97.69%
	Other shareholders	2.31%
Type of operations	Other financial service activities, except insurance and pension funding n.e.c. (64.99 NACE version 2) Activities of holding companies (64.20 NACE version 2)	
Financial year	01.01.2021	31.03.2021
Person responsible for accounting	SIA "DUCODOT" Reg. No. 40003784665 Zalves Street 45-6B, Riga, LV-1046	

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NOTES TO THE FINANCIAL STATEMENTS (continued)

Financial statements preparation basis

The report is prepared in accordance with the laws of the Republic of Latvia "On Accounting" and "The Law of the Annual Accounts and Consolidated Annual Accounts" and the Regulations No. 775 of 22 December 2015 of the Cabinet of Ministers of the Republic of Latvia "On Application of the Law of the Annual Accounts and Consolidated Annual Accounts".

The profit and loss account is prepared in accordance with the turnover costing method. This financial statement is prepared in euro (EUR), which is the functional currency of the Company and the official currency of the Republic of Latvia. The accounting policies used by the Company are consistent with those used in the previous accounting period.

Accounting principles

The financial statements were prepared in accordance with the following policies:

- a) going concern assumption that the Company will continue as a going concern;
- b) consistent valuation principles with those used in the prior year;
- c) items were valued in accordance with the principle of prudence:
 - the financial statements reflect only the profit generated to the balance sheet date;
 - all incurred liabilities and current or prior year losses have been taken into consideration even if discovered within the period after the date of the balance sheet and preparation of the financial statements;
 - all amounts of impairment and depreciation have been taken into consideration irrespective of whether the financial result was a loss or profit;
- d) income and expenses incurred during the reporting year have been taken into consideration irrespective of the payment date or date when the invoice was issued or received. Expenses were matched with revenue for the reporting period;
- e) assets and liabilities have been valued separately;
- f) the opening balance agrees to the prior year closing balance;
- g) all material items, which would influence the decision-making process of users of the financial statements have been recognized and insignificant items have been combined and their details disclosed in the notes;
- h) business transactions are recorded taking into account their economic contents and substance, rather than the legal form.

Financial year

01.01.2021 to 31.03.2021

Use of estimates

The preparation of the financial statements requires that the management rely on certain estimates and assumptions that affect the balances of the items of the balance sheet and profit and loss account disclosed in the financial statements, as well as the amount of contingent liabilities. Future events may effect the assumptions underlying the relevant estimates. Any effect of the changes in the estimates is disclosed in the financial statements at the time of identifying them.

Currency unit and revaluation of foreign currency

The functional currency of the Company and the currency used in the financial statements is the official currency of the Republic of Latvia - euro. Foreign currency transactions have been translated into euro applying the exchange rate valid at the beginning of the day of transaction which is published on the European Central Bank's website. Monetary assets and liabilities are translated from the foreign currency to the euro in accordance with the foreign exchange rates in force on the last date of the reporting year.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account at their net value.

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Long-term and short-term items

Long-term items include amounts that are due to be received, paid or written off later than one year after the end of the respective reporting year. Amounts receivable, payable or written off during the year are presented in the short-term items.

Related parties

Related parties are considered to be the Company's shareholders, members of the Board (the Company's key management personnel) and companies which may have a control and significant impact on the Company's activities, close family members of the aforementioned individuals, as well as companies under the control or significant influence of such individuals. Companies in which the Company has significant influence or control are also considered related parties.

Affiliated companies

An affiliated company is a company that is directly or indirectly controlled by another company (parent company - more than 50% of the shareholders 'or members' voting rights in this company). The parent controls the financial and business policies of the subsidiary. The Company recognizes investment income only when it receives a distribution from the associate after the acquisition date. The distribution received in excess of this profit is treated as a cost of recovering the investment and is recognized as a reduction of the cost of acquiring the investment in the equity of the associates.

Own Stocks or Shares and Participation in Other Companies

The acquired own stock or shares are indicated in the balance sheet item "Own stock and shares", but participation in the equity capital of other companies is indicated in the balance sheet item "Participation in the capital of affiliated companies", "Participation in the capital of the associated companies" or "Other securities and investments".

Accounts receivable

Accounts receivables are recorded in the balance sheet as their net value less provisions made to cover anticipated loss on bad and doubtful accounts receivable. Specific provisions for doubtful accounts receivable are made when the recoverability of the specific debtor is considered to be uncertain. Accounts receivable is written off if their recovery is considered impossible.

Indications of debt impairment include:

- late payment of the debt, the debtor still does not pay after repeated reminders or the debtor doubts the Company's right to recover this debt;
- the debtor's poor financial situation and negative operating results or other circumstances that indicate the debtor's inability to pay the full amount of the debt, etc.

Trade debtors

Trade debtors are recorded in the balance sheet as their net value less provisions made to cover anticipated loss on bad and doubtful accounts receivable.

Other receivables

The item "Other debtors" comprises all receivables not included in other balance sheet asset positions, i.e.: tax overpayments, debit balances of accounts payable.

Deferred expenses and revenues

Payments made before the balance sheet date but referring to the next reporting years shall be indicated in the item "Deferred expenses".

Payments received before the balance sheet date but referring to the next reporting years or further reporting years shall be indicated in the balance sheet item "Deferred revenue".

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Other securities and investments

Long-term investments in debt securities and securities are stated in the balance sheet at cost. Short-term investments in quoted shares and securities are carried in the balance sheet at market value, determined on the basis of transactions on the stock

Cash

Cash and cash equivalents comprise balances of current accounts in banks and cash on hand.

Share capital

The share capital presents the value of shares in accordance with the value registered in the Commercial Register.

Share premium

If stocks or shares of new issue have been sold for a larger amount than the nominal value, the difference shall be indicated in the item "Share premium" of the balance sheet liability section "Equity". If stocks or shares of new issue have been sold for an amount below the nominal value, the difference shall be indicated in the same item as a negative number.

Reserves

Reserves are a part of the net profit of the reporting year, which is directed to special purposes (incl. to cover losses) as per requirements of the law and the Articles of Association.

Accounts payables

Accounts payables balances are presented in accordance with the supporting documents, and they are aligned with the creditors' own data.

Loans and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of borrowing costs.

Provisions

Provisions are recognized when the Company has a present (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of provisions to be reimbursed (for example, insurance agreements), the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Accrued income

Accrued income comprises clearly known payment amounts with buyers and purchasers for delivery of goods or provision of services during the reporting year, for which the underlying supporting document (invoice) was not yet issued on the balance sheet date due to agreement terms.

Accrued liabilities

Accrued liabilities comprise clearly known liability amounts which suppliers and contractors for delivery of goods or the provision of services during the reporting year, for which the underlying supporting document (invoice) was not yet received on the balance sheet date due to delivery, purchase of agreement terms or for other reasons.

Other payables

The item "Other creditors" comprises accounts payables not included in other balance sheet liabilities positions, including the credit balance of accounts receivables.

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Taxes and mandatory state social insurance contributions

The Company reconciles tax information with the tax administration. As creditors, the Company presents only tax liabilities. All tax overpayments are included in other debtors.

Recognition of revenue

Revenue is recognized based on the likelihood of gaining economic benefit and to the extent that it is reasonably measurable, net of value added tax and discounts. Revenue is recognized based on the following conditions:

Provision of services

Revenue from services is recognized in the period when the services are rendered.

Revenue from services and its respective costs are recognized based on the degree of service delivery at the balance sheet date.

If the outcome of a transaction involving a service cannot be estimated reliably, revenue is recognized only to the extent of the costs recognized that are recoverable.

Other income

Other income is income that is not included in net sales, is generated as a result of economic activity or is related to it or directly results from it. Other revenue is recognized as follows:

- revenue from fines and penalties – upon receipt;
- revenue from sales of non-current assets – at net value, the gain or loss on the sale of a long-term investment is calculated as the difference between the carrying amount of the asset and the proceeds from the sale and is included in the income statement in the period in which it arises;
- foreign exchange gains - net result, foreign exchange gains or losses are calculated as the difference between foreign exchange gains and losses and are included in the income statement in the period in which they arise;
- interest income from credit institutions registered in the Republic of Latvia on current account balances - at the time of receipt;
- dividend income - at the time the right to receive payment is established;
- other income - at the time they occur.

Corporate income tax

Corporate income tax consists of corporate income tax calculated for the reporting year. Corporate income tax for the reporting year is recognized in the profit and loss account. Corporate income tax is calculated in accordance with Law on Corporate income tax by determining the taxable base, dividing the value of taxable objects by a coefficient of 0.8 and applying the statutory tax rate of 20%.

Subsequent events

The financial statements reflects events after the balance sheet date that provide additional information about the Company's financial position at the balance sheet date (adjusting events). If the events after the end of the reporting year are not adjusting, they are reflected in the notes to the financial statements only if they are significant.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

	2021	2020
1 Average number of employees	<u>1</u>	<u>0</u>

NOTES TO THE BALANCE SHEET

2. Other securities and investments	31.03.2021	31.12.2020.
	EUR	EUR
ThisIsTheCore SIA	<u>10 000</u>	<u>10 000</u>
	10 000	10 000

In August 2020, the shares of ThisIsTheCore SIA were acquired, becoming the owner of 3.01% of its capital by investing EUR 10,000 in their capital.

3. Other debtors	31.03.2021.	31.12.2020.
	EUR	EUR
<i>Loan to a legal entity*</i>	<u>45 000</u>	<u>45 000</u>
<i>Other debtors</i>	<u>500</u>	<u>500</u>
Total	45 500	45 500

* In August 2020, the Company has issued a loan of EUR 10 000 to OROCON SIA for 12 (twelve months) at the annual interest rate of 5%.

** In August 2020, the Company has issued a loan of EUR 10 000 to ThisIsTheCore SIA for 12 (twelve months) at the annual interest rate of 5%.

*** In September 2020, the Company has issued a loan of EUR 10 000 to Kedeon Solutions SIA for 12 (twelve months) at the annual interest rate of 6%.

*** In September 2020, the Company has issued a loan of EUR 15 000 to SizzApp SIA for 12 (twelve months) at the annual interest rate of 5%.

4. Deferred expenses	31.03.2021.	31.12.2020.
	EUR	EUR
<i>Annual fee Nasdaq</i>	<u>3 412</u>	<u>0</u>
Total	3 412	0

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5. Cash

	31.03.2021.	31.12.2020.
	EUR	EUR
Cash at bank	380 863	7 824
Total	380 863	7 824

6. Share capital

The share capital of the Company is EUR 2 405 980.

The share capital of the Company consists of 24 059 800 shares with voting rights.

The nominal value of each share is 0.10 EUR.

All shares are issued in dematerialized form. All shares have equal rights to receive dividends and liquidation quota and voting rights at the shareholders' meeting.

As of August 21, 2013, all the Company's shares are included in the Baltic Alternative Market "First North" organized by Nasdaq - the securities market, where the market is supervised by the Exchange and Certified Advisors in accordance with the First North rules issued by the Exchange. First North is an alternative to listing on the official Baltic list. Many companies on the First North list are not subject to many of the requirements of the Baltic official list, incl. also with regard to disclosure of information.

In 2017, the shareholders' structure of AS Baltic Technology Ventures changed and SSE Baltic Opportunities Limited, a company registered in Cyprus, became the major shareholder (98%). The transfer of shares took place in connection with the restructuring of the Company's shareholder assets by transferring the shares of AS Baltic Technology Ventures from MCM Maximus Capital Management Limited to SSE Baltic Opportunities Limited.

There are no restrictions on the disposal of shares or obtaining special consent for the disposal of shares.

There are no shareholders with special control rights. The rights of shareholders are regulated by the legislation of the Republic of Latvia. The Company's Articles of Association do not contain any restrictions or provisions regarding voting rights. The Company is not aware of any shareholder agreements.

The election of the members of the Board, any changes in the Board and amendments to the Articles of Association take place in accordance with the legislation of the Republic of Latvia and the Company's Articles of Association.

The authorization of the members of the Board are determined by the Commercial Law and the Company's Articles of Association. The members of the Board do not have the authority to issue or buy back shares without the authorization of the shareholders' meeting.

There are no material agreements and contracts entered into by a target company and in which it is intended that in case of change of the control type they enter into effect, the validity of which has expired or which are amended, and consequences of entering into effect, termination or amending thereof.

There are no agreements between a capital company and members of the board thereof, which provide for the compensations in cases when they resign from their position, they are dismissed without any justified reason or they are dismissed after a share buy-back offer is made.

7. Payables to related undertakings (long-term)

	Interest rate	Maturity term	31.03.2021.	31.12.2020.
			EUR	EUR
SSE BALTIC OPPORTUNITIES LIMITED	0%	31.12.2023.	2 500	2 500
SSE BALTIC OPPORTUNITIES LIMITED	2%	31.12.2023.	10 000	10 000
Accrued interests			188	188
Total			12 688	12 688

* The maturity term of long-term borrowings is from 2 to 5 years.

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8. Other borrowings (short-term)	Interest rate	Maturity term	31.03.2021. EUR	31.12.2020. EUR
MAXIMUS CAPITAL S.A	1%	10.08.2021.	35 134	35 134
MAXIMUS CAPITAL MANAGEMENT SIA	1%	16.09.2021.	30 081	30 081
Total			65 215	65 215

9. Trade payables	31.03.2021. EUR	31.12.2020. EUR
Latvian suppliers	15 294	13 622
Total	15 294	13 622

10. Taxes and mandatory state social insurance contributions	31.03.2021. EUR	Changes in the reporting year	31.12.2020. EUR
Corporate income tax	0	50	50
Social contributions	1391	-1 391	0
Personal income tax	653	-653	0
Total	2 044	-1 994	50

11. Accrued liabilities	31.03.2021. EUR	31.12.2020. EUR
Accrued liabilities to suppliers	2 118	4 325
Total	2 118	4 325

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NOTES TO THE PROFIT AND LOSS ACCOUNT

12. Net turnover	2021	2020
<i>By type of activity</i>	EUR	EUR
Revenue from the services	1 000	1 000
Total	1 000	1 000
13. Administrative expenses	2021	2020
	EUR	EUR
Salary expenses	4 082	0
Social contributions	963	0
Legal services	0	13 056
Professional fees	3 224	13 109
Bank services	348	120
Other administrative expenses	63	2 786
Total	8 680	29 071
14. Interest income and similar income	2021	2020
	EUR	EUR
b) from other parties	82	717
Total	82	717
15. Interest expenses and similar expenses	2021	2020
	EUR	EUR
a) to affiliated companies	0	188
b) to other parties	0	215
Total	0	403
16. Corporate income tax for the reporting year	2021	2020
	EUR	EUR
Corporate income tax	0	50
Total	0	50

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17. Financial risk management

The Company is exposed to financial instruments such as loans from shareholders, other companies and other receivables that arise directly from its operations. .

Financial risk

The main financial risks associated with the Company's financial instruments are liquidity risk and credit risk.

Liquidity risk

The Company monitors its liquidity risk by maintaining a sufficient amount of cash at bank or providing sufficient funding through borrowings from the shareholder and the credit institution, as well as through finance lease.

Credit risk

The Company is exposed to credit risk through its trade receivables and cash. The Company monitors its credit risk by constantly evaluating the client credit history and setting credit terms for each client individually. The Company does not have significant concentrations of credit risk with respect to any one counterparty or group of counterparties with similar characteristics.

18. Transactions with related parties

	31.03.2021	31.12.2020
Type of transaction		EUR
MCM MAXIMUS CAPITAL MANAGEMENT LIMITED, trade debtors	500	500
SSE BALTIC OPPORTUNITIES LIMITED, long-term borrowing	12 688	12 688
MAXIMUS CAPITAL S.A, short-term borrowing	35 134	35 134
MAXIMUS CAPITAL MANAGEMENT SIA, short-term borrowing	30 081	30 081
	78 403	78 403
	2021	2020
Type of transaction	EUR	EUR
SSE BALTIC OPPORTUNITIES LIMITED, interest payments	188	188
MAXIMUS CAPITAL S.A, interest payments	134	134
MAXIMUS CAPITAL MANAGEMENT SIA, interest payments	81	81
	403	403

19. Off-balance sheet liabilities and pledges

The Company has no information on off-balance sheet liabilities, issued guarantees, claims in court, etc., which would affect the Company's financial position as of December 31, 2020.

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Information on significant events not included in the balance sheet or profit and loss account

20. Information about off-balance sheet arrangements that have an impact on the assessment of the company's financial position

On March 16, 2020, the Company acquired two intellectual property rights projects (1) a haptic navigation bracelet for vision impaired persons (iWrist brand) and (2) a programmable keyboard with aim to develop each project into a commercial product for an eventual monetization (trade sale, private equity fund, consumer electronics firm, etc.). The company plans to invest in their development, design, compliance, prototyping and marketing. The contract and agreement for the acquisition of intellectual property rights provide for remuneration of 25% of the economic benefits that will accrue from the usage, licensing or sale of these rights. These intellectual property rights and related liabilities have not been recognized in these financial statements because the recognition criteria were not met.

21. Events after the balance sheet date

Receipt of patents

On 6 April 2021, the Latvian Patent Office granted the Company two patents for innovation technologies associated with patent application Nos. LVP2020000024 and LVP2020000025.

During the period between the last day of the financial year and the date of signing of this report there have been no other significant events that would have a material effect on the year end results.

Member of the Board

Gene Zolotarev

Accountant

Inese Morozova

05 May 2021