



Baltic Tech
VENTURES

Business Plan and Management Report Update

March 2020 - April 2021



Business overview

BTV is investing in scalable startup projects and technologies across the Baltics focusing on seed and early stage investment. The key criteria for investing are global scalability and a strong management team.

We have a laser focus on value creation: connect innovation with expertise, experience and investor network to help companies protect their IP, increase sales globally and attract third party funding. We have built a strong network of private investors and strategic partners interested to help companies reach their most ambitious goals.

BTV is the only exchange listed (Nasdaq Baltic First North) VC investor in the Baltics. We promote complete transparency on all levels and provide the best value proposition for BTV investors – no fees, no lockup, no investment minimum.

Our vision: to create the most efficient platform with full alignment of interest with startup entrepreneurs and investors. Our mission is to empower prospective and scalable technologies in the Baltics to build global and sustainable businesses; as well as allow investors full economic upside of our portfolio companies.



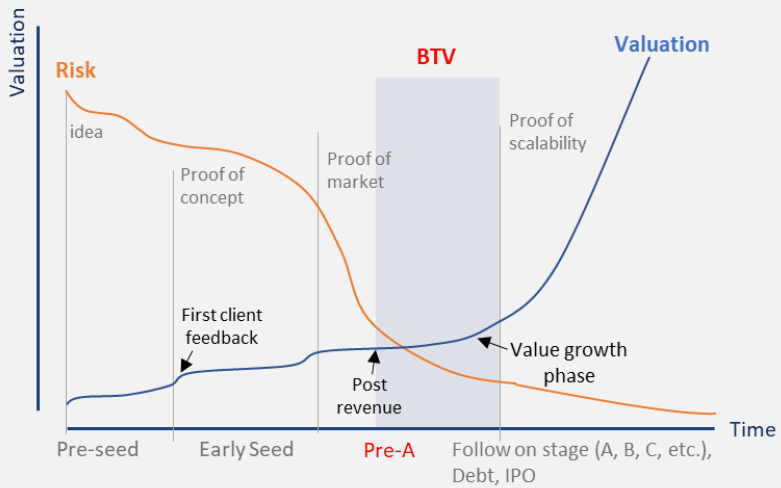
Strategy

Investment criteria:

BTV focuses on companies in the post revenue and pre-Series A stage; based on our research, we are the only VC investor in the Baltics with the sole focus on that part of the startup lifecycle curve.

We also seek companies with good product-market fit, long runway, scalability and a strong management team. At our target stage, companies in the Baltics typically have valuations <€10m, which is also our ideal entry point.

BTV targets companies in a broad range of industries including software, technology, energy, biotech, data security, media and communication.



Investment thesis:



BTV invests up to 10% of the equity where we see a clear path to successful exit. BTV provides guidance through experience, expertise and network to help portfolio companies protect their IP, increase sales globally and attract third party investment. By delivering the predefined KPIs, BTV earns additional equity in the companies.

Moreover, we help portfolio companies through the network of our “team of experts” and strategic partners to enter new markets, connect to customers and scale up. We will take % of new recurring revenue generated directly through our involvement.

We focus on creating value for companies rapidly after which we exit our investment and sell the equity stake. Target investment cycle is 24-36 months.



Portfolio companies

BTV presently has signed an agreement with 7 companies: **zeew** SIZZAPP **kedeon** Corebook  **asya**  OROCON

BTV has equity positions in 3 companies and the possibility for additional compensation (fees/equity) from “Options and KPIs” in all 7 companies. We expect a return in excess of 5% p.a. from the loans outstanding and 200%+ return from our equity stakes and exercisable options.

Portfolio Company (Legal Name)	Industry	Date of onboarding	Investment type	Investment Status	Equity exposure at entry	Valuation at entry (€)	Options and KPIs	Max equity exposure (all KPIs are triggered)
Zeew (Zeew OÜ)	Logistics and Supply Chain	12 July 2020	Credit line	Pending (Not signed separate document)	No	3 million	Yes	5%
SIZZAPP (SIA "SIZZAPP")	Automotives	17 July 2020	Loan	Issued	Yes	2 million	Yes	15%
Kedeon (SIA "Kedeon Solutions")	Logistics and Supply Chain	20 July 2020	Loan	Issued	No	2 million	Yes	7%
Corebook (SIA "ThisIsTheCore")	Design and Branding	27 July 2020	Loan	Issued	Yes	1 million	Yes	11%
Orocon (SIA "OROCON")	Construction	3 August 2020	Loan	Issued	No	1.5 million	Yes	9%
Asya (SIA "Asya")	Computer Software	3 December 2020	No investment	No investment	No	1.85 million	Yes	10%
DocOnline (SIA "Telemedicine")	Health Care	15 March 2021	Loan	Pending (Not signed separate document)	Yes	1 million	Yes	9%

Notes: Valuation at entry is based on a company management’s and BTV’s expectations, judgement and assumptions about future events which are subject to risk and uncertainty. Industry indicates very general indication of interests of companies’ business operations. If two companies operate in the same industry, it does not necessarily imply that they are competitors.



Innovation projects

We have acquired two Intellectual Property (IP) projects (1) a haptic navigation bracelet, later branded as iWrist and (2) a programmable keyboard. BTV aims to develop each IP into a commercial product for eventual monetization.

Moreover, BTV has contracted SIA BDO Assurance that reviewed business plan and earnings potential assessment for the projects, and subsequent to that each IP project has received a certified valuation from SIA Smart Continent LV.

(1) a haptic navigation bracelet - iWrist



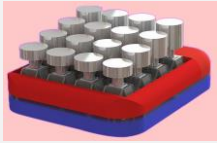
iWrist is a navigation bracelet based on haptic feedback that guides visually impaired people to explore world with full confidence. BTV has acquired IP on 16.03.2020, and the Latvian Patent Office officially granted the company a patent for the technology on 06.04.2021. The patent details are disclosed in the associated patent application Nos. LVP2020000025 ([Link to the Latvian Patent Office](#)).

AS BDO Assurance reviewed a business plan for iWrist on 08.06.2020. The document suggests that the technology can solve problems for many people around the world and iWrist can be positioned competitively in respective markets. The main competitive advantage of the technology is its versatile design and attractive pricing compared to its peers.

Moreover, SIA Smart Continent LV assessed the project based on hypothetical growth scenarios for the next few years and issued a certified valuation report for the innovation project on 17.06.2020.

Despite initial success to develop the project by engaging several organizations in the vision-impaired community and joining relevant technology platforms, the adverse economic circumstances caused by covid-19 in respective markets hindered the development of the project according to the business plan.

As economic situation rebounds and after successful initial fundraising, developing and manufacturing of the prototype, and completion of the pilot phase, BTV plans to sell licensing agreements for the product and earn licensing fees from the contractors.



(2) programmable keyboard

The project aims to develop a fully programmable macro keyboard designed to aid developers, creators and streamers perform complex tasks with a single button press. BTV has acquired IP on 16.03.2020, and the Latvian Patent Office officially granted the company a patent for the technology on 06.04.2021. The patent details are disclosed in the associated patent application Nos. LVP2020000024 ([Link to the Latvian Patent Office](#)).

SIA BDO Assurance reviewed the initial earnings potential assessment for the project on 29.06.2020. The assessment outlines the expected growth in the gaming accessories industry and the need for a keyboard with more complex functions and improved UX. The existing solutions have limited functionalities, use cases and performance quality.

SIA Smart Continent LV assessed the project's value based on hypothetical growth assumptions and earnings potential and issued a certified valuation report on 30.06.2020.

Due to various factors including the adverse economic circumstances caused by covid-19, we have not advanced on the development of the project to realize full earnings potential. After successful initial fundraising, developing and manufacturing of the prototype, and completion of the pilot phase, BTV plans to sell licensing agreements for the product and earn licensing fees from the contractors.



Goals



BTV aims to increase the number of companies in the portfolio to 15 by the end of 2021. Based on the most recent discussions with the companies in our pipeline, we expect to onboard the following companies:

Company	Investment type	Equity exposure at entry	Valuation at entry (€)	Options and KPIs	Max equity exposure (all KPIs are triggered)
JetBeep	Loan	Yes	4 million	Yes	2%
Nature Foods	Line of Credit	Yes	9 million	Yes	8%
AgroPlatforma	Loan	Yes	1.25 - 5 million	Yes	10%
Bercman	Loan	Yes	2 million	Yes	14%
IPOhub	Line of Credit	Yes	2 million	Yes	9.5%
Efectio	Line of Credit	Yes	1.5 million	Yes	14.5%

Notes: Valuation at entry is based on a company management's and BTV's expectations, judgement and assumptions about future events which are subject to risk and uncertainty. The information presented in the table is based on projections of future agreements. The projections are based on the prior discussions with the management teams of the respective companies and our expectations, which might vary from the real future outcome.

We will continue the rollout of our innovation projects starting with iWrist. Next year, we plan to have a portfolio of 20 companies and increase the average ticket per company to €100,000. We aim to deploy a mix of investment instruments – credit lines, loans, direct equity or other form of investment – that will be decided on case-by-case basis and as a result of negotiations with target company management.

BTV will hold the equity positions as per its investment cycle of 2-3 years, after which we will exit our equity stake with the expected return of 3-5x on the initial investment. The following table displays the 3-year forecast of our debt and equity exposures since the launch in 1.5 years:

Investment Exposure (€)	2021	2022	2023
Debt Exposure			
Credit line	250,000	750,000	1,500,000
Loan	50,000	100,000	200,000
Total Debt Exposure	<u>300,000</u>	<u>850,000</u>	<u>1,700,000</u>
Equity Exposure	<u>50,000</u>	<u>250,000</u>	<u>500,000</u>
Total Investment Exposure	<u>350,000</u>	<u>1,100,000</u>	<u>2,200,000</u>

Notes: The forecast is produced considering BTV management's expectations, judgement and assumptions about future events which are subject to risk and uncertainty and might vary from the real future outcome.

As we onboard 20 companies, BTV will help them acquire new customers and attract third party funding. After the launch in 1.5 years, we will start generating revenue from commissions for scaling up MRR and raising new investments for companies. Moreover, BTV will earn interest income from its debt exposure in portfolio companies. Innovation projects that are planned to be developed further are also expected to generate revenue after the successful rollout.

The following table presents the 3-year revenue forecast after the launch:

Revenue (€)	2021	2022	2023
Portfolio compaies total MRR	100,000	150,000	200,000
Growth rate (%)		50%	33%
Portfolio companies total ARR	1,200,000	1,800,000	2,400,000
BTV revenue share (3%)	<u>36,000</u>	<u>54,000</u>	<u>72,000</u>
Investment raised from third-parties	1,000,000	2,000,000	2,000,000
BTV fee for fundraising (5%)	<u>50,000</u>	<u>100,000</u>	<u>100,000</u>
Interest income			
Credit line	30,000	90,000	180,000
Loan	2,500	5,000	10,000
Total Interest income	<u>32,500</u>	<u>95,000</u>	<u>190,000</u>
Equity exit income	<u>0</u>	<u>0</u>	<u>750,000*</u>
Licensing fees from innovation projects	<u>0</u>	<u>0</u>	<u>250,000</u>
Total revenue	<u>118,500</u>	<u>249,000</u>	<u>1,362,000</u>

Notes: The forecast is produced considering BTV management's expectations, judgement and assumptions about future events which are subject to risk and uncertainty and might vary from the real future outcome.

*Equity exit income calculation is based on the following exit scenario assumptions: BTV exits its stake in 2 companies in Y3. The equity stake in each company is 3.8% (40% of Average "Max equity exposure" of portfolio companies and presented pipeline companies). BTV will earn equity stakes at "Valuation at entry" of €2,700,000 (Average valuation of existing portfolio companies and presented pipeline companies). The return multiple on valuation is assumed to be 3.65x. The total income from exiting equity stakes is €750,000 in Y3.

ADDITIONAL DISCLOSURE

Information to investors

This document has been prepared by JSC “Baltic Technology Ventures” (hereafter, the “Company” or “BTV”), joint stock company duly organized and existing under the laws of Latvia under the unified registration number 40103655981, with its principal place of business at Rupniecibas str. 1-5, Riga, LV-1010, Latvia in relation with the offering of its newly issued shares (the “Offering”) on Nasdaq Baltic First North (hereinafter, the “Nasdaq Baltic FN”).

First North

First North operates in the Nordic and Baltic countries in parallel with the regulated market, but does not have the legal status of a regulated market. Companies whose securities are traded on the market are not subject to requirements established for the regulated market, but to those set out with First North’s rules and regulations and these regulations are not so stringent as for regulated market. All companies that begin trading must have signed an agreement with an adviser who assesses the suitability of the company for trading on the market and monitors compliance with First North rules.

Nasdaq Baltic is a common name for exchanges, regulated markets, alternative markets First North operated by Nasdaq companies in the Baltic states, i.e. Nasdaq Tallinn AS, Nasdaq Riga AS and AB Nasdaq Vilnius.

Presentation of Information

Financial information in this document is presented in euro (EUR, €), the official currency of the Republic of Latvia and the EU Member States in the Eurozone.

In this document, the Company presents quantitative and numerical values in a way that Company deems appropriate to convey sufficient and appropriate information on the certain matters. As a result, some numbers in this document are rounded up to avoid excessive level of detail.

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Dating of Information

This document is prepared based on information available and valid as of 12 May 2021 and shall be interpreted accordingly if not otherwise indicated.

This document contains certain forward-looking statements, opinions and information presented in the tables or as a main text. Forward-looking statements do not relate to historical facts and are based on the assumptions, assessment, expectations and the best judgement of the Company about future events. These statements contain words such as “plan”, “aim”, “expect”, “forecasted” or similar expressions used on the basis of the relevant context.

Forward-looking statements, including data presented in the tables and where indicated in “Notes”, are subject to assumptions, risks and uncertainties about future events and outcomes which might vary from the expectations of the Company. Deviations in actual results may happen due to factors such as macro-economic developments, changes in regulation, any economic and financial shocks to the industry or other similar factors.