

PRINCIPAL TECHNOLOGIES INC.

FILING STATEMENT

**in connection with a Qualifying Transaction under TSX Venture Exchange Policy 2.4 -
*Capital Pool Companies***

Dated as at July 21, 2021

*Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way
passed upon the merits of the Qualifying Transaction described in this filing statement.*

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GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this Filing Statement. This is not an exhaustive list of defined terms used in this Filing Statement and additional terms are defined throughout. Terms and abbreviations used in the financial statements and MD&A of Principal Technologies and in the pro forma consolidated financial statements of the Resulting Issuer are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders. Unless otherwise indicated, all currency references are to Canadian dollars.

“2020 Private Placement” has the meaning ascribed thereto under *“Part I – Information Concerning Principal Technologies – General Description of the Business”*.

“2021 Private Placement” means a non-brokered private placement financing to be completed by Principal Technologies at or before the Closing as defined under *“Part I - Information Concerning Principal Technologies – 2021 Private Placement”*.

“Affiliate” means a company that is affiliated with another company as described below:

A company is an “Affiliate” of another company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A company is “controlled” by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

“Associate” when used to indicate a relationship with a Person or company, means:

- (a) an issuer of which the Person or company beneficially owns or controls, directly or indirectly, voting securities entitling it to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the Person or company,

- (c) any trust or estate in which the Person or company has a substantial beneficial interest or in respect of which a Person or company serves as trustee or in a similar capacity, or
- (d) in the case of a Person, a relative of that Person, including:
 - (i) that Person's spouse or child, or
 - (ii) any relative of the Person or of his spouse who has the same residence as that Person, but
 - (iii) where the Exchange determines that two Persons will, or will not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination will be determinative of their relationships in the application of Rule D (as defined in applicable Exchange Policies) with respect to that Member firm, Member corporation or holding company.

“**BCBCA**” means the *Business Corporations Act* (British Columbia).

“**CEO**” means chief executive officer.

“**CFO**” means chief financial officer.

“**Closing**” means the closing of the Investment and 2021 Private Placement.

“**Closing Date**” means the date on which the Closing occurs.

“**company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

“**Company**” means Principal Technologies Inc.

“**Completion of the Qualifying Transaction**” means the date the Final Exchange Bulletin is issued by the Exchange.

“**Control Person**” means any person or company that holds, or is one of a combination of persons or companies that holds, a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

“**Common Shares**” means common shares in the capital of Principal Technologies.

“**CPC**” or “**Capital Pool Company**” means a corporation or trust:

- (a) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the Commissions in compliance with Policy 2.4 - Capital Pool Companies; and
- (b) in regard to which the Final QT Exchange Bulletin has not yet been issued.

“**CPC Escrow Agreement**” means the Exchange Form 2F CPC Escrow Agreement for Tier 2 issuers, dated August 28, 2018, among Principal Technologies, the Transfer Agent and certain holders of Common Shares, pursuant to which the CPC Escrow Shares are currently held in escrow.

“**CPC Escrow Shares**” means the 14,500,000 Common Shares held in escrow pursuant to the CPC Escrow Agreement.

“**CPC Policy**” means Exchange Policy 2.4 *Capital Pool Companies*.

“**E&E**” means E&E CRO Consulting GmbH, a private, limited company incorporated based in Vienna, Austria.

“**E&E Interest**” means an ownership interest of 80% of E&E through the acquisition by Principal Technologies of share capital of E&E.

“**E&E Shareholder**” means the selling shareholder of the 80% beneficial interest in E&E in accordance with the terms and conditions of the Investment.

“**Exchange**” means the TSX Venture Exchange Inc.

“**Filing Statement**” means this filing statement, together with all schedules hereto.

“**Final Exchange Bulletin**” means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

“**Insider**” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of the issuer that is an Insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer;
or
- (d) the issuer itself if it holds any of its own securities.

“**Investment**” means the acquisition by the Company, through its wholly-owned subsidiary Principal Technologies Austria, of the E&E Interest, which will constitute the Company’s Qualifying Transaction in accordance with Policy 2.4 of the Exchange

“**Investment Agreement**” means that purchase agreement dated June 11, 2021 among Principal Technologies and the E&E Shareholder whereby Principal Technologies has agreed to acquire the E&E Interest.

“**IPO**” means the initial public offering of Principal Technologies as completed on October 29, 2018.

“**IPO Agency Agreement**” means the agency agreement dated July 3, 2018 between Principal

Technologies and the IPO Agent.

“**IPO Agent**” means Leede Jones Gable Inc., in its capacity as the agent which assisted Principal Technologies with respect to the sale of Common Shares in the IPO pursuant to the terms of the IPO Agency Agreement.

“**IPO Agent’s Warrants**” means the non-transferable share purchase warrants granted to the IPO Agent (and any sub-agents as directed by the IPO Agent) to acquire up to an aggregate of 200,000 Common Shares at an exercise price of \$0.10 per Common Share exercisable up to October 29, 2020, being 24 months from the day that the Common Shares were listed on the Exchange.

“**MD&A**” means Management’s Discussion and Analysis.

“**Majority of the Minority Approval**” means the approval of the Qualifying Transaction by the majority of the votes cast by shareholders, other than:

- (a) Non-Arm’s Length Parties to the CPC;
- (b) Non-Arm’s Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
 - (i) if a CPC holds its own shares, the CPC, and
 - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction

at a properly constituted meeting of the common shareholders of the CPC.

“**MI 61-101**” means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

“**Member**” means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

“**Named Executive Officers**” or “**NEO**” means:

- (a) the CEO;
- (b) the CFO;
- (c) each of the issuer’s three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds \$150,000 per year; or
- (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the issuer at the end of the most recently completed financial year.

“**Non-Arm’s Length Party**” means, in relation to a company, a promoter, officer, director, other

Insider or Control Person of that company (including an Issuer) and any Associates or Affiliates of any of such persons or another entity or an Affiliate of that entity, if that entity or its Affiliate have the same promoter, officer, director, Insider or Control Person as the Issuer. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person.

“Non-Arm’s Length Qualifying Transaction” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.

“Person” means a company or individual.

“Principal Technologies” or the **“Company”** means Principal Technologies Inc.

“Principal Technologies Austria” means Principal Technologies Capital Management GmbH, a wholly-owned subsidiary of Principal Technologies.

“Qualifying Transaction” means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

“Related Party Transaction” has the meaning set out in MI 61-101.

“Resulting Issuer” means Principal Technologies upon issuance of the Final Exchange Bulletin.

“Resulting Issuer Board” means the board of directors of the Resulting Issuer.

“SEDAR” means the System for Electronic Document Analysis and Retrieval at www.sedar.com.

“Significant Assets” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange.

“Stock Option Plan” means the incentive stock option plan of Principal Technologies or the Resulting Issuer, as applicable.

“Stock Options” means stock options granted under the Stock Option Plan to acquire Common Shares.

“Surplus Escrow Agreement” means the Exchange Form 5D Escrow Agreement for Tier 2 issuers that will be entered into between the E&E Shareholder, Principal Technologies and the Transfer Agent, pursuant to which the 1,500,000 Common Shares reserved for issuance pursuant to the Investment Agreement that may become issuable upon the achievement of certain milestones, would be held in escrow.

“Transfer Agent” means Principal Technologies’ transfer agent and registrar, TSX Trust Company.

NOTICE TO INVESTORS

Information Pertaining to the Investment

The information contained or referred to in this Filing Statement with respect to the Investment and the industry in which E&E operates has been provided by the management of E &E and is the responsibility of E&E. Management of Principal Technologies has relied upon E&E for the accuracy of the information provided by E&E without independent verification.

Currency Presentation

All dollar amounts referenced in this Filing Statement and in the Principal Technologies Financial Statements are in Canadian dollars and referred to as “\$”.

Exchange Rates

The following table sets forth the value of one Euro expressed in Canadian dollars, based on the daily exchange rates quoted by the Bank of Canada for the dates indicated:

	Three months ended March 31, 2021	Year ended December 31, 2020	Year ended December 31, 2019
As at end of period	\$1.4759	\$1.5608	\$1.4583
Low for the period	\$1.4759	\$1.4282	\$1.4438
High for the period	\$1.5641	\$1.5851	\$1.5441
Average for the period	\$1.5251	\$1.5298	\$1.4856

Financial Statement Information

The annual financial statements of Principal Technologies contained in this Filing Statement have been prepared in accordance with IFRS and are denominated in Canadian dollars.

The annual financial statements of E&E contained in this Filing Statement have been prepared in accordance with IFRS and are denominated in Euros.

The unaudited Pro Forma Financial statements of the Resulting Issuer contained in this Filing Statement have been prepared on the basis of presentation as described in the Pro Forma Financial Statements and are denominated in Canadian dollars.

Market Data

Unless otherwise indicated, information contained in this Filing Statement concerning the industry and markets in which E&E operates, including its general expectations and market position, market opportunity and market share is based on information from independent industry organizations,

and other third-party sources (including industry publications, surveys and forecasts), and management estimates. Unless otherwise indicated, management estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from E&E's internal research, and are based on assumptions made by E&E based on such data and its knowledge of such industry and markets, which E&E believes to be reasonable. E&E's internal research has not been verified by any independent source, and it has not independently verified any third-party information. While E&E believes the market position, market opportunity and market share information included in this Filing Statement is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of E&E's future performance and the future performance of the industry in which E&E operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the "Risk Factors".

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Filing Statement contains forward-looking statements that relate to Principal Technologies and E&E's current expectations and views of future events. The forward-looking statements are contained principally in the sections titled "Summary" and "Information Concerning the Resulting Issuer". In some cases, these forward-looking statements can be identified by words or phrases such as "may", "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues", "plan", "aim", "seek" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. Principal Technologies and E&E have based these forward-looking statements on their current expectations and projections about future events and financial trends that they believe may affect Principal Technologies, E&E and the Resulting Issuer's financial condition, results of operations, business strategy and financial needs, as the case may be.

Forward-looking statements relating to E&E and Principal Technologies include, among other things, statements relating to:

- the completion of the Investment;
- the terms on which the Investment is intended to be completed;
- expectations regarding expansions and operations;
- anticipated cash needs and needs for additional financing;
- future growth plans;
- ability to attract and retain personnel;
- competitive position and its expectations regarding competition; and
- anticipated trends and challenges in E&E's business and the markets in which it operates.

Forward-looking statements relating to Principal Technologies include, among other things, statements relating to:

- the continued listing of the Common Shares; and
- the ability to complete any Qualifying Transaction.

Forward-looking statements are based on certain assumptions and analysis made by Principal Technologies and E&E in light of their experience and perception of historical trends, current conditions and expected future developments and other factors they believe are appropriate, and are subject to risks and uncertainties. Such assumptions include, among others, those relating to general economic conditions, the legislative and regulatory environment, the impact of increasing competition, the ability to obtain regulatory and shareholder approvals and Principal Technologies' ability to obtain additional financing on satisfactory terms. Although Principal Technologies and E&E believe that the assumptions underlying the forward-looking statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, shareholders should not place undue reliance on these forward-looking statements.

Whether actual results, performance or achievements will conform to Principal Technologies or E&E's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risk Factors".

Risks, uncertainties, assumptions and other factors could cause Principal Technologies, E&E and the Resulting Issuer's actual results, performance, achievements and experience to differ materially from Principal Technologies and E&E's expectations, future results, performances or achievements expressed or implied by the forward-looking statements.

The forward-looking statements made in this Filing Statement relate only to events or information as of the date on which the statements are made in this Filing Statement. Except as required by law, Principal Technologies, E&E and the Resulting Issuer undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

An investor should read this Filing Statement with the understanding that Principal Technologies, E&E and the Resulting Issuer's actual future results may be materially different from what is expected.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to Principal Technologies, E&E and the Resulting Issuer (assuming Completion of the Qualifying Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

The Companies

Principal Technologies Inc.

Principal Technologies was incorporated under the BCBCA on April 3, 2018 under the previous corporate name “Connaught Ventures Inc.”. On December 1, 2020, Connaught Ventures Inc. changed its name to Principal Technologies Inc. The registered and head office of Principal Technologies is located at 2500 – 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1B3.

The Common Shares listed on the Exchange under the symbol “CNV.P” on November 1, 2018. On October 7, 2020, trading in the Common Shares was halted at the request of the Company pending the announcement of its intention to complete a Qualifying Transaction. Principal Technologies is a CPC pursuant to the CPC Policy, and since its incorporation it has not carried on any business or operations other than the identifying and evaluating of business opportunities for the purposes of completing a Qualifying Transaction.

See “*Part I – Information Concerning Principal Technologies*”.

E&E

E&E is a private, limited company incorporated on February 4, 2021 under the statute for *Limited Liability Corporations* (Austria). E&E was originally incorporated under the legal name of “Eder CRO Consulting GmbH” and it changed its name to “E&E CRO Consulting GmbH” on April 22, 2021 and operates under the name “*E&E CRO Consulting*”.

E&E’s CRO business originally operated as a division of “HSEC GmbH” Co., under the supervision of Ms. Ilse Eder as its Head of Clinical Operations. In 2010, Ms. Eder acquired sole ownership of the CRO business and founded E&E as a sole proprietorship. On February 4, 2021, Ms. Eder incorporated E&E, which will carry on the E&E business prior to the Closing.

The registered and head office of E&E is located at 23-25 Nobilegasse, Vienne 1150, Austria. E&E is not a “reporting issuer” under applicable securities legislation and its securities are not listed for trading on any stock exchange.

See “*Part II – Information Concerning E&E*”.

The Investment

The following section contains a summary of the Investment. Principal Technologies, through its wholly-owned subsidiary Principal Technologies Austria, and the E&E Shareholder entered into the Investment Agreement dated as of June 11, 2021 pursuant to which Principal Technologies agreed to acquire an ownership interest of approximately 80% of E&E for:

- (i) aggregate upfront consideration of €100,000; plus
- (ii) 1,000,000 Common Shares if E&E earns €125,000 in profit before tax from the period from April 1, 2021 to March 31, 2022; plus
- (iii) 250,000 Common Shares if E&E earns €250,000 in profit before tax from the period from April 1, 2021 to March 31, 2022; plus
- (iv) 250,000 Common Shares if E&E earns €500,000 in profit before tax from the period from April 1, 2022 to March 31, 2023.

Any of the 1,500,000 Common Shares (collectively, the “**Consideration Shares**”) to which the E&E Shareholder becomes entitled pursuant to the Investment shall become issuable on March 31, 2023, and shall be subject to: (i) a 24 month lock-up with 25% of all such Common Shares being released each six months after March 31, 2023; and (ii) the Surplus Escrow Agreement.

Completion of the Investment is subject to compliance with the terms and conditions set forth in the Investment Agreement including but not limited to:

- (i) receipt by Principal Technologies of Exchange approval;
- (ii) the contribution of the business carried on by E&E CRO Consulting e.U. to E&E;
- (iii) the acquisition of the E&E Interest; and
- (iv) the E&E Shareholder entering into a two year management agreement with E&E with respect to her ongoing involvement and transition away from the E&E business.

Following completion of the Investment, Principal Technologies will be an investment company holding the E&E Interest as its first investments.

The Resulting Issuer

Upon Completion of the Qualifying Transaction and subject to the approval of the Exchange, it is expected that the Resulting Issuer will be listed on the Exchange as a Tier 2 Issuer (as such term is defined in the policies of the Exchange) in the Life Sciences Industry Segment. The Company expects to transition to the Investment Industry Segment once travel restrictions related to the COVID-19 pandemic are lifted, which will permit the Company to further diligence prospective investments. Such a transition to the investment industry will require the Company to submit an application for a Change of Business to the Exchange, and is subject to Exchange approval.

Upon Completion of the Qualifying Transaction:

- (i) an aggregate of approximately 17,749,000 Common Shares will be issued and outstanding, consisting of:
 - a. approximately 1,125,000 Common Shares issued at price of \$0.16 per share pursuant to the 2021 Private Placement; and
 - b. 16,624,000 Common Shares held by current shareholders of Principal Technologies; and
- (ii) Securities convertible into an aggregate of 300,000 Common Shares will be issued and outstanding, consisting of options to purchase up to 300,000 Common Shares that were previously issued pursuant to the Stock Option Plan.

Principal Technologies Financings

Concurrently with or in advance of the Investment, Principal Technologies intends to complete the non-brokered 2021 Private Placement at the Closing to raise for aggregate gross proceeds of €120,000 at a price of \$0.16 per Common Share resulting in an estimated 1,125,000 Common Shares being issued (assuming an applicable C\$:€ exchange rate of C\$1.50:€1.00). The actual exchange rate used to calculate the number of shares issuable pursuant to the 2021 Private Placement will be set three business days before closing.

Interests of any Insider, Promoter or Control Person

The following is a summary of the interest of Insiders (as such term is defined in the policies of the Exchange) of Principal Technologies, and their respective Associates and Affiliates, before and after giving effect to the Investment, and assuming the completion of the 2021 Private Placement.

Insider, Promoter or Control Person (Including Associates and Affiliates)	Position	Number (%) of Common Shares or the Principle Technologies Shares prior to the Investment	Number (%) of Common Shares upon Closing ⁽¹⁾
Azim Dhalla ⁽²⁾	Director	500,000 (3.01%)	500,000 (2.82%)
John McCoach	Director	500,000 (3.01%)	500,000 (2.82%)
Frank Stronach	Director	500,000 (3.01%)	500,000 (2.82%)
GreenIslands Global Opportunities Fund	Shareholder controlling more than 10% of voting rights	12,500,000 (75.19%)	12,500,000 (70.43%)
Ilse Eder	Founder of E&E	E&E share capital of €10,000 (100%)	E&E share capital of €2,000 (20%)

Note:

- (1) Based on 17,749,000 Common Shares to be issued and outstanding upon Completion of the Qualifying Transaction on an undiluted basis (assuming completion of the 2021 Private Placement).
- (2) Azim Dhalla was a promoter of the Company within the last-two years but is not a promoter of the Resulting Issuer.

Arm's Length Transaction

The Investment does not constitute a Non-Arm's Length Qualifying Transaction within the meaning of the CPC Policy.

Estimated Available Funds and Principal Purposes

Estimated Available Funds

Based on information available as at June 30, 2021, upon the Completion of the Qualifying Transaction, the Resulting Issuer is expected to have approximately \$1,292,368 in available funds which includes the following:

Estimated Funds Available	Amount (\$)
Pro forma consolidated working capital as at June 30, 2021 ⁽¹⁾	1,262,368
Cash consideration comprising the Investment ⁽²⁾	(150,000)
Net proceeds from the 2021 Private Placement ⁽²⁾	180,000
Total Estimated Available Funds	1,292,368

Notes:

- (1) Consolidated working capital is based on estimated working capital of Principal Technologies as at June 30, 2021.
- (2) Based on a C\$:€ exchange rate of C\$1.50:€1.00.

Principal Purposes of Funds

Based on information available as at June 30, 2021, the following table sets forth the principal purposes for which the estimated funds available to the Resulting Issuer upon Completion of the Qualifying Transaction and the current estimated amounts to be used for each such principal purpose:

Use of Funds	Estimated Amount (\$)
General and administrative expenses ⁽¹⁾	500,000
Remaining Qualifying Transaction costs (Exchange, professional and other fees)	100,000
Future investment opportunities	592,368
Unallocated working capital	100,000
Total use of funds	1,292,368

Note:

- (1) General and administrative costs for the next 12 months following the Completion of the Qualifying Transaction are estimated to be \$500,000 and consist of: (i) transfer agent and filing fees of \$30,000, (ii) legal, audit and accounting fees of \$70,000, (iii) marketing, shareholder communication and travel expenses of \$30,000, (iv) office and miscellaneous expenses of \$70,000, and (v) director, management and consulting fees of \$300,000.

While management currently intends to use the available funds as set forth in this Filing Statement, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

The Resulting Issuer's working capital available to fund ongoing operations will be sufficient to meet its business and administration costs for a minimum of 12 months following Closing. In the event that, for any reason, the Resulting Issuer does not obtain sufficient funds to cover all of these anticipated expenses, it will reduce its planned expenditures in each category accordingly in such manner as its directors, in their discretion, then consider appropriate and in the best interests of the Resulting Issuer, and will continue to seek additional equity financing.

Selected Pro-Forma Consolidated Financial Information

The following table sets out certain financial information for Principal Technologies and E&E as at April 30, 2021 and March 31, 2020, respectively as well as the unaudited Pro Forma Financial Statements, after giving effect to the Investment and the 2021 Private Placement as if such events had occurred on April 30, 2021 for balance sheet purposes. Such information is derived from and

should be read in conjunction with the Pro Forma Financial Statements and the notes thereto attached hereto at Schedule “E”.

Pro Forma Balance Sheet	E&E as at March 31, 2020 (\$)⁽¹⁾	Principal Technologies as at April 30, 2021 (\$)	Pro Forma Adjustments (\$)^{(1) (2)}	Pro Forma Consolidated (\$)⁽¹⁾
Cash and cash equivalents	84,445	1,460,321	(304,445)	1,240,321
Other Current Assets	36,469	-	(36,469)	-
Non-current Assets	7,022	-	142,978	150,000
Total Assets	127,936	1,460,321	(197,936)	1,390,321
Current Liabilities	22,083	48,854	(22,083)	48,854
Non-current Liabilities	-	-	-	-
Total Liabilities	22,083	48,854	(22,083)	48,854
Shareholders' Equity	127,936	1,460,321	(197,936)	1,390,321

Notes:

- (1) Based on a C\$:€ exchange rate of C\$1.50:€1.00.
- (2) Includes estimated transaction costs of \$100,000, net proceeds of the 2021 Private Placement of €120,000, a distribution of net working capital from E&E to the E&E Shareholder prior to closing of the Investment, payment of the €100,000 cash portion of the purchase price of the Investment and a €100,000 signing bonus to be paid to Mr. Gerald Trent in connection with his engagement with the Resulting Issuer that commences upon Completion of the Qualifying Transaction.

Market for Securities and Market Price

The Common Shares are listed on the Exchange under the trading symbol “CNV.P”. The closing market price of the Common Shares on the last day on which there was a trade of Common Shares prior to the trading in such shares being halted on October 7, 2020 was \$0.16. It is anticipated that the Common Shares will resume trading on the Exchange upon Completion of the Qualifying Transaction under the symbol “PTEC”.

The E&E Shares are not listed on any stock exchange and there is currently no public market for E&E Shares.

Sponsorship

Sponsorship for the Qualifying Transaction is required by Exchange policies, unless an exemption is granted. The Exchange granted a waiver from the sponsorship requirements.

Conflicts of Interest

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon Closing are also directors, officers and/or Promoters of other reporting and non-reporting issuers. To the knowledge of the directors and officers of Principal Technologies and E&E, there

are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers upon Completion of the Qualifying Transaction, as of the date of this Filing Statement.

Interests of Experts

Except as disclosed herein, no person or Company whose profession or business gives authority to a statement made by the person or Company and who is named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement currently holds, directly or indirectly, more than 1% of the Common Shares or E&E Common Shares, or holds any property of Principal Technologies or E&E or of an Associate or Affiliate of Principal Technologies or E&E and no such person is expected to be elected, appointed or employed as director, senior officer or employee of Principal Technologies or E&E or of an Associate or Affiliate of the Resulting Issuer and no such person is a promoter of Principal Technologies or E&E or an Associate or Affiliate of Principal Technologies or E&E.

As of the date of this Filing Statement, Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, has reported that it is independent in accordance with the code of professional conduct of the Chartered Professional Accountants of British Columbia with respect to Principal Technologies and E&E.

Conditional Listing Approval

The Exchange has conditionally approved the Investment as the Qualifying Transaction for Principal Technologies subject to Principal Technologies fulfilling all the requirements of the Exchange before October 6, 2021.

Summary Risk Factors

The following is a summary of certain risk factors applicable to Principal Technologies, E&E and the Resulting Issuer. The risks presented in this Filing Statement should not be considered to be exhaustive and may not be all of the risks that the Resulting Issuer and E&E may face. See “Risk Factors”.

- No Operating History as an Investment Company
- Portfolio Exposure and Sensitivity to Macro-Economic Conditions
- Private Issuers and Illiquid Securities
- Volatility of Stock Price
- Trading Price of Common Shares Relative to Net Asset Value
- Available Opportunities and Competition for Investments
- Share Prices of Investments
- Concentration of Investments
- Dependence on Management, Directors and Investment Committee
- Additional Financing Requirements
- No Guaranteed Return
- Due Diligence
- Exchange Rate Fluctuations

- Non-Controlling Interests
- Potential Conflicts of Interest
- Potential Transaction and Legal Risks
- Potential Fluctuation in Operating Results
- Application of Proceeds of the 2021 Private Placement
- The Resulting Issuer is not required to pay Dividends
- Conditions Precedent
- Other Potential Risks

PART I - INFORMATION CONCERNING PRINCIPAL TECHNOLOGIES

Corporate Structure

Name and Incorporation

The Company is a public, Capital Pool Company listed on the Exchange incorporated under the BCBCA on April 3, 2018 under the previous corporate name Connaught Ventures Inc. On December 1, 2020, Connaught Ventures Inc. changed its name to Principal Technologies Inc.

The registered and head office of Principal Technologies is located at 2500 – 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1B3.

Intercorporate Relationships

The Company does not have any subsidiaries other than Principal Technologies Austria.

General Description of the Business

History

Principal Technologies is a CPC and to date has not carried on any operations. The sole business of Principal Technologies since its incorporation has been to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to any approvals as required under applicable corporate and securities laws and subject to acceptance by the Exchange, so as to complete a Qualifying Transaction. Until the Completion of the Qualifying Transaction, Principal Technologies will not have a business, business operations or any material assets other than cash. Principal Technologies currently has no written or oral agreements in principle for the acquisition of an asset or business other than the Investment Agreement.

On July 11, 2018, the Company filed a preliminary prospectus in British Columbia and Alberta to qualify for public sale and distribution under the IPO of 2,000,000 Common Shares at \$0.10 per share. The final prospectus was filed on August 28, 2018 and the Company completed its IPO of 2,000,000 Common Shares on October 29, 2018 for gross proceeds of \$200,000.

On May 25, 2020, the Company completed a non-brokered private placement financing (the “**2020 Private Placement**”) of 12,500,000 Common Shares at a price of \$0.12 per share, for aggregate proceeds of \$1,500,000. The Company intends to use the proceeds received from this private placement to complete a Qualifying Transaction, to cover general and administrative costs for twelve months, to cover any costs related to the private placement, and for general working capital.

On October 7, 2020, the Company announced its intention to qualify as a Tier 2 investment issuer pursuant to Policy 2.1 of the Exchange, along with the appointment of His Serene Highness Prince Alfred of Liechtenstein and Dr. Leopold Specht to the board of directors of the Company conditional upon the completion of the Qualifying Transaction.

Investment in E&E

On June 11, 2021 the Company entered into the Investment Agreement pursuant to which the Company, through its wholly-owned subsidiary Principal Technologies Austria, agreed to acquire from the E&E Shareholder, the E&E Interest (the “**Investment**”), being 80% of the issued and outstanding E&E Shares, for:

- (i) aggregate upfront consideration of €100,000; plus
- (ii) 1,000,000 Consideration Shares if E&E earns €125,000 in profit before tax from the period from April 1, 2021 to March 31, 2022; plus
- (iii) 250,000 Consideration Shares if E&E earns €250,000 in profit before tax from the period from April 1, 2021 to March 31, 2022; plus
- (iv) 250,000 Consideration Shares if E&E earns €500,000 in profit before tax from the period from April 1, 2022 to March 31, 2023.

Any of the 1,500,000 Consideration Shares to which the E&E Shareholder becomes entitled pursuant to the Investment shall become issuable on March 31, 2023, and shall be subject to: (i) a 24 month lock-up with 25% of all such Common Shares being released each six months after March 31, 2023; and (ii) the Surplus Escrow Agreement.

Completion of the Investment is subject to the satisfaction or waiver of certain conditions, including:

- (i) receipt by Principal Technologies of Exchange approval;
- (ii) the contribution of the business carried on by E&E CRO Consulting e.U. to E&E;
- (iii) the acquisition of the E&E Interest; and
- (iv) the E&E Shareholder entering into a two year management agreement with E&E with respect to her ongoing involvement and transition away from the E&E business.

Following completion of the Investment, Principal Technologies will be an investment company holding the E&E Interest as its first investments. The Investment Agreement was negotiated at arm’s length. Upon closing of the Investment, the Company will also be required to pay €10,000 to an arm’s length finder.

2021 Private Placement

Concurrently with or in advance of the Investment, Principal Technologies intends to complete the non-brokered 2021 Private Placement at the Closing to raise for aggregate gross proceeds of €120,000 at a price of \$0.16 per Common Share resulting in an estimated 1,125,000 Common Shares being issued (assuming an applicable C\$:€ exchange rate of C\$1.50:€1.00). The actual exchange rate used to calculate the number of shares issuable pursuant to the 2021 Private Placement will be set three business days before closing.

The securities issued in the 2021 Private Placement will be legended with a “hold period” to reflect resale restrictions in accordance with applicable securities laws and the policies of the Exchange.

Selected Financial Information

Since incorporation, Principal Technologies has incurred the following costs in carrying out the IPO, in seeking, evaluating and negotiating potential Qualifying Transactions, and in meeting the disclosure obligations imposed upon it as a reporting issuer listed for trading on the Exchange.

The following tables set forth selected historical financial information for Principal Technologies for the three month period ended January 31, 2021 and for the years ended July 31, 2020, 2019 and 2018, and selected balance sheet data for such years and period. The Principal Technologies Financial Statements have been prepared in accordance with IFRS and are denominated in Canadian dollars. Such information is derived from the Principal Technologies Financial Statements and should be read in conjunction with such financial statements attached hereto as Schedule “A”.

Balance Sheet Data	As at April 30, 2021 (\$) (unaudited)	As at July 31, 2020 (\$) (audited)	As at July 31, 2019 (\$) (audited)	As at July 31, 2018 (\$) (audited)
Cash and cash equivalents	1,460,321	1,635,190	205,724	69,890
Total assets	1,460,321	1,635,189	205,724	91,140
Total liabilities	48,854	8,000	18,898	Nil
Shareholders' equity	1,460,321	1,635,190	186,826	91,140

Income Statement Data	9 month period ended April 30, 2021 (\$) (unaudited)	12 month period ended July 31, 2020 (\$) (audited)	12 month period ended July 31, 2019 (\$) (audited)	Period of incorporation on April 3, 2018 to July 31, 2018 (\$) (audited)
Total income	Nil	Nil	Nil	Nil
Total expenses	215,723	44,294	75,389	8,860
Net loss	215,723	44,294	75,389	8,860

Management's Discussion and Analysis

The Principal Technologies MD&A for the years ended July 31, 2020 and 2019 and for the nine month period ended April 30, 2021 are attached hereto as Schedule “B” and should be read in

conjunction with the Principal Technologies Financial Statements attached hereto as Schedule "A".

Description of the securities

Principal Technologies is authorized to issue an unlimited number of Common Shares of which 16,624,000 Common Shares are issued and outstanding as of the date hereof, of which 14,500,000 Common Shares are CPC Escrow Shares and are held in escrow pursuant to the terms of the CPC Escrow Agreement. In addition, 300,000 Common Shares are reserved for issuance under stock options granted to directors, officers, consultants and employees.

The holders of Common Shares are entitled to one vote per Common Share at all meetings of the holders of Common Shares. The holders of Common Shares are entitled to dividends if, as and when declared by the board of directors of Principal Technologies, to receive notice of and one vote per Common Share at meetings of the shareholders of Principal Technologies and, upon liquidation, dissolution or winding up of Principal Technologies, to share rateably in such assets of Principal Technologies as are distributable to the holders of Common Shares. All Common Shares which are to be outstanding after Completion of the Qualifying Transaction will be fully paid and non-assessable.

This summary does not purport to be complete and reference is made to Principal Technologies' notice of articles and articles for a complete description of these securities and the full text of their provisions, which can be found under Principal Technologies' SEDAR profile at www.sedar.com.

Stock Option Plan

Summary of Stock Option Plan

Principal Technologies has adopted the Stock Option Plan, pursuant to which the Company's board of directors may, from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers and consultants to Principal Technologies non-transferable Stock Options, provided that, while Principal Technologies is a CPC, the number of Principal Technologies Common Shares reserved for issuance under the Stock Option Plan will not exceed 10% of the issued and outstanding Common Shares. Such Stock Options may be exercisable for a period of up to 10 years from the date of grant. The exercise price of Stock Options is determined by the Company's board of directors in accordance with Exchange policies and subject to the terms of the Stock Option Plan.

Upon Completion of the Qualifying Transaction, Principal Technologies may also grant Stock Options to consultants and employees of the Resulting Issuer. Until the Completion of the Qualifying Transaction, the number of Common Shares reserved for issuance pursuant to the Stock Option Plan will not exceed 10% of the issued and outstanding Common Shares. The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Stock Options may be exercised for 90 days following cessation of the optionee's position with Principal Technologies. However, the cessation of office, directorship or consulting arrangement was by reason of death, the Stock Options may be exercised within a

maximum period of one year after such death, subject to the expiry date of such Stock Options. Any Common Shares acquired pursuant to the exercise of Stock Options prior to the Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

The Stock Option Plan may be viewed under Principal Technologies' profile on SEDAR at www.sedar.com.

Stock Options Granted

As of the date of this Filing Statement, there are outstanding options to acquire an aggregate of 300,000 Common Shares as follows:

Name	Number of Common Shares Under Option	Exercise Price of Common Share	Expiry Date
Frank Stronach	100,000	\$0.10	October 28, 2023
Azim Dhalla	100,000	\$0.10	October 28, 2023
John McCoach	100,000	\$0.10	October 28, 2023
Total	300,000		

Prior Sales

Since the date of incorporation of Principal Technologies Shares, 16,624,001 Common Shares have been issued as follows, of which 16,624,000 Common are issued and outstanding as of the date of this Filing Statement:

Date Issued	Number of Shares	Issue Price Per Share	Aggregate Issue Price	Nature of Consideration
April 3, 2018 ⁽¹⁾	1	\$1	\$1	Cash
April 3, 2018 ⁽²⁾	2,000,000	\$0.05	\$100,000	Cash
October 29, 2018 ⁽³⁾	2,000,000	\$0.10	\$200,000	Cash
March 13, 2019 ⁽⁴⁾	12,000	\$0.10	\$1,200	Cash
April 26, 2019 ⁽⁴⁾	12,000	\$0.10	\$1,200	Cash
May 22, 2020 ⁽⁵⁾	12,500,000	\$0.12	\$1,500,000	Cash
July 2, 2021 ⁽⁶⁾	100,000	\$0.10	\$10,000	Cash

Notes:

- (1) Initial incorporator's share which was repurchased and cancelled on April 3, 2018.

- (2) These Common Shares were issued to the Company’s directors and others, and are subject to escrow restrictions pursuant to the CPC Escrow Agreement.
- (3) On October 29, 2018, the Company completed its initial public offering and issued 2,000,000 Common Shares for gross proceeds of \$200,000. The Company paid a finder’s fee of \$20,000 and issued 200,000 Agent’s Warrants, entitling the holder to acquire one common share per warrant for \$0.10 for a period of two years.
- (4) These shares were issued based on the partial exercise of IPO Agent’s Warrants.
- (5) These shares were issued pursuant to the 2020 Private Placement.
- (6) These shares were issued based on the exercise of options.

Stock Exchange Price

On November 1, 2018, the Common Shares were listed on the Exchange under the symbol “CNV.P”. On October 7, 2020, trading in the Common Shares was halted at the request of the Company pending the announcement of its intention to complete a Qualifying Transaction. Trading remains halted as of the date of this Filing Statement. Upon completion of the Transaction, it is anticipated that the Common Shares will be listed on the Exchange under the symbol “PTEC”.

The following table sets out trading information for the Common Shares on the Exchange for the periods indicated:

Period	High (\$)	Low (\$)	Volume
November 1, 2019 – January 31, 2020	0.11	0.10	55,500
February 1, 2020 – April 30, 2020	0.12	0.105	10,000
May 1, 2020 – July 31, 2020	0.125	0.125	5,000
August 1, 2020 – October 6, 2020 ⁽¹⁾	0.175	0.16	12,000
October 7, 2020 - Present	N/A	N/A	Nil

Note:

- (1) Trading in the Common Shares was halted on October 7, 2020 pending the Company’s announcement of its intention to complete a Qualifying Transaction. Trading remains halted as of the date of this Filing Statement.

Arm’s Length Party Transaction

The Qualifying Transaction will not be a Related Party Transaction as defined in MI 61-101 or a Non-Arm’s Length Qualifying Transaction. As a result, the Qualifying Transaction is not subject to Majority of the Minority Approval or Principal Technologies Shareholder approval.

Legal Proceedings

In the ordinary course of business, Principal Technologies may be subject to certain contingent liabilities with respect to potential claims, lawsuits and other proceedings, including those involving tax, social security, labour lawsuits and other matters. Principal Technologies will accrue liabilities when it is probable that future costs will be incurred and such costs can be reasonably

estimated. There are currently no material proceedings currently pending against Principal Technologies.

Auditor, Transfer Agent and Registrar

Auditor

The auditors of Principal Technologies are Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants located at Suite 1500, 1140 West Pender Street, Vancouver, British Columbia, V6B 4N9.

Transfer Agent and Registrar

The transfer agent and registrar for the Common Shares is TSX Trust Company, of Suite 2700, 650 West Georgia Street, Vancouver, British Columbia, V6B 4N9. TSX Trust Company has offices in Calgary and Vancouver and will maintain registers on which transfers of Principal Technologies' Shares may be recorded in each such municipality.

Material Contracts

Principal Technologies has not entered into any material contracts and will not enter into any material contracts prior to the Completion of the Qualifying Transaction, other than:

1. the CPC Escrow Agreement; and
2. the Investment Agreement.

Copies of the material contracts described above may be inspected at the registered office of the Company located at 2500 – 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1B3, during normal business hours until the Completion of the Qualifying Transaction and for a period of 30 days thereafter.

PART II - INFORMATION CONCERNING THE INVESTMENT

Corporate Structure

Name and Incorporation

E&E is a private, limited company incorporated on February 4, 2021 under the statute for *Limited Liability Corporations* (Austria). E&E was originally incorporated under the legal name of “Eder CRO Consulting GmbH” subsequently changed its name to “E&E CRO Consulting GmbH” and operates under the name “E&E CRO Consulting”.

E&E’s CRO business originally operated as a division of “HSEC GmbH” Co., under the supervision of Ms. Ilse Eder as its Head of Clinical Operations. In 2010, Ms. Eder acquired sole ownership of the CRO business and founded E&E as a sole proprietorship under the name “E&E CRO Consulting e.U.”. On February 4, 2021, Ms. Eder incorporated E&E, which will carry on the E&E business prior to the Closing.

The registered and head office of E&E is located at 23-25 Nobilegasse, Vienne 1150, Austria. E&E is not a “reporting issuer” under applicable securities legislation and its securities are not listed for trading on any stock exchange.

Intercorporate Relationships

E&E has no subsidiaries.

General Description of the Business

E&E is a global contract research organization (“CRO”) based in Vienna, Austria, that specializes in tailored project management of international scale clinical studies primarily related to medical-device technologies.

CROs seek to reduce costs for companies developing new medicines, drugs and medical devices requiring various regulatory approvals. They aim to simplify entry into these various markets, and simplify development of regulated products.

E&E provides tailor-made A-Z project management services related to clinical studies, primarily with a focus on medical technologies devices requiring regulatory approval in various international jurisdictions, including the European Union, the United States, Latin America and Oceania. E&E provides services to a diverse array of medical device developers, including established med-tech companies, startups, hospitals and their medical representatives (doctors / professors) and medical institutions, as they go through the stages of obtaining regulatory approval for their medical devices. E&E charges a fee for service, and typically receives either monthly retainers or payments on a monthly or quarterly basis in accordance with its invoices for services rendered.

The particular services provided are subject to each client’s specific needs. E&E’s current service offerings include:

- Concept development and project preparation, including defining target groups, objectives and goals, choosing and preparing data model, and leading or facilitating negotiations and communication with various key stakeholders (physicians, patients, investigators, authorities, insurance coverage);
- Study submissions, including registration and data-management, coordination and communication with authorities and institutional review boards (IRB) or ethics committees, preparation and submission of data packages and reports, adverse event management, and the organization and coordination of side events;
- On site implementation, including country distribution and site identification, coordination of technical support and preparation and coordination of investigator meetings;
- Documentation of study administration and monitoring, including clinical trial system management, task coordination and data management;
- Final document archiving; and
- Quality assurance and auditing.

E&E has developed rigorous “standard operations procedures”, which are audited by the authorities according to ISO 9002, to aid its client through the process of obtaining regulatory approval for their various medical devices.

Sales and Marketing Activities

E&E primarily relies on word-of-mouth marketing and a referral network of existing and historic clients to generate sales activities.

Specialized Skill and Knowledge

Because of the specialized medical and scientific nature of E&E’s business, they are highly dependent upon attracting and retaining qualified medical, project management and regulatory personnel. While they have a strong record of proactively recruitment and employee retention, and strive to reduce the impact of the potential loss of existing employees by having an established organizational talent review process that identifies successors and potential talent needs, there is still significant competition for qualified personnel in the pharmaceutical and biotechnology fields. Therefore, E&E may not be able to attract and retain the qualified personnel necessary for the development of its business. The loss of the services of existing personnel, as well as the failure to recruit additional key medical, scientific, technical and managerial personnel in a timely manner, could harm their business.

Competitive Conditions

The CRO market is currently characterized by fragmentation, with many large, medium and small players specializing within various product, market and regulatory niches. E&E competes in the marketplace based on its scientific and clinical research expertise, regulatory knowledge, reputation, flexibility and pricing. E&E believes it offers a unique suite of services and

international regulatory knowhow that support its customers. E&E also provides case support and technology training for study projects and competitors, which E&E believes is a unique offering in the market.

E&E has a broad range of competitors that can be classified into the following three categories:

- (1) large CROs (such as Cardialysis, Medpace and FGK) that employ hundreds to thousands of professionals and deploy large marketing budgets;
- (2) specialized boutiques (such as E&E) that rely largely on word-of-mouth and client networks; and
- (3) freelancers, that are typically former employees of the large CROs and specialized boutiques.

In addition, E&E sees indirect competition from its own client-base, in so far as they have in-house clinical research and regulatory departments/

Intangible Properties

E&E has not registered any intellectual property protections.

Cycles

E&E's business is not cyclical in nature.

Economic Dependence

E&E's business is not substantially dependent upon any particular contract.

Changes to Contracts

E&E does not currently expect its business to be material effected in the current financial year by the renegotiation or termination of any contracts or sub-contracts.

Employees

As of December 31, 2020, E&E employed one full-time employees and two part-time employees.

Foreign Operations

E&E's business is primarily based in Vienna, Austria. However, E&E provides consulting services to an international client base, primarily located within the European Union and the United States, but also within Latin America and Oceania. E&E does not have offices or employees in any of these international jurisdictions and services its international client-base primarily from its Vienna head quarters.

Lending

E&E does not have any lending operations.

Social and Environmental Policies

E&E is committed to carrying out all of its activities in an ethical manner that prioritizes health and safety and recognizes the concerns of regulatory officials and its customers. E&E ensures that all employees are trained and instructed in their assigned tasks and that safety procedures are followed at all times. The importance of ethical behavior is stressed to all employees and contractors, and all are charged with monitoring operations to ensure they are being carried out in an environmentally-friendly manner.

Regulatory Matters

There is no particular license or permit required to carry on the business of a CRO. However, depending on the needs and objectives of E&E's clients, E&E provides CRO consulting services under a variety of sometimes overlapping regulatory environments. The regulations impacting E&E's operations depend upon the locations in which E&E's clients are seeking approval for their regulated products. E&E tailors all pre-clinical or clinical research according to the licensing or regulatory regimes applicable to its clients' requirements.

Depending on the nature of the consulting services provided by E&E, E&E may be subject to certain global and regional regulatory standards. For example, the "Declaration of Helsinki", is included in the ISO 14155 Standard and provides guidance on clinical practices when investigating medical devices while using human research subjects. This standard protects the rights, safety, and well-being of human subjects, ensures scientific conduct of the clinical investigation and the credibility of the clinical investigation results.

E&E may also be subject to regulations associated with medical device designs and specifications. Such regulations depend on where E&E clients intend to seek medical device approval, often E&E clients will seek such approval in the European Union or the United States of America. For clients seeking medical device approval within the European Union, the following directives may apply:

- The Directive 98/79/EC of the European Parliament and of the Council on in-vitro diagnostic medical devices (IVDMD);
- The Council Directive 93/42/EEC on Medical Devices (MDD); and
- The Council Directive 90/385/EEC on Active Implantable Medical Devices (AIMDD).

For clients seeking medical device approval within the United States of America, the following United States Food and Drug Administration policies and procedures may apply:

- The Premarket Notification 510(k);
- The Premarket Approval (PMA);

- The Investigational Device Exemption (IDE) for clinical studies; and
- The Medical Device Reporting (MDR).

Clinical research is a complex area of work and in-depth knowledge of the applicable regulations, directives and procedures applicable to each client is key to the success of E&E’s business.

Government entities and medical device manufacturers often conduct independent due diligence to ensure the qualification of CRO personnel involved with their research processes. E&E has personnel that maintain the following qualifications:

- The GCP (Good Clinical Practice) Certificate, which may be acquired by attending the necessary training with a successful test result, at an institute that is qualified to hold such trainings. In our case, E&E personnel are certified to train new candidates in this respect and issue the related certificate; and
- The CCRP (Certified Clinical Research Professional) qualification, which may be acquired by attending the necessary training with a successful test result, at an institute that is qualified to hold such trainings. This certification requires as a prerequisite also medical knowledge, previous experience in this line of work and other related trainings.

Selected Financial Information and Management Discussion and Analysis

Annual Financial Information

E&E’s selected annual information for the two most recently completed financial years ended December 31, 2020, 2019 and 2018 and the three month period ended March 31, 2021. The E&E Financial Statements have been prepared in accordance with IFRS and are denominated in Euros. Such information is derived from the E&E Financial Statements and should be read in conjunction with such financial statements attached hereto as Schedule “C”.

	For the three months ended March 31, 2021 (unaudited) €	For the year ended December 31, 2020 (audited) €	For the year ended December 31, 2019 (audited) €
Total revenues	33,016	121,666	83,838
Net Profit(Loss)	28,092	60,359	(20,096)
Total assets	85,291	141,733	137,525
Total liabilities	14,721	24,033	47,855
Personal draws from sole	10,003	32,329	38,522
Shareholders’ equity (deficit)	70,569	117,699	89,670

E&E is not aware of any factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or dispositions, management

bonuses and major changes in the direction in E & E's business except as reflected in the adjustments to the Pro Forma Financial Statements.

Management Discussion and Analysis

The E&E MD&A for the years ended December 31, 2020 and 2019 and for the three month period ended March 31, 2021 are attached hereto as Schedule "D" and should be read in conjunction with the E&E Financial Statements attached hereto as Schedule "C".

Description of E&E Share Capital

E&E's nominal capital consists of €35,000 of share capital, €10,000 of which is issued and outstanding and held by the E&E Shareholder.

E&E Shares

The holders of E&E Shares are entitled to one vote per ten E&E Shares held and to receive an equal share of any dividends and distributions (whether payable in cash or otherwise) as may be declared on the E&E Shares from time to time. Each of the E&E Shares is entitled, in the event of any liquidation, dissolution or winding-up of E&E (whether voluntary or involuntary), to receive in equal amounts per share, the assets of E&E available for liquidation.

Capitalization

The share capital of E&E as at February 4, 2021 (the date of its incorporation) and as at the date of this Filing Statement is as follows:

Designation of Security	Amount Authorized	Amount outstanding as of the date of the Filing Statement	Amount outstanding upon completion of the Acquisition
E&E Shares	€35,000	€10,000	€10,000

Stock Exchange Price

The E&E Shares are not listed or quoted on any stock exchange.

Prior Sales

The following table sets forth the number and price at which securities of E&E have been sold within the 12 months period prior to the date of this Filing Statement.

Date	Number of E&E Securities	Type	Issue Price Per Share	Description
February 4, 2021	€10,000	E&E Shares	€5,000	Paid upon incorporation in cash

Executive Compensation

Compensation Philosophy and Objectives

As a sole proprietorship, E&E did not historically have a compensation policy. Net profits of the sole proprietorship were retained by the sole proprietor, Ms. Ilse Eder. E&E has no stock option or other equity-based incentive compensation plan.

Summary Compensation Table

The following table sets out information concerning the compensation for the fiscal years ending 2020 and 2019.

Name and principal position (a)	Year (b)	Salary (\$) (c)	Share-based awards (\$) (d)	Option-based awards (\$) (e)	Non-equity incentive plan compensation (\$)		Pension value (\$) (g)	All other compensation (\$) (h)	Total compensation (\$) (i)
					Annual incentive plans (f1)	Long-term incentive plans (f2)			
Ilse Eder ⁽¹⁾ Sole Proprietor	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note:

- (1) As a sole proprietor, Ms. Eder did not take a salary but rather retained net profits from the business.

Non-Arm's Length Transactions

Other than as set out herein, there has been no acquisition of assets or services or provision of assets or services in any transaction within the five years before the date of this Filing Statement, or in any proposed transaction, where E&E or any subsidiary of E&E has obtained such assets or services from:

- (a) any director, officer or promoter of E&E;
- (b) a securityholder disclosed in this Filing Statement as a principal securityholder, either before or after giving effect to the Qualifying Transaction; or
- (c) an Associate or Affiliate of any of the persons or companies referred to in paragraphs (a) or (b) above.

Legal Proceedings

In the ordinary course of business, E&E may be subject to certain contingent liabilities with respect to potential claims, lawsuits and other proceedings, including those involving tax, social security, labour lawsuits and other matters. E&E will accrue liabilities when it is probable that future costs

will be incurred and such costs can be reasonably estimated. There are currently no material proceedings currently pending against E&E.

Material Contracts

E&E has not entered into any material contracts within two years before the date of the Filing Statement, other than contracts in the ordinary course of business.

PART III - INFORMATION CONCERNING THE RESULTING ISSUER

Corporate Structure

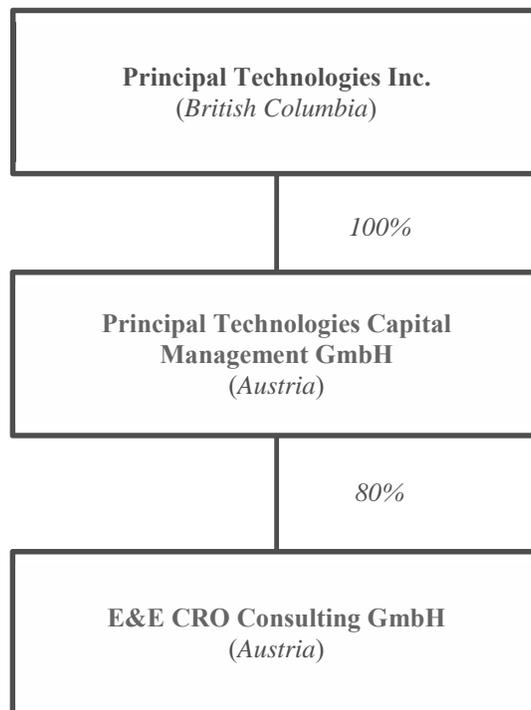
Name and Incorporation

Following the Completion of the Qualifying Transaction, it is anticipated that the Resulting Issuer will retain the name of Principal Technologies and be listed on the Exchange as a Tier 2 Issuer (as such term is defined in the policies of the Exchange) in the Life Sciences Industry Segment. The Company expects to transition to the Investment Industry Segment once travel restrictions related to the COVID-19 pandemic are lifted, which will permit the Company to further source and diligence prospective investments. Such a transition to the investment industry will require the Company to submit an application for a Change of Business to the Exchange, and is subject to Exchange approval.

Principal Technologies' registered office is located at 2500 – 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1B3.

Intercorporate Relationships

The following organizational chart reflects the proposed structure of the Resulting Issuer after Completion of the Qualifying Transaction:



Description of the Business

Following the Closing, the Resulting Issuer will continue to carry on the business of E&E until the various restrictions imposed by governments in relation to the COVID-19 pandemic are lifted thereby enabling the Resulting Issuer to transition to its previously stated goal of an investment company. Such a transition to an investment company will require the Company to submit an application for a Change of Business to the Exchange, and is subject to Exchange approval. E&E is expected to provide the Resulting Issuer with a pipeline of prospective investment targets through its broad network within the healthcare industry.

The industries of particular focus for the Resulting Issuer will include life sciences, with a particular focus on medical technologies, though the Resulting Issuer will not be precluded from investing in any particular industry given the broad experience and expertise of the Resulting Issuer's management.

Investment Objectives

Upon the lifting of the various restrictions imposed by governments in relation to the COVID-19 pandemic, E&E is expected to provide the Resulting Issuer with a pipeline of prospective investment targets through its broad network within the healthcare industry.

The Resulting Issuer's primary focus will then be to seek superior returns by making investments in the securities of other healthcare companies. The Resulting Issuer may also invest in projects or in equity, debt or other securities of public or private companies in the high growth healthcare technology-based business area. Surplus working capital funds may also be invested to generate superior returns.

The Resulting Issuer does not anticipate the declaration of dividends to shareholders during its initial stages and plans to re-invest the profits of its investments to further the growth and development of the Resulting Issuer's investment portfolio.

Investment Strategy

In anticipation of the lifting of the various restrictions imposed by governments in relation to the COVID-19 pandemic, which will enable the sourcing and diligencing of prospective investments, the Resulting Issuer has adopted an investment policy (the "**Investment Policy**") to govern its investment activities and strategy. A copy of such policy is attached hereto as Schedule "F".

The Resulting Issuer expects that its investment portfolio will, from time to time, be comprised of investments of both public and private issuers in the healthcare sector. However, the Resulting Issuer may also endeavour to identify compelling investment opportunities in certain other sectors, including non-technology-based businesses. The Resulting Issuer expects its investments will encompass companies at all stages of development.

The Resulting Issuer may invest in equity, equity linked debt and convertible securities, which the Resulting Issuer intends will be acquired and held both for long-term capital appreciation and shorter-term gains. The Resulting Issuer will try to identify investments that have solid prospects and potential, seasoned and capable management teams and/or are involved with a segment of the

market that is consistent with or otherwise complimentary to the Resulting Issuer's investment expertise.

A key aspect of the Resulting Issuer's investment strategy will be seeking investments, with a preference for equity, equity-related securities and royalty securities, in companies with a consistent positive cash flow. The Company may also invest in a wide range of other instruments including, without limitation, preferred shares, warrants, convertible debentures, secured or unsecured debt, and bridge financing or other short-term capital.

The Resulting Issuer intends that the Investment Policy will provide guidelines regarding the nature and weighting of the holdings in the investment portfolio. Sector allocations may vary significantly over time. Reallocations are anticipated to be required infrequently except during extremely volatile market periods.

Notwithstanding the foregoing, the Resulting Issuer's investment objective, investment strategy and investment restrictions may be amended from time to time as approved by the Resulting Issuer Board. Additionally, notwithstanding the Investment Policy, the Resulting Issuer Board may, from time to time, authorize such additional investments outside of the disciplines set forth in this Filing Statement as it sees fit for the benefit of the Resulting Issuer and its shareholders.

Investment Evaluation Process

It is anticipated that the Resulting Issuer's investments will be carried out according to an opportunistic and disciplined process to maximize returns while minimizing risk, taking advantage of investment opportunities identified from the industry contacts of the Resulting Issuer Board, the officers of the Resulting Issuer and the Investment Committee established by the Resulting Issuer Board (or the Resulting Issuer Board where such Investment Committee has not been established). The Resulting Issuer will use a top-down and bottom-up investment approach to develop a macro view of a sector, build a position consistent with such view within that sector and devise an exit strategy designed to maximize the relative return in light of changing fundamentals and opportunities.

The Resulting Issuer intends to evaluate investments in companies using an evaluation method consistent with the method used to evaluate investments of other companies in the same industry. In selecting investments for its portfolio, Principal Technologies will consider various factors in relation to any particular investment, including:

- (a) inherent value of its underlying assets or project potential;
- (b) proven management, clearly-defined management objectives and strong technical and professional support;
- (c) future capital requirements to develop the full potential of its business and the expected ability to raise the necessary capital;
- (d) anticipated rate of return and the level of risk;
- (e) financial performance; and
- (f) exit strategies and criteria.

The Investment Committee will be subject to the direction of the Resulting Issuer Board and will consist of at least three members. It is expected that such members will include directors and/or officers of the Resulting Issuer, but the Resulting Issuer may also utilize, or appoint to the Investment Committee, qualified independent financial or technical consultants approved by the Resulting Issuer Board to assist the Investment Committee in making its investment decisions.

The directors, officers and management of the Resulting Issuer will work jointly and severally to uncover appropriate investment opportunities. These individuals have a broad range of business experience and their own networks of business partners, financiers, venture capitalists and finders through whom potential investments may be identified.

Prospective investments will be channeled through the Investment Committee. The Investment Committee will make an assessment of whether the proposal fits with the investment and corporate strategy of the Resulting Issuer in accordance with its investment evaluation process, and then proceed with preliminary due diligence, leading to a decision to reject or move the proposal to the next stage of detailed due diligence. This process may involve the participation of outside professional consultants.

Once a decision has been reached to invest in a particular situation, a short summary of the rationale behind the investment decision should be prepared by the Investment Committee and submitted to the Resulting Issuer Board. This summary should include guidelines against which future progress may be measured. The summary should also highlight any finder's or agents' fees payable.

All investments will be submitted to the Resulting Issuer Board for final approval. The Investment Committee will select all investments for submission to the Resulting Issuer Board and monitor the Resulting Issuer's investment portfolio on an ongoing basis and will be subject to the direction of the Resulting Issuer Board. One member of the Investment Committee may be designated and authorized to handle the day-to-day trading decisions in keeping with the directions of the Resulting Issuer Board and the Investment Committee.

Negotiation of terms of participation is a key determinant of the ultimate value of any opportunity to the Resulting Issuer. Negotiations may be on-going before and after the performance of due diligence. The representative(s) of the Resulting Issuer involved in these negotiations will be determined in each case by the circumstances.

Monitoring and Reporting

The Resulting Issuer primarily expects to be a passive investor. However, there may be situations in which the Resulting Issuer will seek a more active role by advising management of the investee company and/or placing one or more nominees on the board of directors of the investee company. In such situations, the Resulting Issuer intends to use its financial and management expertise to add or unlock value. The Resulting Issuer may also structure an investment to assume a controlling or joint-controlling interest in a company, which may or may not involve the provision of advice to management and/or board participation.

Composition of Investment Portfolio

The Resulting Issuer expects that its investment portfolio will initially be comprised of its investment in the E & E Interest. The Resulting Issuer further intends to seek additional investment opportunities in accordance with the policies and processes described herein and the policies of the Exchange applicable to an “investment issuer”.

The nature and timing of the Resulting Issuer’s investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Resulting Issuer. Initial investments of debt, equity or a combination thereof may be made in projects, public or private companies through a variety of financial instruments including, but not limited to, private placements, participation in initial public offerings, bridge loans, secured loans, unsecured loans, convertible debentures, warrants and options, royalties, net profit interests and other hybrid instruments.

Conflicts of Interest

Prior to making any investment, all members of senior management, the Resulting Issuer Board and, if applicable, the Investment Committee, will be obligated to disclose any interest in the potential investment. In the event that a conflict is determined to exist, the person having a disclosable interest will abstain from making further decisions concerning such investment.

The directors, senior officers and, where applicable, members of the Investment Committee of the Resulting Issuer may be involved in other activities which may on occasion cause a conflict of interest with his or her duties to the Resulting Issuer. These include serving as directors, officers, promoters, advisers or agents of other public and private companies, including companies in which the Resulting Issuer may invest. Such persons may also engage in transactions with the Resulting Issuer where any one or more of such persons is acting in his or her capacity as financial advisor, broker, intermediary, principal or counterparty, provided that such transactions are carried out on terms similar to those which would apply in a similar transaction between parties not connected with such persons or any one of them and such transactions are carried out on normal commercial terms as if negotiated at arm’s length.

The directors and senior officers of the Resulting Issuer are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures of conflicts of interest and the Resulting Issuer will rely upon such laws in respect of any conflicts of interest or in respect of any breaches of duty by any of its directors and officers.

Description of the Securities

The share structure and the rights associated with the Common Shares will remain the same after the Qualifying Transaction. See “*Part I – Information Concerning Principal Technologies – Description of the Securities*”.

Pro-Forma Consolidated Capitalization

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the transactions described in the unaudited Pro Forma Consolidated Financial Statements attached hereto as Schedule “E”.

Designation of Security⁽¹⁾	Amount Authorized	Amount Outstanding After Giving Effect to the Qualifying Transaction⁽²⁾
Common Shares	Unlimited	17,749,000
Options granted under the Stock Option Plan	10% of all issued and outstanding common shares	300,000

Notes:

- (1) See “Part III – Information Concerning the Resulting Issuer – Escrowed Securities”.
- (2) Includes 1,125,000 Common Shares to be issued as part of the 2021 Private Placement.

Pro-Forma Fully Diluted Share Capital

In addition to the information set out in the capitalization table above, the following table sets out the diluted share capital of the Resulting Issuer after giving effect to the Qualifying Transaction.

	Number of Securities	Percentage of Total After Giving Effect to the Proposed Qualifying Transaction
Common Shares issued and outstanding as at the date of the Filing Statement	16,624,000	93.66%
Common Shares issued pursuant to the 2021 Private Placement	1,125,000	6.34%
TOTAL	17,749,000	100.00%
Securities Reserved for Future Issue:		
Reserved for issuance pursuant to existing options granted to directors, officers, employees and consultants of the Resulting Issuer pursuant to the Stock Option Plan	300,000	1.53%
Consideration Shares reserved for issuance pursuant to the Investment Agreement that may become issuable upon the achievement of certain milestones	1,500,000	7.67%
TOTAL NUMBER OF DILUTED SECURITIES	19,549,000	100.00%

Note:

- (1) See “Part III – Information Concerning the Resulting Issuer – Escrowed Securities”.

Estimated Available Funds and Principal Purposes

Estimated available Funds

Based on information available as at June 30, 2021, upon the Completion of the Qualifying Transaction, the Resulting Issuer is expected to have approximately \$1,292,368 in available funds, which includes the Following:

Estimated Funds Available	Amount (\$)
Pro forma consolidated working capital as at June 30 ⁽¹⁾	1,262,368
Cash consideration comprising the Investment ⁽²⁾	(150,000)
Net Proceeds from 2021 Private Placement	180,000
Total Estimated Available Funds	1,292,368

Notes:

- (1) Consolidated working capital is based on estimated working capital of Principal Technologies.
- (2) Based on a C\$:€ exchange rate of C\$1.50:€1.00.

Principal Purposes of Funds

Based on information available as at June 30, 2021, the following table sets forth the principal purposes for which the estimated funds available to the Resulting Issuer upon Completion of the Qualifying Transaction and the current estimated amounts to be used for each such principal purpose:

Use of Funds	Estimated Amount (\$)
General and administrative expenses ⁽¹⁾	500,000
Remaining Qualifying Transaction costs (Exchange, professional and other fees)	100,000
Future investment opportunities	592,368
Unallocated working capital	100,000
Total use of funds	1,292,368

Note:

- (1) General and administrative costs for the next 12 months following the Completion of the Qualifying Transaction are estimated to be \$500,000 and consist of: (i) transfer agent and filing fees of \$30,000, (ii) legal, audit and accounting fees of \$70,000, (iii) marketing, shareholder communication and travel expenses of \$30,000, (iv) office and miscellaneous expenses of \$70,000, and (v) director, management and consulting fees of \$300,000.

Notwithstanding the forgoing, there may be circumstances where, for sound business reasons, a reallocation of funds is necessary in order for the Resulting Issuer to achieve its objectives as set out in this Filing Statement.

Dividend Policy

It is not contemplated that any dividends will be paid in the immediate or foreseeable future following Completion of the Qualifying Transaction.

Principal Security Holders

To the knowledge of management of Principal Technologies and E&E, no person or company is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of the Resulting Issuer upon completion of the Transaction, other than as set out below.

	Number of Shares Owned (Percentage of Class and Type of Ownership)	
	Shares	Percentage of Voting Rights ⁽¹⁾
GreenIslands Global Opportunities Fund ⁽²⁾ Cayman Islands	12,500,000 Common Shares	68.09%

Notes:

- (1) GreenIslands Global Opportunities Fund is an exempted liability company incorporated under the laws of the Cayman Islands that falls within the definition of a “mutual fund” pursuant to Section 4(4) of the Mutual Funds Law (Revised) of the Cayman Islands, as amended from time to time, and not registered with the Cayman Islands Monetary Authority. GreenIslands Global Opportunities Fund is managed by the Simplon Asset Management Ltd. fund manager who is directed by Mr. Sean Patrick Lewis, Ms. Laura McGeever and Mr. Leo Kassam.

Directors, Officers and Promoters

Principal Technologies’ current directors are John McCoach (Interim CEO), Frank Stronach (CFO and Corporate Secretary) and Azim Dhalla. Azim Dhalla was a promoter of the Company within the last-two years but is not a promoter of the Resulting Issuer. Ms. Ilse Eder was the founder of E&E and is therefore considered an Insider by the Exchange.

Following the Completion of the Qualifying Transaction, Azim Dhalla will resign as a director of the Resulting Issuer; John McCoach and Frank Stronach will remain members of the Resulting Issuer Board; and Mr. Gerald Trent, His Serene Highness Prince Alfred of Liechtenstein and Dr. Leopold Specht will be appointed as members of the Resulting Issuer’s Board.

The following table lists the names and municipalities of residence of the proposed, directors, officers and promoters of the Resulting Issuer upon Completion of the Qualifying Transaction, their proposed positions and offices to be held with the Resulting Issuer, and their principal occupations or employment and the number of securities of the Resulting Issuer which will be

beneficially owned, directly or indirectly, or over which control or direction will be exercised by each upon completion of the proposed Qualifying Transaction. The Resulting Issuer's directors will be elected annually and, unless re-elected retire from the office at the end of the next annual general meeting of shareholders.

Name, Residence and Position with the Resulting Issuer	Principal Occupation for the Prior 5 Years	Period during which has served as a director or officer of Principal Technologies	Number and percentage of Common Shares assuming Completion of the Qualifying Transaction ⁽¹⁾
Gerald Trent ⁽³⁾ Vienna, Austria President, CEO and Director	Founder of Trent Investments (January 2009 to Current) Head of Global Markets & Investment Banking, Sberbank Europe AG (February 2017 to December 2018) Head of M&A, PwC Austria (January 2013 to January 2017)	To be appointed on Closing	Nil
Frank Stronach ⁽³⁾ Vancouver, BC CFO, Corporate Secretary and Director	Corporate Director (Current) VP of Investment Banking, Haywood Securities Inc. (May 2004 to March 2017)	CFO, Corporate Secretary and Director since April 3, 2018	500,000 ⁽²⁾ 2.82%
John McCoach ^{(3) (4)} North Vancouver, BC Independent Director	Corporate Director (Current) President, TSX Venture Exchange (July 2009 to July 2016)	Director since April 3, 2018 Interim CEO from July 2020 to Closing	500,000 ⁽²⁾ 2.82%
His Serene Highness Prince Alfred of Liechtenstein ^{(3) (4)} Liechtenstein Independent Director	His Serene Highness Prince Alfred of Liechtenstein (Current)	To be appointed on Closing	Nil
Dr. Leopold Specht ^{(3) (4)} Vienna, Austria Independent Director	Attorney (Current)	To be appointed on Closing	Nil
Ilse Eder Vienna, Austria Founder of E&E	Sole Proprietor of E&E	N/A	Nil

(1) Percentages calculated on an undiluted basis based on 17,749,000 Common Shares issued and outstanding upon Completion of the Qualifying Transaction (assuming completion of the 2021 Private Placement).

- (2) These Common Shares will be held in escrow under the CPC Escrow Agreement upon the Completion of the Qualifying Transaction, prior to the release of 10% of such shares from escrow upon the release of the Final Exchange Bulletin.
- (3) Member of the Resulting Issuer's Investment Committee.
- (4) Member of the Resulting Issuer's Audit Committee.

The following is a brief description of each of the proposed directors and members of management for the Resulting Issuer (Including details with regard to their principal occupations for the last five years):

Gerald Trent, President, Chief Executive Officer and Director, Age 44

Prior to being invited to join the Resulting Issuer in the capacity of CEO and President, Mr. Trent held multiple senior positions in various companies. Mr. Trent is the founder and managing director of Trent Investments, a direct investment multi-family office for ultra-high net worth individuals in Europe. Formerly he worked as Head of Global Markets & Investment Banking at Sberbank Europe AG and Head of M&A of PwC Austria (Pricewaterhouse Coopers).

In his capacity as President and CEO, it is anticipated he will devote approximately 50% of his time to the business and affairs of the Resulting Issuer. Prior to Closing, Mr. Trent and the Company will enter into an agreement providing for non-competition and confidentiality restrictions with the Resulting Issuer.

Frank Stronach, Chief Financial Officer, Corporate Secretary, and Director, Age 69

Mr. Stronach, has been Chief Financial Officer and a director of the Company since its incorporation on April 3, 2018.

Mr. Stronach was employed at Haywood Securities Inc. in the position of Vice President of Investment Banking from May 2004 to March 2017. He joined Haywood Securities Inc. in May 2004 after 9 years with Union Securities Ltd.'s corporate finance group. Previously, Mr. Stronach spent 6 years with the Vancouver Stock Exchange, leaving his position as Manager, Listing Policy. Mr. Stronach holds an MBA degree from Queen's University and a Bachelor of Arts degree from the University of Victoria and is also a Chartered Accountant with 8 years' experience with KPMG.

In his capacity as director and officer, it is anticipated he will devote approximately 25% of his time to the business and affairs of the Resulting Issuer. Prior to Closing, Mr. Stronach and the Company will enter into an agreement providing for non-competition and confidentiality restrictions with the Resulting Issuer.

John McCoach, Director, Age 63

Mr. McCoach, has been a director of the Company since April 3, 2018.

Mr. McCoach held multiple senior positions in various companies. John McCoach retired from full time employment in 2016. At that time, he was President of the TSX Venture Exchange Inc. He was a member of the Capital Markets Authority Implementation Organisation Regulatory Authority Board of Directors from August, 2016 through March, 2021. He has also held the roles

of Lead Director, Chairman of the Governance Committee, Member of the Audit Committee and a Member of the Compensation Committee of Liberty Defense Holdings, Ltd. since 2019. From October 2017 to May 2019, he was a director, the Chairman of the Audit Committee and member of the Human Resources and Compensation Committee of Nautilus Minerals Inc. From June 2018 to May 2019, he served as Interim CEO of Nautilus Minerals Inc. Furthermore, since 2018 he has been a director of Principal Technologies Inc. Finally, he is currently a director of KWESST Micro Systems Inc. (formerly Foremost Ventures Corp.), a position he has held since 2018.

In his capacity as director, it is anticipated he will devote approximately 25% of his time to the business and affairs of the Resulting Issuer. Mr. McCoach is not a party to any non-competition or confidentiality agreement with the Resulting Issuer.

Prinz von Liechtenstein, Director, Age 69

Prinz von Liechtenstein, is a member of the Princely Family of Liechtenstein. He conducted his studies at the University of Vienna in economics and information technology, as well as politics. Since 1976, Prinz von Liechtenstein has been managing director and board and supervisory board member of several international enterprises operating in multiple areas, such as trade, business advisory, and financial services. His Serene Highness is, among other engagements, also owner and executive director of the supervisory board of a five-star chalet hotel in Corinthia, Austria.

Dr. Leopold Specht, Director, Age 65

Dr. Specht, is an international legal expert in the areas of international taxation, project financing, cross-boarder mergers and acquisitions, and corporate law, and taught at Harvard Law School, University of Naples, Northeastern University School of Law, to name a few. He conducted his studies at Harvard Law School, University of Rome, and University of Vienna. Dr. Specht is the founder and managing partner of the international law firm Specht & Partner, with offices in Vienna, Moscow, Prague, Budapest, Belgrade, and Zagreb and is fluent in five languages (German, English, Russian, Italian, French). He is also Managing Director of Dr. Leopold Specht Beteiligungs- und Vermoegensverwaltung GmbH since 1996 and of Specht Asset Management Services GmbH since 2007. Dr. Specht is also Director of Drazenowitsch-Hering-Privatstiftung since 2000 as well as Supervisory Board Member of Amalgaro Investment SE since 2019 and of ALMDORF 'Seinerzeit' Touristik Aktiengesellschaft since 1994.

In his capacity as director, it is anticipated he will devote approximately 5% of his time to the business and affairs of the Resulting Issuer. Dr. Specht is not a party to any non-competition or confidentiality agreement with the Resulting Issuer.

Proportion of Common Shares Held by Directors and Officers

At the Completion of the Qualifying Transaction, the directors and officers of the Resulting Issuer as a group will beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 1,000,000 Common Shares, representing approximately 5.44% of the issued and outstanding Common Shares, on an undiluted basis.

Committees

The Resulting Issuer proposes to have an Audit Committee in accordance with the Audit Committee Charter attached hereto as Schedule “G” as at Completion of the Qualifying Transaction. See “*Directors and Officers*” above.

Corporate Cease Trade Orders or Bankruptcies

Other than as set out below, as the date of this Filing Statement and within the ten years before the date of this Filing Statement, no proposed director, officer or promoter or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is or has been a director, officer or promoter of any person or company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

John McCoach was formerly a director and interim CEO of Nautilus Minerals Inc., a Toronto Stock Exchange-listed company. Nautilus Minerals Inc. was not able to secure the funding it needed to proceed with its projects. In February 2019, Nautilus Minerals Inc. filed for creditor protection under the Companies’ Creditors Arrangement Act program.

Penalties or Sanctions

To the knowledge of Principal Technologies, no proposed director, officer or promoter of the Resulting Issuer has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Qualifying Transaction.

The foregoing information, not being within the knowledge of Principal Technologies or E&E, has been furnished by the respective directors and executive officers.

Personal Bankruptcies

To the knowledge of Principal Technologies, no director, officer or promoter of the Resulting Issuer, or a personal holding company of any of them, has, within the ten years prior to the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to

bankruptcy or insolvency, or been subject to or instituted any proceedings arrangements, or compromise with creditors or had a receiver manager or trustee appointed to hold the assets of that individual.

Conflicts of Interest

Some of the individuals proposed for appointment as directors or officers of the Reporting Issuer upon Closing are also directors, officers and/or Promoters of other reporting and non-reporting issuers. To the knowledge of the directors and officers of Principal Technologies and E&E, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers upon completion of the Investment, as of the date of this Filing Statement.

Other Reporting Issuer Experience

The following Table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Trading Market	Position	From	To
John McCoach	Liberty Defense Holdings, Ltd.	TSX-V	Director	April 2019	Present
	KWESST Micro Systems Inc.	TSX-V	Director	November 2017	Present
	Nautilus Minerals Inc.	OTC	Senior Officer and Director	October 2017	May, 2019
	Lincoln Ventures Ltd.	TSX-V	Director	June 2019	May 2020
	Sweet Earth Holdings Corporation	CSE	Director	December 2017	April 2019
Frank Stronach	Rainy Hollow Ventures Inc.	TSX-V	Director	January 2018	April 2021
	Kwesst Micro Systems Inc.	TSX-V	Director, CFO and Corporate Secretary	November 2017	September 2020

Executive Compensation

The anticipated compensation, for each of the Resulting Issuer's CEO, CFO and the three most highly compensated executive officers for the 12 month period after Completion of the Qualifying Transaction prepared in accordance with the requirements of Form 51-102F6 "Statement of Executive Compensation" is required to be included in this Filing Statement. Form 51-102F6 prescribes the disclosure requirements in respect of the compensation of certain executive officers and directors of reporting issuers. The following addresses the items identified in Form 51-102F6 which are applicable to the Resulting Issuer.

The Resulting Issuer expects to pay compensation to NEOs and other officers, directors, employees and consultants of the Resulting Issuer for their services as such. The Resulting Issuer will enter into formal agreements with the CEO and with the CFO of the Resulting Issuer prior to Closing, whose proposed agreements are described further below.

Compensation Discussion and Analysis

The Resulting Issuer expects to provide a market-based blend of base salaries, bonuses and equity incentive components in the form of Stock Options to further align the interests of management with the interests of the Resulting Issuer's shareholders.

The Resulting Issuer expects to pay compensation to NEOs and other officers, directors, employees and consultants of the Resulting Issuer for their services as such. The Resulting Issuer proposes to enter into employment or consulting agreements with Gerald Trent, the President and CEO of the Resulting Issuer, and Frank Stronach, the CFO and Corporate Secretary of the Resulting Issuer. The terms of these proposed agreements are described further below.

Compensation Governance

The Resulting Issuer Board may establish a compensation committee (the "**Compensation Committee**") and adopt a written charter for the Compensation Committee. If created, the Compensation Committee will assist the Resulting Issuer Board in fulfilling its obligations relating to compensation issues. The Compensation Committee will act alone when considering the compensation of the President and CEO; however, the President and CEO will assist the Compensation Committee in assessing the performance of all other executive officers. The proposed executive compensation is then presented to the Resulting Issuer Board for approval. The Compensation Committee will also make recommendations to the Resulting Issuer Board respecting the Resulting Issuer's incentive compensation plans, including administration of the Share Option Plan. It will also have the responsibilities of reviewing and recommending director compensation, overseeing the Resulting Issuer's base compensation structure and equity-based compensation program, recommending compensation of the Resulting Issuer's officers and employees to the Resulting Issuer Board, and evaluating the performance of officers generally and in light of annual goals and objectives.

Furthermore, the Compensation Committee may, at the request of the Resulting Issuer Board, review, approve and/or monitor compensation programs and strategies applicable to senior management, and review the corporate succession and development plans of the Resulting Issuer at the executive level.

The Compensation Committee will have the authority to engage and compensate, at the expense of the Resulting Issuer, any outside advisor that it determines to be necessary to permit it to carry out its duties (including compensation consultants and advisers).

Option-Based Awards

Principal Technologies has a Stock Option Plan in place. The Resulting Issuer Board is responsible for granting options to the NEOs under the Stock Option Plan. The Compensation Committee or the Resulting Issuer Board may grant stock options on an annual basis to directors, executive officers and senior managers.

The Stock Option Plan is an important part of the Resulting Issuer's long-term incentive strategy for its officers and directors, permitting them to participate in appreciation of the market value of the common shares over a stated period of time. The Stock Option Plan is intended to help attract and retain employees by providing them with an opportunity to participate in the future success of the Resulting Issuer and to reinforce commitment to long-term growth in profitability and shareholder value. The Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and employees. The Resulting Issuer Board believes that the Stock Option Plan aligns the interests of the executive officers and the Resulting Issuer Board with shareholders by linking a component of executive compensation to the longer term performance of the common shares.

In determining the number of stock options to be granted to the executive officers and directors, the Resulting Issuer Board or the Compensation Committee, as the case may be, takes into account the number of stock options, if any, previously granted to each executive officer and director and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Exchange.

The number of Stock Options granted to officers and directors is also dependent on each officer's and director's level of responsibility, authority and importance to the Resulting Issuer and to the degree to which such officer's or director's long term contribution to the Resulting Issuer will be key to its long term success.

In monitoring or adjusting the option allotments, the Resulting Issuer Board or the Compensation Committee, as the case may be, takes into account its own observations on individual performance (where possible), its assessment of individual contribution to shareholder value and previous option grants. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. The Resulting Issuer Board or the Compensation Committee will make these determinations subject to and in accordance with the provisions of the Stock Option Plan.

As of the date of this Filing Statement, there are 300,000 Stock Options outstanding. See "*Information Concerning the Resulting Issuer – Options to Purchase Securities*".

Summary Compensation Table

The information below contains disclosure of anticipated compensation, to the extent known, for those persons who are expected to be the two most highly compensated executive officers of the

Resulting Issuer, in addition to the proposed CEO and CFO, regardless of the anticipated amount of the compensation to be paid to such individuals, for the 12 month period after giving effect to the Investment:

Name and Principal Position	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation ⁽¹⁾ (\$)		Pension Value (\$)	All Other Compensation ⁽¹⁾ (\$)	Total Compensation (\$)
				Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)			
Gerald Trent President, CEO and Director	187,295 ⁽²⁾⁽³⁾	nil	nil	nil	nil	nil	nil ⁽³⁾	187,295
Frank Stranach, CFO and Corporate Secretary, Director	nil ⁽⁴⁾	nil	nil	nil	nil	nil	nil	nil

Notes:

- (1) “Non-equity Incentive Plan Compensation” includes all compensation under an incentive plan or portion of an incentive plan that is not an equity incentive plan.
- (2) Based upon an annual salary of €120,000 and a C\$:€ exchange rate of C\$1.5608:€1.00, being the Bank of Canada noon exchange rate as of December 31, 2020.
- (3) Such amount is payable to a consulting company owned and controlled by Mr. Trent as a consulting fee. The consulting company will also be entitled to receive a one-time signing bonus of €100,000 and an annual performance bonus equal to 20% of the increase (if any) in value of the Resulting Issuer’s equity capital, as measured in reference to the difference between the 20 day volume weighted average of the Common Shares multiplied by the issued and outstanding Common Shares as at the beginning and end of each such annual period. The annual bonus will be paid in Common Shares, subject to approval of the Exchange.
- (4) A consulting company owned and controlled by Mr. Stranach will be entitled to an hourly fee of approximately \$150 for work conducted as CFO and Corporate Secretary.

Termination of Employment, Change in Responsibilities and Employment Contracts

Other than as described above, it is not anticipated that there will be any compensatory plans, contracts or arrangements between the Resulting Issuer and a Named Executive Officer in the 12 months following Completion of the Qualifying Transaction with respect to: (a) the resignation, retirement or other termination of employment of the Named Executive Officer; (b) a change in control of the Resulting Issuer; or (c) a change in the Named Executive Officer’s responsibilities following a change in control of the Resulting Issuer involving an amount, where the Named Executive Officer is entitled to receive more than \$100,000, including periodic payments or installments.

Director Compensation

Upon Completion of the Qualifying Transaction the Resulting Issuer Board will determine how much, if any, compensation will be paid to directors for services rendered to the Resulting Issuer

by them in that capacity. Such incentives may be in the form of an annual director’s fee and/or in the form of incentive stock options pursuant to the Stock Option Plan.

Indebtedness of Directors and Officers

No director, officer, promoter, member of management, nominee for elections as director of the Resulting Issuer, nor any of their Associates or Affiliates, is or has been indebted to Principal Technologies or E&E or is expected to be indebted to the Resulting Issuer following the Closing.

Investor Relations Arrangements

No written or oral agreement has been reached with any person to provide personal or investor relations activities for the Resulting Issuer.

Options

The Stock Option Plan will be the Resulting Issuer’s option plan upon completion of the Qualifying Transaction. Upon completion of the Investment, an aggregate of 300,000 Common Shares are anticipated to be reserved for issuance pursuant to the following options:

Optionee	Number of Options	Exercise Price	Expiry Date
Current Directors and Officers of Principal Technologies	300,000	\$0.10	October 28, 2023
TOTAL	300,000		

It is expected that the Resulting Issuer will maintain the Stock Option Plan (as described under the heading “Information Concerning Principal Technologies – Stock Option Plan”).

Escrowed Securities

There are two classes of escrow to which certain Common Shares will be subject: (i) CPC Escrow Shares and (ii) Consideration Shares subject to the Surplus Escrow Agreement. The CPC Escrow Shares are subject to an escrow that continues as part of the initial public offering of Principal Technologies, while the Consideration Shares are subject to an escrow as a result of the Qualifying Transaction.

Terms of the Escrow for the CPC Escrow Shares

CPC Escrow Shares are Common Shares held in escrow pursuant to Section 1.1 of the CPC Policy, and released in accordance with the following timeline:

% of Common Shares Released from Escrow		Release Date
Tier 2 Issuer	Tier 1 Issuer	
10%	25%	Date of Final Exchange Bulletin
15%	25%	6 months from Final Exchange Bulletin
15%	25%	12 months from Final Exchange Bulletin
15%	25%	18 months from Final Exchange Bulletin
15%	n/a	24 months from Final Exchange Bulletin
15%	n/a	30 months from Final Exchange Bulletin
15%	n/a	36 months from Final Exchange Bulletin

The following table sets out, as at the date of this Filing Statement, the number and percentage of CPC Escrow Shares held in escrow under the CPC Escrow Agreement prior to giving effect to the Qualifying Transaction, and the number and percentage of Reporting Issuer Shares that will be held in escrow after giving effect to the Qualifying Transaction, after giving effect to the initial release of the CPC Escrow Shares under the CPC Escrow Agreement in connection with the issuance of the Final Exchange Bulletin:

Name and Municipality of Residence of Securityholder	Designation of Class	Prior to Giving Effect to the Investment		After Giving Effect to the Investment and the 2021 Private Placement	
		Number of Securities Held in Escrow	Percentage of Class ⁽¹⁾	Number of Securities to be Held in Escrow ⁽²⁾	Percentage of Class ⁽³⁾
Azim Dhalla ⁽⁴⁾ Vancouver, British Columbia	Common Shares	500,000	3.01%	450,000	2.54%
Frank Stronach Vancouver, British Columbia	Common Shares	500,000	3.01%	450,000	2.54%
John McCoach North Vancouver, British Columbia	Common Shares	500,000	3.01%	450,000	2.54%
Estate of John Thompson North Vancouver, British Columbia	Common Shares	500,000	3.01%	450,000	2.54%
GreenIslands Global ⁽⁵⁾ Opportunities Fund	Common Shares	12,500,000	75.19%	11,250,000	63.38%

Grand Cayman					
Total		14,500,000	87.22%	13,050,000	73.53%

- (1) Based on 16,624,000 Common Shares issued and outstanding on an undiluted basis as at the date of this Filing Statement.
- (2) Assuming the release from escrow of 10% of such shares upon issuance of the Final Exchange Bulletin.
- (3) Based on 17,749,000 Common Shares to be issued and outstanding upon Completion of the Qualifying Transaction on an undiluted basis assuming completion of the 2021 Private Placement).
- (4) Azim Dhalla was a promoter of the Company within the last-two years but is not a promoter of the Resulting Issuer.
- (5) GreenIslands Global Opportunities Fund is managed by the Simplon Asset Management Ltd. fund manager who is directed by Mr. Sean Patrick Lewis, Ms. Laura McGeever and Mr. Leo Kassam.

The CPC Escrow Shares are currently held in escrow pursuant to the CPC Escrow Agreement. The Transfer Agent is the escrow agent for the purposes of the CPC Escrow Agreement. There are 14,500,000 CPC Escrow Shares currently in escrow. At the time of Completion of the Qualifying Transaction, it is expected that each of the persons listed in the table above will hold Common Shares subject to escrow in the amount listed beside such person's name.

The CPC Escrow Agreement provides that the CPC Escrow Shares are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the Exchange. In the event of the bankruptcy of an escrow shareholder, provided the Exchange does not object, the CPC Escrow Shares held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the CPC Escrow Shares which shares will remain in escrow subject to the escrow agreement. In the event of the death of an escrow shareholder, provided the Exchange does not object, the CPC Escrow Shares held by the escrow shareholder will be released from escrow. The Transfer Agent is the escrow agent for purposes of the CPC Escrow Agreement.

Terms of the Escrow for the Consideration Shares

The Consideration Shares are Common Shares held in escrow pursuant to Escrow Policy, and released in accordance with the following timeline:

% of Common Shares Released from Escrow		Release Date
Tier 2 Issuer	Tier 1 Issuer	
5%	10%	Date of Final Exchange Bulletin
5%	20%	6 months from Final Exchange Bulletin
10%	30%	12 months from Final Exchange Bulletin
10%	40%	18 months from Final Exchange Bulletin
15%	n/a	24 months from Final Exchange Bulletin

15%	n/a	30 months from Final Exchange Bulletin
40%	n/a	36 months from Final Exchange Bulletin

The following table sets out, as at the date of this Filing Statement, the number and percentage of Consideration Shares held in escrow under the Surplus Escrow Agreement prior to giving effect to the Qualifying Transaction, and the number and percentage of Reporting Issuer Shares that will be held in escrow after giving effect to the Qualifying Transaction:

Name and Municipality of Residence of Securityholder	Designation of Class	Prior to Giving Effect to the Investment		After Giving Effect to the Investment and the 2021 Private Placement	
		Number of Securities Held in Escrow	Percentage of Class ⁽¹⁾	Number of Securities to be Held in Escrow ⁽²⁾	Percentage of Class ⁽³⁾
Ilse Eder ⁽⁴⁾ Vienna, Austria	Common Shares	Nil	0%	Nil	0%
Total		Nil	0%	Nil	0%

(1) As the E&E Shareholder, Ms. Eder may be entitled to up to 1,500,000 Consideration Shares pursuant to the Investment upon the completion of certain earn-out milestones. Such Consideration Shares, if issued, would be subject to the Surplus Escrow Agreement.

The Surplus Escrow Agreement provides that the Consideration Shares will be held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the Exchange. In the event of the bankruptcy of an escrow shareholder, provided the Exchange does not object, the Consideration Shares held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the Consideration Shares which shares will remain in escrow subject to the escrow agreement. In the event of the death of an escrow shareholder, provided the Exchange does not object, the Consideration Shares held by the escrow shareholder will be released from escrow. The Transfer Agent is the escrow agent for purposes of the Surplus Escrow Agreement.

PART IV - RISK FACTORS

Where used in this “Risk Factors” section, “E&E” refers to either E&E or the Resulting Issuer as the context may require. The current business of E&E will be the business of the Resulting Issuer upon Completion of the Qualifying Transaction. Accordingly, risk factors relating to E&E’s current business will be risk factors relating to the Resulting Issuer’s business and references to E&E in these risk factors should, where the context requires, be read to include the risks of the Resulting Issuer. Due to the nature of E&E’s business, the legal and economic climate in which it

operates and its present stage of development, E&E is subject to significant risks. The risks presented below should not be considered to be exhaustive and may not be all of the risks that the Resulting Issuer and E&E may face. E&E's future development and operating results may be very different from those expected as at the date of this Filing Statement. Additional risks and uncertainties not presently known to E&E or that E&E currently considers immaterial may also impair the business and operations of the Resulting Issuer and cause the trading price of the Common Shares to decline. If any of the following or other risks occur, the Resulting Issuer's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of the Common Shares could decline and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks. Readers should carefully consider all such risks and other information elsewhere in this Filing Statement before making an investment in E&E or the Resulting Issuer and should not rely upon forward-looking statements as a prediction of future results. Risk factors relating to E&E include, but are not limited to, the factors set out below.

Business Operations, Management and Financing & Investment Risks

No Operating History as an Investment Company

The Resulting Issuer does not have any record of operating as an investment issuer. As such, the Resulting Issuer will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Resulting Issuer will not achieve its financial objectives as estimated by management or at all. Furthermore, past successes of management, officers, the Company's board of directors or the Investment Committee does not guarantee future success.

Portfolio Exposure and Sensitivity to Macro-Economic Conditions

Given the nature of the Resulting Issuer's proposed investment activities, the results of operations and financial condition of the Resulting Issuer will be dependent upon the market value of the Investments that will comprise the Resulting Issuer's portfolio. Market value can be reflective of the actual or anticipated operating results of companies in the portfolio and/or the general market conditions that affect the targeted business sector. Various factors affecting the healthcare sector could have a negative impact on the Resulting Issuer's portfolio of investments and thereby have an adverse effect on its business. Additionally, the Resulting Issuer may invest in small-cap businesses or projects that may never mature or generate adequate returns or may require a number of years to do so.

Macro factors such as fluctuations in technology development and global political and economic conditions could also negatively affect the Resulting Issuer's portfolio of investments. Due to the Resulting Issuer's proposed focus on the healthcare industry, the success of the Resulting Issuer's investments will be interconnected to the strength of the healthcare technology sector. The Resulting Issuer may be adversely affected by the falling share prices of the securities of investee companies; as such, share prices may directly and negatively affect the estimated value of the Resulting Issuer's portfolio of investments. Moreover, company-specific risks, such as the risks associated with healthcare technology market acceptance generally, could have an adverse effect

on one or more of the investments that may comprise the portfolio at any point in time. Company-specific and industry-specific risks that may materially adversely affect the Resulting Issuer's investment portfolio may have a materially adverse impact on operating results. The factors affecting current macro-economic conditions are beyond the control of the Resulting Issuer.

Furthermore, the occurrence of unforeseen or catastrophic events, including the emergence of a pandemic or other widespread health emergency (or concerns over the possibility of such an emergency), terrorist attacks or natural disasters, could create economic and financial disruptions and could lead to operational difficulties that could impair the Resulting Issuer's ability to manage its business.

Cash Flow and Revenue

It is expected that the Resulting Issuer's revenue and cash flow will be generated primarily from its investments, investment income and proceeds from the disposition of investments. The availability of these sources of income and the amounts generated from these sources are dependent upon various factors, many of which are outside of the Resulting Issuer's direct control. The Resulting Issuer's liquidity and operating results may be adversely affected if its access to capital markets is hindered, whether as a result of a downturn in market conditions generally or to matters specific to chosen investments, or if the value of its investments decline, resulting in losses upon disposition.

Private Issuers and Illiquid Securities

The Resulting Issuer may invest in securities of private issuers, start-ups, illiquid securities of public issuers and publicly-traded securities that have low trading volumes. The value of these investments may be affected by factors such as investor demand, resale restrictions, general market trends and regulatory restrictions. Fluctuation in the market value of such investments may occur for a number of reasons beyond the control of the Resulting Issuer and there is no assurance that an adequate market will exist for investments made by the Resulting Issuer. Many of the investments made by the Resulting Issuer may be relatively illiquid and may decline in price if a significant number of such investments are offered for sale by other investors in the Resulting Issuer's investments.

Volatility of Stock Price

The market price of the Common Shares has been and may continue to be subject to wide market fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may adversely affect the market price of the Common Shares, even if the Resulting Issuer is successful in maintaining revenues, cash flows or earnings. The purchase of Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Securities of the Resulting Issuer should not be purchased by persons who cannot

afford the possibility of the loss of their entire investment. Furthermore, an investment in the Resulting Issuer should not constitute a major portion of an investor's portfolio.

Trading Price of Common Shares Relative to Net Asset Value

The Resulting Issuer will neither be a mutual fund nor an investment fund and, due to the nature of its business and investment strategy and the composition of its investment portfolio, the market price of the Common Shares, at any time, may vary significantly from the Resulting Issuer's net asset value per Common Share. This risk is separate and distinct from the risk that the market price of the Common Shares may decrease.

Available Opportunities and Competition for Investments

The success of the Resulting Issuer's operations will depend upon, among others: (a) the availability of appropriate investment opportunities; (b) the Resulting Issuer's ability to identify, select, acquire, grow and exit those investments; and (c) the Resulting Issuer's ability to generate funds for future investments. The Resulting Issuer can expect to encounter competition from other entities having similar investment objectives, including institutional investors and strategic investors. These groups may compete for the same investments as the Resulting Issuer, will have a longer operating history and may be better capitalized, have more personnel and have different return targets. As a result, the Resulting Issuer may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing, which may further limit the Resulting Issuer's ability to generate desired returns. There can be no assurance that there will be a sufficient number of suitable investment opportunities available to invest in or that such investments can be made within a reasonable period of time. There can also be no assurance that the Resulting Issuer will be able to identify suitable investment opportunities, acquire them at a reasonable cost or achieve an appropriate rate of return. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns from investments will be diminished to the extent that the Resulting Issuer is unable to find and make a sufficient number of investments.

Share Prices of Investments

Investments in securities of public, private and start-up companies are subject to volatility in the value of such companies. There can be no assurance that an active trading market for any of the subject investments comprising the Resulting Issuer's investment portfolio is sustainable. The value of such investments could be subject to wide fluctuations in response to various factors beyond the Resulting Issuer's control, including, but not limited to, quarterly variations in the subject companies' results of operations, changes in earnings, development potential, estimates by analysts, conditions in the IT industry and general market or economic conditions. In recent years, equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of the Resulting Issuer's investments.

Concentration of Investments

Other than as described herein, there are no restrictions on the proportion of the Resulting Issuer's funds and no limit on the amount of funds that may be allocated to any particular investment. The Resulting Issuer may participate in a limited number of investments and, as a consequence, its financial results may be substantially adversely affected by the unfavourable performance of a single investment. Completion of two or more investments may result in a highly concentrated investment in a particular company, or geographic area, resulting in the performance of the Resulting Issuer depending significantly on the performance of such company or geographic area.

Dependence on Management, Directors and Investment Committee

The Resulting Issuer will be dependent upon the efforts, skill and business contacts of key members of management, officers, its Resulting Issuer Board and the Investment Committee for, among other things, the information and deal flow they generate during the normal course of their activities and the synergies that exist amongst their various fields of expertise and knowledge. Accordingly, the Resulting Issuer's success may depend upon the continued service of these individuals to the Resulting Issuer. The loss of the services of any of these individuals could have a material adverse effect on the Resulting Issuer's revenues, net income and cash flows and could harm its ability to maintain or grow assets and raise funds.

From time to time, the Resulting Issuer will also need to identify and retain additional skilled management to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Resulting Issuer's success and there can be no assurance of its ability to attract and retain such personnel. If the Resulting Issuer is not successful in attracting and training qualified personnel, the Resulting Issuer's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

Additional Financing Requirements

The Resulting Issuer anticipates ongoing requirements for funds to support its growth and may seek to obtain additional funds for these purposes through public or private equity, or debt financing. There are no assurances that additional funding will be available at all, on acceptable terms or at an acceptable level. Any limitations on the Resulting Issuer's ability to access the capital markets for additional funds could have a material adverse effect on its ability to grow its investment portfolio.

No Guaranteed Return

There is no guarantee that an investment in the securities of the Resulting Issuer will earn any positive return in the short-term or long-term. The task of identifying investment opportunities, monitoring such investments and realizing a significant return is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize a return on such investments successfully. The Resulting Issuer's past performance provides no assurance of the Resulting Issuer's future success.

Due Diligence

The due diligence process undertaken by the Resulting Issuer in connection with investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, the Resulting Issuer will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Resulting Issuer may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Resulting Issuer will rely on resources available, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that is carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Exchange Rate Fluctuations

It is anticipated that a proportion of the Resulting Issuer's investments will be made in Canadian dollars and the Resulting Issuer may also invest in securities denominated or quoted in U.S. dollars or other foreign currencies. Changes in the value of the foreign currencies in which the Resulting Issuer's investments are denominated could have a negative impact on the ultimate return on its investments and overall financial performance.

Non-Controlling Interests

The Resulting Issuer's investments are likely to consist of debt instruments and equity securities of companies that it does not control. These investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Resulting Issuer does not agree or that the majority stakeholders or the management of the investee company may take risks or otherwise act in a manner that does not serve the Resulting Issuer's interests. If any of the foregoing were to occur, the values of the Resulting Issuer's investments could decrease and its financial condition, results of operations and cash flow could suffer as a result.

Potential Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer and the members of the Investment Committee are or may, from time to time, be involved in other financial investments and professional activities that may on occasion cause a conflict of interest with their duties to the Resulting Issuer. These include serving as directors, officers, advisers or agents of other public and private companies, including companies involved in similar businesses to the Resulting Issuer or companies in which the Resulting Issuer may invest. Such conflicts of the Resulting Issuer's directors and officers and members of the Investment Committee may result in a material and adverse effect on the Resulting Issuer's results of operations and financial condition.

Potential Transaction and Legal Risks

The Resulting Issuer intends to manage transaction risks through allocating and monitoring its capital investments in circumstances where the risk to its capital is minimal, carefully screening transactions, and engaging qualified personnel to manage transactions, as necessary. Nevertheless, transaction risks may arise from the Resulting Issuer's investment activities. These risks include market and credit risks associated with its operations. An unsuccessful investment may result in the total loss of such an investment and may have a material adverse effect on the Resulting Issuer's business, results of operations, financial condition and cash flow.

The Resulting Issuer may also be exposed to legal risks in its business, including potential liability under securities or other laws and disputes over the terms and conditions of business arrangements. The Resulting Issuer also faces the possibility that counterparties in transactions will claim that it improperly failed to inform them of the risks involved or that they were not authorized or permitted to enter into such transactions with the Resulting Issuer and that their obligations to the Resulting Issuer are not enforceable. During a prolonged market downturn, the Resulting Issuer expects these types of claims to increase. These risks are often difficult to assess or quantify and their existence and magnitude often remains unknown for substantial periods of time. The Resulting Issuer may incur significant legal and other expenses in defending against litigation involved with any of these risks and may be required to pay substantial damages for settlements and/or adverse judgments. Substantial legal liability or significant regulatory action against the Resulting Issuer could have a material adverse effect on its results of operations and financial condition.

Potential Fluctuation in Operating Results

The Resulting Issuer's revenues and operating results may fluctuate from quarter to quarter and from year to year due to a combination of factors, including, but not limited to: access to funds for working capital, the number of securities sold pursuant to its financing activities and market acceptance of its investments.

Revenues and operating results may also fluctuate based upon the number and extent of potential financing activities in the future. Thus, there can be no assurance that the Resulting Issuer will be able to reach profitability on a quarterly or annual basis. In addition, the initial investment in E&E has a focus on long- term goals over short-term results.

Application of Proceeds of the 2021 Private Placement

Principal Technologies intends to use the proceeds of the 2021 Private Placement as described under "Information Concerning Principal Technologies – Available Funds and Principal Purposes"; however, management will have discretion in the actual application of the net proceeds and may elect to allocate the proceeds differently than as proposed in this Filing Statement if it is believed it would be in the best interests of Principal Technologies to do so as circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of Principal Technologies.

The Resulting Issuer is not required to pay Dividends

To date, Principal Technologies has not paid dividends on any of the Common Shares and the Resulting Issuer does not intend, and is not required, to pay any dividends on the Common Shares

in the foreseeable future. Any decision to pay dividends will be made on the basis of the Resulting Issuer's earnings, financial requirements and other conditions.

Conditions Precedent

There is no assurance that the Investment will receive final Exchange approval or that all other conditions precedent under the Investment Agreement, will be satisfied or waived.

Other Potential Risks

Further potential risks may impair the Resulting Issuer's results such as: new Government regulations and restrictions; access to and restrictions of the internet; foreign financial, political, or economic risks: risks related to the conditions precedent to the closing of the Investment; and other factors beyond the control of the Resulting Issuer and E&E.

PART V - GENERAL MATTERS

Auditor, Transfer Agent and Registrar

Auditor

On Completion of the Qualifying Transaction, the auditor of the Resulting Issuer is expected to be Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, located at Suite 1500, 1140 West Pender Street, Vancouver, British Columbia, V6B 4N9.

Transfer Agent and Registrar

On Closing, TSX Trust Company, of Suite 2700, 650 West Georgia Street, Vancouver, British Columbia, V6B 4N9 will be transfer agent and registrar for the Resulting Issuer on Completion of the Qualifying Transaction. TSX Trust Company has offices in Calgary and Vancouver and will maintain registers on which transfers of the Resulting Issuers' Shares may be recorded in each such municipality.

Sponsorship

Sponsorship for the Qualifying Transaction is required by Exchange policies, unless an exemption is granted. The Exchange granted an exemption from the sponsorship requirements.

Experts

No experts, including individuals or companies who are named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement have, or will have immediately following completion of the Investment, any direct or indirect interest in the Resulting Issuer or E&E.

Other Material Facts

Principal technologies is not aware of any other material facts relating to Principal Technologies, E&E or the Resulting Issuer or to the Qualifying Transaction that are not disclosed under the preceding items and are necessary in order for this Filing Statement to contain full, true and plain disclosure of all material facts relating to Principal Technologies, E&E and the Resulting Issuer, assuming Completion of the Qualifying Transaction, other than those set forth herein.

Board Approval

The Board has approved this Filing Statement. Where information contained in this Filing Statement rests particularly within the knowledge of a Person other than Principal Technologies, Principal Technologies has relied upon information furnished by such Person.

CERTIFICATE OF PRINCIPAL TECHNOLOGIES INC.

Dated July 21, 2021

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Principal Technologies Inc. assuming Completion of the Qualifying Transaction.

/s "John McCoach"

John McCoach

Interim Chief Executive Officer

/s "Frank Stronach"

Frank Stronach

Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS OF
PRINCIPAL TECHNOLOGIES INC.**

/s "Azim Dhalla"

Azim Dhalla

/s "John McCoach"

John McCoach

SCHEDULE "A"
PRINCIPAL TECHNOLOGIES FINANCIAL STATEMENTS

(see attached)

PRINCIPAL TECHNOLOGIES INC
(Formerly Connaught Ventures Inc.)

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

NINE MONTHS ENDED APRIL 30, 2021

PRINCIPAL TECHNOLOGIES INC.
(Formerly **Connaught Ventures Inc.**)
INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

	April 30, 2021	July 31, 2020 (Audited)
ASSETS		
Current		
Cash	\$ 1,460,321	\$ 1,635,190
	<u>\$ 1,460,321</u>	<u>\$ 1,635,190</u>
LIABILITIES		
Current		
Accrued payables	\$ 48,854	\$ 8,000
SHAREHOLDERS' EQUITY		
Share capital (Note 3)	1,715,030	1,715,030
Reserve (Note 3)	40,703	40,703
Deficit	<u>(344,266)</u>	<u>(128,543)</u>
	<u>1,411,467</u>	<u>1,627,190</u>
	<u>\$ 1,460,321</u>	<u>\$ 1,635,190</u>
Nature and continuance of operations (Note 1)		
Subsequent event (Note 6)		

The accompanying notes are an integral part of these unaudited interim financial statements.

PRINCIPAL TECHNOLOGIES INC.
(Formerly **Connaught Ventures Inc.**)
INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

	Three months ended April 30, 2021	Three months ended April 30, 2020	Nine months ended April 30, 2021	Nine months ended April 30, 2020
EXPENSES				
Administration	\$ 2,276	\$ -	\$ 2,467	\$ 25
Professional fees	125,724	4,186	175,673	4,186
Transfer agent and filing fees	<u>32,880</u>	<u>6,168</u>	<u>37,583</u>	<u>7,289</u>
Loss and comprehensive loss for the period	\$ (160,880)	\$ (10,354)	\$ (215,723)	\$ (11,500)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding	2,024,000	2,024,000	2,024,000	2,024,000

The accompanying notes are an integral part of these unaudited interim financial statements.

PRINCIPAL TECHNOLOGIES INC.
(Formerly **Connaught Ventures Inc.**)
INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – prepared by management)
(Expressed in Canadian Dollar)

	Share Capital			Reserve	Total Shareholders' Equity
	Common Shares	Amount	Deficit		
Balance, July 31, 2019	4,024,000 \$	230,372 \$	(84,249) \$	40,703 \$	186,826
Net and comprehensive loss for the year	-	-	(11,500)	-	(11,500)
Balance, April 30, 2020	4,024,000 \$	230,372 \$	(95,749) \$	40,703 \$	175,326
Balance, July 31, 2020	16,524,000 \$	1,715,030 \$	(128,543) \$	40,703 \$	1,627,190
Net and comprehensive loss for the year	-	-	(215,723)	-	(215,723)
Balance, April 30, 2021	16,524,000 \$	1,715,030 \$	(344,266) \$	40,703 \$	1,411,467

The accompanying notes are an integral part of these unaudited interim financial statements.

PRINCIPAL TECHNOLOGIES INC.
(Formerly Connaught Ventures Inc.)
INTERIM STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED APRIL 30,
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

	2021	2020
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	\$ (215,723)	\$ (11,500)
Change in non-cash working capital item:		
Prepaid expenses	<u>40,854</u>	<u>(6,589)</u>
Net cash used in operating activities	<u>(174,869)</u>	<u>(18,089)</u>
Change in cash during the period	(174,869)	(18,089)
Cash, beginning of period	<u>1,635,190</u>	<u>205,724</u>
Cash, end of period	<u>\$ 1,460,321</u>	<u>\$ 187,635</u>

The Company did not incur any interest or tax expenditures for nine months ended April 30, 2021 and 2020.

There were no non-cash transactions for the nine months ended April 30, 2021 and 2020.

The accompanying notes are an integral part of these unaudited interim financial statements.

PRINCIPAL TECHNOLOGIES INC.
(Formerly Connaught Ventures Inc.)
NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED APRIL 30, 2021
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Principal Technologies Inc. (formerly Connaught Ventures Inc.) (the “Company”) is a company domiciled in Canada. The Company was incorporated on April 3, 2018 under the laws of the Province of British Columbia. The address of the Company’s registered and records office is 25th Floor, 700 W Georgia St., Vancouver, B.C., V7Y 1B3.

During the year ended July 31, 2019 the Company completed the process of applying to list its common shares on the TSX-Venture Exchange (“TSX-V”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSX-V Corporate Finance Manual and completed its initial public offering of its common shares on October 29, 2018 (Note 3).

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. While the Company has positive working capital of \$1,411,467 at April 30, 2021, it has a deficit of \$344,266 on this date and has not generated any revenue, creating significant doubt as to the Company’s ability to continue as a going concern. The Company’s continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses within 24 months of listing on the TSX-V.

The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The Company may require additional financing to meet its projected minimum financial obligations for the next fiscal year. The Company is aware, in making its assessment, of material uncertainties which may cast significant doubt on the Company’s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

PRINCIPAL TECHNOLOGIES INC.
(Formerly **Connaught Ventures Inc.**)
NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED APRIL 30, 2021
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended July 31, 2020.

These financial statements were approved by the Board of Directors and authorized for issue on June 28, 2021.

Basis of measurement

These financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

Significant accounting judgments and estimates

The preparation of these financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The preparation of these financial statements also requires management to exercise judgment in the process of applying the accounting policies.

The preparation of financial statements in accordance with IFRS requires the Company to make judgements apart from those involving estimates, in applying accounting policies. Management has determined that the only significant judgement applying to the financial statements for the period ended April 31, 2021 is the Company’s ability to continue as a going concern.

PRINCIPAL TECHNOLOGIES INC.
(Formerly **Connaught Ventures Inc.**)
NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED APRIL 30, 2021
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

3. SHARE CAPITAL

Authorized: Unlimited common shares without par value

In July 2020, the Company closed a non-brokered private placement of 12,500,000 common shares at a price of \$0.12 per share for gross proceeds of \$1,500,000. The Company incurred share issuance cost of \$15,342.

STOCK OPTIONS

The Company has a rolling stock option plan (the “plan”) that authorizes the board of directors to grant incentive stock options to directors, officers, consultants and employees, whereby a maximum of 10% of the issued common shares are reserved for issuance under the plan. Under the Plan, the exercise price of each option may not be less than the market price of the Company’s shares at the date of grant. Options granted under the Plan will have a term not to exceed five years and be subject to vesting provisions as determined by the board of directors of the Company.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding April 30, 2021	400,000	\$ 0.10

As at April 30, 2021, the Company had 400,000 stock options exercisable at a price of \$0.10 per option to October 28, 2023.

ESCROW SHARES

2,000,000 shares issued to the principals of the Company and 12,500,000 shares issued to an investor under the CPC agreements are subject to escrow conditions required by applicable securities laws and the TSX-V requirements.

WARRANTS

The following table summarizes the Company’s warrant activity:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, July 31, 2019 and 2020	176,000	\$ 0.10
Expired unexercised	(176,000)	0.10
Outstanding April 30, 2021	-	\$ -

RESERVE

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

PRINCIPAL TECHNOLOGIES INC.
(Formerly **Connaught Ventures Inc.**)
NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED APRIL 30, 2021
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash. Cash has been designated as fair value through profit and loss. The fair value of these financial instruments approximates their carrying value due to the short-term nature of these instruments, except for cash which is valued at a level 1 fair value measurement. All the Company's financial liabilities have contractual maturities less than 30 days and are subject to normal trade terms.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and other price risk. There has been no change in the way management managed these risks for the period.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The cash is held in a large Canadian financial institution, which has a strong credit rating from a primary credit rating institution.

b) Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the short-term nature of the Company's financial instruments fluctuations in market rates do not have a significant impact on estimated fair values as of April 30, 2021. Future cash flows from interest income on cash will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity issuances. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

c) Price risk

The Company is exposed to price risk with respect to equity prices.

PRINCIPAL TECHNOLOGIES INC.
(Formerly **Connaught Ventures Inc.**)
NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED APRIL 30, 2021
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

5. CAPITAL MANAGEMENT

The Company is a Capital Pool Company and this involves a high degree of risk. The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal as the Company does not generate cash flow from current operations. Accordingly, the Company is not subject to any externally imposed capital requirements.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions. The Company believes that it will be able to raise sufficient funds from share issuances to fund its working capital for the coming year. There have been no changes to the Company's approach to capital management during the period.

Cash on hand will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction.

Cash from proceeds of share issuance are restricted pursuant to section 8.4 of TSX-V policy 2.4.

6. SUBSEQUENT EVENT

On June 11, 2021, the Company entered into a definitive investment agreement (the "Investment Agreement") with respect to the acquisition of an 80% interest (the "Investment") in E&E CRO Consulting GmbH ("E&E").

The Investment will be structured as a share acquisition pursuant to which the Company will acquire 80% of the issued and outstanding securities of E&E in accordance with the Investment Agreement. As consideration for the Investment, the Company will pay the shareholder of E&E:

- (i) aggregate upfront consideration of Euro €100,000; plus
- (ii) 1,000,000 common shares in the capital of the Company, (each, a "Common Share") if E&E earns Euro €125,000 in profit before tax from the period from April 1, 2021 to March 31, 2022; plus
- (iii) 250,000 common shares if E&E earns Euro €250,000 in profit before tax from the period from April 1, 2021 to March 31, 2022; plus
- (iv) 250,000 common shares if E&E earns Euro €500,000 in profit before tax from the period from April 1, 2022 to March 31, 2023.

Concurrently with or in advance of the Investment, the Company intends to complete the 2021 Private Placement at the Closing to raise \$293,434 through the issuance of 1,833,960 Common Shares at a price of \$0.16 per Common Share.

It is expected that following the completion of the Investment and the 2021 Private Placement, the Company will have a total of approximately 18.3 million Common Shares outstanding on a non-diluted basis, comprised of approximately 16.5 million Common Shares representing the currently issued and outstanding shares of the Company, and approximately 1.8 million Common Shares representing the shares issued in connection with the 2021 Private Placement, but excluding the 1.5 million Common Shares that may become issuable on March 31, 2023 pursuant to the earn-out within the Investment Agreement. The Company will be required to pay Euro €10,000 to a finder upon the closing of the Investment.

Completion of the Investment is subject to TSX-V approval.

CONNAUGHT VENTURES INC.

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

YEAR ENDED JULY 31, 2020



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Connaught Ventures Inc.

Opinion

We have audited the financial statements of Connaught Ventures Inc. (the "Company"), which comprise the statements of financial position as at July 31, 2020 and 2019, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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.

(cont'd...)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

November 27, 2020



An independent firm
associated with Moore
Global Network Limited

CONNAUGHT VENTURES INC.
STATEMENTS OF FINANCIAL POSITION
AS AT JULY 31,
(Expressed in Canadian Dollars)

	2020	2019
ASSETS		
Current		
Cash	\$ 1,635,190	\$ 205,724
	<u>\$ 1,635,190</u>	<u>\$ 205,724</u>
LIABILITIES		
Current		
Accrued payables	\$ 8,000	\$ 18,898
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	1,715,030	230,372
Reserve (Note 4)	40,703	40,703
Deficit	<u>(128,543)</u>	<u>(84,249)</u>
	<u>1,627,190</u>	<u>186,826</u>
	<u>\$ 1,635,190</u>	<u>\$ 205,724</u>

Nature and continuance of operations (Note 1)

The accompanying notes are an integral part of these financial statements.

CONNAUGHT VENTURES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEARS ENDED JULY 31,
(Expressed in Canadian Dollars)

	2020	2019
EXPENSES		
Administration	\$ 182	\$ 59
Professional fees	32,641	29,545
Share-based compensation (Note 4)	-	30,076
Transfer agent and filing fees	<u>11,471</u>	<u>15,709</u>
Loss and comprehensive loss for the year	<u>\$ (44,294)</u>	<u>\$ (75,389)</u>
Basic and diluted loss per common share	<u>\$ (0.02)</u>	<u>\$ (0.05)</u>
Weighted average number of common shares outstanding	<u>2,024,000</u>	<u>1,514,608</u>

The accompanying notes are an integral part of these financial statements.

CONNAUGHT VENTURES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED JULY 31, 2020 and 2019
(Expressed in Canadian Dollar)

	Share Capital				Reserve	Total Shareholders' Equity
	Common Shares	Amount	Deficit	Reserve		
Balance, July 31, 2018						
Shares issued for cash (Note 4)	2,000,000 \$	100,000 \$	(8,860) \$	- \$	- \$	91,140
Share issuance costs (Note 4)	2,000,000	200,000	-	-	-	200,000
Share-based payments (Note 4)	-	(72,028)	-	10,627	-	(61,401)
Exercise of warrants (Note 4)	24,000	2,400	-	30,076	-	30,076
Net and comprehensive loss for the year	-	-	(75,389)	-	-	2,400
						(75,389)
Balance, July 31, 2019						
Shares issued for cash (Note 4)	4,024,000	230,372	(84,249)	40,703	-	186,826
Share issuance costs (Note 4)	12,500,000	1,500,000	-	-	-	1,500,000
Net and comprehensive loss for the year	-	(15,342)	(44,294)	-	-	(15,342)
						(44,294)
Balance, July 31, 2020						
	16,524,000 \$	1,715,030 \$	(128,543) \$	40,703 \$	- \$	1,627,190

The accompanying notes are an integral part of these financial statements.

CONNAUGHT VENTURES INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31,
(Expressed in Canadian Dollars)

	2020	2019
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	\$ (44,294)	\$ (75,389)
Item not affecting cash:		
Share-based payments	-	30,076
Change in non-cash working capital item:		
Accrued payables	(10,898)	18,898
Prepaid expenses	-	21,250
Net cash used in operating activities	<u>(55,192)</u>	<u>(5,165)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issuance of share capital	1,500,000	202,400
Share issuance costs	<u>(15,342)</u>	<u>(61,401)</u>
Net cash from financing activities	<u>1,484,658</u>	<u>140,999</u>
Increase in cash during the year	1,429,466	135,834
Cash, beginning of year	<u>205,724</u>	<u>69,890</u>
Cash, end of year	<u>\$ 1,635,190</u>	<u>\$ 205,724</u>

There were no non-cash transactions for the year ended July 31, 2020.

During the year ended July 31, 2019, included in share issuance costs was agent warrants valued at \$10,627.

The accompanying notes are an integral part of these financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Connaught Ventures Inc. (the “Company”) is a company domiciled in Canada. The Company was incorporated on April 3, 2018 under the laws of the Province of British Columbia. The address of the Company’s registered and head office is Suite 1510, 789 West Pender Street, Vancouver, B.C., V6C 1H2.

During the year ended July 31, 2019 the Company completed the process of applying to list its common shares on the TSX-Venture Exchange (“TSX-V”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSX-V Corporate Finance Manual and completed its initial public offering of its common shares on October 29, 2018 (Note 4).

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. While the Company has positive working capital of \$1,627,190 at July 31, 2020, it has a deficit of \$128,543 on this date and has not generated any revenue, creating significant doubt as to the Company’s ability to continue as a going concern. The Company’s continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses within 24 months of listing on the TSX-V.

The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The Company may require additional financing to meet its projected minimum financial obligations for the next fiscal year. The Company is aware, in making its assessment, of material uncertainties which may cast significant doubt on the Company’s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements were approved by the Board of Directors and authorized for issue on November 27, 2020.

2. BASIS OF PRESENTATION (continued)

Basis of measurement

These financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Significant accounting judgments and estimates

The preparation of these financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The preparation of these financial statements also requires management to exercise judgment in the process of applying the accounting policies.

The preparation of financial statements in accordance with IFRS requires the Company to make judgements apart from those involving estimates, in applying accounting policies. Management has determined that the only significant judgement applying to the financial statements for the year ended July 31, 2020 is the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Share capital

Common shares:

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Non-monetary consideration:

Where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received or given up is not readily determinable, the fair market value of the shares is used to record the transaction. The fair market value of the shares is based on the trading price of those shares on the appropriate stock exchange on the date of the agreement to issue or receive shares as determined by the board of directors.

Share-based payment transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Where the share options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital (continued)

Where share options are granted to non-employees, fair value is measured at grant date at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

All share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for unused tax loss carry forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is more likely than not that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic and diluted loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments on August 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking “expected loss” impairment model.

The following is the Company’s accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL. Cash is classified at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Leases

IFRS 16, Leases: This new standard replaces IAS 17 “Leases” and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The Company adopted IFRS effective August 1, 2019.

The Company has considered the impact of this change and has determined that, since the Company currently has no leases, the new standard has not had any material impact on the Company’s financial statements.

4. SHARE CAPITAL

Authorized: Unlimited common shares without par value

In October 2018, the Company completed its initial public offering and issued 2,000,000 common shares for gross proceeds of \$200,000. The Company paid a finder’s fee of \$20,000 and issued 200,000 agent warrants, entitling the holder to acquire one common share per warrant for \$0.10 for a period of two years. The Company has estimated the fair value of the agent warrants to be \$10,627 based on the Black-Scholes Option Pricing Model. The assumptions used for the Black-Scholes valuation of the agent warrants were as follows: a risk-free interest rate of 2.29%, an expected life of two years, a dividend rate of 0%, forfeiture rate of 0%, and an annualized volatility of 100%. In addition, the Company incurred other costs of \$41,401 in completing its initial public offering.

During the year ended July 31, 2019, the Company received \$2,400 on the exercise of 24,000 warrants.

In July 2020, the Company closed a non-brokered private placement of 12,500,000 common shares at a price of \$0.12 per share for gross proceeds of \$1,500,000. The Company incurred share issuance cost of \$15,342.

All securities issued in connection with the private placement are subject to a four-month hold period and to the terms of a CPC Escrow Agreement dated as of May 18, 2020.

STOCK OPTIONS

The Company has a rolling stock option plan (the “plan”) that authorizes the board of directors to grant incentive stock options to directors, officers, consultants and employees, whereby a maximum of 10% of the issued common shares are reserved for issuance under the plan. Under the Plan, the exercise price of each option may not be less than the market price of the Company’s shares at the date of grant. Options granted under the Plan will have a term not to exceed five years and be subject to vesting provisions as determined by the board of directors of the Company.

CONNAUGHT VENTURES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2020
(Expressed in Canadian Dollars)

4. SHARE CAPITAL (continued)

STOCK OPTIONS (continued)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, July 31, 2018	-	-
Granted	400,000	\$ 0.10
Outstanding and exercisable, July 31, 2019 and 2020	400,000	\$ 0.10

During the year ended July 31, 2020, the Company granted Nil (2019 - 400,000) stock options to directors and officers of the Company. The fair value of the options granted during the year was \$Nil (2019 - \$30,076), based on the Black-Scholes Option Pricing Model. The weighted average of the fair value per option was \$Nil (2019 - \$0.075). The Company used the following assumptions for the Black-Scholes Option Pricing Model:

	2020	2019
Risk-free interest rate	-	2.40%
Expected life of options	-	5.0 years
Annualized volatility	-	100%
Dividend rate	-	0.00%
Forfeiture rate	-	0.00%

As at July 31, 2020, the Company had 400,000 stock options exercisable at a price of \$0.10 per option to October 28, 2023.

ESCROW SHARES

2,000,000 shares issued to the principals of the Company and 12,500,000 shares issued to an investor under the CPC agreements are subject to escrow conditions required by applicable securities laws and the TSX-V requirements.

WARRANTS

The following table summarizes the Company's warrant activity:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, July 31, 2018	-	\$ -
Issued	200,000	0.10
Exercised	(24,000)	0.10
Outstanding, July 31, 2019 and 2020	176,000	\$ 0.10

As at July 31, 2020, the Company had 176,000 warrants exercisable at \$0.10 per warrant to October 28, 2020. These warrants subsequently expired on October 28, 2020 without exercise.

4. SHARE CAPITAL (continued)

RESERVE

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash. Cash has been designated as fair value through profit and loss. The fair value of these financial instruments approximates their carrying value due to the short-term nature of these instruments, except for cash which is valued at a level 1 fair value measurement. All the Company's financial liabilities have contractual maturities less than 30 days and are subject to normal trade terms.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and other price risk. There has been no change in the way management managed these risks for the period.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The cash is held in a large Canadian financial institution, which has a strong credit rating from a primary credit rating institution.

b) Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the short-term nature of the Company's financial instruments fluctuations in market rates do not have a significant impact on estimated fair values as of July 31, 2020. Future cash flows from interest income on cash will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity issuances. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

d) Price risk

Price risk is the risk of financial loss to the Company as a result of equity price fluctuations. The Company is exposed to price risk with respect to equity prices.

CONNAUGHT VENTURES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2020
(Expressed in Canadian Dollars)

6. CAPITAL MANAGEMENT

The Company is a Capital Pool Company and this involves a high degree of risk. The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal as the Company does not generate cash flow from current operations. Accordingly, the Company is not subject to any externally imposed capital requirements.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions. The Company believes that it will be able to raise sufficient funds from share issuances to fund its working capital for the coming year. There have been no changes to the Company's approach to capital management during the period.

Cash on hand will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction.

Cash from proceeds of share issuance are restricted pursuant to section 8.4 of TSX-V policy 2.4 as follows:

- (a) Until the Completion of the Qualifying Transaction, no more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Company and \$210,000 may be used for purposes other than as provided in section 8.3.
- (b) Until the Completion of the Qualifying Transaction, no proceeds from the sale of securities of the Company may be used to acquire or lease a vehicle.
- (c) The restrictions in this Policy on expenditures and the use of proceeds continue to apply until Completion of the Qualifying Transaction.
- (d) If the Company completes a Qualifying Transaction before spending the entire proceeds on identifying and evaluating properties or businesses, the Company may use the remaining funds to finance or partly finance the acquisition of, or participation in the significant assets.

7. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	July 31, 2020	July 31, 2019
Net income (loss)	\$ (44,294)	\$ (75,389)
Statutory tax rate	27%	27%
Expected income tax recovery	(11,959)	(20,355)
Share issuance costs	(4,142)	19,448
Change in valuation allowance	16,101	907
Deferred income tax recovery	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	July 31, 2020	July 31, 2019
Non-capital losses	\$ 43,314	\$ 22,611
Share issuance costs	14,983	19,448
	58,297	42,195
Valuation allowance	(58,297)	(42,195)
Net deferred tax asset	\$ -	\$ -

CONNAUGHT VENTURES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2020
(Expressed in Canadian Dollars)

7. INCOME TAXES (continued)

The Company has non-capital losses of approximately \$160,424 that may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through 2040. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize these benefits.

CONNAUGHT VENTURES INC.

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

YEAR ENDED JULY 31, 2019



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Connaught Ventures Inc.

Opinion

We have audited the financial statements of Connaught Ventures Inc. (the "Company"), which comprise the statements of financial position as at July 31, 2019 and 2018, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended July 31, 2019 and the period from incorporation on April 3, 2018 to July 31, 2018, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2019 and 2018, and its financial performance and its cash flows for the year ended July 31, 2019 and the period from incorporation on April 3, 2018 to July 31, 2018, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of \$75,389 during the year ended July 31, 2019. This event or condition, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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.

(cont'd...)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

November 26, 2019



MOORE

An independent firm
associated with Moore
Global Network Limited

CONNAUGHT VENTURES INC.
STATEMENTS OF FINANCIAL POSITION
AS AT JULY 31,
(Expressed in Canadian Dollars)

	2019	2018
ASSETS		
Current		
Cash	\$ 205,724	\$ 69,890
Prepaid expenses	<u>-</u>	<u>21,250</u>
	<u>\$ 205,724</u>	<u>\$ 91,140</u>
SHAREHOLDERS' EQUITY		
Liabilities		
Accrued payables	<u>\$ 18,898</u>	<u>\$ -</u>
Shareholders' equity		
Share capital (Note 4)	230,372	100,000
Reserve (Note 4)	40,703	-
Deficit	<u>(84,249)</u>	<u>(8,860)</u>
	<u>186,826</u>	<u>91,940</u>
	<u>\$ 205,724</u>	<u>\$ 91,140</u>

Nature and continuance of operations (Note 1)

The accompanying notes are an integral part of these financial statements.

CONNAUGHT VENTURES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year ended July 31, 2019	Period of incorporation on April 3, 2018 to July 31, 2018
EXPENSES		
Administration	\$ 59	\$ 182
Professional fees	29,545	-
Share-based compensation (Note 4)	30,076	-
Transfer agent and filing fees	<u>15,709</u>	<u>8,678</u>
Loss and comprehensive loss for the period	<u>\$ (75,389)</u>	<u>\$ (8,860)</u>
Basic and diluted loss per common share	<u>\$ (0.05)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding	<u>1,514,608</u>	<u>444,444</u>

The accompanying notes are an integral part of these financial statements.

CONNAUGHT VENTURES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollar)

	Share Capital				Reserve	Total Shareholders' Equity
	Common Shares	Amount	Deficit	Amount		
Balance, April 3, 2018	- \$	- \$	- \$	- \$	- \$	-
Net and comprehensive loss for the period	-	-	(8,860)	-	-	(8,860)
Shares issued for cash (Note 4)	2,000,000	100,000	-	-	-	100,000
Balance, July 31, 2018	2,000,000	100,000	(8,860)	-	-	91,140
Shares issued for cash (Note 4)	2,000,000	200,000	-	-	-	200,000
Share issuance costs (Note 4)	-	(72,028)	-	10,627	-	(61,401)
Share-based payments (Note 4)	-	-	-	30,076	-	30,076
Exercise of warrants (Note 4)	24,000	2,400	-	-	-	2,400
Net and comprehensive loss for the year	-	-	(75,389)	-	-	(75,389)
Balance, July 31, 2019	4,024,000 \$	230,372 \$	(84,249) \$	40,703 \$	-	186,826

The accompanying notes are an integral part of these financial statements.

CONNAUGHT VENTURES INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended July 31, 2019	Period of incorporation on April 3, 2018 to July 31, 2018
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	\$ (75,389)	\$ (8,860)
Item not affecting cash:		
Share-based payments	30,076	-
Change in non-cash working capital item:		
Accrued payables	18,898	-
Prepaid expenses	<u>21,250</u>	<u>(21,250)</u>
Net cash used in operating activities	<u>(5,165)</u>	<u>(30,110)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issuance of share capital	202,400	100,000
Share issuance costs	<u>(61,401)</u>	<u>-</u>
Net cash from financing activities	<u>140,999</u>	<u>100,000</u>
Change in cash during the period	135,834	69,890
Cash, beginning of period	<u>69,890</u>	<u>-</u>
Cash, end of period	<u>\$ 205,724</u>	<u>\$ 69,890</u>

The Company did not incur any interest or tax expenditures for periods ended July 31, 2019 and 2018.

During the year ended July 31, 2019, included in share issuance costs was agent warrants valued at \$10,627.

There were no non-cash transactions for the period ended July 31, 2018.

The accompanying notes are an integral part of these financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Connaught Ventures Inc. (the “Company”) is a company domiciled in Canada. The Company was incorporated on April 3, 2018 under the laws of the Province of British Columbia. The address of the Company’s registered and head office is Suite 1510, 789 West Pender Street, Vancouver, B.C., V6C 1H2.

During the year ended July 31, 2019 the Company completed the process of applying to list its common shares on the TSX-Venture Exchange (“TSX-V”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSX-V Corporate Finance Manual and completed its initial public offering of its common shares on October 29, 2018 (Note 6).

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. While the Company has positive working capital of \$186,826 at July 31, 2019, it has a deficit of \$84,249 on this date, creating significant doubt as to the Company’s ability to continue as a going concern. The Company’s continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses within 24 months of listing on the TSX-V.

The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The Company may require additional financing to meet its projected minimum financial obligations for the next fiscal year. The Company is aware, in making its assessment, of material uncertainties which may cast significant doubt on the Company’s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements were approved by the Board of Directors and authorized for issue on November 26, 2019.

Basis of measurement

These financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

2. BASIS OF PRESENTATION (continued)

Significant accounting judgments and estimates

The preparation of these financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The preparation of these financial statements also requires management to exercise judgment in the process of applying the accounting policies.

The preparation of financial statements in accordance with IFRS requires the Company to make judgements apart from those involving estimates, in applying accounting policies. Management has determined that the only significant judgement applying to the financial statements for the year ended July 31, 2019 is the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Share capital

Common shares:

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Non-monetary consideration:

Where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received or given up is not readily determinable, the fair market value of the shares is used to record the transaction. The fair market value of the shares is based on the trading price of those shares on the appropriate stock exchange on the date of the agreement to issue or receive shares as determined by the board of directors.

Share-based payment transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Where the share options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where share options are granted to non-employees, fair value is measured at grant date at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

All share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for unused tax loss carry forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is more likely than not that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic and diluted loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments on August 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking “expected loss” impairment model.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at August 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash	FVTPL	FVTPL

The adoption of IFRS 9 resulted no reclassifications to the opening accumulated deficit as at August 1, 2018.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Recent accounting pronouncements

The following IFRS standard has been recently issued by the IASB. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

IFRS 16 - Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019. The Company does not have any lease agreements and believes that IFRS 16 will not effect the Company.

4. SHARE CAPITAL

Authorized: Unlimited common shares without par value

During the period ended July 31, 2018, the Company issued 2,000,000 common shares at a price of \$0.05 for gross proceeds of \$100,000.

In October 2018, the Company completed its initial public offering and issued 2,000,000 common shares for gross proceeds of \$200,000. The Company paid a finder's fee of \$20,000 and issued 200,000 agent warrants, entitling the holder to acquire one common share per warrant for \$0.10 for a period of two years. The Company has estimated the fair value of the agent warrants to be \$10,627 based on the Black-Scholes Option Pricing Model. The assumptions used for the Black-Scholes valuation of the agent warrants were as follows: a risk-free interest rate of 2.29%, an expected life of two years, a dividend rate of 0%, forfeiture rate of 0%, and an annualized volatility of 100%. In addition, the Company incurred other costs of \$41,401 in completing its initial public offering.

During the year ended July 31, 2019, the Company received \$2,400 on the exercise of 24,000 warrants.

CONNAUGHT VENTURES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2019
(Expressed in Canadian Dollars)

4. SHARE CAPITAL (continued)

STOCK OPTIONS

The Company has a rolling stock option plan (the “plan”) that authorizes the board of directors to grant incentive stock options to directors, officers, consultants and employees, whereby a maximum of 10% of the issued common shares are reserved for issuance under the plan. Under the Plan, the exercise price of each option may not be less than the market price of the Company’s shares at the date of grant. Options granted under the Plan will have a term not to exceed five years and be subject to vesting provisions as determined by the board of directors of the Company.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, April 3, 2018 and July 31, 2018	-	-
Granted	400,000	\$ 0.10
Outstanding and exercisable, July 31, 2019	400,000	\$ 0.10

During the year ended July 31, 2019, the Company granted 400,000 stock options to directors and officers of the Company. The fair value of the options granted during the period was \$30,076, based on the Black-Scholes Option Pricing Model. The weighted average of the fair value per option was \$0.075. The Company used the following assumptions for the Black-Scholes Option Pricing Model:

	2019	2018
Risk-free interest rate	2.40%	-
Expected life of options	5.0 years	-
Annualized volatility	100%	-
Dividend rate	0.00%	-
Forfeiture rate	0.00%	-

As at July 31, 2019, the Company had 400,000 stock options exercisable at a price of \$0.10 per option to October 28, 2023.

ESCROW SHARES

2,000,000 shares issued to the principals of the Company under the CPC agreement are subject to escrow conditions required by applicable securities laws and the TSX-V requirements.

CONNAUGHT VENTURES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2019
(Expressed in Canadian Dollars)

4. SHARE CAPITAL (continued)

WARRANTS

The following table summarizes the Company's warrant activity:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, April 3, 2018 and July 31, 2018	-	\$ -
Issued	200,000	0.10
Exercised	<u>(24,000)</u>	0.10
Outstanding, July 31, 2019	<u>176,000</u>	\$ 0.10

As at July 31, 2019, the Company had 176,000 warrants exercisable at \$0.10 per warrant to October 28, 2020.

RESERVE

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash. Cash has been designated as fair value through profit and loss. The fair value of these financial instruments approximates their carrying value due to the short-term nature of these instruments, except for cash which is valued at a level 1 fair value measurement. All the Company's financial liabilities have contractual maturities less than 30 days and are subject to normal trade terms.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and other price risk. There has been no change in the way management managed these risks for the period.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The cash is held in a large Canadian financial institution, which has a strong credit rating from a primary credit rating institution.

b) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Interest rate risk (continued)

Due to the short-term nature of the Company's financial instruments fluctuations in market rates do not have a significant impact on estimated fair values as of July 31, 2019. Future cash flows from interest income on cash will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity issuances. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

d) Price risk

The Company is exposed to price risk with respect to equity prices.

6. CAPITAL MANAGEMENT

The Company is a Capital Pool Company and this involves a high degree of risk. The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal as the Company does not generate cash flow from current operations. Accordingly, the Company is not subject to any externally imposed capital requirements.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions. The Company believes that it will be able to raise sufficient funds from share issuances to fund its working capital for the coming year. There have been no changes to the Company's approach to capital management during the period.

Cash on hand will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction.

Cash from proceeds of share issuance are restricted pursuant to section 8.4 of TSX-V policy 2.4 as follows:

- (a) Until the Completion of the Qualifying Transaction, no more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Company and \$210,000 may be used for purposes other than as provided in section 8.3.
- (b) Until the Completion of the Qualifying Transaction, no proceeds from the sale of securities of the Company may be used to acquire or lease a vehicle.
- (c) The restrictions in this Policy on expenditures and the use of proceeds continue to apply until Completion of the Qualifying Transaction.
- (d) If the Company completes a Qualifying Transaction before spending the entire proceeds on identifying and evaluating properties or businesses, the Company may use the remaining funds to finance or partly finance the acquisition of, or participation in the significant assets.

CONNAUGHT VENTURES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2019
(Expressed in Canadian Dollars)

7. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	July 31, 2019	July 31, 2018
Net income (loss)	\$ (75,389)	\$ (8,680)
Statutory tax rate	27%	26%
Expected income tax recovery	(20,355)	(2,256)
Share issuance costs	19,448	-
Change in valuation allowance	907	2,256
Deferred income tax recovery	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	July 31, 2019	July 31, 2018
Non-capital losses	\$ 22,611	\$ 2,256
Share issuance costs	(19,448)	-
	3,163	2,256
Valuation allowance	(3,163)	(2,256)
Net deferred tax asset	\$ -	\$ -

The Company has non-capital losses of approximately \$83,750 that may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through 2039. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize these benefits.

SCHEDULE "B"
PRINCIPAL TECHNOLOGIES MD&A

(see attached)

PRINCIPAL TECHNOLOGIS INC.
(Formerly Connaught Ventures Inc.)
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS ENDED APRIL 30, 2021

OVERVIEW

The following management discussion and analysis (“MDA”) of the financial position of Principal Ventures Inc. (formerly Connaught Ventures Inc.) (“the Company”), and results of operations prepared on June 28, 2021, should be read in conjunction with the unaudited interim financial statements for the nine months ended April 30, 2021 and the audited financial statements for the year ended July 31, 2020. All amounts are stated in Canadian dollars unless otherwise indicated. These financial statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

The head office, the principal address, and the registered and records office of the Company are located at 25th Floor, 700 W Georgia St., Vancouver, B.C., V7Y 1B3.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available for view on SEDAR at www.sedar.com or by requesting further information from the Company’s head office in Vancouver.

DESCRIPTION OF BUSINESS

The Company was incorporated under the Business Corporations Act (British Columbia) on April 3, 2018. It was incorporated for the purposes of becoming a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4.

The Company completed its final prospectus on August 28, 2018 for the purposes of completing an IPO becoming a CPC trading on the TSX-V.

In October 2018, the Company completed its IPO, issuing 2,000,000 common shares at \$0.10 per share for total gross proceeds of \$200,000. The Company also issued non transferrable agents warrants to purchase 200,000 common shares at a price of \$0.10, expiring 24 months from the date of issuance.

The principal business of the Company is to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction (“QT”). The Final Prospectus was filed and is available for view on SEDAR.

The proposed business of the Company and the completion of a QT involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company’s ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

SUBSEQUENT EVENT

On June 11, 2021, the Company entered into a definitive investment agreement (the “Investment Agreement”) with respect to the acquisition of an 80% interest (the “Investment”) in E&E CRO Consulting GmbH (“E&E”).

The Investment will be structured as a share acquisition pursuant to which the Company will acquire 80% of the issued and outstanding securities of E&E in accordance with the Investment Agreement. As consideration for the Investment, the Company will pay the shareholder of E&E:

- (i) aggregate upfront consideration of Euro €100,000; plus
- (ii) 1,000,000 common shares in the capital of the Company, (each, a “Common Share”) if E&E earns Euro €125,000 in profit before tax from the period from April 1, 2021 to March 31, 2022; plus
- (iii) 250,000 common shares if E&E earns Euro €250,000 in profit before tax from the period from April 1, 2021 to March 31, 2022; plus
- (iv) 250,000 common shares if E&E earns Euro €500,000 in profit before tax from the period from April 1, 2022 to March 31, 2023.

Concurrently with or in advance of the Investment, the Company intends to complete the 2021 Private Placement at the Closing to raise \$293,434 through the issuance of 1,833,960 Common Shares at a price of \$0.16 per Common Share.

It is expected that following the completion of the Investment and the 2021 Private Placement, the Company will have a total of approximately 18.3 million Common Shares outstanding on a non-diluted basis, comprised of approximately 16.5 million Common Shares representing the currently issued and outstanding shares of the Company, and approximately 1.8 million Common Shares representing the shares issued in connection with the 2021 Private Placement, but excluding the 1.5 million Common Shares that may become issuable on March 31, 2023 pursuant to the earn-out within the Investment Agreement. The Company will be required to pay Euro €10,000 to a finder upon the closing of the Investment.

Completion of the Investment is subject to TSX-V approval.

RESULTS OF OPERATIONS

At April 30, 2021, the Company had no continuing source of operating revenues and related expenditures.

During the three months ended April 30, 2021, the Company reported a net loss of \$160,880 made up of due to transfer agent and filing fee expenses of \$32,880, professional fees of \$125,724 and administration expenditures of \$2,276. In the comparative period being the three months ended April 30, 2020, the Company recorded a loss of \$10,354 made up of due to transfer agent and filing fee expenses of \$6,168 and professional fees of \$4,186.

During the nine months ended April 30, 2021, the Company reported a net loss of \$215,723 made up of due to transfer agent and filing fee expenses of \$37,583, professional fees of \$175,673 and administration expenditures of \$2,467. In the comparative period being the nine months ended April 30, 2020, the Company recorded a loss of \$11,500 made up of due to transfer agent and filing fee expenses of \$7,289, professional fees of \$4,186 and administration expenditures of \$25.

The Company has not paid any dividends on its common shares and has no present intention of paying dividends, as it anticipates that all available funds for the foreseeable future will be used to finance its business activities.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is a summary of selected financial information compiled from the quarterly interim unaudited financial statements ending April 30, 2021:

	Net loss for the period	Loss per share
July 31, 2019	\$11,363	\$0.00
October 31, 2019	\$500	\$0.00

January 31, 2020	\$646	\$0.00
April 30, 2020	\$10,354	\$0.00
July 31, 2020	\$32,794	\$0.02
October 31, 2020	\$37,539	\$0.02
January 31, 2021	\$27,254	\$0.00
April 30, 2021	\$160,880	\$0.01

Discussion

The variability of net loss during the four most recent quarters is mainly due to the increase in activity and services utilized in connection to the Company's completion of the prospectus and completion of the IPO; whereas, in the preceding quarters the Company had no comparable activity.

Due to the limited historical activity in the Company, and its recent increase in activity in preparation of the prospectus and filing its IPO, no trends have been noted in reviewing the summary of selected financial information for the eight quarters ended April 30, 2021.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt.

In April 2018, the Company issued 2,000,000 common shares at \$0.05 per share for gross proceeds of \$100,000.

Upon the Company completion of the IPO financing, the common shares issued to the Company's founders (2,000,000) was held in escrow and deposited with the trustee under the escrow agreement. Pursuant to the agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the final Exchange bulletin on the closing of a QT and an additional 15% will be released every six months following the initial release over a period of thirty six months.

In October 2018, the Company completed its IPO financing, issuing 2,000,000 common shares at \$0.10 per share for total gross proceeds of \$200,000. The Company also issued non-transferrable agents warrants to purchase 200,000 common shares at a price of \$0.10, expiring October 28, 2020.

During the year ended July 31, 2019, the Company received \$2,400 on the exercise of 24,000 warrants.

In May 2020, the Company closed a non-brokered private placement of 12,500,000 common shares at a price of \$0.12 per share for gross proceeds of \$1,500,000. No finder's fee or commission was paid in connection with the private placement. Connaught intends to use the net proceeds to complete a qualifying transaction, to provide sufficient funds to cover general and administrative costs for twelve months, to cover any costs related to the non-brokered private placement, and for general working capital.

Upon completion of the private placement, GreenIslands Global Opportunities Fund owned or controlled (directly or indirectly) an aggregate of 12,500,000 common shares of Connaught, representing 75.65% of the outstanding common shares, on a non-diluted basis (or 73.10% of the common shares on a fully diluted basis). As such, in accordance with the rules and policies of the TSX Venture Exchange, the acquisition of securities by GreenIslands Global Opportunities Fund created a new "control person" and required the consent of at least 50% of "disinterested" shareholders of Connaught (being all common shares held by Connaught's shareholders but excluding the votes attached to the common shares held by GreenIslands Global Opportunities Fund and its Associates and Affiliates, as such terms are defined in the Corporate Finance Manual of the TSX Venture Exchange). An annual general and special meeting of shareholders was held on June 25, 2020 which approved, among other things, the creation of a new control person in connection with the private placement.

The acquisition of securities by GreenIslands Global Opportunities Fund in connection with the private placement was not considered a “related party transaction” pursuant to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions.

The Company has working capital at April 30, 2021 of \$1,411,467 (July 31, 2019- \$1,627,190).

There can be no assurance of successfully completing future financings or a Qualifying Transaction. The Company may need to raise further capital to continue operations and complete its Qualifying Transaction. Management is actively seeking such opportunities.

Stock options

In October 2018, the Company granted 400,000 stock options to its directors and officers to acquire 400,000 common shares at a price of \$0.10 per common share, exercisable until October 28, 2023.

Warrants & Agent’s Warrants

In October 2018, in connection with the completion of the IPO financing, the Company issued non-transferrable agents warrants to acquire an aggregate of 200,000 common shares expiring 24 months from the date of issuance at an exercise price of \$0.10 per share. These warrants expired in October 2020 without exercise.

RELATED PARTY TRANSACTIONS

During the period ended April 30, 2021, the Company did not incur transactions with directors and officers, or companies that are controlled by directors or officers of the Company.

FINANCIAL RISK MANAGEMENT

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Interest rate

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company’s objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash on hand to meet its financial obligations.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s exposure to credit risk is on its cash held in bank accounts. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Price risk

Price risk is the risk of financial loss to the Company as a result of equity price fluctuations. The Company is exposed to price risk with respect to equity prices.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to currency risk.

Capital Management

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to complete a Qualifying Transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements.

Classification of financial instruments

Fair values

The fair values of cash and accounts payable approximate their carrying values due to the short-term to maturities of these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is measured at fair value using level 1 input.

ADDITIONAL INFORMATION

Off-Balance Sheet Arrangements

As at April 30, 2021, and up to the current date, the Company had no off balance sheet arrangements.

Legal proceedings

As at the current date management was not aware of any legal proceedings involving the Company.

Outstanding Share Data

As at April 30, 2021 and the date of this MD&A, the Company has the following outstanding securities:

- 1) Common shares: 16,524,000
- 2) Stock options: 400,000

The stock options have an exercise price of \$0.10, with an expiry date on October 28, 2023.

Contingent liabilities

As at April 30, 2021 and up to the current date management was not aware of any outstanding contingent liabilities relating to the Company's activities.

Any forward-looking information in this MDA is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the company, and other factors.

CAPITAL DISCLOSURE

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition of a new business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to acquire and sustain future development of a business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended April 30, 2021. The Company is not subject to externally imposed capital requirements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

**CONNAUGHT VENTURES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JULY 31, 2020**

OVERVIEW

The following management discussion and analysis (“MDA”) of the financial position of Connaught Ventures Inc. (“the Company”), and results of operations prepared on November 27, 2020, should be read in conjunction with the audited financial statements for the year ended July 31, 2020. All amounts are stated in Canadian dollars unless otherwise indicated. These financial statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

The head office, the principal address, and the registered and records office of the Company are located at Suite 1510, 789 West Pender Street, Vancouver, BC, V6C 1H2.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available for view on SEDAR at www.sedar.com or by requesting further information from the Company’s head office in Vancouver.

DESCRIPTION OF BUSINESS

The Company was incorporated under the Business Corporations Act (British Columbia) on April 3, 2018. It was incorporated for the purposes of becoming a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4.

The Company completed its final prospectus on August 28, 2018 for the purposes of completing an IPO becoming a CPC trading on the TSX-V.

In October 2018, the Company completed its IPO, issuing 2,000,000 common shares at \$0.10 per share for total gross proceeds of \$200,000. The Company also issued non transferrable agents warrants to purchase 200,000 common shares at a price of \$0.10, expiring 24 months from the date of issuance.

The principal business of the Company is to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction (“QT”). The Final Prospectus was filed and is available for view on SEDAR.

The proposed business of the Company and the completion of a QT involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company’s ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

SELECTED ANNUAL INFORMATION

The following is a summary of selected annual information compiled from the financial statements ending July 31, 2019:

	July 31, 2020	July 31, 2019	July 31, 2018
Net loss	\$44,294	\$75,389	\$8,860
Loss per share	\$0.02	\$0.05	\$0.01
Total assets	\$1,635,190	\$205,724	\$91,140
Total equity	\$1,627,190	\$186,826	\$91,140

RESULTS OF OPERATIONS

At July 31, 2020, the Company had no continuing source of operating revenues and related expenditures.

During the year ended July 31, 2020, the Company reported a net loss of \$44,294 made up of due to transfer agent and filing fee expenses of \$11,471, professional fees of \$32,641 and administration costs of \$182. In the comparative period being the year ended July 31, 2019, the Company recorded a loss of \$75,389 made up of due to transfer agent and filing fee expenses of \$15,709, professional fees of \$29,545, administration costs of \$59 as well as share-based payments, a non-cash expense of \$30,076.

The Company has not paid any dividends on its common shares and has no present intention of paying dividends, as it anticipates that all available funds for the foreseeable future will be used to finance its business activities.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is a summary of selected financial information compiled from the quarterly interim unaudited financial statements ending July 31, 2020:

	Net loss for the period	Loss per share
October 31, 2018	\$53,828	\$0.03
January 31, 2019	\$1,626	\$0.00
April 30, 2019	\$8,572	\$0.00
July 31, 2019	\$11,363	\$0.00
October 31, 2019	\$500	\$0.00
January 31, 2020	\$646	\$0.00
April 30, 2020	\$10,354	\$0.00
July 31, 2020	\$32,794	\$0.02

Discussion

The variability of net loss during the four most recent quarters is mainly due to the increase in activity and services utilized in connection to the Company's completion of the prospectus and completion of the IPO; whereas, in the preceding quarters the Company had no comparable activity.

Due to the limited historical activity in the Company, and its recent increase in activity in preparation of the prospectus and filing its IPO, no trends have been noted in reviewing the summary of selected financial information for the eight quarters ended July 31, 2020.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt.

In April 2018, the Company issued 2,000,000 common shares at \$0.05 per share for gross proceeds of \$100,000.

Upon the Company completion of the IPO financing, the common shares issued to the Company's founders (2,000,000) will be held in escrow and deposited with the trustee under the escrow agreement. Pursuant to the agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the final Exchange bulletin on the closing of a QT and an additional 15% will be released every six months following the initial release over a period of thirty six months.

In October 2018, the Company completed its IPO financing, issuing 2,000,000 common shares at \$0.10 per share for total gross proceeds of \$200,000. The Company also issued non-transferrable agents warrants to purchase 200,000 common shares at a price of \$0.10, expiring October 28, 2020.

During the year ended July 31, 2019, the Company received \$2,400 on the exercise of 24,000 warrants.

In May 2020, the Company closed a non-brokered private placement of 12,500,000 common shares at a price of \$0.12 per share for gross proceeds of \$1,500,000. No finder's fee or commission was paid in connection with the private placement. Connaught intends to use the net proceeds to complete a qualifying transaction, to provide sufficient funds to cover general and administrative costs for twelve months, to cover any costs related to the nonbrokered private placement, and for general working capital. All securities issued in connection with the private placement are subject to a four-month hold period and to the terms of a CPC Escrow Agreement dated as of May 18, 2020.

Upon completion of the private placement, GreenIslands Global Opportunities Fund owns or controls (directly or indirectly) an aggregate of 12,500,000 common shares of Connaught, representing 75.65% of the outstanding common shares, on a non-diluted basis (or 73.10% of the common shares on a fully diluted basis). As such, in accordance with the rules and policies of the TSX Venture Exchange, the acquisition of securities by GreenIslands Global Opportunities Fund creates a new "control person" and requires the consent of at least 50% of "disinterested" shareholders of Connaught (being all common shares held by Connaught's shareholders but excluding the votes attached to the common shares held by GreenIslands Global Opportunities Fund and its Associates and Affiliates, as such terms are defined in the Corporate Finance Manual of the TSX Venture Exchange). An annual general and special meeting of shareholders was held on June 25, 2020 to approve, among other things, the creation of a new control person in connection with the private placement.

The acquisition of securities by GreenIslands Global Opportunities Fund in connection with the private placement is not considered a "related party transaction" pursuant to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions.

The Company has working capital at July 31, 2020 of \$1,627,190 (July 31, 2019- \$186,826).

There can be no assurance of successfully completing future financings or a Qualifying Transaction. The Company may need to raise further capital to continue operations and complete its Qualifying Transaction. Management is actively seeking such opportunities.

Stock options

In October 2018, the Company granted 400,000 stock options to its directors and officers to acquire 400,000 common shares at a price of \$0.10 per common share, exercisable for a period of 5 years from the date the common shares begin trading on the exchange.

Warrants & Agent's Warrants

In October 2018, in connection with the completion of the IPO financing, the Company issued non-transferrable agents warrants to acquire an aggregate of 200,000 common shares expiring 24 months from the date of issuance at an exercise price of \$0.10 per share. These warrants subsequently expired on October 2020 without exercise.

RELATED PARTY TRANSACTIONS

During the period ended July 31, 2020, the Company did not incur transactions with directors and officers, or companies that are controlled by directors or officers of the Company.

FINANCIAL RISK MANAGEMENT

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Interest rate

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash on hand to meet its financial obligations.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is on its cash held in bank accounts. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Price risk

Price risk is the risk of financial loss to the Company as a result of equity price fluctuations. The Company is exposed to price risk with respect to equity prices.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to currency risk.

Capital Management

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to complete a Qualifying Transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements (Note 1 to the financial statements).

Classification of financial instruments

Fair values

The fair values of cash and accounts payable approximate their carrying values due to the short-term to maturities of these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is measured at fair value using level 1 input.

ADDITIONAL INFORMATION

Off-Balance Sheet Arrangements

As at July 31, 2020, and up to the current date, the Company had no off balance sheet arrangements.

Legal proceedings

As at the current date management was not aware of any legal proceedings involving the Company.

Outstanding Share Data

As at July 31, 2020, the Company has the following outstanding securities:

- 1) Common shares: 16,524,000
- 2) Warrants: 176,000 (agents warrants)
- 3) Stock options: 400,000

As at the date of this MD&A, the Company has the following outstanding securities:

- 1) Common shares: 16,524,000
- 2) Stock options: 400,000

The outstanding agents warrants had an exercise price of \$0.10, with an expiry date on October 28, 2020. The stock options have an exercise price of \$0.10, with an expiry date on October 28, 2023.

Contingent liabilities

As at July 31, 2020 and up to the current date management was not aware of any outstanding contingent liabilities relating to the Company's activities.

Any forward-looking information in this MDA is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the company, and other factors.

CAPITAL DISCLOSURE

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition of a new business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to acquire and sustain future development of a business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended January 31, 2020. The Company is not subject to externally imposed capital requirements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

SCHEDULE "C"
E&E FINANCIAL STATEMENTS

(see attached)

E&E CRO Consulting

Condensed Interim Financial Statements as at 31.03.2021

E&E CRO Consulting

Condensed Interim Financial Statements as at 31.03.2021

Statement of Financial Position (in EUR)

Assets	Note	31.03.2021	31.12.2020
Property and equipment	10	1.257,31	1.518,31
Right-of-use assets	11	3.424,18	4.214,38
Noncurrent assets		4.681,49	5.732,69
Trade receivables	13	23.802,94	14.622,88
Other receivables	13	509,51	3.304,94
Cash and cash equivalents		56.297,15	118.072,53
Current assets		80.609,60	136.000,35
Assets		85.291,09	141.733,04
Equity, Liabilities			
Committed capital		-	-
Retained earnings		70.569,29	117.699,24
Attributable to the Sole Proprietor		70.569,29	117.699,24
Equity		70.569,29	117.699,24
Lease liabilities	11	284,52	1.015,02
Noncurrent liabilities		284,52	1.015,02
Trade and other payables	14	11.095,86	19.593,14
Lease liabilities	11	3.341,42	3.425,64
Current liabilities		14.437,28	23.018,78
Liabilities		14.721,80	24.033,80
Equity and Liabilities		85.291,09	141.733,04

Statement of Comprehensive Income (in EUR)

Continuing operations	Note	01-03/2021	01-03/2020
Revenue	7	33.016,40	23.538,57
Cost of sales	5	(4.924,00)	(5.535,81)
Gross profit		28.092,40	18.002,76
Personnel expenses	6	(7.548,80)	(13.900,21)
Depreciation, amortization	10.1	(1.051,20)	(1.051,20)
Administrative expenses	7	(4.461,88)	(2.962,68)
Net foreign exchange (losses)/gains	9	-	-
Other operating (expenses)/income	9	4.998,90	-
Profit/(loss) from operating activities		20.029,42	88,67
Finance charges		(41,69)	(73,59)
Net finance costs	8	(41,69)	(73,59)
Profit/(loss) before taxation		19.987,73	15,08
Taxation	9	-	-
Profit/(loss) from continuing operations		19.987,73	15,08
Other comprehensive income			
Items that will not be reclassified to profit or loss:		-	-
Items that may be reclassified to profit or loss:		-	-
Other comprehensive income for the year		-	-
Comprehensive income for the year		19.987,73	15,08

E&E CRO Consulting

Condensed Interim Financial Statements as at 31.03.2021

Statement of Changes in Equity (in EUR)

	Committed capital	Retained Earnings	Total
As at 01.01.2020	-	89.669,87	89.669,87
Profit for the period	-	15,08	15,08
Total comprehensive income	-	15,08	15,08
Capital drawings by the proprietor	-	(10.003,41)	(10.003,41)
Total transactions with owners	-	(10.003,41)	(10.003,41)
As at 31.03.2020	-	79.681,54	79.681,54
As at 01.01.2021	-	117.699,24	117.699,24
Profit for the period	-	19.987,73	19.987,73
Total comprehensive income	-	19.987,73	19.987,73
Capital drawings by the proprietor	-	(67.117,68)	(67.117,68)
Total transactions with owners	-	(67.117,68)	(67.117,68)
As at 31.03.2021	-	70.569,29	70.569,29

Statement of Cash Flows (in EUR)

	Note	01-03/2021	01-03/2020
Profit before taxation		19.987,73	15,08
Adjustments for			
Depreciation and amortization		1.051,20	1.051,20
(Profit)/loss on disposal of property and equipment	9	-	-
Finance costs – net			-
Foreign exchange losses/(gains) on operating activities	9		-
Changes in working capital			-
Trade and other receivables		(6.384,63)	(13.410,93)
Trade and other payables		(8.497,28)	6.250,28
Net cash generated from operating activities		6.157,02	(6.094,37)
Purchases of property and equipment		-	(972,00)
Proceeds from sale of property and equipment		-	-
Net cash used in investing activities		-	(972,00)
Interest payments and principal repayments of leases	11	(782,82)	(782,82)
Withdrawals by the Sole Proprietor		(67.117,68)	(10.003,41)
Net cash used in financing activities		(67.932,40)	(10.786,23)
Net cash flows for the year		(61.775,38)	(17.852,60)
Cash at beginning of the year		118.072,53	113.021,23
Net cash flows for the year		(61.775,38)	(17.852,60)
Cash at end of the year		56.297,15	95.168,63

Notes to the Financial Statements (in EUR)

1. GENERAL INFORMATION

These condensed interim financial statements are presented in Euros ("EUR"), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of E&E CRO Consulting e.U. (the "Company") for the three months ended 31.03.2021.

In accordance with IAS 34 the condensed interim financial statements have been prepared on a condensed scope and, therefore, should be read in connection with the most recent financial statements prepared as of 31.12.2020.

On 31.03.2021, the Company is an incorporated sole proprietorship in accordance with Austrian commercial law, which is privately held and registered with the registration number 346677w at the Austrian Commercial Register. It is both incorporated and domiciled in Vienna, Austria. The address of its registered office is Nobilegasse 23-25, A-1150 Vienna, Austria. The Sole Proprietor was Mrs. Ilse Christa Eder.

In April 2021, the Sole Proprietor contributed the Company's business and operations by means of an in-kind contribution into a limited liability company fully owned by the sole proprietor, effectively continuing the existing business in a different legal form.

2. BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRIC).

The financial statements of the Company for the year ended 31.12.2019 were the first the Company has prepared in accordance with IFRS.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies that have been applied consistently by all Company companies to all periods presented in these financial statements are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies selected for use by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31.12.2020, except for the adoption of new standards effective as of 01.01.2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

E&E CRO Consulting

Condensed Interim Financial Statements as at 31.03.2021

Notes to the Financial Statements (in EUR)

4. SALES REVENUE

Sales revenue comprises:

	01-03/2021	01-03/2020
Sale of services	33.529,40	23.538,57
Less: outlays paid on behalf of clients included in sales revenue	(513,00)	-
	33.016,40	23.538,57

5. COST OF SALES

Cost of sales comprise:

	01-03/2021	01-03/2020
Travel expenses related to on-site visits	4.924,00	5.535,81
	4.924,00	5.535,81

6. PERSONNEL EXPENSES

Personnel expenses comprise:

	01-03/2021	01-03/2020
Salaries	10.346,21	10.220,52
Social security and payroll taxes	3.100,80	3.679,69
Less: furlough subsidies (COVID-related)	(5.898,21)	-
	7.548,80	13.900,21

7. ADMINISTRATIVE EXPENSES

Administrative expenses comprise:

	01-03/2021	01-03/2020
Consultancy fees - recertification	1.054,00	1.054,00
Professional fees	400,00	630,00
Vehicle expenses	751,94	767,40
Promotion and advertising	709,74	39,24
Other	1.546,20	472,04
	4.461,88	2.962,68

8. NET FINANCE COSTS

Net finance costs comprise:

	01-03/2021	01-03/2020
Interest expense - lease liabilities	41,69	73,59
	41,69	73,59

Notes to the Financial Statements (in EUR)

9. TAXATION

The Company is subject to Austrian income tax at the level of the sole proprietor, where taxable income from the Company's business forms part of the sole proprietor's overall tax base at incremental tax rates. Accordingly, no current or deferred income tax is recorded at the level of the Company.

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	01-03/2021	01-03/2020
Profit before tax	19.987,73	15,08
Less: profit transferred to the sole proprietor for personal taxation	(19.987,73)	(15,08)
Company tax reconciliation	-	-
Effective tax rate for the year %	0%	0%

10. PROPERTY AND EQUIPMENT

Changes in property and equipment are shown in the following statement of changes in assets. Property and equipment comprise operating and office equipment. Property and equipment are carried at cost minus accumulated systematic straight-line depreciation.

Acquisition cost	Buildings	Equipment	Total
As at 01.01.2020	2.293,38	3.211,34	5.504,72
Additions	-	972,00	972,00
Disposals	-	-	-
As at 31.03.2020	2.293,38	4.183,34	6.476,72
As at 01.01.2021	2.293,38	4.183,34	6.476,72
Additions	-	-	-
Disposals	-	-	-
As at 31.03.2021	2.293,38	4.183,34	6.476,72
Accumulated depreciation			
As at 01.01.2020	(1.993,38)	(1.924,46)	(3.917,84)
Additions	(38,00)	(223,00)	(261,00)
Disposals	-	-	-
As at 31.03.2020	(2.031,38)	(2.147,46)	(4.178,84)
As at 01.01.2021	(2.143,38)	(2.815,03)	(4.958,41)
Additions	(38,00)	(223,00)	(261,00)
Disposals	-	-	-
As at 31.03.2021	(2.181,38)	(3.038,03)	(5.219,41)
Net book value			
As at 01.01.2020	300,00	1.286,88	1.586,88
As at 31.03.2020	262,00	2.035,88	2.297,88
As at 01.01.2021	150,00	1.368,31	1.518,31
As at 31.03.2021	112,00	1.145,31	1.257,31

The Company did not pledge assets as collateral to secure financial liabilities (2019: nil).

10.1. RECONCILIATION OF DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation and amortization expense comprises:

	01-03/2021	01-03/2020
Depreciation of property and equipment	261,00	261,00
Amortization of right-of-use assets	790,20	790,20
	1.051,20	1.051,20

11. LEASES

The Company has entered into a single lease for one motor vehicle. In case of motor vehicle leases, the term is normally between 3 and 5 years. The Company did not assign or sublease any leased assets in 2019.

The following table shows the carrying amounts of the reported rights of use and the changes during the reporting period:

Right-of-use assets			Vehicles	Total
As at 01.01.2020	-	-	7.375,16	7.375,16
Additions			-	-
Amortization			(790,20)	(790,20)
As at 31.03.2020	-	-	6.584,96	6.584,96
As at 01.01.2021			4.214,38	4.214,38
Additions			-	-
Amortization			(790,20)	(790,20)
As at 31.03.2021	-	-	3.424,18	3.424,18

The following table shows the carrying amounts of the leasing liability and the changes during the reporting period:

	31.03.2021	31.12.2020
Leasing liability as at 01.01.	4.440,65	7.619,38
Additions	-	-
Accrual of interest	41,70	246,92
Payments	(856,41)	(3.425,63)
Leasing liability as at 31.03./31.12.	3.625,94	4.440,65

The following amounts were recognized through profit or loss in the 2021 and 2020 reporting periods:

	01-03/2021	01-03/2020
Depreciation charge for rights of use	790,20	790,20
Interest expenses for leasing liabilities	41,70	73,59
	831,90	863,79

The Company does not have any future cash outflows for leases which have not yet begun.

The gross minimum lease liabilities – minimum lease payments are as follows:

	31.03.2021	31.12.2020
No later than one year	3.341,42	3.425,64
Later than one year	284,52	1.015,01
Later than on year but no later than five years	284,52	1.015,01
Later than five years	-	-

12. FINANCIAL ASSETS

12.1. AMORTIZED COST

Financial assets

	31.03.2021		31.12.2020	
	Current	Non-Current	Current	Non-Current
Trade receivables	23.802,94	-	14.622,88	-
Other assets	509,51	-	3.304,94	-
Less: valuation allowance	-	-	-	-
Total	24.312,45	-	17.927,82	-

All trade receivables are considered to be held to collect and measured at amortized cost.

Management considers that the carrying amount of trade and other receivables approximates their fair value. The allowance is calculated based on lifetime expected credit losses.

Interest-bearing liabilities

	31.03.2021		31.12.2020	
	Current	Non-Current	Current	Non-Current
Leasing liabilities	3.341,42	284,52	3.425,64	1.015,02
Total		3.625,94		4.440,66

Lease liabilities are effectively secured as the rights to the relevant asset revert to the lessor in the event of default.

There have been no breaches of these terms during the year or the comparative period.

13. TRADE AND OTHER RECEIVABLES

Trade receivables comprise:

	31.03.2021	31.12.2020
Trade receivables - current	23.802,94	10.509,41
Trade receivables - past due but not impaired	-	-
Less: valuation allowance	-	-
Unbilled services provided to related parties	-	4.113,47
Total	23.802,94	14.622,88

Trade receivables, including such earmarked as past due but not impaired, were collected in full by 31.12.2020. Accordingly, the Company did not incur historic write-offs of receivables. As the Company does no and therefore did not recognize impairment losses or any valuation allowance for trade and other receivables.

E&E CRO Consulting

Condensed Interim Financial Statements as at 31.03.2021

Notes to the Financial Statements (in EUR)

Other receivables comprise:

	31.03.2021	31.12.2020
Accrued other recoveries	-	3.074,28
Deposits paid	-	-
Other tax receivables	509,51	230,66
Total	509,51	3.304,94

14. TRADE LIABILITIES

Trade liabilities comprise:

	31.03.2021	31.12.2020
Trade Payables domestic	-	1.500,00
Accrued expenses payable to the Sole Proprietor	1.446,71	13.815,34
	1.446,71	15.315,34

Liabilities to suppliers are not subject to interest and are payable on demand or have a term of up to three months. Their carrying amounts are all equal to their respective fair value.

15. OTHER CURRENT LIABILITIES

Other current liabilities comprise:

	31.03.2021	31.12.2020
Taxes payable	-	90,80
Accrued leave balance	2.985,00	2.985,00
Social security payable	(11,74)	1.202,00
	2.973,26	4.277,80

16. RELATED PARTIES

During the year, the Company did not enter into trading transactions with related parties. The following balances were outstanding at the end of the reporting period:

	31.03.2021	31.12.2020
Amounts payable to the Sole Proprietor	1.446,71	13.815,34
Amounts owed to related parties	1.446,71	13.815,34

A company or individual is considered to be a related party of the Company if the party controls or is controlled by or is jointly controlled with the company, either directly or indirectly via one or more intermediaries, or holds an interest in the company that gives it a significant influence over the company, or if it is involved in the joint management of the company. A company or individual is considered to be a related party when the party is an associate or a person in a key management position in the company or its parent company.

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

Management confirms that the Covid-19/Coronavirus pandemic had no adverse impact on the Company until to date and, based on the review of recent trading data, Management does not expect a significant negative impact in the foreseeable future. The Company has calculated several downside scenarios for 2021 onwards in order to safeguard liquidity and profitability.

E&E CRO Consulting

Condensed Interim Financial Statements as at 31.03.2021

Notes to the Financial Statements (in EUR)

In April 2021, the Sole Proprietor contributed the Company's business and operations by means of an in-kind contribution into a limited liability company fully owned by the sole proprietor, effectively continuing the existing business in a different legal form.

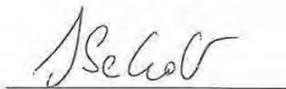
18. AVERAGE NUMBER OF EMPLOYEES DURING THE FINANCIAL PERIOD

FTE - full time equivalent, based in:	01-03/2021	01-03/2020
Austria	1	1
	1	1

The above employee figures exclusively comprise salaried employees.

19. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the sole proprietor for and on behalf of E&E CRO Consulting E.U. and authorized for issue on 25.05.2021.



Ilse Christa Eder
Sole Proprietor





MOORE

E&E CRO Consulting e.U.

**Auditor's Report – Financial Statements for the Year ended
31.12.2020**





E&E CRO Consulting e.U.

**Auditor's Report – Financial Statements for the Year ended
31.12.2020**

Electronic copy

Moore Interaudit GmbH
Wirtschaftsprüfungsgesellschaft
A- 5020 Salzburg, Austria

FN 55663h, Commercial Court Salzburg



E&E CRO Consulting e.U.
Nobilegasse 23-25
1150 Vienna
Austria

We have completed our audit of the financial statements as of 31.12.2020 of

E&E CRO Consulting e.U., Vienna,
(referred to as "the Company")

and report on the result of our audit as follows:

1. Audit contract and performance of the engagement

The Company, represented by the Sole Proprietor Mrs. Ilse Christa Eder, concluded an audit contract with us to audit the financial statements as of 31.12.2020.

The audit is a contractual audit, which is not subject to statutory audit requirements.

The audit included assessing whether the statutory requirements and additional provisions of the Company's articles of association were adhered to concerning the preparation of the financial statements.

We conducted our audit in accordance with the legal requirements and generally accepted standards on auditing as applied in Austria. These standards require that we comply with International Standards on Auditing (ISA). An auditor conducting an audit obtains reasonable assurance about whether the financial statements are free from material misstatement. Absolute assurance is not attainable due to the inherent limitations of any accounting and internal control system and due to the sample-based test nature of an audit, there is an unavoidable risk that material misstatements in the financial statements remain undetected. Areas, which are generally covered in special engagements, were not included in our scope of work.

We performed the audit from March 2021 to April 2021 mainly at our Company's premises. The audit was substantially completed at the date of this report.

The audit partner responsible for the proper performance of the engagement is Florian Eder, Austrian Certified Public Accountant.

Our audit is based on the audit contract concluded with the Company. The "General Conditions of Contract for the Public Accounting Professions" issued by the Austrian Chamber of Auditors and Tax Advisors (refer to Appendix II) form an integral part of the audit contract. These conditions of contract do not only apply to the Company and the auditor, but also to third parties. Section 275 UGB (Austrian Company Code) applies with regard to our responsibility and liability as auditors towards the Company and towards third parties.

2. Auditor's Report

Report on the Financial Statements

Opinion

We have audited the Financial Statements of E&E CRO Consulting e.U., Vienna, which comprise the Statement of Financial Position as of 31.12.2020, the Statement of Comprehensive Income, the Statement of Cash Flows, and the Statement of Changes in Equity for the fiscal year then ended and the accompanying Notes.

Based on our audit, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as of 31.12.2020, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibility and liability as auditor is guided by section 275 par. 2 UGB (Austrian Company Code) (liability regulations for the audit of small and medium-sized companies) and is limited to a total of 2 million Euros towards the Company and towards third parties.

Responsibilities of the Sole Proprietor of the Company for the Financial Statements

The Sole Proprietor of the Company is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as the Sole Proprietor determines are 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, the Sole Proprietor 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 the Sole Proprietor either decides to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

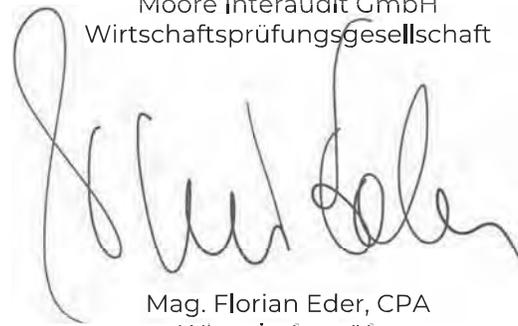
As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Sole Proprietor.
- conclude on the appropriateness of the Sole Proprietor' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Salzburg, 21.04.2021

Moore Interaudit GmbH
Wirtschaftsprüfungsgesellschaft



Mag. Florian Eder, CPA
Wirtschaftsprüfer

(Austrian chartered accountant)



E&E CRO Consulting

Financial Statements as at 31.12.2020

E&E CRO Consulting
 Financial Statements as at 31.12.2020

Statement of Financial Position (in EUR)

Assets	Note	31.12.2020	31.12.2019
Property and equipment	14	1.518,31	1.586,88
Right-of-use assets	15	4.214,38	7.375,16
Noncurrent assets		5.732,69	8.962,04
Trade receivables	17	14.622,88	6.732,84
Other receivables	17	3.304,94	8.808,99
Cash and cash equivalents	18	118.072,53	113.021,23
Current assets		136.000,35	128.563,06
Assets		141.733,04	137.525,10
Equity, Liabilities			
Committed capital		-	-
Retained earnings		117.699,24	89.669,87
Attributable to the Sole Proprietor		117.699,24	89.669,87
Equity		117.699,24	89.669,87
Lease liabilities	15	1.015,02	4.440,65
Noncurrent liabilities		1.015,02	4.440,65
Trade and other payables	19	19.593,14	40.235,86
Lease liabilities	15	3.425,64	3.178,72
Current liabilities		23.018,78	43.414,58
Liabilities		24.033,80	47.855,23
Equity and Liabilities		141.733,04	137.525,10

E&E CRO Consulting
 Financial Statements as at 31.12.2020

Statement of Comprehensive Income (in EUR)

Continuing operations	Note	2020	2019
Revenue	7	121.666,46	83.838,25
Cost of sales	8	(13.453,01)	(35.382,01)
Gross profit		108.213,45	48.456,24
Personnel expenses	10	(29.433,37)	(55.989,05)
Depreciation, amortization	14.1	(4.201,35)	(4.057,52)
Administrative expenses	11	(13.946,02)	(16.736,08)
Net foreign exchange (losses)/gains	9	(27,09)	1.414,94
Other operating (expenses)/income	9	-	7.186,62
Profit/(loss) from operating activities		60.605,62	(19.724,85)
Finance charges		(246,92)	(371,35)
Net finance costs	12	(246,92)	(371,35)
Profit/(loss) before taxation		60.358,70	(20.096,20)
Taxation	13	-	-
Profit/(loss) from continuing operations		60.358,70	(20.096,20)
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified to profit or loss:		-	-
Other comprehensive income for the year		-	-
Comprehensive income for the year		60.358,70	(20.096,20)

E&E CRO Consulting
 Financial Statements as at 31.12.2020

Statement of Changes in Equity (in EUR)

	Committed capital	Retained Earnings	Total
As at 01.01.2019	-	148.288,71	148.288,71
Loss for the year	-	(20.096,20)	(20.096,20)
Total comprehensive income	-	(20.096,20)	(20.096,20)
Capital drawings by the Sole Proprietor	-	(38.522,64)	(38.522,64)
Total transactions with owners	-	(38.522,64)	(38.522,64)
As at 31.12.2019	-	89.669,87	89.669,87
As at 01.01.2020	-	89.669,87	89.669,87
Profit for the year	-	60.358,70	60.358,70
Total comprehensive income	-	60.358,70	60.358,70
Capital drawings by the Sole Proprietor	-	(32.329,33)	(32.329,33)
Total transactions with owners	-	(32.329,33)	(32.329,33)
As at 31.12.2020	-	117.699,24	117.699,24

E&E CRO Consulting
 Financial Statements as at 31.12.2020

Statement of Cash Flows (in EUR)

Continuing operations	Note	2020	2019
Profit before taxation		60.358,70	(20.096,20)
Adjustments for			
Depreciation and amortization		4.201,35	4.057,52
(Profit)/loss on disposal of property and equipment	9	-	-
Finance costs – net		246,92	371,35
Foreign exchange losses/(gains) on operating activities	9	-	413,84
Changes in working capital			
Trade and other receivables		(2.385,99)	19.994,96
Trade and other payables		(20.642,72)	30.812,71
Net cash generated from operating activities		41.778,26	35.554,18
Purchases of property and equipment		(972,00)	(980,00)
Proceeds from sale of property and equipment		-	-
Net cash used in investing activities		(972,00)	(980,00)
Interest payments and principal repayments of leases	15	(3.425,63)	(3.425,63)
Withdrawals by the Sole Proprietor		(32.329,33)	(38.522,64)
Net cash used in financing activities		(35.754,96)	(41.948,27)
Net cash flows for the year		5.051,30	(7.374,09)
Cash at beginning of the year		113.021,23	120.395,32
Net cash flows for the year		5.051,30	(7.374,09)
Cash at end of the year		118.072,53	113.021,23

Notes to the Financial Statements (in EUR)

1. GENERAL INFORMATION

These financial statements are presented in Euros ("EUR"), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of E&E CRO Consulting e.U. (the "Company") for the year ended 31.12.2020.

The Company is an incorporated sole proprietorship in accordance with Austrian commercial law, which is privately held and registered with the registration number 346677w at the Austrian Commercial Register. It is both incorporated and domiciled in Vienna, Austria. The address of its registered office is Nobilgasse 23-25, A-1150 Vienna, Austria.

The Sole Proprietor is Mrs. Ilse Christa Eder.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRIC).

The financial statements of the Company for the year ended 31.12.2019 were the first the Company has prepared in accordance with IFRS.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies that have been applied consistently by all Company companies to all periods presented in these financial statements are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies selected for use by the Company. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in relevant notes as summarized in Note 6. Significant accounting estimates, judgments and assumptions on page 12. Use of available information and application of judgment are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

2.1. NEW STANDARDS AND AMENDMENTS EFFECTIVE ON OR AFTER 01.01.2020

The Company applied for the first-time certain standards and amendments, which are effective for periods beginning on or after 01.01.2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- **Amendments to IAS 1 and IAS 8 - Definition of Materiality:** effective for reporting periods beginning on or after 01.01.2020. The aim of the changes was to unify the definition of "**materiality**" in all standards and to clarify certain aspects of the definition. These amendments had no impact on the financial statements.
- **Reference to the Conceptual Framework- Amendments to IFRS 3:** effective for reporting periods beginning on or after 01.01.2020. The revised conceptual framework consists of a new superordinate section Status and purpose of the conceptual framework as well as eight completely contained sections. Along with the changed framework concept, references to the framework concept were adapted in various standards. These amendments had no impact on the financial statements.
- **Changes to IFRS 9, IAS 39 and IFRS 7 - Interest benchmark reform:** effective for reporting periods beginning on or after 01.01.2020. The changes relate in particular to certain simplifications relating to hedge accounting regulations and are mandatory for all hedging relationships that are affected by the reform of the reference interest rate. These amendments had no impact on the financial statements.

2.2. PUBLISHED STANDARDS AND INTERPRETATIONS THAT ARE NOT YET MANDATORY AND WHICH HAVE NOT BEEN ADOPTED EARLY

Further new and revised standards and interpretations have been adopted by the IASB that are not yet mandatory for the financial statements. These were not applied early by the Company – if application was possible – and they will all be applied from the dates on which the respective standards and interpretations become effective. Management expects that neither of the below standards will materially affect the financial statements.

- **IFRS 17 Insurance Contracts:** on 18.05.2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 is effective for reporting periods beginning on or after 01.01.2023, with comparative figures required. This standard is not applicable to the Company.
- **Amendments to IFRS 16 Leases:** these amendments provide a practical expedient that permits lessees to account for the rent concessions, that occur as a direct consequence of the COVID - 19 pandemic and meets specified conditions, as if they were not lease modifications. The amendments are applicable for annual periods commencing on or after 01.06.2020. The Company expects that there will be no material effects on the financial statements.
- **Amendments to IAS 1 'Presentation of financial statements':** these amendments clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The meaning of settlement of a liability is also clarified. The amendments are applicable for annual periods commencing on or after 01.01.2023. The Company expects that there will be no material effects on the financial statements.
- **Amendments to IAS 16 Property, plant and equipment:** these amendments require an entity to recognize the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related costs in profit or loss, instead of deducting the amounts received from the cost of the asset. The amendments are applicable for annual periods commencing on or after 01.01.2022. The Company expects that there will be no material effects on the financial statements.
- **Amendments to IFRS 3 Business combinations:** these amendments update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are applicable for annual periods commencing on or after 01.01.2022. The Company expects that there will be no material effects on the financial statements.
- **Amendments to IAS 37 Provisions, contingent liabilities and contingent assets:** these amendments specify the costs that an entity includes when assessing whether a contract will be loss-making. The amendments are applicable for annual periods commencing on or after 01.01.2022.
- **Annual Improvements to IFRS Standards 2018–2020 amend:**
 - IFRS 1 to simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
 - IFRS 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
 - IFRS 16 illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements.
 - IAS 41 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in other accounting standards. The amendments are applicable for annual periods commencing on or after 01.01.2022.
- **Changes to IFRS 9, IAS 39 and IFRS 7 - Interest benchmark reform:** effective for reporting periods beginning on or after 01.01.2021. The changes relate in particular to certain simplifications relating to hedge accounting regulations and are mandatory for all hedging relationships that are affected by the reform of the reference interest rate. The Company assumes that there will be no material effects on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

3.1. FOREIGN CURRENCY TRANSLATION

The Company's financial statements are presented in EUR, which is also the Company's functional currency.

Currency translation

Foreign currency transactions are converted into the functional currency at the spot rate applying on the date of transaction. Assets and liabilities in a foreign currency are converted into the functional currency using the official middle rates applicable at each reporting date. All currency translation differences are recognized through profit or loss.

3.2. REVENUE RECOGNITION

The Company provides consulting services in relation to the clinical certification process of medical products and devices. Major sources of revenue are based on fixed per-diems and monthly retainers, which are recognized as revenues based on actual time spent or monthly periods elapsed. Sales include travel and other expenses recoverable from clients.

Expenses directly incurred and paid on behalf of clients are presented net of their respective recoveries within the Company's sales.

3.3. TAXATION

The Company is subject to Austrian income tax at the level of the sole proprietor, where taxable income from the Company's business forms part of the sole proprietor's overall tax base at incremental tax rates. Accordingly, no current or deferred income tax is recorded at the level of the Company.

3.4. PROPERTY AND EQUIPMENT

Property and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The residual values and useful lives of Property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

Land is not depreciated. Depreciation is charged on other assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

- **Machinery and equipment:** 5 to 10 years
- **Furniture and fixtures:** 1 to 10 years
- **Vehicles:** 4-8 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss and if certain conditions are met.

3.5. IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In assessing 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The recoverable amount depends on the discount rate used within the scope of the discounted cash flow method and on the expected future cash inflows and the growth rate used for extrapolation purposes. If the future cash flows actually expected are lower than previously estimated, this may result in a significant impairment.

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- **Disclosures for significant assumptions:** Note 6. Significant accounting estimates, judgments and assumptions on page 12

3.6. FINANCIAL INSTRUMENTS

3.6.1. Recognition and derecognition of financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Notes to the Financial Statements (in EUR)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company only has financial assets in the categories financial assets at amortized cost.

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes trade receivables, other receivables and loans to related parties included under current and non-current financial assets, respectively.

Derecognition

Financial assets are derecognized when:

- The contractual rights to cash flows from the financial asset expire, or
- The asset is transferred such that contractual rights to cash flows of the assets and the risks and rewards of ownership are transferred.

On derecognition, the Company recognized the differences between carrying amount and consideration.

In factoring arrangements and guaranteed receivables, transfer may not result in derecognition, because the Company retains exposure to risks and rewards to some extent. The Company assesses its extended involvement and recognizes a liability, such that the net of asset and liability represents the rights and obligations retained, measured based on the classification of the original asset.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- **Disclosures for significant assumptions:** Note 3.5. Impairment of non-financial assets on page 4

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

3.6.2. Classification and measurement of financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

The Company only holds financial liabilities at amortized cost.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as financing costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.7. TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are financial assets stated initially at fair value which is taken to be their transaction cost and subsequently at their amortized cost less any loss allowance. Loss allowance is based on lifetime expected credit losses assessed and determined at initial recognition and subsequently adjusted for any changes in expectation.

Loss allowance measurement and policy included in Note 5.3. Credit risk management on page 9. Trade receivables expected to be received in the next year are classified as current assets. If not, they are presented as non-current assets.

3.8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

3.9. SOLE PROPRIETOR'S CAPITAL

E&E CRO Consulting e.U. is organized as an incorporated sole proprietorship under Austrian law, whereby the sole proprietor assumes full and unrestricted liability for the Company's operations and liabilities. While comprising a distinct business with respect to the requirements of IFRS for reporting entities, sole proprietorships form part of the sole proprietor's personal assets and liabilities.

No dedicated amount of capital or reserves are contributed by the sole proprietor, and the net assets comprise the sole proprietor's investment of personal funds, operational profits or losses less withdrawals from the proprietorship's accumulated earnings.

3.10. LEASES

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

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Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- **Motor vehicles and other equipment:** 4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3.11. FAIR VALUE MEASUREMENT

The Company measures certain financial instruments at fair value on each balance sheet date. The fair values of financial instruments measured at amortized cost are listed in Note 5.5. Fair value estimation on page 11.

Fair value is the price which would be received for the sale of an asset or paid for the transfer of a liability through an orderly transaction between market participants on the measurement date. For measurement of fair value, the transaction involving the sale of the asset or the transfer of the liability is assumed to have occurred on either the

- **Principal market:** for the asset or the liability or the
- **Most advantageous market:** for the asset or the liability, if no principal market is available.

The fair value of an asset or a liability is determined according to the assumptions upon which market participants would base their pricing of this asset or liability. The market participants are thereby presumed to have acted according to their best economic interests.

Notes to the Financial Statements (in EUR)

Measurement of the fair value of a non-financial asset considers the ability of the market participant to realize economic benefit through maximum and optimal utilization of this asset or through its sale to another market participant who will realize its maximum and optimum utilization.

All assets and liabilities whose fair value is determined or reported in the financial statements will be classified according to the fair value hierarchy outlined below, on the basis of the input parameter for the lowest level which is significant, overall, for fair value measurement:

- **Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

To comply with the disclosure requirements regarding fair values, the Company has specified groups of assets and liabilities according to their type, their characteristics and their risks and also the levels of the fair value hierarchy outlined above.

4. RISK REPORT

The main financial instruments used by the Company include cash and cash equivalents, bank loans and leases. The Company has various other financial assets and liabilities, such as trade receivables and trade liabilities, which arise directly from its business activities. The Company does not use any derivative financial instruments such as forward exchange transactions to hedge interest and foreign exchange risks.

5. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Capital risk

Management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's financial instruments consist mainly of deposits with banks, available-for-sale investments, accounts receivable and payable, and loans to and from related parties.

5.1. MARKET RISK

5.1.1. Foreign exchange risk

The Company is exposed to foreign currency risk from its operating, investing and financing activities. Company manages the exposure and risk for investing and financing activities at the Company level including all material loans across the Company designated in foreign currencies.

It also monitors exposure and assists in the implementation of Company risk management strategies for exposure at an individual subsidiary level. The Company's policy is to cover forward all trade commitments.

The Company publishes its financial statements in EUR but has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

During the period under review, the Company generated its revenues exclusively in EUR. A majority of the company's business operations are carried out within the Eurozone.

5.1.2. Interest rate risk

As part of the process of managing the Company's fixed and floating rate borrowings mix, the interest rate characteristics of borrowings and the refinancing of existing borrowings are positioned according to movements in interest rates.

At 31.12.2020 the fixed interest rates vary from 2% to 4% (2019 2% to 4%).

At the reporting date the carrying value of fixed and variable rate borrowings was as follows:

	2020	2019
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	(4.440,66)	(7.619,37)
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Total	(4.440,66)	(7.619,37)

Fixed rate interest sensitivity analysis

All fixed rate instruments are carried at amortized cost.

5.2. LIQUIDITY RISK MANAGEMENT

The Company has various commitments and obligations including significant capital expenditure and operates in some cash intensive segments and location, particularly through investment in emerging markets and revenue streams. Therefore, there is a risk that the Company may be unable to meet its short-term financial demands or obligations when due.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilized borrowing facilities are maintained. Cash intensive capital projects are managed centrally, and borrowing are secured and maintained buy the Company treasury to ensure the most appropriate facilities for the purpose and best terms.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31.12.2020	Carrying amount	Contractual Cash Flows			
		< 3 months	3 months to 1 year	2 years to 5 years	>5 years
Lease liabilities	4.440,66	856,41	2.569,23	1.871,43	-
	4.440,66	856,41	2.569,23	1.871,43	-
31.12.2019					
Lease liabilities	7.619,37	856,41	2.569,23	5.050,14	-
	7.619,37	856,41	2.569,23	5.050,14	-

5.3. CREDIT RISK MANAGEMENT**Risk exposure, management and accounting policy**

Credit risk arises on trade receivables and other receivables such as loans to related parties, cash and cash equivalents and deposits with financial institutions.

Trade receivable consist mainly of a widespread customer base. The Company companies monitor the financial position of their customers on an on-going basis. Where considered appropriate, use is made of factoring and credit guarantee insurance. The granting of credit is controlled by application and account limits.

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The impairment is assessed in references to expected credit losses associated with its debt instruments carried at amortized cost. A loss allowance is calculated based on expected credit losses from day one, but the impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. Trade receivables and contract assets have been determined to have the same risk profile and lifetime credit losses are calculated on the same basis.

In assessment of credit risk and expected losses, management considers a risk of default and its probability for each customers or category of customers. On an ongoing basis an increase in risk is considered through comparison of probability of default at point of assessment vs when was last estimated.

Rebuttable presumption that overdue by over 30 days is an indicator of significant increase is benchmark used by Company, with reviewing other indicators, such as

- Significant adverse events impacting the customer or significant deterioration in results, particularly free cash flow, operating cash flows, current ratio, debtors days
- Increased frequency of missed payments

Management considers it a default event to be over 90 days overdue. The policy is to write off anything deemed uncollectible based on failed collection measures, where others indicators such as above or others are present.

Trade Receivables

For trade receivables, the Company has no significant concentration of credit risk. Exposure is spread over a number of counterparties and customers.

To measure the expected credit losses, management has used historic data. This data was analyzed further to create a profile by segment, region, product/ service offered and type of customer.

The risk categories are blended based on the mix of receivables and percentages applied to calculate the loss.

Management has not rebutted the presumption that receivables above 90 days overdue are considered to be in default.

Financial assets at amortized cost

Other financial assets at amortized include loans and receivables, mainly loans to related parties. Risk of default is assessed on an individual basis and expected credit losses are measured based on the historical and current data. All are considered to be low credit risk due to their strong history of payment. The expected losses are minimal and summarized below.

5.4. CAPITAL RISK MANAGEMENT

The board's policy is to maintain and develop, centrally for the entire Company, a strong a flexible capital base in order to maintain investor and creditor confidence. This is seen as important for the sustenance of future developments in the business and the maintenance of flexibility of capital management strategies.

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The gearing ratios at 31.12.2020 and 31.12.2019 were as follows:

	31.12.2020	31.12.2019
Total loans and borrowings	(4.440,66)	(7.619,37)
Add: Cash and cash equivalents	118.072,53	113.021,23
Net liquidity	113.631,87	105.401,86
Total equity	117.699,24	89.669,87
Total capital	141.733,04	137.525,10

5.5. FAIR VALUE ESTIMATION

The estimated fair values have been determined using available market information and appropriate valuation methodologies as outlined below.

The fair value for non-derivative financial liabilities is determined based on the amount the Company would pay to transfer a liability in an orderly transaction between market participants at the measurement date. If a market price is available then this will be used to determine the fair value, otherwise a valuation technique is used. Generally, the Company will obtain the fair value by calculating the present value of future cash flows discounted at prevailing rates of return for financial instruments having the same terms and characteristics and credit rating.

The fair values of financial assets and financial liabilities, together with their respective carrying values as shown in the statement of financial position, are presented in the table below. All assets and liabilities except those expressly stated at are measured at fair value on a recurring basis, classified within the fair value hierarchy:

- **Level 1:** prices quoted (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

As at 31.12.2020	Level 1	Level 2	Level 3	Total	Carrying value
Lease liabilities	-	-	4.440,66	4.440,66	4.440,66
Financial liabilities not at fair value through profit or loss			4.440,66	4.440,66	4.440,65

As at 31.12.2019	Level 1	Level 2	Level 3	Total	Carrying value
Lease liabilities	-	-	7.619,37	7.619,37	7.619,37
Financial liabilities not at fair value through profit or loss	-	-	7.619,37	7.619,37	7.619,37

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily instruments listed on the US stock exchange classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely to the least extent feasible on estimates made by the Company. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs to the fair value assessment is not based on observable market data, the instrument is included in level 3.

Notes to the Financial Statements (in EUR)

Specific valuation techniques used to value financial instruments include other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no transfers of financial assets and liabilities between level 1 and level 2.

6. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Certain areas of financial statements require management to make judgments and estimates in application of accounting policies and measurement of reported amounts. These are continuously monitored for any factors that would lead to a change in assumption or lead to a different decision. Any changes in estimates are accounted for prospectively.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are noted below with reference to relevant notes containing further assessment of the nature and impact of the assumptions.

6.1. JUDGMENTS

In applying the Company's accounting policies, management made the following judgments that significantly influenced the amounts reported in the financial statements.

Determination of the term of leases with extension or termination options – the Company as a lessee

The Company determines the terms of the lease on the basis of the non-cancelable period of a lease, while taking into consideration the periods covered by an option to extend the lease if it is reasonably certain that it will exercise that option and the periods covered by an option to terminate the lease if it is reasonably certain that it will not exercise that option.

Leases – estimate of the incremental borrowing rate

The Company is not easily able to determine the underlying interest rate for the lease. It therefore uses its incremental borrowing rate in order to measure leasing liabilities. The incremental borrowing rate is the rate of interest which the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. If no observable interest rates are available (e.g. in case of subsidiaries which do not enter into financing transactions) or if the interest rate must be adjusted in order to reflect the terms of the lease (e.g. if this has not been entered into in the subsidiary's functional currency), then the incremental borrowing rate must be estimated. The Company will estimate the incremental borrowing rate by means of observable input factors (e.g. market interest rates), where these are available, and is required to make certain company-specific estimates.

6.2. ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other major sources of estimation uncertainty on the balance sheet date due to which the considerable risk exists that a significant adjustment of the carrying amounts of assets and liabilities may become necessary within the next financial year are outlined below. The Company's assumptions and estimates are based on parameters which were available at the time of preparation of the financial statements. However, these circumstances and the assumptions regarding future developments may change due to market movements and market conditions outside the Company's influence. Such changes will only be factored into the assumptions once they have occurred.

In the financial statements, significant estimates and assumptions were made in the following areas that may lead to significant changes in the next financial year:

6.2.1. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments..

6.2.2. Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

7. SALES REVENUE

Sales revenue comprises:

	2020	2019
Sale of services	133.205,18	83.838,25
Less: outlays paid on behalf of clients included in sales revenue	(11.538,72)	-
	121.666,46	83.838,25

8. COST OF SALES

Cost of sales comprises:

	2020	2019
Travel expenses related to on-site visits	13.453,01	35.382,01
	13.453,01	35.382,01

9. OTHER INCOME

Other income comprises:

	2020	2019
Insurance proceeds	-	7.186,62
Net foreign exchange gains/(losses)	(27,09)	1.414,94
	(27,09)	8.601,56

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10. PERSONNEL EXPENSES

Personnel expenses comprise:

	2020	2019
Salaries	40.882,09	41.984,62
Social security and payroll taxes	14.118,75	14.004,43
Less: furlough subsidies (COVID-related)	(25.567,47)	-
	29.433,37	55.989,05

11. ADMINISTRATIVE EXPENSES

Administrative expenses comprise:

	2020	2019
Consultancy fees - recertification	1.054,00	1.554,00
Professional fees	4.640,00	2.720,00
Vehicle expenses	4.478,33	6.278,74
Promotion and advertising	1.363,74	1.344,88
Other	2.409,95	4.838,46
	13.946,02	16.736,08

12. NET FINANCE COSTS

Net finance costs comprise:

	2020	2019
Interest expense - lease liabilities	246,92	371,35
	246,92	371,35

13. TAXATION

The Company is subject to Austrian income tax at the level of the sole proprietor, where taxable income from the Company's business forms part of the sole proprietor's overall tax base at incremental tax rates. Accordingly, no current or deferred income tax is recorded at the level of the Company.

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2020	2019
Profit before tax	60.358,70	(20.096,20)
Less: profit transferred to the sole proprietor for personal taxation	(60.358,70)	20.096,20
Company tax reconciliation	-	-
Effective tax rate for the year %	0%	0%

14. PROPERTY AND EQUIPMENT

Changes in property and equipment in 2018 and 2019 are shown in the following statement of changes in assets. Property and equipment comprise operating and office equipment. Property and equipment are carried at cost minus accumulated systematic straight-line depreciation.

Acquisition cost	Buildings	Equipment	Other	Total
As at 01.01.2019	2.293,38	2.231,34	5.972,00	10.496,72
Additions	-	980,00	-	980,00
Disposals	-	-	(5.972,00)	(5.972,00)
As at 31.12.2019	2.293,38	3.211,34	-	5.504,72
Additions	-	972,00	-	972,00
Disposals	-	-	-	-
As at 31.12.2020	2.293,38	4.183,34	-	6.476,72
Accumulated depreciation				
As at 01.01.2019	(1.744,22)	(1.276,88)	(5.972,00)	(8.993,10)
Additions	(249,16)	(647,58)	-	(896,74)
Disposals	-	-	5.972,00	5.972,00
As at 31.12.2019	(1.993,38)	(1.924,46)	-	(3.917,84)
Additions	(150,00)	(890,57)	-	(1.040,57)
Disposals	-	-	-	-
As at 31.12.2020	(2.143,38)	(2.815,03)	-	(4.958,41)
Net book value				
As at 01.01.2019	549,16	954,46	-	1.503,62
As at 31.12.2019	300,00	1.286,88	-	1.586,88
As at 31.12.2020	150,00	1.368,31	-	1.518,31

The Company did not pledge assets as collateral to secure financial liabilities (2019: nil).

14.1. RECONCILIATION OF DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation and amortization expense comprises:

	2020	2019
Depreciation of property and equipment	1.040,57	896,74
Amortization of right-of-use assets	3.160,78	3.160,78
	4.201,35	4.057,52

15. LEASES

The Company has entered into a single lease for one motor vehicle. In case of motor vehicle leases, the term is normally between 3 and 5 years. The Company did not assign or sublease any leased assets in 2019.

The following table shows the carrying amounts of the reported rights of use and the changes during the reporting period:

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Right-of-use assets	Vehicles	Total
As at 01.01.2019	10.535,94	10.535,94
Additions	-	-
Amortization	(3.160,78)	(3.160,78)
As at 31.12.2019	7.375,16	7.375,16
Additions	-	-
Amortization	(3.160,78)	(3.160,78)
As at 31.12.2020	4.214,38	4.214,38

The following table shows the carrying amounts of the leasing liability and the changes during the reporting period:

	2020	2019
Leasing liability as at 01.01. of the preceding year	7.619,37	10.673,65
Additions	-	-
Accrual of interest	246,92	371,35
Payments	(3.425,63)	(3.425,63)
Leasing liability as at 31.12.	4.440,66	7.619,37

The maturity analysis for the leasing liabilities is presented in Note 5.2. Liquidity risk management on page 9.

The following amounts were recognized through profit or loss in the 2020 and 2019 reporting periods:

	2020	2019
Depreciation charge for rights of use	3.160,78	3.160,78
Interest expenses for leasing liabilities	246,92	371,35
	3.407,70	3.532,13

The Company does not have any future cash outflows for leases which have not yet begun.

The gross minimum lease liabilities – minimum lease payments are as follows:

	2020	2019
No later than one year	3.425,64	3.178,72
Later than one year	1.015,01	4.440,65
Later than one year but no later than five years	1.015,01	4.440,65
Later than five years	-	-

16. FINANCIAL ASSETS

16.1. AMORTIZED COST

Financial assets

	31.12.2020		31.12.2019	
	Current	Non-Current	Current	Non-Current
Trade receivables	14.622,88	-	6.732,84	-
Other assets	3.304,94	-	8.808,99	-
Less: valuation allowance	-	-	-	-
	17.927,82	-	15.541,83	-
Total		17.927,82		15.541,83

All trade receivables are considered to be held to collect and measured at amortized cost.

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Management considers that the carrying amount of trade and other receivables approximates their fair value. The allowance is calculated based on lifetime expected credit losses. The Company's exposure to credit, currency and interest rate risks relating to trade and other receivables is detailed in Note 5. Financial risk management on page 8.

Interest-bearing liabilities

	31.12.2020		31.12.2019	
	Current	Non-Current	Current	Non-Current
Leasing liabilities	3.425,64	1.015,02	3.178,72	4.440,65
Total		4.440,66		7.619,37

Lease liabilities are effectively secured as the rights to the relevant asset revert to the lessor in the event of default.

There have been no breaches of these terms during the year or the comparative period.

17. TRADE AND OTHER RECEIVABLES

Trade receivables comprise:

	31.12.2020	31.12.2019
Trade receivables - current	10.509,41	135,00
Trade receivables - past due but not impaired	-	6.597,84
Less: valuation allowance	-	-
Unbilled services provided to related parties	4.113,47	-
Total	14.622,88	6.732,84

Trade receivables, including such earmarked as past due but not impaired, were collected in full by 31.12.2020. Accordingly, the Company did not incur historic write-offs of receivables. As the Company does not and therefore did not recognize impairment losses or any valuation allowance for trade and other receivables.

Other receivables comprise:

	31.12.2020	31.12.2019
Accrued other recoveries	3.074,28	7.186,62
Deposits paid	-	1.500,00
Other tax receivables	230,66	122,37
Total	3.304,94	8.808,99

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in cash flow statement comprise:

	31.12.2020	31.12.2019
Bank balances in EUR	94.921,05	75.953,36
Bank balances in CHF	23.151,48	37.067,87
	118.072,53	113.021,23

The Company's exposure to credit, currency and interest rate risks relating to cash and cash equivalents, together with a sensitivity analysis, is detailed in Note 5. Financial risk management on page 8.

19. TRADE LIABILITIES

Trade liabilities comprise:

	31.12.2020	31.12.2019
Trade Payables domestic	1.500,00	-
Accrued expenses payable to the Sole Proprietor	13.815,34	36.058,00
	15.315,34	36.058,00

Liabilities to suppliers are not subject to interest and are payable on demand or have a term of up to three months. Their carrying amounts are all equal to their respective fair value.

20. OTHER CURRENT LIABILITIES

Other current liabilities comprise:

	31.12.2020	31.12.2020
Taxes payable	90,80	330,13
Accrued leave balance	2.985,00	2.682,00
Social security payable	1.202,00	1.165,73
	4.277,80	4.177,86

21. RELATED PARTIES

During the year, the Company did not enter into trading transactions with related parties. The following balances were outstanding at the end of the reporting period:

	31.12.2020	31.12.2020
Amounts payable to the Sole Proprietor	13.815,34	36.058,00
Amounts owed to related parties	13.815,34	36.058,00

A company or individual is considered to be a related party of the Company if the party controls or is controlled by or is jointly controlled with the company, either directly or indirectly via one or more intermediaries, or holds an interest in the company that gives it a significant influence over the company, or if it is involved in the joint management of the company. A company or individual is considered to be a related party when the party is an associate or a person in a key management position in the company or its parent company.

22. NOTES TO THE CASH FLOW STATEMENT

The cash flow statement of the Company shows how the Company's cash and cash equivalents changed as a result of the inflow and outflow of funds during the reporting year. Within the cash flow statement, a distinction is made between cash flows from operating activities, investing activities and financing activities. The cash flow statement is prepared using the indirect method. The funds on which the cash flow statement is based are the cash and cash equivalents, which comprise bank balances and cash in hand. Note 18. Cash and cash equivalents on page 17 provides a reconciliation of these funds with the cash and cash equivalents reported in the statement of financial position.

23. EVENTS AFTER THE END OF THE REPORTING PERIOD

Management confirms that the Covid-19/Coronavirus pandemic had no adverse impact on the Company until to date and, based on the review of recent trading data, Management does not expect a significant negative impact in the foreseeable future. The Company has calculated several downside scenarios for 2021 onwards in order to safeguard liquidity and profitability.

E&E CRO Consulting

Financial Statements as at 31.12.2020

Notes to the Financial Statements (in EUR)

In April 2021, the Sole Proprietor contributed the Company's business and operations by means of an in-kind contribution into a limited liability company fully owned by the sole proprietor, effectively continuing the existing business in a different legal form. This transaction is pending and will be effective when formally recognized in the Austrian Commercial Register.

24. AVERAGE NUMBER OF EMPLOYEES DURING THE FINANCIAL YEAR

FTE – full time equivalent, based in:	2020	2019
Austria	1	1
	1	1

The above employee figures exclusively comprise salaried employees.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the sole proprietor for and on behalf of E&E CRO Consulting E.U. and authorized for issue on 21.04.2021.



Ilse Christa Eder
Sole Proprietor

General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Recommended for use by the Board of the Chamber of Tax Advisers and Auditors, last recommended in its decision of April 18, 2018

Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract on services to be rendered by a person entitled to exercise profession in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTBG 2017). The parties to the contract shall hereinafter be referred to as the "contractor" on the one hand and the "client" on the other hand).

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) insofar as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

SECTION I

1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up between the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, consultation shall consist of the following activities:

- a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
- b) examining the tax assessment notices for the tax returns mentioned under a).
- c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- e) participating in appeal procedures with regard to the taxes mentioned under a).

If the contractor receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.

(6) The contractor is not obliged to render any services, issue any warnings or provide any information beyond the scope of the contract.

(7) The contractor shall have the right to engage suitable staff and other performing agents (subcontractors) for the execution of the contract as well as to have a person entitled to exercise the profession substitute for him/her in executing the contract. Staff within the meaning of these Conditions of Contract refers to all persons who support the contractor in his/her operating activities on a regular or permanent basis, irrespective of the type of underlying legal transaction.

(8) In rendering his/her services, the contractor shall exclusively take into account Austrian law; foreign law shall only be taken into account if this has been explicitly agreed upon in writing.

(9) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the contractor shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(10) The client shall be obliged to make sure that the data made available by him/her may be handled by the contractor in the course of rendering the services. In this context, the client shall particularly but not exclusively comply with the applicable provisions under data protection law and labor law.

(11) Unless explicitly agreed otherwise, if the contractor electronically submits an application to an authority, he/she acts only as a messenger and this does not constitute a declaration of intent or knowledge attributable to him/her or a person authorized to submit the application.

(12) The client undertakes not to employ persons that are or were staff of the contractor during the contractual relationship, during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the contractor the amount of the annual salary of the member of staff taken over.

2. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed without special request at the disposal of the contractor at the agreed date, and in good time if no such date has been agreed, and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the contractor has commenced his/her work.

(2) The contractor shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and to base the contract on them. The contractor shall not be obliged to identify any errors unless agreed separately in writing. This shall particularly apply to the correctness and completeness of bills. However, he/she is obliged to inform the client of any errors identified by him/her. In case of financial criminal proceedings he/she shall protect the rights of the client.

(3) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete.

(4) If the client fails to disclose considerable risks in connection with the preparation of financial statements and other statements, the contractor shall not be obliged to render any compensation insofar as these risks materialize.

(5) Dates and time schedules stated by the contractor for the completion of the contractor's products or parts thereof are best estimates and, unless otherwise agreed in writing, shall not be binding. The same applies to any estimates of fees: they are prepared to best of the contractor's knowledge; however, they shall always be non-binding.

(6) The client shall always provide the contractor with his/her current contact details (particularly the delivery address). The contractor may rely on the validity of the contact details most recently provided by the client, particularly have deliveries made to the most recently provided address, until such time as new contact details are provided.

3. Safeguarding of Independence

(1) The client shall be obliged to take all measures to prevent that the independence of the staff of the contractor be jeopardized and shall himself/herself refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) The client acknowledges that his/her personal details required in this respect, as well as the type and scope of the services, including the performance period agreed between the contractor and the client for the services (both audit and non-audit services), shall be handled within a network (if any) to which the contractor belongs, and for this purpose transferred to the other members of the network including abroad for the purpose of examination of the existence of grounds of bias or grounds for exclusion and conflicts of interest. For this purpose the client expressly releases the contractor in accordance with the Data Protection Act and in accordance with Section 80 (4) No. 2 WTBG 2017 from his/her obligation to maintain secrecy. The client can revoke the release from the obligation to maintain secrecy at any time.

4. Reporting Requirements

(1) (Reporting by the contractor) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. e.g. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute such explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4. (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is at the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1988). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

6. Correction of Errors

(1) The contractor shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement made orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original professional statement of the change.

(2) The client has the right to have all errors corrected free of charge if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the contractor and/or – in cases where a written professional statement has not been delivered – six months after the contractor has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Item 7.

7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 1298 2nd Sentence ABGB is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTBG 2017 as amended.

(3) The limitation of liability pursuant to Item 7. (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but no later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4. (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case. If third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.

(9) Item 7. shall also apply to any of the client's liability claims to third parties (performing agents and vicarious agents of the contractor) and to substitutes of the contractor relating to the contractual relationship.

8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to all personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

9. Withdrawal and Cancellation („Termination“)

(1) The notice of termination of a contract shall be issued in writing (see also Item 4. (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of Item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any such assignments exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 9. (4).

10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor hereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation (fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded; in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1)). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1152 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flat-rate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.

(9) Personnel and material expenses for the preparation of reports, expert opinions and similar documents are also viewed as supplementary costs.

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate at the amount stipulated in Section 456 1st and 2nd Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.

13. Other Provisions

(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB); if the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon – which were prepared by the contractor in relation to the contract and which the client is obliged to keep – to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handing over such data in a structured, common and machine-readable format. If handing over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the contractor and his/her client and to original documents in his/her possession and to documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if the contractor can prove that he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

14. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law, excluding national referral rules.

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.

SECTION II

15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSchG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSchG:

If the consumer has not made his/her contract statement in the office usually used by the contractor, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the contractor as well as instructions on the right to withdraw from the contract, but no earlier than the conclusion of the contract. The consumer shall not have the right to withdraw from the contract

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the contractor or his/her representative,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. in case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

In order to become legally effective, the withdrawal shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the contractor to the contractor with a note which indicates that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within one week.

If the consumer withdraws from the contract according to Section 3 KSchG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSchG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSchG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

If the contract is based on a cost estimate prepared by the contractor, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (3)

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 (2) and 104 (1) Austrian Court Jurisdiction Act (JN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.

(9) Contracts on Recurring Services:

(a) Contracts which oblige the contractor to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit. a) requires considerable expenses on the part of the contractor and if he/she informed the consumer about this no later than at the time the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit. a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.



MOORE

E&E CRO Consulting e.U.

**Auditor's Report – Financial Statements for the Year ended
31.12.2019**



E&E CRO Consulting e.U.

**Auditor's Report – Financial Statements for the Year ended
31.12.2019**

Electronic copy

Moore Interaudit GmbH
Wirtschaftsprüfungsgesellschaft
A- 5020 Salzburg, Austria

FN 55663h, Commercial Court Salzburg



E&E CRO Consulting e.U.
Nobilegasse 23-25
1150 Vienna
Austria

We have completed our audit of the financial statements as of 31.12.2019 of

E&E CRO Consulting e.U., Vienna,
(referred to as "the Company")

and report on the result of our audit as follows:

1. Audit contract and performance of the engagement

The Company, represented by the Sole Proprietor Mrs. Ilse Christa Eder, concluded an audit contract with us to audit the financial statements as of 31.12.2019.

The audit is a contractual audit, which is not subject to statutory audit requirements.

The audit included assessing whether the statutory requirements and additional provisions of the Company's articles of association were adhered to concerning the preparation of the financial statements.

The present audit is a first-time audit.

We conducted our audit in accordance with the legal requirements and generally accepted standards on auditing as applied in Austria. These standards require that we comply with International Standards on Auditing (ISA). An auditor conducting an audit obtains reasonable assurance about whether the financial statements are free from material misstatement. Absolute assurance is not attainable due to the inherent limitations of any accounting and internal control system and due to the sample-based test nature of an audit, there is an unavoidable risk that material misstatements in the financial statements remain undetected. Areas, which are generally covered in special engagements, were not included in our scope of work.

We performed the audit from March 2021 to April 2021 mainly at our Company's premises. The audit was substantially completed at the date of this report.

The audit partner responsible for the proper performance of the engagement is Florian Eder, Austrian Certified Public Accountant.

Our audit is based on the audit contract concluded with the Company. The "General Conditions of Contract for the Public Accounting Professions" issued by the Austrian Chamber of Auditors and Tax Advisors (refer to Appendix II) form an integral part of the audit contract. These conditions of contract do not only apply to the Company and the auditor, but also to third parties. Section 275 UGB (Austrian Company Code) applies with regard to our responsibility and liability as auditors towards the Company and towards third parties.

2. Auditor's Report

Report on the Financial Statements

Opinion

We have audited the Financial Statements of E&E CRO Consulting e.U., Vienna, which comprise the Statement of Financial Position as of 31.12.2019, the Statement of Comprehensive Income, the Statement of Cash Flows, and the Statement of Changes in Equity for the fiscal year then ended and the accompanying Notes.

Based on our audit, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as of 31.12.2019, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibility and liability as auditor is guided by section 275 par. 2 UGB (Austrian Company Code) (liability regulations for the audit of small and medium-sized companies) and is limited to a total of 2 million Euros towards the Company and towards third parties.

Responsibilities of the Sole Proprietor of the Company for the Financial Statements

The Sole Proprietor of the Company is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as the Sole Proprietor determines are 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, the Sole Proprietor 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 the Sole Proprietor either decides to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

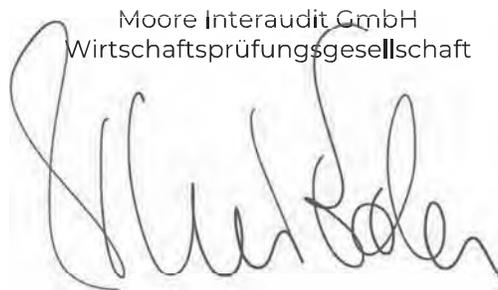
As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Sole Proprietor.
- conclude on the appropriateness of the Sole Proprietor' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Salzburg, 21.04.2021

Moore Interaudit GmbH
Wirtschaftsprüfungsgesellschaft



Mag. Florian Eder, CPA
Wirtschaftsprüfer

(Austrian chartered accountant)



E&E CRO Consulting

Financial Statements as at 31.12.2019

E&E CRO Consulting

Financial Statements as at 31.12.2019

Statement of Financial Position (in EUR)

Assets	Note	31.12.2019	31.12.2018	01.01.2018
Property and equipment	15	1.586,88	1.917,47	3.747,55
Right-of-use assets	16	7.375,16	10.535,94	-
Noncurrent assets		8.962,04	12.453,41	3.747,55
Trade receivables	18	6.732,84	35.312,18	32.445,04
Other receivables	18	8.808,99	224,61	155,75
Cash and cash equivalents	19	113.021,23	120.395,32	95.609,94
Current assets		128.563,06	155.932,11	128.210,73
Assets		137.525,10	168.385,52	131.958,28
Equity, Liabilities				
Committed capital		-	-	-
Retained earnings		89.669,87	148.288,71	125.032,00
Attributable to the Sole Proprietor		89.669,87	148.288,71	125.032,00
Equity		89.669,87	148.288,71	125.032,00
Lease liabilities	16	4.440,65	7.619,37	-
Noncurrent liabilities		4.440,65	7.619,37	-
Trade and other payables	20	40.235,86	9.423,15	6.926,28
Lease liabilities	16	3.178,72	3.054,29	-
Current liabilities		43.414,58	12.477,44	6.926,28
Liabilities		47.855,23	20.096,81	6.926,28
Equity and Liabilities		137.525,10	168.385,52	131.958,28

E&E CRO Consulting

Financial Statements as at 31.12.2019

Statement of Comprehensive Income (in EUR)

Continuing operations	Note	2019	2018
Revenue	8	83.838,25	151.667,41
Cost of sales	9	(35.382,01)	(7.110,67)
Gross profit		48.456,24	144.556,74
Personnel expenses	11	(55.989,05)	(55.008,61)
Depreciation, amortization	15.1	(4.057,52)	(4.214,11)
Administrative expenses	12	(16.736,08)	(33.881,07)
Net foreign exchange gains/(losses)	10	1.414,94	1.456,62
Other operating (expenses)/income	10	7.186,62	-
Profit from operating activities		(19.724,85)	52.909,57
Finance charges		(371,35)	(314,29)
Net finance costs	13	(371,35)	(314,29)
Profit before taxation		(20.096,20)	52.595,28
Taxation	14	-	-
(Loss)/profit from continuing operations		(20.096,20)	52.595,28
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified to profit or loss:		-	-
Other comprehensive income for the year		-	-
Comprehensive income for the year		(20.096,20)	52.595,28

E&E CRO Consulting

Financial Statements as at 31.12.2019

Statement of Changes in Equity (in EUR)

	Committed capital	Retained Earnings	Total
As at 01.01.2018	-	125.032,00	125.032,00
Profit for the year	-	52.595,28	52.595,28
Total comprehensive income	-	177.627,28	177.627,28
Capital drawings by the Sole Proprietor	-	(29.338,57)	(29.338,57)
Total transactions with owners	-	(29.338,57)	(29.338,57)
As at 31.12.2018	-	148.288,71	148.288,71
As at 01.01.2019	-	148.288,71	148.288,71
Loss for the year	-	(20.096,20)	(20.096,20)
Total comprehensive income	-	(20.096,20)	(20.096,20)
Capital drawings by the Sole Proprietor	-	(38.522,64)	(38.522,64)
Total transactions with owners	-	(38.522,64)	(38.522,64)
As at 31.12.2019	-	89.669,87	89.669,87

E&E CRO Consulting
 Financial Statements as at 31.12.2019

Statement of Cash Flows (in EUR)

Continuing operations	Note	2019	2018
Profit before taxation		(20.096,20)	52.595,28
Adjustments for			
Depreciation and amortization		4.057,52	4.214,11
(Profit)/loss on disposal of property, plant and equipment	10	-	-
Finance costs – net		371,35	314,29
Foreign exchange losses/(gains) on operating activities	10	413,84	(276,84)
Changes in working capital			
Trade and other receivables		19.994,96	(2.936,00)
Trade and other payables		30.812,71	2.496,87
Net cash generated from operating activities		35.554,18	56.407,71
Purchases of property and equipment		(980,00)	-
Proceeds from sale of property and equipment		-	-
Net cash used in investing activities		(980,00)	-
Interest payments and principal repayments of leases	16	(3.425,63)	(2.283,76)
Withdrawals by the Sole Proprietor		(38.522,64)	(29.338,57)
Net cash used in financing activities		(41.948,27)	(31.622,33)
Net cash flows for the year		(7.374,09)	24.785,38
Cash at beginning of the year		120.395,32	95.609,94
Net cash flows for the year		(7.374,09)	24.785,38
Cash at end of the year		113.021,23	120.395,32

E&E CRO Consulting

Financial Statements as at 31.12.2019

Notes to the Financial Statements (in EUR)

1. GENERAL INFORMATION

These financial statements are presented in Euros ("EUR"), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of E&E CRO Consulting e.U. (the "Company") for the year ended 31.12.2019.

The Company is an incorporated sole proprietorship in accordance with Austrian commercial law, which is privately held and registered with the registration number 346677w at the Austrian Commercial Register. It is both incorporated and domiciled in Vienna, Austria. The address of its registered office is Nobilgasse 23-25, A-1150 Vienna, Austria.

The Sole Proprietor is Mrs. Ilse Christa Eder.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRIC).

The financial statements of the Company for the year ended 31.12.2019 are the first the Company has prepared in accordance with IFRS, as the Company parent company was not required to, and did not prepare financial statements previously. Refer to Note 4. First time adoption of IFRS on page 8 for information on how the Company adopted IFRS.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies that have been applied consistently by all Company companies to all periods presented in these financial statements are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies selected for use by the Company. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in relevant notes as summarized in Note 7. Significant accounting estimates, judgments and assumptions on page 12. Use of available information and application of judgment are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

2.1. NEW STANDARDS AND AMENDMENTS EFFECTIVE ON OR AFTER 01.01.2019

The Company applied for the first-time certain standards and amendments, which are effective for periods beginning on or after 01.01.2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- **IFRS 16 - Leases:** For lessees, the new standard prescribes an accounting model which waives the distinction between finance leases and operating leases. As a lessee, at its first-time application of IFRS 16 as of 31.12.2019, the Company elected to fully apply IFRS to all leasing contracts as at 01.01.2018. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).
Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Company recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to the Financial Statements (in EUR)

- **Amendments to IFRS 9 - Prepayment Features with Negative Compensation:** under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements.
- **IFRIC 23 Uncertainty over Income Tax Treatments:** This interpretation will apply for reporting years beginning on or after 01.01.2019. This has not had any significant effect on the financial statements.
- **IAS 28 Investments in Associates and Joint Ventures:** The amendments to the existing standard specify that companies are obliged to apply IFRS 9 (Financial Instruments), including its impairment rules, to long-term investments in associates and/or joint ventures which essentially represent a portion of the net investments in the associate or joint venture and are not presented according to the equity method. Hence, the application of IFRS 9 takes precedence over the application of IAS 28. These amendments had no impact on the financial statements.
- **IAS 19 – Employee Benefits:** According to the amended standard, if a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. These amendments had no impact on the financial statements.
- **Improvements to the IFRS cycle 2015-2017:** on 12.12.2017, the IASB published annual improvements to the IFRS cycle 2015-2017 and amended the following standards:
IFRS 3 Business Combinations and IFRS 11 Joint Arrangements, clarifying that when an entity obtains control of a business that includes a joint operation, it remeasures previously held interests in that business. The amendments of IFRS 11 clarify that when an entity obtains joint control of a business that includes a joint operation, the entity does not remeasure previously held interests in that business.
- **IAS 12 Income Taxes:** Clarification of the recognition of the income tax consequences of dividends in the operating result, irrespective of how these taxes arise.
- **IAS 23 Borrowing Cost:** if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, then from this date this specific borrowing must be included in the determination of the general weighted average borrowing cost rate to fund the other qualifying assets. This thus clarifies that "specific" borrowing (i.e. for the purpose of obtaining a qualifying asset) will not be included in the general weighted average interest rate while the required condition for its intended final use or for its sale has not yet been achieved.
The amendments entered into force for reporting periods beginning on or after 01.01.2019. These amendments were adopted on 14.01.2019. These amendments had no impact on the financial statements.

2.2. PUBLISHED STANDARDS AND INTERPRETATIONS THAT ARE NOT YET MANDATORY AND WHICH HAVE NOT BEEN ADOPTED EARLY

Further new and revised standards and interpretations have been adopted by the IASB that are not yet mandatory for the financial statements. These were not applied early by the Company – if application was possible – and they will all be applied from the dates on which the respective standards and interpretations become effective.

- **IFRS 17 Insurance Contracts:** on 18.05.2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 is effective for reporting periods beginning on or after 01.01.2023, with comparative figures required. This standard is not applicable to the Company.
- **Amendments to IAS 1 and IAS 8 - Definition of Materiality:** effective for reporting periods beginning on or after 01.01.2020. The aim of the changes was to unify the definition of "materiality" in all standards and to clarify certain aspects of the definition. The Company assumes that the changes in the definition of "materiality" will not have any significant effects on the financial statements

Notes to the Financial Statements (in EUR)

- **Reference to the Conceptual Framework- Amendments to IFRS 3:** effective for reporting periods beginning on or after 01.01.2020. The revised conceptual framework consists of a new superordinate section Status and purpose of the conceptual framework as well as eight completely contained sections. Along with the changed framework concept, references to the framework concept were adapted in various standards. The Company expects that there will be no material effects on the financial statements.
- **Changes to IFRS 9, IAS 39 and IFRS 7 - Interest benchmark reform:** effective for reporting periods beginning on or after 01.01.2021. The changes relate in particular to certain simplifications relating to hedge accounting regulations and are mandatory for all hedging relationships that are affected by the reform of the reference interest rate. The Company assumes that there will be no material effects on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

3.1. FOREIGN CURRENCY TRANSLATION

The Company's financial statements are presented in EUR, which is also the Company's functional currency.

Currency translation

Foreign currency transactions are converted into the functional currency at the spot rate applying on the date of transaction. Assets and liabilities in a foreign currency are converted into the functional currency using the official middle rates applicable at each reporting date. All currency translation differences are recognized through profit or loss.

3.2. REVENUE RECOGNITION

The Company provides consulting services in relation to the clinical certification process of medical products and devices. Major sources of revenue are based on fixed per-diems and monthly retainers, which are recognized as revenues based on actual time spent or monthly periods elapsed. Sales include travel and other expenses recoverable from clients.

Expenses directly incurred and paid on behalf of clients are presented net of their respective recoveries within the Company's sales.

3.3. TAXATION

The Company is subject to Austrian income tax at the level of the sole proprietor, where taxable income from the Company's business forms part of the sole proprietor's overall tax base at incremental tax rates. Accordingly, no current or deferred income tax is recorded at the level of the Company.

3.4. PROPERTY AND EQUIPMENT

Property and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The residual values and useful lives of Property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

Notes to the Financial Statements (in EUR)

Land is not depreciated. Depreciation is charged on other assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

- **Machinery and equipment:** 5 to 10 years
- **Furniture and fixtures:** 1 to 10 years
- **Vehicles:** 4-8 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss and if certain conditions are met.

3.5. IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In assessing 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The recoverable amount depends on the discount rate used within the scope of the discounted cash flow method and on the expected future cash inflows and the growth rate used for extrapolation purposes. If the future cash flows actually expected are lower than previously estimated, this may result in a significant impairment.

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- **Disclosures for significant assumptions:** Note 7. Significant accounting estimates, judgments and assumptions on page 12

3.6. FINANCIAL INSTRUMENTS

3.6.1. Recognition and derecognition of financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Notes to the Financial Statements (in EUR)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company only has financial assets in the categories financial assets at amortized cost.

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes trade receivables, other receivables and loans to related parties included under current and non-current financial assets, respectively.

Derecognition

Financial assets are derecognized when:

- The contractual rights to cash flows from the financial asset expire, or
- The asset is transferred such that contractual rights to cash flows of the assets and the risks and rewards of ownership are transferred.

On derecognition, the Company recognized the differences between carrying amount and consideration.

In factoring arrangements and guaranteed receivables, transfer may not result in derecognition, because the Company retains exposure to risks and rewards to some extent. The Company assesses its extended involvement and recognizes a liability, such that the net of asset and liability represents the rights and obligations retained, measured based on the classification of the original asset.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- **Disclosures for significant assumptions:** Note 3.5. Impairment of non-financial assets on page 4

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

3.6.2. Classification and measurement of financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

The Company only holds financial liabilities at amortized cost.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.7. TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are financial assets stated initially at fair value which is taken to be their transaction cost and subsequently at their amortized cost less any loss allowance. Loss allowance is based on lifetime expected credit losses assessed and determined at initial recognition and subsequently adjusted for any changes in expectation.

Loss allowance measurement and policy included in Note 6.3. Credit risk management on page 10. Trade receivables expected to be received in the next year are classified as current assets. If not, they are presented as non-current assets.

3.8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

3.9. SOLE PROPRIETOR'S CAPITAL

E&E CRO Consulting e.U. is organized as an incorporated sole proprietorship under Austrian law, whereby the sole proprietor assumes full and unrestricted liability for the Company's operations and liabilities. While comprising a distinct business with respect to the requirements of IFRS for reporting entities, sole proprietorships form part of the sole proprietor's personal assets and liabilities.

No dedicated amount of capital or reserves are contributed by the sole proprietor, and the net assets comprise the sole proprietor's investment of personal funds, operational profits or losses less withdrawals from the proprietorship's accumulated earnings.

3.10. LEASES

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- **Motor vehicles and other equipment:** 4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3.11. FAIR VALUE MEASUREMENT

The Company measures certain financial instruments at fair value on each balance sheet date. The fair values of financial instruments measured at amortized cost are listed in Note 6.5. Fair value estimation on page 11.

Notes to the Financial Statements (in EUR)

Fair value is the price which would be received for the sale of an asset or paid for the transfer of a liability through an orderly transaction between market participants on the measurement date. For measurement of fair value, the transaction involving the sale of the asset or the transfer of the liability is assumed to have occurred on either the

- **Principal market:** for the asset or the liability or the
- **Most advantageous market:** for the asset or the liability, if no principal market is available.

The fair value of an asset or a liability is determined according to the assumptions upon which market participants would base their pricing of this asset or liability. The market participants are thereby presumed to have acted according to their best economic interests.

Measurement of the fair value of a non-financial asset considers the ability of the market participant to realize economic benefit through maximum and optimal utilization of this asset or through its sale to another market participant who will realize its maximum and optimum utilization.

All assets and liabilities whose fair value is determined or reported in the financial statements will be classified according to the fair value hierarchy outlined below, on the basis of the input parameter for the lowest level which is significant, overall, for fair value measurement:

- **Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

To comply with the disclosure requirements regarding fair values, the Company has specified groups of assets and liabilities according to their type, their characteristics and their risks and also the levels of the fair value hierarchy outlined above.

4. FIRST TIME ADOPTION OF IFRS

These financial statements, for the year ended 31.12.2019 are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31.12.2018, the Company prepared its financial statements in accordance with local generally accepted accounting principles in Austria (Austrian GAAP), whereby the Company was not required to, and elected not to prepare IFRS financial statements for previous years.

Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at 31.12.2019, together with the comparative period data for the year ended 31.12.2018, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 01.01.2018, the Company's date of transition to IFRS. This note explains the principal exemptions applied by the Company in restating its Austrian GAAP financial statements, including the statement of financial position as at 01.01.2018 and the financial statements as of, and for, the year ended 31.12.2018.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Company has applied the following exemptions:

- **Effects of Changes in Foreign Exchange Rates :** the Company has not applied IAS 21 The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.
- **Cumulative currency translation differences:** for all foreign operations are deemed to be zero as at 01.01.2018.

Notes to the Financial Statements (in EUR)

- **Leasing:** the Company assessed all contracts existing at 01.01.2018 to determine whether a contract contains a lease based upon the conditions in place as at 01.01.2018. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 October 2018. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before 01.01.2018. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognized as an expense on either a straight-line basis over the lease term or another systematic basis.
- **Estimates:** the estimates at 01.01.2018 and at 31.12.2018 are consistent with those made for the same dates in accordance with Austrian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Austrian GAAP did not require estimation.

5. RISK REPORT

The main financial instruments used by the Company include cash and cash equivalents, bank loans and leases. The Company has various other financial assets and liabilities, such as trade receivables and trade liabilities, which arise directly from its business activities. The Company does not use any derivative financial instruments such as forward exchange transactions to hedge interest and foreign exchange risks.

6. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Capital risk

Management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's financial instruments consist mainly of deposits with banks, available-for-sale investments, accounts receivable and payable, and loans to and from related parties.

6.1. MARKET RISK

6.1.1. Foreign exchange risk

The Company is exposed to foreign currency risk from its operating, investing and financing activities. Company manages the exposure and risk for investing and financing activities at the Company level including all material loans across the Company designated in foreign currencies.

It also monitors exposure and assists in the implementation of Company risk management strategies for exposure at an individual subsidiary level. The Company's policy is to cover forward all trade commitments.

The Company publishes its financial statements in EUR but has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

During the period under review, the Company generated its revenues exclusively in EUR. A majority of the company's business operations are carried out within the Eurozone.

6.1.2. Interest rate risk

As part of the process of managing the Company's fixed and floating rate borrowings mix, the interest rate characteristics of borrowings and the refinancing of existing borrowings are positioned according to movements in interest rates.

At 31.12.2019 the fixed interest rates vary from 2% to 4% (2018 2% to 4%).

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At the reporting date the carrying value of fixed and variable rate borrowings was as follows:

	2019	2018
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	(7.619,37)	(10.673,66)
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Total	(7.619,37)	(10.673,66)

Fixed rate interest sensitivity analysis

All fixed rate instruments are carried at amortized cost.

6.2. LIQUIDITY RISK MANAGEMENT

The Company has various commitments and obligations including significant capital expenditure and operates in some cash intensive segments and location, particularly through investment in emerging markets and revenue streams. Therefore, there is a risk that the Company may be unable to meet its short-term financial demands or obligations when due.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilized borrowing facilities are maintained. Cash intensive capital projects are managed centrally, and borrowing are secured and maintained by the Company treasury to ensure the most appropriate facilities for the purpose and best terms.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31.12.2019	Carrying amount	Contractual Cash Flows			
		< 3 months	3 months to 1 year	2 years to 5 years	>5 years
Lease liabilities	7.619,37	856,41	2.569,23	5.050,14	-
	7.619,37	856,41	2.569,23	5.050,14	-
31.12.2018					
Lease liabilities	10.673,66	856,41	2.569,23	8.104,43	-
	10.673,66	856,41	2.569,23	8.104,43	-

6.3. CREDIT RISK MANAGEMENT

Risk exposure, management and accounting policy

Credit risk arises on trade receivables and other receivables such as loans to related parties, cash and cash equivalents and deposits with financial institutions.

Trade receivable consist mainly of a widespread customer base. The Company companies monitor the financial position of their customers on an on-going basis. Where considered appropriate, use is made of factoring and credit guarantee insurance. The granting of credit is controlled by application and account limits.

The impairment is assessed in references to expected credit losses associated with its debt instruments carried at amortized cost. A loss allowance is calculated based on expected credit losses from day one, but the impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. Trade receivables and contract assets have been determined to have the same risk profile and lifetime credit losses are calculated on the same basis.

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In assessment of credit risk and expected losses, management considers a risk of default and its probability for each customer or category of customers. On an ongoing basis an increase in risk is considered through comparison of probability of default at point of assessment vs when was last estimated.

Rebuttable presumption that overdue by over 30 days is an indicator of significant increase is benchmark used by Company, with reviewing other indicators, such as

- Significant adverse events impacting the customer or significant deterioration in results, particularly free cash flow, operating cash flows, current ratio, debtors days
- Increased frequency of missed payments

Management consider it a default event to be over 90 days overdue. The policy is to write off anything deemed incollectible based on failed collection measures, where others indicators such as above or others are present.

Trade Receivables

For trade receivables, the Company has no significant concentration of credit risk. Exposure is spread over a number of counterparties and customers.

To measure the expected credit losses, management has used historic data % of settled sales per days overdue. This data was analyzed further to create a profile by segment, region, product/ service offered and type of customer.

External financial information about customers was also used where available- such as credit ratings from reputable agencies for significant customers Macroeconomic for the region and global financial information was also used to adjust weights of certain inputs.

The risk categories are blended based on the mix of receivables and percentages applied to calculate the loss.

Management has not rebutted the presumption that receivables above 90 days overdue are considered to be in default.

Financial assets at amortized cost

Other financial assets at amortized include loans and receivables, mainly loans to related parties. Risk of default is assessed on an individual basis and expected credit losses are measured based on the historical and current data. All are considered to be low credit risk due to their strong history of payment. The expected losses are minimal and summarized below.

6.4. CAPITAL RISK MANAGEMENT

The board's policy is to maintain and develop, centrally for the entire Company, a strong a flexible capital base in order to maintain investor and creditor confidence. This is seen as important for the sustenance of future developments in the business and the maintenance of flexibility of capital management strategies.

The gearing ratios at 31.12.2019 and 31.12.2018 were as follows:

	31.12.2019	31.12.2018	01.01.2018
Total loans and borrowings	(7.619,37)	(10.673,66)	-
Add: Cash and cash equivalents	113.021,23	120.395,32	95.609,94
Net liquidity	105.401,86	109.721,66	95.609,94
Total equity	89.669,87	148.288,71	125.032,00
Total capital	137.525,10	168.385,52	131.958,28

6.5. FAIR VALUE ESTIMATION

The estimated fair values have been determined using available market information and appropriate valuation methodologies as outlined below.

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The fair value for non-derivative financial liabilities is determined based on the amount the Company would pay to transfer a liability in an orderly transaction between market participants at the measurement date. If a market price is available then this will be used to determine the fair value, otherwise a valuation technique is used. Generally, the Company will obtain the fair value by calculating the present value of future cash flows discounted at prevailing rates of return for financial instruments having the same terms and characteristics and credit rating.

The fair values of financial assets and financial liabilities, together with their respective carrying values as shown in the statement of financial position, are presented in the table below. All assets and liabilities except those expressly states at are measured at fair value on a recurring basis, classified within the fair value hierarchy:

- **Level 1:** prices quoted (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

As at 31.12.2019	Level 1	Level 2	Level 3	Total	Carrying value
Lease liabilities	-	-	7.619,37	7.619,37	7.619,37
Financial liabilities not at fair value through profit or loss	-	-	7.619,37	7.619,37	7.619,37

As at 31.12.2018	Level 1	Level 2	Level 3	Total	Carrying value
Lease liabilities	-	-	10.673,66	10.673,66	10.673,66
Financial liabilities not at fair value through profit or loss	-	-	10.673,66	10.673,66	10.673,66

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily instruments listed on the US stock exchange classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely to the least extent feasible on estimates made by the Company. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs to the fair value assessment is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no transfers of financial assets and liabilities between level 1 and level 2.

7. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

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Certain areas of financial statements require management to make judgments and estimates in application of accounting policies and measurement of reported amounts. These are continuously monitored for any factors that would lead to a change in assumption or lead to a different decision. Any changes in estimates are accounted for prospectively.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are noted below with reference to relevant notes containing further assessment of the nature and impact of the assumptions.

7.1. JUDGMENTS

In applying the Company's accounting policies, management made the following judgments that significantly influenced the amounts reported in the financial statements.

Determination of the term of leases with extension or termination options – the Company as a lessee

The Company determines the terms of the lease on the basis of the non-cancelable period of a lease, while taking into consideration the periods covered by an option to extend the lease if it is reasonably certain that it will exercise that option and the periods covered by an option to terminate the lease if it is reasonably certain that it will not exercise that option.

Leases – estimate of the incremental borrowing rate

The Company is not easily able to determine the underlying interest rate for the lease. It therefore uses its incremental borrowing rate in order to measure leasing liabilities. The incremental borrowing rate is the rate of interest which the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. If no observable interest rates are available (e.g. in case of subsidiaries which do not enter into financing transactions) or if the interest rate must be adjusted in order to reflect the terms of the lease (e.g. if this has not been entered into in the subsidiary's functional currency), then the incremental borrowing rate must be estimated. The Company will estimate the incremental borrowing rate by means of observable input factors (e.g. market interest rates), where these are available, and is required to make certain company-specific estimates.

7.2. ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other major sources of estimation uncertainty on the balance sheet date due to which the considerable risk exists that a significant adjustment of the carrying amounts of assets and liabilities may become necessary within the next financial year are outlined below. The Company's assumptions and estimates are based on parameters which were available at the time of preparation of the financial statements. However, these circumstances and the assumptions regarding future developments may change due to market movements and market conditions outside the Company's influence. Such changes will only be factored into the assumptions once they have occurred.

In the financial statements, significant estimates and assumptions were made in the following areas that may lead to significant changes in the next financial year:

7.2.1. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments..

7.2.2. Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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8. SALES REVENUE

Sales revenue comprises:

	2019	2018
Sale of services	83.838,25	151.667,41
Less: outlays paid on behalf of clients included in sales revenue	-	-
	83.838,25	151.667,41

9. COST OF SALES

Cost of sales revenue comprise:

	2019	2018
Travel expenses related to on-site visits	35.382,01	7.110,67
	35.382,01	7.110,67

10. OTHER INCOME

Other income comprises:

	2019	2018
Insurance proceeds	7.186,62	-
Net foreign exchange gains/(losses)	1.414,94	1.456,62
	8.601,56	1.456,62

11. PERSONNEL EXPENSES

Personnel expenses comprise:

	2019	2018
Salaries	41.984,62	42.990,02
Social security and payroll taxes	14.004,43	12.018,59
Less: furlough subsidies (COVID-related)	-	-
	55.989,05	55.008,61

12. ADMINISTRATIVE EXPENSES

Administrative expenses comprise:

	2019	2018
Consultancy fees - recertification	1.554,00	1.558,00
Professional fees	2.720,00	3.462,00
Vehicle expenses	6.278,74	10.165,52
Promotion and advertising	1.344,88	11.748,64
Other	4.838,46	6.946,91
	16.736,08	33.881,07

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Notes to the Financial Statements (in EUR)

13. NET FINANCE COSTS

Net finance costs comprise:

	2019	2018
Interest expense - lease liabilities	371,35	314,29
	371,35	314,29

14. TAXATION

The Company is subject to Austrian income tax at the level of the sole proprietor, where taxable income from the Company's business forms part of the sole proprietor's overall tax base at incremental tax rates. Accordingly, no current or deferred income tax is recorded at the level of the Company.

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2019	2018
(Loss)/Profit before tax	(20.096,20)	52.595,28
Add/(less): profit transferred to the sole proprietor for personal taxation	20.096,20	(52.595,28)
Company tax reconciliation	-	-
Effective tax rate for the year %	0%	0%

15. PROPERTY AND EQUIPMENT

Changes in property and equipment in 2018 and 2019 are shown in the following statement of changes in assets. Property and equipment comprise operating and office equipment. Property and equipment are carried at cost minus accumulated systematic straight-line depreciation.

Acquisition cost	Buildings	Equipment	Other	Total
As at 01.01.2018	2.293,38	2.231,34	5.972,00	10.496,72
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31.12.2018	2.293,38	2.231,34	5.972,00	10.496,72
Additions	-	980,00	-	980,00
Disposals	-	-	(5.972,00)	(5.972,00)
As at 31.12.2019	2.293,38	3.211,34	-	5.504,72
Accumulated depreciation				
As at 01.01.2018	(1.395,87)	(874,30)	(4.479,00)	(6.749,17)
Additions	(348,35)	(402,58)	(1.493,00)	(2.243,93)
Disposals	-	-	-	-
As at 31.12.2018	(1.744,22)	(1.276,88)	(5.972,00)	(8.993,10)
Additions	(249,16)	(647,58)	-	(896,74)
Disposals	-	-	5.972,00	5.972,00
As at 31.12.2019	(1.993,38)	(1.924,46)	-	(3.917,84)
Net book value				
As at 01.01.2018	897,51	1.357,04	1.493,00	3.747,55
As at 31.12.2018	549,16	954,46	-	1.503,62
As at 31.12.2019	300,00	1.286,88	-	1.586,88

The Company did not pledge assets as collateral to secure financial liabilities (2018: nil).

15.1. RECONCILIATION OF DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation and amortization expense comprises:

	2019	2018
Depreciation of property and equipment	896,74	2.106,92
Amortization of right-of-use assets	3.160,78	2.107,19
	4.057,52	4.214,11

16. LEASES

The Company has entered into a single lease for one motor vehicle. In case of motor vehicle leases, the term is normally between 3 and 5 years. The Company did not assign or sublease any leased assets in 2019.

The following table shows the carrying amounts of the reported rights of use and the changes during the reporting period:

Right-of-use assets	Vehicles	Total
As at 01.01.2018	-	-
Additions	12.643,13	12.643,13
Amortization	(2.107,19)	(2.107,19)
As at 31.12.2018	10.535,94	10.535,94
Additions	-	-
Amortization	(3.160,78)	(3.160,78)
As at 31.12.2019	7.375,16	7.375,16

The following table shows the carrying amounts of the leasing liability and the changes during the reporting period:

	2019	2018
Leasing liability as at 01.01. of the preceding year	10.673,66	-
Additions	-	12.643,13
Accrual of interest	371,35	314,29
Payments	(3.425,63)	(2.283,76)
Leasing liability as at 31.12.	7.619,37	10.673,66

The maturity analysis for the leasing liabilities is presented in Note 6.2. Liquidity risk management on page 10.

The following amounts were recognized through profit or loss in the 2019 and 2018 reporting periods:

	2019	2018
Depreciation charge for rights of use	3.160,78	2.107,19
Interest expenses for leasing liabilities	371,35	314,29
	3.532,13	2.421,48

The Company does not have any future cash outflows for leases which have not yet begun.

The gross minimum lease liabilities – minimum lease payments are as follows:

	2019	2018
No later than one year	3.178,72	3.054,29
Later than one year	4.440,65	7.619,38
Later than on year but no later than five years	4.440,65	7.619,38
Later than five years	-	-

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17. FINANCIAL ASSETS

17.1. AMORTIZED COST

Financial assets

	31.12.2019		31.12.2018		01.01.2018	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Trade receivables	6.732,84	-	35.312,18	-	32.445,04	-
Other assets	8.808,99	-	224,61	-	155,75	-
Less: valuation allowance	-	-	-	-	-	-
Total	15.541,83	-	35.536,79	-	32.600,79	-

All trade receivables are considered to be held to collect and measured at amortized cost.

Management considers that the carrying amount of trade and other receivables approximates their fair value. The allowance is calculated based on lifetime expected credit losses. The Company's exposure to credit, currency and interest rate risks relating to trade and other receivables is detailed in Note 6. Financial risk management on page 9.

Interest-bearing liabilities

	31.12.2019		31.12.2018		01.01.2018	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Leasing liabilities	3.178,72	4.440,65	3.054,29	7.619,37	-	-
Total		7.619,37		10.673,66		-

Lease liabilities are effectively secured as the rights to the relevant asset revert to the lessor in the event of default.

There have been no breaches of these terms during the year or the comparative period.

18. TRADE AND OTHER RECEIVABLES

Trade receivables comprise:

	31.12.2019	31.12.2018	01.01.2018
Trade receivables - current	135,00	1.000,00	10.430,59
Trade receivables - past due but not impaired	6.597,84	9.683,89	9.683,89
Less: valuation allowance	-	-	-
Unbilled services provided to related parties	-	24.628,29	12.330,56
Total	6.732,84	35.312,18	32.445,04

Trade receivables, including such earmarked as past due but not impaired, were collected in full by 31.12.2020. Accordingly, the Company did not incur historic write-offs of receivables. As the Company does not and therefore did not recognize impairment losses or any valuation allowance for trade and other receivables.

E&E CRO Consulting
 Financial Statements as at 31.12.2019

Notes to the Financial Statements (in EUR)

Other receivables comprise:

	31.12.2019	31.12.2018	01.01.2018
Accrued other recoveries	7.186,62	-	-
Deposits paid	1.500,00	-	-
Other tax receivables	122,37	224,61	155,75
Total	8.808,99	224,61	155,75

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in cash flow statement comprise:

	31.12.2019	31.12.2018	01.01.2018
Bank balances in EUR	75.953,36	84.443,75	59.658,37
Bank balances in CHF	37.067,87	35.951,57	35.951,57
	113.021,23	120.395,32	95.609,94

The Company's exposure to credit, currency and interest rate risks relating to cash and cash equivalents, together with a sensitivity analysis, is detailed in Note 6. Financial risk management on page 9.

20. TRADE LIABILITIES

Trade liabilities comprise:

	31.12.2019	31.12.2018	01.01.2018
Trade Payables domestic	-	-	-
Accrued expenses payable to sole proprietor	36.058,00	4.451,00	2.722,47
	36.058,00	4.451,00	2.722,47

Liabilities to suppliers are not subject to interest and are payable on demand or have a term of up to three months. Their carrying amounts are all equal to their respective fair value.

21. OTHER CURRENT LIABILITIES

Other current liabilities comprise:

	31.12.2019	31.12.2018	01.01.2018
Taxes payable	330,13	199,62	104,15
Accrued leave balance	2.682,00	3.621,00	3.000,00
Social security payable	1.165,73	1.151,53	1.099,66
	4.177,86	4.972,15	4.203,81

22. RELATED PARTIES

During the year, the Company did not enter into trading transactions with related parties. The following balances were outstanding at the end of the reporting period:

	31.12.2019	31.12.2018	01.01.2018
Amounts payable to the Sole Proprietor	36.058,00	4.451,00	2.722,47
Amounts owed to related parties	36.058,00	4.451,00	2.722,47

Notes to the Financial Statements (in EUR)

A company or individual is considered to be a related party of the Company if the party controls or is controlled by or is jointly controlled with the company, either directly or indirectly via one or more intermediaries, or holds an interest in the company that gives it a significant influence over the company, or if it is involved in the joint management of the company. A company or individual is considered to be a related party when the party is an associate or a person in a key management position in the company or its parent company.

23. NOTES TO THE CASH FLOW STATEMENT

The cash flow statement of the Company shows how the Company's cash and cash equivalents changed as a result of the inflow and outflow of funds during the reporting year. Within the cash flow statement, a distinction is made between cash flows from operating activities, investing activities and financing activities. The cash flow statement is prepared using the indirect method. The funds on which the cash flow statement is based are the cash and cash equivalents, which comprise bank balances and cash in hand. Note 19. Cash and cash equivalents on page 19 provides a reconciliation of these funds with the cash and cash equivalents reported in the statement of financial position.

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

Management confirms that the Covid-19/Coronavirus pandemic had no adverse impact on the Company until to date and, based on the review of recent trading data, Management does not expect a significant negative impact in the foreseeable future. The Company has calculated several downside scenarios for 2021 onwards in order to safeguard liquidity and profitability

In April 2021, the Sole Proprietor contributed the Company's business and operations by means of an in-kind contribution into a limited liability company fully owned by the sole proprietor, effectively continuing the existing business in a different legal form. This transaction is pending and will be effective when formally recognized in the Austrian Commercial Register.

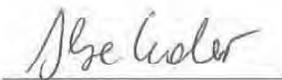
25. AVERAGE NUMBER OF EMPLOYEES DURING THE FINANCIAL YEAR

FTE – full time equivalent, based in:	2019	2018
Austria	1	1
	1	1

The above employee figures exclusively comprise salaried employees.

26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the sole proprietor for and on behalf of E&E CRO Consulting E.U. and authorized for issue on 21.04.2021.



Ilse Christa Eder
Sole Proprietor

General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Recommended for use by the Board of the Chamber of Tax Advisers and Auditors, last recommended in its decision of April 18, 2018

Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract on services to be rendered by a person entitled to exercise profession in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTBG 2017). The parties to the contract shall hereinafter be referred to as the "contractor" on the one hand and the "client" on the other hand).

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) insofar as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

SECTION I

1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up between the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, consultation shall consist of the following activities:

- a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
- b) examining the tax assessment notices for the tax returns mentioned under a).
- c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- e) participating in appeal procedures with regard to the taxes mentioned under a).

If the contractor receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.

(6) The contractor is not obliged to render any services, issue any warnings or provide any information beyond the scope of the contract.

(7) The contractor shall have the right to engage suitable staff and other performing agents (subcontractors) for the execution of the contract as well as to have a person entitled to exercise the profession substitute for him/her in executing the contract. Staff within the meaning of these Conditions of Contract refers to all persons who support the contractor in his/her operating activities on a regular or permanent basis, irrespective of the type of underlying legal transaction.

(8) In rendering his/her services, the contractor shall exclusively take into account Austrian law; foreign law shall only be taken into account if this has been explicitly agreed upon in writing.

(9) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the contractor shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(10) The client shall be obliged to make sure that the data made available by him/her may be handled by the contractor in the course of rendering the services. In this context, the client shall particularly but not exclusively comply with the applicable provisions under data protection law and labor law.

(11) Unless explicitly agreed otherwise, if the contractor electronically submits an application to an authority, he/she acts only as a messenger and this does not constitute a declaration of intent or knowledge attributable to him/her or a person authorized to submit the application.

(12) The client undertakes not to employ persons that are or were staff of the contractor during the contractual relationship, during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the contractor the amount of the annual salary of the member of staff taken over.

2. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed without special request at the disposal of the contractor at the agreed date, and in good time if no such date has been agreed, and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the contractor has commenced his/her work.

(2) The contractor shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and to base the contract on them. The contractor shall not be obliged to identify any errors unless agreed separately in writing. This shall particularly apply to the correctness and completeness of bills. However, he/she is obliged to inform the client of any errors identified by him/her. In case of financial criminal proceedings he/she shall protect the rights of the client.

(3) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete.

(4) If the client fails to disclose considerable risks in connection with the preparation of financial statements and other statements, the contractor shall not be obliged to render any compensation insofar as these risks materialize.

(5) Dates and time schedules stated by the contractor for the completion of the contractor's products or parts thereof are best estimates and, unless otherwise agreed in writing, shall not be binding. The same applies to any estimates of fees: they are prepared to best of the contractor's knowledge; however, they shall always be non-binding.

(6) The client shall always provide the contractor with his/her current contact details (particularly the delivery address). The contractor may rely on the validity of the contact details most recently provided by the client, particularly have deliveries made to the most recently provided address, until such time as new contact details are provided.

3. Safeguarding of Independence

(1) The client shall be obliged to take all measures to prevent that the independence of the staff of the contractor be jeopardized and shall himself/herself refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) The client acknowledges that his/her personal details required in this respect, as well as the type and scope of the services, including the performance period agreed between the contractor and the client for the services (both audit and non-audit services), shall be handled within a network (if any) to which the contractor belongs, and for this purpose transferred to the other members of the network including abroad for the purpose of examination of the existence of grounds of bias or grounds for exclusion and conflicts of interest. For this purpose the client expressly releases the contractor in accordance with the Data Protection Act and in accordance with Section 80 (4) No. 2 WTBG 2017 from his/her obligation to maintain secrecy. The client can revoke the release from the obligation to maintain secrecy at any time.

4. Reporting Requirements

(1) (Reporting by the contractor) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. e.g. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute such explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4. (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is at the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1988). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

6. Correction of Errors

(1) The contractor shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement made orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original professional statement of the change.

(2) The client has the right to have all errors corrected free of charge if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the contractor and/or – in cases where a written professional statement has not been delivered – six months after the contractor has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Item 7.

7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 1298 2nd Sentence ABGB is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTBG 2017 as amended.

(3) The limitation of liability pursuant to Item 7. (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but no later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4. (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case. If third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.

(9) Item 7. shall also apply to any of the client's liability claims to third parties (performing agents and vicarious agents of the contractor) and to substitutes of the contractor relating to the contractual relationship.

8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to all personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

9. Withdrawal and Cancellation („Termination“)

(1) The notice of termination of a contract shall be issued in writing (see also Item 4. (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of Item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any such assignments exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 9. (4).

10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor hereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation (fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded; in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1)). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1152 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flat-rate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.

(9) Personnel and material expenses for the preparation of reports, expert opinions and similar documents are also viewed as supplementary costs.

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate at the amount stipulated in Section 456 1st and 2nd Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.

13. Other Provisions

(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB); if the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon – which were prepared by the contractor in relation to the contract and which the client is obliged to keep – to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handing over such data in a structured, common and machine-readable format. If handing over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the contractor and his/her client and to original documents in his/her possession and to documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if the contractor can prove that he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

14. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law, excluding national referral rules.

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.

SECTION II

15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSchG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSchG:

If the consumer has not made his/her contract statement in the office usually used by the contractor, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the contractor as well as instructions on the right to withdraw from the contract, but no earlier than the conclusion of the contract. The consumer shall not have the right to withdraw from the contract

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the contractor or his/her representative,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. in case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

In order to become legally effective, the withdrawal shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the contractor to the contractor with a note which indicates that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within one week.

If the consumer withdraws from the contract according to Section 3 KSchG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSchG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSchG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

If the contract is based on a cost estimate prepared by the contractor, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (3)

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 (2) and 104 (1) Austrian Court Jurisdiction Act (JN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.

(9) Contracts on Recurring Services:

(a) Contracts which oblige the contractor to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit. a) requires considerable expenses on the part of the contractor and if he/she informed the consumer about this no later than at the time the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit. a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.

SCHEDULE "D"
E&E MD&A

(see attached)

E&E CRO Consulting GmbH

Management's Discussion and Analysis of Financial Condition and Results of Operations for the 1st Quarter 2021

Sources of Revenue

Total revenues are comprised of revenues from the provision of our services. We do not have any material product revenues.

Costs and Expenses

Our costs and expenses are comprised primarily of our costs of revenue, reimbursed expenses and selling, general and administrative expenses. Costs of revenue include expenses directly related to service contracts such as courier fees, professional services and travel expenses. As noted above, reimbursed expenses are comprised principally of travel expenses for our clinical research support activities. Selling, general and administrative expenses include costs related to sales, marketing, and administrative functions (including legal, finance, quality assurance, compliance and general management) for professional services, training and expenses for information technology, facilities, communications and depreciation.

Foreign Currency Translation

In 2021, all of our revenues in the 1st quarter were denominated in Euro. Therefor changes in foreign currency exchange rates had no significant effect on our results of operations. The same applies to our expenses. For historical reasons we carry an account in CHF along, because in previous years some business was conducted in CHF, however this account is lying dormant for some time and has now been closed during the 1st quarter 2021 in preparation for the transition from a Sole Proprietorship to a Limited Liability Company.

Revenue

	Quarter Ended March 31	
	2021	2020
Revenue	€ 33,016.40	€ 23,538.57

2021 compared to 2020

From 2017 until the middle of the year 2020 our revenues kept declining, after the company owner and sole proprietor decided early in 2017 to retire in 2021 and until that time to take on new business only when it could be assured that such projects could be finalized until then and further to that let all other ongoing projects run out. Towards the middle of the year 2020 negotiations started with interested parties for them to eventually acquire the company instead of closing it down. This caused a change in strategy and new business was again taken on, which led again to a rise in revenues in 2020, despite the impact of Covid-19. This trend continued into the year 2021 with an increase in the quarterly revenues from 2020 to 2021 by approximately 40%. And the outlook for the upcoming 2nd quarter 2021 is for at

least a duplication, if not a tripling of revenues compared to the 1st quarter this year. While the revenues in this quarter were all derived from ongoing projects, during the 1st quarter two new study contracts were signed and the negotiations for a third contract have started. The company is continuing on its growth path.

Costs of Sales

	Quarter Ended March 31	
	2021	2020
Cost of sales	€ (4,924.00)	€ (5,535.81)

2021 compared to 2020

Cost of sales are primarily reimbursed expenses, such as travel expenses, courier fees and similar. On average those cost is in the range between 15% - 20% of revenue. In the 1st quarter 2021 those cost was at the lower end of this bracket because due to Covid-19 travel was still very much restricted to local areas.

Cost of Personnel

	Quarter Ended March 31	
	2021	2020
Personnel expenses	€ (7,548.80)	€ (13,900.21)

2021 compared to 2020

In 2021, there were no changes in employment compared to 2020, but the appearance of Covid-19 brought with it new requirements for work in the form of work from home and since April 2020 government supported shortened work hours. Through this government program the salaries of the employees were subsidized to a large degree, which led to significant cost savings. This government program ended for our Company with the end of March 2021, but for the 1st quarter 2021 it still provided savings.

Selling, general and administrative expenses, exclusive of Depreciation and Amortization

	Quarter Ended March 31	
	2021	2020
SG&A, excl. Depr. & Amort.	€ (4,461.88)	€ (2,962.68)

2021 compared to 2020

SG&A expenses come to a large part from the usage of a company car by the company's owner. In the 1st quarter 2021 due to the impact of Covid-19 it was necessary to purchase a significant number of antigen-test equipment for use by the company's employees to monitor for eventual Covid-19 infections. In addition to that lots of FFP-2 masks have been purchased for the protection of the employees.

Depreciation and Amortization

	Quarter Ended March 31	
	2021	2020
Depreciation & Amortization	€ (1,051.20)	€ (1,051.20)

2021 compared to 2020

Depreciation for property and equipment is related mostly to IT-equipment, such as desktop or laptop computers and its accessories. This does not change much, only through replacement investments for outdated IT-equipment of which there was none during the 1st quarter. We are also amortizing the rights-of-use for the leased company car, which does not change from one year to the other throughout the term of the lease.

Net Foreign Exchange (Losses)/Gains

	Quarter Ended March 31	
	2021	2020
Net foreign exchange	€ -	€ -

2021 compared to 2020

None were booked in the 1st quarter, neither the previous nor the current year.

Other operating (Expenses)/Income

	Quarter Ended March 31	
	2021	2020
Other	€ 4,998,90	€ -

2021 compared to 2020

During the 1st quarter 2021 the Company received Covid-19 related 'revenue-loss' supplemental payments out of a government business support program.

Finance charges

	Quarter Ended March 31	
	2021	2020
Finance charges	€ (41,69)	€ (73,59)

2021 compared to 2020

Finance charges cover the capital cost for the finance lease of the company car.

Profit/(loss) before taxation – Earnings before tax

	Quarter Ended March 31	
	2021	2020
EBT	€ 19,987.73	€ 15,08

2021 compared to 2020

The significant difference in EBT between 2020 and 2021 is the direct result of the change in strategy for the company, from a direction towards a closure of the company to a renewed growth strategy.

Income Tax Expense (Benefit)

At the end of the 1st quarter 2021 the company was still subject to Austrian income tax at the level of the sole proprietor, where taxable income from the Company's business forms part of the sole proprietor's overall tax base at incremental tax rates

Balance Sheet, Liquidity and Capital Resources

Cash and cash equivalents

We had a cash balance of € 56,297.15 at March 31, 2021, a significant decrease from € 96,113.51 at March 31, 2020. It is also an even more significant decrease from the € 118,072.53 balance on January 1, 2021. This decrease during the 1st quarter 2021 was mostly caused by capital drawings by the sole proprietor in the amount of € 67,117.68, of which the closure of the CHF account was part.

Receivables

We are carrying over € 24,312.45 as trade receivables, unbilled services and other receivables at the end of the 1st quarter 2021, an increase from the € 17,927.82 at the end of 2020. This is mostly caused by an increase in trade receivables, which is directly related to the growth in business. The Company did not incur historic write-offs of receivables.

Assets

At the end of the 1st quarter 2021 the book value of property and equipment stood at € 1,257,31, only slightly lower than the € 1,518,31 at the end of 2020. This is the result of the standard depreciation for IT-equipment, no additions to the assets have been made during the quarter.

The other part of assets is the right-of-use for the company car, which depreciates over the term of the lease. The remaining value at the end of the 1st quarter 2021 reflects the upcoming end of the lease in May 2022.

Trade and other payables

Trade and other payables are to a large extent travel and other expenses incurred by the sole proprietor in the course of providing services during customer projects which have not been paid out to the sole proprietor in the period of them being incurred. During the years when the business was managed downwards towards a planned closure in 2021 the sole proprietor had a focus on keeping the liquidity of the Company as a first priority and therefore delayed the payout of such expenses, sometimes over an extended period. This led to an accumulation of such payables at € 40,235.86 at the end of 2019, then peaked in the middle of 2020 and has since declined to € 19,593.14 at the end of 2020 and further to € 11,095.86 at the end of the 1st quarter of 2021. This amount is now more in line and proportionate with the trade receivables of the period.

Lease liabilities

The lease liabilities cover the cost of the lease for the company car, which decline year over year during the term of the lease until the term of the lease ends in May 2022.

Debt

Our company does not have any debt at all, neither short- nor long-term. In the contrary, we have kept our liquidity at a high level at all times.

Retained earnings/Equity

At the end of the 1st quarter 2021 the retained earnings attributable to the sole proprietor were € 70,569,29, a significant decrease from the € 117,699.24 at the end of 2020. This reflects to a large degree the capital drawings by the sole proprietor during the 1st quarter 2021.

Cash Flow, Quarter ended March 31, 2021 and 2020

Cash Flow from Operating Activities

	Quarter Ended March 31	
	2021	2020

Net cash provided by operating activities	€	6,157.02	€	(6,094.37)
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2021 compared to 2020

Cash provided by operating activities was € 6,157.02 in the 1st quarter 2021, as compared to a cash outflow of € 6,094.37 in the 1st quarter 2020. The reverse in cash flow is directly caused by the difference in net income (€ 19,987.73 vs. € 15,08); it is also positively impacted by a bigger reduction in trade receivables (€ 6,384.63 vs. 13.410.93). However, a decrease in trade payables of € 8,497.28 vs. an actual increase of € 6,250.28 in 2020 had a negative impact, which is mostly attributable to long due travel expenses of the sole proprietor that have been paid out in the 1st quarter 2021.

Cash Flow from Investing Activities

	Quarter Ended March 31			
	2021		2020	
Net cash used in investing activities	€	-	€	(972.00)

2021 compared to 2020

Cash used in investing activities usually is for technology replacements of IT equipment, which becomes obsolete after several years of usage. Such investments are for new desktops, laptops, monitors and similar equipment. During the 1st quarter of 2021 there were none such investments

Cash Flow from Financing Activities

	Quarter Ended March 31			
	2021		2020	
Net cash used in financing activities	€	(67,932.40)	€	(10,786.23)

2021 compared to 2020

Cash used in financing activities was significantly higher in the 1st quarter 2021 with € 67,932.40 compared to € 10,786.23 in the 1st quarter 2020. The main cause for this increase was a capital drawing by the sole proprietor of € 67,117.68.

E&E CRO Consulting GmbH

Management's Discussion and Analysis of Financial Condition and Results of Operations

Sources of Revenue

Total revenues are comprised of revenues from the provision of our services. We do not have any material product revenues.

Costs and Expenses

Our costs and expenses are comprised primarily of our costs of revenue, reimbursed expenses and selling, general and administrative expenses. Costs of revenue include expenses directly related to service contracts such as courier fees, professional services and travel expenses. As noted above, reimbursed expenses are comprised principally of travel expenses for our clinical research support activities. Selling, general and administrative expenses include costs related to sales, marketing, and administrative functions (including legal, finance, quality assurance, compliance and general management) for professional services, training and expenses for information technology, facilities, communications and depreciation.

Foreign Currency Translation

In 2020, all of our revenues were denominated in Euro. Therefor changes in foreign currency exchange rates had no significant effect on our results of operations. The same applies to our expenses. For historical reasons we carry an account in CHF along, because in previous years some business was conducted in CHF, however this account is lying dormant for some time and will be closed early 2021 during the transition from a Sole Proprietorship to a Limited Liability Company.

Revenue

	Year Ended December 31	
	2020	2019
Revenue	€ 121,666.46	€ 83,838.25

2020 compared to 2019

From 2017 until the middle of the year 2020 our revenues kept declining, after the company owner and sole proprietor decided early in 2017 to retire in 2021 and until that time to take on new business only when it could be assured that such projects could be finalized until then and further to that let all other ongoing projects run out. Towards the middle of the year 2020 negotiations started with interested parties to eventually them to acquire the company instead of closing it down. This caused a change in strategy and new business was again taken on, which led to a significant rise in revenues in 2020, despite the impact of Covid-19. While the study projects of one client were closed early due to Covid-19 in the middle of the year, other clients recruited our company as a replacement for another CRO, whose professional's travel was severely restricted. The company is now set on a path to further growth.

Costs of Sales

	Year Ended December 31	
	2020	2019
Cost of sales	€ (13,453.01)	€ (35,382.01)

2020 compared to 2019

Cost of sales are primarily reimbursed expenses, such as travel expenses, courier fees and similar. On average those cost is in the range between 15% - 20% of revenue. The deviation from the average in both years were caused by the geographical distribution, where in 2019 a significant amount of travel was to Australia/New Zealand and in 2020 it was mostly confined to local areas, due to Covid-19 related travel restrictions, resulting in large differences in travel cost.

Costs of Personnel

	Year Ended December 31	
	2020	2019
Personnel expenses	€ (29,433.37)	€ (55,989.05)

2020 compared to 2019

In 2020, there were no changes in employment compared to 2019, but the appearance of Covid-19 brought with it new requirements for work in the form of work from home and since April 2020 government supported shortened work hours. Through this government program the salaries of the employees were subsidized to a large degree, which led to significant cost savings.

Selling, general and administrative expenses, exclusive of Depreciation and Amortization

	Year Ended December 31	
	2020	2019
SG&A, excl. Depr. & Amort.	€ (13,946.02)	€ (16,736.08)

2020 compared to 2019

SG&A expenses come to a large part from the usage of a company car by the company's owner. Due to the impact of Covid-19 most travel was very much restricted, which had an effect on the usage of the company car as well. This contributed to most of the decline in SG&A expenses. Further savings could be achieved with a reduction in the cost of recertification and for marketing expenses.

Depreciation and Amortization

	Year Ended December 31	
	2020	2019
Depreciation & Amortization	€ (4,201.35)	€ (4,057.52)

2020 compared to 2019

Depreciation for property and equipment is related mostly to IT-equipment, such as desktop or laptop computers and its accessories. This does not change much, only through replacement investments for outdated IT-equipment. We are amortizing the rights-of-use for the leased company car, which does not change from one year to the other throughout the term of the lease.

Net Foreign Exchange (Losses)/Gains

	Year Ended December 31	
	2020	2019
Net foreign exchange	€ (27.09)	€ 1,414.94

2020 compared to 2019

FX losses or gains have two basic reasons. The most relevant is a result from billing customers in countries outside of the EURO zone. For some customers billing is done in their home currency, e. g. USD, and the difference in exchange rates between the day of billing and the day of payment is showing up for us as FX loss or gain. The other cause for FX losses or gains is the result of us keeping a bank account in CHF, which was used in the past for business conducted in CHF but is now dormant for some time, however changes in the exchange rate between EURO and CHF is reflected in a yearly revaluation of the account balance, which may lead to either an FX gain or FX loss.

Other operating (Expenses)/Income

	Year Ended December 31	
	2020	2019
Other	€ -	€ 7,186.62

2020 compared to 2019

In 2019 an older company car was involved in a car crash, that completely destroyed the car. At that time the car was already completely paid off and no loss in assets had to be accounted for. In the end the courts appropriated to us the booked amount as replacement cost for the car, to be paid by the other accident party as they were found to have caused the accident.

Finance charges

	Year Ended December 31	
	2020	2019
Finance charges	€ (246,92)	€ (371,35)

2020 compared to 2019

Finance charges are directly related to the number of transactions, and also the complexity of the transactions (transactions with FX content carry higher fees) and can be directly correlated to the composition and the billing practices for the various customer projects.

Profit/(loss) before taxation – Earnings before tax

	Year Ended December 31	
	2020	2019
EBT	€ 60,358.70	€ (20,096.20)

2020 compared to 2019

The significant difference in EBT between 2019 and 2020 is the direct result of the change in strategy for the company, from a direction towards a closure of the company to a renewed growth strategy.

Income Tax Expense (Benefit)

The company is subject to Austrian income tax at the level of the sole proprietor, where taxable income from the Company's business forms part of the sole proprietor's overall tax base at incremental tax rates. With the tax system built on tax prepayments based on the governments assessment of future income projections and at the same time declining incomes for the Company because of its former closure strategy the tax base was continually declining and for two years no further tax payments were required.

Balance Sheet, Liquidity and Capital Resources

Cash and cash equivalents

We had a cash balance of € 118,072.53 at December 31, 2020, a slight increase from € 113,021.23 at December 31, 2019. The reason for this slight increase in the cash balance was a much smaller amount paid out to the sole proprietor during 2020 compared to 2019. This was partially compensated by much higher trade receivables and much lower trade payables.

Receivables

We are carrying over € 17,927.82 as trade receivables, unbilled services and other receivables from 2020, an increase from the € 15,541.83 at last year. This is mostly caused by an increase in trade receivables, which is directly related to the growth in business towards the end of the year. The Company did not incur historic write-offs of receivables. All receivables at the end of 2020 have been collected in the first month of 2021.

Assets

At the end of 2020 the book value of property and equipment stood at € 1,518,31, only slightly lower than the € 1,586,88 at the end of 2019. This is caused by the fact that replacement investments in IT-equipment and related depreciation are keeping the value of equipment in use at a certain level.

The other part of assets is the right-of-use for the company car, which depreciates with each year over the term of the lease. The remaining value at the end of 2020 reflects the upcoming end of the lease early in 2022.

Trade and other payables

Trade and other payables are to a large extent travel and other expenses incurred by the sole proprietor in the course of providing services during customer projects which have not been paid out to the sole proprietor in the year of them being incurred. During the years when the business was managed downwards towards a planned closure in 2021 the sole proprietor had a focus on keeping the liquidity of the Company as a first priority and therefore delayed the payout of such expenses, sometimes over an extended period. This led to an accumulation of such payables at € 40,235.86 at the end of 2019, then peaked in the middle of 2020 and has since declined to € 19,593.14 at the end of 2020, with the last remains paid out early in 2021.

Lease liabilities

The lease liabilities cover the cost of the lease for the company car, which decline year over year during the term of the lease until the term of the lease ends in 2022.

Debt

Our company does not have any debt at all, neither short- nor long-term. In the contrary, we have kept our liquidity at a high level at all times.

Retained earnings/Equity

At the end of 2020 the retained earnings attributable to the sole proprietor were € 117,699,24, a significant increase from the € 89,669.87 at the end of 2019. This should be attributed to the change in strategy for the Company towards profitable growth as it was set in 2020.

Cash Flow, Years ended December 31, 2020 and 2019

Cash Flow from Operating Activities

	Year Ended December 31			
	2020		2019	
Net cash provided by operating activities	€	41,778.26	€	35,554.18

2020 compared to 2019

Cash provided by operating activities increased € 6,224.08 in 2020 as compared to 2019. The increase is directly caused by an increase in net income (€ 80,454.90), but on the other side it is negatively impacted by the growth in trade receivables due to the growth of the business, resulting in an increase in accounts receivable and unbilled services (€ 22,380.95) and also by a decrease in trade payables (€ 51,455.43), mostly travel expenses of the sole proprietor that have been paid out on a shorter timeline.

Cash Flow from Investing Activities

	Year Ended December 31			
	2020		2019	
Net cash used in investing activities	€	(972.00)	€	(980.00)

2020 compared to 2019

Cash used in investing activities was for technology replacements of IT equipment, which became obsolete after several years of usage. Such investments were for new desktops, laptops, monitors and similar equipment.

Cash Flow from Financing Activities

	Year Ended December 31			
	2020		2019	
Net cash used in financing activities	€	(35,754.96)	€	(41,948.27)

2020 compared to 2019

Cash used in financing activities decreased € 6,193.31 in 2020 as compared to 2019. The decrease is directly caused by a decrease in withdrawals by the sole proprietor from € 38,522.64 in 2019 to € 32,329.33 in the year 2020.

SCHEDULE "E"
PRO FORMA FINANCIAL STATEMENTS

(see attached)

PRINCIPAL TECHNOLOGIES INC.
(formerly Connaught Ventures Inc.)

**PRO-FORMA
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2021
(In Canadian dollars)**

**PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER
PRINCIPAL TECHNOLOGIES INC.**

(formerly Connaught Ventures Inc.)

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

APRIL 30, 2021

(Unaudited – prepared by management)

	PRO-FORMA ADJUSTMENTS				PRINCIPAL TECHNOLOGIES INC. Pro-forma Consolidated	
	PRINCIPAL TECHNOLOGIES INC.	E&E CRO CONSULTING GmbH			As at April 30, \$ 2021	
	As at April 30, \$ 2021	As at March 31, \$ 2021	Note	Note		
ASSETS						
Current assets						
Cash	1,460,321	84,445				1,240,321
				(a)	(84,445)	
				(b)	(150,000)	
				(d)	(150,000)	
			(c)	180,000	(e)	(100,000)
Receivables	-	36,469	(a)	(36,469)		-
	1,460,321	120,914				1,240,321
Other assets						
Equipment	-	7,022				7,022
Goodwill	-	-	(b)	142,822	(b)	156
						142,978
TOTAL ASSETS	1,460,321	127,936				1,390,321
LIABILITIES						
Accounts payable and accrued liabilities	48,854	22,083	(a)	(22,083)		48,854
TOTAL LIABILITIES	48,854	22,083				48,854
SHAREHOLDERS' EQUITY						
Share capital	1,715,030	156	(b)	(156)	(c)	180,000
Reserves	40,703	-				40,703
Retained earnings (deficit)	(344,266)	105,697	(a)	(105,697)	(d)	(150,000)
			(e)	(100,000)		(594,266)
TOTAL SHAREHOLDERS' EQUITY	1,411,467	105,853				1,341,467
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,460,321	127,936				1,390,321

**PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER
PRINCIPAL TECHNOLOGIES INC.**

(formerly Connaught Ventures Inc.)

NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

APRIL 30, 2021

(Unaudited – prepared by management)

1. BASIS OF PRESENTATION

The accompanying unaudited pro-forma consolidated statement of financial position of Principal Technologies Inc. (formerly Connaught Ventures Inc.) (the “Company”, “PTI”) has been prepared by management in accordance with International Financial Reporting Standards from information derived from the financial statements of the Company and the financial statements of E&E CRO Consulting e.U. (“E&E”), together with other information available to the Company. The unaudited pro-forma consolidated statement of financial position has been prepared for inclusion in PTI’s filing statement dated [●], 2021. The acquisition is subject to a number of conditions including, among other things, regulatory approval. In the opinion of management, the pro-forma consolidated statement of financial position includes all adjustments necessary for fair presentation of the transactions as described below.

The unaudited pro-forma consolidated statement of financial position of the Company has been compiled from and includes the unaudited interim financial statements of the Company for the nine months ended April 30, 2021 and the unaudited interim financial statements of E&E for the three months ended March 31, 2021. The unaudited pro-forma consolidated statement of financial position has been prepared as if the transactions described in Note 2 had occurred on April 30, 2021.

The unaudited pro-forma consolidated statement of financial position is not intended to reflect the financial position of the Company which would have actually resulted had the proposed transactions described in Note 2 and other pro-forma adjustments occurred as assumed. Further, this unaudited pro-forma consolidated statement of financial position is not necessarily indicative of the financial position that may be attained in the future. The unaudited pro-forma consolidated statement of financial position should be read in conjunction with the financial statements disclosed above.

2. PRO-FORMA ASSUMPTIONS

The unaudited pro-forma consolidated statement of financial position incorporates the following pro-forma assumptions:

- (a) Prior to PTI acquiring E&E, E&E will distribute its working capital to shareholders of E&E;
- (b) PTI will pay Euro100,000 (CDN \$150,000) for the acquisition of 80% of E&E. Under IFRS 3, the Company is treating the acquisition as a business acquisition and any excess of the purchase price will be allocated to goodwill;
- (c) PTI will complete a private placement and issue 1,125,000 common shares at \$0.16 for gross proceeds of \$180,000;
- (d) PTI will pay a Euro100,000 (CDN \$150,000) bonus on the closing of the transaction; and
- (e) PTI will pay transaction costs estimated at \$100,000 as part of the qualifying transaction.

3. TRANSLATION

Any foreign exchange transactions described above for the purposes of this pro-forma statement of financial position used an exchange rate of CAD\$1.50 per Euro\$1.00.

**PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER
PRINCIPAL TECHNOLOGIES INC.**

(formerly Connaught Ventures Inc.)

NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

APRIL 30, 2021

(Unaudited – prepared by management)

4. PRO FORMA EFFECTIVE INCOME TAX RATE

The pro forma effective income tax rate that will be applicable to the consolidated operations of the Company is 34%.

5. CAPITAL STOCK

Capital Stock as at April 30, 2021 in the unaudited pro-forma consolidated statement of financial position is comprised of the following in each financing scenario:

	Share Capital	\$
Share capital and contributed surplus of PTI	16,524,000	1,715,030
Share capital and contributed surplus of E&E	156	156
Shares issued in concurrent private placement	1,125,000	180,000
WPD share capital eliminated on acquisition	(156)	(156)
	17,649,000	1,895,030

**SCHEDULE “F”
INVESTMENT POLICY**

Principal Technologies Inc. (the “Company”)

I. INVESTMENT OBJECTIVE

The Company is an investment company that carries on business with the objective of enhancing shareholder value. The Company will seek to accomplish this objective by making use of the experience, expertise and opportunity flow of its management and Board of Directors to opportunistically make investments in situations that the Company believes will provide superior returns. Such investments may include the acquisition of equity, debt or other securities of publicly traded or private companies or other entities, financing in exchange for pre-determined royalties or distributions and the acquisition of all or part of one or more businesses, portfolios or other assets, in each case that the Company believes will enhance value for the shareholders of the Company in the long term.

II. INVESTMENT STRATEGY

The following shall be the guidelines for the Company’s investment strategy:

The Company may invest in securities of both public and private companies or other entities in the healthcare sector. However, the Company may also endeavour to identify compelling investment opportunities in certain other sectors, including non-technology-based businesses. The Company’s investments will encompass companies at all stages of development.

The Company may provide financing of a private or public company in exchange for pre-determined royalties or distributions (“royalty securities”), and also acquire all or part of one or more businesses, portfolios or other assets, in each case that the Company believes will enhance value for the shareholders of the Company.

The Company will invest opportunistically in securities, with a preference for equity, equity-related securities and royalty securities of companies with a consistent positive cash flow. The Company may also invest in a wide range of other instruments including, without limitation, preferred shares, warrants, convertible debentures, secured or unsecured debt, and bridge financing or other short-term capital.

The Company will not be precluded from investing in any particular industry. The Company’s management and Board of Directors have experience and expertise in a wide range of industry sectors and will pursue opportunities in those sectors that the Company believes from time to time offer the best opportunities for the creation of enhanced value for the Company’s shareholders. Similarly, there are no restrictions on the size or market capitalization of companies or other entities in which the Company may invest, subject to the provisions hereof.

The Company has no specific policy with respect to investment diversification. Each investment will be assessed on its own merits and based upon its potential to generate above market gains for the Company.

- Immediate liquidity shall not be a requirement.
- The Company will invest with a preference for opportunities in Europe but may from time to time also pursue opportunities internationally.
- The Company may, from time to time and in appropriate circumstances, seek a more active role in regards to investment situations and investee companies where the involvement of the Company is expected to make a significant difference to the success of the Company's investment. In appropriate circumstances, this may involve the Company, either alone or jointly with other shareholders, seeking to influence the governance of public or private issuers by seeking board seats, launching proxy contests or taking other actions to enhance shareholder value, or becoming actively involved in the management or board oversight of investee companies.
- The Company may also make investments in special situations, including event-driven situations such as corporate restructurings, mergers, spin offs, friendly or hostile take-overs, bankruptcies or leveraged buyouts. Such special situations may include, without limitation, investments in one or more public companies, by take-over bid or otherwise, where there is an opportunity to invest to gain control over the strategic direction of such public companies, whether using the shares of the Company as currency or otherwise. Such situations may also involve the Company lending money, directly or indirectly.
- Depending upon market conditions and applicable laws, the Company may seek to sell any or all of its investments when it concludes that those investments no longer offer the potential to generate appropriate gains for the Company, or when other investment opportunities reasonably available to the Company are expected to offer superior returns. This may include the disposition of any or all of the Company's investments in a particular sector or of a particular nature, or any or all of the Company's investments more generally, without prior notice to the Company's shareholders.
- Subject to applicable laws and regulatory requirements, the Company may also from time to time seek to utilize its capital to repurchase shares of the Company.
- The Company may, from time to time, use borrowed funds to purchase or make investments or to fund working capital requirements, or may make investments jointly with third parties.
- Depending upon the Company's assessment of market conditions and investment opportunities, the Company may, from time to time, be fully invested, partially invested or entirely uninvested such that the Company is holding only cash or cash-equivalent balances while the Company actively seeks to redeploy such cash or cash-equivalent balances in suitable investment opportunities. Funds that are not invested or expected to be invested in the near-term, while the Company actively seeks to redeploy such funds in one or more

suitable investment opportunities, may, from time to time as appropriate, be placed into high quality money market investments, including but not limited to Canadian Treasury Bills or corporate notes rated at least R-1 by DBRS Limited, each with a term to maturity of less than one year.

- All investments shall be made in compliance with applicable laws in relevant jurisdictions and shall be made in accordance with the rules and policies of any applicable regulatory authorities.

From time to time, the Board of Directors may authorize such additional or other investments outside of the guidelines described herein as it sees fit for the benefit of the Company and its shareholders.

III. IMPLEMENTATION

The management and Board of Directors will work jointly to uncover appropriate investment opportunities that meet the Company's investment strategy as outlined above and the Company's objective of enhancing shareholder value. These individuals have a broad range of business and investing experience and networks through which potential investments are expected to be identified.

Prospective investments will be channeled through the Board of Directors or a committee thereof as may be constituted and composed at the discretion of the Board of Directors from time to time (such committee, or the Board of Directors acting in lieu of such a committee having been constituted, the "**Investment Committee**"). The Investment Committee shall make an assessment of whether the proposal fits with the investment and corporate strategy of the Company in accordance with the investment evaluation process below, and then proceed with preliminary due diligence, leading to a decision to reject or move the proposal to the next stage of detailed due diligence.

This process may involve the participation of outside professional consultants. Once a decision has been reached by the Investment Committee to invest in a particular opportunity, a short summary of the rationale behind the investment decision should be prepared by the Investment Committee and submitted to the Board of Directors. This summary should include guidelines against which future progress can be measured. The summary should also highlight any finder's or agent's fees payable.

All investments shall be submitted to the Board of Directors for final approval. The Investment Committee will select all investments for submission to the Board of Directors and monitor the Company's investment portfolio on an ongoing basis and will be subject to the direction of the Board of Directors. One member of the Investment Committee may be designated and authorized to handle the day-to-day trading decisions in keeping with the directions of the Board of Directors and the Investment Committee.

Negotiation of terms of participation is a key determinant of the ultimate value of any opportunity to the Company. Negotiations may be on-going before and after the performance of due diligence.

The representative(s) of the Company involved in these negotiations will be determined in each case by the circumstances.

IV. INVESTMENT EVALUATION PROCESS

In selecting securities for the investment portfolio of the Company, the Investment Committee will consider various factors in relation to any particular issuer, including:

- inherent value of its assets;
- proven management, clearly defined management objectives and strong technical and professional support;
- future capital requirements to develop the full potential of its business and the expected ability to raise the necessary capital;
- anticipated rate of return and the level of risk;
- exit strategies and criteria; and
- financial performance, including consistency of positive cash flow.

V. CONFLICTS OF INTEREST

The Company has no restrictions with respect to investing in companies or other entities in which a member of the Company's management or Board of Directors may already have an interest or involvement. However, prior to the Company making an investment, all members of senior management and the Board of Directors shall be obligated to disclose any such other interest or involvement. In the event that a conflict is determined to exist, the Company may only proceed after receiving approval from disinterested members of the Board of Directors.

The Company is also subject to the "related party" transaction policies of the TSX Venture Exchange, which mandates disinterested shareholder approval for certain transactions.

The management and directors of the Company may be involved in other activities which may on occasion cause a conflict of interest with his or her duties to the Company. These include serving as directors, officers, promoters, advisors or agents of other public and private companies, including of companies in which the Company may invest, or being shareholders or having an involvement or financial interest in one or more shareholders of existing or prospective investee companies of the Company. The management and directors of the Company may also engage from time to time in transactions with the Company where any one or more of such persons is acting in his or her capacity as financial or other advisor, broker, intermediary, principal or counterparty.

The management and directors of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunities and requiring disclosure of conflicts of interest, and the Company will rely upon such laws in respect of any conflict of interest. Further, to the extent that management or directors of the Company engage in any transactions

with the Company, such transactions will be carried out on customary and arm's-length commercial terms.

VI. MONITORING AND REPORTING

The Company's CFO shall be primarily responsible for the reporting process whereby the performance of each of the Company's investments is monitored. Quarterly financial and other progress reports shall be gathered from each corporate entity, and these shall form the basis for a quarterly review of the Company's investment portfolio by the Investment Committee. Any deviations from expectation are to be investigated by the Investment Committee and, if deemed to be significant, reported to the Board of Directors.

With public company investments, the Company is not likely to have any difficulty accessing financial information relevant to its investment. In the event the Company invests in private enterprises, it shall endeavour in each case to obtain a contractual right to be provided with timely access to all books and records it considers necessary to monitor and protect its investment in such private enterprises.

A full report of the status and performance of the Company's investments is to be prepared by the Investment Committee and presented to the Board of Directors at the end of each fiscal year.

VII. AMENDMENT

This investment policy may be amended from time to time with the prior approval of the Board of Directors.

**SCHEDULE “G”
AUDIT COMMITTEE CHARTER**

Principal Technologies Inc. (the “Company”)

I. PURPOSE

The Audit Committee (the “**Committee**”) is a standing committee of the Board of Directors of the Company.

The primary function of the Committee in respect of its audit committee functions is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to monitoring the Company’s accounting and financial reporting and practices and procedures; the adequacy of the Company’s internal accounting controls and procedures; the quality and integrity of financial statements and other financial information provided by the Company to shareholders, and others; and for liaising with the external auditors of the Company.

II. STRUCTURE AND OPERATIONS

The Committee shall be comprised of three or more members of the Board of Directors, the majority of whom are not employees, control persons or officers of the Company or any of its associates or affiliates.

The members of the Committee shall be annually appointed by the Board of Directors and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority of the Board of Directors.

The Chair shall be annually appointed by the members of the Committee. The Chair shall not be an employee, control person or officer of the Company or any of its associates or affiliates. The Chair shall be entitled to vote to resolve any ties. The Chair will set the agendas for Committee meetings and chair all meetings of the Committee unless the Chair is not present at such meeting in which case the members present shall elect a chair for the conduct of the meeting.

III. MEETINGS

The Committee shall meet at least quarterly or more frequently as circumstances dictate. As part of its goal to foster open communication, the Committee shall periodically meet with management and the external auditors in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. The Committee may meet privately with outside counsel of its choosing and the Chief Financial Officer, as necessary. In addition, the Committee shall meet with management quarterly to review the Company’s financial statements in a manner consistent with that outlined in Section IV of this Charter and, if the Committee so determines, the external auditors.

All non-management directors that are not members of the Committee may attend meetings of the Committee but may not vote. Additionally, the Committee may invite to its meetings any directors, management of the Company and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

A majority of the Committee members, but not less than two, will constitute a quorum. A majority of members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may take action by unanimous written consent with respect to matters that may be acted upon without a formal meeting.

The Chair of the Committee shall designate a person, who need not be a member thereof, to act as Secretary, who shall record the proceedings of the meetings. The agenda of each meeting will be prepared by the Secretary, upon consultation with the Chair, and, whenever reasonably practicable, circulated to each member prior to each meeting. The Committee shall maintain minutes or other records of meetings and activities of the Committee.

IV. RESPONSIBILITIES, DUTIES, AUTHORITY

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal and other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of this Committee outlined in Section I.

The Committee, in discharging its oversight role, is empowered to investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee shall have the authority to retain outside counsel, accounting, or other advisors for this purpose, including authority to approve the fees payable to such advisors and other terms of retention.

The Committee shall be given full access to the Board of Directors, management, employees of the Company, directly and indirectly responsible for financial reporting, and independent accountants, as necessary, to carry out these responsibilities. While acting within the scope of this stated purpose, the Committee shall have all the authority of the Board of Directors.

Matters in Respect of Audit Committee Functions

Document Reports/Reviews

Annual Financial Statements

1. The Committee shall review with management and the external auditors, both together and separately, prior to public dissemination:
 - (a) the annual audited consolidated financial statements;

- (b) the external auditor's review of the annual consolidated financial statements and their report;
- (c) any significant changes that were required in the external audit plan;
- (d) any significant issues raised with management during the course of the audit, including any restrictions on the scope of activities or access to information; and
- (e) those matters related to the conduct of the audit that are required to be discussed under generally accepted auditing standards applicable to the Company.

Following completion of the matters contemplated above, the Committee shall make a recommendation to the Board of Directors with respect to the approval of the annual financial statements with such changes contemplated and further recommended as the Committee considers necessary.

Notwithstanding the foregoing, the Committee is not responsible for certifying the financial statements of the Company or guaranteeing the external auditors' report. The fundamental responsibility for the financial statements and disclosures rests with management and the external auditors.

Interim Financial Statements

- 2. The Committee shall review with management prior to public dissemination, the interim unaudited consolidated financial statements of the Company. If the Committee so determines, the Committee may include the external auditors in such meeting and meet with management and the external auditors, both together and separately, including a discussion with the external auditors of those matters required to be discussed under generally accepted auditing standards applicable to the Company.

Management's Discussion and Analysis

- 3. The Committee shall review with management prior to public dissemination, the annual and interim Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), and if the Committee so determines, review the MD&A with the external auditors of the Company.

Approval of Annual MD&A, Interim Financial Statements and Interim MD&A

- 4. The Committee shall make a recommendation to the Board of Directors with respect to the approval of the annual MD&A with such changes contemplated and further recommended by the Committee as the Committee considers necessary. In addition, the Committee shall approve the interim financial statements and interim MD&A of the Company, if the Board of Directors has delegated such function to the Committee. If the Committee has not been delegated this function, the Committee shall make a recommendation to the Board of Directors with respect to the approval of the interim financial statements and interim MD&A with such changes contemplated and further recommended as the Committee considers necessary.

Review Related Party Transactions

5. The Committee shall:
 - Review transactions between the Company and related parties;
 - Review, by the independent directors, any conflicts of interest between the Company and related parties;
 - Review the adequacy of the disclosure of “related party transactions” in the notes to the annual and interim financial statements and any information circular or other documents published by the Company.

News Releases

6. The Committee shall review with management, prior to public dissemination, the annual and interim earnings news releases (paying particular attention to the use of any “pro forma” or “adjusted non-GAAP” information) as well as financial information and earnings guidance provided to analysts and rating agencies.

Reports and Regulatory Returns

7. The Committee shall review and discuss with management, and the external auditors to the extent the Committee deems appropriate, such reports and regulatory returns of the Company as may be specified by law.

Other Financial Information

8. The Committee shall review the financial information included in any prospectus, annual information form or information circular with management and the external auditors, together and separately, prior to public dissemination, and shall make a recommendation to the Board of Directors with respect to the approval of such prospectus, annual information form or information circular with such changes contemplated and further recommended as the Committee considers necessary.

Financial Reporting Processes

Establishment and Assessment of Procedures

9. The Committee shall satisfy itself that adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from the financial statements of the Company and assess the adequacy of these procedures annually.

Application of GAAP

10. The Committee shall assure itself that the external auditors are satisfied that the accounting estimates and judgements made by management, and management’s selection of

accounting principles reflect an appropriate application of generally accepted accounting principles.

Practices and Policies

11. The Committee shall review with management and the external auditors, together and separately, the principal accounting practices and policies of the Company.

External Auditors

Oversight and Responsibility

12. The Committee is directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditors regarding financial reporting.

Reporting

13. The external auditors shall report directly to the Committee and are ultimately accountable to the Committee.

Performance and Review

14. The Committee shall annually review the performance of the external auditors and recommend to the Board of Directors the appointment of the external auditors or approve any discharge of the external auditors when circumstances warrant, for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company.

Annual Audit Plan

15. The Committee shall review with the external auditors and management, together and separately, the overall scope of the annual audit plan and the resources the external auditors will devote to the audit. The Committee shall annually review and approve the fees to be paid to the external auditors with respect to the annual audit.

Independence Review

16. The Committee shall review and assess the qualifications, performance and independence of the external auditors, including the requirements relating to such independence of the law governing the Company. At least annually, the Committee shall receive from and review with the external auditors, their written statement delineating all relationships with the Company and, if necessary, recommend that the Board of Directors take appropriate action to satisfy itself of the external auditors' independence and accountability to the Committee.

Reports to Board of Directors

Reports

17. In addition, to such specific reports contemplated elsewhere in this Charter, the Committee shall report regularly to the full Board of Directors regarding such matters, including:
 - (a) with respect to any issues that arise with respect to the quality or integrity of the financial statements of the Company, compliance with legal or regulatory requirements by the Company, the performance and independence of the external auditors of the Company;
 - (b) following meetings of the Committee; and
 - (c) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities.

Whistle-Blowing

Procedures

18. The Committee shall establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Company regarding questionable accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Company and of concerns regarding questionable accounting or auditing matters.

Notice to Employees

19. To comply with the above, the Committee shall ensure the Company advises all employees of the Company, by way of a written code of business conduct and ethics (the "Code"), or if such Code has not yet been adopted by the Board of Directors, by way of a written or electronic notice, that any employee who reasonably believes that questionable accounting, internal accounting controls, or auditing matters have been employed by the Company or its external auditors is strongly encouraged to report such concerns by way of written communication directly to the Chair or any other member of the Audit Committee. Matters referred to a member of the Audit Committee, may be done so anonymously and in confidence.

The Company shall not take or allow any reprisal against any employee for, in good faith, reporting questionable accounting, internal accounting, or auditing matters. Any such reprisal shall itself be considered a very serious breach of this policy.

All reported violations shall be investigated by the Audit Committee following rules of procedure and process as shall be recommended by outside counsel.

General

Access to Counsel

20. The Committee shall review, periodically, with outside counsel of its choosing, any legal matter that could have a significant impact on the financial statements or governance of the Company.

Reports and Recommendations

21. In addition to such specific reports and recommendations provided elsewhere in this Charter, the Committee shall report regularly to the Board of Directors following meetings of the Committee and with respect to such other matters as are relevant to the Committee's discharge of its responsibilities; provide such recommendations as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chair or any other member of the Committee designated by a corporate governance committee to make such report.

Independence

22. The Committee may consider questions of independence and possible conflicts of interest of members of the Board of Directors.

General

23. The Committee shall perform such other duties and exercise such powers as may, from time to time, be assigned or vested in the Committee by the Board of Directors, and such other functions as may be required of an audit committee or governance committee by law, regulations or applicable stock exchange rules.

ACKNOWLEDGEMENT

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to: (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B Acknowledgement – *Personal Information* to the TSXV Corporate Finance Manual (“**Appendix 6B**”)) pursuant to this Filing Statement; and (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

PRINCIPAL TECHNOLOGIES INC.

/s "John McCoach"

Per: Interim CEO