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Qlayers B.V.
Delft

Report on the
annual accounts 2023

18 March 2024

Qlayers B.V.
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Accountants report

To the Board of Directors of
Qlayers B.V.
Ampereweg 2
2627 BG Delft

Breda 18 March 2024

We hereby offer you the accounts concerning the annual report 2023 for Qlayers B.V., Delft.

Accountants compilation report

The financial statements of Qlayers B.V., Delft, have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2023 and the income statement for the year 2023 for the year then ended with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, 'Compilation engagements', which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of Qlayers B.V. We have not performed any audit or review procedures which would enable us to express an opinion or a conclusion as to the fair presentation of the financial statements.

During this engagement we have complied with the relevant ethical requirements prescribed by the 'Verordening Gedrags- en Beroepsregels Accountants' (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

For further information on the nature and scope of a compilation engagement and the VGBA we refer you to www.nba.nl/uitleg-samenstellingsverklaring.

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Signing of the accountants report

We shall be pleased to furnish you with any further information you may require.

Breda, 18 March 2024

Deloitte Accountancy & Advies B.V.

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Financial statements

Balance sheet as at 31 December 2023

(After distribution of result)

Assets

		31-12-2023		31-12-2022	
		€	€	€	€
Fixed assets					
Property, plant and equipment	1		505.609		296.033
Financial assets	2		560.961		381.697
Current assets					
Inventories and work in progress			937.958		480.045
Receivables	3		685.742		104.442
Cash and cash equivalents			538.704		13.402
			<u>3.228.974</u>		<u>1.275.619</u>
Equity and liabilities					
Equity	4		(1.765.372)		(1.353.421)
Long-term liabilities	5		2.873.684		1.223.623
Current liabilities, accruals and deferred income	6		2.120.662		1.405.417
			<u>3.228.974</u>		<u>1.275.619</u>

Income statement for the year 2023

		<u>2023</u>	<u>2022</u>
		€	€
Net turnover		3.093.138	2.021.358
Other operating income		<u>228.836</u>	<u>254.301</u>
Operating income		3.321.974	2.275.659
Cost of raw materials, consumables, subcontracted work and other external charges		1.586.359	1.423.563
Expenses of employee benefits	7	1.348.478	827.394
Amortisations and depreciations of fixed assets	8	88.268	148.049
Other operating expenses	9	<u>655.203</u>	<u>730.663</u>
Operating expenses		<u>3.678.308</u>	<u>3.129.669</u>
Operating result		(356.334)	(854.010)
Financial income and expense	10	<u>(234.881)</u>	<u>(86.742)</u>
Result before tax		(591.215)	(940.752)
Income tax expense		<u>179.264</u>	<u>381.697</u>
Result after tax		<u><u>(411.951)</u></u>	<u><u>(559.055)</u></u>

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Notes to the financial statements

Entity information

Registered address and registration number trade register

The registered and actual address of Qlayers B.V. is Ampereweg 2, 2627 BG in Delft, Nederland. Qlayers B.V. is registered at the Chamber of Commerce under number 69486549.

General notes

The most important activities of the entity

The activities of Qlayers B.V. consist mainly of research, development, management and exploitation of intellectual property rights and technology in the fields of functional paints, coatings, materials science and systems for paint and coating application.

Disclosure of going concern

As at 31st December 2023 Qlayers B.V.'s equity is € 1,765,372 negative (31 December 2022: € 1,353,421 negative) and the result over 2023 is € 411,951 negative (2022: € 559,055).

The board prepared an operating budget and liquidity forecast for the coming years. The board believes that the current financial position is sufficient to continue the operating activities of the company for the coming year. Consequently the financial statements are prepared on the going concern assumption.

Name of the entity which prepares the consolidated financial statements of the group to which the legal entity belongs

The company forms part of a group, headed by Qlayers Holding B.V. in Delft. The financial information of the company has been recorded in the consolidated financial statements of Qlayers Holding B.V.

Disclosures about estimates, judgements, assumptions and uncertainties

In applying the principles and policies for drawing up the financial statements, the directors of Qlayers B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code.

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Income and expenses are accounted for on accrual basis. Profit is only included when realised on balance sheet date. Liabilities and losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements. In the balance sheet and profit and loss account, references are made to the notes.

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Conversion of amounts denominated in foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing as at balance sheet date.

Transactions in foreign currency during the financial year are recognised in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as at balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

Finance leases

Qlayers B.V. has lease contracts whereby it retains substantially all the risks and rewards of ownership of these assets. These assets are recognised on the balance sheet upon commencement of the lease contract at the lower of the fair value of the asset or the discounted value of the minimum lease payments. The lease instalments to be paid are divided into a repayment and an interest portion, using the annuity method. The liabilities under the lease, excluding the interest payments, are included under long-term debts.

The interest component is included in the income statement for the duration of the contract on the basis of a fixed interest percentage of the average remaining redemption component. The assets are depreciated over the remaining economic life or, if shorter, the duration of the contract.

Operating leases

Qlayers B.V. has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by Qlayers B.V.. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

Financial instruments

Financial instruments are both primary financial instruments (such as receivables and debts) and derivative financial instruments (derivatives).

The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet, the information on the fair value is disclosed in the notes to the Non-recognised assets and liabilities and contingent assets and liabilities.

Primary financial instruments:

For the principles of primary financial instruments, reference is made to the recognition per balance sheet item in the Accounting principles section.

Accounting principles

Property, plant and equipment

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the expected future useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Financial assets

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses. The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law. Deferred tax assets are valued at their nominal value. Because the company forms part of a fiscal unity with the parent company, the deferred tax asset is actually a deferred receivable from Qlayers Holding B.V.

Inventories

Inventories (stocks) are valued at cost price based on the FIFO (first in first out) method or lower realisable value. The cost price consists of the historical cost or production cost and costs incurred in order to bring the stocks to their current location and current condition. The production cost includes direct labour and fixed and variable production overheads, taking into account the costs of the operations office, the maintenance department and internal logistics. The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken into account.

Receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Non-current liabilities

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. If there is no premium / discount or if there are no transaction costs, the amortised cost price is the same as the nominal value of the debt.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods and services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

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Revenue recognition

Net turnover represents revenue from performance obligations to deliver goods and to supply services, net of discounts and value added taxes. Revenue is recognised for each separately identifiable performance obligation. A promised good or promised service is separately identifiable if the following criteria are met:

- the customer can benefit from the good or service either on its own or together with other resources that the customer has obtained or can readily obtain; and
- the promise to provide the good or service to the customer is separately identifiable from other promises in the agreement.

If two or more promises of the entity to provide goods or services contained in a contract are not separately identifiable, the promises are combined into a combination of goods or services which is collectively separately identifiable from other promises in the contract.

If a contract contains several performance obligations, the total transaction price is attributed to the performance obligations in proportion to the value of the performance obligations. This attribution is based on the individual sale price for each performance obligation. An estimate is made for the amount of a variable consideration, as part of the total consideration, exercising a reasonable degree of prudence. Revenues from performance obligations to deliver goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

Revenues from performance obligations to supply services are recognised in proportion to the services provided, based on the cost incurred in respect of the services provided up to balance sheet date, in proportion to the estimated costs of the aggregate services to be provided. The cost price of these services is allocated to the same period.

Government subsidies

Operating subsidies are recorded as income in the income statement in the year in which the subsidised costs were incurred or income was lost or when there was a subsidised operating deficit. Income is recognised when it is probable that it will be received.

Applied policy of pension costs

Qlayers B.V. applies the liability approach to account for all pension schemes. The premium payable during the reporting year is recorded as an expense. The contributions are recorded as personnel costs from the date that they become payable. Prepaid contributions are reported as accrual if this results in a repayment or a reduction in future payments. Contributions that are not yet paid are included as a liability in the balance sheet.

Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur, unless hedge-accounting is applied.

Changes in the value of financial instruments recognised at fair value are recorded in the income statement.

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Income tax expense

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

The company forms part of a fiscal unity with its parent company and is therefore not independently liable for tax. The company is charged tax as if it were an independent taxpayer. Corporate income tax payments are settled with the parent company via current account.

Notes to the balance sheet

Assets

1 Property, plant and equipment

	<u>31-12-2023</u>	<u>31-12-2022</u>
	€	€
Machinery	344,144	147,912
Transportation	8,483	2,750
Other fixed assets	<u>152,982</u>	<u>145,371</u>
	<u>505,609</u>	<u>296,033</u>

Qlayers B.V. doesnot have the legal ownership of leaseobjects for an amount of € 139,983.

2 Financial assets

	<u>31-12-2023</u>	<u>31-12-2022</u>
	€	€
Deferred tax assets loss compensation	<u>560,961</u>	<u>381,697</u>

Because the company forms part of a fiscal unity with the parent company, the deferred tax asset is a deferred receivable on Qlayers Holding B.V.

3 Receivables

	<u>31-12-2023</u>	<u>31-12-2022</u>
	€	€
Trade receivables	265,796	8,557
Other receivables, prepayments and accrued income	<u>419,946</u>	<u>95,885</u>
	<u>685,742</u>	<u>104,442</u>

Receivables > 1 year

All receivables have a remaining term of less than one year, unless stated otherwise.

Other receivables, prepayments and accrued income

	<u>31-12-2023</u>	<u>31-12-2022</u>
	€	€
Taxes and social security charges	-	21,936
Other amounts receivable	<u>419,946</u>	<u>73,949</u>
	<u>419,946</u>	<u>95,885</u>

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Equity and liabilities

4 Equity

	<u>31-12-2023</u>	<u>31-12-2022</u>
	€	€
Issued share capital	1	1
Other reserves	<u>(1.765.373)</u>	<u>(1.353.422)</u>
	<u>(1.765.372)</u>	<u>(1.353.421)</u>

Disclosure of undistributed profit

The undistributed part of the 2023 result amounts nil (2022: nil).

5 Long-term liabilities

	<u>31-12-2023</u>	<u>31-12-2022</u>
	€	€
Payables to banks / financial institutions	744.735	1.002.624
Loans from shareholders	2.087.740	180.190
Other long-term liabilities	<u>41.209</u>	<u>40.809</u>
	<u>2.873.684</u>	<u>1.223.623</u>

Disclosure of non-current liabilities

The interest rates vary between 1% and 7,86% and show a mixture in duration for fixed and variable interest rates.

Qlayers Holding B.V. and Qlayers B.V. provided the following securities for the loans and the bank facility:

A right of pledge on:

- all current and future assets;
- all of your current and future stocks;
- all current and future rights/claims with all rights and securities associated with these rights/claims, including all rights under insurance contracts.

Qlayers Holding B.V. and Qlayers B.V. are jointly and severally liable for the loans and bank facility.

The long-term liabilities contain several subordinated loans with a mix of the level and amount of subordination.

Under the BMKB scheme, the State guarantees the repayment of loans with a principal amount of € 833.000.

The remaining loans terms vary per loan and can be summarized as follows:

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	Payables to bank / financial institutions	Loans from shareholders	Other long- term liabilities	Total
	€	€	€	€
Balance as at 31 december 2023	1.053.754	2.087.740	41.209	3.182.703
Repayment obligation	(309.019)	-	-	(309.019)
Long term portion as at 31 december 2023	<u>744.735</u>	<u>2.087.740</u>	<u>41.209</u>	<u>2.873.684</u>

Of all loans an amount of € 2.832.475 is due between 1 and 5 years.
Of all loans an amount of € 41.209 has a remaining term of more than 5 years.

6 Current liabilities, accruals and deferred income

	<u>31-12-2023</u>	<u>31-12-2022</u>
	€	€
Repayment obligation loans	309.019	247.960
Payables to banks	-	354.481
Trade payables	328.657	114.020
Liabilities to group companies	93.144	82.151
Value added tax	36.317	-
Wage tax	37.691	31.136
Pension premiums	70	-
Other payables	1.315.764	575.669
	<u>2.120.662</u>	<u>1.405.417</u>

The current account with Rabobank has a maximum credit limit of € 250.000. Qlayers Holding B.V. and Qlayers B.V. are jointly and severally liable for the credit agreement. The securities for this facility are included in the disclosure of non-current liabilities.

Non-recognised assets and liabilities and contingent assets and liabilities

The off-balance sheet liabilities relating to the fiscal unity

The legal entity is part of a fiscal unity for corporation tax and sales tax purposes with Qlayers Holding B.V. and is therefore jointly and severally liable for the tax liability of the fiscal unity as a whole.

Off-balance sheet commitments relating to payments to obtain usage rights

Qlayers B.V. has entered into a license agreement with Qlayers Holding B.V. for the use of intellectual property rights. The agreement has been entered into for an indefinite period. The license fee is 3.25% of the turnover achieved by Qlayers B.V. The agreement has an unlimited duration.

Disclosure of operating leases

Qlayers B.V. has entered into an agreement for the lease of an office space together with Qlayers Holding B.V. with a term of five years until March 31, 2027. The annual obligation amounts to € 123.000.

Notes to the income statement

7 Expenses of employee benefits

	<u>2023</u>	<u>2022</u>
	€	€
Wages and salaries	1.149.770	719.319
Social security charges and pensions cost	<u>198.708</u>	<u>108.075</u>
	<u><u>1.348.478</u></u>	<u><u>827.394</u></u>

Social security charges and pensions cost

	<u>2023</u>	<u>2022</u>
	€	€
Social security charges	134.551	89.113
Pension premiums	<u>64.157</u>	<u>18.962</u>
	<u><u>198.708</u></u>	<u><u>108.075</u></u>

8 Amortisations and depreciations of fixed assets

	<u>2023</u>	<u>2022</u>
	€	€
Amortisation of intangible fixed assets	-	62.962
Depreciation of property, plant and equipment	<u>88.268</u>	<u>85.087</u>
	<u><u>88.268</u></u>	<u><u>148.049</u></u>

9 Other operating expenses

	<u>2023</u>	<u>2022</u>
	€	€
Other expenses of employee benefits	153.671	200.803
Housing expenses	190.505	103.863
R&D and machine expenses	55.190	49.113
Selling expenses	54.832	95.862
Car expenses	3.966	1.954
General expenses	<u>197.039</u>	<u>279.068</u>
	<u><u>655.203</u></u>	<u><u>730.663</u></u>

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10 Financial income and expense

	<u>2023</u>	<u>2022</u>
	€	€
Interest and similar expenses	(234.881)	(86.737)
Currency translation differences	-	(5)
	<u>(234.881)</u>	<u>(86.742)</u>

Interest and similar expenses

	<u>2023</u>	<u>2022</u>
	€	€
Interest on lease liabilities	8.427	6.242
Interest tax authorities	-	28
Interest liabilities to group companies	112.366	29.685
Interest other liabilities	114.088	50.782
	<u>234.881</u>	<u>86.737</u>

Other notes

Average number of employees

	<u>2023</u>	<u>2022</u>
Average number of employees over the period working in the Netherlands	29,80	20,40
Total of average number of employees over the period	<u>29,80</u>	<u>20,40</u>

Signing of the annual accounts
Delft, 18 March 2024

Qlayers Holding B.V.
Represented by:
Green Dreamer B.V.
M.J. Groot

Qlayers Holding B.V.
Represented by:
QCube B.V.
R. Geutjens