

**Avy B.V.**  
**Donauweg 21**  
**1043 AJ AMSTERDAM**

Financial statements 2023

Postbus 51298  
1007 EG Amsterdam  
Nederland

+31 (0)88 7734600  
[office@rs-finance.com](mailto:office@rs-finance.com)  
[www.rs-finance.com](http://www.rs-finance.com)

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# Annual Financial Report

## Fiscal position

### Calculation taxable amount

	<b>2023</b>
	<b>€</b>
Result before taxation	-2,713,817
<b>Adjustments</b>	
Fiscal adjustment due to depreciation terms	109,305
Fiscal limited deductible expenses	7,632
Non deductible costs	228
	<u>-2,596,652</u>
<b>Taxable amount</b>	<b><u>-2,596,652</u></b>

### Corporation tax calculation

	<b>Taxable amount</b>	<b>2023</b>
%	€	€
19.00%	of 0	<u>0</u>

### Loss compensation

Year	Compensable loss	Already compensated in old years	To be compensated at the start of the financial year	Compensation in 2023	To be compensated at the end of the financial year
	€	€	€	€	€
2023	2,596,652		2,596,652		2,596,652
2022	1,777,803		1,777,803		1,777,803
2021	1,597,953		1,597,953		1,597,953
2020	1,990,858		1,990,858		1,990,858
2019	751,738		751,738		751,738
2018	461,066		461,066		461,066
2017	4,891		4,891		4,891
2016	61,000		61,000		61,000
	<u>9,241,961</u>	<u>0</u>	<u>9,241,961</u>	<u>0</u>	<u>9,241,961</u>

To the management of:

Avy B.V.

Donauweg 21

1043 AJ AMSTERDAM

Date: 10 April 2024

Subject: Annual accounts 2023

Dear management,

Please find enclosed the report over financial year 2023 for Avy B.V. located in AMSTERDAM.

#### **Accountant's compilation report**

The financial statements of Avy B.V. in AMSTERDAM 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 profit and loss account for the year 2023, 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 Avy 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, Dutch Code of Ethics). 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.

Kind regards,

RS Finance

Mark de Beer RA

James Wattstraat 100, 1097 DM Amsterdam

## Balance Sheet as at 31 December 2023

Balance Sheet after proposal distribution of result

	Ref.	31/12/2023		31/12/2022	
		€	€	€	€
<b>Assets</b>					
<b>Fixed assets</b>					
<b>Intangible fixed assets</b>					
Development expenses	5	1,354,601	762,605		
			1,354,601	762,605	
<b>Tangible fixed assets</b>					
Company buildings and sites	6	6,808	7,766		
Machinery and installation		16,344	12,744		
Other fixed assets		253,355	462,425		
			276,507	482,935	
<b>Financial fixed assets</b>					
Deferred taxes	7	1,117,054	744,146		
			1,117,054	744,146	
<b>Current assets</b>					
<b>Inventory</b>					
Inventory raw materials and additives		117,958	150,579		
			117,958	150,579	
<b>Receivables</b>					
Receivables from trade debtors	8	135,938	451,317		
Receivables from group companies		4,150	4,150		
Receivables from other accounts		62,432	257,007		
Prepayments and accrued income		0	17,664		
			202,520	730,138	
<b>Cash and bank</b>					
			4,083	44,664	
<b>Total assets</b>			<b>3,072,723</b>	<b>2,915,067</b>	

## Balance Sheet as at 31 December 2023

Balance Sheet after proposal distribution of result

	Ref.	31/12/2023		31/12/2022	
		€	€	€	€
<b>Liabilities</b>					
<b>Equity</b>					
	9				
Capital contributed and recovered		500		500	
Share premium		4,400,814		4,400,814	
Legal reserves		1,354,601		762,605	
Other reserves		-9,632,567		-6,699,663	
			-3,876,652		-1,535,744
<b>Long-term debts (more than one year)</b>					
	10				
Debts to participants and related companies		5,571,894		3,096,521	
Other debts		145,542		185,301	
			5,717,436		3,281,822
<b>Current liabilities</b>					
	11				
Debts to lending institutions		100,000		84,851	
Debts to suppliers and trade credits		256,331		394,615	
Debts to participants and to companies in which the company participates		6,377		6,377	
Taxes and social insurances		390,249		307,396	
Other debts		168,983		72,195	
Accrued liabilities		309,999		303,555	
			1,231,939		1,168,989
<b>Total liabilities</b>			<b>3,072,723</b>		<b>2,915,067</b>

## Profit and loss account over 2023

	Ref.	2023		2022	
		€	€	€	€
Net revenue		654,928		961,117	
Cost of sales		232,530		197,238	
<b>Gross margin</b>	13		422,398		763,879
Wages and salaries	14	1,335,934		835,236	
Social security expenses		464,288		384,500	
Depreciations of intangible and tangible fixed assets		508,570		207,114	
<b>Other operating expenses</b>	15				
Other employee related expenses		146,328		308,980	
Housing expenses		185,514		195,204	
Exploitation and machinery expenses		37,352		24,563	
Sales related expenses		50,529		52,138	
Car expenses		20,915		22,635	
Office expenses		128,964		126,981	
Organisation expenses		19,193		259,489	
Insurance expenses		11,246		8,039	
Accountants and advisory fees		26,139		8,649	
Administrative expenses		25,649		39,554	
Other expenses		2,884		14,528	
<b>Total of the operating expenses</b>			2,963,505		2,487,610
<b>Operating result</b>			-2,541,107		-1,723,731
Interest and similar expenses		-172,710		-75,169	
			-172,710		-75,169
<b>Result before taxation</b>			-2,713,817		-1,798,900
Taxes	16		372,908		262,347
<b>Result after taxation</b>			<b>-2,340,909</b>		<b>-1,536,553</b>

## **Accounting policies**



## 1 General notes

### 1.1 Activities

The activities of Avy B.V., having its registered office at Noordwijk primarily consist of:

- Development and product of sustainable drones
- Development of a drones network aimed at medical transport, urgent logistics and emergency services.

The actual activities are carried out at Donauweg 21, Amsterdam.

### 1.2 Going concern

The equity of the company amounts to € 3,876,652 negative as at 2023-12-31. The company is entirely financed through long-term debt provided by the holding company through a current account facility in the amount of €5,571,894. These debts will not need to be paid back in the coming 12 months. Through the issuance of convertible bonds via the NPEX platform and investments obtained from informals, the company has obtained close to € 1 million in new financing in 2024 till date. In addition, the Company is working to raise € 5 million of new capital through a new investment round. The aim is to close this round through the course of 2024. Considering these developments, the board of directors rely on the sustainable continuation of the business activities and the financial statements have therefore been prepared on a going concern basis.

### 1.3 Location address, legal form and registration number chamber of commerce

Avy B.V. is located in Donauweg 21 1043 AJ AMSTERDAM and is registered at the chamber of commerce under number 64101339.

### 1.4 Estimates

In applying the principles and policies for drawing up the financial statements, the directors of Avy B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under art. 362, sub 1, book 2 of the Dutch Civil Code the nature of these estimates and judgments, including related assumptions, is disclosed in the Notes to the relevant financial statement item.

## 2 General principles

### 2.1 General

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2, of the Dutch Civil Code and the Dutch Accounting Standards applicable to small legal entities, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

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. In the balance sheet and profit and loss account, references are made to the Notes.

## 3 Accounting principles applied to the measurement of assets and liabilities

### 3.1 Intangible fixed assets

#### 3.1.1 Development costs

Expenditure on development projects is capitalised as part of the production cost if it is likely from both a commercial and technical perspective that the project will be successful (i.e.: if it is likely that economic benefits will be realized) and the cost can be determined reliably. A legal reserve has been formed within equity with regard to the recognised development costs for the capitalised amount. The amortisation of capitalised development costs commences at the times when it is probable that the future economic benefits that are attributable to the asset will flow to the entity and takes place on a straight-line basis over the expected future useful life of the asset. Research costs are recognised in the profit and loss account.

### 3.2 Tangible fixed assets

#### 3.2.1 Other tangible fixed assets

Other tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments.

### 3.3 Financial fixed assets

#### 3.3.1 Deferred tax 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.

#### 3.4 Inventories

Inventories (stocks) are valued at historical price or production cost based on the FIFO method (first in, first out) or lower realisable value.

The historical price or production cost consists of the historical cost or production cost (all costs relating to the acquisition or production) 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.

#### 3.5 Accounts receivable

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. Provisions for bad debts are deducted from the carrying amount of the receivable.

#### 3.6 Cash at bank and in hand

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.

#### 3.7 Long-term debts

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.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the profit and loss account on the basis of the effective interest rate during the estimated term of the long-term debts.

#### 3.8 Current liabilities

Short-term liabilities are measured at fair value on initial recognition. Short-term liabilities are valued after initial recognition at the amounts against which the debt must be repaid.

## 4 Principles for the determination of the result

### 4.1 General

The result is the difference between the realisable value of the goods/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.

In the determination of the result the unrealised movements in value are also taken into account for the following items recognised at fair value :

- Investment properties;
- Securities included in current assets.

## 4.2 Revenue recognition

### 4.2.1 General

Net turnover includes revenue from agreements with customers. The agreements identify the individual performance obligations. The transaction price is then determined and allocated to individual performance obligation. This takes into account discounts and the like and taxes levied on turnover.

### 4.2.2 Supply of goods

Revenues from the goods supplied are recognised when all significant risks and rewards in respect of the goods have been transferred to the buyer.

### 4.2.3 Supply of services

Revenues from the services rendered are recognised in proportion to the services delivered, based on the services rendered up to the balance sheet date in proportion to the total of services to be rendered.

## 4.3 Employee benefits

### 4.3.1 Benefits to be paid periodically

The benefits owed to the personnel are recognized in the profit and loss account on the basis of the employment conditions.

## 4.4 Depreciations of intangible and tangible fixed assets

### 4.4.1 General

Intangible fixed assets including goodwill and tangible fixed assets are amortised and depreciated from the date of when they are available for use, based on the estimated economic life / expected future useful life of the asset. Land and investment properties are not depreciated.

## 4.5 Financial income and expenses

### 4.5.1 Interest income and interest 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.

### 4.5.2 Exchange differences

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.

## 4.6 Taxes

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) 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.

## **Notes to the financial statements - Assets**

## 5. Intangible fixed assets

	31/12/2023	31/12/2022
	€	€
Development expenses	<u>1,354,601</u>	<u>762,605</u>

### Overview intangible fixed assets

	Development expenses
	€
Acquisition value	895,756
Cumulative depreciation	-133,151
<b>Amount as at 01/01/2023</b>	<u>762,605</u>
Investments 2023	846,720
Depreciation 2023	-254,724
<b>Total of changes during period</b>	<u>591,996</u>
Acquisition value	1,742,476
Cumulative depreciation	-387,875
<b>Amount as at 31/12/2023</b>	<u><u>1,354,601</u></u>
Depreciation rate	20%

## 6. Tangible fixed assets

	31/12/2023	31/12/2022
	€	€
Construction works	6,808	7,766
<b>Company buildings and sites</b>	<u>6,808</u>	<u>7,766</u>
Machinery and installation	16,344	12,744
Avy Fleet	213,199	396,988
Equipment	37,865	62,047
Means of transport	2,291	3,390
<b>Other fixed assets</b>	<u>253,355</u>	<u>462,425</u>
	<u><u>276,507</u></u>	<u><u>482,935</u></u>

## Overview tangible fixed assets

	Construction works	Machinery and installation	Avy Fleet	Equipment
	€	€	€	€
Acquisition value	9,578	12,744	549,982	144,826
Cumulative depreciation	-1,812	0	-152,994	-82,779
<b>Amount as at 01/01/2023</b>	<b>7,766</b>	<b>12,744</b>	<b>396,988</b>	<b>62,047</b>
Investments 2023	0	3,600	38,049	5,768
Depreciation 2023	-958	0	-221,838	-29,950
<b>Total of changes during period</b>	<b>-958</b>	<b>3,600</b>	<b>-183,789</b>	<b>-24,182</b>
Acquisition value	9,578	16,344	588,031	150,594
Cumulative depreciation	-2,770	0	-374,832	-112,729
<b>Amount as at 31/12/2023</b>	<b>6,808</b>	<b>16,344</b>	<b>213,199</b>	<b>37,865</b>
Depreciation rate	20%	20%	50%	20%

	Means of transport	Total
	€	€
Acquisition value	10,550	727,680
Cumulative depreciation	-7,160	-244,745
<b>Amount as at 01/01/2023</b>	<b>3,390</b>	<b>482,935</b>
Investments 2023	0	47,417
Depreciation 2023	-1,099	-253,845
<b>Total of changes during period</b>	<b>-1,099</b>	<b>-206,428</b>
Acquisition value	10,550	775,097
Cumulative depreciation	-8,259	-498,590
<b>Amount as at 31/12/2023</b>	<b>2,291</b>	<b>276,507</b>
Depreciation rate	20%	

## 7. Financial fixed assets

	31/12/2023	31/12/2022
	€	€
Deferred taxes	<b>1,117,054</b>	<b>744,146</b>

## Deferred taxes - specification

	31/12/2023	31/12/2022
	€	€
Deferred tax asset compensable losses	1,142,918	753,420
Deferred tax liability depreciation terms	-25,864	-9,274
	<b>1,117,054</b>	<b>744,146</b>

Differed tax asset of compensable losses based on management assesment calculated as 15% rate of deductible loss for 2023.

**8. Receivables**

	<b>31/12/2023</b>	<b>31/12/2022</b>
	€	€
Receivables from trade debtors	135,938	451,317
Receivables from group companies - Avy Technologies B.V.	4,150	4,150
Receivables from other accounts	62,432	257,007
Prepayments and accrued income	0	17,664
	<b>202,520</b>	<b>730,138</b>

**Receivables from other accounts - specification**

	<b>31/12/2023</b>	<b>31/12/2022</b>
	€	€
Deposits	25,571	26,534
Prepaid amounts	35,911	22,705
Amounts to be received	950	0
Grants	0	207,768
	<b>62,432</b>	<b>257,007</b>

## **Notes to the financial statements - Liabilities**



## 9. Equity

	31/12/2023	31/12/2022
	€	€
Capital contributed and recovered	500	500
Share premium	4,400,814	4,400,814
Legal reserves	1,354,601	762,605
Other reserves	-9,632,567	-6,699,663
	<b>-3,876,652</b>	<b>-1,535,744</b>

### Disclosure of paid-up and called-up share capital

The authorised share capital amounts to € 500, divided in 50.000 shares with a face value of € 0,01.

As of balance date the issued share capital was divided as follows:

- 50.000 ordinary shares (€ 0,01)

## 10. Long term debts

	31/12/2023	31/12/2022
	€	€
Debts to group companies - Avy Group B.V.	5,571,894	3,096,521
NOW 5 long-term part	145,542	185,301
<b>Other debts</b>	<b>145,542</b>	<b>185,301</b>
	<b>5,717,436</b>	<b>3,281,822</b>

Debts to group companies - Avy Group B.V.: Calculated annual interest rate 4% .

NOW 5 repayment is scheduled to start from the May 1st 2024 and to be repaid in 48 equal installments.

## 11. Current liabilities

	31/12/2023	31/12/2022
	€	€
Debts to lending institutions	100,000	84,851
<b>Debts to lending institutions</b>	<b>100,000</b>	<b>84,851</b>
Debts to suppliers and trade credits	256,331	394,615
Debts to participants - Patrique Holding B.V.	6,377	6,377
NOW 5 short-term part	29,108	0
Taxes and social insurances	390,249	307,396
Payroll processing	139,875	72,195
<b>Other debts</b>	<b>139,875</b>	<b>72,195</b>
Accrued liabilities	309,999	303,555
	<b>1,231,939</b>	<b>1,168,989</b>

**Accrued liabilities - specification**

	<b>31/12/2023</b>	<b>31/12/2022</b>
	€	€
Invoices in advance	0	167,139
Advance net salary	17,287	6,632
Advances Skybat	22,165	73,193
Advances Cameroon	0	30,642
Advances Hydrone Development	0	25,949
Advances Project Wilddrone	170,547	0
Work in progress	100,000	0
	<b>309,999</b>	<b>303,555</b>

**12. Off Balance Sheet arrangements****Conditional obligations and substantial financial obligations**

## Rental obligations

The company has entered into a lease to rent the premises at Donauweg 21 in 2018. The original rental contract expired in June 2021 but is extended continuously by one year. The yearly rental obligation is € 119.000 per year.

## **Notes to the financial statement - Profit and loss account**

**13. Gross margin**

	<b>2023</b>	<b>2022</b>
	€	€
Turnover hardware	294,045	478,258
Turnover services	292,399	139,410
Turnover from subsidies	68,484	343,449
<i>Total revenue</i>	<i>654,928</i>	<i>961,117</i>
Cost of sales	-232,530	-197,238
<b>Result on net revenue</b>	<b>422,398</b>	<b>763,879</b>

**14. Personnel expenses**

	<b>2023</b>	<b>2022</b>
	€	€
Wages and salaries	1,335,934	835,236
Social security expenses	464,288	384,500
	<b>1,800,222</b>	<b>1,219,736</b>

**Wages and salaries - specification**

	<b>2023</b>	<b>2022</b>
	€	€
Wages and salaries	1,977,235	1,553,071
Holiday payments	169,885	128,077
Holiday days	-5,774	4,115
Received benefits on sick pay	-46,372	-75,341
Development personnell costs	-750,374	-710,023
Received benefits on wages (WBSO)	-213,674	-152,975
Other wages and salaries	205,008	88,312
	<b>1,335,934</b>	<b>835,236</b>

Other wages and salaries amounts relate to 30% ruling and therefore comparative figures for 2022 are adjusted accordingly.

**Average number of employees**

During 2023, on average 41 employees were employed on a full-time basis (2022: 32).

**15. Other operating expenses**

	<b>2023</b>	<b>2022</b>
	€	€
Other employee related expenses	146,328	308,980
Housing expenses	185,514	195,204
Exploitation and machinery expenses	37,352	24,563
Sales related expenses	50,529	52,138
Car expenses	20,915	22,635
Office expenses	128,964	126,981
R&D expenses	19,193	259,489
Insurance expenses	11,246	8,039
Accountants and advisory fees	26,139	8,649
Administrative expenses	25,649	39,554
Other expenses	2,884	14,528
	<b>654,713</b>	<b>1,060,760</b>

**16. Taxes**

	<b>2023</b>	<b>2022</b>
	€	€
Movement provision deferred tax asset	<b>-372,908</b>	<b>-262,347</b>

Signing owners and/or responsible parties for approval:

AMSTERDAM,  
Avy B.V.

Patrique Holding B.V.  
Represented by:

P.D.L. Zaman