

Avy Group B.V. Consolidated report
Donauweg 21
1043AJ Amsterdam

Consolidated financial statements 2023

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To the management of:
Avy Group B.V. Consolidated report
Donauweg 21
1043AJ Amsterdam

Date:
Subject: Annual accounts 2023

Dear management,

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

Accountant's compilation report

The financial statements of Avy Group B.V. Consolidated report 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 Group B.V. Consolidated report. 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

Consolidated Balance Sheet as at 31 December 2023

Balance Sheet after proposal distribution of result

	Ref.	31/12/2023		31/12/2022	
		€	€	€	€
Assets					
Fixed assets					
Intangible fixed assets					
Development expenses	5	1,354,601	762,605		
			1,354,601		762,605
Tangible fixed assets					
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
Financial fixed assets					
Participations in group companies	7	0	2		
Deferred taxes		1,189,145	778,561		
			1,189,145		778,563
Current assets					
Inventory					
Inventory raw materials and additives		117,958	150,579		
			117,958		150,579
Receivables					
Receivables from trade debtors	8	135,938	451,994		
Receivables from group companies		0	5,051		
Receivables from other accounts		78,341	266,757		
Prepayments and accrued income		0	17,664		
			214,279		741,466
Cash and bank			4,295		50,948
Total assets			3,156,785		2,967,096

Consolidated Balance Sheet as at 31 December 2023

Balance Sheet after proposal distribution of result

	Ref.	31/12/2023		31/12/2022	
		€	€	€	€
Liabilities					
Group equity					
Equity	9	-3,973,700	-1,413,307		
			-3,973,700		-1,413,307
Long-term debts (more than one year)					
Debts to group companies	10	1,117,253	1,085,753		
Other debts		303,720	467,075		
			1,420,973		1,552,828
Current liabilities					
Short term loans-debts-obligations	11	3,542,686	1,300,000		
Debts to lending institutions		100,000	84,851		
Debts to suppliers and trade credits		349,648	414,324		
Debts to group companies		593,521	109,731		
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		385,338	259,695		
Accrued liabilities		341,693	345,201		
			5,709,512		2,827,575
Total liabilities			3,156,785		2,967,096

Consolidated Profit and loss account over 2023

	Ref.	2023		2022	
		€	€	€	€
Net revenue		654,928		961,117	
Cost of sales		232,530		197,238	
Gross margin	13		422,398		763,879
Wages and salaries	14	1,335,934		835,236	
Social security expenses		414,754		344,555	
Depreciations of intangible and tangible fixed assets		508,570		207,114	
Other operating expenses	15				
Other employee related expenses		239,209		390,595	
Housing expenses		185,514		195,204	
Exploitation and machinery expenses		37,352		24,563	
Sales related expenses		53,186		53,387	
Car expenses		20,915		22,635	
Office expenses		128,964		127,022	
Organisation expenses		19,192		262,802	
Insurance expenses		11,246		8,039	
Accountants and advisory fees		151,164		40,872	
Administrative expenses		27,615		41,699	
Other expenses		52,421		54,473	
Total of the operating expenses			3,186,036		2,608,196
Operating result			-2,763,638		-1,844,317
Result from receivables that are part of the fixed assets and from securities		0		-50,725	
Other interest income and similar income		0		50,725	
Interest and similar expenses		-200,798		-81,814	
			-200,798		-81,814
Result before taxation			-2,964,436		-1,926,131
Taxes	16		410,583		286,391
Result after taxation			-2,553,853		-1,639,740

Accounting policies

1 General notes

1.1 Activities

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

- establishing, participating in any way in, managing and supervising enterprises and companies;
- financing enterprises and companies;
- borrowing, lending and raising funds, including the issuance of bonds, debentures or other securities, as well as entering into related agreements;
- providing advice and services to companies with which the company is affiliated in a group and to third parties;
- providing guarantees, binding the company and encumbering the company's assets on behalf of companies and companies with which the company is affiliated in a group and on behalf of third parties;
- acquiring, managing, exploiting and alienating registered property and assets in general;
- trading currencies, securities and assets in general;
- exploiting and trading patents, trademarks, licenses, know-how and other industrial property rights.

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

1.2 Going concern

The equity of the company amounts to € 3,973,700 negative as at 2023-12-31. Through the issuance of convertible bonds via the NPX 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 Group B.V. is located in Donauweg 21 1043AJ Amsterdam and is registered at the chamber of commerce under number 67928676.

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 time when the commercial production starts 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 Costs

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

4.4 Employee benefits

4.4.1 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.

4.5 Depreciations of intangible and tangible fixed assets

4.5.1 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.

4.6 Financial income and expenses

4.6.1 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.

4.6.2 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.

4.7 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.

4.8 Result from participations (valued at net asset value)

The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to Avy Group B.V. Consolidated report.

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
Amount as at 01/01/2023	<u>762,605</u>
Investments 2023	846,720
Depreciation 2023	-254,724
Total of changes during period	<u>591,996</u>
Acquisition value	1,742,476
Cumulative depreciation	-387,875
Amount as at 31/12/2023	<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
Company buildings and sites	<u>6,808</u>	<u>7,766</u>
Machinery and installation	16,344	12,744
Other fixed assets	213,199	396,988
Equipment	37,865	62,047
Means of transport	2,291	3,390
Other fixed assets	<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	Assets Avy Fleet	Equipment
	€	€	€	€
Acquisition value	9,578	12,744	549,982	144,826
Cumulative depreciation	-1,812	0	-152,994	-82,779
Amount as at 01/01/2023	7,766	12,744	396,988	62,047
Investments 2023	0	3,600	38,049	5,768
Depreciation 2023	-958	0	-221,838	-29,950
Total of changes during period	-958	3,600	-183,789	-24,182
Acquisition value	9,578	16,344	588,031	150,594
Cumulative depreciation	-2,770	0	-374,832	-112,729
Amount as at 31/12/2023	6,808	16,344	213,199	37,865
Depreciation rate	20%	20%	50%	20%

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

7. Financial fixed assets

	31/12/2023	31/12/2022
	€	€
Participations in group companies	0	2
Deferred taxes	1,189,145	778,561
	1,189,145	778,563

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

8. Receivables

	31/12/2023	31/12/2022
	€	€
Receivables from trade debtors	135,938	451,994
Receivables from group companies	0	5,051
Receivables from other accounts	62,792	257,367
Receivables Value added tax	15,549	9,390
<i>Receivables from other accounts</i>	78,341	266,757
Prepayments and accrued income	0	17,664
	214,279	741,466

Receivables from other accounts - specification

	31/12/2023	31/12/2022
	€	€
Prepaid amounts	36,271	23,065
Amounts to be received	950	0
Grants	0	207,768
Deposits	25,571	26,534
	62,792	257,367

Notes to the financial statements - Liabilities

9. Equity

	31/12/2023	31/12/2022
	€	€
Capital contributed and recovered	119	119
Share premium	9,118,427	4,717,613
Legal reserves	1,354,601	762,605
Other reserves	-14,446,847	-6,893,644
	-3,973,700	-1,413,307

10. Long term debts

	31/12/2023	31/12/2022
	€	€
CLA Orange Wings Investments Cooperatief I.U.A.	1,117,253	1,085,753
Other debts	158,178	281,774
NOW 5 long-term	145,542	185,301
Other debts	303,720	467,075
	1,420,973	1,552,828

Other debts - specification

	31/12/2023	31/12/2022
	€	€
Loan - Co-Fin COL Orange Wings B.V.	75,000	128,750
Loan - Innovatiefonds Noord-Holland B.V.	83,178	153,024
	158,178	281,774

Loan - Innovatiefonds Noord-Holland B.V.: The principal amount is € 375.000. Annual interest rate is 3%. The first interest payment was done on the October 1st 2021. Repayment: In 8 quarter terms of € 46.875 for the first time on the 30th of september 2022. No securities are provided.

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

11. Current liabilities

	31/12/2023	31/12/2022
	€	€
Short term convertible loans-debts-obligations	3,542,686	1,250,000
Debts to Rabobank	100,000	84,851
Debts to lending institutions	100,000	84,851
Debts to suppliers and trade credits	349,648	414,324
Orange Wings Investments Cooperatief I U.A.	411,485	0
Debts to participants - Patrique Holding B.V.	188,413	116,108
Taxes and social insurances	390,249	307,396
Other debts	29,108	0
Repayment obligations of long term debts	216,355	187,500
Payroll processing	139,875	72,195
Other debts	385,338	259,695
Accrued liabilities	341,693	345,201
Others	0	50,000
	5,709,512	2,827,575

Accrued liabilities - specification

	31/12/2023	31/12/2022
	€	€
Advances Project Wilddrone	170,547	0
Advances Skybat	22,165	73,193
Invoices in advance	1,750	168,789
Advance net salary	17,287	6,632
Advances Cameroon	0	30,642
Advances Hydrone Development	0	25,949
Accrued liabilities	129,944	39,996
	341,693	345,201

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

	2023	2022
	€	€
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
Result on net revenue	422,398	763,879

14. Personnel expenses

	2023	2022
	€	€
Wages and salaries	1,335,934	835,236
Social security expenses	414,754	344,555
	1,750,688	1,179,791

Wages and salaries - specification

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

Average number of employees

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

15. Other operating expenses

	2023	2022
	€	€
Other employee related expenses	239,209	390,595
Housing expenses	185,514	195,204
Exploitation and machinery expenses	37,352	24,563
Sales related expenses	53,186	53,387
Car expenses	20,915	22,635
Office expenses	128,964	127,022
Organisation expenses	19,192	262,802
Insurance expenses	11,246	8,039
Accountants and advisory fees	151,164	40,872
Administrative expenses	27,615	41,699
Other expenses	52,421	54,473
	926,778	1,221,291

16. Taxes

	2023	2022
	€	€
Taxes on profit or loss	-410,583	-286,391

Signing owners and/or responsible parties for approval:

Amsterdam,

Avy Group B.V. Consolidated report

Patrique Holding B.V.

Represented by:

P.D.L. Zaman