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Qlayers B.V.
Delft

Report on the
annual accounts 2022

29 June 2023

Compilation report issued

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2022 3100508874

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Accountants report

To the Directors of
Qlayers B.V.
To the attention of R. Geutjens
Ampereweg 2
2627 BG Delft

Den Haag 29 June 2023
3100508874

We hereby offer you the report concerning the annual report 2022 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 2022 and the income statement 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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General

Comparative figures

The comparative figures published in this report are derived from the report as prepared by Taxperience Financial Accounting & Advisory Services B.V. d.d. June 9, 2022. For the purpose of a clear presentation, some accounts in the profit and loss account have been mapped differently compared to last year.

Signing of the accountants report

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

Den Haag, 29 June 2023

Deloitte Accountancy & Advies B.V.

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Financial statements

Balance sheet as at 31 December 2022

(After distribution of result)

Assets

		31-12-2022		31-12-2021	
		€	€	€	€
Fixed assets					
Intangible assets	1		-		511.846
Property, plant and equipment	2		296.033		520.144
Financial assets	3		381.697		-
Current assets					
Inventories and work in progress			480.045		296.740
Receivables	4		104.442		259.838
Cash and cash equivalents			13.402		134.832
			<u>1.275.619</u>		<u>1.723.400</u>
Equity and liabilities					
Equity	5		(1.353.421)		(794.366)
Long-term liabilities	6		1.223.623		1.881.957
Current liabilities, accruals and deferred income	7		1.405.417		635.809
			<u>1.275.619</u>		<u>1.723.400</u>

Income statement for the year 2022

		2022	2021
		€	€
Net Turnover		2.021.358	206.080
Other operating income		254.301	137.838
		<u>2.275.659</u>	<u>343.918</u>
Operating income		2.275.659	343.918
Cost of raw materials		1.423.563	64.318
Wages and salaries		719.319	228.804
Social security charges and pensions cost	8	108.075	15.438
Amortisation of intangible fixed assets		62.962	45.999
Depreciation of property, plant and equipment		85.087	68.549
Other operating expenses	9	730.663	312.917
		<u>3.129.669</u>	<u>736.025</u>
Operating expenses		3.129.669	736.025
		<u>(854.010)</u>	<u>(392.107)</u>
Operating result		(854.010)	(392.107)
Interest and similar expenses	10	(86.737)	(48.862)
Currency translation differences		(5)	-
		<u>(86.742)</u>	<u>(48.862)</u>
Financial income and expense		(86.742)	(48.862)
		<u>(940.752)</u>	<u>(440.969)</u>
Result before tax		(940.752)	(440.969)
Income tax expense		381.697	-
		<u>(559.055)</u>	<u>(440.969)</u>
Result after tax		(559.055)	(440.969)

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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

Qlayers B.V. balance sheet as at 31st December 2022 shows an equity € 1.353.421 negative and a net working capital of € 807.528 negative. The result over 2022 is € 559.055 negative.

The board prepared an operating budget and liquidity forecast for the coming years which include realized funding via NPEX listing, Stichting Beheer NLInvesteert en Stichting Zekerheden NLInvesteert and Relin Holding B.V. in 2023. The board believes that this additional funding is sufficient to continue the operating activities 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.

Disclosure of estimates

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.

Comparative figures

The comparative figures published in this report are derived from the report as prepared by Taxperience Financial Accounting & Advisory Services B.V. d.d. June 9, 2022. For the purpose of a clear presentation, some accounts in the profit and loss account have been mapped differently compared to last year.

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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.

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.

Foreign group companies outside the Netherlands qualify as carrying on of business operations in a foreign country, with a functional currency different from that of the company. For the translation of the financial statements of these foreign entities the balance sheet items are translated at the exchange rate as at balance sheet date and the profit and loss account items at the exchange rate at transaction date. The exchange rate differences that arise are directly deducted from or added to group equity and recognised in the translation differences reserve. This likewise applies to the translation differences on loans that form part of the net investment in the business operations abroad.

If business operations in a foreign country with a different functional currency than that of the company are disposed of, the cumulative translation differences are recognised in the profit and loss account as part of the result from the disposal of the business operations abroad.

Finance leases

The corporation 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

The corporation has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the corporation. 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.

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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 of the 'Principles for the valuation of assets and liabilities'.

Accounting principles

Intangible assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its realisable value.

Research costs are recognised in the income statement. 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 realised) and the cost can be determined reliably. A legal reserve has been recognised 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 over the expected future useful life of the asset.

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 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/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 is 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.

Wages

The benefits payable to personnel are recorded in the income statement on the basis of the employment conditions.

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.

Amortisation of intangible assets and depreciation of property, plant and equipment

Intangible fixed asset and property, plant and equipment are depreciated or amortised from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property and other tangible fixed assets.

Other operating expenses

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

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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.

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 is settled with the parent company on a current account.

Notes to the balance sheet

Assets

1 Intangible assets

	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
Development costs	-	511.846
	<u> </u>	<u> </u>

Economic life

	<u>Development costs</u>
Economic life (in months)	60
Amortisation rate	20,00

2 Property, plant and equipment

	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
Machinery	147.912	489.244
Transportation	2.750	3.850
Other fixed assets	145.371	27.050
	<u> </u>	<u> </u>
	<u>296.033</u>	<u>520.144</u>

Economic life

	<u>Machinery</u>	<u>Other tangible assets</u>
Usefull life (in months)	60	60
Depreciation rate	20,00	20,00

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3 Financial assets

	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
Deferred tax assets	<u>381.697</u>	<u>-</u>

An amount of € 100.793 of the deferred tax assets has a probable term of less than 1 year.

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

4 Receivables

	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
Trade receivables	8.557	110.417
Other receivables, prepayments and accrued income	<u>95.885</u>	<u>149.421</u>
	<u>104.442</u>	<u>259.838</u>

Receivables > 1 year

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

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Equity and liabilities

5 Equity

	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
Issued share capital	1	1
Legal and statutory reserves	-	511.846
Other reserves	<u>(1.353.422)</u>	<u>(1.306.213)</u>
	<u>(1.353.421)</u>	<u>(794.366)</u>

Equity

	Issued share capital	Legal and sta- tutory reser- ves	Other reserves	Total
	€	€	€	€
Balance as at 1 January 2022	1	511.846	(1.306.213)	(794.366)
Appropriation of result	-	-	(559.055)	(559.055)
Release to other reserves	-	(511.846)	511.846	-
Balance as at 31 December 2022	<u>1</u>	<u>-</u>	<u>(1.353.422)</u>	<u>(1.353.421)</u>

6 Long-term liabilities

	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
Subordinated loans	122.500	137.500
Payables to banks / financial institutions	880.124	40.195
Loans from shareholders	180.190	1.661.853
Other long-term liabilities	<u>40.809</u>	<u>42.409</u>
	<u>1.223.623</u>	<u>1.881.957</u>

Disclosure of non-current liabilities

The non-current liabilities contain several loans including subordinated loans. The interest rates vary between 1% and 8% and show a mixture in duration for fixed and variable interest rates.

Qlayers Holding B.V. and Qlayers B.V. provided the following securities:

A right of pledge on:

- all current and future assets;

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- 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.

For the subordinated loans the following conditions apply:

The loans are subordinated to everything that Qlayers B.V. must pay to creditors in the event of dissolution, an agreement after a (provisional) suspension of payments has been granted, an agreement in bankruptcy or an arrangement outside insolvency with regard to the company.

The loans are not subordinated to other subordinated claims from other creditors, debts to direct or indirect shareholders and debts to affiliated companies.

For the payables to bank/financial institutions the following subordination applies:

- Subordination and pledge of the € 159.153 loan from Regionale Development company InnovationQuarter B.V.;
- Subordination and pledge of the loan of € 40,000 from M.J. Groot;
- Subordination and pledge of the € 32.079 loan from Sandpile B.V.;
- Subordination and pledge of the loan of € 324.742 from UNIIQ B.V.

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:

	Subordinated loans	Payables to bank / financial institutions	Loans from shareholders	Other long- term liabilities	Total
	€	€	€	€	€
Balance as at 31 december 2022	137.500	1.108.942	180.190	44.951	1.471.583
Repayment obligation	(15.000)	(228.818)	-	(4.142)	(247.960)
Long term portion as at 31 december 2022	<u>122.500</u>	<u>880.124</u>	<u>180.190</u>	<u>40.809</u>	<u>1.223.623</u>

All loans have a remaining term of less than 5 years.

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7 Current liabilities, accruals and deferred income

	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
Repayment obligation loans	247.960	130.359
Payables to banks	354.481	55
Trade payables	114.020	175.008
Liabilities to group companies	82.151	-
Wage tax	31.136	12.977
Other payables	575.669	317.410
	<u>1.405.417</u>	<u>635.809</u>

The current account with Rabobank has a maximum credit limit of € 500.000. Qlayers Holding B.V. is jointly and severally liable for the credit agreement.

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 in 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.

The size and duration of obligations to purchase or sell stocks of special significance

There are off-balance sheet commitments to purchase parts for an amount of € 150.771.

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Notes to the income statement

8 Social security charges and pensions cost

	<u>2022</u>	<u>2021</u>
	€	€
Social security charges	89.113	15.438
Pension premiums	18.962	-
	<u>108.075</u>	<u>15.438</u>

9 Other operating expenses

	<u>2022</u>	<u>2021</u>
	€	€
Other expenses of employee benefits	200.803	53.196
Housing expenses	103.863	83.651
R&D and machine expenses	67.144	28.343
Selling expenses	95.862	2.920
Car expenses	1.954	4.241
General expenses	261.037	140.566
	<u>730.663</u>	<u>312.917</u>

10 Interest and similar expenses

	<u>2022</u>	<u>2021</u>
	€	€
Interest liabilities to group companies	29.685	31.825
Interest other liabilities	50.666	12.171
Interest on lease liabilities	6.358	4.866
Interest tax authorities	28	-
	<u>86.737</u>	<u>48.862</u>

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Other notes

Average number of employees

	<u>2022</u>	<u>2021</u>
Average number of employees over the period working in the Netherlands	<u>26,70</u>	<u>20,41</u>
Average number of employees over the period	<u><u>26,70</u></u>	<u><u>20,41</u></u>

Delft, 29 June 2023

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

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