



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

Financial statements 2022

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

Date: 28 June 2023
Subject: Annual accounts 2022

Dear management,

Please find enclosed the report over financial year 2022 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 2022 and the profit and loss account for the year 2022, 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

Date: 28 June 2023
Number Chamber of
commerce: 67928676
Internal reference: 12259

Consolidated Balance sheet as at 31 December 2022

Balance sheet after proposal distribution of result

	Ref.	31/12/2022		31/12/2021	
		€	€	€	€
Assets					
Fixed assets					
Intangible fixed assets					
Development expenses	5	762,605	282,038		
			762,605		282,038
Tangible fixed assets					
Construction works	6	7,766	8,724		
Machinery and installation		12,744	0		
Other fixed assets		396,988	74,186		
Equipment		62,047	49,177		
Means of transport		3,390	5,300		
			482,935		137,387
Financial fixed assets					
Participations in group companies	7	2	0		
Deferred taxes		778,561	492,170		
			778,563		492,170
Current assets					
Inventory					
Inventory raw materials and additives		150,579	56,392		
			150,579		56,392
Receivables					
Receivables from trade debtors	8	451,994	80,486		
Receivables from group companies		5,051	0		
Receivables from taxes		9,390	12,973		
Receivables from other accounts		257,367	94,326		
Prepayments and accrued income		17,664	21,060		
			741,466		208,845
Cash and bank			50,948		254,831
Total assets		2,967,096	1,431,663		

Consolidated Balance sheet as at 31 December 2022

Balance sheet after proposal distribution of result

	Ref.	31/12/2022		31/12/2021	
		€	€	€	€
Liabilities					
Equity					
Group equity	9	-1,413,307		225,127	
			-1,413,307		225,127
Long-term debts (more than one year)					
Debts to group companies	10	1,214,503		125,000	
Government liabilities		185,301		0	
Other debts		153,024		386,250	
			1,552,828		511,250
Current liabilities					
Short term loans-debts-obligations	11	1,300,000		0	
Debts to lending institutions		84,851		0	
Debts to suppliers and trade credits		414,324		66,526	
Debts to group companies		6,377		6,377	
Taxes and social insurances		307,396		68,562	
Repayment obligations of long term debts		187,500		0	
Payroll processing		72,195		68,771	
Other debts		109,731		0	
Accrued liabilities		345,201		485,050	
			2,827,575		695,286
Total liabilities			2,967,096		1,431,663

Consolidated Profit and loss account over 2022

	Ref.	2022		2021
		€	€	€
Net turnover		961,117	1,112,152	
Cost of sales		197,238	48,194	
Gross margin	13		763,879	1,063,958
Wages and salaries	15	746,924	649,418	
Social security expenses		344,555	318,495	
Depreciations of intangible and tangible fixed assets		207,114	134,378	
Other operating expenses	16			
Work related expenses scheme - detail		23,324	2,965	
Other employee related expenses		495,528	169,979	
Housing expenses		202,717	149,665	
Exploitation and machinery expenses		13,288	5,398	
Sales related expenses		57,149	61,017	
Car expenses		22,635	17,057	
Office expenses		127,022	78,826	
Organisation expenses		262,802	816,862	
Insurance expenses		8,039	14,132	
Accountants and advisory fees		40,872	95,015	
Administrative expenses		41,699	85,835	
Other expenses		14,528	114,183	
Total of the operating expenses			2,608,196	2,713,225
Operating result			-1,844,317	-1,649,267
Interest and similar expenses		-81,814	-63,956	
			-81,814	-63,956
Result before taxes			-1,926,131	-1,713,223
Taxes	17		286,391	160,849
Share in result of companies in which is participated	18		0	-1,347,555
Result after taxes			-1,639,740	-2,899,929

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 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

	31/12/2022	31/12/2021
	€	€
Development expenses	<u>762,605</u>	<u>282,038</u>

Mutation overview intangible fixed assets

	Development expenses
	€
Acquisition value	307,682
Cumulative depreciation	-25,644
Amount as at 01/01/2022	<u>282,038</u>
Investments 2022	588,074
Depreciation 2022	-107,507
Total of changes during period	<u>480,567</u>
Acquisition value	895,756
Cumulative depreciation	-133,151
Amount as at 31/12/2022	<u><u>762,605</u></u>
Depreciation rate	20%

6. Tangible fixed assets

	31/12/2022	31/12/2021
	€	€
Construction works	7,766	8,724
Machinery and installation	12,744	0
Other fixed assets	396,988	74,186
Equipment	62,047	49,177
Means of transport	3,390	5,300
	<u>482,935</u>	<u>137,387</u>

Mutation overview tangible fixed assets

	Construction works	Machinery and installation	Assets Avy Fleet	Equipment
	€	€	€	€
Acquisition value	9,578	0	156,583	107,913
Cumulative depreciation	-854	0	-82,397	-58,736
Amount as at 01/01/2022	8,724	0	74,186	49,177
Investments 2022	0	12,744	393,399	36,913
Depreciation 2022	-958	0	-70,597	-24,043
Total of changes during period	-958	12,744	322,802	12,870
Acquisition value	9,578	12,744	549,982	144,826
Cumulative depreciation	-1,812	0	-152,994	-82,779
Amount as at 31/12/2022	7,766	12,744	396,988	62,047
Depreciation rate	20%	20%	20%	20%

	Means of transport	Total
	€	€
Acquisition value	10,550	284,624
Cumulative depreciation	-5,250	-147,237
Amount as at 01/01/2022	5,300	137,387
Investments 2022	0	443,056
Depreciation 2022	-1,910	-97,508
Total of changes during period	-1,910	345,548
Acquisition value	10,550	727,680
Cumulative depreciation	-7,160	-244,745
Amount as at 31/12/2022	3,390	482,935
Depreciation rate	20%	

7. Financial fixed assets

	31/12/2022	31/12/2021
	€	€
Deferred taxes	778,561	492,170
Participations in group companies	2	0
	778,563	492,170

Differed tax asset of compensable losses based on management assesment calculated as 15% rate of deductible loss for 2022. Increase of applied rate was done due to increase of corporate income tax basic rate from 15% to 19% from January 1th 2023. 10% rate was used in previous periods.

8. Receivables

	31/12/2022	31/12/2021
	€	€
Receivables from trade debtors	451,994	80,486
Receivables from group companies	5,051	0
Receivables from taxes	9,390	12,973
Receivables from other accounts	257,367	94,326
Prepayments and accrued income	17,664	21,060
	741,466	208,845

Receivables from other accounts - specification

	31/12/2022	31/12/2021
	€	€
Prepaid amounts	23,065	6,081
Subsidies	207,768	62,961
Deposits	26,534	25,284
	257,367	94,326

Notes to the financial statements - Liabilities

9. Equity

	31/12/2022	31/12/2021
	€	€
Capital contributed and recovered	119	119
Share premium	4,717,613	4,717,613
Legal reserves	762,605	282,038
Other reserves	-6,893,644	-4,774,643
	-1,413,307	225,127

10. Long term debts

	31/12/2022	31/12/2021
	€	€
Debts to group companies	1,214,503	125,000
NOW 5 long-term	185,301	0
Other debts	153,024	386,250
	1,552,828	511,250

Debts to group companies - specification

	31/12/2022	31/12/2021
	€	€
Loan Orange Wings B.V. I	128,750	125,000
Loan Orange Wings II	727,699	0
Loan Orange Wings III	358,054	0
	1,214,503	125,000

11. Short term debt

	31/12/2022	31/12/2021
	€	€
Short term convertible loans-debts-obligations	1,300,000	0
Debts to Rabobank	84,851	0
Debts to suppliers and trade credits	414,324	66,526
C/A Patrique Holding B.V.	6,377	6,377
Taxes and social insurances	307,396	68,562
Repayment obligations of long term debts	187,500	0
Payroll processing	72,195	68,771
Other debts	109,731	0
Accrued liabilities	345,201	485,050
	2,827,575	695,286

Accrued liabilities - specification

	31/12/2022	31/12/2021
	€	€
Advances NOW	0	185,301
Advances Skybat	73,193	16,095
Invoices in advance	168,789	89,879
Guarantees payable	0	605
Advance net salary	6,632	0
Advances Cameroon	30,642	30,642
Advances Hydrone Development	25,949	45,484
Advances EIC/Skysaver	0	110,131
Accrued liabilities	39,996	6,913
	345,201	485,050

12. Assets and liabilities not recognised in balance sheet**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 will be extended continuously by one year. The yearly rental obligation is € 102.000 per year and runs until June 2023 because the rental obligation has not been terminated at 31st of December 2021. The remaining obligation at balance date is € 51.000.

Notes to the financial statement - Profit and loss account

13. Gross margin

	2022	2021
	€	€
Turnover hardware	478,258	9,426
Turnover services	139,410	171,857
Turnover from subsidies	343,449	925,604
Net turnover	0	5,265
<i>Total turnover</i>	<i>961,117</i>	<i>1,112,152</i>
Cost of sales	-197,238	-48,194
Result on net turnover	763,879	1,063,958

14. Cost of sales

	2022	2021
	€	€
Movements in inventory	-38,542	3,481
Costs of hardware	235,780	44,713
	197,238	48,194

15. Personnel expenses

	2022	2021
	€	€
Wages and salaries	746,924	649,418
Social security expenses	344,555	318,495
	1,091,479	967,913

Wages and salaries - specification

	2022	2021
	€	€
Development personnell costs	-710,023	-633,108
Received benefits on wages (WBSO)	-152,975	-209,992
Wages and salaries	1,553,071	1,422,508
Holiday payments	128,077	116,767
Received benefits on sick pay	-75,341	-54,360
Received wage subsidy	0	-724
Holiday days	4,115	8,327
	746,924	649,418

Average number of employees

During 2022, on average 42 employees were employed on a full-time basis (2021: 33).

16. Other operating expenses

	2022	2021
	€	€
Work related expenses scheme - detail	23,324	2,965
Other employee related expenses	495,528	169,979
Housing expenses	202,717	149,665
Exploitation and machinery expenses	13,288	5,398
Sales related expenses	57,149	61,017
Car expenses	22,635	17,057
Office expenses	127,022	78,826
Organisation expenses	262,802	816,862
Insurance expenses	8,039	14,132
Accountants and advisory fees	40,872	95,015
Administrative expenses	41,699	85,835
Other expenses	14,528	114,183
	1,309,603	1,610,934

17. Taxes

	2022	2021
	€	€
Movement provision deferred tax asset	-286,391	-160,849

18. Share in result of companies in which is participated

	2022	2021
	€	€
Share in result of companies in which is participated	0	-1,347,555

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