Defenture B.V.

Defenture B.V.
based in Tiel

Report on the

Financial statement 2025

Defenture B.V.

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Defenture B.V.
Biezenwei 11
4004MB Tiel

LEUSDEN 13 May 2026
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Defenture B.V.

Financial position

To provide insight in the development of the financial position of the Company we provide you with the following statements. These are based on the information from the annual report. Hereafter we provide you with the balance sheet as at 31 December 2025 in an abridged form.

Financial structure

	31-12-2025		31-12-2024	
	€	%	€	%
Assets				
Intangible assets	13.447.645	29,3	11.384.870	28,1
Property, plant and equipment	1.668.381	3,6	2.317.741	5,7
Financial assets	9.370.759	20,4	9.649.893	23,8
Stocks	7.953.197	17,3	7.778.109	19,2
Construction contracts (assets)	303.450	0,7	232.618	0,6
Receivables	1.868.542	4,1	2.380.369	5,7
Cash and cash equivalents	11.310.677	24,6	6.842.577	16,9
	45.922.651	100,0	40.586.177	100,0
Equity and liabilities				
Equity	16.695.672	36,4	-4.829.041	-11,9
Subordinated loans	264.491	0,6	2.464.577	6,1
Provisions	762.036	1,7	602.940	1,5
Long-term liabilities	443.297	1,0	10.623.051	26,2
Current liabilities	27.757.155	60,3	31.724.650	78,1
	45.922.651	100,0	40.586.177	100,0

Defenture B.V.

Analysis of the financial position

	31-12-2025	31-12-2024
	€	€
Available on short term		
Receivables	1.868.542	2.380.369
Cash and cash equivalents	11.310.677	6.842.577
	13.179.219	9.222.946
Current liabilities	-27.757.155	-31.724.650
Liquidity surplus	-14.577.936	-22.501.704
Stocks	7.953.197	7.778.109
Construction contracts (assets)	303.450	232.618
Working capital	-6.321.289	-14.490.977
Established for the long term		
Intangible assets	13.447.645	11.384.870
Property, plant and equipment	1.668.381	2.317.741
Financial assets	9.370.759	9.649.893
	24.486.785	23.352.504
Financed with on the long term available assets	18.165.496	8.861.527
Financing		
Equity	16.695.672	-4.829.041
Subordinated loans	264.491	2.464.577
Provisions	762.036	602.940
Long-term liabilities	443.297	10.623.051
	18.165.496	8.861.527

Defenture B.V.

Fiscal position

Calculation taxable amount

	2025
	€
Total of result before tax	-7.768.781
Subtract	
Higher fiscal other external expenses	-2.258.869
	-10.027.650
Non-deductible amounts	20.148
Partially deductible amounts	5.786
	-10.001.716
Non-deductible interest	
Non deductible interest	1.967.556
Taxable amount	-8.034.160

Loss compensation

Year	Compensable loss	Compensated with previous years	Available for compensation at the beginning of the financial year	Compensation during the year 2025	Available for compensation at the end of the financial year
	€	€	€	€	€
2015	614.782	-	614.782	-	614.782
2016	2.701.513	-	2.701.513	-	2.701.513
2017	2.587.543	-	2.587.543	-	2.587.543
2018	1.743.209	-	1.743.209	-	1.743.209
2019	842.168	-	842.168	-	842.168
2020	1.587.602	-	1.587.602	-	1.587.602
2023	3.158.962	-	3.158.962	-	3.158.962
2024	25.265.591	-	25.265.591	-	25.265.591
2025	8.034.160				8.034.160
	46.535.530	-	38.501.370	-	46.535.530

A deferred tax asset has been included in the financial statements for the present deductible losses. The deferred tax asset is recognised at a rounded tax rate of 25,8%.

Losses up to and including 2025 can be carried forward indefinitely in later years up to taxable profits of € 1,000,000. Taxable profits in excess of € 1,000,000 will be settled under specified conditions. These losses will only be offset up to an amount of € 1,000,000 plus 50% of the taxable profit for that year, after that profit has been reduced by the amount of €1,000,000.

Management Board's report

Defenture B.V.

Management Board's report

General

Defenture B.V. is engaged in the design, development, production and commercialization of light tactical vehicles, as well as the provision of lifecycle services, including maintenance, support and system integration.

The Company operates as a system integrator, combining internally developed expertise with components and subsystems sourced from specialized suppliers. This approach enables Defenture to deliver modular, mission-critical solutions tailored to the operational requirements of its customers.

Governance and Management

In March 2025, Mr. René de Wit was appointed as Chief Executive Officer.
On 30 December 2025, following a comprehensive recapitalization supported by its shareholders, Mr. Roderick Toutenhoofd was appointed as Chief Financial Officer.
In April 2025, a Supervisory Board was established. As at the date of this report, the Supervisory Board consists of one member, Mr. Ingo Heijnen.
In addition, a Works Council is in place since 2024 in accordance with the Dutch Works Councils Act.

These developments reflect the Company's continued focus on strengthening its governance framework and ensuring that its organizational structure is aligned with its growth ambitions and increasing operational complexity.

Operational and Strategic Developments

During 2025, Defenture continued to execute its strategy aimed at growth, operational improvement and scalability. The Company further expanded its international footprint and strengthened its commercial pipeline.

At the end of 2025, the Company secured a significant contract with the German government agency BAAINBw. Management considers this contract an important validation of Defenture's technological capabilities and operational reliability, particularly given the highly competitive and mature nature of the German defence and automotive industry.

In parallel, the Company continues to observe increasing international interest in its products and systems. This is reflected in a growing pipeline of tender and pre-tender opportunities across multiple geographies.

During the year, Defenture initiated a strategic transition from an Engineer-to-Order (ETO) model towards a more standardized Assembly-to-Order (ATO) model. This transition is expected to improve scalability, reduce operational complexity, lower the structural cost price of vehicles and enhance the predictability of financial performance.

In 2026, further development of the Company's strategy for the period 2026–2028 has taken place. The execution of the value creation program remains central, focusing on structural improvements such as reducing reliance on temporary personnel, lowering cost prices and aligning the development organization more closely with commercial demand.

Financial Performance

The financial year 2025 resulted in a net loss of approximately € 8.0 million (2024: € 15.7 million loss). Revenue increased to approximately € 38.2 million (2024: € 20.1 million), reflecting continued growth in operations and the execution of projects.

The reported result was impacted by several factors, including the cost structure associated with the Company's current scaling phase, financing expenses, and the continued application of prudent project accounting and asset valuation. In addition, the result includes one-off costs related to the turnaround, including advisory expenses and the use of temporary personnel.

Adjusted for these non-recurring items, normalized EBITDA for 2025 was approximately at break-even level. Management considers this normalized measure to provide a more meaningful view of the underlying operational performance.

Equity Position, Financing and Liquidity

During 2025, the Company completed a comprehensive recapitalization supported by its shareholders. This recapitalization included the conversion of shareholder loans amounting to approximately € 24.9 million into equity, a € 5 million preferred capital injection, and the provision of € 6 million in cash collateral to support contractual obligations.

As a result of these measures, the Company's equity position improved significantly, reaching approximately € 16.7 million as at 31 December 2025 (2024: negative € 4.8 million).

The Company's liquidity position is supported by shareholder funding, recapitalization measures and cash inflows from the execution and delivery of existing projects. In addition, the Company expects advance payments under new contracts to contribute to its liquidity position.

Despite these developments, the Company has not yet secured structural external financing as at the balance sheet date and remains dependent on additional financing solutions to support its growth and working capital requirements.

After the balance sheet date, in May 2026, an additional capital contribution of € 5 million was made by the shareholders. This contribution further strengthens the Company's liquidity position and supports its ongoing financing activities.

In connection with the contract with the German customer, the Company expects to receive an advance payment of approximately € 22 million. This advance payment is contractually conditional upon the issuance of a bank guarantee (Bürgschaft). The Company is currently in discussions with surety providers, financial institutions, regional stakeholders and Atradius Dutch State Business to obtain this guarantee.

As at the balance sheet date and the date of this report, this advance payment has not yet been unconditionally secured and is therefore not recognized in the financial statements.

Going Concern

The financial statements have been prepared on a going concern basis.
In assessing the Company's ability to continue as a going concern, management has taken into account the current order portfolio, expected future cash flows, available and committed shareholder support, and the ongoing operational and strategic improvements.

Although uncertainties remain, particularly with respect to the timing and availability of external financing and guarantee facilities, management believes that the Company has sufficient resources to continue its operations for the foreseeable future.

Accordingly, the going concern assumption is considered appropriate.

Operational Performance and Outlook

In 2025, Defenture delivered 47 vehicles
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For 2026, the Company expects to deliver approximately 71 vehicles, reflecting continued scaling of production and execution of the order portfolio.

Revenue is expected to increase to approximately € 71.6 million in 2026, driven by higher delivery volumes and ongoing project execution.

Based on current insights, management expects EBITDA for 2026 to be significantly positive, supported by increased production volumes, improved margins and the effects of operational improvements implemented under the value creation program.

Risks and Uncertainties

The Company operates in a complex and dynamic environment and is exposed to various risks and uncertainties that may affect its financial position, results of operations and future prospects.

One of the key risks relates to financing and liquidity. The Company remains dependent on the availability of sufficient working capital and the timely securing of external financing and guarantee facilities. Delays in obtaining such financing or guarantees may impact the Company's ability to execute projects and realize expected cash inflows.

In addition, the Company is exposed to project execution risks. These include risks related to cost overruns, delays in delivery, supply chain disruptions and changes in project specifications. Such risks may negatively impact margins and cash flows if not properly managed.

The ongoing transition from an Engineer-to-Order to an Assembly-to-Order model introduces operational and transformation risks. While this transition is expected to improve efficiency and scalability, it requires careful execution and organizational alignment. Any delays or inefficiencies in this transition may temporarily affect operational performance.

Furthermore, the Company operates in a market that is influenced by geopolitical developments and government spending on defence. Changes in defence budgets, procurement policies or international relations may affect demand for the Company's products.

Management actively monitors these risks and has implemented mitigation measures, including improved project control, cost management, supplier diversification and strengthening of governance and internal processes.

Outlook

Management expects that demand for defence equipment will remain strong in the medium term, supported by geopolitical developments and increased defence spending across Europe and other regions.

The Company's strategic focus for the coming period includes scaling production capacity, reducing structural cost price, strengthening the financial position and converting its commercial pipeline into realized contracts.

Management remains confident that the strategic initiatives undertaken will position Defenture for sustainable growth and improved profitability.

Statement by the Management Board

The Management Board is of the opinion that the financial statements provide a true and fair view of the financial position and results of the Company, in accordance with the applicable provisions of Dutch law (Book 2, Title 9 of the Dutch Civil Code) and the Dutch Accounting Standards.

Tiel, 13 May 2026

Mr. R. de Wit	Mr. R. Toutenhoofd
Chief Executive Officer (CEO)	Chief Financial Officer (CFO)
ValidSigned by Mr. R.B. de Wit on 13-05-2026	ValidSigned by Mr. R.J.H.T. Toutenhoofd on 13-05-2026

Financial statements

Defenture B.V.

Balance sheet as at 31 December 2025
(Before distribution of result)

Assets

	31-12-2025		31-12-2024	
	€	€	€	€
Fixed assets				
Intangible assets				
Development costs		13.447.645		11.384.870
Property, plant and equipment				
Commercial buildings and land	164.867		238.837	
Vehicles	1.048.876		1.420.631	
Inventory	454.638		658.273	
		1.668.381		2.317.741
Financial assets		9.370.759		9.649.893
Current assets				
Stocks				
Materials		7.953.197		7.778.109
Construction contracts (assets)		303.450		232.618
Receivables				
Trade receivables	405.742		493.846	
Receivables from participants	-		8.184	
Taxes and social security contributions	488.700		1.382.074	
Other receivables, prepayments and accrued income	974.100		496.265	
		1.868.542		2.380.369
Cash and cash equivalents		11.310.677		6.842.577
		45.922.651		40.586.177

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Equity and liabilities

	31-12-2025		31-12-2024	
	€	€	€	€
Equity				
Share capital	38.736.728		9.164.100	
Agio	2.800.927		2.800.927	
Legal reserve	13.447.645		11.609.546	
Other reserves	-30.241.713		-12.705.898	
Undistributed profit	-8.047.915		-15.697.716	
		16.695.672		-4.829.041
Subordinated loans				
Loans to participants - Azur Capital B.V.		264.491		2.464.577
Capital base		16.960.163		-2.364.464
Provisions				
Provisions		762.036		602.940
Long-term liabilities				
Loans to participants	-		10.000.000	
Other payables	443.297		623.051	
		443.297		10.623.051
Current liabilities				
Trade payables	10.009.332		7.707.923	
Loans to participants	205.070		74.354	
Payables relating to taxes and social security contributions	620.175		-	
Construction contracts (liabilities)	14.884.476		22.548.177	
Other liabilities and accrued expenses	2.038.102		1.394.196	
		27.757.155		31.724.650
		45.922.651		40.586.177

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Income statement for the year 2025

	2025		2024	
	€	€	€	€
Net turnover	38.253.817		20.125.348	
Purchase of value of turnover	-23.971.738		-27.201.341	
Gross margin		14.282.079		-7.075.993
Expenses of employee benefits	12.261.668		9.020.803	
Depreciation of intangible and tangible fixed assets	1.343.276		947.162	
Other operating expenses	5.603.483		5.155.075	
Total of sum of expenses		19.208.427		15.123.040
Total of operating result		-4.926.348		-22.199.033
Other interest and similar income	16.202		66.597	
Interest and similar expenses	-2.861.289		-2.067.811	
Exchange rate differences	2.654		-64.563	
Financial income and expense		-2.842.433		-2.065.777
Total of result before tax		-7.768.781		-24.264.810
Income tax expense		-279.134		8.567.094
Total of result after tax		-8.047.915		-15.697.716

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Cash flow statement for the year 2025

	2025		2024	
	€	€	€	€
Total of cash flows from (used in) operating activities				
Operating result		-4.926.348		-22.199.033
Adjustments for				
Depreciation	1.334.555		947.162	
Increase in provisions	159.096		496.620	
Exchange rate differences	2.654		-64.563	
		1.496.305		1.379.219
Changes in working capital				
Decrease (increase) in materials	-175.088		-2.114.363	
Decrease (increase) in work in progress	-70.832		5.033.901	
Decrease (increase) in trade receivables	88.104		-263.960	
Receivables from participants	8.184		-	
Decrease (increase) in receivables	326.645		-1.201.439	
Current liabilities (excluding amounts owed to credit institutions, work in progress and repayment obligations in the coming financial year)	88.894		-216.210	
Increase (decrease) in other payables	-3.967.495		19.118.340	
		-3.701.588		20.356.269
Total of cash flows from (used in) operations		-7.131.631		-463.545
Interest and similar income	16.202		66.597	
Interest and similar expenses	-2.861.289		-2.067.811	
		-2.845.087		-2.001.214
Total of cash flows from (used in) operating activities		-9.976.718		-2.464.759
Total of cash flows from (used in) investment activities				
Purchase of intangible assets	-2.775.447		-4.976.522	
Purchase of property, plant and equipment	-21.202		-1.441.488	
Proceeds from sales of property, plant and equipment	48.679		-	

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Depreciation	-		6.505.327	
Total of cash flows from (used in) investment activities		-2.747.970		87.317
Total of cash flows from (used in) financing activities				
Receipts from issuance of share capital	29.572.628		-	
Receipts from subordinated loans	72.542		31.089	
Repayments to subordinated loans	-2.272.628		-817.903	
Proceeds from borrowings	12.514.120		4.175.000	
Changes in long term liabilities (including repayment obligations for the coming financial year)	-22.693.874		-381.676	
Total of cash flows from (used in) financing activities		17.192.788		3.006.510
Total of increase (decrease) in cash and cash equivalents		4.468.100		629.068

Movement in cash and cash equivalents

Cash and cash equivalents at the beginning of the period	6.842.577	6.213.509
Increase (decrease) cash and cash equivalents	4.468.100	629.068
Cash and cash equivalents at the end of the period	11.310.677	6.842.577

Defenture B.V.

Notes to the financial statements

Entity information

Registered address and registration number trade register

The registered and actual address of Defenture B.V. is Biezenwei 11, 4004MB in Tiel, Nederland. Defenture B.V. is registered at the Chamber of Commerce under number 58081062.

General notes

General notes

The most important activities of the entity

Defenture B.V. is engaged in the design, development, production and commercialization of light tactical vehicles, as well as the provision of lifecycle services, including maintenance, support and system integration.

Going concern

Disclosure of going concern

The financial statements have been prepared on a going concern basis. This means that the company is expected to continue its business activities in the foreseeable future and therefore to realise its assets and settle its liabilities in the normal course of business.

In assessing continuity, the management board has prepared a forecast for a period of at least twelve months after the balance sheet date. This forecast is based on the expected turnover development, existing contracts and order portfolio, available financing facilities, the liquidity position and planned investments.

Based on this analysis, the management concludes that the company has sufficient resources to meet its obligations and continue its activities. There are therefore no material uncertainties that could give rise to significant doubt about the continuity of the company.

If circumstances arise in the future that give cause to reconsider this assumption, this will be explained in the annual accounts.

Estimates

Defenture B.V.

Disclosures about estimates, judgements, assumptions and uncertainties

In applying the principles and rules for preparing the financial statements, the management of Defenture B.V. makes various judgements and estimates that may be essential to the amounts included in the financial statements. If necessary to provide the insight required by Section 2:362(1) of the Dutch Civil Code, the nature of these judgements and estimates, including the associated assumptions, is included in the notes to the relevant financial statement items.

General accounting principles

General accounting principles

The accounting standards used to prepare the financial statements

The financial statements have been prepared in accordance with the legal provisions of Title 9, Book 2 of the Dutch Civil Code and the definitive statements of the Guidelines for Annual Reporting issued by the Dutch Accounting Standards Board.

Assets and liabilities are generally valued at acquisition or production cost or current value. If no specific valuation basis is stated, valuation is based on acquisition cost.

References are included in the balance sheet and the profit and loss account. These references refer to the notes.

The principles of valuation and determination of results used have remained unchanged from the previous year.

The functional currency

The items in the financial statements are valued taking into account the currency of the economic environment in which the company primarily conducts its business activities (the functional currency). The financial statements are presented in euros; this is both the functional and presentation currency.

Change in accounting estimates: Specification

Change in accounting estimates

In the 2025 financial year, the company made a change to its estimate of the economic life of development costs.

The change is the result of new insights based on recent market developments.

This change in estimate has been applied prospectively, in accordance with the applicable accounting standards. The effect on the profit for the financial year amounts to €290.092 and is recognised under amortisation of intangible assets.

Comparative figures for previous years have not been restated, as this does not constitute a change in accounting policy or a correction of an error.

Leases

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.

Accounting principles

Accounting principles applied to the valuation of assets and liabilities

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 is higher than its realisable value.

Impairment of intangible assets

The company assesses at each balance sheet date whether there are any indications that a fixed asset may be subject to impairment. If such indications exist, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount for the individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount; the recoverable amount is the higher of the net selling price and the value in use. An impairment loss is recognised immediately as an expense in the profit and loss account, with a corresponding reduction in the carrying amount of the asset concerned.

Development costs

Research costs are recognised in the profit and loss account. 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 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 over the expected future useful life of the asset.

Property, plant and equipment

Tangible fixed assets are valued at acquisition costs or production costs plus additional costs less straight-line depreciation based on the expected life, unless stated otherwise. Impairments expected on the balance sheet date are taken into account.

Financial assets

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortised cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

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.

Inventories

Inventories are valued at cost plus incidental expenses. Where there is obsolete stock, this has been written down. Inventories are valued administratively at a fixed transfer price. The fixed transfer price is reviewed annually, meaning that, in practice, inventories are valued on the basis of the first-in, first-out (FIFO) principle.

Construction contracts

Construction contracts commissioned by third parties comprises the project costs realised, profit attributed (as far as can be reliably determined), and if applicable, recognised losses and instalments already invoiced. Construction contract is separately presented in the balance sheet under current assets.

If it shows a credit balance, this will be presented under current liabilities.

Expenditure relating to project costs for work not yet performed is recognised under inventories.

Receivables

Receivables are initially valued at the fair value of the consideration to be received. 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. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. 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.

Share premium

The share premium originates from overpayments on the face value of the shares.

Other legal reserves, distinguished by their nature

Legal reserves are not at free disposal of the shareholders.

Provisions

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

Provision for repair costs

The provision for warranty liabilities is recognised for the estimated costs expected to arise from warranty liabilities outstanding at the balance sheet date in respect of goods supplied and services rendered. Costs arising from the settlement of warranty claims are charged to the provision

Provision for legal proceedings

The provision for legal costs is recognised for the estimated costs expected to arise from ongoing disputes with third parties. The provision has been established on the basis of an estimate of the legal liabilities as at the balance sheet date.

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.

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

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 the determination of the result

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.

Revenue recognition

Net turnover comprises the income from the supply of goods and services and realised income from construction contracts after deduction of discounts and such like and of taxes levied on the turnover.

Revenues from the sale of goods

Revenue from the sale of goods is recognised once all significant rights and risks relating to ownership of the goods have been transferred to the buyer.

Revenues from providing services

Revenue from the provision of services is recognised on a percentage-of-completion basis, based on the services performed up to the balance sheet date in relation to the total services to be performed.

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.

Subsidies related to investments in tangible fixed assets are deducted from the asset to which they relate and recorded in the income statement as part of the amortisation costs.

Wages

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

Applied policy of pension costs

Defenture B.V. applies the liability approach to account for all pension schemes. The premium payable during the reporting year is recorded as an expense. Changes in the pension provision are also charged to the result. 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 assets, including goodwill, and tangible fixed assets 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, other tangible fixed assets and capitalised goodwill. Land is not depreciated.

Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

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 (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.

Defenture B.V.

Notes to the balance sheet

Assets

Intangible assets

	Development costs
	€
Book value as at 1 January 2025	11.384.870
Additions	2.775.447
Amortisation	-712.672
Book value as at 31 December 2025	13.447.645

The costs of development relate to the intellectual property and products newly developed by Defenture B.V. In September 2017, the amortisation period started for the first (partially) completed platform (GRF).
For the current development trajectories, platform (Mammoth), the amortisation period has yet to start.

Intangible assets: Economic life

	Development costs
Amortisation rate	20,00

Defenture B.V.

Property, plant and equipment

	Commercial buildings and land	Vehicles	Inventory	Total
	€	€	€	€
Balance as at 1 January 2025				
Cost price	363.102	1.707.465	2.002.792	4.073.359
Accumulated depreciation	-124.265	-286.834	-1.344.519	-1.755.618
Book value as at 1 January 2025	238.837	1.420.631	658.273	2.317.741
Movements				
Additions	-	-	21.202	21.202
Depreciation	-65.011	-332.035	-224.837	-621.883
Disposals	-8.959	-46.422	-	-55.381
Depreciation on disposals	-	6.702	-	6.702
Balance movements	-73.970	-371.755	-203.635	-649.360
Balance as at 31 December 2025				
Cost price	354.143	1.661.043	2.023.994	4.039.180
Accumulated depreciation	-189.276	-612.167	-1.569.356	-2.370.799
Book value as at 31 December 2025	164.867	1.048.876	454.638	1.668.381

Property, plant and equipment: Economic life

	Land and buildings	Other tangi-ble assets
Depreciation rate	20,00	20,00

Defenture B.V.

Financial assets

	31-12-2025	31-12-2024
	€	€
Other receivables		
Deferred tax asset	9.370.759	9.649.893

	2025	2024
	€	€
Deferred tax asset		
Balance as at 1 January	9.649.893	1.678.650
Increasing	-279.134	7.971.243
Balance as at 31 December	9.370.759	9.649.893

Stocks

	31-12-2025	31-12-2024
	€	€
Materials		
Stock of materials	5.549.789	8.469.699
Consignment stocks	-	-1.423.603
Prepaid stocks	2.403.408	732.013
	7.953.197	7.778.109

Construction contracts (assets)

Breakdown

Cumulative project revenue from projects in progress	303.450	232.619
Total of construction contracts	303.450	232.619

Defenture B.V.

Receivables

	31-12-2025	31-12-2024
	€	€
Trade receivables		
Trade receivables	405.742	620.842
Provision for doubtful debts	-	-126.996
	405.742	493.846
Receivables from participants		
Receivables from participants	-	8.184
Taxes and social security contributions		
Value added tax	488.700	673.570
Wage tax	-	129.111
Corporate income tax	-	563.779
Pension contributions	-	15.614
	488.700	1.382.074
Other receivables, prepayments and accrued income		
Other amounts receivable	566.729	-
Prepaid amounts	320.129	328.074
Deposits	58.250	51.584
Receivable X-Motion Engineering B.V.	-	43.045
Other receivables	28.992	73.562
	974.100	496.265

Defenture B.V.

	31-12-2025	31-12-2024
	€	€
Cash and cash equivalents		
ING Business Account	9.688.442	2.950.849
ING Business Savings Account	616.411	3.891.328
Paypal	-	400
Other banks	1.005.824	-
	11.310.677	6.842.577

Textual disclosure

Notification of credits unavailable to legal entity

As at 31 December 2025, € 1.622.235 of the cash and cash equivalents is not at the company's free disposal, as it is held as cover for bank guarantees issued.

Defenture B.V.

Equity and liabilities

Equity

Movements in equity were as follows:

	Share capital	Agio	Legal reserve	Other reserves	Undistributed profit	Total
	€	€	€	€	€	€
Balance as at 1 January 2025	9.164.100	2.800.927	11.609.546	-12.705.898	-15.697.716	-4.829.041
Result for the year	-	-	-	-	-8.047.915	-8.047.915
Appropriation of result	-	-	-	-	15.697.716	15.697.716
Appropriation of result	-	-	-	-15.697.716	-	-15.697.716
Issue of shares	5.000.000	-	-	-	-	5.000.000
Debt-to-equity	24.572.628	-	-	-	-	24.572.628
Release in favor of revaluation reserve	-	-	1.838.099	-1.838.099	-	-
Balance as at 31 December 2025	38.736.728	2.800.927	13.447.645	-30.241.713	-8.047.915	16.695.672

Appropriation of the results

Statement of the destination of the profit or the processing of the loss

The management proposes to the General Meeting that the negative result for the 2025 financial year, amounting to € 8.047.915, be deducted in full from the other reserves.

Defenture B.V.

	2025	2024
	€	€
Issued share capital		
Share capital		
Balance as at 1 January	9.164.100	9.164.100
Issue of shares	5.000.000	-
Debt-to-equity	24.572.628	-
Balance as at 31 December	38.736.728	9.164.100

Textual disclosure

Disclosure of share capital paid called up

On 30 December 2025, an issue of shares has been finalised at a total of 29.572.628 cumulative preference capital. In this transaction a total of debt of 24.572.628 shares has been issued in a debt-to-equity swap.

As per 31 December 2025, a total of 510.000 shares and 38.227.728 cumulative preference capital paid-up and called-up (all at € 1 nominal value each).

As at 31 December 2025, the arrears on the cumulative preference shares amounted to €2.817.465 (31 December 2024: € 2.168.131).

	2025	2024
	€	€
Agio		
Balance as at 1 January	2.800.927	2.800.927
Movements	-	-
Balance as at 31 December	2.800.927	2.800.927
Legal reserve for capitalised development costs		
Balance as at 1 January	11.609.546	13.427.274
Movement in the reserve	1.838.099	-1.817.728
Balance as at 31 December	13.447.645	11.609.546

Defenture B.V.

	2025	2024
	€	€
Other reserves		
Balance as at 1 January	-12.705.898	-18.803.012
Appropriation of result	-15.697.716	4.279.386
Movement in the reserves	-1.838.099	1.817.728
Balance as at 31 December	-30.241.713	-12.705.898
Undistributed profit		
Balance as at 1 January	-15.697.716	4.279.386
Result for the year	-8.047.915	-15.697.716
Appropriation of result	15.697.716	-4.279.386
Balance as at 31 December	-8.047.915	-15.697.716
Loans to participants - Azur Capital B.V.		
Balance as at 1 January		
Principal amount	2.464.577	2.433.488
Balance as at 1 January	2.464.577	2.433.488
Movements		
Increase	72.542	31.089
Debt-to-equity swap	-2.272.628	-
Balance movements	-2.200.086	31.089
Balance as at 31 December		
Principal amount	2.537.119	2.464.577
Repayment	-2.272.628	-
Balance as at 31 December	264.491	2.464.577

Defenture B.V.

	31-12-2025	31-12-2024
	€	€
Provisions		
Warranty provision	562.036	402.940
Other provisions	200.000	200.000
	762.036	602.940

	2025	2024
	€	€
Warranty provision		
Balance as at 1 January	402.940	106.320
Withdrawals	159.096	296.620
Balance as at 31 December	562.036	402.940

	31-12-2025	31-12-2024
	€	€
Other provisions		
Other provision	200.000	200.000

	2025	2024
	€	€
Other provision		
Balance as at 1 January	200.000	-
Allocation chargeable to result of other provision	-	200.000
Balance as at 31 December	200.000	200.000

Defenture B.V.

Long-term liabilities

	Balance as at 31 December 2025	Repayment due	Remaining pay-back time > 1 year	Remaining pay-back time > 5 year	Interest per-centage
	€	€	€	€	%
Other payables	672.182	228.885	443.297	-	-

	31-12-2025	31-12-2024
	€	€
Loans to participants		
Loans - Azur Capital B.V.	-	10.000.000

	2025	2024
	€	€
Loans - Azur Capital B.V.		
Balance as at 1 January	10.000.000	5.825.000
Increase	12.500.000	4.175.000
Debt-to-equity swap	-22.500.000	-
Balance as at 31 December	-	10.000.000

	31-12-2025	31-12-2024
	€	€
Other payables		
Tax liabilities due to COVID-19 arrangements	220.996	298.149
Benefits to be repaid under NOW	222.301	324.902
	443.297	623.051

Defenture B.V.

	2025	2024
	€	€
Tax liabilities due to COVID-19 arrangements		
Balance as at 1 January	508.210	725.748
Increase	14.120	-
Repayment	-175.050	-217.538
	347.280	508.210
Current portion	-126.284	-210.061
Balance as at 31 December	220.996	298.149

	2025	2024
	€	€
Benefits to be repaid under NOW		
Balance as at 1 January	472.521	620.139
Repayment	-147.619	-147.618
	324.902	472.521
Current portion	-102.601	-147.619
Balance as at 31 December	222.301	324.902

	31-12-2025	31-12-2024
	€	€
Trade payables		
Accounts payable	10.009.332	7.707.923

The balance of €1,734,042 is payable on account of Goods received but invoices are yet to receive as on 31st December 2025

Loans to participants

Rent payable	205.070	74.354

Payables relating to taxes and social security contributions

Payroll tax	503.811	-
Corporate tax	4	-
Pension	116.360	-
	620.175	-

Construction contracts (liabilities)

Current liabilities: Construction contracts: Other amounts: Breakdown

Installments charged	14.884.476	22.548.177
Total of construction contracts	14.884.476	22.548.177

	31-12-2025	31-12-2024
	€	€
Other liabilities and accrued expenses		
Repayment obligations for the coming financial year	228.885	357.678
Net salary payable	35.720	-
Reservation of vacation days and overtime	631.619	430.544
Auditor's fees	-	112.720
Reservation holiday pay	373.874	341.756
Other payables	768.004	151.498
	2.038.102	1.394.196

Repayment obligations for the coming financial year

Repayment obligation of the Tax and Customs	126.284	210.060
Repayment obligation to repay NOW benefits	102.601	147.618
	228.885	357.678

Contingent assets and liabilities

Textual disclosure

Disclosure of off-balance sheet commitments

Rental obligations

Biezenwei 11

The rent for the property at Biezenwei 11 in Tiel amounted to €9,880.41 (excluding VAT) per month from January to June 2025. From July 1, 2025, the rent became €10.245,99 (excluding VAT) per month because of indexation. The lease agreement was entered into for a period of 3 years commencing on November 1, 2013, and ending on October 31, 2016, which was tacitly renewed for a period of 5 years (therefore until October 31, 2021). This lease agreement has again been tacitly renewed for a period of 5 years (therefore until October 31, 2026).

Bredasebaan 10

The company also leases a property at Bredasebaan 10 in Bosschenhoofd. The lease obligation for the 2025 financial year amounted to €7,933.66 (excluding VAT) per month. From January 1, 2026, the rental obligation will amount to €8,147.35 (excluding VAT) per month. The lease agreement was entered into for a period of 10 years, ending on April 30, 2029.

Lingewei 7 and 9

As of May 1, 2023, the company rents a hall and office at Lingewei 7 and 9 in Tiel. The rental obligation for Lingewei 9 amounts to €12,324 (excluding VAT) per month until May 1, 2025, and €12,793 from May 1, 2025. The rental obligation for Lingewei 7 amounts to € 7,778 (excluding VAT) per month until November 1, 2025, and € 8,003 from November 1, 2025. The lease agreement was entered into for a period of 66 months ending on October 31, 2028.

Baan achter de Plakken 1

As of January 15, 2024, the company will lease a test site located at Baan achter de Plakken 1, 5175 NP Loon op Zand, for a period of 10 years for its business activities, for an annual amount of €200,000.00.

The financial consequences of the contingent arrangements

In July 2022, the company's shareholders and the company effectively entered into a partnership with third parties. A proposed accession of these third parties and a position as shareholders during the partnership is part of this partnership. In November 2022, the company and the shareholders decided to terminate the collaboration.

On October 11, 2023, the aforementioned third party initiated civil proceedings before the Amsterdam District Court, which led to a ruling by the Amsterdam District Court on November 13, 2024, rejecting all claims by this third party, against which this third party has lodged an appeal with the Amsterdam Court of Appeal. Any financial consequences for the company are unclear at the time of preparing the 2024 financial statements, although based on current insights, it is estimated that these implications for the company are limited to €200,000.00, as a result of which a corresponding provision has been made at the end of 2024.

The provisional ruling in the appeal hearing confirms the company’s position in this dispute. On April 21, 2026 the final ruling came to an amount of € 162.244,11 which was paid on April 30, 2026.

Off-balance sheet commitments relating to guarantees

On February 18, 2022, the company issued a bank guarantee in the amount of €4,082,076.20 on behalf of a client. The expected expiration date of this bank guarantee is January 31, 2027. The balance of the bank guarantee as of December 31, 2025, is €616,411.

On August 2, 2022, the company issued a bank guarantee in the amount of €2,500,000 on behalf of a client. The balance of the bank guarantee as of December 31, 2025, is €0. This bank guarantee expired in March 2025, and the blocked balance was transferred in full that month to the ING checking account of Defenture B.V.

On June 17, 2025 the company provided a Cash Collateral for the issuing of a performance bond in the amount of €1.005.824 on behalf of a client. This performance bond is expected to be released during second half year of 2026 with the delivery of the ordered vehicles to the client.

For this same client on December 13, 2025 a bankguarantee is issued by Zurich in the amount of € 6.035.000. This guarantee is provided with the support of its shareholder and external financial provider, DMCP B.V., which has provided cash collateral to Zurich in an amount equal to the guarantee itself being € 6.035.000. DMCP B.V. participates on a second-ranking basis in the collateral arrangements between Zurich and Defenture.

On April 10, 2024 a bankguarantee was issued by Zurich in the amount of € 7.500.000 on behalf of a client for an order. This guarantee has a due date of December 31, 2025, however at the end of 2025 this guarantee had a balance of € 500.000 and was fully released by end of Q1 2026, as all related vehicles were delivered at that time.

For the same client on November 25, 2024 a bankguarantee was issued by Zurich in the amount of € 2.500.000 for an extended order. This guarantee has a due date of December 31, 2026. At the end of 2025 the full guarantee amount was outstanding. During 2026 the delivery of the cars took place and is expected to be fully completed by end of Q3 2026, which will lead to full release of this guarantee.

Disclosure of operating leases

The company has entered into six operating lease agreements. The annual obligations under these lease agreements amount to approximately €81,000 per year (excluding fuel and maintenance). The lease contracts have a term of four years, of which three lease contracts ended in 2025, one contract expires in 2026, and the remaining two end in mid-2027.

Defenture B.V.

Notes to the income statement

	2025	2024
	€	€
Net turnover		
Turnover projects	35.401.650	19.415.834
Turnover service - maintenance	2.852.167	709.514
	38.253.817	20.125.348
Purchase value of turnover		
Purchasing projects	23.055.422	26.736.927
Purchasing service - maintenance	916.316	464.414
	23.971.738	27.201.341
Wages and salaries		
Gross wages and salaries	6.866.773	4.653.839
Holiday pay costs	586.671	483.884
Vacation days and overtime costs	201.073	30.746
Hiring third parties	4.918.116	5.301.778
Subsidies received for wage costs	-103.363	-47.497
Capitalization development expenses	-2.527.973	-3.237.801
	9.941.297	7.184.949
Social security charges and pensions cost		
Social security contribution	1.320.335	1.094.611
Pension costs	1.000.036	741.243
	2.320.371	1.835.854

	2025	2024
	€	€
Amortisation of intangible fixed assets		
Amortisation costs of development	712.672	513.584

Defenture B.V.

Depreciation of property, plant and equipment

Commerical buildings	65.011	59.477
Transport	332.035	158.413
Inventory	224.837	215.688
	621.883	433.578
Book loss depreciation inventory	8.721	-
	630.604	433.578

Other operating expenses

Housing expenses	1.183.443	1.329.425
Other personnel costs	701.089	710.832
Selling expenses	414.789	1.092.459
Car expenses	185.558	148.000
Office expenses	486.121	476.033
Overheads	2.632.483	1.398.326
	5.603.483	5.155.075

Housing expenses

Rent business premises	852.295	973.661
Maintenance of business premises	8.617	17.382
Cleaning fee	80.339	71.129
Energy costs	125.604	146.819
Fixed real estate costs	29.952	21.203
Other accommodation costs	86.636	99.231
	1.183.443	1.329.425

Defenture B.V.

	2025	2024
	€	€
Other personnel costs		
Reimbursement of travel expenses	389.620	360.425
Expenses	130.075	74.637
Payroll costs	46.068	54.948
Occupational health and safety service	-	3.552
Canteen costs	25.638	38.839
Education and training costs	55.225	53.192
Workwear	14.967	40.206
Recruitment costs	30.134	11.918
Other personnel costs	9.362	73.115
	701.089	710.832
Selling expenses		
Marketing costs	61.528	67.355
Exhibition and conference costs	28.990	194.723
Representation expenses	14.767	15.843
Travelling and hotel expenses	65.061	109.326
Selling	78.466	283.007
Write-off of accounts receivable	6.881	125.585
Mutation of guarantee provision	159.096	296.620
	414.789	1.092.459
Car expenses		
Fuel expenses	16.328	15.043
Motor vehicle tax	836	899
Lease cost	150.547	106.983
VAT on private use cars	9.796	10.009
Other car expenses	8.051	15.711
Contribution to lease car	-	-645
	185.558	148.000

Defenture B.V.

	2025	2024
	€	€
Office expenses		
Office supplies	2.537	4.306
Postage expenses	85	22
Telephone and internet expenses	58.265	56.069
Printed matters	4.944	10.560
Subscriptions	48.541	47.864
Automation expenses	354.519	341.245
Other office expenses	17.230	15.967
	486.121	476.033
Overheads		
Order costs	522	387
Insurance	241.008	182.677
Accounting and administration fees	63.245	113.921
Other overheads	6.846	58.670
Shipping costs	104.491	66.620
Consultancy fees	2.240.215	976.051
Collection costs	31.019	-
Penalty interst suppliers	144.268	-
Correction previous years	-199.131	-
	2.632.483	1.398.326
Other interest and similar income		
Received bank interest	16.202	66.597

	2025	2024
	€	€
Interest and similar expenses		
Interest and similar charges	2.176.289	2.067.811
Other interest expenses	685.000	-
	2.861.289	2.067.811

Defenture B.V.

	2025	2024
	€	€
Interest and similar charges		
Interest - Azur Capital B.V.	1.909.663	1.042.744
Interest and costs of short-term loans	2.027	59.348
Interest and costs for tax authorities	50.209	466.758
Closing commission for participants' loans	165.607	423.563
Bank interest and fees	48.783	75.398
	2.176.289	2.067.811
Other interest expenses		
Closing commission for participants' loans	685.000	-
Income tax expense		
Breakdown		
Deferred income tax expense	-279.134	8.567.094
Total of income tax expense	-279.134	8.567.094

Defenture B.V.

Other notes

Average number of employees

Breakdown

	2025	2024
Average number of employees over the period working in the Netherlands	132,00	106,10
Total of average number of employees over the period	132,00	106,10

Subsequent events

Disclosure of subsequent events

The shareholder has committed to providing an additional capital injection of €5 million. This will be made available in the form of preference share capital in 2026.

Tiel, 13 May 2026
Defenture B.V.

Other information

Defenture B.V.

Other information

Provisions of the Articles of Association relating to profit appropriation

Pursuant to Article 8.5 of the company's Articles of Association, the General Meeting of Shareholders is authorised to determine the appropriation of the profit for the financial year.

The loss for the 2025 financial year amounts to € 8.047.915. The Board proposes to appropriate this loss as follows:

- Withdrawal from other reserves: € 8.047.915

This proposal has not yet been incorporated into the financial statements and will be submitted to the General Meeting of Shareholders for approval.

Independent auditor's report

To: the shareholders of Defenture B.V. registered at Tiel

Report on the audit of the financial statements 2025 included in the annual report

Our qualified opinion

We have audited the financial statements of 31 December 2025 of Defenture B.V. based in Tiel.

In our opinion, except for the possible effects of the matter described in the 'Basis for our qualified opinion' section, the accompanying financial statements give a true and fair view of the financial position of Defenture B.V. as at 31 December 2025 and of its result for 31 December 2025 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The company balance sheet as at 31 December 2025;
2. The company profit and loss account for the year ended 31 December 2025;
3. The notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our qualified opinion

For 2024, we have been unable to obtain sufficient substantiation regarding the completeness and reliability of the underlying work in progress and inventory records to carry out the required audit procedures. As a result, we have expressed a disclaimer of opinion on the 2024 financial statements.

Mentioned circumstances no longer occur as of 31 December 2025. However, since work in progress and inventory included in the balance sheet as at 31 December 2024 influence the determination of the revenue and cost of goods sold over 2025, we were unable to determine whether any corrections were necessary with regard to retained earnings as at 1th January 2025 and the result for 2025.

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Defenture B.V. in accordance with the the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information in support of our opinion
We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks
In identifying potential risks of material misstatement due to fraud we evaluated the Company's risk assessment and considered fraud risk factors by inquiring with management and those charged with governance, and performed other analytical procedures to assess the fraud risk.

Following these procedures, and the presumed risks under the prevailing audit standards, we considered fraud risks related to management override of controls and of unauthorized payments.

<u>The risk of management override of controls</u>
During the audit, we paid attention to the risk of breach of internal control measures by the management by:

- Obtaining the management's response regarding controls in place to mitigate the risk of fraud through a 'fraud risk questionnaire';
- Checking journal entries and other adjustments made during the preparation of the financial statements;
- Reviewing management estimates;
- Checking significant transactions outside the normal course of business;
- Incorporated elements of unpredictability into our audit approach.

<u>The risk of unauthorized payments</u>
The risk of unauthorized payments that could result into misappropriation of payment authorizations and possibly into misappropriation of assets was addressed by performing the following audit procedures to mitigate the risk to an acceptably low level:

- The audit team performed substantive analytical procedures on bank payments. Checks were conducted on foreign payments to vendors, double payments, and multiple payments.

Our audit procedures did not result in any identified fraud or suspected fraud with respect to management's override of internal controls. Our audit procedures did not result in any instances of inappropriately recognized costs or misappropriation of assets.

<u>Revenue recognition</u>
We identified a fraud risk regarding revenue recognition. Based on auditing standards, it is presumed that fraud risks exist regarding revenue recognition. Subsequently we have established that there is a tendency to overstate revenue, which increases the risk that revenue is recognized too high or in an incorrect period.

In response to this risk, we performed the following procedures, among others:

- evaluating the design and existence of internal controls regarding revenue recognition;

- performing checks on deferred and unbilled revenues to ensure correct timing of revenue recognition;
- performing analytical reviews on memo bookings and revenue flows to identify unusual or non-routine transactions;
- reviewing credit notes and manual journal entries recorded before and after year end to identify any reversals or adjustments in revenue transactions;
- checking a sample of transactions closer to year end against the underlying contracts to ensure correct (timing of) revenue recognition.

Our procedures did not result in findings indicating material misstatements due to fraud in revenue recognition.

Audit approach going concern

The management has prepared the financial statements on a going concern basis for a period of twelve months from the date of preparation of the financial statements. Our procedures to review the management's assessment of going concern include:

- consider whether the management's assessment of going concern contains all relevant information of which we are aware as a result of our audit and inquire with the management about key assumptions;
- determine whether the management has identified events or circumstances ('going concern risks') that may cast significant doubt on the entity's ability to continue as a going concern;
- inquire with the management about its knowledge of going concern risks after the period of the assessment performed by management.

Based on the procedures performed, we do not believe a material uncertainty exists about the company's ability to continue as a going concern.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error, during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;

- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Leusden

KNAV audit B.V.

drs. G.C. de Gooijer RA