



Airflight ApS

Saltumvej 25
DK-9700 Brønderslev

CVR no. 40 48 24 23

Annual report 2022

The annual report was presented and approved at
the Company's annual general meeting on

30 June 2023

Mikkel Kærsgaard Sørensen
Chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Airflight ApS for the financial year 1 January – 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Brønderslev, 30 June 2023
Executive Board:

Mikkel Kærsgaard
Sørensen

Board of Directors:

Lars Kuhlmann-Jensen

Rémi Paul Nodet

Independent auditor's report

To the shareholders of Airflight ApS

Opinion

We have audited the financial statements of Airflight ApS for the financial year 1 January – 31 December 2022 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

Independent auditor's report

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- obtain 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements 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 the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aalborg, 30 June 2023

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Steffen S. Hansen
State Authorised
Public Accountant
mne32737

Airflight ApS
Annual report 2022
CVR no. 40 48 24 23

Management's review

Company details

Airflight ApS
Saltumvej 25
DK-9700 Brønderslev

CVR no.:	40 48 24 23
Established:	1 May 2019
Registered office:	Brønderslev
Financial year:	1 January – 31 December

Board of Directors

Lars Kuhlmann-Jensen
Rémi Paul Nodet

Executive Board

Mikkel Kærsgaard Sørensen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Østre Havnegade 22D
DK-9000 Aalborg
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The Company's principal activities are to develop a one-of-a-kind quadcopter.

Development in activities and financial position

The Company's income statement for 2022 shows a loss of DKK -4,512,647 as against DKK -1,568,273 in 2021. The loss was anticipated and related to scale-up of activities related to development project and commercialization.

Equity in the Company's balance sheet at 31 December 2022 stood at DKK 10,616,112 as against DKK 691,259 at 31 December 2021.

Capital resources

In March 2022, the capital was strengthened through conversion of shareholder loans at an amount of DKK 3,750,000 and the raising of new capital of DKK 10,687,500.

The company has received new loans from shareholders during 2022, and further a convertible loan and a Innobooster grant have been received in 2023.

Based hereon management considers capital and cash resources to be sufficient.

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2022.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2022	2021
Gross loss		-4,424,463	-446,361
Staff costs	2	-1,479,899	-1,103,263
Depreciation, amortisation and impairment losses		-62,831	-20,913
Loss before financial income and expenses		-5,967,193	-1,570,537
Other financial income		1,077	1,800
Other financial expenses		-498,541	-402,994
Loss before tax		-6,464,657	-1,971,731
Tax on profit/loss for the year		1,952,010	403,458
Loss for the year		-4,512,647	-1,568,273
Proposed distribution of loss			
Other reserves		5,665,435	2,818,760
Retained earnings		-10,178,082	-4,387,033
		-4,512,647	-1,568,273

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2022	31/12 2021
ASSETS			
Fixed assets			
Intangible assets			
Development projects in progress		<u>12,092,660</u>	<u>4,034,246</u>
Property, plant and equipment			
Fixtures and fittings, tools and equipment		112,443	108,044
Leasehold improvements		<u>24,506</u>	<u>43,436</u>
		<u>136,949</u>	<u>151,480</u>
Total fixed assets		<u>12,229,609</u>	<u>4,185,726</u>
Current assets			
Receivables			
Trade receivables		0	15,625
Other receivables		274,408	127,000
Corporation tax		<u>1,772,851</u>	<u>620,127</u>
		<u>2,047,259</u>	<u>762,752</u>
Cash at bank and in hand		<u>2,014,798</u>	<u>467,219</u>
Total current assets		<u>4,062,057</u>	<u>1,229,971</u>
TOTAL ASSETS		<u><u>16,291,666</u></u>	<u><u>5,415,697</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2022	31/12 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		90,547	63,000
Reserve for development costs		9,432,275	3,766,840
Retained earnings		1,093,290	-3,138,581
Total equity		<u>10,616,112</u>	<u>691,259</u>
Provisions			
Provisions for deferred tax		37,510	216,669
Total provisions		<u>37,510</u>	<u>216,669</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Debt to credit institutions		1,100,000	764,000
Payables to shareholders and Management		3,567,910	3,443,503
		<u>4,667,910</u>	<u>4,207,503</u>
Current liabilities other than provisions			
Trade payables		559,235	66,974
Other payables		410,899	233,292
		<u>970,134</u>	<u>300,266</u>
Total liabilities other than provisions		<u>5,638,044</u>	<u>4,507,769</u>
TOTAL EQUITY AND LIABILITIES		<u><u>16,291,666</u></u>	<u><u>5,415,697</u></u>
Contractual obligations, contingencies, etc.	3		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2022	63,000	3,766,840	-3,138,581	691,259
Cash capital increase	27,547	0	14,409,953	14,437,500
Transferred over the [profit appropriation/distribution of loss]	0	5,665,435	-10,178,082	-4,512,647
Equity at 31 December 2022	90,547	9,432,275	1,093,290	10,616,112

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Airflight ApS for 2022 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms © 2020.

Revenue from the sale of services is recognised on a straight-line basis in the income statement as the services are provided.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Other external costs

Other external costs comprise administration, office premises, operating leases, etc.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets and received grants.

Financial income and expenses

Financial income and expenses comprise interest income and expense, transactions denominated in foreign currencies, as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Development projects in progress

Development costs comprise costs, wages and salaries directly and indirectly attributable to development activities.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3 years
Leasehold improvements	3 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible and tangible assets is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Cash at bank and in hand

Cash and cash equivalents comprise cash.

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Equity

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities other than provisions

Other liabilities are measured at net realisable value.

2 Staff costs

DKK	2022	2021
Wages and salaries	659,508	786,989
Pensions	460,420	133,550
Other social security costs	108,662	37,431
Other staff costs	251,309	145,293
	<u>1,479,899</u>	<u>1,103,263</u>
Capitalized wages and salaries	<u>4,551,520</u>	<u>1,901,707</u>
	<u>4,551,520</u>	<u>1,901,707</u>
Average number of full-time employees	<u>11</u>	<u>6</u>

3 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company has rental commitments at a total of DKK 5,000 on the current lease rental property.

The Company is jointly taxed with MK 2019 Holding ApS. Together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. Any subsequent correction of the taxable joint taxation income or withholding taxes might increase the Company's liability.

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Lars Kuhlmann-Jensen

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Mikkel Kærsgaard Sørensen

Direktør

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Rémi Paul Nodet

Bestyrelsesmedlem

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Steffen Sjørsløv Hansen

Statsautoriseret revisor

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Mikkel Kærsgaard Sørensen

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