

Title of the document	Annual accounts for publication purposes 2022 of Dwarfs B.V.
Name of the legal entity	Dwarfs B.V.
Date of adoption of the financial statements	30 December 2023

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Name of the legal entity	Dwarfs B.V.
Start date of the period concerning the financial statement	1 January 2022
End date of the period concerning the financial statement	31 December 2022
Financial statements adopted (Y/N)	Yes
Date of adoption of the financial statements	30 December 2023
Date of deposit	30 December 2023

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Annual report

Document and entity information

Entity information

		2022
Name of the legal entity	Dwarfs B.V.	
Legal form of the legal entity	Private limited liability company	
Registered office of the legal entity	Utrecht	
Registration number at the Chamber of Commerce	66782805	
Business names	Dwarfs B.V.	
Classification of the legal entity based on the legal size criteria	Small	
SBI-code	Management and business consultancy (no public relations and organisational planning)	
		2022
Street name NL	Computerweg	
House number NL	22	
Postal code NL	3542DR	
Place of residence NL	Utrecht	
Name region	Provincie	
Country name, ISO	Nederland	

Document information

		2022
Title of the document	Annual accounts for publication purposes 2022 of Dwarfs B.V.	
Start date of the period concerning the financial statement	1 January 2022	
End date of the period concerning the financial statement	31 December 2022	
Start date of the previous period concerning the financial statement	1 January 2021	
End date of the previous period concerning the financial statement	31 December 2021	
Reporting period different than annual (Y/N)	No	
Basis of preparation	Commercial	

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2022

Presentation currency of the document	Euro
Date of preparation of the financial statements	28 December 2023
Financial statements adopted (Y/N)	Yes
Date of adoption of the financial statements	30 December 2023

Financial statements

Company financial statements

Balance sheet

		31 December 2022	31 December 2021
Balance sheet before or after appropriation of results	After profit appropriation		
Assets			
Non-current assets			
Intangible assets		€ 110,611	€ 100,992
Property, plant and equipment		€ 80,250	€ 70,057
Financial assets		€ 15,766,847	€ 37,390,730
Total of non-current assets		€ 15,957,708	€ 37,561,779
Current assets			
Receivables		€ 19,761,526	€ 5,703,336
Cash and cash equivalents		€ 5,210,606	€ 9,143,805
Total of current assets		€ 24,972,132	€ 14,847,141
Total of assets		€ 40,929,840	€ 52,408,920
Equity and liabilities			
Equity			
Share capital paid called up		€ 2,610	€ 400
Share premium		€ 39,862,238	€ 7,649,703
Other legal reserves		€ 110,611	€ 326,657
Other reserves		€ -33,420,380	€ -6,621,995
Total of equity		€ 6,555,079	€ 1,354,765
Non-current liabilities		€ 33,321,241	€ 50,407,081
Current liabilities		€ 1,053,520	€ 647,074
Total of equity and liabilities		€ 40,929,840	€ 52,408,920

Notes to the financial statements

General notes

General notes

Description of the most important activities of the entity

The activities of Dwarfs B.V. and its group companies consist mainly of holding and management activities.

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Going concern

Disclosure of going concern

The financial statements indicate a net loss of EUR 27,2 million during the year ended 31 December 2022. The results up to and including October 2023 amount to approximately negative EUR 12,9 million, of which EUR 5,7 million depreciation & amortization and EUR 4,7 million interest payments of our primary loan with North Wall Capital, the holder of our long term debt.

Despite the significant reduction in losses in 2023 compared to 2022, the continued losses and conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

The management of Dwarfs B.V. has prepared the financial statements for the year 2022 on the basis of the assumption that the company will continue its business operations and remain a going concern for the next twelve months after the date of the financial statements.

In preparing the financial statements, the management has considered various economic and financial factors that may affect the future performance and liquidity of the company. These factors include expected revenue growth, cost structure, ability to attract financing, and general economic conditions.

The management believes that these measures, along with the expected revenue growth and continued support from investors, are sufficient to finance the operational needs of the company and meet its financial obligations for the next twelve months after the date of the financial statements.

While the management reasonably believes that the company will be able to continue its business operations as a going concern, it is important to note that there are uncertainties and risks. These uncertainties and risks include ongoing competitive pressure, changes in market demand, the possibility of an economic downturn, cost inflation, and reliance on external sources of financing given the company's current lack of profitability.

North Wall Capital is a very important stakeholder and as mentioned is the holder of our long term debt. As of 2023, we are in a technical breach as we do not fulfil the requirements for the debt leverage ratios. In addition, the first part of the facility (principal amount EUR 15 million) is payable at the end of December 2023.

North Wall Capital has informed us a way to redeem the breach, by merging with another portfolio Company Olsam Group Ltd. As of the 21st of December 2023 Olsam has acquired all shares of Dwarfs B.V. and is now the sole shareholder of Dwarfs B.V. We refer for further information to the subsequent events.

Following the merger, the repayment of the first part of the facility has been postponed to December 2025. On top a new \$10 million facility will be provided to the Group to further grow as an E-Commerce multinational with global reach. As such, the management considers it appropriate to prepare the financial statements on the basis of the assumption of a going concern.

However, attention should be paid to the fact that the company's continuity is dependent on achieving future operational results, attracting financing, and managing liquidity. In the event of a negative development in these factors, additional measures may be necessary to ensure the company's continuity. The management will closely monitor the development of these factors and, if necessary, take appropriate actions to safeguard the company's continuity.

General accounting principles

General accounting principles

Description of the accounting standards used to prepare the financial statements

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, 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.

Description of the differences and reasons that led to the revision of the classification and amounts compared to the previous year

For comparison purposes, the 2021 figures have been adjusted in terms of classification.

Prior period errors

Disclosure of prior period errors

In December 2022 the annual report of Gadgy B.V. has been retracted and adjusted. This adjustment has been included in the comparative figures of the financial statements 2022 of Dwarfs B.V. according to RJK A3.3. The cumulative impact of the adjustment amounts to € 101.882 as per 31-12-2021.

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Financial instruments

Policy of financial instruments

Financial instruments are both primary financial instruments (such as receivables and debts), and derivative financial instruments (derivatives).

Primary financial instruments:

For the principles of primary financial instruments, reference is made to the recognition per balance sheet item of the 'Principles'.

Derivative financial instruments (derivatives):

The company does not use interest rate swaps to hedge its interest rate risks.

Accounting principles

Accounting principles applied to the valuation of assets and liabilities

Policy of intangible assets

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

Research costs are recognised in the consolidated income statement. Expenditure on development projects is capitalised as part of the production cost if it is likely from both a commercial and technical perspective that the project will be successful (i.e.: if it is likely that economic benefits will be realised) and the cost can be determined reliably. A legal reserve has been recognised within equity with regard to the recognised development costs for the capitalised amount. The amortisation of capitalised development costs commences at the time when the commercial production starts and takes place over the expected future useful life of the asset.

Policy of costs of goodwill acquired from third party

Goodwill resulting from acquisitions is capitalised and amortised on a straight-line basis over the estimated economic life.

Policy of property, plant and equipment

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.

Policy of 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.

Policy of inventories

Inventories (stocks) are valued at cost price based on the FIFO method or lower realisable value.

The cost price consists of the historical cost or production cost and costs incurred in order to bring the stocks to their current location and current condition. The production cost includes direct labour and fixed and variable production overheads, taking into account the costs of the operations office, the maintenance department and internal logistics.

The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken into account.

Policy of receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortised cost price. Provisions for bad debts are deducted from the carrying amount of the receivable.

Policy of 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.

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Policy of 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.

Policy of 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

Policy of 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.

Policy of income tax expense

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

Balance sheet

Intangible assets

Breakdown

	31 December 2022	31 December 2021
Intangible assets		
Other intangible assets	€ 110,611	€ 100,992
Total of intangible assets	€ 110,611	€ 100,992

Receivables

Breakdown

	31 December 2022	31 December 2021
Receivables		
Other receivables	€ 19,761,526	€ 5,703,336
Total of receivables	€ 19,761,526	€ 5,703,336

Share capital

Other amounts: Breakdown

	31 December 2022	31 December 2021
Share capital issued	€ 2,610	€ 400

Other legal reserves

Breakdown

	31 December 2022	31 December 2021
Other legal reserves		
Legal reserve for capitalised development costs	€ 110,611	€ 100,992
Legal reserve participating interests	€ 0	€ 225,665
Total of other legal reserves	€ 110,611	€ 326,657

Non-current liabilities

Breakdown

	31 December 2022	31 December 2021
Non-current liabilities		
Other payables	€ 33,321,241	€ 50,407,081
Total of non-current liabilities	€ 33,321,241	€ 50,407,081

Off-balance sheet commitments

Textual disclosure

Description of the off-balance sheet liabilities relating to the fiscal unity

The legal entity is part of a fiscal unity for corporate income tax and for that reason it is jointly and severally liable for the tax liabilities of the fiscal unity as a whole.

The company has agreed on various earn-out arrangements dependent on performance. The maximum amount of these arrangements is 2,922k. The most realistic estimate of the actual future cash out related to these arrangements is 495k.

No deferred tax asset has been recognized for future offsetting of tax losses. A reliable estimate cannot be made for the timing of the offset.

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Average number of employees

Breakdown

	2022	2021
Average number of employees over the period		
Average number of employees over the period working in the Netherlands	28	7
Average number of employees over the period working outside the Netherlands	0	0
Total of average number of employees over the period	<u>28</u>	<u>7</u>

Signing of the financial statements

Name of managing, supervisory directors and representative		2022
O.W.W. Horbye		O.W.W. Horbye
Type of director	Current managing director	
Location of signing by managing and supervisory directors	Utrecht	

Name of managing, supervisory directors and representative S.N.J. Horbye		2022
S.N.J. Horbye		S.N.J. Horbye
Type of director	Current managing director	
Location of signing by managing and supervisory directors	Utrecht	