

Dronamics Group Limited
Annual Report and Consolidated Financial Statements
for the financial year ended 31 December 2024

Dronamics Group Limited

CONTENTS

	Page
Directors and Other Information	3
Directors' Report	4-6
Directors' Responsibilities Statement	7
Independent Auditor's Report	8-10
Consolidated Profit and Loss Account	11
Consolidated Balance Sheet	12
Company Balance Sheet	13
Consolidated Statement of Changes in Equity	14
Company Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16
Notes to the Financial Statements	17-30

Dronamics Group Limited
DIRECTORS AND OTHER INFORMATION

Directors	Svilen Rangelov (Appointed 4 January 2024) Konstantin Rangelov (Appointed 4 January 2024) Christian Jas Ziehe (Appointed 15 February 2024)
Company Secretary	MDP Capel Administration Services Limited (Appointed 4 January 2024)
Company Number	754984
Registered Office	45 Mespil Road Dublin 4 Co Dublin D04 W2F1 Ireland
Business Address	45 Mespil Road Dublin 4 Co Dublin D04 W2F1 Ireland
Auditors	Sumer Auditco NI Limited Glendinning House 6 Murray Street Belfast BT1 6DN
Bankers	Citibank Europe plc Ireland
Solicitors	Fieldfisher Ireland LLP

Dronamics Group Limited DIRECTORS' REPORT

for the financial year ended 31 December 2024

Introduction

The Directors present the Directors Report of Dronamics Group Limited (the "Company"), together with its subsidiaries (the "Group" or "Dronamics"). The results for Dronamics Group Limited reflect the transactions from incorporation on 4 January 2024 to 31 December 2024.

Overview

Dronamics is the world's first cargo drone airline. As a leading developer and operator of large, long-range drones built specifically for cargo, its flagship Black Swan will carry 350 kg (770 lb.) at a distance of up to 2,500 km (1,550 mi) up to 80% faster, 50% cheaper and with up to 60% lower emissions than alternative modes of transport, including airfreight. This proven technology enables same-day shipping over very long distances for a variety of industries: from pharma to food, from e-commerce to spare parts. The company's fast-growing team includes some of the most experienced aerospace, manufacturing, logistics and technology experts.

Key Developments

In the financial year, the Group continued to advance its mission of enabling affordable same-day delivery through automated and environmentally sustainable technology. Funding secured throughout the year provided the financial flexibility to execute the Group's growth strategy. Key investors included the European Innovation Council and the Strategic Development Fund (SDF). The operating loss reported reflects continued investment in R&D, commercialization and market entry efforts.

The Group expanded its presence in core markets like Europe and the Middle East, entering into partnerships that will support domestic operations and future demand for its services.

In addition, the Group signed a binding agreement securing a minimum of 30% of its global capacity through 2029.

Research and development activities

In 2024 the Group advanced its research and development activities across key strategic domains, including aerospace engineering, avionics systems integration, carbon composite manufacturing, and flight testing. The company focused on further refinement of its aircraft design, optimization of critical components, and enhancement of overall system performance.

Future R&D plans will focus on advancing next-generation aircraft and propulsion systems, expanding testing programs, integrating emerging technologies, and further enhancing design and manufacturing capabilities to support the company's long-term strategic goals.

Charitable and Political Donations

The total amount donated by the Group in 2024 is €5,837. Donations were made to non-profit organizations fostering R&D and education in entrepreneurship.

Business Performance

The Group remains in the research and development stage and does not yet generate material revenue or profits. Operations are funded primarily through equity and quasi-equity investment, with the Directors closely monitoring cash resources to ensure activities remain aligned with financing plans.

Dronamics Group Limited
DIRECTORS' REPORT
for the financial year ended 31 December 2024

Directors and Secretary

The directors who served throughout the financial year, except as noted, were as follows:

Svilen Rangelov (Appointed 4 January 2024)
Konstantin Rangelov (Appointed 4 January 2024)
Christian Jas Ziehe (Appointed 15 February 2024)

The secretary who served throughout the financial year was MDP Capel Administration Services Limited.

The directors' and the secretary's interests in the shares of the company are as follows:

Name	Class of Shares	Number	Number
		Held At 31/12/24	Held At 01/01/24
Svilen Rangelov	Ordinary*	45,999,999	-
Konstantin Rangelov	Ordinary*	45,999,999	-
		<u>91,999,998</u>	<u>-</u>

Christian Jas Ziehe had no direct beneficial interest in the shares of the company at the beginning or end of the financial year.

There were no changes in shareholdings between 31 December 2024 and the date of signing the financial statements.

* (shares acquired at date of appointment)

Principle Risks and Uncertainties

The principal risks, and the Group's responses, include:

- Regulatory Compliance - Delays in obtaining authorizations for drone operations in different jurisdictions.
Mitigation: Active collaboration with regulators and adherence to international aviation standards.
- Technological Challenges - Potential delays in finalizing commercial-grade drone technology.
Mitigation: Robust R&D processes and partnerships with engineering and aviation experts.
- Funding and Liquidity - Dependence on external funding to sustain operations and growth.
Mitigation: Ongoing engagement with investors and exploration of alternative financing strategies.
- Market Adoption - Risk of slower-than-expected adoption of drone logistics by customers.
Mitigation: Strategic partnerships, pilot programs, and targeted awareness campaigns.

The Board actively manages these risks through regulatory engagement, technical development, strategic partnerships and continuous fundraising.

Post year end events

Subsequent to the year end, the Group was shortlisted for an equity investment of up to €30 million under the European Innovation Council's Strategic Technologies for Europe Platform (STEP).

A new subsidiary was incorporated in Portugal to support future operational expansion.

Employee Matters

The Group has a growing international team and continues to invest in recruitment and development of aerospace, manufacturing and logistics expertise. Initiatives are in place to support employee wellbeing and create an inclusive working environment.

Dronamics Group Limited DIRECTORS' REPORT

for the financial year ended 31 December 2024

Sustainability and ESG Commitment

The Black Swan is designed to reduce emissions by up to 60% and costs by up to 50% compared to traditional transportation methods. Dronamics is committed to embedding sustainability into its operations, addressing global logistics challenges while minimizing environmental impact.

Future Outlook

Building on the progress of 2024, Dronamics is set to:

- Commence commercial operations in Europe in the near future.
- Further develop the plans for mass manufacturing facilities around the world.
- Strengthen its position as a leader in sustainable logistics through continued innovation and global expansion.

The Group is preparing for a Series B fundraising round within the next 12 months to support scaling and commercialization.

The Board believes the Group is well positioned to capitalize on opportunities in the logistics market while managing risks through proactive oversight and strategic planning.

Accounting Records

To ensure that adequate accounting records are kept in accordance with sections 281 to 285 of the Companies Act 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The accounting records are located at the company's office at 45 Mespil Road, Co Dublin, Ireland.

Statement of Relevant Audit Information

In accordance with Section 330 of the Companies Act 2014:

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware; and

Each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

The auditors, Sumer Auditco NI Limited have indicated their willingness to continue in office in accordance with the provisions of section 383(2) of the Companies Act 2014.

Approved and authorized by the Board on 26 February 2026 and signed on their behalf by:

Signed on behalf of the board

Signed by:



Konstantin Rangelov
Director

Date: 26 February 2026

DocuSigned by:



Svilen Rangelov
Director

Date: 26 February 2026

Dronamics Group Limited
DIRECTORS' RESPONSIBILITIES STATEMENT
for the financial year ended 31 December 2024

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

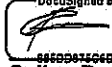
The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be readily and properly audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the board

Signed by:

Konstantin Rangelov
Director

Date: 26 February 2026

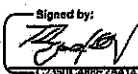
DocuSigned by:

Svilen Rangelov
Director

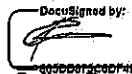
Date: 26 February 2026

Dronamics Group Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the financial year ended 31 December 2024

	Notes	2024 €	2023 €
Administrative expenses		(15,915,631)	(14,253,596)
Other operating income	4	177,901	2,007,309
Group operating loss	6	(15,737,730)	(12,246,287)
Fair value adjustments	5	-	(30,881,286)
Other Interest receivable and similar income	7	57,873	81,391
Interest payable and similar expenses	8	(24,920)	(658,829)
Loss before taxation		(15,704,777)	(43,705,011)
Tax on loss	10	1,101,070	162,192
Loss for the financial year		(14,603,707)	(43,542,819)
Total comprehensive income		(14,603,707)	(43,542,819)

Approved by the board on 26 February 2026 and signed on its behalf by:

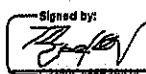
Signed by:

Konstantin Rangelov
Director


Docusigned by:

Svilen Rangelov
Director

Dronamics Group Limited
CONSOLIDATED BALANCE SHEET
as at 31 December 2024

	Notes	2024 €	2023 €
Fixed Assets			
Intangible assets	13	10,128,779	7,519,882
Tangible assets	14	2,522,055	1,802,972
Other financial assets	16	25,995	24,876
Fixed Assets		12,676,829	9,347,730
Current Assets			
Debtors	17	1,716,060	2,296,349
Cash and cash equivalents	18	6,000,623	2,009,588
		7,716,683	4,305,937
Creditors: amounts falling due within one year	19	(90,400,600)	(69,056,690)
Net Current Liabilities		(82,683,917)	(64,750,753)
Total Assets less Current Liabilities		(70,007,088)	(55,403,023)
Capital and Reserves			
Called up share capital presented as equity	26	1,262	1,403
Share premium account		856,858	856,858
Retained earnings		(70,865,208)	(56,261,284)
Equity attributable to owners of the company		(70,007,088)	(55,403,023)

Approved by the board on 26 February 2026 and signed on its behalf by:


Signed by:

Konstantin Rangelov
Director

DocuSigned by:

Svilen Rangelov
Director


Dronamics Group Limited
COMPANY BALANCE SHEET
as at 31 December 2024

	Notes	2024 €
Fixed Assets		
Intangible assets	13	10,440,220
Investments	15	76,663,370
		<u>87,103,590</u>
Current Assets		
Debtors	17	202,299
Cash and cash equivalents	18	1,583,533
		<u>1,785,832</u>
Creditors: Amounts falling due within one year	19	<u>(89,241,772)</u>
Net Current Liabilities		<u>(87,455,940)</u>
Total Assets less Current Liabilities		<u>(352,350)</u>
Capital and Reserves		
Called up share capital presented as equity		1,262
Retained earnings		(353,612)
Shareholders' Funds		<u>(352,350)</u>

Approved by the board on Date: 26 February 2026 and signed on its behalf by:

Signed by:


Konstantin Rangelov
Director

Designated by:


Svilen Rangelov
Director

Dronamics Group Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
as at 31 December 2024

	Called up share capital €	Share premium account €	Retained earnings €	Total €
At 1 January 2023	1,403	856,858	(12,718,465)	(11,860,204)
Loss for the financial year	-	-	(43,542,819)	(43,542,819)
At 31 December 2023	<u>1,403</u>	<u>856,858</u>	<u>(56,261,284)</u>	<u>(55,403,023)</u>
Loss for the financial year	-	-	(14,603,707)	(14,603,707)
Currency adjustment arising on group restructure	(141)	-	(217)	(358)
At 31 December 2024	<u>1,262</u>	<u>856,858</u>	<u>(70,865,208)</u>	<u>(70,007,088)</u>

Dronamics Group Limited
COMPANY STATEMENT OF CHANGES IN EQUITY

as at 31 December 2024

	Called up share capital €	Retained earnings €	Total €
At 1 January 2023	-	-	-
At 31 December 2023	-	-	-
Loss for the financial year	-	(353,612)	(353,612)
Net proceeds of equity ordinary share issue	1,262	-	1,262
At 31 December 2024	1,262	(353,612)	(352,350)

Dronamics Group Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2024

	Notes	2024 €	2023 €
Cash flows from operating activities			
Loss for the financial year		(14,603,707)	(43,542,819)
Adjustments for:			
Interest receivable and similar income		(57,659)	(81,391)
Interest payable and similar expenses		24,920	
Tax on loss on ordinary activities		(1,101,070)	(162,192)
Depreciation		809,892	611,726
Fx adjustments		3,997	-
		<u>(14,923,627)</u>	<u>(43,174,676)</u>
Movements in working capital:			
Movement in debtors		460,476	(567,810)
Movement in creditors		(407,721)	16,519,797
Taxes(Paid)/Received		1,220,882	(116,437)
Cash used in operations		<u>(13,649,990)</u>	<u>(27,339,126)</u>
Cash flows from investing activities			
Interest received		53,306	81,391
Payments to acquire intangible assets	13	(2,757,505)	(3,689,697)
Payments to acquire tangible assets	14	(1,380,368)	(1,342,007)
Payments to acquire investments	16	(1,119)	-
Receipts from sales of tangible assets		-	9,322
Net cash (used in)/generated from investment activities		<u>(4,085,686)</u>	<u>(4,940,991)</u>
Cash flows from financing activities			
New advances	19	1,005,589	-
Interest paid		(24,920)	(1,923)
Proceed from other borrowings		20,739,013	249,759
Capital element of finance lease contracts		7,029	19,043
Finance cost		-	30,883,211
Net cash generated from financing activities		<u>21,726,711</u>	<u>31,150,090</u>
Net decrease in cash and cash equivalents		3,991,035	(1,130,027)
Cash and cash equivalents at beginning of financial year		2,009,588	3,139,615
Cash and cash equivalents at end of financial year	18	<u>6,000,623</u>	<u>2,009,588</u>

Dronamics Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

1. General Information

Dronamics Group Limited is a company limited by shares incorporated and registered in Ireland. The registered number of the company is 754984. The registered office of the company is 45 Mespil Road, Co Dublin, Ireland. The nature of the company's operations and its principal activities are set out in the Directors' Report. The financial statements have been presented in Euro (€) which is also the functional currency of the company.

2. Summary of Significant Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Statement of compliance

The financial statements of the company for the financial year ended 31 December 2024 have been prepared on the going concern basis and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

On 14 February 2024, Dronamics Group Limited (Ireland) acquired 100% of the issued share capital of Dronamics Global Limited (UK) through a share-for-share exchange. This transaction was a group reconstruction involving entities under common control.

In accordance with FRS 102 Section 19.30, the transaction has been accounted for using the merger accounting method. The consolidated financial statements have been presented as if Dronamics Group Limited (Ireland) had always been the ultimate parent company of the group. As a result, the financial statements include comparative information for the year ended 31 December 2023, prepared on a consistent basis. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council.

Government Grants

Government grants are recognized in the financial statements when there is reasonable assurance that the entity will comply with the conditions attached to the grant and that the grant will be received.

Grants Related to Income: Grants intended to compensate for expenses or losses already incurred, or to provide immediate financial support, are recognized in the profit and loss account on a systematic basis over the periods in which the related expenses are incurred. These grants are presented either as "Other Income" or deducted from the related expense.

Measurement: Government grants are measured at the fair value of the resources received or receivable.

Repayment of Grants: If a grant becomes repayable, it is recognized as a liability in the period in which the repayment obligation arises, and the impact is reflected in the profit and loss account.

SAFE Agreements

The SAFE agreements (Simple Agreement for Future Equity) held within creditors meet the definition of a liability as per FRS 102 22.3. The structure of the agreements does not oblige the company to provide a fixed number of shares. Instead, the obligation lies on a potentially variable number of shares to be provided in exchange for a fixed amount of cash. In this case, this does not meet the criteria for equity and instead meets the criteria to be recognised as a liability (22.3).

The value of the SAFE agreements are initially measured at cost less impairment and revalued at the end of each reporting period according to exchange rate fluctuations when translating from the original currency to the reporting currency. Any changes in fair value are recorded in the profit and loss account.

Dronamics Group Limited NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Intangible assets and Amortisation

Separately acquired trademarks and licenses are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licenses and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Capitalised development costs only commence amortisation once commercial mechanisms commence.

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Trademarks, patents & licenses	- 10% straight line
Software	- 50% straight line

Tangible assets and depreciation

Tangible assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible assets, less their estimated residual value, over their expected useful lives as follows:

Asset class	Depreciation method and rate
Computer equipment	- 50% straight line
Furniture & fittings	- 15% - 33% straight line
Leasehold improvements	- Lease period
Machinery & equipment	- 30% straight line
Other tangible assets	- 15% straight line
Vehicles & Aircrafts	- 25% - 33% straight line

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Dronamics Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

The golden share held in investments is recognised at cost less impairment. Due to the the investment not having a listed share price in an active market, the most reliable estimate of the fair value is through the cost less impairment method.

Trade and other debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Balance Sheet bank overdrafts are shown within Creditors.

Borrowing costs

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade and other creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the Profit and Loss Account.

Dronamics Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

On consolidation, the results of overseas operations are translated into Euros at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Research and development

Research and development costs are accounted for in terms of FRS 102. Where a project involves elements of technological uncertainty that raise questions concerning the technical feasibility, the Company opts to expense these costs. Conversely, for projects with lower technological uncertainty and a greater degree of technical feasibility, the Company opts to capitalise these costs as they satisfy the requirements for classification as intangible capital expenditure.

The research and development tax credit amount, where applicable, is recognised once an amount can be reliably estimated. When the Company incurs research and development expenditure, the tax credit amount can be reliably estimated on the basis on calculations following HMRC guidelines on research and development tax credit claims.

Basis of consolidation

The consolidated financial statements include the financial statements of the holding company and all its subsidiary companies made up to 31 December 2024.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full. Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Ordinary share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3. Going concern

The Group continues to execute its business plan and has made progress in securing funding and advancing commercial activities during 2025. As of the date of approval of these financial statements, the Group is preparing for a significant fundraising round, targeting a minimum of EUR 50 million, which is expected to be completed in 2026. The Directors have prepared budgets and forecasts for a period of at least 12 months from the date of approval for these financial statements which shows the Group has sufficient resources to continue in operational existence.

The successful completion of this fundraising has the potential to be the last financing round the Group requires before IPO and combined with the launch of revenue generation in 2026 should be sufficient to support the Group's long-term strategic objectives and maintain adequate liquidity to fund operations.

The Directors are confident in the successful outcome of the fundraising, underpinned by strong investor interest.

continued

Dronamics Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

Nevertheless, in the event of delays in securing the targeted funds, the Group has identified appropriate and well-tested mitigating actions to ensure there is sufficient cashflow to enable the Group to meet its liabilities as they fall due for at least one year from the approval of these financial statements, including the potential issuance of additional SAFE notes or obtaining short-term financing from existing investors, as it has done consistently and successfully in the past. While the successful completion of planned fund raising remains subject to market conditions and investor appetite, management believes both the expansion of opportunities for the company compared to prior periods and its market leading position ensure the actions available to it provide a reasonable basis for the preparation of these financial statements on a going concern basis.

The Directors consider that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate, because they believe that the necessary financing, advances in commercial activities and mitigations as noted above are achievable, Notwithstanding this, the reliance on future funding events indicates the existence of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would be required if the Company were unable to continue as a going concern.

4. Other operating income

The analysis of the group's other operating income for the year from continuing operations is as follows:

	2024	2023
	€	€
Grants received	168,014	1,197,130
Other revenue	9,887	810,179
	<u>177,901</u>	<u>2,007,309</u>

5. Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2024	2023
	€	€
Fair value adjustment of SAFE agreements	-	(30,881,288)
	<u>-</u>	<u>(30,881,288)</u>

6. Operating loss

	2024	2023
	€	€
Operating loss is stated after charging/(crediting):		
Amortisation of intangible assets	148,607	342
Depreciation of tangible assets	661,285	611,384
Loss/(profit) on disposal of tangible assets	4,379	-
Research and development		
- expenditure in current financial year	160,805	233,168
(Profit)/loss on foreign currencies	(4,567)	656,906
Operating lease rentals		
- Motor vehicles	6,847	12,569
	<u>6,847</u>	<u>12,569</u>

No impairment losses or reversals recognized in the above line items during the period end ; (2023 - €Nil)

7. Other interest receivable and similar income

	2024	2023
	€	€
Other finance income	53,306	81,391
Foreign exchange gains	4,567	-
	<u>57,873</u>	<u>81,391</u>

continued

Dronamics Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

8. Interest payable and similar expenses

	2024	2023
Interest expense on other finance liabilities	€	€
Foreign exchange losses	24,920	1,923
	-	656,906
	<u>24,920</u>	<u>658,829</u>

9. Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows

	2024	2023
	€	€
Wages and salaries	6,907,576	4,245,665
Social security costs	515,002	554,242
Other short-term employee benefits	122,973	219,287
Pension costs, defined contribution scheme	109,439	158,849
Other employee expense	79,117	35,762
	<u>7,734,107</u>	<u>5,213,805</u>

The average number of persons employed by the group (including directors) during the year was 179, analysed by category was as follows: (2023 - 151).

	2024	2023
	Number	Number
Administration and support	47	30
Other departments	5	8
Research and development	117	105
Sales, marketing and distribution	10	8
	<u>179</u>	<u>151</u>

10. Taxation

Tax charged/(credited) in the consolidated profit and loss account

	2024	2023
	€	€
(A) Income tax expense		
Current tax	8,383	90,796
Adjustment recognised for prior periods	-	415,335
R&D Tax Credit	(1,109,453)	(668,323)
	<u>(1,101,070)</u>	<u>(162,192)</u>

continued

Dronamics Group Limited
NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

	2024	2023
	€	€
(B) Reconciliation of income tax expense and tax at the statutory rate		
Loss on ordinary activities	(15,704,891)	(43,705,012)
Loss on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.5%	-	-
Profit on ordinary activities multiplied by standard rate of corporation tax in Bulgaria of 10%	8,383	90,796
Effects of:		
Expenses not deductible for tax purposes	-	-
Effects of overseas tax rates	-	-
Adjustment recognised for prior periods	-	415,335
R&D Tax Credit	(1,109,453)	(668,323)
Income tax credit	<u>(1,101,070)</u>	<u>(162,192)</u>

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. In respect of Ireland components, the prevailing corporation tax rate of 12.5% has been applied.

On 14 February 2024, Dronamics Group Limited (Ireland) acquired 100% of the issued share capital of Dronamics Global Limited (UK) through a share-for-share exchange. This transaction was a group reconstruction involving entities under common control. Therefore, for comparative figures, the UK's prevailing tax rate was applied in 2023 for the holding company and respective prevailing tax rates for subsidiaries of other jurisdictions.

Research and Development Tax Credit

During the year, the company incurred qualifying R&D expenditure in the UK of £4,946,103 (£2,568,830, -2023), resulting in a UK R&D tax credit of £919,975, (£571,051, -2023). The credit has been applied as follows:

No offset against corporation tax liability for the current year.
 £919,975 (£1,113,726, -2023) recognized as a receivable and included in other current assets.

(C) Deferred tax balances

No deferred tax assets have been recognised on the tax losses for the period ending 31 December 2024; (2023 - €Nil). The tax loss carry forwards that are not recognised as deferred tax assets may be used in the future as the losses have an indefinite life.

11. Auditors' remuneration

	2024	2023
	€	€
Audit of these financial statements	<u>30,940</u>	<u>-</u>

12. Loss attributable to members of the parent company

In accordance with section 304 of the Companies Act 2014 a separate Profit and Loss Account for the company has not been presented in these financial statements. The loss dealt with in the financial statements of the parent company was €(353,612) (2023, €Nil).

continued

Dronamics Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

13. Intangible assets
Group

	Patents €	Software €	Development Costs €	Total €
Cost				
At 1 January 2024	152,749	365,978	7,192,826	7,711,553
Additions	32,090	11,660	2,713,755	2,757,505
At 31 December 2024	<u>184,839</u>	<u>377,638</u>	<u>9,906,581</u>	<u>10,469,058</u>
Amortisation				
At 1 January 2024	343	191,329	-	191,672
Charge for financial year	5	148,602	-	148,607
At 31 December 2024	<u>348</u>	<u>339,931</u>	<u>-</u>	<u>340,279</u>
Net book value				
At 31 December 2024	<u>184,491</u>	<u>37,707</u>	<u>9,906,581</u>	<u>10,128,779</u>
At 31 December 2023	<u>152,406</u>	<u>174,649</u>	<u>7,192,826</u>	<u>7,519,881</u>

The aggregate amount of development expenditure recognized as an expense during the period is €148,607 (2023 - €233,167)

Company

	Intellectual Property €	Total €
Cost		
At 1 January 2024	-	-
Additions	10,440,220	10,440,220
At 31 December 2024	<u>10,440,220</u>	<u>10,440,220</u>
Net book value		
At 31 December 2024	<u>10,440,220</u>	<u>10,440,220</u>

continued

Dronamics Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

14. Tangible assets
Group

	Leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	€	€	€	€	€
Cost					
At 1 January 2024	520,422	1,056,680	270,180	578,449	2,425,731
Additions	18,141	1,119,352	81,866	161,009	1,380,368
At 31 December 2024	<u>538,563</u>	<u>2,176,032</u>	<u>352,046</u>	<u>739,458</u>	<u>3,806,099</u>
Depreciation					
At 1 January 2024	209,514	228,750	125,434	59,061	622,759
Charge for the financial year	164,707	301,762	103,892	90,924	661,285
At 31 December 2024	<u>374,221</u>	<u>530,512</u>	<u>229,326</u>	<u>149,985</u>	<u>1,284,044</u>
Net book value					
At 31 December 2024	<u>164,342</u>	<u>1,645,520</u>	<u>122,720</u>	<u>589,473</u>	<u>2,522,055</u>
At 31 December 2023	<u>310,908</u>	<u>827,930</u>	<u>144,746</u>	<u>519,388</u>	<u>1,802,972</u>

15. Investment

Company

	Investment in subsidiaries	Loans to subsidiaries	Total
Cost			
At 1 January 2024	-	-	-
Additions	57,005,256	19,658,114	76,663,370
At 31 December 2024	<u>57,005,256</u>	<u>19,658,114</u>	<u>76,663,370</u>

The loans to subsidiaries are unsecured loans which are repayable no later than 31 December 2030. If not repaid a conversion option exists which would result in the loan being converted into shares at a conversion price per share equal to the book value of the subsidiary shares as reflected in their most recent audited financial statements.

continued

Dronamics Group Limited NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

16. Other financial assets

Group	Other Investments	Total
	€	€
Investments		
Cost		
At 1 January 2024	24,876	24,876
Additions	1,119	1,119
At 31 December 2024	<u>25,995</u>	<u>25,995</u>
Net book value		
At 31 December 2024	<u>25,995</u>	<u>25,995</u>
At 31 December 2023	<u>24,876</u>	<u>24,876</u>

17. Debtors

	2024 €	2023 €
Group		
Amounts owed by group undertakings	-	-
Other debtors	312,259	794,356
Directors' current accounts	124,864	-
Taxation	1,149,583	1,269,396
Prepayments	116,357	232,597
Accrued Income	12,996	-
	<u>1,716,059</u>	<u>2,296,349</u>
Company	2024	
	€	
Amounts owed by group undertakings	15,000	
Other debtors	44,364	
Directors' current accounts	124,864	
Taxation	18,071	
Prepayments	<u>202,299</u>	

The directors current accounts are interest free and repayable on demand. The maximum outstanding during the year was €124,864.

18. Cash and cash equivalents

	2024 €	2023 €
Group		
Cash and bank balances	<u>6,000,623</u>	<u>2,009,588</u>
Company		
Cash and bank balances	<u>1,583,533</u>	

continued

Dronamics Group Limited
NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

19. Creditors	2024	2023
Amounts falling due within one year	€	€
Group		
SAFE Agreements	88,155,753	67,416,740
Net obligations under finance lease and hire purchase contracts	63,615	56,586
Trade creditors	469,757	932,803
Social Security and other taxes	177,569	163,228
Other payables	28,089	25,271
Accruals	468,810	440,444
Outstanding defined contribution pension costs	31,418	21,618
Loan from external parties	1,005,589	-
	<u>90,400,600</u>	<u>69,056,690</u>
Company		
	2024	
	€	
Loan from external parties	1,005,589	
SAFE Agreements	88,155,753	
Trade creditors	35,075	
Social Security and other taxes	3,461	
Accruals	41,912	
	<u>89,241,790</u>	
<p>Loan from external parties: Convertible loan note for €1m, issued 2 Dec 2024, matures in 6 months. Holder has option for cash or conversion to SAFE note. Loan was subsequently converted to a SAFE upon maturity in 2025.</p>		
20. Financial commitments		
Group		
Finance lease liabilities:		
	2024	2023
	€	€
Due:		
Current loans and borrowings	<u>63,615</u>	<u>56,586</u>
21. Capital commitments		
Group		
The group had no material capital commitments at the financial year-ended 31 December 2024.		
Company		
The company had no material capital commitments at the financial year-ended 31 December 2024.		
22. Directors' remuneration	2024	2023
	€	€
Remuneration	302,060	179,005
Benefits in Kind	1,052	982
Pension	5,068	4,595
	<u>308,180</u>	<u>184,582</u>

Dronamics Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

23. Parent and ultimate parent undertaking

No controlling party has been identified.

24. Details of Subsidiary undertakings

Subsidiary	Registered office	Holding	2024
Dronamics Ltd	4 Iskar Str, Sofia, 1000 Bulgaria	Ordinary shares	100%
Dronamics Australia Pty Ltd	Pacifica Chartered Accountants Level 1 280-286 Sheridan Street QLD 4870 Australia	Ordinary shares	100%
Dronamics Airlines Limited	77 Camden Street, Lower Dublin, D02 XE80 Ireland	Ordinary shares	100%
Dronamics Airlines Inc.	100-535 Thurlow Street, Office 1899 Vancouver, BC V6E 3L2 Canada	Ordinary shares	100%
Dronamics Europe Holdings Limited	Office 14, 187 Wine Pressers Wharf, Marsa MRS 1912 Malta	Ordinary shares	100%
Dronamics inc.	Suite 206, 651 N Broad Street, Middletown DE, 19709	Ordinary shares	100%
Dronamics Global limited	20 Eastbourne Terrace London, W26LG	Ordinary shares	100%
Dronamics Airlines Australia Pty Ltd	Level 20, 123 Eagle Street, Queensland, 4000, Australia	Ordinary shares	100%
Dronamics Airlines Hellas IKE	Stadiou 3, Athens 105 62, Greece	Ordinary shares	100%
Dronamics Europe Airlines Limited	Office 14, 187 Wine Pressers Wharf, Marsa Mrs 1912, Malta	Ordinary shares	100%

Dronamics Group Limited NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

Subsidiary undertakings

Dronamics Ltd

The principal activity of Dronamics Ltd is that of the R&D work of the group.

Dronamics Australia Pty Ltd

The principal activity of Dronamics Australia Pty Ltd is to serve as a holding company of the local airline operators.

Dronamics Airlines Limited

The principal activity of Dronamics Airlines Limited is to lease aircrafts to group companies.

Dronamics Airlines Inc.

The principal activity of Dronamics Airlines Inc. is to serve as the local airline operators.

Dronamics Europe Holdings Limited

The principal activity of Dronamics Europe Holdings Limited is to serve as the holding company of the local airline operators.

Dronamics inc.

The principal activity of Dronamics inc. is to serve as the local airline operators.

Dronamics Global limited

Dronamics Global Limited was previously the Group's parent company and intellectual property holder. Its current principal activity is to operate as the local airline entity in the United Kingdom.

Dronamics Airlines Australia Pty Ltd

The principal activity of Dronamics Airlines Australia Pty Ltd is to serve as the local airline operators.

Dronamics Airlines Hellas IKE

The principal activity of Dronamics Airlines Hellas IKE is to serve as the local airline operators.

Dronamics Europe Airlines Limited

The principal activity of Dronamics Europe Airlines Limited is to serve as the local airline operators.

25. Pension and other schemes - Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to €109,439 (2023 - €158,849).

Contributions totaling €31,418 (2023 - €21,618) were payable to the scheme at the end of the year and are included in creditors.

26. Share capital

Allotted, called up and fully paid shares

	2024		2023	
	No.	€	No.	€
Ordinary shares	<u>91,999,998</u>	<u>1,262</u>	<u>126,200,000</u>	<u>1,403</u>

As at 31 December 2024, there are a total of 25,251,712 options granted. These options are exercisable at liquidation or a secondary financing event.

The value of the options as at 31 December 2024 can not be reliably measured due to no financing events having occurred. As such, as at 31 December 2024 there is no reliable data for the basis of the charge.

continued

Dronamics Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

27. Obligations under leases and hire purchase contracts

Group Operating leases

The total of future minimum lease payments is as follows:

	2024	2023
	€	€
Not later than one year	436,535	452,997
Later than one year and not later than five year	168,979	280,820
	<u>604,514</u>	<u>733,817</u>

28. Analysis of changes in net debt

Group

	At 1 January 2024	Financing cashflows	At 31 December 2024
	€	€	€
Cash	2,009,588	3,991,035	6,000,623
Borrowings			
Derivatives	67,473,326	(20,746,042)	88,219,368
	<u>69,482,914</u>	<u>(16,755,007)</u>	<u>94,219,991</u>

29. Post-Balance Sheet Events

Subsequent to the year end, the Group was shortlisted for an equity investment of up to €30 million under the European Innovation Council's Strategic Technologies for Europe Platform (STEP).

A new subsidiary was incorporated in Portugal to support future operational expansion.

30. Related party disclosures

Company

The following amounts are receivable from directors.

	2024
	€
Loan to Director - Svilen Rangelov	<u>62,440</u>
Loan to Director - Konstantin Rangelov	<u>62,424</u>

31. Approval of financial statements

The financial statements were approved and authorised for issue by the board on 26 February 2026.