

ANNUAL REPORT
1. januar - 31. december 2019

Kaffe Bueno ApS

Maskinvej 5
2860 Søborg

CVR nr. 37894036

Submitter:

Sønderup I/S
Statsautoriserede revisorer
CVR no. 31824559

**Presented and approved at the company's ordinary
general meeting 1. July 2020**

Chairman

Camilo Jose Fernandez Schembri



Contents

Management's Statement on the Annual Report	3
Independent Auditor's Report	4
Management's review	7
Accounting principles applied	9
Income statement 1 January - 31 December	12
Balance sheet 31 December	13
Notes	15

Management's Statement on the Annual Report

The management have today considered and approved the annual report for Kaffe Bueno ApS for the financial year 1 January to 31 December 2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In the managements opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of its financial performance for the financial year 1 January to 31 December 2019.

We recommend the annual report for approval at the annual general meeting.

København SV, 1. July 2020

Executive Board

Camilo Jose Fernandez Schembri

Alejandro Franco Sanchez

Juan Pablo Medina Ramirez

Independent Auditor's Report

To the shareholders of Kaffe Bueno ApS

Auditor's Report on the Financial Statements

Opinion

We have audited the Financial Statements of Kaffe Bueno ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies, for the Company. 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 financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Although it has not affected our conclusion, we wish to state that the Company has negative equity as a consequence of losses. We refer to note 2 and the management review in which the Management gives a description of the expectations for the future operations of the Company.

Management's Responsibilities 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 as 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.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 applicable in Denmark will always detect a material misstatement when it exists. 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 of accounting information taken 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 judgment and maintain professional skepticism throughout the audit. We also:

- * Identify and assess the risks of material misstatement of the 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.

Independent Auditor's Report

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.

Ringsted, 1. July 2020

SØNDERUP I/S
statsautoriserede revisorer
CVR 31824559

Christian Hjortshøj
statsautoriseret revisor
mne34485

Management's review

Principal activities

The company's main activity is among things, to have one in its business and operations significant positive impact on society and the environment as a whole and to operate with manufacturing and exports of oils.

Development in activities and financial position

Kaffe Bueno ApS main activity is to produce health promoting ingredients for the Wellcare Market (personal care, nutraceuticals and foods). Kaffe Bueno does this by using biotech to upcycle spent coffee grounds and sell these ingredients B2B. Sub activities in the company's business model require collection of spent coffee grounds (with a partner specialized in waste collection) mainly from industrial coffee waste producers in the EU and also from different hotels and offices around Copenhagen. The company has launched their first 2 ingredients derived from the spent coffee grounds and are currently finishing the development of 3 new ingredients, which are expected to launch in 2021. Current capacity (Pilot Scale), is sufficient to start commercializing their products, nevertheless, is imperative for the company to close their Seed Round during 2020 in order to scale up production to meet the growing demand of their clients.

Business Review

The company's income statement for the year ended 31 December shows a profit of DKK 40,881, and the balance sheet at 31 December 2019 shows negative equity of DKK 385,903.

This was due to considerable investments for research and development projects in order to finish developing the 3 new ingredients and finding new applications for our current ingredients. Furthermore, the loss is also due to the company's effort to close big commercial contracts in order to attract more capital. The current outlook of the company does not reflect its potential for the future. Since the beginning of the new fiscal year the company has already closed 2 major contracts that allowed it to subsequently close 2 convertible notes that enables the company to close a bigger round and aim for a successful scale up.

Future Outlook

During 2020, Kaffe Bueno have raised DKK 1.85 million in convertible notes and it is looking to raise an additional DKK 5.5 million in order to expand their capacity (bigger pilot), grow the team, protect their innovation and introduce 3 new ingredients to the market. The company expects to launch a demonstration scale biorefinery by 2022 to increase its production capacity and continuously invest in research and development to introduce new ingredients developed from coffee's by-product. Expected revenue in 2024: DKK 110 million. The company will focus on extracting as much value as they can from every ton of coffee waste recycled. This is done by continuous fractionation of coffee waste into its different molecules and continuous analysis to substantiate claims for all the ingredients produced. The company wants to become the leading manufacturer of sustainable WellCare ingredients worldwide.

Management's review

Significant events occurring after end of reporting period

Kaffe Bueno signed a convertible note with Yield Lab (Irish Accelerator) worth DKK 750.000 in January; the company signed a convertible note with Sten Estrup (CEO of Biomega) worth DKK 1.5 million in May. The company also signed a big commercial contract with Givaudan (Swiss Multinational) for the distribution of their ingredients, and the contract is worth DKK 750.000 over the course of 2 years. No other major events have occurred after the balance sheet date which could significantly affect the company's financial position.

Significant events after the end of the financial year

No events materially affecting the assessment of the annual report have occurred after the balance sheet date. The management expect that the corona virus will have an impact on the company's activity level in 2020 but do not expect an impact on the long term perspective.

Accounting principles applied

The annual report for Kaffe Bueno ApS 2019 has been prepared in accordance with the Danish Financial Statements Act for class B companies with application of individual rules from class C.

The income statement is presented by type of expenditure and the balance sheet is presented in account form. The measurement currency used is Danish kroner. All other currencies are considered foreign currency.

The accounting principles were applied consistently with the principles of last year's financial reporting.

General information on recognition and measurement

Income is recognized in the income statement as earned, including any value adjustments of financial assets and liabilities. Furthermore, all costs, including amortisation/depreciation and write-downs, are recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the company, and the value of the liabilities can be measured reliably.

The first recognition measures assets and liabilities at cost. Subsequently, assets and liabilities will be measured individually in respect of each accounting item as described below.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income statement

Gross profit

In pursuance of section 32 (1) of the Danish Financial Statements Act, the first item in the income statement is the gross profit. The item gross profit is the result of revenue, cost of sales, other external cost and other operating income.

Revenue

Net sales in connection with sales of commercial products and finished products are recognized in the profit and loss account, if delivery has taken place and the risk has passed to the customer before the end of the year. Net sales are recognized ex. VAT and net of discounts related to the individual sale.

Cost of goods sold

Cost of goods sold comprises the financial year's cost of sales measured to sales price, adjusted for ordinary inventory write-offs.

Accounting principles applied

Other external costs

Other external cost comprise costs for sales, advertising, administration etc.

Financial items

Financial income and expenses are recognized in the income statement with the amounts relating to the financial year. The financial items comprise interest income and expense, realized and unrealized exchange rate, gains and losses resulting from transactions in foreign currencies and surcharges and refunds regarding corporation tax.

Tax for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly on equity by the portion attributable to entries directly on equity.

Balance sheet

Impairment of fixed assets

The carrying value of intangible and tangible fixed assets and investments in subsidiaries are assessed annually for indications of impairment beyond what is expressed by depreciation.

If there are indications of impairment, an impairment test of each asset or group of assets will be made. Impairment will be made to its recoverable amount if this is lower than the carrying value.

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Value is reduced by provisions for bad debts.

Cash funds

Cash funds are measured at nominal value.

Dividend

Proposed dividend for the financial year is recognized as a separate component of the equity. Proposed dividends are recognized as a liability at the time of adoption.

Tax payable and deferred tax

Current tax liabilities and current tax assets are recognized in the balance sheet as tax calculated on the taxable income allocated with the current tax rate, and adjusted for tax on prior years taxable income and prepaid taxes.

Deferred tax is measured by the liability method concerning temporary differences between the carrying value and tax value of assets and liabilities, calculated based on the planned use of the assets and settlement of the obligation, respectively.

Accounting principles applied

Deferred tax assets, including the tax value of tax losses allowed for carry-forward, are measured at the value at which the asset is expected to be realisable, either through elimination in tax on future earnings or through offsetting in deferred tax liabilities in the same legal tax unit. Any deferred net tax assets are measured at their net realisation values.

Deferred tax is measured based on the tax rules and tax rates applicable in pursuance of the legislation in force on the balance sheet date when the deferred tax is expected to become payable as current tax. Changes in deferred tax due to change in tax rates is recognized in the income statement.

Liabilities

Other liabilities are measured at amortised cost corresponding to the nominal value.

Conversion of foreign currency

Transactions in foreign currencies are converted at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognized in the income statement as a financial income or expense. If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognized directly in the equity.

Accounts receivable, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are converted at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the receivable or payable is recognized in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are converted at the rate of exchange on the transaction date.

Income statement 1 January - 31 December

Note	2019	2018
Gross profit	6.529	-414.223
Other financial costs	-44.472	-24.972
PROFIT/-LOSS BEFORE TAX	-37.943	-439.195
Tax for the year	78.824	0
NET PROFIT/-LOSS FOR THE YEAR	40.881	-439.195
Appropriation of profit		
Retained earnings	40.881	-439.195
Total appropriation	40.881	-439.195

Balance sheet 31 December

Note	2019	2018
ASSETS		
Financial fixed assets		
Other receivables	8.962	5.225
Total financial fixed assets	8.962	5.225
TOTAL FIXED ASSETS	8.962	5.225
Raw materials and consumables	4.000	22.000
Total inventories	4.000	22.000
Receivables from sales and services	39.287	7.827
Deferred tax assets	78.824	0
Other receivables	29	0
Total receivables	118.140	7.827
Cash funds	259.688	248.886
Total cash funds	259.688	248.886
TOTAL CURRENT ASSETS	381.828	278.713
TOTAL ASSETS	390.790	283.938

Balance sheet 31 December

Note	2019	2018
EQUITY AND LIABILITIES		
1. Equity		
Share capital	50.000	50.000
Retained earnings	-435.903	-476.784
TOTAL EQUITY	-385.903	-426.784
Long-term liabilities		
Other payables	566.914	524.921
Total long-term liabilities	566.914	524.921
Suppliers of goods and services	36.503	42.926
Other payables	32.513	2.112
Debt to shareholders and management	140.763	140.763
Total short-term liabilities	209.779	185.801
TOTAL LIABILITIES	776.693	710.722
TOTAL EQUITY AND LIABILITIES	390.790	283.938

2. Uncertainty about the continued operation
3. Charges and securities

Noter

	2019	2018
1. Equity		
Share capital		
Beginning of year	50.000	50.000
End of year	50.000	50.000
Retained earnings		
Beginning of year	-476.784	-37.589
Transferred from net profit	40.881	-439.195
End of year	-435.903	-476.784
Equity end of year	-385.903	-426.784

2. Uncertainty about the continued operation

The annual report is prepared under the assumption of going concern. In 2020, before the finalization of the annual report, the company has raised DKK 1,85 mio in convertible loans as described in the management review. These convertible loans give the company liquidity to continue the operations in 2020. The management expect a surplus in 2020 due to signed commercial contracts.

3. Charges and securities

The company has not made any pledges or security.

Dette dokument er underskrevet af nedenstående parter, der med deres underskrift har bekræftet dokumentets indhold samt alle datoer i dokumentet.

This document is signed by the following parties with their signatures confirming the documents content and all dates in the document.

Camilo Jose Fernandez Schembri

Som Direktør NEM ID
PID: 9208-2002-2-441514647826
Tidspunkt for underskrift: 01-07-2020 kl.: 15:22:22
Underskrevet med NemID

Camilo Jose Fernandez Schembri

Som Dirigent NEM ID
PID: 9208-2002-2-441514647826
Tidspunkt for underskrift: 01-07-2020 kl.: 15:22:22
Underskrevet med NemID

Juan Pablo Medina Ramirez

Som Direktør NEM ID
PID: 9208-2002-2-517937843862
Tidspunkt for underskrift: 01-07-2020 kl.: 15:46:22
Underskrevet med NemID

Alejandro Franco Sanchez

Som Direktør NEM ID
PID: 9208-2002-2-940604829049
Tidspunkt for underskrift: 01-07-2020 kl.: 15:53:00
Underskrevet med NemID

Christian Øster Hjortshøj

Som Revisor NEM ID
PID: 9208-2002-2-920181989742
Tidspunkt for underskrift: 01-07-2020 kl.: 15:59:14
Underskrevet med NemID

This document is signed with esignatur. Embedded in the document is the original agreement document and a signed data object for each signatory. The signed data object contains a mathematical hash value calculated from the original agreement document, which secures that the signatures is related to precisely this document only. Prove for the originality and validity of signatures can always be lifted as legal evidence.

The document is locked for changes and all cryptographic signature certificates are embedded in this PDF. The signatures therefore comply with all public recommendations and laws for digital signatures. With esignatur's solution, it is ensured that all European laws are respected in relation to sensitive information and valid digital signatures. If you would like more information about digital documents signed with esignatur, please visit our website at www.esignatur.dk.

This document has esignatur Agreement-ID: d855bc41uxS240081531