



Beyond Leather Materials ApS

Fruebjergvej 3
2100 København Ø
CVR No. 38698729

Annual report 01.04.2020 - 31.03.2021

The Annual General Meeting adopted the
annual report on 14.09.2021

Steen Ulf Jensen

Chairman of the General Meeting

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Entity details

Entity

Beyond Leather Materials ApS

Fruebjergvej 3

2100 København Ø

Business Registration No.: 38698729

Registered office: København

Financial year: 01.04.2020 - 31.03.2021

Board of Directors

Steen Ulf Jensen

Hannah Christen Michaud

Mikael Eydt

Executive Board

Hannah Christen Michaud

Mikael Eydt

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Beyond Leather Materials ApS for the financial year 01.04.2020 - 31.03.2021.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2021 and of the results of its operations for the financial year 01.04.2020 - 31.03.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 14.09.2021

Executive Board

Hannah Christen Michaud

Mikael Eyd

Board of Directors

Steen Ulf Jensen

Hannah Christen Michaud

Mikael Eyd

Independent auditor's report

To the shareholders of Beyond Leather Materials ApS

Opinion

We have audited the financial statements of Beyond Leather Materials ApS for the financial year 01.04.2020 - 31.03.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.03.2021 and of the results of its operations for the financial year 01.04.2020 - 31.03.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 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 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 judgement and maintain professional scepticism 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Aarhus, 14.09.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mads Fauerskov

State Authorised Public Accountant
Identification No (MNE) mne35428

Management commentary

Primary activities

The Company's main purpose is to develop, produce and sell bio degradable textiles.

Development in activities and finances

The Company's income statement for 2020 shows a loss of DKK 1,248k against DKK 74k last year.

During 2021, the Company found a misstatement in the numbers of last year's annual report. Management has evaluated the misstatement and finds it material. On that background, Management has made a correction of the misstatement with reference to section 11(3) of the Danish Financial Statements Act and with effect on both equity and the comparative numbers for 2018/20.

We refer to further description in the accounting policies on page 15.

The outbreak and spread of COVID-19 at the beginning of 2020 has not affected Beyond Leather Materials ApS.

Uncertainty relating to recognition and measurement

The Company has recognised development projects at cost in the annual report. The recognition of development projects is subject to uncertainty, but Management firmly believes that the development projects give a true and fair view based on the expectations for the future. For more details, see note 4 to the financial statements.

Events after the balance sheet date

There has not been any events after the end of the financial year, that could materially affect the company's financial position.

Income statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Gross profit/loss		(427,898)	(113,639)
Staff costs	1	(820,344)	0
Depreciation, amortisation and impairment losses		(25,989)	(16,540)
Operating profit/loss		(1,274,231)	(130,179)
Other financial income		3	21
Other financial expenses		(330,137)	(2,363)
Profit/loss before tax		(1,604,365)	(132,521)
Tax on profit/loss for the year	2	356,284	58,325
Profit/loss for the year		(1,248,081)	(74,196)
Proposed distribution of profit and loss			
Retained earnings		(1,248,081)	(74,196)
Proposed distribution of profit and loss		(1,248,081)	(74,196)

Balance sheet at 31.03.2021

Assets

	Notes	2020/21 DKK	2019/20 DKK
Acquired rights		80,720	0
Development projects in progress	4	1,759,042	494,113
Intangible assets	3	1,839,762	494,113
Other fixtures and fittings, tools and equipment		49,618	66,158
Property, plant and equipment	5	49,618	66,158
Deposits		79,548	51,809
Financial assets		79,548	51,809
Fixed assets		1,968,928	612,080
Raw materials and consumables		15,000	15,000
Inventories		15,000	15,000
Trade receivables		3,728	3,111
Receivables from group enterprises		108,705	0
Other receivables		111,411	102,035
Joint taxation contribution receivable		278,284	108,705
Receivables		502,128	213,851
Cash		5,943,185	111,013
Current assets		6,460,313	339,864
Assets		8,429,241	951,944

Equity and liabilities

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		54,827	1,330
Reserve for entrepreneurial companies		0	38,670
Reserve for development expenditure		1,372,053	385,408
Retained earnings		168,196	(512,487)
Equity		1,595,076	(87,079)
Deferred tax		0	78,000
Provisions		0	78,000
Debt to other credit institutions		4,645,534	0
Convertible and dividend-yielding debt instruments		1,607,032	745,126
Other payables		69,375	0
Non-current liabilities other than provisions	6	6,321,941	745,126
Trade payables		50,815	129,797
Other payables	7	191,409	86,100
Deferred income		270,000	0
Current liabilities other than provisions		512,224	215,897
Liabilities other than provisions		6,834,165	961,023
Equity and liabilities		8,429,241	951,944
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		

Statement of changes in equity for 2020/21

	Contributed capital DKK	Reserve for en- trepreneurial companies DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,330	38,670	763,123	(511,329)	291,794
Corrections of material errors	0	0	(377,715)	(1,158)	(378,873)
Adjusted equity, beginning of year	1,330	38,670	385,408	(512,487)	(87,079)
Increase of capital	53,497	0	0	2,977,095	3,030,592
Costs related to equity transactions	0	0	0	(61,686)	(61,686)
Transfer to reserves	0	(38,670)	986,645	(986,645)	(38,670)
Profit/loss for the year	0	0	0	(1,248,081)	(1,248,081)
Equity end of year	54,827	0	1,372,053	168,196	1,595,076

Notes

1 Staff costs

	2020/21 DKK	2019/20 DKK
Wages and salaries	1,612,125	343,107
Pension costs	0	7,892
Other social security costs	24,578	48,880
Other staff costs	15,006	1,893
	1,651,709	401,772
Staff costs classified as assets	(831,365)	(401,772)
	820,344	0
Average number of full-time employees	5	3

2 Tax on profit/loss for the year

	2020/21 DKK	2019/20 DKK
Current tax	(278,284)	(136,325)
Change in deferred tax	(78,000)	78,000
	(356,284)	(58,325)

3 Intangible assets

	Acquired rights DKK	Development projects in progress DKK
Cost beginning of year	0	494,113
Additions	90,169	1,264,929
Cost end of year	90,169	1,759,042
Amortisation for the year	(9,449)	0
Amortisation and impairment losses end of year	(9,449)	0
Carrying amount end of year	80,720	1,759,042

4 Development projects

The Company's development project consists of developing an alternative material to leather. The materials are upcycled apple waste turned into a truly sustainable plant-based leather alternative.

The development project is in progress and has not been completed. Future improvements will be capitalised, and maintenance cost is recognised in the income statement on an ongoing basis.

Management has not identified any indications of impairment in relation to the recognised amount of DKK1,759k.

The development project is expected to generate positive future cash flows exceeding the recognised value.

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	82,698
Cost end of year	82,698
Depreciation and impairment losses beginning of year	(16,540)
Depreciation for the year	(16,540)
Depreciation and impairment losses end of year	(33,080)
Carrying amount end of year	49,618

6 Non-current liabilities other than provisions

	Due after more than 12 months 2020/21 DKK	Outstanding after 5 years 2020/21 DKK
Debt to other credit institutions	4,645,534	2,324,824
Convertible and dividend-yielding debt instruments	1,607,032	0
Other payables	69,375	0
	6,321,941	2,324,824

7 Other payables

	2020/21 DKK	2019/20 DKK
Wages and salaries, personal income taxes, social security costs, etc payable	103,913	0
Holiday pay obligation	87,496	0
Other costs payable	0	86,100
	191,409	86,100

8 Unrecognised rental and lease commitments

	2020/21 DKK	2019/20 DKK
Liabilities under rental or lease agreements until maturity in total	73,927	0

9 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Trash to Cash ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year except for the correction of material errors in previous year below.

Material errors in previous years

In 2021, the Company found errors in the presentation of the annual report for 2018/20 which resulted in incorrect presentation of several accounts, including incorrect allocation of profit and incorrect recognition and presentation of the items of development costs, tax receivable, deferred tax and gross profit/loss.

The material error is related to the last financial year and is assessed as a material misstatement. The effect of the correction of material errors in previous years is recognised directly in equity as of 1 April 2020, and the comparative figures for the financial year 2018/20 have also been restated.

With reference to section 11(3) of the Danish Financial Statements Act, the amount of the effect on profit/loss, assets and liabilities is given below.

	2018/20
	DKK
Profit/loss for the year 2018/20 cf. published annual report	304.677,00
Corrections of "Gross profit/loss"	-484.250,00
Corrections of "Tax on profit/loss of the year"	105.377,00
Profit/loss for the year 2018/20 - corrected	-74.196,00
Assets at 31.03.2020 cf. published annual report	1.468.967,00
Corrections of "Development projects in progress"	-484.250,00
Corrections of "Joint taxation contribution receivable"	-32.773,00
Assets at 31.03.2020 - corrected	951.944,00
Equity for 2018/20 cf. published annual report	291.794,00
Total Corrections of material errors	-378.873,00
Equity for the year 2018/20 - corrected	-87.079,00
Liabilities at 31.03.2020 cf. published annual report	1.177.173,00
Corrections of "Deffered tax"	-138.150,00
Liabilities at 31.03.2020 - corrected	1.039.023,00

Please refer to the statement of changes in equity in this annual report for the effect on the company's financial position.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

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 is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and other external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises , interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc. comprise development projects in progress with related intellectual property rights and acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.