



## Beyond Leather Materials ApS

Maskinvej 6  
2860 Søborg  
CVR No. 38698729

## Annual report 01.04.2022 - 31.03.2023

The Annual General Meeting adopted the annual  
report on 30.08.2023

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**Steen Ulf Jensen**  
Chairman of the General Meeting

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# Entity details

## Entity

Beyond Leather Materials ApS

Maskinvej 6

2860 Søborg

Business Registration No.: 38698729

Registered office: Gladsaxe

Financial year: 01.04.2022 - 31.03.2023

## Board of Directors

Steen Ulf Jensen

Mikael Eydt

## Executive Board

Mikael Eydt

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Lead Client Service Partner: Mads Fauerskov

# 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 01.04.2022 - 31.03.2023.

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 31.03.2023 and of the results of its operations for the financial year 01.04.2022 - 31.03.2023.

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, 30.08.2023

## Executive Board

**Mikael Eydt**

## Board of Directors

**Steen Ulf Jensen**

**Mikael Eydt**

# 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 01.04.2022 - 31.03.2023, 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 31.03.2023 and of the results of its operations for the financial year 01.04.2022 - 31.03.2023 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's 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, 30.08.2023

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Rasmus Villadsen Madsen**

State Authorised Public Accountant  
Identification No (MNE) mne45822

# Management commentary

## Primary activities

The Company's main purpose is to develop, produce and sell a leather alternative material based on apple waste.

## Development in activities and finances

The Company's income statement for 2022/23 shows a loss of DKK 1,270k against DKK 1,877k last year.

The realized loss for the year follows management's expectations set out in the budget for the year, as there is continued focus on the development of the company's product LEAP.

In the coming year, no major changes to the company's operations are expected.

During 2022/23, the Company has achieved a significant milestone regarding the development of LEAP, which is why the classification of the Company's development projects as of 31.03.2023 has been transferred to completed development projects.

Included in the company's liabilities are substantial amounts relating to grants received in connection with the development of LEAP. The grant amount will be written off in the income statement in alignment with the lifetime of completed development projects.

The company has lost more than 50 % of the contributed capital and the company is therefore subject to the Capital loss rules of the Danish companies Act § 119. Management has re-establish the equity through a capital increase in April 2023.

## 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

Management has re-establish the equity through a capital increase in April 2023. No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.



# Income statement for 2022/23

	Notes	2022/23 DKK	2021/22 DKK
<b>Gross profit/loss</b>		<b>1,792,998</b>	<b>357,874</b>
Staff costs	2	(2,983,008)	(2,333,482)
Depreciation, amortisation and impairment losses		(386,555)	(79,052)
<b>Operating profit/loss</b>		<b>(1,576,565)</b>	<b>(2,054,660)</b>
Other financial income		1,485	446
Other financial expenses		(639,491)	(332,943)
<b>Profit/loss before tax</b>		<b>(2,214,571)</b>	<b>(2,387,157)</b>
Tax on profit/loss for the year	3	944,199	509,768
<b>Profit/loss for the year</b>		<b>(1,270,372)</b>	<b>(1,877,389)</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(1,270,372)	(1,877,389)
<b>Proposed distribution of profit and loss</b>		<b>(1,270,372)</b>	<b>(1,877,389)</b>

# Balance sheet at 31.03.2023

## Assets

	Notes	2022/23 DKK	2021/22 DKK
Completed development projects	5	8,367,983	0
Acquired rights		40,726	71,271
Development projects in progress	5	0	4,076,169
<b>Intangible assets</b>	4	<b>8,408,709</b>	<b>4,147,440</b>
Other fixtures and fittings, tools and equipment		1,175,493	1,112,651
Leasehold improvements		286,633	261,975
<b>Property, plant and equipment</b>	6	<b>1,462,126</b>	<b>1,374,626</b>
Deposits		620,152	695,999
<b>Financial assets</b>		<b>620,152</b>	<b>695,999</b>
<b>Fixed assets</b>		<b>10,490,987</b>	<b>6,218,065</b>
Raw materials and consumables		15,000	15,000
<b>Inventories</b>		<b>15,000</b>	<b>15,000</b>
Trade receivables		9,381	9,855
Other receivables		43,721	152,754
Income tax receivable	7	944,199	509,768
Receivables from owners and management	8	59,980	18,989
Prepayments		5,500	0
<b>Receivables</b>		<b>1,062,781</b>	<b>691,366</b>
<b>Cash</b>		<b>417,527</b>	<b>1,306,299</b>
<b>Current assets</b>		<b>1,495,308</b>	<b>2,012,665</b>
<b>Assets</b>		<b>11,986,295</b>	<b>8,230,730</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022/23</b> <b>DKK</b>	<b>2021/22</b> <b>DKK</b>
Contributed capital		54,827	54,827
Reserve for development expenditure		6,527,027	3,179,412
Retained earnings		(8,134,539)	(3,516,552)
<b>Equity</b>		<b>(1,552,685)</b>	<b>(282,313)</b>
Debt to other credit institutions		4,337,504	4,815,211
Convertible and dividend-yielding debt instruments		0	1,735,595
Other payables		70,832	69,375
<b>Non-current liabilities other than provisions</b>	<b>9</b>	<b>4,408,336</b>	<b>6,620,181</b>
Current portion of non-current liabilities other than provisions	9	828,395	0
Convertible and dividend-yielding debt instruments		3,867,397	0
Trade payables		112,468	674,980
Other payables		211,321	231,440
Deferred income		4,111,063	986,442
<b>Current liabilities other than provisions</b>		<b>9,130,644</b>	<b>1,892,862</b>
<b>Liabilities other than provisions</b>		<b>13,538,980</b>	<b>8,513,043</b>
<b>Equity and liabilities</b>		<b>11,986,295</b>	<b>8,230,730</b>
Going concern	1		
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		

# Statement of changes in equity for 2022/23

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	54,827	3,179,412	(3,516,552)	(282,313)
Transfer to reserves	0	3,347,615	(3,347,615)	0
Profit/loss for the year	0	0	(1,270,372)	(1,270,372)
<b>Equity end of year</b>	<b>54,827</b>	<b>6,527,027</b>	<b>(8,134,539)</b>	<b>(1,552,685)</b>

The company has lost more than 50 % of the contributed capital and the company is therefore subject to the Capital losses rules of the Danish companies Act § 119.

# Notes

## 1 Going concern

The company is in the development phase of its growth journey, which is why the focus is primarily on the development of the product and not sales. Therefore, external financing must be obtained on an ongoing basis to ensure liquidity for operations.

As previously mentioned, the company has made a capital increase in April 2023, and they expect to be able to service the obligations by further capital additions in the coming financial year.

## 2 Staff costs

	<b>2022/23</b>	<b>2021/22</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	2,796,226	2,223,141
Pension costs	124,500	9,750
Other social security costs	70,933	84,163
Other staff costs	(8,651)	16,428
	<b>2,983,008</b>	<b>2,333,482</b>
Average number of full-time employees	<b>7</b>	<b>7</b>

## 3 Tax on profit/loss for the year

	<b>2022/23</b>	<b>2021/22</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	(944,199)	(509,768)
	<b>(944,199)</b>	<b>(509,768)</b>

## 4 Intangible assets

	<b>Completed development projects DKK</b>	<b>Acquired rights DKK</b>	<b>Development projects in progress DKK</b>
Cost beginning of year	0	90,169	4,076,169
Transfers	8,367,983	0	(8,367,983)
Additions	0	0	4,291,814
<b>Cost end of year</b>	<b>8,367,983</b>	<b>90,169</b>	<b>0</b>
Amortisation and impairment losses beginning of year	0	(18,898)	0
Amortisation for the year	0	(30,545)	0
<b>Amortisation and impairment losses end of year</b>	<b>0</b>	<b>(49,443)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>8,367,983</b>	<b>40,726</b>	<b>0</b>

## 5 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 - Leap - has in FY22/23 completed fase 1 of its development, and is now ready for specific industries such as small leather goods, packaging and home decor.

The continued developmend of fase 2 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 DKK 8,368k. The development project is expected to generate positive future cash flows exceeding the recognised value.

## 6 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improvements DKK</b>
Cost beginning of year	1,215,334	261,975
Additions	363,800	79,710
<b>Cost end of year</b>	<b>1,579,134</b>	<b>341,685</b>
Depreciation and impairment losses beginning of year	(102,683)	0
Depreciation for the year	(300,958)	(55,052)
<b>Depreciation and impairment losses end of year</b>	<b>(403,641)</b>	<b>(55,052)</b>
<b>Carrying amount end of year</b>	<b>1,175,493</b>	<b>286,633</b>

## 7 Tax receivable

The receivable corporation tax recognised in the balance sheet relates to the application of the tax credit scheme under section 8X of the Danish Tax Assessment Act, whereby the company can receive the tax value of tax losses arising from research and development costs.

Based on the review of the criteria for the application of the scheme, it is the management's opinion that the company is entitled to use the scheme and the recognition has been made on the basis of this assessment.

However, whether the criteria for the application of the scheme are met is based on a discretionary assessment. As a result, there may be a risk that the tax authorities consider that the criterias are not met. In such cases, the receivable will have to be returned in whole or in part to the profit and loss account in subsequent financial years.

## 8 Receivables from owners and management

Receivables from owners and management includes a receivable from the former parent company Trash to Cash ApS.

## 9 Non-current liabilities other than provisions

	<b>Due within 12 months 2022/23 DKK</b>	<b>Due after more than 12 months 2022/23 DKK</b>
Debt to other credit institutions	828,395	4,337,504
Other payables	0	70,832
	<b>828,395</b>	<b>4,408,336</b>

## 10 Unrecognised rental and lease commitments

	<b>2022/23 DKK</b>	<b>2021/22 DKK</b>
Liabilities under rental or lease agreements until maturity in total	<b>6,236,000</b>	<b>7,807,000</b>

## 11 Contingent liabilities

The Entity participated in a Danish joint taxation arrangement where Trash to Cash ApS served as the administration company until february 2022. 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 a few provisions for reporting class C.

## Changes in accounting policies

The Entity has changed its accounting policies with regard to presentation of own work capitalized and regarding cash flow statement.

The change in accounting policies regarding own work capitalized has not led to a decrease or increase in equity, assets or liabilities. Own work capitalized was previous shown as a deduct of staff cost, but is now presented on a seperate line, as part of gross profit.

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year with minor reclassifications.

## 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.



## 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.

### Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

### 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 of interest income.

### Other financial expenses

Other financial expenses comprises of interest expenses.

### 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, equipment and leasehold improvements.**

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:

	<b>Useful life</b>
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

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.

**Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

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