

Cellugy ApS

Maskinvej 5, 2860 Søborg
CVR no. 39 46 37 25

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 22.03.24

Thomas Bagge Dujardin
Dirigent



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The company

Cellugy ApS
c/o Alfa Laval Innovation House Copenhagen
Maskinvej 5
2860 Søborg
Registered office: Søborg
CVR no.: 39 46 37 25
Financial year: 01.01 - 31.12

Executive Board

Isabel Alvarez Martos

Board of Directors

Thomas Bagge Dujardin, chairman
Jakob Rybak-Andersen
Jonas Ahm-Lundgren
Damien Alan Perriman

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for Cellugy ApS.

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

The financial statements have not been audited, and we declare that the relevant conditions have been met.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.23 and of the results of the company's activities for the financial year 01.01.23 - 31.12.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Soeborg, Copenhagen, March 22, 2024

Executive Board

Isabel Alvarez Martos

Board of Directors

Thomas Bagge Dujardin
Chairman

Jakob Rybak-Andersen

Jonas Ahm-Lundgren

Damien Alan Perriman

To the management of Cellugy ApS

Based on the company's accounting material and other information provided by management, we have compiled the financial statements of Cellugy ApS for the financial year 01.01.23 - 31.12.23.

The financial statements comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies.

We performed this compilation engagement in accordance with ISRS 4410, Engagements to Compile Financial Statements.

We have applied our professional expertise to assist management with the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Act on Approved Auditors and Audit Firms and the code of ethics of International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), including principles of integrity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile them are management's responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by management for the compilation of the financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether the financial statements are prepared in accordance with the Danish Financial Statements Act.

Aarhus, March 22, 2024

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Lasse Glud Dybbøl
State Authorized Public Accountant
MNE-no. mne47767

Primary activities

The company main activities consist of development, manufacturing, marketing, sale, and distribution of products based on bacterial cellulose, functionalized bacteria cellulose, and formulated bacterial cellulose for diverse market applications.

Development in activities and financial affairs

The income statement for the period 01.01.23 - 31.12.23 shows a profit/loss of DKK -7,983,323 against DKK -674,189 for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK -131,381.

The management considers the net profit for the year to be as expected.

Information on going concern

We refer to the notes (1) for description about the company's ability to continue operations.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2023 DKK	2022 DKK
	Gross result	-4,093,962	4,046,637
2	Staff costs	-5,730,182	-4,822,742
	Loss before depreciation, amortisation, write-downs and impairment losses	-9,824,144	-776,105
3	Financial income	27,501	443
	Financial expenses	-382,569	-48,146
	Loss before tax	-10,179,212	-823,808
	Tax on loss for the year	2,195,889	149,619
	Loss for the year	-7,983,323	-674,189
Proposed appropriation account			
	Retained earnings	-7,983,323	-674,189
	Total	-7,983,323	-674,189

ASSETS		31.12.23	31.12.22
		DKK	DKK
Note			
	Deposits	0	61,265
	Total investments	0	61,265
	Total non-current assets	0	61,265
	Receivables from group enterprises	193,851	40,735
	Income tax receivable	2,195,889	149,619
	Other receivables	1,339,201	601,755
	Total receivables	3,728,941	792,109
	Cash	3,316,209	1,241,292
	Total current assets	7,045,150	2,033,401
	Total assets	7,045,150	2,094,666

EQUITY AND LIABILITIES		31.12.23	31.12.22
		DKK	DKK
Note			
	Share capital	67,791	43,478
	Retained earnings	-199,172	-2,096,094
	Total equity	-131,381	-2,052,616
	Other payables	5,366,667	0
	Total long-term payables	5,366,667	0
	Trade payables	500,779	452,644
	Other payables	204,610	2,079,846
	Deferred income	1,104,475	1,614,792
	Total short-term payables	1,809,864	4,147,282
	Total payables	7,176,531	4,147,282
	Total equity and liabilities	7,045,150	2,094,666

4 Contingent liabilities

Statement of changes in equity

Figures in DKK	Share capital	Share premium	Retained earnings	Total equity
Statement of changes in equity for 01.01.23 - 31.12.23				
Balance as at 01.01.23	43,478	0	-2,096,094	-2,052,616
Capital increase	24,313	9,880,245	0	9,904,558
Transfers to/from other reserves	0	-9,880,245	9,880,245	0
Net profit/loss for the year	0	0	-7,983,323	-7,983,323
Balance as at 31.12.23	67,791	0	-199,172	-131,381

1. Information as regards going concern

Throughout fiscal year 2023, Cellugy ApS focused on building a robust foundation for long-term growth, resulting in anticipated losses totaling 7,983,323 DKK. Despite this, the equity improved to negative 131,381 DKK.

To ensure sustained operations and accelerate growth, Cellugy actively pursued fundraising initiatives primarily through equity options, leveraging the company's technology platform and team strength. The target for closing fundraising is set for the end of Q1-2024, which is a premise for continued operations.

Despite financial challenges, Management remains highly optimistic about Cellugy's future prospects, supported by promising customer validation results and significant product development progress.

In conclusion, despite the lack of revenue and incurred losses in fiscal year 2023, management is confident in the company's strategic direction. They have decided to continue operations based on promising market potential, ongoing product and technology development efforts, as well as fundraising initiatives.

On this basis, management has presented the annual report assuming continued operation.

	2023 DKK	2022 DKK
2. Staff costs		
Wages and salaries	4,877,497	3,959,138
Pensions	507,085	466,063
Other social security costs	71,899	82,737
Other staff costs	273,701	314,804
Total	5,730,182	4,822,742
Average number of employees during the year	8	9

2023 2022

	DKK	DKK
3. Financial income		
Interest, group enterprises	3,497	0
Other financial income	24,004	443
Total	27,501	443

4. Contingent liabilities

Other contingent liabilities

The company is taxed jointly with the other companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

5. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

5. Accounting policies - continued -

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

INCOME STATEMENT

Gross result

Gross result comprises other operating income and raw materials and consumables and other external expenses.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise selling costs, cost of premises and administrative expenses as well as other capacity costs, including bad debts to the extent that these do not exceed normal write-downs.

5. Accounting policies - continued -

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

5. Accounting policies - continued -

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Cash

Cash includes deposits in bank account.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

5. Accounting policies - continued -

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.