



Beyond Leather Materials ApS

Maskinvej 6
2860 Søborg
CVR No. 38698729

Annual report 01.04.2023 - 31.03.2024

The Annual General Meeting adopted the annual
report on 03.10.2024

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: 01.04.2023 - 31.03.2024

Board of Directors

Steen Ulf Jensen
Mikael Eyd
Heidi Boye
Sicco Dirk Roorda

Executive Board

Mikael Eyd

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 01.04.2023 - 31.03.2024.

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 31.03.2024 and of the results of its operations for the financial year 01.04.2023 - 31.03.2024.

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, 03.10.2024

Executive Board

Mikael Eydt

Board of Directors

Steen Ulf Jensen

Mikael Eydt

Heidi Boye

Sicco Dirk Roorda

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 01.04.2023 - 31.03.2024, 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 31.03.2024 and of the results of its operations for the financial year 01.04.2023 - 31.03.2024 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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 03.10.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Rasmus Volert 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 2023/24 shows a loss of DKK 3,191k against DKK 1,270k 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 2023/24, the Company has further achieved significant milestones regarding the development of LEAP, which has been launched commercially in may 2024.

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 depreciated in the income statement in alignment with the lifetime of completed development projects.

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 approved a financing round in september 2024 securing liquidity for the coming financial year. 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 2023/24

	Notes	2023/24 DKK	2022/23 DKK
Gross profit/loss		3,032,204	1,939,997
Staff costs	2	(4,124,191)	(3,130,007)
Depreciation, amortisation and impairment losses		(2,279,735)	(386,555)
Operating profit/loss		(3,371,722)	(1,576,565)
Other financial income		3,500	1,485
Other financial expenses		(842,277)	(639,491)
Profit/loss before tax		(4,210,499)	(2,214,571)
Tax on profit/loss for the year	3	1,019,744	944,199
Profit/loss for the year		(3,190,755)	(1,270,372)
Proposed distribution of profit and loss			
Retained earnings		(3,190,755)	(1,270,372)
Proposed distribution of profit and loss		(3,190,755)	(1,270,372)

Balance sheet at 31.03.2024

Assets

	Notes	2023/24 DKK	2022/23 DKK
Completed development projects	5	12,657,803	8,367,983
Acquired rights		10,181	40,726
Intangible assets	4	12,667,984	8,408,709
Other fixtures and fittings, tools and equipment		859,449	1,175,493
Leasehold improvements		218,296	286,633
Property, plant and equipment	6	1,077,745	1,462,126
Deposits		436,623	620,152
Financial assets		436,623	620,152
Fixed assets		14,182,352	10,490,987
Raw materials and consumables		15,000	15,000
Inventories		15,000	15,000
Trade receivables		86,422	9,381
Receivables from group enterprises		62,386	0
Other receivables		506,318	43,721
Income tax receivable		0	944,199
Joint taxation contribution receivable	7	1,019,744	0
Receivables from owners and management		0	59,980
Prepayments		0	5,500
Receivables		1,674,870	1,062,781
Cash		3,843,703	417,527
Current assets		5,533,573	1,495,308
Assets		19,715,925	11,986,295

Equity and liabilities

	Notes	2023/24 DKK	2022/23 DKK
Contributed capital		65,493	54,827
Reserve for development expenditure		9,873,086	6,527,027
Retained earnings		(8,995,949)	(8,134,539)
Equity		942,630	(1,552,685)
Debt to other credit institutions		3,618,370	4,337,504
Other payables		108,109	70,832
Deferred income		7,990,219	0
Non-current liabilities other than provisions	8	11,716,698	4,408,336
Current portion of non-current liabilities other than provisions	8	2,032,250	828,395
Convertible and dividend-yielding debt instruments		4,176,960	3,867,397
Trade payables		114,269	112,468
Other payables		339,567	211,321
Deferred income		393,551	4,111,063
Current liabilities other than provisions		7,056,597	9,130,644
Liabilities other than provisions		18,773,295	13,538,980
Equity and liabilities		19,715,925	11,986,295
Going concern	1		
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		

Statement of changes in equity for 2023/24

	Contributed capital DKK	Share premium DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	54,827	0	6,527,027	(8,134,539)	(1,552,685)
Increase of capital	10,666	5,790,673	0	0	5,801,339
Costs related to equity transactions	0	0	0	(115,269)	(115,269)
Transfer to reserves	0	(5,790,673)	3,346,059	2,444,614	0
Profit/loss for the year	0	0	0	(3,190,755)	(3,190,755)
Equity end of year	65,493	0	9,873,086	(8,995,949)	942,630

Notes

1 Going concern

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

As mentioned in the management commentary the company has secured financing from current investors in September 2024. This financing ensures sufficient liquidity to continue operations in accordance with budgets for the coming financial year.

2 Staff costs

	2023/24 DKK	2022/23 DKK
Wages and salaries	3,780,788	2,943,225
Pension costs	167,300	124,500
Other social security costs	84,032	70,933
Other staff costs	92,071	(8,651)
	4,124,191	3,130,007
Average number of full-time employees	8	7

3 Tax on profit/loss for the year

	2023/24 DKK	2022/23 DKK
Current tax	(1,019,744)	(944,199)
	(1,019,744)	(944,199)

4 Intangible assets

	Completed development projects DKK	Acquired rights DKK
Cost beginning of year	8,367,983	90,169
Additions	6,154,629	0
Cost end of year	14,522,612	90,169
Amortisation and impairment losses beginning of year	0	(49,443)
Amortisation for the year	(1,864,809)	(30,545)
Amortisation and impairment losses end of year	(1,864,809)	(79,988)
Carrying amount end of year	12,657,803	10,181

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 FY23/24 completed fase 2 of its development, and is now ready for specific industries such as small leather goods, packaging and home decor.

The continued developmend of fase 3 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. The current development is to create a more durable product of leather alternative material.

Management has not identified any indications of impairment in relation to the recognised amount of DKK 12,658k. The development project is expected to generate positive future cash flows exceeding the recognised value.

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	1,579,134	341,685
Cost end of year	1,579,134	341,685
Depreciation and impairment losses beginning of year	(403,641)	(55,052)
Depreciation for the year	(316,044)	(68,337)
Depreciation and impairment losses end of year	(719,685)	(123,389)
Carrying amount end of year	859,449	218,296

7 Joint taxation contribution receivable

The receivable joint taxation contribution 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 Non-current liabilities other than provisions

	Due within 12 months 2023/24 DKK	Due within 12 months 2022/23 DKK	Due after more than 12 months 2023/24 DKK
Debt to other credit institutions	2,032,250	828,395	3,618,370
Other payables	0	0	108,109
Deferred income	0	0	7,990,219
	2,032,250	828,395	11,716,698

9 Unrecognised rental and lease commitments

	2023/24 DKK	2022/23 DKK
Liabilities under rental or lease agreements until maturity in total	4,938,000	6,236,000

10 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Eydt Holding 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. 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.

The accounting policies applied to these financial statements are consistent with those applied last year.

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including salary refunds and depreciated grants.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal 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. Statutory Sick Pay reclaims have been moved from staff costs to other income, in according to ÅRL §13.

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:

	Useful life
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.

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.

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.