
Copenhagen Chocolate Factory ApS

Amager Landevej 123, DK-2770 Kastrup

Annual Report for 2023

CVR No. 32 76 18 44

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 28/6 2024

Mette Kapsch
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	4
Management's Review	5
Financial Statements	
Income Statement 1 January - 31 December	6
Balance sheet 31 December	7
Statement of changes in equity	9
Notes to the Financial Statements	10

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Copenhagen Chocolate Factory ApS for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 28 June 2024

Executive Board

Niels Østenkær
CEO

Board of Directors

David Robson Overby
Chairman

Niels Østenkær

Henrik Gram

Independent Auditor's report

To the shareholder of Copenhagen Chocolate Factory ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Copenhagen Chocolate Factory ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Hellerup, 28 June 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

Claus Carlsson
State Authorised Public Accountant
mne29461

Company information

The Company	Copenhagen Chocolate Factory ApS Amager Landevej 123 2770 Kastrup CVR No: 32 76 18 44 Financial period: 1 January - 31 December Municipality of reg. office: Tårnby
Board of Directors	David Robson Overby, chairman Niels Østenkær Henrik Gram
Executive Board	Niels Østenkær
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's review

Key activities

The objects for which the Company is established are to carry on business in the fields of production and distribution of food and to undertake, perform and carry on all such other things as the board of directors deems incidental to the attainment of such objects.

Development in the year

The income statement of the Company for 2023 shows a loss of DKK 12,356,278, and at 31 December 2023 the balance sheet of the Company shows a negative equity of DKK 3,936,990.

The Company has received a letter of support from Solstra Investments A/S. We refer to note 1 for further information.

The annual report are affected by the company's rebranding of its name as well as the development of new products and packaging during the year. Consequently, there have been expenses totaling 1.8 million DKK for this development.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Gross profit		5,542,500	7,218,563
Staff expenses	2	-15,689,071	-15,411,588
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-1,076,156	-826,227
Profit/loss before financial income and expenses		-11,222,727	-9,019,252
Financial income		3,665	4,406
Financial expenses	3	-1,137,216	-765,171
Profit/loss before tax		-12,356,278	-9,780,017
Tax on profit/loss for the year	4	0	159,157
Net profit/loss for the year		-12,356,278	-9,620,860
 Distribution of profit			
		2023	2022
		DKK	DKK
Proposed distribution of profit			
Retained earnings		-12,356,278	-9,620,860
		-12,356,278	-9,620,860

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Acquired licenses		133,731	145,418
Intangible assets		133,731	145,418
Other fixtures and fittings, tools and equipment		5,447,346	3,664,964
Leasehold improvements		613,841	735,035
Prepayments for property, plant and equipment		0	981,500
Property, plant and equipment		6,061,187	5,381,499
Deposits		8,000	108,000
Fixed asset investments		8,000	108,000
Fixed assets		6,202,918	5,634,917
Raw materials and consumables		762,321	917,023
Work in progress		475,202	357,862
Finished goods and goods for resale		4,448,471	4,775,206
Inventories		5,685,994	6,050,091
Trade receivables		5,092,744	4,636,539
Prepayments		523,023	589,779
Receivables		5,615,767	5,226,318
Cash at bank and in hand		245,021	578,133
Current assets		11,546,782	11,854,542
Assets		17,749,700	17,489,459

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		126,003	126,003
Share premium account		37,075,343	22,498,997
Retained earnings		-41,138,336	-28,782,057
Equity		-3,936,990	-6,157,057
Lease obligations		1,232,709	1,559,871
Other payables		1,075,124	1,038,767
Long-term debt	5	2,307,833	2,598,638
Credit institutions		8,439,158	7,925,602
Lease obligations	5	327,162	309,311
Trade payables		5,640,257	4,875,914
Payables to group enterprises		602,227	3,586,574
Other payables	5	4,370,053	4,350,477
Short-term debt		19,378,857	21,047,878
Debt		21,686,690	23,646,516
Liabilities and equity		17,749,700	17,489,459
Going concern	1		
Contingent assets, liabilities and other financial obligations	6		
Related parties	7		
Accounting Policies	8		

Statement of changes in equity

	Share capital	Share premium account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	126,003	22,498,997	-28,782,058	-6,157,058
Cash capital increase	0	14,576,346	0	14,576,346
Net profit/loss for the year	0	0	-12,356,278	-12,356,278
Equity at 31 December	126,003	37,075,343	-41,138,336	-3,936,990

Notes to the Financial Statements

1. Going concern

At 31 December 2023 the Company has a negative equity and is dependent on financial support from the Parent Company to continue operations.

The Company has received a letter of support from the parent company Solstra Investments A/S. The letter is effective until 1 January 2025.

Based on the above-mentioned support, the Board of Directors and Management have confidence in the company as a going concern, and consequently, the Financial Statements have been prepared in accordance with the going concern principles.

2. Staff Expenses

	2023	2022
	DKK	DKK
Wages and salaries	14,199,515	13,884,240
Pensions	867,367	835,369
Other social security expenses	220,905	245,161
Other staff expenses	401,284	446,818
	<u>15,689,071</u>	<u>15,411,588</u>
Average number of employees	<u>24</u>	<u>24</u>

3. Financial expenses

	2023	2022
	DKK	DKK
Interest paid to group enterprises	32,237	47,506
Other financial expenses	1,100,465	707,161
Exchange adjustments, expenses	4,514	10,504
	<u>1,137,216</u>	<u>765,171</u>

4. Income tax expense

	2023	2022
	DKK	DKK
Current tax for the year	0	-159,157
	<u>0</u>	<u>-159,157</u>

Notes to the Financial Statements

	2023	2022
	DKK	DKK
5. Long-term debt		
Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.		
The debt falls due for payment as specified below:		
Lease obligations		
After 5 years	345,524	230,679
Between 1 and 5 years	887,185	1,329,192
Long-term part	1,232,709	1,559,871
Within 1 year	327,162	309,311
	1,559,871	1,869,182
Other payables		
After 5 years	0	0
Between 1 and 5 years	1,075,124	1,038,767
Long-term part	1,075,124	1,038,767
Other short-term payables	4,370,053	4,350,477
	5,445,177	5,389,244
	2023	2022
	DKK	DKK

6. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

Simple claims, inventories, fixtures and equipment as well as intangible rights as security for the debt.

The assets have a carrying value of DKK 17,496,681, at 31 December 2023.

The security has a maximum value of DKK 4,000,000.

Debt to the company's bank amounts to DKK 8,439,158 at 31 December 2023.

The following assets have been placed as security for lease obligations:

Notes to the Financial Statements

	2023	2022
	DKK	DKK
6. Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	3,160,152	2,945,921
Between 1 and 5 years	1,613,866	2,234,512
	4,774,018	5,180,433
Including rental agreements within 1 year related to group enterprises	3,596,212	2,472,956
Other contingent liabilities		

The Danish group companies are jointly and severally liable for tax of the Group's jointly taxed income etc. The total amount is stated in the Annual Report of Solstra Investments A/S, which is the administration company in relation to joint taxation. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

7. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of Solstra Investments A/S:

Name	Place of registered office
Solstra Investments A/S	Copenhagen

The Group Annual Report of Solstra Investments A/S may be obtained at the following address:

Solstra Investments A/S
 Amaliegade 24, st.
 DK-1256 Copenhagen C
 Denmark

The Company is included in the Consolidated Financial Statements of the ultimate parent company Solstra Holdings Cyprus Ltd. As a result of the legislation in Cyprus the Consolidated Financial Statements are not published.

Notes to the Financial Statements

8. Accounting policies

The Annual Report of Copenhagen Chocolate Factory ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Notes to the Financial Statements

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution, marketing, administration, bad debts as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, change in inventories of finished goods, work in progress and goods for resale and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Other intangible fixed assets

Software licences are measured at the lower of cost less accumulated and amortisation and recoverable amount.

Licences are amortised over the licence period; however not exceeding 5 years.

Projects that do not meet criteria for recognition in the balance sheet are recognized as expenses in the income statement as incurred.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Notes to the Financial Statements

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-15 years
Leasehold improvements	3-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of rent deposits and are measured at amortised cost.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums. Prepayments are measured at cost.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.