Copenhagen Coffee Lab Holding ApS

Bådehavnsgade 44F, 2450 Copenhagen SW

CVR no. 35 03 64 74

Annual report 2023

Approved at the Company's annual general meeting on 17 July 2024

Chair of the meeting:

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Steen Skallebæk

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Copenhagen Coffee Lab Holding 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 consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2023 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 17 July 2024
Executive Board:

Steen Skallebæk

Board of Directors:

Ole Schielder Kristoffersen Chairman	Steen Skallebæk	Jacob Schmidt Karlsen
Allan Krogsgaard Nielsen		

Independent auditor's report

To the shareholders of Copenhagen Coffee Lab Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Copenhagen Coffee Lab Holding ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 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 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 consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent Company 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 as to 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 the 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:

Independent auditor's report

- 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Aabenraa, 17 July 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Mortensen
State Authorised Public Accountant
mne32743

Management's review

Company details

Name	Copenhagen Coffee Lab Holding ApS
Address, Postal code, City	Bådehavnsgade 44F, 2450 Copenhagen SW
CVR no.	35 03 64 74
Established	28 January 2013
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Ole Schielder Kristoffersen, Chairman Steen Skallebæk Jacob Schmidt Karlsen Allan Krogsgaard Nielsen
Executive Board	Steen Skallebæk
Auditors	EY Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark

Management's review

Financial highlights for the Group

EUR'000	2023	2022	2021	2020	2019
Key figures					
Gross profit	9,839	8,288	4,885	2,064	1,917
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-825	-1,299	-2,324	-2,884	-2,395
Operating profit/loss	-1,944	-2,385	-3,402	-3,671	-3,036
Profit before interest and tax (EBIT)	-1,968	-2,384	-3,218	-4,647	-6,112
Net financials	-1,170	-761	-802	-388	667
Profit/loss before tax	-3,138	-3,144	-4,019	-3,948	-2,368
Profit/loss for the year	-3,154	-3,251	-3,731	-3,972	-2,201
Total assets	12,459	10,918	10,365	7,828	8,041
Investments in property, plant and equipment	1,613	1,667	2,729	1,503	3,787
Equity	-15,934	-13,018	-9,769	-6,040	-2,034
Cash flows from operating activities	-2,624	-1,546	-2,646	-2,808	-4,682
Net cash flows from investing activities	-1,816	-1,644	-3,035	-1,633	-2,955
Cash flows from financing activities	4,556	3,125	5,738	4,059	7,791
Total cash flows	116	-65	57	-382	154
Financial ratios					
Equity ratio	-124.7%	-119.2%	-94.2%	-77.2%	-25.3%

For terms and definitions, please see the accounting policies.

Management's review

Business review

The group's principal activity is to operate a café business with its own bakery production and coffee roastery.

Financial review

The income statement for 2023 shows a loss of EUR 3,154 thousand against a loss of EUR 3,251 thousand last year, and the balance sheet at 31 December 2023 shows a negative equity of EUR 15,934 thousand. In the annual report for 2022 the group expected a profit before tax in the range of EUR -1 million to EUR 0 thousand. The decrease in this year's result compared to the expected can primarily be attributed to increased cost levels due to inflation, the general level of interest rates, and the establishment of new cafes. The result for the year is considered unsatisfactory. Considering the group's performance, the shareholders have issued a strong letter of support. The liquidity contingency are hereby considered secured.

During 2023 Copenhagen Coffee Lab opened new stores across Europe and experienced increased revenue in all markets. The company has continued our initiated operational initiatives to strengthen the organization and to support future growth and especially profitability, which will continue into 2024.

The management expects to generate profit and return on investment in the long term.
The company is dependent on the parent company continuing to provide credit. In this regard, the parent company has declared that it will maintain the credit line. Furthermore, the company's ultimate shareholders has also declared a willingness to provide additional liquidity in the fiscal year 2024 to the extent that it proves necessary for the company to fulfill its obligations.

Recognition and measurement uncertainties

The parent company has recognized a receivable from group enterprises amounting to EUR 4,992 thousand. Uncertainty is associated with this measurement, as the value depends on the future earnings of the underlying companies. Historically, and in the fiscal year, some of the companies have been unprofitable. However, the budgets for 2024 indicate an expectation of positive results for these companies.

Knowledge resources

The Group's workforce consists of 287 employees (average number of full-time employees).

The current composition of employees does not entail dependence on individual competences.

The current staff is assessed to have good market knowledge as well as good professional skills within their respective areas of work.

Impact on the external environment

The group is committed to being environmentally conscious and actively works towards reducing the environmental impacts of its operations. This means that the company takes environmental considerations seriously and implements various measures and practices to mitigate its environmental footprint.

The management believes that the company's activities do not impose a significant burden on the external environment.

The group is exposed to climate-related risks primarily from sudden and unforeseen fluctuations changes in raw materials and energy expenses. The management team consistently tracks the pricing and production projections for all key product categories involved in manufacturing. Management proactively strive to reduce the risks associated with price surges and inventory shortages by establishing strong business relations.

Outlook

EBITDA is expected in the range EUR 0,5 – 1 million.

A detailed description of fiscal year 2023 and the expectations for 2024 can be found in Note 11, under the section 'Prerequisites for Valuation of Investments'.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

		Group		Parent company	
Note	EUR'000	2023	2022	2023	2022
	Gross profit	9,839	8,288	646	489
4	Staff costs	-10,563	-9,587	-539	-354
	Depreciation of property, plant and equipment	-1,143	-1,084	0	0
	Other operating expenses	-101	0	-12	0
	Profit/loss before net financials	-1,968	-2,383	95	135
	Income from investments in group enterprises	266	0	266	0
5	Financial income	50	41	980	828
6	Financial expenses	-1,486	-802	-1,498	-744
	Profit/loss before tax	-3,138	-3,144	-157	219
7	Tax for the year	-16	-107	78	-49
	Profit/loss for the year	-3,154	-3,251	-79	170

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	EUR'000	2023	2022	2023	2022
	ASSETS				
	Fixed assets				
9	**Intangible assets**				
	Acquired intangible assets	735	539	0	0
	Goodwill	67	81	0	0
		802	620	0	0
10	**Property, plant and equipment**				
	Fixtures and fittings, other plant and equipment	2,248	2,678	0	10
	Leasehold improvements	6,089	5,136	0	0
		8,337	7,814	0	10
11	**Investments**				
	Investments in group entities	0	0	4,992	5,214
	Other receivables	660	739	660	739
	Deposits, investments	274	188	11	8
		934	927	5,663	5,961
	Total fixed assets	10,073	9,361	5,663	5,971
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	307	378	0	0
	Finished goods and goods for resale	270	136	0	0
	Prepayments for goods	9	49	0	0
		586	563	0	0
	Receivables				
	Trade receivables	446	262	0	0
	Receivables from group entities	0	0	21,469	17,377
14	Deferred tax assets	22	27	23	24
	Joint taxation contribution receivable	0	0	79	56
	Other receivables	833	391	483	12
12	Prepayments	121	52	2	1
		1,422	732	22,056	17,470
	Cash	378	262	2	6
	Total non-fixed assets	2,386	1,557	22,058	17,476
	TOTAL ASSETS	12,459	10,918	27,721	23,447

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	EUR'000	2023	2022	2023	2022
	EQUITY AND LIABILITIES				
	Equity				
13	Share capital	723	723	723	723
	Foreing currency translation reserve	-30	-30	0	0
	Retained earnings	-16,224	-13,711	684	763
	Shareholders in Copenhagen Coffee Lab Holding ApS' share of equity	-15,531	-13,018	1,407	1,486
	Non-controlling interests	-403	0	0	0
	Total equity	-15,934	-13,018	1,407	1,486
	Liabilities other than provisions				
15	**Non-current liabilities other than provisions**				
16	Subordinate loan capital	7,091	6,858	7,091	6,858
	Other payables	1,080	1,641	1,080	1,641
		8,171	8,499	8,171	8,499
	Current liabilities other than provisions				
15	Short-term part of long-term liabilities other than provisions	656	397	656	397
	Bank debt	7,849	8,133	7,841	8,124
	Prepayments received from customers	31	12	0	0
	Trade payables	1,873	1,005	29	4
	Payables to group entities	0	0	382	142
	Payables to shareholders and management	9,066	4,696	9,066	4,696
	Other payables	733	1,194	169	99
	Deferred income	14	0	0	0
		20,222	15,437	18,143	13,462
	Total liabilities other than provisions	28,393	23,936	26,314	21,961
	TOTAL EQUITY AND LIABILITIES	12,459	10,918	27,721	23,447

1 Accounting policies
2 Recognition and measurement uncertainties
3 Events after the balance sheet date
8 Appropriation of profit/loss
17 Contractual obligations and contingencies, etc.
18 Security and collateral
19 Related parties

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

		Group					
Note	EUR'000	Share capital	Foreing currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Equity at 1 January 2023	723	-30	-13,711	-13,018	0	-13,018
	Transfer through appropriation of loss	0	0	-3,154	-3,154	0	-3,154
	Sale of minority interest	0	0	641	641	-403	238
	Equity at 31 December 2023	723	-30	-16,224	-15,531	-403	-15,934

		Parent company		
Note	EUR'000	Share capital	Retained earnings	Total
	Equity at 1 January 2023	723	763	1,486
8	Transfer, see "Appropriation of profit/loss"	0	-79	-79
	Equity at 31 December 2023	723	684	1,407

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	EUR'000	Group 2023	Group 2022
	Profit/loss for the year	-3,154	-3,251
20	Adjustments	2,546	1,924
	Cash generated from operations (operating activities)	-608	-1,327
21	Changes in working capital	-580	548
	Cash generated from operations (operating activities)	-1,188	-779
	Interest received, etc.	50	41
	Interest paid, etc.	-1,486	-808
	Cash flows from operating activities	-2,624	-1,546
	Additions of intangible assets	-196	-6
	Additions of property, plant and equipment	-1,613	-1,667
	Disposals of property, plant and equipment	10	45
	Repayments received, loans	-7	-11
	Other cash flows from investing activities	-10	-5
	Cash flows to investing activities	-1,816	-1,644
	Sale of shares	237	0
	Debt to banks	-400	79
	Debt to shareholders	4,719	3,046
	Cash flows from financing activities	4,556	3,125
	Net cash flow	116	-65
	Cash and cash equivalents at 1 January	262	327
22	**Cash and cash equivalents at 31 December**	378	262

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Copenhagen Coffee Lab Holding ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in euros (EUR), as the Company's most significant transactions are settled in EUR.

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company. The subsidiaries comprise of Copenhagen Coffee Lab ApS (Stake: 70% in 2023 and 100% in 2022), Klemmen Espressoservice ApS (Stake: 70% in 2023 and 100% in 2022), CCL Copenhagen ApS (Stake: 95% in 2023 and 100% in 2022), Copenhagen Coffee Lab Hamburg GmbH (Stake: 100%), Copenhagen Coffee Lab Ruhr GmbH (Stake: 100%), CCL Unipessoal LDA (Stake: 88% in 2023 and 100% in 2022), CCL Côte d'Azur SAS (Stake: 90% in 2023 and 100% in 2022), CCL PeopleCo Lisbon ApS (Stake: 88%), CCL PeopleCo Copenhagen ApS (Stake: 95%) and CCL Côte dAzur ApS (Stake: 90%).

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual group entities' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of group entities are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of group entities which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest.

Goodwill relating to the non-controlling interests' share of the acquiree is recognised.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign group entities and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign group entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the sale, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Licence and royalty income is recognised over the term of the agreement in accordance with the contents of the agreement.

Revenue from time limited software licences is accrued and recognised on a straight line basis over the term of the licence according to the terms of the licence agreement.

Sale of indefinite software licences is recognised as sale of goods whereby revenue is recognised when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, cost of sales, change in inventories of finished goods and work in progress, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other operating income

Other operating income and operating expenses comprise items of a secondary nature relative to the Group's core activities, including gains or losses on the sale of fixed assets.

Raw materials and consumables

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Goodwill	10 years
Intangible assets	0-10 years

The company's acquisitions are considered to be of strategic importance to the corporation. Taking into account of the groups' expected plans for increasing activities and earnings, the economic life of the goodwill has been determined to be 10 years.

Intangible assets that do not undergo impairment are location goodwill also known as "key money". The residual value of location goodwill is considered to be equal the cost price.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-25 years
Leasehold improvements	3-25 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

Profit/loss from investments in group entities

The item includes dividend received from group entities in so far as the dividend does not exceed the accumulated earnings in the group entity in the period of ownership.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish group entities. Group entities are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years.

Other intangible assets include acquired intangible rights, including licences and distribution rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Items of Leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Deposits, investments

The deposits are measured at cost less accumulated amortisation and impairment losses. In cases where the cost price exceeds the net realizable value, it is written down to this lower value.

Investments in group entities

Investments in group entities and associates are measured at cost. Dividends received that exceed the accumulated earnings in the group entity or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Gains and losses on disposal of group entities and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Group's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Subordinate loan capital

Liabilities where the creditors have stated they are willing to subordinate their claim to rank after all the entity's other creditors are presented as subordinate loan capital. Subordinate loan capital is recognised using the same method as applies to liabilities.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before net financials +/- Other operating income and other operating expenses
Equity ratio	$\frac{\text{Equity excl. non-controlling interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$

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Notes to the financial statements

2 Recognition and measurement uncertainties

In the parent company's balance sheet, investments in group enterprises and receivables from group enterprises are recognized at EUR 4,992 thousand and EUR 21,469 thousand, respectively. These are the parent company's main assets. On a consolidated basis, the total equity amounts to EUR -15,934 thousand.

Based on a DCF-model, management has calculated an enterprise value for the group that substantiates that there is no need to impair the investments in group enterprises or the receivables from group enterprises.

Due to an expansive business case with investments in new cafes, the central part of the enterprise value is expected in the latter half of the estimation period. Therefore, a relatively long time horizon for the return on investment is expected, which means that the assumptions on which the valuation is based are subject to uncertainty.

If the assumptions used develop negatively and there may be a need for additional financing, the majority shareholders have committed that they will provide additional capital as the need arises.

3 Events after the balance sheet date

No events materially affecting the Group's and the Copenhagen Coffee Lab Holding ApS' financial position have occurred subsequent to the financial year-end.

		Group		Parent company	
	EUR'000	2023	2022	2023	2022
4	**Staff costs**				
	Wages/salaries	9,065	9,463	472	310
	Pensions	121	92	49	36
	Other social security costs	1,359	27	9	8
	Other staff costs	18	5	9	0
		10,563	9,587	539	354
	Average number of full-time employees	287	243	4	4
	Remuneration to members of Management:				
	Executive Board	83	209	83	209
	Board of Directors	0	0	0	0
		83	209	83	209
5	**Financial income**				
	Interest receivable, group entities	0	0	932	777
	Other financial income	50	41	48	51
		50	41	980	828

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	EUR'000	2023	2022	2023	2022
6	**Financial expenses**				
	Interest expenses, group entities	0	0	13	0
	Other financial expenses	1,486	802	1,485	744
		1,486	802	1,498	744
7	**Tax for the year**				
	Estimated tax charge for the year	12	56	0	0
	Deferred tax adjustments in the year	4	107	1	105
	Refund in joint taxation	0	-56	-79	-56
		16	107	-78	49

		Parent company	
	EUR'000	2023	2022
8	**Appropriation of profit/loss**		
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-79	170
		-79	170

9 **Intangible assets**

	Group		
EUR'000	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2023	539	107	646
Additions	196	0	196
Cost at 31 December 2023	735	107	842
Impairment losses and amortisation at 1 January 2023	0	26	26
Amortisation for the year	0	14	14
Impairment losses and amortisation at 31 December 2023	0	40	40
Carrying amount at 31 December 2023	735	67	802

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

10 Property, plant and equipment

	Group		
EUR'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2023	3,890	6,657	10,547
Additions	311	1,302	1,613
Disposals	-10	0	-10
Transferred	-559	569	10
Cost at 31 December 2023	3,632	8,528	12,160
Impairment losses and depreciation at 1 January 2023	1,212	1,521	2,733
Depreciation	445	645	1,090
Transferred	-273	273	0
Impairment losses and depreciation at 31 December 2023	1,384	2,439	3,823
Carrying amount at 31 December 2023	2,248	6,089	8,337

Note 18 provides more details on security for loans, etc. as with regards property, plant and equipment.

11 Investments

	Group		
EUR'000	Other receivables	Deposits, investments	Total
Cost at 1 January 2023	739	188	927
Additions	0	90	90
Disposals	-79	-4	-83
Cost at 31 December 2023	660	274	934
Carrying amount at 31 December 2023	660	274	934

	Parent company			
EUR'000	Investments in group entities	Other receivables	Deposits, investments	Total
Cost at 1 January 2023	5,214	739	8	5,961
Additions	2,342	0	3	2,345
Disposals	-2,564	-79	0	-2,643
Cost at 31 December 2023	4,992	660	11	5,663
Carrying amount at 31 December 2023	4,992	660	11	5,663

Prerequisites for valuation of Investments

In the Parent Company's balance sheet, investments in group enterprises and receivables from group enterprises are recognized at EUR 4,992 thousand and EUR 21,469 thousand, respectively. These are considered the main assets of the Parent Company. On a consolidated basis, the total equity amounts to EUR -15,934 thousand

The management has used a discounted cash flow (DCF) model to calculate the enterprise value of the group. According to this valuation, there is no need to impair the investments in group enterprises or the receivables from group enterprises. The fair value of enterprise is calculated based on the groups budget that is made on the current market situation and expectations for the future based on the knowledge at the time of the annual general meeting. This budget expresses a normalized operating result and is used in combination with an average return requirement of 12.35% to calculate the fair value following a return-based model. Applied fair value level for the assessment of fair value: Level 3.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

11 Investments (continued)

The fiscal year 2023 was influenced by a confluence of external variables. The escalation in costs for raw materials and production, which began last year, persisted into the financial year 2023, reaching its peak in the first six months. In addition to the rising production costs, the companies within the group experienced adverse effects from the general market inflation that soared beyond established historical benchmarks, increasing the overall cost structure. In the second half of 2023, there was a notable decrease in the prices of raw materials and the overall cost structure, a trend that is projected to result in cost savings throughout the year 2024. Despite consumer reluctance, the company has opened new stores across Europe and experienced increased revenue in all markets. The investment in new shops across Europe during 2023 is expected to have a positive impact on the business.

The year 2024 is expected to mark a certain level of normalization across the business, as market inflation has been more moderate. The year 2024 continues revenue growth from the prior year, and this growth is expected to persist throughout 2024. The company has continued to initiate operational initiatives to strengthen the organization and to support future growth, especially in profitability, which will continue into 2024. The valuation of the group considers both the risks associated with external factors impacting the business and the expected normalization in the market. The company projects substantial growth in revenue and earnings in 2024, followed by more moderate to solid growth from 2025 onwards. This growth is attributed to increased demand at existing cafes and a focus on profitability across the group.

Due to an expansive business case with investments in new cafes, the central part of the enterprise value is expected in the latter half of the estimation period. Therefore, a relatively long time horizon for the return on investment is expected, which means that the assumptions on which the valuation is based are subject to uncertainty. If the assumptions used in the valuation develop negatively, and there may be a need for additional financing, the majority shareholders have indicated that they will provide additional capital as the need arises.

Parent company

Name	Domicile	Interest
Copenhagen Coffee Lab ApS	Denmark	70%
Klemmen Espressoservice ApS	Denmark	70%
Copenhagen Coffee Lab Hamburg GmbH	Germany	100%
Copenhagen Coffee Lab Ruhr GmbH	Germany	100%
CCL Unipessoal LDA	Portugal	88%
CCL Côte D'Azur SAS	France	90%
CCL Copenhagen ApS	Denmark	95%
CCL PeopleCo Lisbon ApS	Denmark	88%
CCL PeopleCo Copenhagen ApS	Denmark	95%
CCL PeopleCo Côte d Azur ApS	Denmark	90%

12 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies and other prepayments.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Parent company	
	EURt	2023	2022
13	**Share capital**		
	Analysis of the share capital:		
	719 A shares of EUR 1,000.00 nominal value each	719	719
		719	719

The parent's share capital has remained EUR 719 thousand over the past 5 years.

		Group		Parent company	
	EUR'000	2023	2022	2023	2022
14	**Deferred tax**				
	Deferred tax at 1 January	-27	-134	-24	-130
	Deferred tax adjustments in the year	5	107	1	106
	Deferred tax at 31 December	-22	-27	-23	-24

As of the 31st December 2023, the group has recognized a tax asset of 22 thousand EUR. The tax asset is composed of carryforward tax losses amounting to 23 thousand EUR and unused tax deductions in the form of temporary differences amounting to 1 thousand EUR.

Recognition of deferred tax assets has been included based on future budgets for the operating companies, including the companies' historical development and positive taxable earnings over recent years. Emphasis has been placed on the company's ability to generate an overall taxable profit within the tax consolidation group, as has been the case in recent years.

15 **Non-current liabilities other than provisions**

	Group			
EUR'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Subordinate loan capital	7,091	0	7,091	7,091
Other payables	1,736	656	1,080	0
	8,827	656	8,171	7,091

	Parent company			
EUR'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Subordinate loan capital	7,091	0	7,091	7,091
Other payables	1,736	656	1,080	0
	8,827	656	8,171	7,091

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

16 Subordinate loan capital

The subordinate loan has been issued by the capital owners as an investment in the company. Interest for the loan is calculated on an annual basis based on the year's transactions. The interest rate is set at 7%. There has not been a maturity stated for the subordinate loan capital

No subordination agreements have been given in the loan document in favor of all the company's other creditors with the aim of covering their receivables in the company. However, the shareholders have issued a strong letter of support if necessary.The shareholders have indicated a willingness to provide additional liquidity in the fiscal year 2024 to the extent that it proves necessary for the company to fulfill its obligations. This includes fresh capital or as part of a contractual subordination.

17 Contractual obligations and contingencies, etc.

Other financial obligations

Group

Rent and lease liabilities includes rent obligations totalling EUR 7,527 thousand (2022: EUR 10,505 thousand) in interminable rent agreements with remaining contract terms between 2 to 115 months. Furthermore, the Group has liabilities under operating leases for cars, totalling EUR 85 thousand (2022: EUR 86 thousand) with remaining contract terms between 1 to 46 months.

Payment guarantes to third parties amounts to EUR 623 thousand.

Parent company

As management company, the Parent Company is jointly taxed with other Danish group entities. The Parent Company is jointly and severally with other jointly taxed group entities for payment of income taxes in the Group of jointly taxed entities.

18 Security and collateral

Group

As security for the Group's debt to mortgage credit institutions, other credit institutions, creditors and other suppliers, the Group has provided security or other collateral in its assets for a total amount of EUR 134 thousand. The total assets to which the Group has given security in has a value of EUR 31,313 thousand.

Parent company

As security for the Parent Company's debt to banks, creditors and other suppliers, the Parent Company has provided security or other collateral in its assets for a total amount of EUR 134 thousand. The total assets to which the company has given security in has a value of EUR 31,313 thousand.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

19 Related parties

Related party transactions

EUR'000	2023	2022
Group		
Loan from shareholders	7,090	6,858
Paid interest to shareholders	900	478
Parent Company		
Management fee	973	716
Financial expenses	-932	-777
Financial income	15	0
Capital increase	2,337	0

Information on receivables from group entities and payables to group entities is disclosed in the balance sheet of the annual report. There have been no write-downs on receivables from group entities and payables to group entities.

Information on the remuneration to management

Information on the remuneration to Management appears from note 4, "Staff costs".

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
SS 2001 ApS	Aastrupvej 14, 6100 Haderslev
Schielder Holding ApS	Skodsborg Strandvej 300, 2942 Skodsborg

		Group	
	EUR'000	2023	2022
20	**Adjustments**		
	Amortisation/depreciation and impairment losses	1,104	1,049
	Financial income	-50	-41
	Financial expenses	1,486	808
	Deferred tax	5	106
	Other adjustments	1	2
		2,546	1,924
21	**Changes in working capital**		
	Change in inventories	-23	-222
	Change in trade receivables and other receivables	-695	93
	Change in trade payables and other payables	138	677
		-580	548
22	**Cash and cash equivalents at year-end**		
	Cash according to the balance sheet	378	262
		378	262

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Steen Skallebæk
Direktion
På vegne af: Copenhagen Coffee Lab Holding ApS
Serienummer: 283febde-ef3e-4b16-80ff-1bb02eee1936
IP: 213.74.xxx.xxx
2024-07-18 06:33:12 UTC

Steen Skallebæk
Dirigent
På vegne af: Copenhagen Coffee Lab Holding ApS
Serienummer: 283febde-ef3e-4b16-80ff-1bb02eee1936
IP: 213.74.xxx.xxx
2024-07-18 06:33:12 UTC

Allan Krogsgaard Nielsen
Bestyrelse
På vegne af: Copenhagen Coffee Lab Holding ApS
Serienummer: 639a0718-92d5-4bb0-9264-72930ed633c5
IP: 80.208.xxx.xxx
2024-07-18 06:34:19 UTC

Ole Schielder Kristoffersen
Bestyrelse
På vegne af: Copenhagen Coffee Lab Holding ApS
Serienummer: c4f4017c-3911-464e-ba88-6b1fc5ac921f
IP: 78.143.xxx.xxx
2024-07-18 07:01:05 UTC

Steen Skallebæk
Bestyrelse
På vegne af: Copenhagen Coffee Lab Holding ApS
Serienummer: 283febde-ef3e-4b16-80ff-1bb02eee1936
IP: 77.241.xxx.xxx
2024-07-18 08:34:56 UTC

Jacob Schmidt Karlsen
Bestyrelse
På vegne af: Copenhagen Coffee Lab Holding ApS
Serienummer: e58d7d5f-242c-4594-a252-cc4fc46cac40
IP: 185.95.xxx.xxx
2024-07-18 10:23:32 UTC

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Lars Gosvig Mortensen
EY Godkendt Revisionspartnerselskab CVR: 30700228
Statsautoriseret revisor
På vegne af: EY Godkendt Revisionspartnerselskab
Serienummer: b9153150-95bd-45cd-99fc-21156ad65201
IP: 147.161.xxx.xxx
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