Copenhagen Coffee Lab Holding ApS

Amager Strandvej 60-64, 2300 Copenhagen

CVR no. 35 03 64 74

Annual report 2020

Approved at the Company's annual general meeting on 30 June 2021

Chair of the meeting:

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Morten Jensen

Building a better
working world

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 2020.

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 2020 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 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Copenhagen, 30 June 2021
Executive Board:

Steen Skallebæk

Odin Sørensen

Board of Directors:

Ole Schielder Kristoffersen
Chair

Steen Skallebæk

Jacob Schmidt Karlsen

Allan Krogsgaard Nielsen

Odin Sørensen

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 2020, 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 2020, 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 2020 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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.

Haderslev, 30 June 2021
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	Amager Strandvej 60-64, 2300 Copenhagen
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, Chair Steen Skallebæk Jacob Schmidt Karlsen Allan Krogsgaard Nielsen Odin Sørensen
Executive Board	Steen Skallebæk Odin Sørensen
Auditors	EY Godkendt Revisionspartnerselskab Norgesvej 24 B, 6100 Haderslev, Denmark

Management's review

Financial highlights for the Group

EUR'000	2020	2019
Key figures		
Gross profit/loss	2,064	1,917
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-2,884	-2,395
Profit before interest and tax (EBITA)	-3,559	-3,035
Operating profit/loss	-3,671	-3,036
Net financials	-388	667
Profit/loss before tax	-3,948	-2,368
Profit/loss for the year	**-3,972**	**-2,201**
Total assets	7,828	8,041
Equity	**-6,040**	**-2,034**
Cash flows from operating activities	-2,808	-4,682
Net cash flows from investing activities	-1,633	-2,955
Amount relating to investments in property, plant and equipment	-1,503	-3,787
Cash flows from financing activities	4,059	7,791
Total cash flows	**-382**	**154**
Financial ratios		
Average number of employees	**154**	**123**

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.

The Copenhagen Coffee Lab concept is to be a café-chain with a combination of specialty coffee and artisan bakery products in trendy café surroundings serving affordable luxury. This is done from major cities and metropolises in Europe. At the end of 2020, the Group was represented in Copenhagen, Hamburg, Düsseldorf, Duisburg, Essen, Nice, Cannes and Lisbon with a total of 23 cafes.

The ambition is to grow by establishing new cafés as well as by expanding our customer base within the B2B-coffee segment in Copenhagen.

Financial review

The income statement for 2020 shows a loss of EUR 3,972 thousand against a loss of EUR 2,201 thousand last year, and the group's balance sheet at 31 December 2020 shows a negative equity of EUR 6,040 thousand.

The result for the year is considered unsatisfactory. This is partly driven by the COVID19-pandemic situation and partly by lack of critical mass in certain cities, which is of focus during 2021.

The negative equity is addressed and covered by subordinated loans from the majority shareholderes of EUR 6,855 thousand at the beginning of 2021.

Recognition and measurement uncertainties

In the Parent Company's balance sheet, investments in group enterprises and receivables from group enterprises are recognized at EUR 3,817 thousand and EUR 9,183 thousand, respectively. These are the Parent Company's main assets. On a consolidated basis, the total equity amounts to EUR -6,040 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.

The valuation has considered the risks of the COVID19-pandemic continuing to affect the business as well as the expected normalization. As a consequence of the normalization, the valuation includes an expectation of significant growth in revenue and earnings in 2022 and, from 2023, a more moderate to solid growth. The growth is based partly on increased demand at already established cafes and partly on continued investments in new cafes.

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 indicated that they will provide additional capital as the need arises.

Events after the balance sheet date

No events of significance to the group's financial position have occurred after the balance sheet date.

Outlook

It is expected that the market situation is normalizing in 2021. However, the COVID19-pandemic is expected to continue to negatively impact the Group's performance in 2021, which is not fully offset by the business's underlying performance. Hence, a negative result is expected for 2021.

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

Income statement

		Group		Parent company	
Note	EUR'000	2020	2019	2020	2019
	Gross profit/loss	2,064	1,917	135	-22
4	Staff costs	-4,931	-4,312	-431	-677
	Depreciation of property, plant and equipment	-676	-640	0	0
	Other operating expenses	-17	0	0	0
	Profit/loss before net financials	-3,560	-3,035	-296	-699
	Income from investments in group enterprises	0	0	0	967
5	Financial income	404	1,031	403	138
	Financial expenses	-792	-364	-329	-208
	Profit/loss before tax	-3,948	-2,368	-222	198
6	Tax for the year	-24	167	6	237
	Profit/loss for the year	-3,972	-2,201	-216	435

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

Balance sheet

Note	EUR'000	Group 2020	Group 2019	Parent company 2020	Parent company 2019
	ASSETS				
	Fixed assets				
7	**Intangible assets**				
	Acquired intangible assets	305	135	0	0
	Goodwill	26	0	0	0
		331	135	0	0
8	**Property, plant and equipment**				
	Fixtures and fittings, other plant and equipment	1,983	1,850	0	0
	Leasehold improvements	3,381	2,753	0	0
		5,364	4,603	0	0
9	**Investments**				
	Investments in group enterprises	0	0	3,817	2,864
	Other receivables	899	1,275	899	1,275
	Deposits, investments	93	68	6	6
		992	1,343	4,722	4,145
	Total fixed assets	6,687	6,081	4,722	4,145
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	154	95	0	0
	Finished goods and goods for resale	122	70	0	0
		276	165	0	0
	Receivables				
	Trade receivables	161	236	1	1
	Receivables from group enterprises	0	0	9,183	6,342
12	Deferred tax assets	177	153	163	146
	Other receivables	239	714	37	7
10	Prepayments	18	40	0	0
		595	1,143	9,384	6,496
	Cash	270	652	1	11
	Total non-fixed assets	1,141	1,960	9,385	6,507
	TOTAL ASSETS	7,828	8,041	14,107	10,652

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

Balance sheet

Note	EUR'000	Group 2020	Group 2019	Parent company 2020	Parent company 2019
	EQUITY AND LIABILITIES				
	Equity				
11	Share capital	719	719	719	719
	Retained earnings	-6,759	-2,753	407	614
	Total equity	-6,040	-2,034	1,126	1,333
	Liabilities other than provisions				
13	**Non-current liabilities other than provisions**				
	Other payables	2,028	0	2,028	0
		2,028	0	2,028	0
	Current liabilities other than provisions				
	Bank debt	8,048	7,403	8,045	7,400
	Trade payables	372	400	4	11
	Joint taxation contribution payable	31	54	0	0
	Payables to shareholders and management	2,776	1,389	2,776	1,389
	Other payables	613	829	128	519
		11,840	10,075	10,953	9,319
		13,868	10,075	12,981	9,319
	TOTAL EQUITY AND LIABILITIES	7,828	8,041	14,107	10,652

1 Accounting policies
2 Recognition and measurement uncertainties
3 Special items
14 Contractual obligations and contingencies, etc.
15 Collateral
16 Appropriation of profit/loss

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

Statement of changes in equity

		Group		
Note	EUR'000	Share capital	Retained earnings	Total
	Equity at 1 January 2020	719	-2,753	-2,034
	Transfer through appropriation of loss	0	-3,972	-3,972
	Adjustment of investments through forreign exchange adjustments	0	-34	-34
	Equity at 31 December 2020	719	-6,759	-6,040

		Parent company		
Note	EUR'000	Share capital	Retained earnings	Total
	Equity at 1 January 2020	719	614	1,333
16	Transfer, see "Appropriation of profit/loss"	0	-216	-216
	Adjustment of investments through forreign exchange adjustments	0	9	9
	Equity at 31 December 2020	719	407	1,126

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

Cash flow statement

		Group	
Note	EUR'000	2020	2019
	Profit/loss for the year	-3,972	-2,201
17	Adjustments	595	542
	Cash generated from operations (operating activities)	-3,377	-1,659
18	Changes in working capital	569	-3,023
	Cash flows from operating activities	-2,808	-4,682
	Additions of intangible assets	-201	-135
	Additions of property, plant and equipment	-1,503	-3,787
	Disposals of property, plant and equipment	71	0
	Sale of companies	0	967
	Cash flows to investing activities	-1,633	-2,955
	Debt to financing institution	2,028	0
	Debt to banks	644	5,558
	Debt to shareholders	1,387	2,233
	Cash flows from financing activities	4,059	7,791
	Net cash flow	-382	154
	Cash and cash equivalents at 1 January	652	498
19	**Cash and cash equivalents at 31 December**	270	652

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 2020 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 EUR. The financial statements were previously presented in DKK. The presentation currency has been changed because the Company's most significant sales and expenses are settled in EUR:

- The items in the income statement are translated using average rates for the period concerned.
- Monetary balance sheet items are translated using the rates at the relevant balance sheet dates.
- Non-monetary balance sheet items are translated at the exchange rate at the time of acquisition.
- All exchange adjustments are recognised in the income statement as financial income/expenses.

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: 100%), Klemmen Espressoservice ApS (Stake: 100%), Copenhagen Coffee Lab Hamburg GmbH (Stake: 100%), Copenhagen Coffee Lab Ruhr GmbH (Stake: 100%), CCL Unipessoal LDA (Stake: 100%) and CCL Côte d'Azur SAS (Stake: 100%).

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 subsidiaries' 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 subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries 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.

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

Notes to the financial statements

1 Accounting policies (continued)

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

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

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.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Income statement

Revenue

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.

Other operating income and operating expenses

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, etc.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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 Group'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/depreciation, which is calculated as cost less any residual value, is amortised/depreciated 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
Fixtures and fittings, other plant and equipment	3-20 years

Profit from investments in subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary 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 subsidiaries. Subsidiaries 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.

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

Notes to the financial statements

1 Accounting policies (continued)

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 development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

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

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.

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

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Group 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 Group's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments in subsidiaries

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

Gains or losses on disposal of subsidiaries 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.

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

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates 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.

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.

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.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

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

Notes to the financial statements

1 Accounting policies (continued)

Equity

Treasury shares

Purchases and sales of treasury shares are taken directly to equity under "Retained earnings".

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

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.

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. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

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 Grup'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 Group'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 to cash 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 financial items adjusted for other operating income and other operating expenses

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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 3,817 thousand and EUR 9,183 thousand, respectively. These are the parent company's main assets. On a consolidated basis, the total equity amounts to EUR -6,040 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.

The valuation has considered the risks of the COVID19-pandemic continuing to affect the business as well as the expected normalization. As a consequence of the normalization, the valuation includes an expectation of significant growth in revenue and earnings in 2022 and, from 2023, a more moderate to solid growth. The growth is based partly on increased demand at already established cafes and partly on continued investments in new cafes.

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 indicated that they will provide additional capital as the need arises.

3 Special items

	Group		Parent company	
EUR'000	2020	2019	2020	2019
Income				
Compensation for payroll cost	129,131	0	41,757	0
	129,131	0	41,757	0
Special items are recognised in the below items of the financial statements				
Gross profit	129,131	0	41,757	0
Net profit on special items	129,131	0	41,757	0

4 Staff costs

	Group		Parent company	
EUR'000	2020	2019	2020	2019
Wages/salaries	4,773	4,124	325	524
Pensions	107	118	65	98
Other social security costs	49	65	40	53
Other staff costs	2	5	1	2
	4,931	4,312	431	677
Average number of full-time employees	154	123	6	10

Group

Total remuneration to Group Management: EUR 118 thousand (2019: EUR 151 thousand).

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Notes to the financial statements

		Group		Parent company	
	EUR'000	2020	2019	2020	2019
5	**Financial income**				
	Interest receivable, group entities	0	0	356	138
	Other financial income	404	1,031	47	0
		404	1,031	403	138
6	**Tax for the year**				
	Estimated tax charge for the year	37	-14	0	-91
	Deferred tax adjustments in the year	-24	-153	-6	-146
	Tax adjustments, prior years	11	0	0	0
		24	-167	-6	-237

7 **Intangible assets**

	Group		
EUR'000	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2020	135	0	135
Additions	170	31	201
Cost at 31 December 2020	305	31	336
Amortisation for the year	0	5	5
Impairment losses and amortisation at 31 December 2020	0	5	5
Carrying amount at 31 December 2020	305	26	331

8 **Property, plant and equipment**

	Group		
EUR'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2020	2,190	3,031	5,221
Additions	515	988	1,503
Disposals	-139	0	-139
Cost at 31 December 2020	2,566	4,019	6,585
Impairment losses and depreciation at 1 January 2020	340	278	618
Depreciation	311	360	671
Reversal of accumulated depreciation and impairment of assets disposed	-68	0	-68
Impairment losses and depreciation at 31 December 2020	583	638	1,221
Carrying amount at 31 December 2020	1,983	3,381	5,364

Note 15 provides more details on security for loans, etc. as with regards property, plant and equipment.

9 Investments

EUR'000	Group: Other receivables	Group: Deposits, investments	Group: Total
Cost at 1 January 2020	1,275	68	1,343
Additions	0	27	27
Disposals	-376	-2	-378
Cost at 31 December 2020	899	93	992
Carrying amount at 31 December 2020	899	93	992

EUR'000	Parent company: Investments in group enterprises	Parent company: Other receivables	Parent company: Deposits, investments	Parent company: Total
Cost at 1 January 2020	2,864	1,275	6	4,145
Additions	936	0	0	936
Disposals	0	-376	0	-376
Cost at 31 December 2020	3,800	899	6	4,705
Foreign exchange adjustments	17	0	0	17
Value adjustments at 31 December 2020	17	0	0	17
Carrying amount at 31 December 2020	3,817	899	6	4,722

Parent company

Name	Domicile	Interest
Subsidiaries		
Copenhagen Coffee Lab ApS	Denmark	100.00%
Klemmen Espressoservice ApS	Denmark	100.00%
Copenhagen Coffee Lab Hamburg GmbH	Germany	100.00%
Copenhagen Coffee Lab Ruhr GmbH	Germany	100.00%
CCL Unipessoal LDA	Portugal	100.00%
CCL Côte D'Azur SAS	France	100.00%

10 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

11 Share capital

The parent's share capital has remained EUR 719 thousand in the past year.

	Group		Parent company	
EUR'000	2020	2019	2020	2019
12 Deferred tax				
Deferred tax relates to:				
Property, plant and equipment	-14	-7	0	0
Tax loss	-163	-146	-163	-146
	-177	-153	-163	-146

13 Non-current liabilities other than provisions

	Group			
EUR'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	2,028	0	2,028	357
	2,028	0	2,028	357

14 Contractual obligations and contingencies, etc.

Other financial obligations

Group

Rent and lease liabilities includes rent obligations totalling EUR 9,446 thousand in interminable rent agreements with remaining contract terms of 152 months. Furthermore, the Group has liabilities under operating leases for cars, totalling EUR 51 thousand with remaining contract terms of 58 months.

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.

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

Notes to the financial statements

15 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.

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.

		Parent company	
	EUR'000	2020	2019
16	**Appropriation of profit/loss**		
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-216	435
		-216	435

		Group	
	EUR'000	2020	2019
17	**Adjustments**		
	Amortisation/depreciation and impairment losses	676	640
	Tax for the year	-23	54
	Deferred tax	-24	-152
	Other adjustments	-34	0
		595	542
18	**Changes in working capital**		
	Change in inventories	-110	-92
	Change in trade receivables and other receivables	923	-1,294
	Change in trade payables and other payables	-244	-1,637
		569	-3,023
19	**Cash and cash equivalents at year-end**		
	Cash according to the balance sheet	270	652
		270	652

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"By my signature I confirm all dates and content in this document."

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