
Sticks 'n' Sushi Holding A/S

Nansensgade 49, DK-1366 Copenhagen

Annual Report for 1 July 2021 - 30 June 2022

CVR No 32 83 85 02

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
16/11 2022

Jakob Vestergaard Jensen
Chairman of the General
Meeting



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Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Consolidated and Parent Company Financial Statements	
Income Statement 1 July - 30 June	21
Balance Sheet 30 June	22
Statement of Changes in Equity	25
Cash Flow Statement 1 July - 30 June	26
Notes to the Financial Statements	27

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Sticks 'n' Sushi Holding A/S for the financial year 1 July 2021 - 30 June 2022.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021/22.

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

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

Copenhagen, 16 November 2022

Executive Board

Andreas Karlsson
CEO

Board of Directors

Jens Aaløse
Chairman

Roderick Wallace Mckie

Thorkil Ernst Brzuchanski
Rewers Andersen

Carsten Kaag

Thomas Riis

Independent Auditor's Report

To the Shareholders of Sticks 'n' Sushi Holding A/S

Opinion

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 30 June 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Sticks 'n' Sushi Holding A/S for the financial year 1 July 2021 - 30 June 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

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 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 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 about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- 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.

Hellerup, 16 November 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Mads Blichfeldt Fjord
State Authorised Public Accountant
mne46065

Company Information

The Company

Sticks 'n' Sushi Holding A/S
Nansensgade 49
DK-1366 Copenhagen

CVR No: 32 83 85 02
Financial period: 1 July - 30 June
Incorporated: 31 March 2010
Financial year: 13rd financial year
Municipality of reg. office: Copenhagen

Board of Directors

Jens Aaløse, Chairman
Roderick Wallace Mckie
Thorkil Ernst Brzuchanski Rewers Andersen
Carsten Kaag
Thomas Riis

Executive Board

Andreas Karlsson

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2021/22	2020/21	2019/20	2018/19	2017/18
	kDKK	kDKK	kDKK	kDKK	kDKK
Key figures					
Profit/loss					
Revenue	732,006	503,177	484,979	538,905	494,747
Gross profit/loss	374,229	261,782	249,208	266,747	254,731
Profit/loss before financial income and expenses	59,044	21,686	-18,984	-18,283	2,543
Net financials	-2,585	-131	-5,217	-2,489	-2,138
Net profit/loss for the year	45,725	16,576	-20,793	-15,766	-1,238
Balance sheet					
Balance sheet total	286,054	241,601	217,429	189,508	178,381
Equity	95,730	50,684	32,595	23,602	35,461
Cash flows					
Cash flows from:					
- operating activities	71,866	59,155	17,880	29,030	22,862
- investing activities	-34,623	-18,949	-21,584	-32,951	-46,741
including investment in property, plant and equipment	-28,852	-21,678	-16,859	-27,394	-43,629
- financing activities	-16,274	-21,669	59,667	24,939	-482
Change in cash and cash equivalents for the year	20,969	18,537	55,963	21,018	-24,361
Number of employees	914	725	741	777	625
Ratios					
Gross margin	51.1%	52.0%	51.4%	49.5%	51.5%
Solvency ratio	33.5%	21.0%	15.0%	12.5%	19.9%
Return on equity	62.5%	39.8%	-74.0%	-53.4%	-3.4%
EBITDA	87,772	51,095	11,707	10,613	25,636
Revenue per employee	801	694	654	694	625

Management's Review

Primary activities

Sticks 'n' Sushi produces and serves healthy high-quality food of the "affordable luxury" category based on a unique combination of traditional sushi and yakitori sticks rooted in Japanese as well as Danish gastronomical traditions. In the later years, more plant-based food items have been introduced with salads, starters and more vegetarian menus also including bioorganic wines and soft drinks.

The first Sticks'n'Sushi restaurant was opened in March 1994 at Nansensgade 59 in Copenhagen and has since been followed by 11 more restaurants in the Greater Copenhagen Area, 9 restaurants as well as 3 delivery kitchens in and around London and two in Berlin (second restaurant in Berlin opened September 2021). In addition to our 23 restaurants Sticks 'n' Sushi Holding A/S has a central kitchen at Rødovre, Copenhagen, with around 20 employees who support the Group's restaurants with semi-finished products, sauces and desserts etc. Every one of the restaurants, each having its own individual design and interior, forms a natural part of the local area environment which invites comfort and togetherness.

The Sticks 'n' Sushi Group served guests in our 23 restaurants or as takeaway. This requires high quality and hygiene standards, rigorous training of our staff and uniformed processes. The more than 1400 employees have all been through extensive introductory and product training courses to secure the continuous execution of high standards of quality and ensuring the best possible guest experience possible.

At "Baghuset" in Nansensgade 49, Copenhagen we have our office that covers managerial and administrative support functions as well as R&D functions. Seven administrative employees are based in the UK, working from our office in central London as well as out of the restaurants and partly from home.

Development in activities and finances

The income statement of the Group for 2021/22 shows a profit of kDKK 45,725, and at 30 June 2022 the balance sheet of the Group shows equity of kDKK 95,730.

In total the revenue went up year-on-year by DKK 229 million or 45 % to bring revenue to DKK 732 million for 2021/22 compared with DKK 503 million in the financial year 2020/21.

The financial year ended with an EBITDA of DKK 88 million equal to 12 % of net sales against the comparable DKK 51.1 million or 10 % of revenue in 2020/21.

Our EBITDA over performance compared to our forecasted EBITDA of DKK 55-60 million was due to a strong performance and growth of 3 delivery kitchens in the UK.

Earnings before interest and tax (EBIT) amounting to 59.0 DKKm against of DKK 21.7 million in 2020/21. Depreciations has decreased with DKK 0.7 million compared to 2020/21 to bring depreciations to a total of DKK 28.7 million.

Management's Review

In 2021/22 the company have continued its long-term digital investment program to enhance our guest's digital experience with even more convenience and smoothness to meet the growing expectations from our guests in relation to online ordering of TakeAway and delivery food. Using a data-driven approach we will continue to invest in our digital platforms in the years to come.

The number of full-time employees in the Group was 914 compared with 741 in the financial year 2020/21.

Capital resources

Based on current bank agreement and the budget prepared for the financial year 2022/23 management is confident that the necessary capital resources are in place for the entire financial year 2022/23. The financial statements are therefore prepared basis on the going concern assumption.

Business related risks

Sticks'n'Sushi is of course subject to the usual risks of the restaurant industry such as changing economic trends, consumer preference changes and demand, food security and raw material supplies, etc. The desire for more organic and local produced products and improved sustainability in combination with resource shortages, usual increase in costs for raw material, the soaring utility costs and declining consumer confidence due to the high inflation will provide pressure on the profitability. The post Covid period and the war in Ukraine have consequently added further pressure of food costs, soaring utility costs, recruitment, current staff and further complexity with logistics of good into the UK. Despite the ongoing challenges we have so far been able to mitigate the business impact, but believe the current situation will continues well into 22/23.

Beside from normal financial risk operating in the hospitality sector Sticks'n'Sushi is subject to usual financial risks from operating in three different markets and its related exchange rate risk.

Management's Review

Targets and expectations for the year

In 2022/23 we will continue our focus on organic growth in our existing restaurants, operational excellence and ensuring the dining experience in the restaurants are best-in-class leading to a high and always improving guest satisfaction. Two further restaurants are due to open, one has opened Berlin in October and one will open later in November in London. We will invest further to strengthen our value chain into the restaurants, continue training our staff and implement uniform processes as well as investing into our brand.

The post COVID-19 implications followed by the Ukraine war have continued causing further challenges in supply chain, rising food and utility costs.

Management is monitoring the developments closely and will continue to make every effort to mitigate the negative impact this has to the business.

Despite the ongoing challenges we are anticipating the positive trajectory and the company expects to deliver an EBITDA for the financial year 2022/23 in the range of DKK 55-60 million, in the same level as last year pending the inflation and impact from the war in Ukraine.

Research and development activities

The Sticks'n'Sushi group is continuing its investments into improving our guests' digital journey with the best online ordering experience for take-away, thereby improving guest satisfaction, efficiency and scalability in our operation.

External environment

Sustainability has always been a central part of Sticks'n'Sushi values and business model from food procurement of raw materials, waste management, efficient energy use and the daily operations in the kitchens right to the food which we serve for our guests.

Sticks'n'Sushi have a no-waste policy and aim to produce as little waste as possible. This goes both for our menu card engineering and in the daily operations.

Management's Review

Intellectual capital resources

Hospitality businesses around the world are facing significant challenges when it comes to finding new staff. The impact of covid on personal situations, immigration changes and much higher business levels is felt by all. At Sticks'n'Sushi we seem to have coped well with a high stability level of our core team (circa 75% over a year's experience) - in particular in our kitchen's teams.

Our continued focus on individual wellbeing, higher than average rewards, structured training and development forms the foundation of a strong culture and family/team ethos. This is appreciated by our diverse colleagues from around the world and ensures we continue to operationally deliver exceptional service and food quality.

Statement of corporate social responsibility

Business model

At Sticks'n'Sushi we have a holistic approach to ESG (Environmental, Social and Governance). We take pride in being a business that acts responsibly and prioritizes decency. Our work with sustainability is an endless journey, and we do not want to pretend that we are perfect. The truth is that a company can always improve. And we are working on it. One step at a time.

Risk evaluation

Our UN Global Compact membership assists in aligning strategies and operations with universal principles on human rights, labor rights, environment, and anti-corruption, as well as taking actions that advance societal goals.

In addition to being part of the world's largest corporate sustainability initiative, we are members of two industry associations: the Restaurateurs' Guarantee Association (REGA) and the Sustainable Restaurant Association (SRA), a UK-based association.

Through these memberships we are committed to comply with the procedural requirements set forth by the UN and OECD's minimum standards for responsible business conduct (the UN Guiding Principles on Business and Human Rights (hereafter UNGPs) and the OECD Guidelines for Multinational Enterprises (hereafter OECD)).

Management's Review

Thus, we do not only ensure good corporate citizenship. We also work together with our peers to create a solid foundation of working systematically with international principles on sustainability within the restaurant industry.

With these frameworks, we apply a management system which ensures that our work with ESG is anchored in all aspects of the business and an approach that addresses potential adverse and positive impacts on social, environmental, and economic sustainability.

This is done by:

- Published policy commitment
- Due diligence process
- Identification, prevention and mitigation of adverse impacts
- Access to remedy
- Transparent communication

Part of being a responsible business is to keep track on our progress and outcomes. We work with different methods to understand our progress. Next year we will enhance our focus on retrieving data to improve our performance. From 2023, the UN Global Compact's requirements of a written report will change into a data-driven questionnaire. The questionnaire will be used as a base and guideline for our performance tracking.

In June we had the opportunity to review all our corporate responsibility projects, commitments, and requirements. It was clear from the assessment that we need a new governance structure for our work with ESG to ensure anchoring in our business operations to reap the full benefits of our efforts.

Therefore, we have decided to form a ESG council that will set the group strategic direction for our work with corporate responsibility. Top-level commitment is essential to create impact and mitigate risks. Thus, the council will constitute carefully selected members of the group management to ensure decision-making ability. Our ESG Manager will in turn act as council facilitator and ESG expert. Finally, the ESG council will be supported with inputs from local ESG spokespersons throughout the organization. This will ensure a transparent governance structure.

Thus, ESG becomes a full circle within the organization with a mandate and direction from the top, fed with relevant inputs from the drivers and facilitator, and finally lifted and carried out by us all.

Management's Review

Policies, activities and results

Our policy commitment to ESG governs our actions on responsible business conduct. Our commitment is publicly available and communicated both internally and externally. Every year, this policy is reviewed and, if necessary, revised for updates.

Access the policy here: <https://sticksnsushi.com/media/3286/sushistainable-policy-commitment-2022.pdf>

In January we passed the first audit on our ESG processes required through our REGA commitment. The audit entailed an assessment on whether we meet the first steps to implement adequate management processes in alignment with the UNGPs and OECD. The audit was executed by Global CSR and constituted verification of required documentation and a visit to our headquarters in Copenhagen.

The auditors highlighted a few required changes to the processes established, which we should address. However, the nature of these issues was assessed "minor" and "few". These will be addressed before the second audit. Scheduling of the coming audit is still to be determined.

In addition, we want to make a difference where it is possible, and therefore, we also work proactively in forming partnerships that contribute to causes beyond the daily operations. We believe that working together can increase our capacity to create positive change through sharing of knowledge, resources, and expertise.

A key aim for 2021 was a more formalized due diligence procedure for suppliers. Therefore, we have formulated a new code of conduct covering all our business relationships. The purpose of the new Code of Conduct for Business Relationships (hereafter CoCBR) is to ensure that all our third parties demonstrate responsible business conduct in relation to managing risks in alignment with the UNGPs and OECD. The CoCBR provides the foundation for our continuous engagement with business partners and dialogue in good faith on performance regarding human rights, the environment, and anti-corruption. Furthermore, it includes compliance with all legal and regulatory requirements.

We believe that partnering with our business relations to understand their challenges, identify solutions, and develop shared commitments has a long-lasting positive impact. This approach also goes beyond audits and seeks to engage our third parties through dialogue, strengthening management systems, and driving greater transparency. This allows for better understanding of systemic issues or plans for ongoing partner engagement.

Management's Review

In 2020 we formulated 6 specific goals on environmental, social, and governance factors relevant for our business. This is an obligation to our owners, Maj Invest Equity, which in line with our mission, wishes to advance sustainability integration in their company portfolio. Using the Sustainable Development Goals (SDGs) as a framework, we have defined key performance indicators (KPIs) which we monitor, improve on, and set targets for. You can read more about our approach, progress and results in our Communication on Progress report.

Access the report here: <https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/473851>

Below we will outline our intentions, actions and results in the following areas: The Environment, Employee Conditions and Human Rights and Anti-Corruption.

The environment

As a business we have a responsibility to mitigate risks to the environment as well as to promote a stronger environmental responsibility. Environmental awareness is thus a continuous focus area at Sticks'n'Sushi. Every company is constantly faced with both risks and opportunities. It is part of the game to be able to make the right choices at the right time to ensure growth. However, every choice has consequences; not just for the company and its employees, but potentially also for the environment. Therefore, we will conduct an environmental impact assessment again this year where we evaluate our own processes, gaps, and goals as well as the consequences of our actions.

This year we have been collaborating with a third party, Klimato, on conducting life cycle analysis (LCA) for the food items on our new menu. Klimato provides an application that enables restaurants to calculate, label, and report CO₂ values for food served at restaurants. The collaboration is based on exploring how we can minimise food-related emissions and raise awareness of how our eating habits affect our climate. Thus, by knowing the LCA of our menu, we are better equipped to make informed choices. Going forward, we will discuss how to best use the calculations as well as assess the need for further calculations on our greenhouse gas emissions.

This autumn we will launch a new menu. Again this year, we have focused on how we can make full use of every food item and thus minimise waste. Furthermore, we have decided to minimise some of the elements that have a high CO₂e impact, such as avocados. We continuously work with our product range in the strive to offer our guests the most tasty, nutritious, and responsible product.

Management's Review

Another environmental focus is our takeaway packaging. Creating a circular solution for packaging is one of the biggest challenges in our industry. The coming years approaching the 2030 Agenda for the Sustainable Development Goals, we will experience an enhanced focus from authorities setting guidelines to deal with the increasing quantities of packaging waste, which cause environmental problems. We will continue our diligent work in sourcing or developing the best possible take-away packaging with a minimum impact on the environment – both before, during and after production.

Even though we have introduced several initiatives over the past years, we are committed to go even further. We recognize that the business community plays a crucial role in enabling us to implement a positive transition and in how well we succeed in the fight against global climate change.

Employee conditions & Human Rights

We recognize that we have a responsibility to respect human rights and the importance of being transparent about how we take the necessary steps to fulfil our obligation. We seek to operate responsibly along our entire supply chain by safeguarding the rights of our employees and those of the people who supply our products. Finally, we use our influence on driving positive change where we can. We respect human rights and employee conditions as defined by the UN Guiding Principles on Business and Human Rights. The framework also helps us to comply with relevant legislation such as, but not limited to, the UK Modern Slavery Act. In addition, we follow the implementation of these principles by the Danish government and the European Union.

Due diligence according to the standards UNGPs and OECD consists of regular operational level impact assessments. In 2021 we conducted our first assessment of all 48 rights defined in the International Bill of Human Rights. The assessment was completed using a tool developed by the Danish consultancy GLOBAL CSR, which assists the REGA initiative in the implementation of global sustainability standards. The assessment was based on one of our restaurants in Denmark and completed in collaboration with the General Manager. The initial results of the assessment prevailed potential adverse human rights impacts on 31 of 54 indicators. We have created an action plan on how to minimise these risks, to be completed before the next assessment.

Furthermore, we want to be a workplace where everybody enjoys going to work. Therefore, we spend much energy in ensuring the right conditions so that everyone thrives. Our People team dedicates an extensive amount of time and resources in ensuring that we are a company which takes work satisfaction and social responsibility seriously. This year, to monitor the wellbeing of our employees, we will introduce pulse surveys – a short series of questions designed to track our employee responses to an issue. By making the surveys quick and easy to read and offering the choice of answering questions either on computer or phone, we aim to have strong and reliable results.

Anti-corruption

Our commitment to responsible business conduct rests on the natural premise that we and our business relationships comply with all applicable laws in all the jurisdictions in which we operate, including any regulation countering bribery and corruption.

Management's Review

We believe that part of being a responsible business involves highlighting areas where corruption could occur and working to prevent such activities from taking place. Therefore, we have introduced several procedures and policies addressing anti-corruption during the past year. We also intend to develop our procedures in this area to include a broader range of potential challenges we could meet. This will be a focus the coming year where we wish to streamline our policies and procedures to ensure relevancy and a rigorous format.

All new employees undergo an introductory training where they are trained in our DNA, commitments, what we need to comply with, and how we can help each other in our daily routines to live up to these requirements. Our People team is currently working on developing a new training platform that will encompass all policies and required conduct.

Last year we implemented an online system where all employees can record business gifts, given and received, (over a minimum threshold). For gifts over a certain value, there is a mechanism in the online system to notify the chief financial officer that the gift needs approval. This is to enhance recording, transparency, and integrity in recording procedures. Both receiving and giving gifts can be considered as bribe if given with the expectation of improperly receiving benefits in return. So, generally, no employees should give or receive gifts.

Since the implementation of the system, registration of gifts has been below expectations. Therefore, we are currently investigating whether this is because we have a minimal flow of gifts or a lack of adequate training and communications. Awareness will be strengthened over the coming year to ensure that all employees are familiar with the procedure.

Finally, in alignment with the management system as described by the UNGPs and with the expectations of the OECD, we continuously work to identify and address risks of corrupt practices that could emerge in our business or with our business relations. We identify risks against, as a minimum, the principles of the UN Convention against Corruption (UNCC). This autumn we will conduct a new impact assessment to understand our risks regarding corruption. Based on this assessment we will develop action plans to ensure that we mitigate the impact.

Management's Review

Statement on gender composition

It is our policy to continuously aim for the highest competency levels for our employees and we strive to recruit the best qualified candidates regardless of gender, age, religious beliefs, ethnicity, nationality, and/or sexual orientation. We want Sticks'n'Sushi to be an attractive workplace for all with equal opportunities for career advancement and management promotions. It is also important that the right competencies are present, and it is thus the company's policy to ensure development and training opportunities - internal as well as external - in order to give aspiring men and women the best possible opportunities within the company.

At all levels of the organization we have internal classes and individual training programs for those who wish to advance their careers. We offer leadership courses from both internal and external teachers to all aspiring leaders and encourage everyone, including the underrepresented gender, to attend. We aim to achieve a fair and representative balance with regards to the composition of gender, age and seniority, recognizing that the restaurant industry is an industry with a relatively high level of job rotation.

At the end of the financial year 2021/22 the gender composition at board level was as follows: Board of Directors: 100% male.

The Board of Directors represents Sticks'n'Sushi Holding A/S which owns 100% of all operating companies - SNS A/S, SNS UK Limited, SNS Germany GmbH. The target of gender composition has not been reached as the Board of Directors has not changed during the reporting year. We aim to have 20% female to 80% male during 2023. during 2023.

At the end of the financial year 2021/2022 the gender composition at senior management level was as follows:

Senior Management: 40% female to 60% male.

Last Financial year the composition was 33% female to 67% male. This year we have worked consciously with recruiting and promoting females with the right experience and competencies and have therefore obtained equal gender composition in Senior Management.

Management's Review

Statement on data ethics

Data ethics has become an important topic in line with the digital development and thus the need for corporate accountability has grown. Privacy and data protection is part of our fundamental rights defined in the International Bill of Human Rights, which we have committed to respect as defined by the UN Guiding Principles on Business and Human Rights. One way we live up to this commitment is that we ensure that our data is kept protected and safe. All data which is used and shared, whether personal, business or customer data, is protected through our security procedures and connecting IT applications. This way we protect the data of all our stakeholders from the increasing risk of careless or intentional damaging conduct.

Data ethics are the guidelines that govern how we handle data. Our Data Ethics Policy stipulates best practices that should be followed to ensure that privacy, security, and transparency standards are met. The scope of the policy covers the whole Sticks'n'Sushi Group, customers, guests, website visitors and business relationships. Our commitment is publicly available and communicated both internally and externally. Every year, this policy will be reviewed and, if necessary, revised for updates.

Data can be related to website, guest inquiries, dinner reservations and collaborations with business relationships. We do not sell data to third parties. Furthermore, we have relevant data protection standards in place to ensure that we comply with growing requirements across our markets. Moreover, that all personal data used in our operations must be handled with respect and in strict accordance with the global standards described in our policies.

Fair and limited handling of employee data is part of our commitment to our employees about respect at the work place, which stipulates a dignified, safe, and non-discriminatory environment. When collecting and keeping data on other stakeholders, such as customers, we ensure to do it in a manner that privacy is cherished and respected. Finally, if we use machine learning, artificial intelligence and / or algorithms, we will strive to ensure no biased or discriminatory results. We strive for transparency about errors and problems to ensure that we continuously improve use of data and have enabled potential grievances through our anonymous whistleblower channel.

Policies and procedures

Our internal publication, Policies and Procedures, describes our commitments, ethical behavior and expectations. Thus, whenever in doubt or facing a dilemma, all employees can consult this document. Living up to our values expressed in our policies supports our overall strategy. Furthermore, it mitigates risks in our operations and supply chain as well as protect our brand. All policies are approved by Executive Management.

Furthermore, we have Privacy Policy describing when, how, and why we collect, use, and share information about suppliers or people who visit our restaurants, use our websites, apps, booking solutions, or communicate with us. Finally, the Privacy Policy describes our whistle-blower mechanism, where all stakeholders can report concerns through a safe and confidential channel. The reported incidents will be handled in an anonymous and professional manner without fear of retaliation for

Management's Review

reporting.

This year we are working on strengthening our policies and procedures to ensure that we uphold our ethical standards and that all employees are aware of, and trained in, our internal policies and procedures. The new policy work includes new guidelines on data treatment and protection. Moreover, we are also working on enhancing our training site to an academy platform, which will enable us to target training to the specific employee.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position on 30 June 2022 and the results of the activities and cash flows of the Company for the Financial year for 2021/22 have been affected negatively by Covid-19 restrictions during several weeks with closed restaurants and only revenue from take-away.

Recommendations for active ownership and corporate governance

Sticks'n'Sushi A/S is 100% owned by Sticks'n'Sushi Holding A/S. The majority owner of Sticks'n'Sushi Holding A/S is MIE4 Holding 2 ApS with 79.4%. MIE4 Holding 2 ApS is owned 100% by the Danish private equity fund Maj Invest Equity 4 K/S.

Two board member and executive management jointly own 12%.

Maj Invest Equity 4 K/S is a member of Aktive Ejere (former DVCA, Danish Venture Capital and Private Equity Association), and as a private equity owned portfolio company, Sticks'n'Sushi Holding A/S generally follows DVCA's recommendations, except that the company based on its size, has not established an audit committee. These tasks are handled by the Board.

We referring to www.aktiveejere.dk for more information about the guidelines.

Sticks'n'Sushi Holding A/S' Board of Directors and Executive Board always aim at ensuring that the Group's management structure and control systems are appropriate and function satisfactorily. Management assesses on an ongoing basis whether this is the case. Management's duties are among other things based on the Danish Companies Act, the Danish Financial Statements Act, the Company's Articles of Association as well as good practice for enterprises of the same size and with the same international reach as Sticks'n'Sushi Holding A/S.

The Board of Directors of Sticks'n'Sushi Holding A/S holds meetings according to a fixed schedule at least 5 times a year. A strategy seminar is usually held once a year. In the period between the ordinary meetings of the Board of Directors, the Board of Directors receive, on a regular basis, written information on the Company's and the Group's results of operation and financial position.

Management's Review

The Board of Directors' and the Executive Board's directorships in other companies are disclosed below.

Presentation of the Board of Directors

Maj Invest Equity 4 K/S is represented on the board by Jens Aaløse and Thomas Riis. In addition, Roderick Wallace Mckie, Carsten Kaag and Thorkil Ernst Brzuchanski Rewers Andersen is represented in the Board of Directors. Board positions and other managerial positions are set out below.

Jens Aaløse

Jens Aaløse, Chairman, has joined as Chairman on 2 September 2019. He holds the following other directorships:

- Director Maj Invest Holding A/S, MIE 4 Holding 2 ApS, MIE 5 Holding 6 ApS
- Managing Partner at Maj Invest Equity A/S
- Chairman of Sticks'n'Sushi Holding A/S, Sticks'n'Sushi A/S, Blue Ocean Robotics Holding ApS and Blue Ocean Robotics ApS, Fonden MIE 6 GP, Fonden LDE 3 GP,
- Deputy chairman of TopDanmark A/S, TopDanmark forsikring and Dansk Erhverv
- Boardmember of FDM Travel A/S, Fonden Maj Invest Equity General Partner, Gerda og Victor B. Strands fond/Toms Gruppens fond, MIE5 Datterholding 6 ApS
- Shareholder owner of Yohden Hall Komplementar ApS; Private Equity Minorities I K/S, MOMA Capital ApS
- Director of PE Minorities GP ApS

Thomas Riis

Thomas Riis has joined the board since 6 July 2018. He holds the following other directorships:

- Chairman of MIE5 Datterholding 8 ApS
- Boardmember of Sticks'n'Sushi A/S, Ferm Living ApS, Wendelbo Interiors A/S and Wendelbo Møbel Design A/S
- Director of MIE5 Datterholding 8 ApS, Danish Microfinance Partners General Partner ApS, Danish Microfinance Partners Management ApS DMP Holding 1 ApS, MIE5 Datterholding 9 ApS, Management Equity Vietnam I ApS, General Partner Equity Vietnam ApS, MIFIF III GP ApS, ACE Capital ApS, MIE5 Holding 1 ApS, MIE5 Holding 8 ApS, MIE5 Holding 9 ApS, MIE4 Holding 2 ApS and MIFIN GP ApS.
- Partner of Maj Invest Equity A/S
- Shareholder owner of Maj Invest Financial Inclusion Fund III K/S, Maj Invest Equity Vietnam I K/S and Ole Riis Holding ApS, Danish Microfinance Partners K/S

Management's Review

Carsten Kaag

Carsten Kaag has joined the board since 1 August 2010. He holds the following other directorships:

- Boardmember of Sticks'n'Sushi A/S, Tranquebar Borgergade ApS, Restaurant Silo Nordhavn A/S
- Director of Kaag & Kaag ApS, Constructive Corner ApS
- Partner of Constructive Corner ApS
- Shareholder owner Tranquebar Borgergade ApS

Thorkil Ernst Brzuchanski Rewers Andersen

Thorkil Ernst Brzuchanski Rewers Andersen, Co-founder has joined the board since 1994. He holds the following other directorships:

- Boardmember of Sticks'n'Sushi A/S, KBM Ejendomme A/S, Falsters Kyst ApS, Ibsens Hotel A/S, Hotel Kong Arthur A/S and Arthur Hotels A/S
- Director of Thorkil Holding ApS
- Director of Thor Ernst Advisory

Roderick Wallace Mckie

Roderick Wallace Mckie has joined the board since 2 September 2019. He holds the following other directorships:

- Boardmember of Sticks'n'Sushi A/S
- Chairman of Chelsea Fine Foods t/a Megan's Restaurants Ltd, UK
- Chairman of Onroute LP, Toronto, Canada
- Board Member and advisor of Tank & Rast GmbH, Bonn, Germany
- Board Member of Rhubarb hospitality U.K.

Income Statement 1 July - 30 June

	Note	Group		Parent	
		2021/22 kDKK	2020/21 kDKK	2021/22 kDKK	2020/21 kDKK
Revenue	1	732,006	503,177	0	0
Other operating income		2,565	21,152	0	0
Expenses for raw materials and consumables		-215,995	-151,582	0	0
Other external expenses		-144,347	-110,965	-50	-56
Gross profit/loss		374,229	261,782	-50	-56
Staff expenses	3	-286,457	-210,686	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-28,728	-29,410	0	0
Profit/loss before financial income and expenses	2	59,044	21,686	-50	-56
Income from investments in subsidiaries		0	0	45,518	16,423
Financial income	5	262	2,805	1,266	1,384
Financial expenses	6	-2,847	-2,936	-951	-1,124
Profit/loss before tax		56,459	21,555	45,783	16,627
Tax on profit/loss for the year	7	-10,734	-4,979	-58	-51
Net profit/loss for the year		45,725	16,576	45,725	16,576

Balance Sheet 30 June

Assets

	Note	Group		Parent	
		2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
Completed development projects		3,167	1,990	0	0
Acquired trademarks		52	0	0	0
Intangible assets	8	3,219	1,990	0	0
Other fixtures and fittings, tools and equipment		11,974	15,103	0	0
Leasehold improvements		96,809	96,590	0	0
Prepayments for property, plant and equipment		2,019	0	0	0
Property, plant and equipment	9	110,802	111,693	0	0
Investments in subsidiaries	10	0	0	94,733	50,067
Deposits	11	10,482	7,761	0	0
Fixed asset investments		10,482	7,761	94,733	50,067
Fixed assets		124,503	121,444	94,733	50,067
Inventories		10,976	8,272	0	0
Trade receivables		17,984	10,629	0	0
Receivables from group enterprises		2,375	916	14,988	48,209
Other receivables		8,574	8,836	0	0
Deferred tax asset	12	8,491	6,427	0	34
Corporation tax receivable from group enterprises		0	1,460	0	486
Prepayments	13	9,325	760	0	0
Receivables		46,749	29,028	14,988	48,729
Cash at bank and in hand		103,826	82,857	103	3
Currents assets		161,551	120,157	15,091	48,732
Assets		286,054	241,601	109,824	98,799

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent	
		2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
Share capital	14	5,132	5,132	5,132	5,132
Reserve for net revaluation under the equity method		0	0	29,623	0
Other reserves		758	1,436	758	1,436
Retained earnings		89,840	44,116	60,217	44,116
Equity		95,730	50,684	95,730	50,684
Provision for deferred tax	12	2,818	2,817	0	0
Provisions relating to investments in group enterprises		0	0	11,959	12,133
Provisions		2,818	2,817	11,959	12,133
Subordinate loan capital		0	26,627	0	26,627
Credit institutions		15,000	20,000	0	0
Other payables		4,279	4,231	0	0
Long-term debt	16	19,279	50,858	0	26,627

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent	
		2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
Credit institutions	16	42,704	20,107	0	0
Trade payables		36,566	21,963	50	50
Payables to group enterprises		0	0	2,061	2,061
Payables to owners and Management		0	7,244	0	7,244
Corporation tax		11,153	8,289	24	0
Other payables	16	72,294	74,206	0	0
Deferred income	17	5,510	5,433	0	0
Short-term debt		168,227	137,242	2,135	9,355
Debt		187,506	188,100	2,135	35,982
Liabilities and equity		286,054	241,601	109,824	98,799
Distribution of profit	15				
Contingent assets, liabilities and other financial obligations	20				
Related parties	21				
Fee to auditors appointed at the general meeting	22				
Subsequent events	23				
Accounting Policies	24				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Other reserves	Retained earnings	Total
	kDKK	kDKK	kDKK	kDKK	kDKK
Equity at 1 July	5,132	0	1,436	44,116	50,684
Exchange adjustments relating to foreign entities	0	0	-678	0	-678
Other adjustments	0	0	0	-1	-1
Net profit/loss for the year	0	0	0	45,725	45,725
Equity at 30 June	5,132	0	758	89,840	95,730

Parent

Equity at 1 July	5,132	0	1,436	44,116	50,684
Exchange adjustments relating to foreign entities	0	0	-678	0	-678
Revaluation for the year	0	29,623	0	0	29,623
Other adjustments	0	0	0	-1	-1
Net profit/loss for the year	0	0	0	16,102	16,102
Equity at 30 June	5,132	29,623	758	60,217	95,730

Cash Flow Statement 1 July - 30 June

	Note	Group	
		2021/22 kDKK	2020/21 kDKK
Net profit/loss for the year		45,725	16,576
Adjustments	18	44,201	36,025
Change in working capital	19	-5,549	8,772
Cash flows from operating activities before financial income and expenses		84,377	61,373
Financial income		262	2,806
Financial expenses		-2,841	-2,940
Cash flows from ordinary activities		81,798	61,239
Corporation tax paid/refunded		-9,932	-2,084
Cash flows from operating activities		71,866	59,155
Purchase of intangible assets		-3,049	-383
Purchase of property, plant and equipment		-28,852	-21,678
Fixed asset investments made etc		-2,722	-623
Release of fixed asset investments		0	3,735
Cash flows from investing activities		-34,623	-18,949
Raising of subordinated loan capital from parent company		0	777
Installment on loans from company owners and subordinate loans		-26,627	0
Installments credit institutions		-5,000	-5,000
Credit institutions		-7,244	345
Credit institutions		22,597	-17,791
Cash flows from financing activities		-16,274	-21,669
Change in cash and cash equivalents		20,969	18,537
Cash and cash equivalents at 1 July		82,857	64,320
Cash and cash equivalents at 30 June		103,826	82,857
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		103,826	82,857
Cash and cash equivalents at 30 June		103,826	82,857

Notes to the Financial Statements

	Group		Parent	
	<u>2021/22</u> kDKK	<u>2020/21</u> kDKK	<u>2021/22</u> kDKK	<u>2020/21</u> kDKK
1 Revenue				
Geographical segments				
Denmark	311,420	268,737	0	0
United Kingdom	386,529	221,788	0	0
Germany	34,059	12,652	0	0
	<u>732,008</u>	<u>503,177</u>	<u>0</u>	<u>0</u>
Business segments				
Restaurants and takeaway	732,008	503,177	0	0
	<u>732,008</u>	<u>503,177</u>	<u>0</u>	<u>0</u>

2 Special items

In 2021/22 the Group received compensation via the Covid-19 Government help packages of kDKK 891. For the financial year 2020/21 the Group received compensation via the Covid-19 Government help packages of kDKK 21,152. The compensation is recognized as other operating income in the profit and loss statement.

Notes to the Financial Statements

	Group		Parent	
	2021/22 kDKK	2020/21 kDKK	2021/22 kDKK	2020/21 kDKK
3 Staff expenses				
Wages and salaries	262,337	189,295	0	0
Pensions	9,424	8,409	0	0
Other social security expenses	6,976	6,692	0	0
Other staff expenses	7,720	6,290	0	0
	286,457	210,686	0	0
Including remuneration to the Executive Board and Board of Directors	2,301	2,435	0	0
Average number of employees	914	725	0	0

The incentives programme for the executives and senior managers includes the possibility to subscribe for nominal DKK 44,308.2 shares at a subscription price that increases by 10% per annum. The subscription can take place in the period up to the earlier of (i) 30. December 2024 and (ii) the date where more than 90% of the company's shares are sold to a third party, the company is listed, liquidated or terminated by merger and demerger or any other transactions regarding the Company having a similar effect as any of the mentioned transactions. Incentive programmes are not recognised in the Financial Statements.

Incentive programmes are not recognised in the Financial Statements.

Notes to the Financial Statements

	Group		Parent	
	2021/22 kDKK	2020/21 kDKK	2021/22 kDKK	2020/21 kDKK
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	1,820	3,002	0	0
Depreciation of property, plant and equipment	26,908	26,408	0	0
	28,728	29,410	0	0
5 Financial income				
Interest received from group enterprises	0	0	1,266	1,384
Other financial income	20	30	0	0
Exchange gains	242	2,775	0	0
	262	2,805	1,266	1,384
6 Financial expenses				
Interest paid to group enterprises	0	776	0	1,120
Other financial expenses	2,510	2,160	951	4
Exchange adjustments, expenses	337	0	0	0
	2,847	2,936	951	1,124

Notes to the Financial Statements

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	kDKK	kDKK	kDKK	kDKK
7 Tax on profit/loss for the year				
Current tax for the year	12,798	7,752	24	0
Deferred tax for the year	-2,064	-2,146	34	51
Adjustment of deferred tax concerning previous years	0	-627	0	0
	10,734	4,979	58	51

8 Intangible assets

Group

	Completed development projects	Acquired trade-marks
	kDKK	kDKK
Cost at 1 July	19,789	40
Additions for the year	2,995	54
Cost at 30 June	22,784	94
Impairment losses and amortisation at 1 July	17,799	40
Amortisation for the year	1,818	2
Impairment losses and amortisation at 30 June	19,617	42
Carrying amount at 30 June	3,167	52

Development projects consists of an app to secure a better uptime as well as a new platform to drive traffic to our take away. The project includes a product database hosted outside of the current one and owned by Sticks'n'Sushi.

Notes to the Financial Statements

9 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment kDKK	Leasehold improvements kDKK	Prepayments for property, plant and equipment kDKK
Cost at 1 July	95,134	232,376	0
Exchange adjustment	-719	-980	0
Additions for the year	1,003	7,270	20,580
Transfers for the year	3,379	15,182	-18,561
Cost at 30 June	<u>98,797</u>	<u>253,848</u>	<u>2,019</u>
Impairment losses and depreciation at 1 July	80,033	135,789	0
Exchange adjustment	375	936	0
Depreciation for the year	6,415	20,314	0
Impairment losses and depreciation at 30 June	<u>86,823</u>	<u>157,039</u>	<u>0</u>
Carrying amount at 30 June	<u>11,974</u>	<u>96,809</u>	<u>2,019</u>

Notes to the Financial Statements

	Parent	
	2022 kDKK	2021 kDKK
10 Investments in subsidiaries		
Cost at 1 July	53,151	53,151
Cost at 30 June	53,151	53,151
Value adjustments at 1 July	-15,217	-33,154
Exchange adjustment	-677	1,436
Net profit/loss for the year	45,518	16,423
Other adjustments	-1	78
Value adjustments at 30 June	29,623	-15,217
Equity investments with negative net asset value transferred to provisions	11,959	12,133
Carrying amount at 30 June	94,733	50,067

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Sticks 'n' Sushi A/S	Copenhagen	DKK 10,000,000	100%
Sticks 'n' Sushi UK Limited	London	GBP 2,010,000	100%
Sticks 'n' Sushi Germany GmbH	Berlin	EUR 25,000	100%

11 Other fixed asset investments

	Group
	Deposits kDKK
Cost at 1 July	7,760
Exchange adjustment	1
Additions for the year	2,721
Cost at 30 June	10,482
Carrying amount at 30 June	10,482

Notes to the Financial Statements

	Group		Parent	
	2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
12 Deferred tax asset				
Deferred tax asset at 1 July	6,427	3,654	34	85
Amounts recognised in the income statement for the year	2,064	2,773	-34	-51
Deferred tax asset at 30 June	8,491	6,427	0	34

The deferred tax asset amounts to DKK 8,491k and is related to the Danish entity. The deferred tax asset partially consists of timing differences between the tax value and accounting value of fixed asset investments and partially of tax losses to carry forward.

The deferred tax asset is recognised under the assumption that the profitability of Sticks 'n' Sushi's operations will be realized as expected.

13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

14 Equity

The share capital consists of 51,532,080 shares of a nominal value of kDKK 0.10. No shares carry any special rights.

The share capital has developed as follows:

	2021/22 kDKK	2020/21 kDKK	2019/20 kDKK	2018/19 kDKK	2017/18 kDKK
Share capital at 1 July	5,132	5,132	4,551	4,551	4,551
Capital increase	0	0	581	0	0
Capital decrease	0	0	0	0	0
Share capital at 30 June	5,132	5,132	5,132	4,551	4,551

Notes to the Financial Statements

	Parent	
	2021/22	2020/21
	kDKK	kDKK
15 Distribution of profit		
Reserve for net revaluation under the equity method	29,623	0
Retained earnings	16,102	16,576
	45,725	16,576

16 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2022	2021	2022	2021
	kDKK	kDKK	kDKK	kDKK
Subordinate loan capital				
Between 1 and 5 years	0	26,627	0	26,627
Long-term part	0	26,627	0	26,627
Within 1 year	0	0	0	0
	0	26,627	0	26,627
Credit institutions				
Between 1 and 5 years	15,000	20,000	0	0
Long-term part	15,000	20,000	0	0
Other short-term debt to credit institutions	42,704	20,107	0	0
	57,704	40,107	0	0
Other payables				
Between 1 and 5 years	4,279	4,231	0	0
Long-term part	4,279	4,231	0	0
Other short-term payables	72,294	74,206	0	0
	76,573	78,437	0	0

Notes to the Financial Statements

17 Deferred income

Deferred income related to payments received in respect of income in subsequent years, including gift cards etc.

18 Cash flow statement - adjustments

	Group	
	2021/22	2020/21
	kDKK	kDKK
Financial income	-262	-2,805
Financial expenses	2,847	2,936
Depreciation, amortisation and impairment losses, including losses and gains on sales	28,728	29,407
Tax on profit/loss for the year	10,734	4,979
Credit institutions	2,154	1,508
	44,201	36,025

19 Cash flow statement - change in working capital

Change in inventories	-2,704	-1,321
Change in receivables	-15,658	-4,585
Change in other provisions	0	-6,450
Change in trade payables, etc	12,813	21,128
	-5,549	8,772

Notes to the Financial Statements

20 Contingent assets, liabilities and other financial obligations

Charges and security

The parent company, Sticks 'n' Sushi Holding A/S, has, as security for all debt that Sticks 'n' Sushi A/S has to the bank, issued a letter of subordination stating that Sticks 'n' Sushi Holding A/S will subordinate their receivables from Sticks 'n' Sushi A/S in favour of the subsidiary's debt to the bank.

As collateral for bank debt a bill of sale has been issued, nominal value of TDKK 5,000.

The group has pledged a company charge of TDKK 10,000 as collateral for debt. At 30 June 2022, the company charge comprises the following assets with the following carrying amounts:

	Group		Parent	
	2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
Property, plant and equipment	110,802	111,693	0	0
Inventories	10,976	8,272	0	0
Trade receivables	17,984	10,629	0	0

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	43,240	40,768	0	0
Between 1 and 5 years	137,609	133,146	0	0
After 5 years	217,424	218,778	0	0
	398,273	392,692	0	0

Guarantee obligations

The group has issued guarantee of payment against all companies of the group.

The group has provided guarantees in respect of landlords at 30 June 2022, which amounts to TDKK 4,861.

Other contingent liabilities

The Entity has contingent liabilities regarding partial outsourcing of inventories to third party of TDKK 13,171.

Notes to the Financial Statements

20 Contingent assets, liabilities and other financial obligations (continued)

Sticks 'n' Sushi Holding A/S has issued letters of support to management of its subsidiaries Sticks 'n' Sushi Germany GmbH.

The Entity participates in an international joint taxation in which Sticks 'n' Sushi Holding A/S serves as administration company until 30 April 2019 and MIE4 Holding 2 ApS serves as administration company from 1 May 2019 and going forward. The Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements as at 30 June 2019.

21 Related parties

Basis

Controlling interest

MIE4 Holding 2 ApS, Copenhagen

Parent company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There are no related party transactions that have not been carried through on market terms.

Consolidated Financial Statements

The Company is included in the Group Report of the parent company

Name

Place of registered office

MIE4 Holding 2 ApS

Copenhagen

Notes to the Financial Statements

	Group	
	<u>2021/22</u>	<u>2020/21</u>
	kDKK	kDKK
22 Fee to auditors appointed at the general meeting		
PricewaterhouseCoopers		
Audit fee	874	688
Other assurance engagements	52	22
Tax advisory services	874	377
Other services	754	601
	<u>2,554</u>	<u>1,688</u>

23 Subsequent events

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

Notes to the Financial Statements

24 Accounting Policies

The Annual Report of Sticks 'n' Sushi Holding A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

With regards to the true and fair view of the financial statements, certain reclassifications have been made in the balance sheet and notes. Comparative figures have been adjusted accordingly.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021/22 are presented in kDKK.

Recognition and measurement

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

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

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

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Sticks 'n' Sushi Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

24 Accounting Policies (continued)

Leases

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

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Revenue

Information on business segments and geographical segments based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Notes to the Financial Statements

24 Accounting Policies (continued)

Income Statement

Revenue

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

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

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment and government support packages.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Notes to the Financial Statements

24 Accounting Policies (continued)

Financial income and expenses

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

Tax on profit/loss for the year

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

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

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 7 years.

Acquired trademarks are measured at the lower of cost less accumulated amortisation and recoverable amount. Acquired trademarks are amortised over 10 years.

Costs of development projects comprise salaries and other expenses directly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve is reduced by amortisation of

Notes to the Financial Statements

24 Accounting Policies (continued)

and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3-10 years.

Property, plant and equipment

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

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

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

Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	5-10	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Notes to the Financial Statements

24 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits paid on rented premises.

Inventories

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

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

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

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

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

Notes to the Financial Statements

24 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums and subscriptions.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

24 Accounting Policies (continued)

Cash Flow Statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

24 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin

$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$