
Sticks 'n' Sushi Holding A/S

Nansensgade 49, DK-1366 Copenhagen

Annual Report for 1 July 2020 - 30 June 2021

CVR No 32 83 85 02

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
24/11 2021

Jakob Vestergaard Jensen
Chairman of the General
Meeting



pwc

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	19
Balance Sheet 30 June	20
Statement of Changes in Equity	23
Cash Flow Statement 1 July - 30 June	24
Notes to the Financial Statements	25

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 2020 - 30 June 2021.

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 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020/21.

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, 24 November 2021

Executive Board

Andreas Karlsson
CEO

Board of Directors

Jens Aaløse
Chairman

Roderick Wallace Mckie

Thorkil Ernst Brzuchanski
Rewers Andersen

Carsten Kaag

Erik Preben Holm

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 2021 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 2020 - 30 June 2021 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 2020 - 30 June 2021, 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, 24 November 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Mads Blichfeldt Henriksen
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: 12nd financial year
Municipality of reg. office: Copenhagen

Board of Directors

Jens Aaløse, Chairman
Roderick Wallace Mckie
Thorkil Ernst Brzuchanski Rewers Andersen
Carsten Kaag
Erik Preben Holm
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				
	2020/21 kDKK	2019/20 kDKK	2018/19 kDKK	2017/18 kDKK	2016/17 kDKK
Key figures					
Profit/loss					
Revenue	503,177	484,979	538,905	494,747	449,224
Gross profit/loss	261,782	249,208	266,747	254,731	239,090
Profit/loss before financial income and expenses	21,686	-18,984	-18,283	2,543	11,718
Net financials	-131	-5,217	-2,489	-2,138	-4,369
Net profit/loss for the year	16,576	-20,793	-15,766	-1,238	-1,900
Balance sheet					
Balance sheet total	235,769	217,429	189,508	178,381	163,180
Equity	50,684	32,595	23,602	35,461	36,776
Cash flows					
Cash flows from:					
- operating activities	59,158	17,880	29,030	22,862	36,127
- investing activities	-18,949	-21,584	-32,951	-46,741	-27,897
including investment in property, plant and equipment	-21,678	-16,859	-27,394	-43,629	25,982
- financing activities	-21,672	59,667	24,939	-482	-432
Change in cash and cash equivalents for the year	18,537	55,963	21,018	-24,361	7,798
Number of employees	725	741	777	625	649
Ratios					
Gross margin	52.0%	51.4%	49.5%	51.5%	53.2%
Solvency ratio	21.5%	15.0%	12.5%	19.9%	22.5%
Return on equity	39.8%	-74.0%	-53.4%	-3.4%	-5.0%
EBITDA	51,095	11,707	10,613	25,636	32,412
Revenue per employee	694	654	694	625	649
Equity, incl. subordinate loan	77,311	58,446	48,700	35,461	36,776
Solvency ratio 2, incl. subordinate loan	32.8%	25.8%	25.7%	19.9%	22.5%

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, a more "green line" has 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 4 delivery kitchens in and around London and two in Berlin (second restaurant in Berlin opened September 2021). Every one of these 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 1100 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.

In addition to our 23 restaurants Sticks 'n' Sushi Holding A/S has a central kitchen at Rødovre, Copenhagen, with around 15 employees who support the Group's restaurants with semi-finished products, sauces and desserts etc. 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 2020/21 shows a profit of kDKK 16,576, and at 30 June 2021 the balance sheet of the Group shows equity of kDKK 50,684.

In total the revenue went up year-on-year by DKK 18.2 million or 4% to bring revenue to DKK 503.2 million for 2020/21 compared with DKK 485.0 million in the financial year 2019/20.

The financial year ended with an EBITDA of DKK 51.1 million equal to 10,2 % of net sales against the comparable DKK 11.7 million or 2,4% of revenue in 2019/20.

Our EBITDA over performance compared to our forecasted EBITDA of DKK 35-45 million was from our strong performance and growth of 4 delivery kitchens in the UK.

Covid-19 restrictions in all markets continued making it another difficult year to operate with a few closed restaurants and in longer periods revenue only from take-away. Due to flexibility from our staff, we have however been operating in all countries throughout the whole year, ensuring no jobs have been lost while working with an extreme focus on health safety precautions.

Management's Review

Salary compensation received from the Danish Government in 2020/21 amounts to a total of 5,6 million which covers a part of the costs to retain the employees unable to work. The cost for the company was significantly higher than compensation received.

Due to our positive performance, we expect to repay a significant part, if not all, of the ca DKK 2 million we have received in compensation to cover some of our fixed costs during lock down.

Earnings before interest and tax (EBIT) amounting to 21.7 DKKm against a loss of DKK 19.0 million in 2019/20. Depreciations has decreased with DKK 1.3 million compared to 2019/20 to bring depreciations to a total of DKK 29.4 million.

In 2020/21 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 725 compared with 741 in the financial year 2019/20.

Capital resources

Based on current bank agreement and the budget prepared for the financial year 2021/22 management is confident that the necessary capital resources are in place for the entire financial year 2021/22. 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 and usual increase in costs for raw material will provide pressure on the profitability. A challenge of Sticks'n'Sushi in the years to come will be the task of finding new and improved alternatives on the raw material side.

Given a high exposure in UK, we must accept the risks derived from the Brexit vote and the subsequent lack of clarity it has created. The post Covid period have consequently added further pressure of food 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 21/22.

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 2021/22 organic growth in our existing restaurants as well as operational excellence is our primary focus areas. 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 implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy.

Sticks 'n' Sushi A/S has applied for compensation under the economic stimulus packages introduced by the Danish Government.

Management is monitoring developments closely and will continue to make every effort to recapture any lost revenue from the entire pandemic period.

We are anticipating continuing the positive recovery the company expects to deliver an EBITDA for the financial year 2021/22 in the range between DKK 55 – 60 million, slightly better than last year, pending the Covid-19 situation.

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 and at the same time improving 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

Sticks 'n' Sushi Holding A/S covers Sticks 'n' Sushi A/S, Sticks 'n' Sushi UK Limited and Sticks'n'Sushi Germany GmbH. This portfolio covers the twenty-two Sticks 'n' Sushi restaurants internationally, twelve in Denmark, nine in the United Kingdom and one in Germany.

At Sticks 'n' Sushi we have a holistic approach to Corporate Social Responsibility (CSR). We take pride in being a business that acts responsibly and prioritises 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

We are members of a sustainable restaurant association called the Restaurateur's Guarantee Association (REGA). As part of this membership, we partake in impact assessments aligned to the United Nations (UN) Global Compacts Guidelines for Responsible Business in the following three areas: The Environment, Anti-Corruption and Human Rights (including Workers Rights). These impact assessments identify factors that are perceived as high risk to our industry in the countries we operate.

We are also active status members of the UN Global Compact Network, for which we conduct annual communication on our progress with relation to the UN Global Compacts Guiding Principles on Responsible Business. We are moreover members of the Sustainable Restaurant Association (SRA), a UK based sustainable business organisation, by whom we will also begin being audited. All of the membership organisations we are part of, require the identification of actual and potential risks and require the provision of remedies to diminish or prevent said risks.

Management's Review

Policies, activities and results

We want to make a difference where we can and therefore, we wish to form sustainable partnerships that contribute to causes that go beyond the daily operations of Sticks 'n' Sushi. We believe that the restaurant industry plays an important role in making demands to suppliers, and that we also have an obligation to support local, sustainable producers that operate with the same level of responsibility as we do – both when it comes to the environment, people, and their financials.

We have a long- term focus when we go into dialogue with potential suppliers and also focus on collaborating with networks of industry-colleagues, so communally we can influence the market on a larger scale, notably through our collaborations with REGA, the UN Global Compact and the SRA.

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

If you want to know more about our CSR work, you can read our Communication on Progress where we have included more detailed examples on the past years activities. Access the report on

<https://www.unglobalcompact.org/what-is-gc/participants/8801-STICKS-N-SUSHI>

Management's Review

The environment

As a business we have a responsibility to mitigate risks to the environment and promote greater environmental responsibility and being aware the environment is something we at Sticks'n'Sushi continuously work with. We are committed to act on areas related to our business in where we can contribute to a safer and greener environment.

The past year we have especially focused on four areas related to the environment. These are takeaway packaging, food waste and general waste, our menu and electricity. During the last two years we have been working on replacing our single-use plastic for takeaway for the more environmental friendly rPET, which is made from recycled plastic bottles. In 20/21 we managed to complete this journey and all takeaway packaging now consist of 100% rPET.

With COVID-19 takeaway became an even bigger part of our business and we focused more on nonplastic packaging alternatives. Therefore, we will be developing a takeaway strategy during 2021 to align the whole organisation. In order to minimize the use of plastics we have also reduced the size of our takeaway boxes. Going forward we will continue this journey and strive to find new and innovative sustainable solutions, which will reduce our impact on the environment even further.

Another key area has been preventing food waste. We have optimized our menu as well as recycling procedures. In that way we make sure to use as much as possible of each product and thereby also create less food waste. Another focus point the past year have been our menu. In 2020, we repositioned the plant-based set dish options in our menu card to a more central position alongside the other dishes. At the start of 2021, we have also added an additional plant-based lunch special to our menu. Besides including our plant-based options to the same menu card as our other dishes we are exploring various new greener possibilities to add to our menu. Alongside this a part of a greener menu depends on our suppliers and the demands we put forward on this topic. In 2021 a key aim of our sustainability agenda will focus on a more formalised due diligence procedure for suppliers. We want to ensure that aforementioned suppliers are the norm.

The past year we have been tracking the volume of energy-saving lightbulbs across our Danish restaurants. In 2020 we developed a target to phase our usage of non-energy saving lightbulbs by 2022. We are committed to having a 30% proportion of energy-saving lightbulbs across the group by the end of the financial year 2020/21 and a 60% share by the end of the financial year 2021/22.

Employee conditions & Human Rights

The past year we have focused even more on Employment Conditions and Human Rights where especially news ways of communicating and training modules have been put in place. Moreover, we have developed policies to work against anti-discrimination.

We are committed to ensure that there are no modern-day slavery or human trafficking in our business and as a responsible business we recognise our responsibility to protect employees, guests, and those within our supply chains. One key area of this is the prevention of modern slavery which you can read even more about our work related to this in our yearly Modern Slavery Statement. Another highly

Management's Review

important area regarding employee conditions and Human Rights considers antidiscrimination. In line with the UK legal requirements regarding gender pay gap reporting we will from April of 2021 annually conduct a gender pay gap analysis. Although it is only a requirement for the UK, we will conduct the same analysis for Denmark and Germany. In 2020 we developed a Key Performance Indicator to increase the proportion of females at board level over several years.

Everybody has a right to feel safe and comfortable coming to work and any action to prevent this will not be tolerated. Following our internal guidelines and the #metoo movement, this year we sent communication material around to staff explaining what constitutes inappropriate behaviour and how to react should you experience such an issue. We also developed a policy on the topic. Most importantly we developed a new training module designated specially to the topic of sexual harassment. The module provides examples of how to recognise if you are a victim or observe inappropriate behaviour, how to act on and report such behaviour and how to behave appropriately yourself. In late 2020 we switched to a new online system for all staff and now have developed a wide range of new online training modules focussed on additional elements such the modern slavery act, and personal well-being.

The Pandemic brought additional needs for our employees. We developed and implemented new forms of channels that also helps our business to be even more flexible. We sent a range of information material out to our staff on the restrictions, health and safety in the restaurants and the status of our business. We developed a support Facebook group for staff and a Weekly unity call, whereby anybody could tune in for a business update and Q&A with our CEO.

We also developed clear procedures for identifying illness, notably a symptom checklist at the beginning of each workday, which all employees across the whole business complete. Moreover, we developed a wellbeing campaign focussed on several aspects of information provision related to personal wellbeing and resources. In February 2021 we had a wellbeing seminar available for all staff to (virtually) attend. We also provided a system called Perk Box for our staff, which provides discounts and vouchers for various restaurants and events, but also has a provision element for free counselling services.

In this financial year we developed an Equal Pay for Equal Roles policy where we commit to having job descriptions for all employees with attached specified salary brackets. This reduces areas where discrimination in status and subsequently pay can occur. We are already in this process, with an aim of having full coverage for all employees and roles by the end of 2021 thus, relating to the end of financial year 2021/22.

	Denmark	Rest of the world	Total
Number of employees, beginning of the year	407	334	741
Net development employees, in 2020/21	63	47	16
Number of employees, year end	344	381	725

Management's Review

Anti-discrimination

We believe a part of being a responsible business involves highlighting areas where corruption and bribery could occur and working to prevent these activities from happening. During the past year we therefore have introduced different procedures and policies addressing anti-corruption. We moreover intend to develop our procedures on the area to include a broader range of possible challenges we could meet.

We conduct risk assessments with REGA related to the Environment, Human Rights (Including workersrights) and Anti-Corruption. We then develop action plans based on identified risks. Without doubt, anti-corruption is the area where less risks are identified for Sticks'n'Sushi and the restaurant industry generally. However, it is always useful to gain an overview of potential risks. We are lucky that we have not experienced any incidents of formal corruption however, this is also not to suggest no potential risks could occur in our industry, so we still implement actions to prevent these incidents. We have in 2020 developed an anti-corruption policy, to assure that we across the business takes distance from corruption and know how to act in case of this occur. The policy provides guidance for all persons in our organisation on how to align their daily work with our zero tolerance on corruption and to assist us identify, prevent or mitigate any such risks. This Policy is further embedded in our procedures through our staff handbook, and other relevant documents.

Moreover, we have implemented an online system where employees can record business gifts given and received (over a very low 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.

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 both women and men 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 organisation 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, recognising that the restaurant industry is an industry with a relatively high level of job rotation.

At the end of the financial year 2020/21 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.

At the end of the previous financial year the composition at board level was also 100% male however we aim to have 20% female in the future and no later than the financial year 2022/23.

At the end of the financial year 2020/2021 the gender composition at senior management level was as follows:

Senior Management: 33% female to 67% male.

Last Financial year the composition was 22% female to 78% male. This year we have worked even more with recruiting females with the right experience and competencies. As it is the objective of Sticks 'n' Sushi Holdings A/S and Sticks 'n' Sushi A/S to raise the female ratio representation at both the board and management levels and we continue our work within this area.

Uncertainty relating to recognition and measurement

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

Management's Review

Unusual events

The financial position at 30 June 2021 and the results of the activities and cash flows of the Company for the Financial year for 2020/21 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.

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, Erik Preben Holm 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.

Management's Review

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
- 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
- Deputy chairman of TopDanmark A/S, TopDanmark forsikring and Dansk Erhverv
- Boardmember of FDM Travel A/S
- Shareholder owner of K/S Yohden Hall Komplementar ApS
- Director of PE Minorities GP ApS

Erik Preben Holm

Erik Preben Holm has joined the board since 8 July 2013.

He holds the following other directorships:

- Chairman of Sovino Brands ApS, Ferm Living ApS, Hotel Koldingfjord A/S, Twenty Seven Four Exclusive ApS and FLHC ApS
- Deputy chairman of Sticks'n'Sushi A/S, Arvid Nilssons Fond and SP Group A/S
- Boardmember of Brødrene A. & O. Johansen A/S, AO Invest A/S, Wendelbo Interiors A/S, Wendelbo Møbel Design A/S and Genan Holding A/S
- Director of Maj Invest Holding A/S, MIE5 Holding 4 ApS, MIE5 Datterholding 8 ApS and MIE5 Holding 10 ApS
- Partner of Maj Invest Equity A/S
- Shareholder owner of K/S PI 5, ApS Komplementarselskabet PI 5 and Erik Holm Holding 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, Wendelbo Møbel Design A/S and FLHC ApS
- 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

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, FUSS A/S under konkurs

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

Income Statement 1 July - 30 June

	Note	Group		Parent	
		2020/21 kDKK	2019/20 kDKK	2020/21 kDKK	2019/20 kDKK
Revenue	1	503,177	484,979	0	0
Other operating income		21,152	22,353	0	0
Expenses for raw materials and consumables		-151,582	-139,195	0	0
Other external expenses		-110,965	-118,929	-56	-296
Gross profit/loss		261,782	249,208	-56	-296
Staff expenses	3	-210,686	-237,501	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-29,410	-30,691	0	0
Profit/loss before financial income and expenses	2	21,686	-18,984	-56	-296
Income from investments in subsidiaries		0	0	16,423	-20,257
Financial income	5	2,805	302	1,384	918
Financial expenses	6	-2,936	-5,519	-1,124	-1,112
Profit/loss before tax		21,555	-24,201	16,627	-20,747
Tax on profit/loss for the year	7	-4,979	3,408	-51	-46
Net profit/loss for the year		16,576	-20,793	16,576	-20,793

Balance Sheet 30 June

Assets

	Note	Group		Parent	
		2021 kDKK	2020 kDKK	2021 kDKK	2020 kDKK
Completed development projects		1,990	4,609	0	0
Acquired trademarks		0	0	0	0
Goodwill		0	0	0	0
Intangible assets	8	1,990	4,609	0	0
Other fixtures and fittings, tools and equipment		15,103	18,653	0	0
Leasehold improvements		96,590	97,766	0	0
Property, plant and equipment	9	111,693	116,419	0	0
Investments in subsidiaries	10	0	0	50,067	30,159
Deposits	11	7,761	10,871	0	0
Fixed asset investments		7,761	10,871	50,067	30,159
Fixed assets		121,444	131,899	50,067	30,159
Inventories		8,272	6,950	0	0
Trade receivables		10,629	5,154	0	0
Receivables from group enterprises		0	0	48,209	46,881
Other receivables		1,427	2,337	0	0
Deferred tax asset	12	6,427	3,654	34	85
Corporation tax		0	486	0	486
Corporation tax receivable from group enterprises		3,953	1,892	0	0
Prepayments	13	760	737	0	0
Receivables		23,196	14,260	48,243	47,452
Cash at bank and in hand		82,857	64,320	3	7
Currents assets		114,325	85,530	48,246	47,459
Assets		235,769	217,429	98,313	77,618

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent	
		2021 kDKK	2020 kDKK	2021 kDKK	2020 kDKK
Share capital	14	5,132	5,132	5,132	5,132
Other reserves		1,436	0	1,436	0
Retained earnings		44,116	27,463	44,116	27,463
Equity		50,684	32,595	50,684	32,595
Provision for deferred tax	12	2,817	2,190	0	0
Provisions relating to investments in group enterprises		0	0	12,133	10,162
Other provisions	16	0	6,450	0	0
Provisions		2,817	8,640	12,133	10,162
Subordinate loan capital		26,627	25,851	26,627	25,851
Credit institutions		20,000	25,000	0	0
Payables to group enterprises relating to corporation tax		0	0	0	2,061
Other payables		4,231	3,844	0	0
Long-term debt	17	50,858	54,695	26,627	27,912

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent	
		2021 kDKK	2020 kDKK	2021 kDKK	2020 kDKK
Credit institutions	17	20,107	37,901	0	0
Trade payables		14,554	33,380	50	50
Payables to owners and Management		7,244	6,899	7,244	6,899
Corporation tax		9,866	3,247	1,575	0
Other payables	17	74,206	37,103	0	0
Deferred income	18	5,433	2,969	0	0
Short-term debt		131,410	121,499	8,869	6,949
Debt		182,268	176,194	35,496	34,861
Liabilities and equity		235,769	217,429	98,313	77,618
Distribution of profit	15				
Contingent assets, liabilities and other financial obligations	21				
Related parties	22				
Fee to auditors appointed at the general meeting	23				
Subsequent events	24				
Accounting Policies	25				

Statement of Changes in Equity

Group

	Share capital	Other reserves	Retained earnings	Total
	kDKK	kDKK	kDKK	kDKK
Equity at 1 July	5,132	0	27,463	32,595
Exchange adjustments relating to foreign entities	0	1,436	0	1,436
Other adjustments	0	0	77	77
Net profit/loss for the year	0	0	16,576	16,576
Equity at 30 June	5,132	1,436	44,116	50,684

Parent

Equity at 1 July	5,132	0	27,463	32,595
Exchange adjustments relating to foreign entities	0	1,436	0	1,436
Other adjustments	0	0	77	77
Net profit/loss for the year	0	0	16,576	16,576
Equity at 30 June	5,132	1,436	44,116	50,684

Cash Flow Statement 1 July - 30 June

	Note	Group	
		2020/21 kDKK	2019/20 kDKK
Net profit/loss for the year		16,576	-20,793
Adjustments	19	36,025	32,377
Change in working capital	20	8,772	12,832
Cash flows from operating activities before financial income and expenses		61,373	24,416
Financial income		2,806	302
Financial expenses		-2,940	-5,521
Cash flows from ordinary activities		61,239	19,197
Corporation tax paid/refunded		-2,081	-1,317
Cash flows from operating activities		59,158	17,880
Purchase of intangible assets		-383	-2,689
Purchase of property, plant and equipment		-21,678	-16,859
Fixed asset investments made etc		-623	-2,036
Release of fixed asset investments		3,735	0
Cash flows from investing activities		-18,949	-21,584
Raising of subordinated loan capital from parent company		777	753
Installments credit institutions		-5,000	0
Raising of loans from credit institutions		0	25,000
Raising of loans from group enterprises		0	329
Raising of loan from company owners		345	0
Credit institutions		-17,794	3,585
Cash capital increase		0	30,000
Cash flows from financing activities		-21,672	59,667
Change in cash and cash equivalents		18,537	55,963
Cash and cash equivalents at 1 July		64,320	8,357
Cash and cash equivalents at 30 June		82,857	64,320
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		82,857	64,320
Cash and cash equivalents at 30 June		82,857	64,320

Notes to the Financial Statements

	Group		Parent	
	2020/21 kDKK	2019/20 kDKK	2020/21 kDKK	2019/20 kDKK
1 Revenue				
Geographical segments				
Denmark	268,737	273,191	0	0
United Kingdom	221,788	194,807	0	0
Germany	12,652	16,981	0	0
	503,177	484,979	0	0

2 Special items

In 2020/21 the Company received compensation via the Covid-19 Government help packages of kDKK 21,152. For the financial year 2019/20 the Company received compensation via the Covid-19 Government help packages of kDKK 21,426. The compensation is recognized as other operating income in the profit and loss statement.

Notes to the Financial Statements

	Group		Parent	
	2020/21 kDKK	2019/20 kDKK	2020/21 kDKK	2019/20 kDKK
3 Staff expenses				
Wages and salaries	189,295	211,421	0	0
Pensions	8,409	11,644	0	0
Other social security expenses	6,692	7,630	0	0
Other staff expenses	6,290	6,806	0	0
	210,686	237,501	0	0
Including remuneration to the Executive Board and Board of Directors	2,435	2,140	0	0
Average number of employees	725	741	0	0

The incentives programme for the executives and senior managers includes the possibility to subscribe for nominal DKK 79,222 shares at a price calculated at the grant date plus 10% per annum. The subscription can take place in the period up to 30. december 2021.

The above-mentioned subscription of shares may only take place if 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. If the before-mentioned incidents has not taken place by 30 November 2021 at the latest the executives and senior managers holding warrant will be able to exercise the warrants in the period from 1 December 2021 to 30 December 2021. Incentive programmes are not recognised in the Financial Statements.

Notes to the Financial Statements

	Group		Parent	
	2020/21 kDKK	2019/20 kDKK	2020/21 kDKK	2019/20 kDKK
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	3,002	4,090	0	0
Depreciation of property, plant and equipment	26,408	26,566	0	0
Impairment of property, plant and equipment	0	35	0	0
	29,410	30,691	0	0
5 Financial income				
Interest received from group enterprises	0	0	1,384	918
Other financial income	30	302	0	0
Exchange gains	2,775	0	0	0
	2,805	302	1,384	918
6 Financial expenses				
Interest paid to group enterprises	776	663	1,120	1,081
Other financial expenses	2,160	3,614	4	12
Exchange adjustments, expenses	0	1,242	0	19
	2,936	5,519	1,124	1,112

Notes to the Financial Statements

	Group		Parent	
	2020/21 kDKK	2019/20 kDKK	2020/21 kDKK	2019/20 kDKK
7 Tax on profit/loss for the year				
Current tax for the year	7,752	-537	0	-28
Deferred tax for the year	-2,146	-3,015	51	-85
Adjustment of tax concerning previous years	0	84	0	159
Adjustment of deferred tax concerning previous years	-627	60	0	0
	4,979	-3,408	51	46

8 Intangible assets

Group

	Completed development projects kDKK	Acquired trade-marks kDKK	Goodwill kDKK
Cost at 1 July	19,406	40	16,116
Additions for the year	383	0	0
Cost at 30 June	19,789	40	16,116
Impairment losses and amortisation at 1 July	14,797	40	16,116
Amortisation for the year	3,002	0	0
Impairment losses and amortisation at 30 June	17,799	40	16,116
Carrying amount at 30 June	1,990	0	0

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 <small>kDKK</small>	Leasehold improvements <small>kDKK</small>
Cost at 1 July	89,913	212,716
Exchange adjustment	1,661	5,430
Additions for the year	<u>3,562</u>	<u>14,230</u>
Cost at 30 June	<u>95,136</u>	<u>232,376</u>
Impairment losses and depreciation at 1 July	71,260	114,950
Exchange adjustment	1,172	2,098
Depreciation for the year	<u>7,601</u>	<u>18,738</u>
Impairment losses and depreciation at 30 June	<u>80,033</u>	<u>135,786</u>
Carrying amount at 30 June	<u>15,103</u>	<u>96,590</u>

Notes to the Financial Statements

	Parent	
	2021 kDKK	2020 kDKK
10 Investments in subsidiaries		
Cost at 1 July	53,151	38,151
Additions for the year	0	15,000
Cost at 30 June	<u>53,151</u>	<u>53,151</u>
Value adjustments at 1 July	-33,154	-12,683
Exchange adjustment	1,436	-84
Net profit/loss for the year	16,423	-19,883
Other equity movements, net	0	-130
Amortisation of goodwill	0	-374
Other adjustments	78	0
Value adjustments at 30 June	<u>-15,217</u>	<u>-33,154</u>
Equity investments with negative net asset value transferred to provisions	<u>12,133</u>	<u>10,162</u>
Carrying amount at 30 June	<u>50,067</u>	<u>30,159</u>

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	10,871
Exchange adjustment	337
Additions for the year	288
Disposals for the year	<u>-3,735</u>
Cost at 30 June	<u>7,761</u>
Carrying amount at 30 June	<u>7,761</u>

Notes to the Financial Statements

	Group		Parent	
	2021 kDKK	2020 kDKK	2021 kDKK	2020 kDKK
12 Deferred tax asset				
Deferred tax asset at 1 July	3,654	0	85	0
Amounts recognised in the income statement for the year	2,773	3,654	-51	85
Deferred tax asset at 30 June	6,427	3,654	34	85

Deferred tax assets mainly consists of tax losses to carry forward. The Group expects to utilize the tax losses within the next 3-5 years.

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:

	2020/21 kDKK	2019/20 kDKK	2018/19 kDKK	2017/18 kDKK	2016/17 kDKK
Share capital at 1 July	10,000	4,551	4,551	4,551	4,551
Capital increase	0	581	0	0	0
Capital decrease	0	0	0	0	0
Share capital at 30 June	10,000	5,132	4,551	4,551	4,551

Notes to the Financial Statements

15 Distribution of profit	Parent	
	2020/21	2019/20
	kDKK	kDKK
Retained earnings	16,576	-20,793
	16,576	-20,793

16 Other provisions	Group		Parent	
	2021	2020	2021	2020
	kDKK	kDKK	kDKK	kDKK
Other provisions consists of expected loss from onerous rent contracts.				
Other provisions	0	6,450	0	0
	0	6,450	0	0

17 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:

Subordinate loan capital

Between 1 and 5 years	26,627	25,851	26,627	25,851
Long-term part	26,627	25,851	26,627	25,851
Within 1 year	0	0	0	0
	26,627	25,851	26,627	25,851

Credit institutions

After 5 years	0	5,000	0	0
Between 1 and 5 years	20,000	20,000	0	0
Long-term part	20,000	25,000	0	0
Other short-term debt to credit institutions	20,107	37,901	0	0
	40,107	62,901	0	0

Notes to the Financial Statements

17 Long-term debt (continued)

	Group		Parent	
	2021 kDKK	2020 kDKK	2020/21 kDKK	2020 kDKK
Payables to group enterprises relating to corporation tax				
Between 1 and 5 years	0	0	0	2,061
Long-term part	0	0	0	2,061
Within 1 year	0	0	0	0
	0	0	0	2,061
Other payables				
Between 1 and 5 years	4,231	3,844	0	0
Long-term part	4,231	3,844	0	0
Other short-term payables	74,206	37,103	0	0
	78,437	40,947	0	0

18 Deferred income

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

Notes to the Financial Statements

	Group	
	<u>2020/21</u> kDKK	<u>2019/20</u> kDKK
19 Cash flow statement - adjustments		
Financial income	-2,805	-302
Financial expenses	2,936	5,519
Depreciation, amortisation and impairment losses, including losses and gains on sales	29,407	30,693
Tax on profit/loss for the year	4,979	-3,408
Other adjustments	1,508	-125
	<u>36,025</u>	<u>32,377</u>
20 Cash flow statement - change in working capital		
Change in inventories	-1,321	-863
Change in receivables	-4,585	24,132
Change in other provisions	-6,450	1,850
Change in trade payables, etc	21,128	-12,287
	<u>8,772</u>	<u>12,832</u>

Notes to the Financial Statements

21 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 2021, the company charge comprises the following assets with the following carrying amounts:

	Group		Parent	
	2021 kDKK	2020 kDKK	2021 kDKK	2020 kDKK
Property, plant and equipment	111,693	116,419	0	0
Inventories	8,272	6,950	0	0
Trade receivables	10,629	5,154	0	0

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	39,483	39,807	0	0
Between 1 and 5 years	135,219	137,042	0	0
After 5 years	230,652	230,981	0	0
	405,354	407,830	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 2021, which amounts to TDKK 5,906.

Other contingent liabilities

The Entity has contingent liabilities regarding partial outsourcing of inventories to third party of TDKK 7,933.

Notes to the Financial Statements

21 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 and Sticks 'n' Sushi UK Limited.

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.

22 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

<u>Name</u>	<u>Place of registered office</u>
MIE4 Holding 2 ApS	Copenhagen

Notes to the Financial Statements

	Group	
	<u>2020/21</u>	<u>2019/20</u>
	kDKK	kDKK
23 Fee to auditors appointed at the general meeting		
PricewaterhouseCoopers		
Audit fee	688	590
Other assurance engagements	22	40
Tax advisory services	377	104
Other services	601	205
	<u>1,688</u>	<u>939</u>

24 Subsequent events

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

Notes to the Financial Statements

25 Accounting Policies

The Annual Report of Sticks 'n' Sushi Holding A/S for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements for 2020/21 are presented in kDKK.

Changes in accounting policies

In 2019/20 salary compensation and compensation for fixed costs received via the Covid-19 Government help packages was booked in P/L, which included and reduced staff expenses and operating expenses, respectively.

In 2019/20 staff expenses have increased by DKK 19,533k. Operating expenses have increased by DKK 1,893k. Correspondingly, other operating income has increased by DKK 21,426k.

The change has not affected the Company's assets, liabilities or equity.

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.

Notes to the Financial Statements

25 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

25 Accounting Policies (continued)

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an out-flow 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.

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.

Notes to the Financial Statements

25 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

25 Accounting Policies (continued)

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 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

25 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

25 Accounting Policies (continued)

Prepayments

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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.

Notes to the Financial Statements

25 Accounting Policies (continued)

Deferred income

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

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

25 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Solvency ratio 2, incl. subordinate loan	$\frac{(\text{Equity at year end} + \text{subordinate loan}) \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$