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# ***Sticks 'n' Sushi A/S***

Nansensgade 49, DK-1366 København K

## **Annual Report for 1 July 2018 - 30 June 2019**

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CVR No 73 34 26 19

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
28/11 2019

Jakob Vestergaard Jensen  
Chairman of the General  
Meeting



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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Sticks 'n' Sushi A/S for the financial year 1 July 2018 - 30 June 2019.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 30 June 2019 of the Company and of the results of the Company operations and cash flows for 2018/19.

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

Copenhagen, 28 November 2019

## Executive Board

Andreas Karlsson  
CEO

## Board of Directors

Jens Aaløse  
Chairman

Roderick Wallace Mckie

Thorkil Ernst Brzuchanski  
Rewers Andersen

Thomas Riis

Erik Preben Holm

Carsten Kaag

# Independent Auditor's Report

To the Shareholder of Sticks 'n' Sushi A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2019 and of the results of the Company's operations and cash flows for the financial year 1 July 2018 - 30 June 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sticks 'n' Sushi A/S for the financial year 1 July 2018 - 30 June 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for opinion

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

# Independent Auditor's Report

## Management's responsibilities for the Financial Statements

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

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

## Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the

# Independent Auditor's Report

Company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 28 November 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Ulrik Ræbild  
statsautoriseret revisor  
mne33262

Josephine Kilsgaard Holm  
statsautoriseret revisor  
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## **Company Information**

### **The Company**

Sticks 'n' Sushi A/S  
Nansensgade 49  
DK-1366 København K

Telephone: + 45 33 11 70 30

CVR No: 73 34 26 19

Financial period: 1 July - 30 June

Municipality of reg. office: Copenhagen

### **Board of Directors**

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

### **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 Company is described by the following financial highlights:

	2018/19 TDKK	2017/18 TDKK	2016/17 TDKK	2015/16 TDKK	2014/15 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	309.660	326.010	310.200	296.438	278.328
Gross profit/loss	162.416	182.963	172.299	168.099	155.093
EBITDA	-13.618	12.846	17.162	17.597	21.170
Operating profit/loss	-28.459	1.072	5.355	5.645	11.511
Net financials	-500	1.185	-1.534	-4.427	5.500
Net profit/loss for the year	-22.611	1.736	2.921	917	13.222
<b>Balance sheet</b>					
Balance sheet total	120.536	129.330	120.742	112.038	106.315
Equity	21.046	43.656	41.920	38.999	48.083
Equity, incl. subordinated loan capital	46.140	43.656	41.920	38.999	48.083
<b>Cash flows</b>					
Cash flows from:					
- operating activities	-551	8.853	21.095	5.278	28.614
- investing activities	-8.100	-19.816	-8.093	-16.643	-23.436
including investment in property, plant and equipment	-7.338	-16.724	6.022	14.550	19.161
- financing activities	33.108	2.357	-12.491	-5.499	-19.006
Change in cash and cash equivalents for the year	24.457	-8.606	511	-16.864	-13.828
Number of employees	443	439	424	413	372
<b>Ratios</b>					
Gross margin	52,4%	56,1%	55,5%	56,7%	55,7%
Solvency ratio	17,5%	33,8%	34,7%	34,8%	45,2%
Solvency ratio, equity incl. subordinated loan capital	38,3%	33,8%	34,7%	34,8%	45,2%
Return on equity	-69,9%	4,1%	7,2%	2,1%	31,9%
Revenue per employee	699	743	732	718	748

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.



# Management's Review

## Primary activities

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 in and around London with Soho opening in October 2019 and one in Berlin. 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. As the latest addition we opened a new restaurant in King's Road on London.

The Sticks'n'Sushi A/S served in 2018/19 more than 1,1 million guests in our 12 restaurants or as takeaway. This requires high quality and hygiene standards, rigorous training of our staff and uniform processes. The more than 650 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.

Beside our 12 restaurants Sticks'n'Sushi A/S consists of a central kitchen at Rødovre, Copenhagen, with more than 25 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.

## Development in activities and finances

The income statement of the Company for 2018/19 shows a loss of TDKK 22,611, and at 30 June 2019 the balance sheet of the Company shows equity of TDKK 21,046.

In total the revenue went down year-on-year by DKK 16.3 million or 5.0% to bring revenue to DKK 309.7 million for 2018/19 compared with DKK 326 million in the financial year 2017/18.

The financial year ended with an EBITDA loss of DKK 13.6 million against the comparable EBITDA profit of DKK 12.8 million in the previous financial year. The fiscal year was heavily impacted by significant one-off costs related to restructuring our organisation as well as extraction from previously engaged contractually property commitments. Given the significantly one-off costs the EBITDA for the fiscal year ended negative at DKK 13.6 million. Increasing competition on especially the Danish market made the financial year 2018/19 an operational tough year. Beside increasing competition, increasing raw material prices and labour cost due to labour shortage have become a constant pressure on earning margins over the last years.

Earnings before interest and tax (EBIT) amounting to a loss of DKK 28.5 million against a profit of DKK 1.1 million last year. Depreciations has increased with DKK 3.1 million compared to 2017/18 to bring depreciations to a total of DKK 14.8 million as a result of our continuous investments and expansion.

## Management's Review

Net result for the year amounted to a loss of DKK 22.6 million compared to a profit of DKK 1.7 million for the financial year 2017/18.

In 2018/19 the company have continued its long-term digital investment programme on behalf of the group and beside new point of sale system in all the group's restaurants a web shop platform has equally been launched in all three markets. Next step is 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 food.

As the expectations for the year was an EBITDA at same level as previous year the Management is not satisfied with the result of the year, but confident that the one-off costs and investments done into organisation and property in 2018/19 will support the Company and the Group into continuing the expansion strategy in the years to come.

### **Capital resources**

Based on current bank agreement and the budget prepared for the financial year 2019/20 management is confident that the capital resources of the company are in place and accurate for the entire financial year 2019/20. The financial statement is prepared based on these assumptions.

### **Particular risks**

#### ***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 on will be the task of finding new and improved alternatives on the raw material side.

Beside from normal financial risk operating in the hospitality sector Sticks'n'Sushi A/S is subject to usual financial risks from trading with companies in different markets and its related exchange rate risk.

### **Outlook**

In 2019/20 organic growth in our existing restaurants as well as operational excellence is our primary focus areas. We will to invest to strengthen our value chain into the restaurants, continue training our staff and implement uniform processes as well as investing into our brand.

The company expects to deliver an EBITDA for the financial year 2019/20 in the range between DKK 10 – 15 million.

# Management's Review

## Research and development

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. End of 2018/19 the group started a restructuring project around our value chain set up to ensure better product quality as well as improving the agility and scalability of our central production facilities.

## 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.

## Intellectual capital resources

The hotel and restaurant industry, domestically as well as internationally, generally experiences challenges in recruiting kitchen staff. However, we do have a good and stable pool of employees holding considerable competences within operation and development of the restaurants and total business concept of Sticks'n'Sushi. Human resource management and development holds a very high priority at Sticks'n'Sushi and is a decisive factor in attracting and retaining the best qualified employees that currently comprise as much as 45 different nationalities.

## Statement of corporate social responsibility

### *Business model*

In Sticks'n'Sushi, we have a holistic approach to CSR. With 12 restaurants alone in Denmark, behaving well and running sustainable restaurants is something that is embedded in our philosophy and closely linked to our culture and values. We believe in a responsible way of doing business that embraces everything from employees to purchasing, products and projects. We want to serve sublime food without compromising the well-being of animals or the environment. We take pride in decency and fairness, and we want to operate with care and foresight.

We call this a "People - Planet - Profit" approach, based on a triple bottom line philosophy.

### *Risk evaluation*

Our work with sustainability is an endless journey and we don't want to pretend that we are totally redeemed. The truth is that a company can always improve. And we are working on it. One step at a time. Our CSR efforts are intended to contribute positively to both the well-being of employees, guests, surrounding communities and the restaurant industry.

In terms of anti-corruption and human rights Sticks'n'Sushi does not have specific policies relating to

## Management's Review

these areas since have a close relationship with all our suppliers and thus we have a high level of transparency when it comes to the value chain of all our products. As a member of REGA (the Restaurateurs' Guarantee Association) we are being audited on a yearly basis within these two areas, and we have not yet had any remarks. Social responsibility and sustainability are two areas we are very concerned with, both of which feed into our "People – Planet – Profit" approach. We have several policies within these areas, which we strive to abide by every day, although we are aware that some goals take longer time to fulfill than other.

### ***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 operation 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 the local, sustainable producers that operate with the same level of transparency as we do – both when it comes to the environment, people and their financials. Establishing such collaborations often takes years of patience and dedication. Therefore, we have a long-term focus, when we go into dialogue with potential suppliers.

Our promise to our guests is to serve high quality food made with the best ingredients with great taste. When it comes to our products, we never compromise on quality, and are also willing to pay extra when it is needed. And we are transparent in terms of where our products come from and how they are produced. Rare fish will never be on our menu, and we sail well clear of grey areas. The fish being our key product is globally a vulnerable natural resource and many species are under threats of being overfished in addition to insufficient public regulation and control. We make sure that the fish which we choose to serve for our guests do not belong to species threatened by extinction, and furthermore that from fishing boat to plate the fish may be traceable in full.

As of the FY 18/19 we now have ASC certified hiramasa (Yellowtail Kingfish), and we are currently working on getting our tuna MSC certified, which we expect to pass during 2019/20. With our "People – Planet – Profit" philosophy in mind we are constantly moving closer to get all our fish and seafood certified. Adding the last two certifications to the list we have taken a huge step in this direction. We expect to add at least one or two extra fish certifications beside the tuna to the list of certified fish in 2019/20.

We believe, that in the future, we will have less meat on the card, and want to continuously develop our menu to be comprised of organic, green ingredients. Today 84.5% of all our vegetables are organic and we aim to get 5 out of the remaining 9 vegetables organic before 2022. We believe that going organic and paying attention to animal welfare is the right path in a world where we put more and more pressure on our nature. Our chicken and pork come from welfare chicken and free-range pigs and the goal is that all meat also will be served organic.

We aim to change our products to local products as much as possible. In terms of production, we focus on local, sustainable productions and suppliers who put emphasis on animal welfare. In the 2018/19 we have been in close contact with our chicken and pork suppliers and we also make sure to constant explore

## Management's Review

alternatives hereunder new farmers and evaluate new initiatives, to ensure we continue to serve the best possible product. We strive to engage into partnerships that aim to strengthen good gastronomy, sustainable production methods and sustainable running of companies in general as part of our People - Planet – Profit philosophy.

We are continuously working on our packaging for take away food to ensure we have the best possible product – both for our guests and for the environment. Within the 2018/19 we have worked intensely to find alternatives to our current PET plastic containers. At this stage the PET plastic is the best solution, but we are hoping to have a new product ready for testing within the new fiscal year. During 2018/19 we have engaged in a partnership with an innovative science group from a local university to develop and test new types of sustainable packaging and we are expecting a full roll-out within the next two years, if the products meet our expectations in terms of food safety, transportation fitness and design.

We live in a culture, where we often use and throw away as we wish. We want to do things differently and be better at using our resources to the fullest. The Japanese term 'Mottainai' refers to the dislike of waste, and is the basis for our no-waste philosophy behind everything from menu engineering to daily operations, events etc. We want to provide a treat with no waste of culinary resources, and we want to be as sustainable as possible in our daily operations. We have a constant focus on reducing waste in our operation and have managed to reduce our general waste from our kitchens, cardboard waste and food waste significantly during 2018/19. We have reduced general kitchen waste with more than 10%, cardboard waste with more than 5% and food waste with more than 15%. We continue in 2019/20 to focus on initiatives that are reducing our waste further in all categories.

We strongly believe that a company that embraces diversity, tolerance and trust is very rich on the value and culture side. Since the beginning, we have employed people from all over the world, and having highly multicultural teams is something that we are proud of. We have around 45 nationalities on board, and we want to promote a diverse workforce, where people from near and far come together and work towards the same goals. We also want to take our part of the responsibility for helping vulnerable groups in society becoming employed.

For many years we have been collaborating with Job Centres and local initiatives called High Five that helps ex-cons get back onto the job market. Despite the challenges in integrating diversities into our workforce, we are continuing the close work and dialogues with local initiatives to improve the integration process and thus hopefully employ and retain some great people in the future.

We focus on collaborating in networks of industry-colleagues, so we can influence the market on a bigger scale, e.g. with the organization REGA and Global Compact.

We are in the process to implement an online tool to measure employee satisfaction on a regular basis and with this new tool we can ensure to meet the demands from our employees and engage with them to improve our working conditions.

# Management's Review

## Statement on gender composition

It is our policy to continuously aim for the highest competence level for our employees and we strive to recruit the best qualified candidates regardless of gender, age, religion, ethnicity and/or sexual orientation. We want Sticks'n'Sushi to be an attractive workplace for both women and men with equal opportunity for career advancement and management promotions. It is equally important that the right competencies are present, and it is thus the company's policy to ensure qualified development and training – 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 and take their career to the next level. We offer leadership courses from both internal and external teachers to all aspiring leaders and encourage everyone including the underrepresented gender to attend.

We wish to employ, retain and develop the best qualified employees for the respective job positions within the Group irrespective of gender and age. Simultaneously, we want to achieve a good balance in the composition of gender, age and seniority realizing that the restaurant industry is an industry with a relatively high level of job rotation.

At the end of the financial year 2018/19 the gender composition at board level was as follows:

Board of Directors: 100% men

Last Financial year the composition at board level was 40% woman and 60% men and the goal for the FY of 18/19 was to keep a 40/60 ratio as a minimum level. This FY the board has changed, which has resulted in a composition of 100% men, as there were no female candidates running for the open board positions.

At the end of the financial year 2018/19 the gender composition of the management was as follows:

Management: 75% men and 25% women

Last Financial year the composition was also 33.33% women and 66.66% men and the goal for this Financial year was to keep the ratio we had last year as a minimum. There have been some organisational changes, which has resulted in just one female employee remaining at management level. It is the objective of Sticks 'n' Sushi A/S to raise the female ratio representation in both the board and management and we continue our work on recruiting females with the right experience and competencies. It is the groups' goal to obtain a ratio of 60/40 both on the board and management within the next three years and no later than end of FY 2022/23.

## Unusual events

The financial position at 30 June 2019 of the Company and the results of the activities and cash flows of the Company for the financial year for 2018/19 have not been affected by any unusual events.

## Income Statement 1 July - 30 June

	Note	2018/19 TDKK	2017/18 TDKK
<b>Revenue</b>	1	<b>309.660</b>	<b>326.010</b>
Other operating income		5.121	6.217
Expenses for raw materials and consumables		-87.830	-94.280
Other external expenses		-64.535	-54.984
<b>Gross profit/loss</b>		<b>162.416</b>	<b>182.963</b>
Staff expenses	2	-172.949	-164.659
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-14.841	-11.774
Other operating expenses		-3.085	-5.458
<b>Profit/loss before financial income and expenses</b>		<b>-28.459</b>	<b>1.072</b>
Financial income	4	1.428	2.645
Financial expenses	5	-1.928	-1.460
<b>Profit/loss before tax</b>		<b>-28.959</b>	<b>2.257</b>
Tax on profit/loss for the year	6	6.348	-521
<b>Net profit/loss for the year</b>		<b>-22.611</b>	<b>1.736</b>

# Balance Sheet 30 June

## Assets

	Note	2018/19 TDKK	2017/18 TDKK
Completed development projects		3.456	6.336
Acquired trademarks		2	6
Development projects in progress		2.178	0
<b>Intangible assets</b>	7	<b>5.636</b>	<b>6.342</b>
Other fixtures and fittings, tools and equipment		10.109	12.541
Leasehold improvements		33.534	36.008
<b>Property, plant and equipment</b>	8	<b>43.643</b>	<b>48.549</b>
Deposits		3.978	5.107
<b>Fixed asset investments</b>	9	<b>3.978</b>	<b>5.107</b>
<b>Fixed assets</b>		<b>53.257</b>	<b>59.998</b>
<b>Inventories</b>		<b>3.877</b>	<b>4.826</b>
Trade receivables		7.835	7.011
Receivables from group enterprises		45.590	53.900
Other receivables		577	694
Corporation tax receivable from group enterprises		2.905	205
Prepayments	10	2.507	1.664
<b>Receivables</b>		<b>59.414</b>	<b>63.474</b>
<b>Cash at bank and in hand</b>		<b>3.988</b>	<b>1.032</b>
<b>Currents assets</b>		<b>67.279</b>	<b>69.332</b>
<b>Assets</b>		<b>120.536</b>	<b>129.330</b>



# Balance Sheet 30 June

## Liabilities and equity

	Note	2018/19 TDKK	2017/18 TDKK
Share capital		10.000	10.000
Reserve for development costs		2.394	2.941
Retained earnings		8.652	30.715
<b>Equity</b>	11	<b>21.046</b>	<b>43.656</b>
Provision for deferred tax	13	217	3.488
<b>Provisions</b>		<b>217</b>	<b>3.488</b>
Subordinate loan capital		25.094	0
Credit institutions		44	253
Payables to group enterprises relating to corporation tax		0	153
<b>Long-term debt</b>	14	<b>25.138</b>	<b>406</b>
Credit institutions	14	19.142	40.643
Lease obligations		0	51
Trade payables		27.192	17.928
Payables to group enterprises		4.189	4.327
Other payables		22.497	18.831
Deferred income	15	1.115	0
<b>Short-term debt</b>		<b>74.135</b>	<b>81.780</b>
<b>Debt</b>		<b>99.273</b>	<b>82.186</b>
<b>Liabilities and equity</b>		<b>120.536</b>	<b>129.330</b>
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	18		
Related parties	19		
Fee to auditors appointed at the general meeting	20		
Accounting Policies	21		

## Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	10.000	2.941	30.715	43.656
Development costs for the year	0	1.470	0	1.470
Depreciation, amortisation and impairment for the year	0	-2.017	0	-2.017
Net profit/loss for the year	0	0	-22.063	-22.063
<b>Equity at 30 June</b>	<b>10.000</b>	<b>2.394</b>	<b>8.652</b>	<b>21.046</b>

## Cash Flow Statement 1 July - 30 June

	Note	2018/19 TDKK	2017/18 TDKK
Net profit/loss for the year		-22.611	1.736
Adjustments	16	9.169	11.110
Change in working capital	17	13.393	-3.626
<b>Cash flows from operating activities before financial income and expenses</b>		<b>-49</b>	<b>9.220</b>
Financial income		1.428	2.645
Financial expenses		-1.930	-1.408
<b>Cash flows from ordinary activities</b>		<b>-551</b>	<b>10.457</b>
Corporation tax paid		0	-1.604
<b>Cash flows from operating activities</b>		<b>-551</b>	<b>8.853</b>
Purchase of intangible assets		-1.891	-2.947
Purchase of property, plant and equipment		-7.338	-16.724
Fixed asset investments made etc		1.129	-145
<b>Cash flows from investing activities</b>		<b>-8.100</b>	<b>-19.816</b>
Installments on loans		-158	-483
Repayment of payables to group enterprises		-138	-436
Repayments from receivables from group enterprises		8.310	3.276
Raising of subordinated loan capital from parent company		25.094	0
<b>Cash flows from financing activities</b>		<b>33.108</b>	<b>2.357</b>
<b>Change in cash and cash equivalents</b>		<b>24.457</b>	<b>-8.606</b>
Cash and cash equivalents at 1 July		-39.611	-31.005
<b>Cash and cash equivalents at 30 June</b>		<b>-15.154</b>	<b>-39.611</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		3.988	1.032
Credit institutions		-19.142	-40.643
<b>Cash and cash equivalents at 30 June</b>		<b>-15.154</b>	<b>-39.611</b>

# Notes to the Financial Statements

	2018/19	2017/18
	TDKK	TDKK
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Denmark	309.660	320.998
UK	0	4.380
Germany	0	632
	<b>309.660</b>	<b>326.010</b>
<b>Business segments</b>		
Restaurants	309.660	326.010
	<b>309.660</b>	<b>326.010</b>
<b>2 Staff expenses</b>		
Wages and salaries	150.997	144.291
Pensions	12.424	11.855
Other social security expenses	1.006	998
Other staff expenses	8.522	7.515
	<b>172.949</b>	<b>164.659</b>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<b>4.022</b>	<b>2.820</b>
<b>Average number of employees</b>	<b>443</b>	<b>439</b>
<b>3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	2.597	1.681
Depreciation of property, plant and equipment	10.787	10.093
Impairment of property, plant and equipment	1.457	0
	<b>14.841</b>	<b>11.774</b>

## Notes to the Financial Statements

	2018/19 TDKK	2017/18 TDKK
<b>4 Financial income</b>		
Interest received from group enterprises	1.281	2.645
Exchange gains	147	0
	<b>1.428</b>	<b>2.645</b>
<b>5 Financial expenses</b>		
Interest paid to group enterprises	162	0
Other financial expenses	1.766	1.166
Exchange adjustments, expenses	0	294
	<b>1.928</b>	<b>1.460</b>
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	-3.058	153
Deferred tax for the year	-3.271	391
Adjustment of tax concerning previous years	-19	-23
	<b>-6.348</b>	<b>521</b>

## Notes to the Financial Statements

### 7 Intangible assets

	Completed development projects TDKK	Acquired trade- marks TDKK	Development projects in progress TDKK
Cost at 1 July	14.832	40	0
Additions for the year	0	0	2.178
Disposals for the year	-294	0	0
Cost at 30 June	14.538	40	2.178
Impairment losses and amortisation at 1 July	8.496	34	0
Amortisation for the year	2.593	4	0
Reversal of amortisation of disposals for the year	-7	0	0
Impairment losses and amortisation at 30 June	11.082	38	0
<b>Carrying amount at 30 June</b>	<b>3.456</b>	<b>2</b>	<b>2.178</b>

Development projects in progress comprised of a new 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.

The project will be completed with version 1 during 2019, but will continue to develop over time and be a part of a more data driven approach.

# Notes to the Financial Statements

## 8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <u>TDKK</u>	Leasehold improvements <u>TDKK</u>
Cost at 1 July	53.071	96.198
Additions for the year	<u>1.719</u>	<u>5.619</u>
Cost at 30 June	<u>54.790</u>	<u>101.817</u>
Impairment losses and depreciation at 1 July	40.530	60.190
Impairment losses for the year	0	1.457
Depreciation for the year	<u>4.151</u>	<u>6.636</u>
Impairment losses and depreciation at 30 June	<u>44.681</u>	<u>68.283</u>
<b>Carrying amount at 30 June</b>	<b><u>10.109</u></b>	<b><u>33.534</u></b>

## 9 Fixed asset investments

	<u>Deposits</u> TDKK
Cost at 1 July	5.107
Disposals for the year	<u>-1.129</u>
Cost at 30 June	<u>3.978</u>
<b>Carrying amount at 30 June</b>	<b><u>3.978</u></b>

## 10 Prepayments

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

## 11 Equity

The share capital consists of 1,000,000 shares of a nominal value of DKK 10. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

## Notes to the Financial Statements

	2018/19 TDKK	2017/18 TDKK
<b>12 Distribution of profit</b>		
Transfer for the year to other reserves	-548	1.444
Retained earnings	-22.063	292
	<b>-22.611</b>	<b>1.736</b>
<b>13 Provision for deferred tax</b>		
Provision for deferred tax at 1 July	3.488	3.120
Amounts recognised in the income statement for the year	-3.271	368
<b>Provision for deferred tax at 30 June</b>	<b>217</b>	<b>3.488</b>
<b>14 Long-term debt</b>		
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:		
<b>Subordinate loan capital</b>		
Between 1 and 5 years	25.094	0
Long-term part	25.094	0
Within 1 year	0	0
	<b>25.094</b>	<b>0</b>
<b>Credit institutions</b>		
Between 1 and 5 years	44	253
Long-term part	44	253
Other short-term debt to credit institutions	19.142	40.643
	<b>19.186</b>	<b>40.896</b>
<b>Payables to group enterprises relating to corporation tax</b>		
Between 1 and 5 years	0	153
Long-term part	0	153
Within 1 year	0	0
	<b>0</b>	<b>153</b>



# Notes to the Financial Statements

## 15 Deferred income

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

	<u>2018/19</u> TDKK	<u>2017/18</u> TDKK
<b>16 Cash flow statement - adjustments</b>		
Financial income	-1.428	-2.645
Financial expenses	1.928	1.460
Depreciation, amortisation and impairment losses, including losses and gains on sales	14.924	11.774
Tax on profit/loss for the year	-6.348	521
Other adjustments	93	0
	<u><b>9.169</b></u>	<u><b>11.110</b></u>

## 17 Cash flow statement - change in working capital

Change in inventories	949	-898
Change in receivables	-1.550	-2.574
Change in trade payables, etc	13.994	-154
	<u><b>13.393</b></u>	<u><b>-3.626</b></u>

# Notes to the Financial Statements

## 18 Contingent assets, liabilities and other financial obligations

### Charges and security

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

The company has pledged a company charge of TDKK 10,000 as collateral for debt. At 30 June 2019, the company charge comprises the following assets with the following carrying amounts:

	2018/19	2017/18
	TDKK	TDKK
Goodwill and acquired trademarks	2	6
Property, plant and equipment	43.031	49.549
Inventories	3.877	4.826
Trade receivables	7.835	7.011

### Rental and lease obligations

Lease obligations under rental and other operating lease agreements. Total future lease payments:

Within 1 year	15.804	13.175
Between 1 and 5 years	36.424	34.677
After 5 years	24.800	21.902
	<u>77.028</u>	<u>69.754</u>

### Guarantee obligations

The company has issued guarantee of payment against its sister companies.

The company has provided guarantees in respect of landlords at 30 June 2019, which amounts to TDKK 5,887.

### Other contingent liabilities

The Entity has contingent liabilities regarding partial outsourcing of inventories to third party of TDKK 8.672.

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.

# Notes to the Financial Statements

## 19 Related parties

### Basis

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#### Controlling interest

MIE4 Holding 2 ApS, Copenhagen	Ultimate parent company
Sticks 'n' Sushi Holding A/S, 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 companies

Name	Place of registered office
MIE4 Holding 2 ApS	Copenhagen
Sticks 'n' Sushi Holding A/S	Copenhagen

## 20 Fee to auditors appointed at the general meeting

Referring to the Danish Statements Act § 96, sub section 3, information on fees to Auditors elected on a general meeting, has been omitted. We refer to the financial statement of MIE4 Holding 2 ApS.

# Notes to the Financial Statements

## 21 Accounting Policies

The Annual Report of Sticks 'n' Sushi A/S for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018/19 are presented in TDKK.

### 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.

### Leases

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

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

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

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### 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 Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

## Income Statement

### Revenue

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

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

### 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.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### 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 Company, including royalties paid from sister company, gains and losses on the sale of intangible assets and property, plant and equipment.

### Financial income and expenses

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

### Tax on profit/loss for the year

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

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

## Balance Sheet

### Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3 - 10 years.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

### 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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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

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.

### Fixed asset investments

Fixed asset investments consist of deposits paid regarding 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

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

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

### Receivables

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

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest. Prepayments are measured at cost.

### Equity

#### 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.



# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### 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.

## Cash Flow Statement

The cash flow statement shows the Company'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 Company'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" and "Overdraft facilities".

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

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Financial Highlights

#### Explanation of financial ratios

Gross margin

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

Solvency ratio

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

Solvency ratio, equity incl. subordinated loan capital

$$\frac{\text{Equity incl. subordinated loan capital at year end x 100}}{\text{Total assets at year end}}$$

Return on equity

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