

Sticks 'n' Sushi A/S

Nansensgade 49

1366 Copenhagen

Central Business Registration No

73342619

Annual report 2017/18

The Annual General Meeting adopted the annual report on 28.11.2018

Chairman of the General Meeting

Name: Jakob Vestergaard Jensen

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Entity details

Entity

Sticks 'n' Sushi A/S
Nansensgade 49
1366 Copenhagen

Central Business Registration No: 73342619
Registered in: København K
Financial year: 01.07.2017 - 30.06.2018

Phone: 33117030

Board of Directors

Erik Preben Holm, chairman
Kim Rahbek Hansen, vice chairman
Thorkil Ernst Brzuchanski Rewers Andersen
Thomas Riis

Executive Board

Roderick Wallace Mckie

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Mailbox 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Sticks 'n' Sushi A/S for the financial year 01.07.2017 - 30.06.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2018 and of the results of its operations and cash flows for the financial year 01.07.2017 - 30.06.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 28.11.2018

Executive Board

Roderick Wallace Mckie

Board of Directors

Erik Preben Holm
chairman

Kim Rahbek Hansen
vice chairman

Thorkil Ernst Brzuchanski
Rewers Andersen

Thomas Riis

Independent auditor's report

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

Opinion

We have audited the financial statements of Sticks 'n' Sushi A/S for the financial year 01.07.2017 - 30.06.2018, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2018 and of the results of its operations and cash flows for the financial year 01.07.2017 - 30.06.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 28.11.2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Bjørn Winkler Jakobsen

State Authorised Public Accountant

Identification number (MNE) mne32127

Henrik Hartmann Olesen

State Authorised Public Accountant

Identification number (MNE) mne34143

Management commentary

	2017/18	2016/17	2015/16	2014/15	2013/14
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	326.010	310.200	296.438	278.328	257.730
Gross profit/loss	177.506	172.299	168.099	155.093	146.824
EBITDA	12.847	17.162	17.597	21.170	26.834
Operating profit/loss	1.073	5.355	5.645	11.511	16.881
Net financials	1.184	(1.534)	(4.427)	5.500	1.778
Profit/loss for the year	1.736	2.921	917	13.222	14.051
Total assets	129.330	120.742	112.038	106.315	74.736
Investments in property, plant and equipment	16.724	6.022	14.550	19.161	5.335
Equity	43.656	41.920	38.999	48.083	34.860
Cash flows from (used in) operating activities	8.853	21.095	5.278	28.614	20.771
Cash flows from (used in) investing activities	(19.816)	(8.093)	(16.643)	(23.436)	(5.911)
Cash flows from (used in) financing activities	2.357	(12.491)	(5.499)	(19.006)	(9.845)
Employees in average	439	424	413	372	331
Ratios					
Gross margin (%)	54,4	55,5	56,7	55,7	57,0
Return on equity (%)	4,1	7,2	2,1	31,9	50,5
Equity ratio (%)	33,8	34,7	34,8	45,2	46,6
Revenue per employee	742,6	731,6	717,8	748,2	778,6

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Revenue per employee	$\frac{\text{Revenue}}{\text{Revenue per employee}}$	The entity's productivity

Management commentary

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.

Group operation

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, 7 in and around London 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.

Danish operation

Annually Sticks'n'Sushi A/S serves more than 1,3 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 hostmanship anywhere at which our many guests are being welcomed.

Beside our 12 restaurants the company consists of a central kitchen at Rødovre, Copenhagen, with more than 30 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

Total revenue grew year-on-year by 15,8 million or 5,1% to bring revenue above DKK 326 million for 2017/18 compared with DKK 310,2 million in the financial year 2016/17.

The financial year ended with an EBITDA of DKK 12,8 million equal to 3,9% of net sales against the comparable DKK 17,2 million or 5,5% of revenue in the previous financial year. The company is on track with its expansion and investment programme, with one new restaurant this financial year. The programme impacts as planned the groups cash flow and to ensure the execution of plans the Group has secured sufficient overdraft facilities by signing new bank agreements for funding.

Earnings before interest and tax (EBIT) amounting to DKK 1,1 million against DKK 5,4 million.

Net income for the year amounted to DKK 1,7 million compared to a net income of DKK 2,9 million for the financial year 2016/17.

Disclosures on non-financial issues

Beside opening one new restaurant in Denmark in 2017/18 the company has provided significant support to the Sticks'n'Sushi group in opening two new restaurants in London as well as continued its work to improve our staff training methods and starting to roll out new POS system and new online presence. The last project is expected to be fully implemented at Group level in the fall 2018.

Management commentary

Uncertainty relating to recognition and measurement

No uncertainty exists or change in relation to recognition or valuation of our balance sheet items.

Unusual circumstances affecting recognition and measurement

The company has not been exposed to any extraordinary matters in 2017/18 that needs to be handled as extraordinary items.

Outlook

In 2018/19 operational excellence is continuing to be the primary focus. We continue to invest to strengthen the operational organization as well as invest to provide the operation with the right tools and best support functions needed.

In 2017/18 we have seen that our latest opened restaurants started to contribute to a further increase of the revenue and operating profit for the company and we expect these to perform and contribute at the same level as our more established restaurants. However, operating profit are expected to continue to be under pressure from increasing cost of food as our supply chain turns more organic and welfare focused. We expect to be able to menu engineer our menus, so we will absorb the costs in the menus.

The company expects to deliver an EBITDA for the financial year 2018/19 at the same level as in 2017/18.

Particular risks

Business related risks

Sticks'n'Sushi is 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 products and improved sustainability in combination with resource shortages 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.

Financial risks

The company is exposed to the usual and normal financial risk operating in the hospitality sector.

Intellectual capital resources

The hotel and restaurant industry, domestically as well as internationally, generally experiences challenges in recruiting kitchen staff. To a certain degree this is also true for Sticks'n'Sushi. 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.

Environmental performance

Environmental matters and sustainability have always been a central part of Sticks'n'Sushi values and business model from food procurement of raw materials, waste management, and the daily operations right to the food we serve for our guests.

Management commentary

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

In 2017/18 we have continued and almost finalized our project to replace all our yakitori stick grills from coal to gas, which improves the environment significantly both inside the restaurants for employees and guests but also from reducing the amount of coal. The last two restaurants will have their grill replaced in 2018/19. The project represents a DKK Million investment.

Research and development activities

The company is participating in the group's digital project. The project is developing a new integrated IT platform to provide our guests with the best online ordering experience for take-away and improving efficiency and scalability in our operation. The company has just before closing 2017/18 rolled the first point of sales systems out. The remaining restaurants in the group will be rolled out in 2018/19. This is also a DKK Million investment.

Statutory report on corporate social responsibility

Social responsibility and sustainability have always been a central part of Sticks'N'Sushi values and business model and the responsibility for CSR lays within the area of the CEO to give this topic top attention.

Sticks'n'Sushi are proud to be part of the industry-cooperation REGA (Restaurateurs' Guarantee Scheme).

The REGA cooperation is based on the UN Global Compact and the UN Guiding Principles for Business and Human Rights and is the first industry-initiative in the world to stringently apply the standard.

Despite the focus from top management on CSR topics the company has because of the size of its organization and limited resources available not established separate CSR policies why there in the management commentary is no specific statement for the groups work with social responsibility.

All vegetables in our Danish production and kitchens are as much organic as possible. 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.

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.

However, it is not easy to provide our guests with organic food. We are continuously testing new products and working with different suppliers to come up with the right combination of organic and high quality.

The fish being Sticks'N'Sushi 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.

Finally, our chicken and pork come from welfare chicken and free-range pigs and the goal is that all meat also will be served organic.

Management commentary

Statutory report on the underrepresented gender

Sticks'n'Sushi continuously wishes to employ, retain and develop the best qualified employees for the respective job positions within the company irrespective of gender and age but simultaneously aims at having a good balance in the composition of the personnel's gender, age and seniority realizing that the restaurant industry is an industry with a relatively high level of job rotation.

As at the end of the financial year 2017/18 the gender composition of the management was as follows:

Board of directors: 60% men and 40% women. Management group: 66,6% men and 33,3% women.

It is the objective of Sticks'n'Sushi to retain as a minimum the current level of female representation in management but raising the female ratio would be welcomed.

Events after the balance sheet date

Other than described above, the only event of significant importance for the company after the end of the financial year is the employment of Rod McKie as new company and Group CEO.

Income statement for 2017/18

	<u>Notes</u>	<u>2017/18 DKK'000</u>	<u>2016/17 DKK'000</u>
Revenue	1	326.010	310.200
Other operating income		6.217	2.684
Cost of sales		(94.280)	(88.050)
Other external expenses	2	<u>(60.441)</u>	<u>(52.535)</u>
Gross profit/loss		177.506	172.299
Staff costs	3	(164.659)	(155.137)
Depreciation, amortisation and impairment losses		<u>(11.774)</u>	<u>(11.807)</u>
Operating profit/loss		1.073	5.355
Other financial income	4	2.645	2.277
Other financial expenses	5	<u>(1.461)</u>	<u>(3.811)</u>
Profit/loss before tax		2.257	3.821
Tax on profit/loss for the year	6	<u>(521)</u>	<u>(900)</u>
Profit/loss for the year	7	<u>1.736</u>	<u>2.921</u>

Balance sheet at 30.06.2018

	<u>Notes</u>	<u>2017/18 DKK'000</u>	<u>2016/17 DKK'000</u>
Completed development projects		6.336	3.707
Acquired trademarks		6	10
Development projects in progress		<u>0</u>	<u>1.359</u>
Intangible assets	8	<u>6.342</u>	<u>5.076</u>
Other fixtures and fittings, tools and equipment		12.541	8.991
Leasehold improvements		<u>36.008</u>	<u>32.927</u>
Property, plant and equipment	9	<u>48.549</u>	<u>41.918</u>
Deposits		<u>5.107</u>	<u>4.962</u>
Fixed asset investments	10	<u>5.107</u>	<u>4.962</u>
Fixed assets		<u>59.998</u>	<u>51.956</u>
Manufactured goods and goods for resale		<u>4.826</u>	<u>3.928</u>
Inventories		<u>4.826</u>	<u>3.928</u>
Trade receivables		7.011	4.601
Receivables from group enterprises		53.900	57.176
Other receivables		694	847
Joint taxation contribution receivable		205	0
Prepayments	11	<u>1.664</u>	<u>1.347</u>
Receivables		<u>63.474</u>	<u>63.971</u>
Cash		<u>1.032</u>	<u>887</u>
Current assets		<u>69.332</u>	<u>68.786</u>
Assets		<u>129.330</u>	<u>120.742</u>

Balance sheet at 30.06.2018

	<u>Notes</u>	<u>2017/18 DKK'000</u>	<u>2016/17 DKK'000</u>
Contributed capital	12	10.000	10.000
Reserve for development expenditure		2.941	1.497
Retained earnings		<u>30.715</u>	<u>30.423</u>
Equity		<u>43.656</u>	<u>41.920</u>
Deferred tax	13	<u>3.488</u>	<u>3.120</u>
Provisions		<u>3.488</u>	<u>3.120</u>
Finance lease liabilities		0	45
Debt to other credit institutions		253	412
Joint taxation contribution payable		<u>153</u>	<u>1.024</u>
Non-current liabilities other than provisions	14	<u>406</u>	<u>1.481</u>
Current portion of long-term liabilities other than provisions	14	159	438
Bank loans		40.643	31.892
Finance lease liabilities		51	0
Trade payables		17.928	19.002
Payables to group enterprises		4.327	4.763
Joint taxation contribution payable		0	375
Other payables		<u>18.672</u>	<u>17.751</u>
Current liabilities other than provisions		<u>81.780</u>	<u>74.221</u>
Liabilities other than provisions		<u>82.186</u>	<u>75.702</u>
Equity and liabilities		<u>129.330</u>	<u>120.742</u>
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Mortgages and securities	18		
Related parties with controlling interest	19		
Transactions with related parties	20		
Group relations	21		

Statement of changes in equity for 2017/18

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10.000	1.497	30.423	41.920
Profit/loss for the year	0	1.444	292	1.736
Equity end of year	10.000	2.941	30.715	43.656

Cash flow statement 2017/18

	<u>Notes</u>	<u>2017/18</u> <u>DKK'000</u>	<u>2016/17</u> <u>DKK'000</u>
Operating profit/loss		1.073	5.352
Amortisation, depreciation and impairment losses		11.774	11.807
Working capital changes	15	<u>(3.625)</u>	<u>8.573</u>
Cash flow from ordinary operating activities		9.222	25.732
Financial income received		2.645	2.276
Financial income paid		(1.410)	(3.785)
Income taxes refunded/(paid)		<u>(1.604)</u>	<u>(3.128)</u>
Cash flows from operating activities		8.853	21.095
Acquisition etc of intangible assets		(2.947)	(2.009)
Acquisition etc of property, plant and equipment		(16.724)	(6.022)
Acquisition of fixed asset investments		<u>(145)</u>	<u>(62)</u>
Cash flows from investing activities		(19.816)	(8.093)
Instalments on loans etc		(483)	(432)
Incurrence of debt to group enterprises		0	(12.059)
Repayment of debt to group enterprises		<u>2.840</u>	<u>0</u>
Cash flows from financing activities		2.357	(12.491)
Increase/decrease in cash and cash equivalents		(8.606)	511
Cash and cash equivalents beginning of year		<u>(31.005)</u>	<u>(31.516)</u>
Cash and cash equivalents end of year		(39.611)	(31.005)
Cash and cash equivalents at year-end are composed of:			
Cash		1.032	887
Short-term debt to banks		<u>(40.643)</u>	<u>(31.892)</u>
Cash and cash equivalents end of year		(39.611)	(31.005)

Notes

	2017/18	2016/17
	DKK'000	DKK'000
1. Revenue		
Revenue by geographical market		
Denmark	320.998	306.090
United Kingdom	4.380	3.913
Germany	632	197
	326.010	310.200
Revenue by activity		
Restaurants	326.010	310.200
	326.010	310.200
	2017/18	2016/17
	DKK'000	DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	265	245
Tax services	20	10
Other services	106	222
	391	477
	2017/18	2016/17
	DKK'000	DKK'000
3. Staff costs		
Wages and salaries	144.291	137.882
Pension costs	11.855	8.619
Other social security costs	998	962
Other staff costs	7.515	7.674
	164.659	155.137
Average number of employees	439	424

Notes

	Remunera- tion of manage- ment 2017/18 DKK'000	Remunera- tion of manage- ment 2016/17 DKK'000
Total amount for management categories	2.820	2.590
	2.820	2.590
	2017/18 DKK'000	2016/17 DKK'000
4. Other financial income		
Financial income arising from group enterprises	2.645	2.250
Exchange rate adjustments	0	27
	2.645	2.277
	2017/18 DKK'000	2016/17 DKK'000
5. Other financial expenses		
Interest expenses	1.166	1.110
Exchange rate adjustments	295	2.701
	1.461	3.811
	2017/18 DKK'000	2016/17 DKK'000
6. Tax on profit/loss for the year		
Tax on current year taxable income	153	1.024
Change in deferred tax for the year	391	(124)
Adjustment concerning previous years	(23)	0
	521	900
	2017/18 DKK'000	2016/17 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	1.736	2.921
	1.736	2.921

Notes

	Completed develop- ment projects DKK'000	Acquired trademarks DKK'000	Develop- ment projects in progress DKK'000
8. Intangible assets			
Cost beginning of year	10.526	40	1.359
Transfers	1.359	0	(1.359)
Additions	2.947	0	0
Cost end of year	14.832	40	0
Amortisation and impairment losses beginning of year	(6.819)	(30)	0
Amortisation for the year	(1.677)	(4)	0
Amortisation and impairment losses end of year	(8.496)	(34)	0
Carrying amount end of year	6.336	6	0

Development projects in progress

Development projects in progress comprised of a new digital web presence to drive more traffic to our website and increase online sales. The project include design analysis, design creation, programming and project management. The project end result is a new website part of Sticks'n'Sushi's digital IT platform. The project was completed during 2017/18.

Notes

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000	
9. Property, plant and equipment			
Cost beginning of year	45.615	86.930	
Additions	7.456	9.268	
Cost end of year	53.071	96.198	
Depreciation and impairment losses beginning of the year	(36.624)	(54.003)	
Depreciation for the year	(3.906)	(6.187)	
Depreciation and impairment losses end of the year	(40.530)	(60.190)	
Carrying amount end of year	12.541	36.008	
Recognised assets not owned by entity	49	-	
		Deposits DKK'000	
10. Fixed asset investments			
Cost beginning of year		4.962	
Additions		145	
Cost end of year		5.107	
Carrying amount end of year		5.107	
11. Prepayments			
Prepayments comprise incurred costs relating to subsequent financial years.			
	Number	Par value DKK'000	Nominal value DKK'000
12. Contributed capital			
Shares	1.000.000	0,01	10.000
	1.000.000		10.000

Notes

	2017/18	2016/17
	DKK'000	DKK'000
13. Deferred tax		
Intangible assets	1.395	1.038
Property, plant and equipment	2.093	2.082
	3.488	3.120

Changes during the year

Beginning of year	3.120
Recognised in the income statement	368
End of year	3.488

	Instalments within 12 months 2017/18 DKK'000	Instalments within 12 months 2016/17 DKK'000	Instalments beyond 12 months 2017/18 DKK'000
14. Liabilities other than provisions			
Finance lease liabilities	0	286	0
Debt to other credit institutions	159	152	253
Joint taxation contribution payable	0	0	153
	159	438	406

	2017/18	2016/17
	DKK'000	DKK'000
15. Change in working capital		
Increase/decrease in inventories	(898)	(298)
Increase/decrease in receivables	(2.574)	402
Increase/decrease in trade payables etc	(153)	8.469
	(3.625)	8.573

	2017/18	2016/17
	DKK'000	DKK'000
16. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	69.754	55.056

Notes

17. Contingent liabilities

The Entity participates in an international joint taxation arrangement in which Sticks 'n' Sushi Holding A/S serves as the administration company. 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.

The Entity has contingent liabilities regarding partial outsourcing of inventories to third party of t.DKK 8.128.

During the financial year, the Entity has terminated a lease with removal in 2019. At the time of presentation of the annual report, the statement of the final restoring liability of the lease was not yet fixed due to uncertainty regarding the extent of the work to be performed. Consequently, Management has not recognised a liability at 30 June 2018 related to restoring of the lease.

18. Mortgages and securities

The company has provided guarantees for a sister company's debt to credit institutions until t.DKK 13.745. The sister company's debt to credit institutions amounts to t.DKK 0 at the balance sheet date.

The company has provided guarantees in respect of suppliers of goods at 30 June 2018, which amounts to t.DKK 2.000.

The company has provided guarantees in respect of landlords at 30 June 2018, which amounts to t.DKK 4.113.

As collateral for bank debt a bill of sale has been issued, nominal value of t.DKK 5.000.

The company has pledged a company charge of t.DKK 10.000 as collateral for debt. At 30 June 2018, the company charge comprises the following assets with the following carrying amounts:

- Goodwill and acquired trademarks, t.DKK 6
- Property, plant and equipment, t.DKK 48.549
- Inventories, t.DKK 4.826
- Trade receivables, t.DKK 7.011

19. Related parties with controlling interest

Sticks 'n' Sushi Holding A/S, Copenhagen holds the majority of the shares in the company.

20. Transactions with related parties

The company has not traded with granted loans to, pledged collateral, provided resource guarantees to or undertaken guarantee obligations for the Board of Directors, the Executive Board or the shareholders or any non-group enterprises in which the parties concerned have interests.

Notes

21. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Sticks 'n' Sushi Holding A/S, Copenhagen.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (big).

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of goods in restaurants is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises royalties paid from a sister company.

Accounting policies

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, bad debts and operating leases.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

Other financial income

Other financial income comprises interest income, including net capital gains on securities and payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including net capital losses on securities and payables and transactions in foreign currencies.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with its Parent as well as all Danish and foreign subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount of the costs

Accounting policies

incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 to 10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

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

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Accounting policies

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Accounting policies

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as repayments of interest-bearing debt and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.

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Roderick Wallace Mckie

Adm. direktør

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Thomas Riis

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Jakob Vestergaard Jensen

Dirigent

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Bestyrelsesformand

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