
Sticks 'n' Sushi A/S

Nansensgade 49, DK-1366 København K

Annual Report for 1 July 2022 - 30 June 2023

CVR No 73 34 26 19

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
17/11 2023

Jakob Vestergaard Jensen
Chairman of the General
Meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 July - 30 June	13
Balance Sheet 30 June	14
Statement of Changes in Equity	16
Cash Flow Statement 1 July - 30 June	17
Notes to the Financial Statements	18

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 2022 - 30 June 2023.

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 2023 of the Company and of the results of the Company operations and cash flows for 2022/23.

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

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

Copenhagen, 17 November 2023

Executive Board

Andreas Karlsson
CEO

Board of Directors

Jens Aaløse
Chairman

Roderick Wallace Mckie

Thorkil Ernst Brzuchanski
Rewers Andersen

Thomas Riis

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 2023 and of the results of the Company's operations and cash flows for the financial year 1 July 2022 - 30 June 2023 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 2022 - 30 June 2023, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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, 17 November 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Mads Blichfeldt Fjord
State Authorised Public Accountant
mne46065

Company Information

The Company

Sticks 'n' Sushi 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
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:

	2022/23	2021/22	2020/21	2019/20	2018/19
	kDKK	kDKK	kDKK	kDKK	kDKK
Key figures					
Profit/loss					
Revenue	312,356	311,420	268,736	273,191	309,660
Gross profit/loss	178,253	173,699	143,148	150,329	162,416
EBITDA	5,012	3,871	-389	-2,151	-13,618
Operating profit/loss	-6,110	-8,110	-13,791	-17,037	-28,459
Net financials	-2,717	-1,434	1,325	-3,323	-500
Net profit/loss for the year	-8,800	-7,446	-9,642	-15,526	-22,611
Balance sheet					
Balance sheet total	103,753	125,889	153,327	162,170	120,536
Investment in property, plant and equipment for the year	10,808	8,327	12,073	2,858	7,338
Equity	9,631	3,431	10,877	20,519	21,046
Equity, incl. subordinated loan capital	9,631	13,629	39,742	48,106	46,140
Cash flows					
Cash flows from:					
- operating activities	7,446	-25,349	28,748	-2,906	-551
- investing activities	-13,644	-11,851	-11,893	-5,577	-8,100
including investment in property, plant and equipment	-10,807	-8,273	-11,686	-2,859	-7,338
- financing activities	-3,302	-5,100	-18,758	58,499	33,108
Change in cash and cash equivalents for the year	-9,500	-42,300	-1,903	50,016	24,457
Number of employees	393	396	344	407	443
Ratios					
Gross margin	57.1%	55.8%	53.3%	55.0%	52.4%
Solvency ratio	9.3%	2.7%	7.1%	12.7%	17.5%
Solvency ratio, equity incl. subordinated loan capital	9.4%	10.8%	25.9%	25.8%	38.3%
Return on equity	-134.7%	-104.1%	-61.4%	-74.7%	-69.9%

Management's Review

Primary activities

In 2022/23 Sticks 'n' Sushi A/S served 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 600 employees have all been through extensive introductory and product training courses to secure the continuous execution of high standards of quality and ensuring the best possible guest experience possible.

At "Baghuset" in Nansensgade 49, Copenhagen we have our office that covers managerial and administrative support functions as well as R&D functions.

Development in activities and finances

The income statement of the Company for 2022/23 shows a loss of kDKK 8,800, and at 30 June 2023 the balance sheet of the Company shows equity of kDKK 9,631.

In total the revenue went up year-on-year by DKK 0,9 million or 0,3% to bring revenue to DKK 312 million for 2022/23 compared with DKK 311 million in the financial year 2021/22.

The financial year ended with an EBITDA of DKK 5 million equals to comparable DKK 3,8 million in the previous financial year.

Earnings before interest and tax (EBIT) amounting to a loss of DKK 6,1 million against a loss of DKK 8,1 million last year. Depreciations has decreased with 0,8 million compared to 2021/22 to bring depreciations to a total of DKK 11,1 million as a result of our continuous investments and expansion.

Management's Review

Sticks'n'Sushi Holding A/S has supported Sticks'n'Sushi A/S financial with a group subsidy at 15 DKKm for reestablishing the equity in the company. Sticks'n'Sushi A/S has a cost plus model to Germany with a mark-up at 5%. Expanded growth in the Berlin market means that Sticks'n'Sushi A/S has allocated resources and know-how to build the new restaurant in Torstrasse, over the financial year 22/23.

In 22/23 the company have continued its long-term digital investment program to enhance our guest's digital experience with even more convenience and smoothness to meet the growing expectations from our guests in relation to online ordering of take-away and delivery food. Using a data-driven approach we will continue to invest in our digital platforms in the years to come.

The number of full-time employees in Denmark was 393 compared with 396 in the financial year 2021/22.

Capital resources

Based on current bank agreement and the budget prepared for the financial year 2023/24 management is confident that the necessary capital resources are in place for the entire financial year 2023/24. The financial statements are therefore prepared basis on the going concern assumption.

Business related risks

Sticks'n'Sushi is of course subject to the usual risks of the restaurant industry such as changing economic trends, consumer preference changes and demand, food security and raw material supplies, etc. The desire for more organic and local produced products and improved sustainability in combination with resource shortages, usual increase in costs for raw material, the soaring utility costs and declining consumer confidence due to the high inflation will provide pressure on the profitability. The post Covid period and the war in Ukraine have consequently added further pressure of food costs, soaring utility costs, recruitment, current staff and further complexity with logistics of good into the UK. Despite the ongoing challenges we have so far been able to mitigate the business impact but believe the current situation will continues well into 2023/2024.

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

Management's Review

Targets and expectations for the year

In 2023/2024 we will continue our focus on organic growth in our existing restaurants, operational excellence and ensuring the dining experience in the restaurants are best-in-class leading to a high and always improving guest satisfaction. Two further restaurants are due to open in Kingston and Richmond. We will invest further to strengthen our value chain into the restaurants, continue training our staff and implement uniform processes as well as investing into our brand.

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

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

The company has tax assets at around DKK 9 million which should be utilised within the next 3-5 years. Management has chosen to recognise the full tax assets at the balance, due to an expectation for better performance over the coming years.

Despite the ongoing challenges we are anticipating the positive trajectory and the company expects to deliver an EBITDA for the financial year 2023/24 in the range of DKK 20-25 million.

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, thereby improving guest satisfaction, efficiency and scalability in our operation.

External environment

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

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

Management's Review

Intellectual capital resources

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

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

Statement of corporate social responsibility

According to the regulations in the Danish Financial Statements Act § 99a subsection 7, Sticks 'n' Sushi A/S refers to the statement on corporate social responsibility for the group. The group statement is made in the consolidated financial report for the company Sticks 'n' Sushi Holding A/S (CVR no. 32 83 85 02).

Management's Review

Statement on gender composition

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

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

It is our goal to have a fair representation of genders on our board of directors, as well as our senior management levels. The goal for 2022/23 was to have a representation of 80/20 (males/females) in our board, and an equal representation of the genders in our senior management.

This year, we have yet again not met our goal of gender representation in the Board of Directors of 80/20. This is due to no replacements of members on the Board having taken place during the year. We acknowledge that the goal of 80/20 representation was set in the annual report of 2019/20 and not meeting the goal has therefore been below expectations. We have a belief that this goal is important, which is why we maintain an expectation to meet this goal before the end of 2023/24.

Management's Review

Our composition of senior management continuously grows to accommodate the organization's needs (mostly the 2nd management level). Therefore, we are aiming at an equal representation between the genders. The definition of equal representation follows the table in section 3 in the Guidance on Targets and Policy for Gender Composition provided by the Danish Business Authority (<https://erhvervsstyrelsen.dk/vejledning-maltal-og-politikker-den-konsmaessige-sammensaetning-af-ledelsen-og-afrapportering-herom>).

Last year our representation of females in the senior management was 40% and the composition considered equal. The main reason why this has changed is due to the calculation method. Last year a calculation method was used where all 1st management level and 2nd management level employees were included no matter if they had employee responsibility or not. This year we have followed the definitions outlined in the guidance mentioned above.

This guidance determines that the included management employees in the calculation should have employee responsibility, and therefore have responsibility for at least one employee. The guidance is applicable to all Danish entities reporting on their gender composition. This new calculation method affects our work towards an equal gender composition. Based on hires made after the balance date, we are expecting to be at an equal (or the closest possible) composition at the end of 2023/24.

Data ethics

A statement on data ethics has been provided in the consolidated financial statement of Sticks 'n' Sushi Holding A/S (CVR no. 32 83 85 02).

Uncertainty relating to recognition and measurement

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

Subsequent events

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

Income Statement 1 July - 30 June

	Note	2022/23 kDKK	2021/22 kDKK
Revenue	1	312,356	311,420
Other operating income		29,071	20,191
Expenses for raw materials and consumables		-95,483	-94,264
Other external expenses		-67,691	-63,648
Gross profit/loss		178,253	173,699
Staff expenses	2	-162,503	-159,831
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-11,122	-11,981
Other operating expenses		-10,738	-9,997
Profit/loss before financial income and expenses		-6,110	-8,110
Financial income	4	334	1,233
Financial expenses	5	-3,051	-2,667
Profit/loss before tax		-8,827	-9,544
Tax on profit/loss for the year	6	27	2,098
Net profit/loss for the year		-8,800	-7,446

Balance Sheet 30 June

Assets

	Note	2023 kDKK	2022 kDKK
Completed development projects		3,373	3,167
Acquired trademarks		50	52
Intangible assets	7	3,423	3,219
Other fixtures and fittings, tools and equipment		6,619	3,125
Leasehold improvements		29,439	31,607
Property, plant and equipment	8	36,058	34,732
Deposits		5,350	4,359
Fixed asset investments	9	5,350	4,359
Fixed assets		44,831	42,310
Inventories		5,582	5,022
Trade receivables		8,793	7,398
Receivables from group enterprises		25,344	43,192
Other receivables		5,859	7,978
Deferred tax asset	10	8,491	8,491
Corporation tax receivable from group enterprises		1,916	0
Prepayments	11	2,636	1,697
Receivables		53,039	68,756
Cash at bank and in hand		301	9,801
Currents assets		58,922	83,579
Assets		103,753	125,889

Balance Sheet 30 June

Liabilities and equity

	Note	2023 kDKK	2022 kDKK
Share capital	12	10,000	10,000
Reserve for development costs		2,631	2,470
Retained earnings		-3,000	-9,039
Equity		9,631	3,431
Subordinate loan capital		0	10,198
Credit institutions		10,000	15,000
Other payables		4,522	4,279
Long-term debt	14	14,522	29,477
Credit institutions	14	37,641	38,558
Trade payables		18,403	20,289
Payables to group enterprises		0	2,241
Other payables	14	21,091	27,455
Deferred income	15	2,465	4,438
Short-term debt		79,600	92,981
Debt		94,122	122,458
Liabilities and equity		103,753	125,889
Distribution of profit	13		
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
	kDKK	kDKK	kDKK	kDKK
Equity at 1 July	10,000	2,470	-9,039	3,431
Contribution from group	0	0	15,000	15,000
Development costs for the year	0	1,440	0	1,440
Depreciation, amortisation and impairment for the year	0	-1,279	0	-1,279
Net profit/loss for the year	0	0	-8,961	-8,961
Equity at 30 June	10,000	2,631	-3,000	9,631

Cash Flow Statement 1 July - 30 June

	Note	2022/23 kDKK	2021/22 kDKK
Net profit/loss for the year		-8,800	-7,446
Adjustments	16	13,812	11,315
Change in working capital	17	5,151	-27,788
Cash flows from operating activities before financial income and expenses		10,163	-23,919
Financial income		334	1,233
Financial expenses		-3,051	-2,663
Cash flows from operating activities		7,446	-25,349
Purchase of intangible assets		-1,846	-3,049
Purchase of property, plant and equipment		-10,807	-8,273
Fixed asset investments made etc		-991	-529
Cash flows from investing activities		-13,644	-11,851
Repayment of loans from credit institutions		-5,916	28,558
Repayment of other long-term debt		0	48
Raising of loans from group enterprises		2,614	0
Installment of intercompany loans		0	-33,706
Cash flows from financing activities		-3,302	-5,100
Change in cash and cash equivalents		-9,500	-42,300
Cash and cash equivalents at 1 July		9,801	52,101
Cash and cash equivalents at 30 June		301	9,801
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		301	9,801
Cash and cash equivalents at 30 June		301	9,801

Notes to the Financial Statements

	2022/23	2021/22
	kDKK	kDKK
1 Revenue		
Geographical segments		
Denmark	312,356	311,420
	312,356	311,420
Business segments		
Restaurants	312,356	311,420
	312,356	311,420
2 Staff expenses		
Wages and salaries	149,385	149,220
Pensions	9,847	7,318
Other social security expenses	893	899
Other staff expenses	2,378	2,394
	162,503	159,831
Including remuneration to the Executive Board	2,902	2,239
Average number of employees	393	396
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	1,640	1,820
Depreciation of property, plant and equipment	9,482	10,161
	11,122	11,981

Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	kDKK	kDKK
4 Financial income		
Interest received from group enterprises	334	981
Other financial income	0	7
Exchange gains	0	245
	<u>334</u>	<u>1,233</u>
5 Financial expenses		
Interest paid to group enterprises	305	1,266
Other financial expenses	1,956	1,401
Exchange loss	790	0
	<u>3,051</u>	<u>2,667</u>
6 Tax on profit/loss for the year		
Current tax for the year	-27	0
Deferred tax for the year	0	-2,098
	<u>-27</u>	<u>-2,098</u>

Notes to the Financial Statements

7 Intangible assets

	Completed development projects kDKK	Acquired trade- marks kDKK
Cost at 1 July	22,784	94
Additions for the year	1,846	0
Cost at 30 June	<u>24,630</u>	<u>94</u>
Impairment losses and amortisation at 1 July	19,617	42
Amortisation for the year	1,640	2
Impairment losses and amortisation at 30 June	<u>21,257</u>	<u>44</u>
Carrying amount at 30 June	<u>3,373</u>	<u>50</u>

In-house developed app ('Frequent Fisher') including loyalty programme, web shop, product database, guest database (CRM) and link to datawarehouse. Loyalty programme designed to drive engagement, increase visits and average spend.

Notes to the Financial Statements

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <small>kDKK</small>	Leasehold improvements <small>kDKK</small>
Cost at 1 July	56,608	122,254
Additions for the year	<u>5,338</u>	<u>5,470</u>
Cost at 30 June	<u>61,946</u>	<u>127,724</u>
Impairment losses and depreciation at 1 July	53,483	90,647
Depreciation for the year	<u>1,844</u>	<u>7,638</u>
Impairment losses and depreciation at 30 June	<u>55,327</u>	<u>98,285</u>
Carrying amount at 30 June	<u>6,619</u>	<u>29,439</u>

9 Fixed asset investments

	Deposits <small>kDKK</small>
Cost at 1 July	4,359
Additions for the year	<u>991</u>
Cost at 30 June	<u>5,350</u>
Carrying amount at 30 June	<u>5,350</u>

Notes to the Financial Statements

	2023 kDKK	2022 kDKK
10 Deferred tax asset		
Deferred tax asset at 1 July	8,491	6,393
Amounts recognised in the income statement for the year	0	2,098
Deferred tax asset at 30 June	8,491	8,491

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

The deferred tax asset is recognised under the assumption that the profitability of Sticks 'n' Sushi' A/S' operations will increase over the next 3-5 years. This is primarily due to the expected return of the investments made in German restaurants.

11 Prepayments

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

12 Equity

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

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

13 Distribution of profit

Transfer for the year to reserve for development costs	161	918
Retained earnings	-8,961	-8,364
	-8,800	-7,446

Notes to the Financial Statements

14 Long-term debt

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

The debt falls due for payment as specified below:

	2023 kDKK	2022 kDKK
Subordinate loan capital		
Between 1 and 5 years	0	10,198
Long-term part	0	10,198
Within 1 year	0	0
	0	10,198
Credit institutions		
Between 1 and 5 years	10,000	15,000
Long-term part	10,000	15,000
Other short-term debt to credit institutions	37,641	38,558
	47,641	53,558
Other payables		
Between 1 and 5 years	4,522	4,279
Long-term part	4,522	4,279
Other short-term payables	21,091	27,455
	25,613	31,734

15 Deferred income

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

Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	kDKK	kDKK
16 Cash flow statement - adjustments		
Financial income	-334	-1,233
Financial expenses	3,051	2,667
Depreciation, amortisation and impairment losses, including losses and gains on sales	11,122	11,981
Tax on profit/loss for the year	-27	-2,098
Other adjustments	0	-2
	<u>13,812</u>	<u>11,315</u>
17 Cash flow statement - change in working capital		
Change in inventories	-560	-550
Change in receivables	15,692	-12,345
Change in other provisions	-8,095	-19,773
Change in trade payables, etc	-1,886	4,880
	<u>5,151</u>	<u>-27,788</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 2022, the company charge comprises the following assets with the following carrying amounts:

	2023	2022
	kDKK	kDKK
Property, plant and equipment	36,073	34,732
Inventories	5,582	5,022
Trade receivables	8,793	7,398

Rental and lease obligations

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

Within 1 year	17,366	16,089
Between 1 and 5 years	39,102	38,610
After 5 years	14,501	20,935
	70,969	75,634

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 2023, which amounts to TDKK 4.941.

Other contingent liabilities

The Entity has contingent liabilities regarding partial outsourcing of inventories to third party of TDKK 16.706.

The danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of MIE4 Holding 2 ApS, which is the management company of the joint taxation purposes. Moreover, the danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability

Notes to the Financial Statements

19 Related parties

Basis

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 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

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

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022/23 are presented in kDKK.

Recognition and measurement

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

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

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

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

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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. All the company's lease agreements are considered as operating leases.

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.

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

Expenses for raw materials and consumables

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

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

Balance Sheet

Intangible assets

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

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

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

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

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

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

Property, plant and equipment

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

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

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Notes to the Financial Statements

21 Accounting Policies (continued)

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 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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

Financial debts

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

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

Deferred income

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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

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