
Sticks 'n' Sushi A/S

Nansensgade 49, DK-1366 Copenhagen

Annual Report for 1 July 2023 - 31 December 2024

CVR No. 73 34 26 19

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 31/7 2025

Johan Leonhard
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 2023 - 31 December 2024.

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 31 December 2024 of the Company and of the results of the Company operations for 2023/24.

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, 31 July 2025

Executive Board

Andreas Karlsson
CEO

Board of Directors

Maciej Karol Mausch
Chairman

Mia Mikkelsen

Andreas Karlsson

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 31 December 2024 and of the results of the Company's operations for the financial year 1 July 2023 - 31 December 2024 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 2023 - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity 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.

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.

Independent Auditor's report

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 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, 31 July 2025

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 Copenhagen Telephone: + 45 33 11 70 30 CVR No: 73 34 26 19 Financial period: 1 July 2023 - 31 December 2024 Municipality of reg. office: Copenhagen
Board of Directors	Maciej Karol Mausch, chairman Mia Mikkelsen Andreas Karlsson
Executive Board	Andreas Karlsson
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023/24	2022/23	2021/22	2020/21	2019/20
	TDKK 18 months	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	287,893	178,253	173,699	143,148	150,329
EBITDA	33,259	5,012	3,871	-389	-2,151
Profit/loss of primary operations	16,415	-6,110	-8,110	-13,791	-17,037
Profit/loss of financial income and expenses	-6,367	-2,717	-1,434	1,325	-3,323
Net profit/loss for the year	9,607	-8,800	-7,446	-9,642	-15,526
Balance sheet					
Balance sheet total	136,004	103,753	125,889	153,327	162,170
Investment in property, plant and equipment	8,511	10,808	8,327	12,073	2,858
Equity	19,238	9,631	0	10,877	20,519
Equity, incl. subordinated loan capital	19,679	9,631	13,629	39,742	48,106
Number of employees	382	393	396	344	407
Ratios					
Return on assets	12.1%	-5.9%	-6.4%	-9.0%	-10.5%
Solvency ratio	14.1%	9.3%	0.0%	7.1%	12.7%
Return on equity	66.6%	-182.7%	-136.9%	-61.4%	-151.3%

The financial year 2023/24 comprises 18 months, while the comparative figures comprises 12 months.

The key figures have been prepared in accordance with the Danish Financial Analysts Association's recommendations and guidance. Reference is made to definitions in the section on accounting policies.

Management's review

Key activities

The principal activity of the Company is to operate restaurants.

The Company 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 more recent years, the menu has branched out with the introduction of salads, starters and a larger number of vegetarian options. The Company operates in Denmark under brand of "Sticks'n'Sushi".

We opened our first restaurant in Nansensgade 59 in Copenhagen in March 1994 and were delighted to celebrate our 30 year anniversary in 2024. Since these humble beginnings, we have grown the estate and today operate 12 restaurants in the Greater Copenhagen Area and a Food Truck which is used for Danish music festivals and private catering events. All restaurants across Denmark are supplied in part by the central kitchen at Rødovre, where we have around 20 employees who support the Company's restaurants with semi-finished products, sauces and desserts etc.

The Danish head office is located in Nansensgade, holding a variety of local and Group administrative operations. Parts of these are Group wide R&D of our menu as well as our Group online platforms.

Following the acquisition, the Company's financial year was changed from 30 June to 31 December. This annual report therefore covers the period from 1 July 2023 to 31 December 2024 (18 months).

Development in the year

The company was part of the McWin acquisition of the Sticks'n'Sushi Group on 16 February 2024.

The income statement of the Company for 2023/24 shows a profit of TDKK 9,607, and at 31 December 2024 the balance sheet of the Company shows a positive equity of TDKK 19,238.

The encouraging performance in the Company comes from total sales growth year in year, where we especially saw a growth in our take-away sales and an increased sales in our B2B and catering events. Along with the better sales performance we saw a significant improvement in our COGS conversion, after experiencing the effects of inflation and other geopolitical events in the prior period.

The expectation of the EBITDA of the year was exceeded with a result of TDKK 33,259. This was helped by the extended financial year, but even on a normalised period of 12 months the guided EBITDA was met. The result shows that our strategic focus on continued organic growth and guest experience has been positive. That is a confirmation that we have built a strong brand that appeals to our guests even through times with increased costs and uncertainty.

Following the new ownership, the Company transferred the Group's Trademarks to the intermediate Parent Company Tokyo Bidco Limited with the aim of centralising the administration and prosecution of the registrations. Sticks'n'Sushi A/S has maintained the economic ownership of the trademarks and no changes to the Groups Transfer Pricing set-up has been made in this connection - therefore Sticks 'n' Shushi A/S is still remunerated for the Group's use of these. The targets and expectations described below is assessed on this basis.

Management's review

Targets and expectations for the year ahead

Following a successful financial period up to 31 December 2024, the Company has very clear and specific targets for the next 12 months. The primary focus is on achieving moderate organic year-on-year sales growth. This will be achieved by continuing to focus on the dine-in experience and elevating our menu and hospitality further. This will be supported by maintaining the strength of the delivery and take-away business, supplemented with investment being made to ensure a smoother digital journey, improved online ordering experience and an enhanced loyalty scheme ("Frequent Fisher"). Lastly, there will be an increased focus on our caterings, which will grow sales and leverage our existing infrastructure without the need for additional investment.

Looking ahead, there are a number of factors outside of management's control that will impact the Company's results in 2025. Specifically, the uncertain geo-political climate may cause challenges and uncertainty for our supply chain, challenging our food and utility costs. A knock-on impact of this may be a change in consumer confidence and therefore our sales levels as well.

Management is monitoring the developments closely and will continue to make every effort to mitigate the adverse impact this could have on the business. A key tenet of this approach is to ensure we are providing the best possible guest experience and continue to provide excellent value for money, both factors underpinning management's decision making. From the planned actions we expect an EBITDA of DKK 20-25 million in the financial year of 2025.

Research and development

Sticks'n'Sushi 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.

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 - 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.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2024 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023/24 have not been affected by any unusual events.

Subsequent events

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

Income statement 1 July 2023 - 31 December 2024

	Note	2023/24	2022/23
		TDKK 18 months	TDKK 12 months
Gross profit		287,893	178,253
Staff expenses	1	-248,360	-162,503
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-16,844	-11,122
Other operating expenses		-6,274	-10,738
Profit/loss before financial income and expenses		16,415	-6,110
Financial income	3	4,928	334
Financial expenses	4	-11,295	-3,051
Profit/loss before tax		10,048	-8,827
Tax on profit/loss for the year	5	-441	27
Net profit/loss for the year	6	9,607	-8,800

Balance sheet 31 December 2024

Assets

	Note	2023/24	2022/23
		TDKK	TDKK
Completed development projects		2,936	3,373
Acquired trademarks		48	50
Intangible assets	7	2,984	3,423
Other fixtures and fittings, tools and equipment		6,116	6,619
Leasehold improvements		24,594	29,439
Property, plant and equipment	8	30,710	36,058
Deposits	9	5,129	5,350
Fixed asset investments		5,129	5,350
Fixed assets		38,823	44,831
Finished goods and goods for resale		5,173	5,582
Inventories		5,173	5,582
Trade receivables		9,280	8,793
Receivables from group enterprises		43,917	25,344
Other receivables		6,133	5,859
Deferred tax asset	10	7,017	8,491
Corporation tax receivable from group enterprises		1,278	1,916
Prepayments	11	1,561	2,636
Receivables		69,186	53,039
Cash at bank and in hand		22,822	301
Current assets		97,181	58,922
Assets		136,004	103,753

Balance sheet 31 December 2024

Liabilities and equity

	Note	2023/24	2022/23
		TDKK	TDKK
Share capital	12	10,000	10,000
Reserve for development costs		2,290	2,631
Retained earnings		6,948	-3,000
Equity		19,238	9,631
Credit institutions		0	10,000
Payables to group enterprises		4,707	0
Other payables		4,662	4,522
Long-term debt	13	9,369	14,522
Credit institutions	13	125	37,641
Trade payables		17,206	18,403
Payables to group enterprises	13	68,013	0
Corporation tax		223	0
Payables to group enterprises relating to corporation tax		23	0
Other payables	13	16,763	21,091
Deferred income	14	5,044	2,465
Short-term debt		107,397	79,600
Debt		116,766	94,122
Liabilities and equity		136,004	103,753
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Accounting Policies	17		

Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	10,000	2,631	-3,000	9,631
Development costs for the year	0	1,986	-1,986	0
Depreciation, amortisation and impairment for the year	0	-2,327	2,327	0
Net profit/loss for the year	0	0	9,607	9,607
Equity at 31 December	10,000	2,290	6,948	19,238

Notes to the Financial Statements

	2023/24	2022/23
	TDKK 18 months	TDKK 12 months
1. Staff expenses		
Wages and salaries	228,481	149,385
Pensions	15,432	9,847
Other social security expenses	1,360	893
Other staff expenses	3,087	2,378
	248,360	162,503
Including remuneration to the Executive Board and Board of Directors	1,785	2,902
Average number of employees	382	393
	2023/24	2022/23
	TDKK 18 months	TDKK 12 months
2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	2,985	1,640
Depreciation of property, plant and equipment	13,859	9,482
	16,844	11,122
	2023/24	2022/23
	TDKK 18 months	TDKK 12 months
3. Financial income		
Interest from group enterprises	3,012	334
Other financial income	487	0
Exchange gains	1,429	0
	4,928	334

Notes to the Financial Statements

	<u>2023/24</u>	<u>2022/23</u>
	TDKK 18 months	TDKK 12 months
4. Financial expenses		
Interest to group enterprises	4,955	305
Other financial expenses	2,862	1,956
Exchange loss	3,478	790
	<u>11,295</u>	<u>3,051</u>
	<u>2023/24</u>	<u>2022/23</u>
	TDKK 18 months	TDKK 12 months
5. Income tax expense		
Current tax for the year	-1,033	-27
Deferred tax for the year	1,474	0
	<u>441</u>	<u>-27</u>
	<u>2023/24</u>	<u>2022/23</u>
	TDKK	TDKK
6. Profit allocation		
Retained earnings	9,607	-8,800
	<u>9,607</u>	<u>-8,800</u>

Notes to the Financial Statements

7. Intangible fixed assets

	Completed development projects	Acquired trademarks
	TDKK	TDKK
Cost at 1 July	24,630	94
Additions for the year	2,546	0
Cost at 31 December	27,176	94
Impairment losses and amortisation at 1 July	21,257	44
Amortisation for the year	2,983	2
Impairment losses and amortisation at 31 December	24,240	46
Carrying amount at 31 December	2,936	48
Amortised over	3-10 years	50 years

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.

8. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	TDKK	TDKK
Cost at 1 July	61,946	127,724
Additions for the year	2,354	6,157
Cost at 31 December	64,300	133,881
Impairment losses and depreciation at 1 July	55,327	98,285
Depreciation for the year	2,857	11,002
Impairment losses and depreciation at 31 December	58,184	109,287
Carrying amount at 31 December	6,116	24,594
Amortised over	3-5 years	5-10 years

Notes to the Financial Statements

9. Other fixed asset investments

	Deposits
	TDKK
Cost at 1 July	5,350
Additions for the year	314
Disposals for the year	-535
Cost at 31 December	<u>5,129</u>
Carrying amount at 31 December	<u>5,129</u>

10. Deferred tax asset

	2023/24	2022/23
	TDKK	TDKK
Deferred tax asset at 1 July	8,491	8,491
Amounts recognised in the income statement for the year	-1,474	0
Deferred tax asset at 31 December	<u>7,017</u>	<u>8,491</u>

The deferred tax asset amounts to DKK 7.017k and consists of timing differences between the tax value and accounting value of fixed asset investments.

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

11. Prepayments

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

12. Share capital

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

	2023/24	2022/23
	TDKK	TDKK

13. 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:

Credit institutions

After 5 years	0	0
Between 1 and 5 years	0	10,000
Long-term part	0	10,000
Other short-term debt to credit institutions	125	37,641
	125	47,641

Payables to group enterprises

After 5 years	0	0
Between 1 and 5 years	4,707	0
Long-term part	4,707	0
Other short-term debt to group enterprises	68,013	0
	72,720	0

Other payables

After 5 years	0	0
Between 1 and 5 years	4,662	4,522
Long-term part	4,662	4,522
Other short-term payables	16,763	21,091
	21,425	25,613

14. Deferred income

Deferred income consists of payments received in respect of income in subsequent years, including gift cards and customer loyalty program.

Notes to the Financial Statements

	2023/24	2022/23
	TDKK	TDKK
15. Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	18,573	17,366
Between 1 and 5 years	24,281	39,102
After 5 years	5,978	14,501
	<u>48,832</u>	<u>70,969</u>

Guarantee obligations

The company has provided guarantees required by its landlords, which at 31 December 2024 amounts to TDKK 4,965.

4,965	4,941
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Other contingent liabilities

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.

The Entity has contingent liabilities regarding partial outsourcing of inventories to third party of TDKK 15.797

Notes to the Financial Statements

16. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
Sticks 'n' Sushi Holding A/S, Denmark	Immediate parent company

Transactions

Sticks 'n' Sushi A/S discloses all transactions with related parties during the year. In 2023/2024, the following transactions have occurred:

Sister companies

Group cost received TDKK 6.172

Group services received TDKK 15.328

Goods sold TDKK 908

Interest received TDKK 3.012

Interest paid TDKK 3.055

Transfer pricing received TDKK 28.821

Transfer pricing paid TDKK 4.783

Parent companies

Interest paid TDKK 1.900

Transfer of Trademarks for registration purpose TDKK 86

Outstanding balance with related parties

Sister companies

Receivables TDKK 39.936

Payables TDKK 59.378

Parent companies

Receivable TDKK 3.980

Payables TDKK 9.362

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the group:

<u>Name</u>	<u>Place of registered office</u>
Tokyo Midco Limited	London, United Kingdom

The Group Annual Report of Tokyo Midco Limited may be obtained at the following address:

New Derwent House, 69-73 Theobalds Road, London, United Kingdom, WC1X 8TA

Notes to the Financial Statements

17. Accounting policies

The Annual Report of Sticks 'n' Sushi A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023/24 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Tokyo Midco Limited, the Company has not prepared a cash flow statement.

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

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

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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.

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.

Notes to the Financial Statements

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

Expenses for raw materials and consumables

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

Other external expenses

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

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

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.

Financial income and expenses

Financial income and expenses comprise interest and realised and unrealised exchange adjustments.

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 Sticks 'N' Sushi Holding A/S and MIE4 Holding 2 ApS . The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries and other expenses directly or indirectly 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 comprises only development costs recognised in financial years beginning on or after 1 January 2016. 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 year.

Other intangible fixed assets

Acquired trademarks are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Acquired trademarks are amortised over 50 years.

Property, plant and equipment

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

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

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

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Notes to the Financial Statements

Other fixed asset investments

Other fixed asset investments consist of deposits 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 and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods 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

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, including the tax base of tax loss carry-forwards, 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 receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of 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 liabilities

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

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

Notes to the Financial Statements

Deferred income

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

Financial Highlights

Explanation of financial ratios

Return on assets

$\text{Profit/loss of primary operations} \times 100 / \text{Total assets at year end}$

Solvency ratio

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

Return on equity

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