
Sticks 'n' Sushi A/S

Nansensgade 49, DK-1366 København K

Annual Report for 1 July 2019 - 30 June 2020

CVR No 73 34 26 19

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
23/11 2020

Jakob Vestergaard Jensen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Sticks 'n' Sushi A/S for the financial year 1 July 2019 - 30 June 2020.

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 2020 of the Company and of the results of the Company operations and cash flows for 2019/20.

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

Copenhagen, 23 November 2020

Executive Board

Andreas Karlsson
CEO

Board of Directors

Jens Aaløse
Chairman

Roderick Wallace Mckie

Thorkil Ernst Brzuchanski
Rewers Andersen

Thomas Riis

Erik Preben Holm

Carsten Kaag

Independent Auditor's Report

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

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2020 and of the results of the Company's operations and cash flows for the financial year 1 July 2019 - 30 June 2020 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 2019 - 30 June 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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, 23 November 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Mads Blichfeldt Henriksen
State Authorised Public Accountant
mne46065

Company Information

The Company

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

Telephone: + 45 33 11 70 30

CVR No: 73 34 26 19

Financial period: 1 July - 30 June

Municipality of reg. office: Copenhagen

Board of Directors

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

Executive Board

Andreas Karlsson

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	2019/20	2018/19	2017/18	2016/17	2015/16
	kDKK	kDKK	kDKK	kDKK	kDKK
Key figures					
Profit/loss					
Revenue	273,191	309,660	326,010	310,200	296,438
Gross profit/loss	143,612	162,416	182,963	172,299	168,099
EBITDA	-2,151	-13,618	12,846	17,162	17,597
Operating profit/loss	-17,037	-28,459	1,072	5,355	5,645
Net financials	-3,323	-500	1,185	-1,534	-4,427
Net profit/loss for the year	-15,526	-22,611	1,736	2,921	917
Balance sheet					
Balance sheet total	162,170	120,536	129,330	120,742	112,038
Investments in property, plant and equipment for the year	2,858	7,338	16,724	6,022	14,550
Equity	20,519	21,046	43,656	41,920	38,999
Equity, incl. subordinated loan capital	48,106	46,140	43,656	41,920	38,999
Cash flows					
Cash flows from:					
- operating activities	-2,906	-551	8,853	21,095	5,278
- investing activities	-5,577	-8,100	-19,816	-8,093	-16,643
including investment in property, plant and equipment	-2,859	-7,338	-16,724	6,022	14,550
- financing activities	57,554	33,108	2,357	-12,491	-5,499
Change in cash and cash equivalents for the year	49,071	24,457	-8,606	511	-16,864
Number of employees	407	443	439	424	413

Financial Highlights

	2019/20	2018/19	2017/18	2016/17	2015/16
	kDKK	kDKK	kDKK	kDKK	kDKK
Ratios					
Gross margin	52.6%	52.4%	56.1%	55.5%	56.7%
Solvency ratio	12.7%	17.5%	33.8%	34.7%	34.8%
Solvency ratio, equity incl. subordinated loan capital	25.8%	38.3%	33.8%	34.7%	34.8%
Return on equity	-74.7%	-69.9%	4.1%	7.2%	2.1%
Revenue per employee	671	699	743	732	718

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

Management's Review

Primary activities

Sticks 'n' Sushi produces and serves healthy high-quality food of the "affordable luxury" category based on a unique combination of traditional sushi and yakitori sticks rooted in Japanese as well as Danish gastronomical traditions. In the later years, a more "green line" has been introduced with salads, starters and more vegetarian menus also including bioorganic wines and soft drinks.

The first Sticks 'n' Sushi restaurant was opened in March 1994 at Nansensgade 59 in Copenhagen and has since been followed by 11 more restaurants in the Greater Copenhagen Area, 9 in and around London 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.

In 2019/20 Sticks 'n' Sushi A/S served around 1 million guests in our 12 restaurants or as takeaway. This requires high quality and hygiene standards, rigorous training of our staff and uniform processes. The more than 650 employees have all been through extensive introductory and product training courses to secure the continuous execution of high standards of quality and ensuring the best possible guest experience possible.

Beside our 12 restaurants Sticks 'n' Sushi A/S consists of a central kitchen at Rødovre, Copenhagen, with around than 20 employees who support the Group's restaurants with semi-finished products, sauces and desserts etc. At "Baghuset" in Nansensgade 49, Copenhagen we have our office that covers managerial and administrative support functions as well as R&D functions.

Development in activities and finances

The income statement of the Company for 2019/20 shows a loss of kDKK 15,526, and at 30 June 2020 the balance sheet of the Company shows equity of kDKK 20,519.

In total the revenue went down year-on-year by DKK 36.5 million or 12.8% to bring revenue to DKK 273.2 million for 2019/20 compared with DKK 309.7 million in the financial year 2018/19.

The financial year ended with an EBITDA of DKK -2.2 million equal to comparable DKK -13.6 million in the previous financial year. The Covid-19 restrictions, with closed restaurants and only revenue from take-away, made the financial year 2019/20 an operational tough year and caused an operational loss despite government support packages. Until beginning of March 2020 Sticks'n'Sushi was tracking sales ahead of budget.

Earnings before interest and tax (EBIT) amounting to a loss of DKK 17.0 million against a loss of DKK 28.5 million last year. Depreciations has increased with DKK 0.1 million compared to 2018/19 to bring depreciations to a total of DKK 14.9 million as a result of our continuous investments and expansion.

In 2019/20 the company have continued its long-term digital investment programme to enhance our guest's digital experience with even more convenience and smoothness to meet the growing expectations from our guests in relation to online ordering of TakeAway and delivery food.

Management's Review

Covid-19 has impacted the business significantly in 2019/20 and the realised result is not satisfactory. We do however take comfort in the strong performance until the March lockdown in our three markets and the way the team has handled the difficult situation for the rest of the financial year.

Capital resources

Based on current bank agreement and the budget prepared for the financial year 2020/21 management is confident that the capital resources of the company are in place and accurate for the entire financial year 2020/21. The financial statement is prepared based on these assumptions.

Particular risks

Business related risks

Sticks 'n' Sushi is of course subject to the usual risks of the restaurant industry such as changing economic trends, consumer preference changes and demand, food security and raw material supplies, etc. The desire for more organic and local produced products and improved sustainability in combination with resource shortages and usual increase in costs for raw material will provide pressure on the profitability. A challenge of Sticks 'n' Sushi in the years to come will be the task of finding new and improved alternatives on the raw material side.

Beside from normal financial risk operating in the hospitality sector Sticks'n'Sushi A/S is subject to usual financial risks from trading with companies in different markets and its related exchange rate risk. The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy.

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

Management is monitoring developments closely. It is, however, too early yet to give an opinion on the extent to which COVID-19 will impact revenue and earnings in 2020/21. Naturally, Management will make an effort to recapture any lost revenue later in the year.

Management's Review

Outlook

In 2020/21 organic growth in our existing restaurants as well as operational excellence is our primary focus areas. We will invest further to strengthen our value chain into the restaurants, continue training our staff and implement uniform processes as well as investing into our brand.

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy.

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

Management is monitoring developments closely. It is, however, too early yet to give an opinion on the extent to which COVID-19 will impact revenue and earnings in 2020/21. Naturally, Management will make every effort to recapture any lost revenue later in the year. The company expects to deliver an EBITDA for the financial year 2020/21 in the range between DKK 10 – 15 million, but with respect for the Covid-19 situation.

Research and development

The Sticks 'n' Sushi group is continuing its investments into improving our guests' digital journey with the best online ordering experience for take-away and at the same time improving efficiency and scalability in our operation.

External environment

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

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

Intellectual capital resources

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

Management's Review

Statement of corporate social responsibility

Business model

Sticks 'n' Sushi Holding A/S covers Sticks 'n' Sushi A/S and Sticks 'n' Sushi UK Limited. This portfolio covers the twenty-two Sticks 'n' Sushi restaurants internationally, twelve in Denmark, nine in the United Kingdom and one in Germany. At Sticks 'n' Sushi we have a holistic approach to Corporate Social Responsibility (CSR). We take pride in being a business that acts responsibly and prioritises decency. Corporate Social Responsibility is embedded in our organisational culture, it is in the way we do everything, it is in our policies, processes, and actions. However, we can always do more. We dedicate a considerable amount of time and resources looking for areas where improvements can be made.

Risk evaluation

Our work with sustainability is an endless journey and we do not want to pretend that we are perfect. The truth is that a company can always improve. And we are working on it. One step at a time. Our CSR efforts are intended to contribute positively to the well-being of employees, guests, suppliers, the restaurant industry and wider society.

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

We have recently completed all three impact assessments and examples of identified risks include, the creation of food waste, overfishing and workplace discrimination. In many cases we are already partaking in actions that work against said risks however, where new risks for our industry are identified we will seek, in the upcoming financial year, to implement activities targeting these aspects. We are currently in the process of developing policies in each of the three areas: The Environment, Anti-Corruption and Human Rights (including workers' rights). Sticks 'n' Sushi will also begin being audited by REGA on our commitments in the aforementioned areas.

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

Management's Review

Policies, activities and results

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

Establishing such partnerships often takes years of patience and dedication. Therefore, we have a long-term focus when we go into dialogue with potential suppliers. We also focus on collaborating with networks of industry-colleagues, so communally we can influence the market on a larger scale, notably through our collaborations with REGA, the UN Global Compact and the SRA. A key example being the SDG's in the Value Chain Project, which we will discuss in greater detail later in this report. Although, many of the events and activities of these organisations have been on hold due to the covid-19 pandemic, we are as committed as ever to these collaborations and hope to partake in many projects in the future. This financial year we also employed a CSR Coordinator, responsible for tracking progress with relation to our CSR agenda. This facilitates a greater focus on sustainability and responsibility allowing a more ambitious agenda moving forwards. Below we will outline our intentions, actions and results in the following areas:

The Environment, Employee Conditions and Human Rights and Anti-Corruption.

The environment

As a business we have a responsibility to mitigate risks to the environment and promote greater environmental responsibility. Our promise to our guests is to serve high quality food, made with the best ingredients, that taste great. When it comes to our products, we never compromise on quality. We are willing to pay extra when it is needed, and we are transparent in terms of where our products come from and how they are produced.

Fish are our key product yet globally they are a vulnerable natural resource. Many species are at risk of overfishing and there is frequently insufficient public regulation and control to prevent this. We make sure that the fish we choose to serve our guests do not belong to species threatened by extinction, and where there is full traceability from the fishing boat through to the guest's plate. Rare fish will never be on our menu. We have increased the number of seafood items with certifications for environmental and social responsibility in recent years. We now have full ASC, MSC or BAP certifications for the following items: Yellowtail Kingfish, Scallops, Black Cod, Prawns, and Shrimp (for Tempura). The new edition to our menu in September, our Halibut, is also from a certified packaging station and slaughterhouse.

Our biggest selling seafood items however, are Salmon and Tuna where the certification volumes are more mixed. This results in our overall proportion of seafood with certifications being lower. We have recently developed a key performance indicator (KPI) to increase the volume of certified seafood to 50% of total seafood sales by the end of the financial year 2020/21. We aim to increase this volume until we reach 100%. We are in discussions with our salmon suppliers to increase the proportion of salmon that is certified. We previously planned to have certified tuna by the end of the financial year 2019/20

Management's Review

however, the covid-19 pandemic disrupted our supply chains and made this initiative difficult. We now intend to have certification for our tuna by the end of the financial year 2020/21. We have also begun working with the Marine Conservation Society, a UK based charitable organisation, in this financial year. The aim being to gain a further overview of factors affecting aquaculture sustainability in the areas our suppliers operate so, we always remain knowledgeable on areas of best practice.

We believe, that in the future, we will have less meat in the menu card and want to continuously develop our menu to be comprised of organic, green ingredients. In the menu card release in September 2020 we have moved our vegetarian menu option from a separate vegetarian section on the last page in the menu card to a more central position where it sits alongside the other set menu's. We hope this acts as a nudging technique so more guests will select it. We believe a focus on animal welfare and organic produce is very important. We buy the majority of our Danish fruit and vegetables from an organic supplier who have a no-fly policy. Our chicken comes from welfare chickens and the pork in all our restaurants is from a Danish organic and free-range farm. We always work with our suppliers, and potential new suppliers, to ensure we continue to serve high quality and responsibly sourced products.

We are continuously working on our packaging for take away food to ensure we have the best possible product - both for our guests and for the environment. This is the first year we now serve all takeaway food in packaging made of 100% recycled plastic, that is also 100% recyclable. We have worked intensely to find alternatives to the current recycled PET plastic containers. At this stage we have decided the recycled PET plastic is the best solution, but within a few months we will have a new product ready for testing.

We have engaged in a partnership with an innovative science group from a local university to develop and test new types of sustainable packaging and we are expecting a full roll-out within the current year, if the products meet our expectations in terms of food safety, transportation fitness and design.

We are also part of a project with REGA and the UN Global Compact titled Sustainable Development Goals (SDG's) in the Value Chain where communally amongst the members we attempt to find solutions to some of the industry's biggest sustainability challenges. The topic Sticks 'n' Sushi is working on is A Takeaway System for the Future so, we await with interest the results here too. We are also introducing reusable takeaway bags, to hold these takeaway boxes, which will be available for our guests to buy in all restaurants by the end of the financial year 2020/21. Our packaging focus also goes beyond takeaway, even our chopsticks are made of FSC certified bamboo. We will continue to focus on areas where our packaging can be produced in a more environmentally sustainable manner going forwards.

We have a no-waste philosophy behind everything from menu engineering to daily operations to events. We want to provide guests with a treat without wasting culinary resources. We have a constant focus on reducing waste in our operations and have managed to reduce the general waste from our kitchens, cardboard waste and food waste significantly in the past. In the previous year we altered the techniques we used to cook our rice which we believe reduced wastage in this area considerably however, in light on the corona virus, it is difficult to compare volumes across months. In the financial year 2019/20 we have switched to using only paper straws however, we still want to reduce our usage of these items.

Management's Review

Subsequently, we have designed our drinks menu's so only a small number of cocktails will be served with a straw. All other drinks will no longer use these items. We will continue our focus on reducing waste across all categories in 2020/21.

We believe sustainability also extends to the restaurant atmosphere – after all sustainability and hygge go hand-in-hand. Going forward we are interested in tracking the volume of energy-saving lightbulbs across all our restaurants. We are committed to having a 30% proportion of energy-saving lightbulbs across the group by the end of the financial year 2020/21 and a 60% share by the end of the financial year 2021/22.

Employee conditions & Human Rights

Our CSR Strategy is aligned along three principles: The Environment, Anti-Corruption and Human Rights (including, Workers Rights) as this aligns with the impact assessments, we conduct through REGA. We see Human Rights as referring to our responsibility as an organisation to support and respect internationally proclaimed human rights and ensure we are not complicit in the abuse of these Human Rights both within our business, with regards to guests visiting our restaurants and across our supply chains. Employee conditions refers to our responsibility to ensure that our employees are safe, satisfied and their rights are protected in our work environment.

Employee conditions and Human Rights are highly important to us as a business. We are very conscious when selecting our suppliers as we do not want to work with any organisations associated with Human Rights abuses. We also want our staff to be enjoy coming to work so we try to be flexible with regards to shift patterns, we provide a minimum of several weeks' notice prior to shifts and we have a range of training and development opportunities for staff to partake in. We normally conduct regular employee satisfaction surveys to confidentially gage employee experiences of working with us however, the disruptions associated with the covid-19 pandemic have made the survey difficult in this financial year. However, previous versions have suggested employees are generally happy with the work conditions and have not experienced Human Rights abuses.

One highly important area regarding employee conditions and Human Rights considers antidiscrimination.

We employ people from all over the world and having highly multicultural teams is something we are very proud of. We are communally from around 35 different nationalities and we want to promote a diverse workforce, where people from near and far come together and work towards the same goals. However, discrimination can always occur, and we seek to identify areas where this can happen. In this financial year we developed an Equal Pay for Equal Roles policy where we commit to having job descriptions for all employees with attached specified salary brackets. This reduces areas where discrimination in status and subsequently pay can occur. We are already in this process, with an aim of having full coverage for all employees and roles by the end of 2021 thus, relating to the end of financial year 2021/22.

Management's Review

Also, relating to employee conditions and Human Rights we have an employee feedback mechanism known as the Fish Tank in our Danish restaurants. This system consists of an independent employeeelected representative in each restaurant who employees can voice concerns to, such as if their human rights or workers' rights have been violated or if they are unhappy with an aspect related to their workforce. This representative can then escalate these concerns confidentially. We will expand this system to our UK restaurants, with the aim of achieving full coverage by the end of the financial year 2020/21.

Anti-corruption

We believe part of being a responsible business involves highlighting areas where corruption and bribery could occur and working to prevent these activities from happening. We do not see ourselves as highly at risk with regard to corruption or bribery and have not had any reported serious incidences in the previous financial year however, we should not become complacent.

Statement on gender composition

It is our policy to continuously aim for the highest competency levels for our employees and we strive to recruit the best qualified candidates regardless of gender, age, religious beliefs, ethnicity, nationality, and/or sexual orientation. We want Sticks 'n' Sushi to be an attractive workplace for both women and men with equal opportunities for career advancement and management promotions. It is also important that the right competencies are present, and it is thus the company's policy to ensure development and training opportunities – internal as well as external – in order to give aspiring men and women the best possible opportunities within the company. At all levels of the organisation we have internal classes and individual training programs for those who wish to advance their careers. We offer leadership courses from both internal and external teachers to all aspiring leaders and encourage everyone, including the underrepresented gender, to attend.

We aim to achieve a fair and representative balance with regards to the composition of gender, age and seniority, recognising that the restaurant industry is an industry with a relatively high level of job rotation.

At the end of the financial year 2019/20 the gender composition at board level was as follows:

Board of Directors: 100% male.

The board of directors contains the same members for Sticks 'n' Sushi Holdings A/S and Sticks 'n' Sushi A/S.

Management's Review

At the end of the previous financial year the composition at board level was also 100% male however we aim to have 20% female in the future and no later than the financial year 2022/23. In this year, a board position was made available however, no female candidates were up for election. In the financial year 2019/20 a chairman was elected by the board, this candidate was already affiliated with the board members and this position was not offered to external candidates.

At the end of the financial year 2019/20 the gender composition at senior management level was as follows:

Senior Management: 22% female to 78% male.

Last Financial year the composition was 25% female to 75% male and the goal for this financial year was to maintain the ratio we had last year as a minimum. This goal was not met, likely due to the addition of a new role to the senior management team which is occupied by a male. It is the objective of Sticks 'n' Sushi Holdings A/S and Sticks 'n' Sushi A/S to raise the female ratio representation at both the board and management levels and we continue our work of recruiting females with the right experience and competencies.

The aforementioned Equal Pay for Equal Roles policy is also initiated to prevent discrepancies in pay between males and females in the same roles, hopefully reducing partly the gender pay gap typically experienced by female employees.

Uncertainty relating to recognition and measurement

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

Unusual events

The financial position at 30 June 2020 and the results of the activities and cash flows of the Company for the Financial year for 2019/20 have been affected negatively by Covid-19 restrictions during several weeks with closed restaurants and only revenue from take-away.

Income Statement 1 July - 30 June

	Note	2019/20 kDKK	2018/19 kDKK
Revenue	1	273,191	309,660
Other operating income		5,303	5,121
Expenses for raw materials and consumables		-77,874	-87,830
Other external expenses		-57,008	-64,535
Gross profit/loss		143,612	162,416
Staff expenses	2	-142,936	-172,949
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-14,887	-14,841
Other operating expenses		-2,827	-3,085
Profit/loss before financial income and expenses	4	-17,038	-28,459
Financial income	5	1,207	1,434
Financial expenses	6	-4,530	-1,934
Profit/loss before tax		-20,361	-28,959
Tax on profit/loss for the year	7	4,835	6,348
Net profit/loss for the year		-15,526	-22,611

Balance Sheet 30 June

Assets

	Note	2020 kDKK	2019 kDKK
Completed development projects		4,609	3,456
Acquired trademarks		0	2
Development projects in progress		0	2,178
Intangible assets	8	4,609	5,636
Other fixtures and fittings, tools and equipment		6,182	10,109
Leasehold improvements		29,148	33,534
Property, plant and equipment	9	35,330	43,643
Deposits		4,006	3,978
Fixed asset investments	10	4,006	3,978
Fixed assets		43,945	53,257
Inventories		4,125	3,877
Trade receivables		4,635	7,835
Receivables from group enterprises		46,714	45,590
Other receivables		714	577
Deferred tax asset	11	3,569	0
Corporation tax receivable from group enterprises		3,953	2,905
Prepayments	12	511	2,507
Receivables		60,096	59,414
Cash at bank and in hand		54,004	3,988
Currents assets		118,225	67,279
Assets		162,170	120,536

Balance Sheet 30 June

Liabilities and equity

	Note	2020 kDKK	2019 kDKK
Share capital		10,000	10,000
Reserve for development costs		3,595	2,394
Retained earnings		6,924	8,652
Equity	13	20,519	21,046
Provision for deferred tax	11	0	217
Other provisions	15	6,450	4,600
Provisions		6,450	4,817
Subordinate loan capital		27,587	25,094
Credit institutions		25,000	44
Other payables		3,844	0
Long-term debt	16	56,431	25,138
Credit institutions	16	20,087	19,142
Trade payables		11,286	22,592
Payables to group enterprises		19,294	4,189
Other payables	16	25,727	22,497
Deferred income	17	2,376	1,115
Short-term debt		78,770	69,535
Debt		135,201	94,673
Liabilities and equity		162,170	120,536
Distribution of profit	14		
Contingent assets, liabilities and other financial obligations	20		
Related parties	21		
Fee to auditors appointed at the general meeting	22		
Accounting Policies	23		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	kDKK	kDKK	kDKK	kDKK
Equity at 1 July	10,000	2,394	8,651	21,045
Contribution from group	0	0	15,000	15,000
Development costs for the year	0	4,099	0	4,099
Depreciation, amortisation and impairment for the year	0	-2,898	0	-2,898
Net profit/loss for the year	0	0	-16,727	-16,727
Equity at 30 June	10,000	3,595	6,924	20,519

Cash Flow Statement 1 July - 30 June

	Note	2019/20 kDKK	2018/19 kDKK
Net profit/loss for the year		-15,526	-22,611
Adjustments	18	13,375	9,169
Change in working capital	19	2,567	13,392
Cash flows from operating activities before financial income and expenses		416	-50
Financial income		1,207	1,434
Financial expenses		-4,529	-1,935
Cash flows from operating activities		-2,906	-551
Purchase of intangible assets		-2,690	-1,891
Purchase of property, plant and equipment		-2,859	-7,338
Fixed asset investments made etc		-28	1,129
Cash flows from investing activities		-5,577	-8,100
Installments on loans		0	-158
Raising group enterprises		15,105	-138
Repayments from receivables from group enterprises		0	8,310
Repayment of other long-term debt		-44	0
Raising of loans from credit institutions		25,000	0
Raising of subordinated loan capital from parent company		2,493	25,094
Contribution from group		15,000	0
Cash flows from financing activities		57,554	33,108
Change in cash and cash equivalents		49,071	24,457
Cash and cash equivalents at 1 July		-15,154	-39,611
Cash and cash equivalents at 30 June		33,917	-15,154
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		54,004	3,988
Credit institutions		-20,087	-19,142
Cash and cash equivalents at 30 June		33,917	-15,154

Notes to the Financial Statements

	2019/20 kDKK	2018/19 kDKK
1 Revenue		
Geographical segments		
Denmark	273,191	309,660
	273,191	309,660
Business segments		
Restaurants	273,191	309,660
	273,191	309,660
2 Staff expenses		
Wages and salaries	125,376	150,997
Pensions	9,828	12,424
Other social security expenses	926	1,006
Other staff expenses	6,806	8,522
	142,936	172,949
Including remuneration to the Executive Board and Board of Directors	2,140	4,022
Average number of employees	407	443
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	3,716	2,597
Depreciation of property, plant and equipment	11,136	10,787
Impairment of property, plant and equipment	35	1,457
	14,887	14,841

Notes to the Financial Statements

4 Special items

The Company received compensation via Government help packages in the financial year 2019/20. The compensation is recognized under the respective financial statement line items for each compensation. The company received compensation for fixed costs of DKK 1,893k which is offset in other operating expenses and salary compensation of DKK 7,660k which is offset in wages and salaries.

	2019/20 kDKK	2018/19 kDKK
5 Financial income		
Interest received from group enterprises	1,205	1,281
Exchange gains	2	153
	1,207	1,434
6 Financial expenses		
Interest paid to group enterprises	918	162
Other financial expenses	2,389	1,766
Exchange adjustments, expenses	1,223	6
	4,530	1,934
7 Tax on profit/loss for the year		
Current tax for the year	-973	-3,058
Deferred tax for the year	-4,041	-3,271
Adjustment of tax concerning previous years	-75	-19
Adjustment of deferred tax concerning previous years	254	0
	-4,835	-6,348

Notes to the Financial Statements

8 Intangible assets

	Completed development projects kDKK	Acquired trade- marks kDKK	Development projects in progress kDKK
Cost at 1 July	14,538	40	2,178
Additions for the year	2,690	0	0
Transfers for the year	2,178	0	-2,178
Cost at 30 June	<u>19,406</u>	<u>40</u>	<u>0</u>
Impairment losses and amortisation at 1 July	11,081	38	0
Amortisation for the year	3,716	2	0
Impairment losses and amortisation at 30 June	<u>14,797</u>	<u>40</u>	<u>0</u>
Carrying amount at 30 June	<u>4,609</u>	<u>0</u>	<u>0</u>

Development projects consists of a new app to secure a better uptime as well as a new platform to drive traffic to our take away. The project includes a product database hosted outside of the current one and owned by Sticks'n'Sushi.

Notes to the Financial Statements

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment kDKK	Leasehold improvements kDKK
Cost at 1 July	54,790	101,817
Additions for the year	120	2,738
Disposals for the year	-566	0
Cost at 30 June	<u>54,344</u>	<u>104,555</u>
Impairment losses and depreciation at 1 July	44,681	68,285
Impairment losses for the year	35	0
Depreciation for the year	4,012	7,122
Reversal of impairment and depreciation of sold assets	-566	0
Impairment losses and depreciation at 30 June	<u>48,162</u>	<u>75,407</u>
Carrying amount at 30 June	<u>6,182</u>	<u>29,148</u>

10 Fixed asset investments

	Deposits kDKK
Cost at 1 July	3,978
Additions for the year	28
Cost at 30 June	<u>4,006</u>
Carrying amount at 30 June	<u>4,006</u>

Notes to the Financial Statements

	2020 kDKK	2019 kDKK
11 Deferred tax asset		
Deferred tax asset at 1 July	-217	-3,488
Amounts recognised in the income statement for the year	4,041	3,271
Amounts recognised in equity for the year	-255	0
Deferred tax asset at 30 June	3,569	-217

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

12 Prepayments

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

13 Equity

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

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

14 Distribution of profit

Transfer for the year to other reserves	1,201	-548
Retained earnings	-16,727	-22,063
	-15,526	-22,611

15 Other provisions

Other provisions consists of expected loss from onerous rent contracts.

Other provisions	6,450	4,600
	6,450	4,600

Notes to the Financial Statements

16 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:

	2020 kDKK	2019 kDKK
Subordinate loan capital		
Between 1 and 5 years	27,587	25,094
Long-term part	27,587	25,094
Within 1 year	0	0
	27,587	25,094
Credit institutions		
After 5 years	5,000	0
Between 1 and 5 years	20,000	44
Long-term part	25,000	44
Other short-term debt to credit institutions	20,087	19,142
	45,087	19,186
Other payables		
Between 1 and 5 years	3,844	0
Long-term part	3,844	0
Other short-term payables	25,727	22,497
	29,571	22,497

17 Deferred income

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

Notes to the Financial Statements

	<u>2019/20</u> kDKK	<u>2018/19</u> kDKK
18 Cash flow statement - adjustments		
Financial income	-1,207	-1,434
Financial expenses	4,530	1,934
Depreciation, amortisation and impairment losses, including losses and gains on sales	14,887	14,924
Tax on profit/loss for the year	-4,835	-6,348
Other adjustments	0	93
	<u>13,375</u>	<u>9,169</u>
19 Cash flow statement - change in working capital		
Change in inventories	-248	949
Change in receivables	3,936	-1,550
Change in other provisions	1,850	4,600
Change in trade payables, etc	-2,971	9,393
	<u>2,567</u>	<u>13,392</u>

Notes to the Financial Statements

20 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 2020, the company charge comprises the following assets with the following carrying amounts:

	2020	2019
	kDKK	kDKK
Goodwill and acquired trademarks	0	2
Property, plant and equipment	35,330	43,031
Inventories	4,125	3,877
Trade receivables	4,635	7,835

Rental and lease obligations

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

Within 1 year	15,994	15,804
Between 1 and 5 years	43,073	36,424
After 5 years	27,425	24,800
	<u>86,492</u>	<u>77,028</u>

Guarantee obligations

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

The company has provided guarantees in respect of landlords at 30 June 2020, which amounts to TDKK 5,906.

Other contingent liabilities

The Entity has contingent liabilities regarding partial outsourcing of inventories to third party of TDKK 8,687.

The Entity participates in an international joint taxation in which MIE4 Holding 2 ApS serves as 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 as at 30 June 2020.

Notes to the Financial Statements

21 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

22 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 Sticks 'n' Sushi Holding A/S.

Notes to the Financial Statements

23 Accounting Policies

The Annual Report of Sticks 'n' Sushi A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019/20 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.

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

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

Notes to the Financial Statements

23 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

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

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

Expenses for raw materials and consumables

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

Other external expenses

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

Notes to the Financial Statements

23 Accounting Policies (continued)

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.

Government support packages

The company has received compensation via Government help packages in the financial year 2019/20. The compensation is recognized under the respective financial statement line items for each compensation.

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

23 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. All indirectly attributable borrowing expenses are recognised in the income statement.

Notes to the Financial Statements

23 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

23 Accounting Policies (continued)

Prepayments

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

Equity

Provisions

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

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

Notes to the Financial Statements

23 Accounting Policies (continued)

Deferred income

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

Cash Flow Statement

The cash flow statement shows the 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

23 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

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