

Registered number: 07307090

STICKS 'N' SUSHI UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



STICKS 'N' SUSHI UK LIMITED

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STICKS 'N' SUSHI UK LIMITED

COMPANY INFORMATION

Directors

E P Holm
A Karlsson
R W McKie

Company secretary

Quayseco Limited

Registered number

07307090

Registered office

58 Wimbledon Hill Road
London
SW19 7PA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Kingsway
Cardiff
CF10 3PW

Bankers

Barclays
1 Churchill Place
Canary Wharf
London
E14 5HP

STICKS 'N' SUSHI UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2022

The directors present the Strategic Report of Sticks 'N' Sushi UK Limited (the "company") for the year ended 30 June 2022.

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Fair review of the business

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 gastronomic traditions. In the later years, a more plant based food items has been introduced with salads, starters and more vegetarian menus also including bioorganic wines and soft drinks.

The first Sticks 'N' Sushi restaurant in the United Kingdom opened in Wimbledon, London in March 2012 and has since been followed by 7 more restaurants in London plus restaurants in Oxford and Cambridge. During the Covid lock-down in spring 2021, 3 delivery kitchens opened in the London area to service more neighbourhoods with our take away offering. Sticks'n'Sushi opened the first restaurant in Nansensgade 59 in Copenhagen in March 1994 and now operates 11 further restaurants in their Copenhagen home market and 3 restaurants in Berlin, where the third opened in October 2022.

The Sticks 'N' Sushi Group provides both dine in and take away from all their 25 restaurants which requires high quality and hygiene standards, rigorous training of our teams and uniformed processes. The more than 900 employees have all been through extensive introductory and product training courses to secure the contiguous execution of highest standards of quality and ensuring the best possible guest experience.

In addition to our 25 restaurants and 3 delivery kitchens Sticks 'N' Sushi Group has a central kitchen at Rødovre, Copenhagen, with around 20 employees who support the Group's restaurants with semi-finished products, sauces and desserts etc. At our central London support office we have around 10 employees supporting the UK restaurants with accounting, marketing, sales & service, maintenance and general operations support. In "Baghuset" in Nansensgade 49, Copenhagen we have our back office that covers group managerial and administrative support functions as well as R&D functions.

Our UK restaurants are experiencing a solid like for like growth both in terms of increased guests numbers as well as actual sales. This is encouraging for the future years of growth in the United Kingdom. We believe we have a very strong portfolio of restaurants, which consist of a good variety of larger and smaller restaurants within London and outside the city. We are continuing exploring further opportunities for both new restaurants and delivery kitchens in the London in 2022/2023. In 2022/2023 we will continue 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 take-away and delivery food.

Key performance indicators (KPIs)

The company achieved a turnover of net £44.0 million in the financial year 2021/2022 compared to £26.4 million in the financial year 2020/2021. The company realised an EBITDA of £8.8 million against £6.5 million the year before, and an equity of £9.6 million compared to £4.0 million the year before. As the expectations for the year was a positive EBITDA the Management is satisfied with the result of the year.

There are no non-financial key performance indicators applicable to the company.

Future developments

The Sticks 'N' Sushi Group is continuing its investments into improving our guests' digital journey with the best online ordering experience for takeaway and at the same time improving efficiency and scalability in our operation.

STICKS 'N' SUSHI UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Principal risks and uncertainties

Sticks 'N' Sushi UK Limited 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 UK Limited in the years to come will be the task of finding new and improved alternatives on the raw material side.

Financial risk management

Aside from normal financial risk operating in the hospitality sector Sticks 'N' Sushi UK Limited is subjected usual financial risks from operating in three different markets and its related exchange rate risk.

The Group strategy

An important part of the Group's strategy is to expand internationally with restaurants openings in European city metropolises. The first phase of the strategy plan was to build a strong business platform in and outside London with planned opening of 10-15 restaurants. The company consists of 11 restaurants in and outside London and 4 delivery kitchens. A new restaurant opened at the end of November 2022 in Westfield, London City. Hereafter, the next phase of growth will be to add further restaurants in greater London and continue to explore further delivery only kitchens in key strategic areas. Internationally we opened our 3rd Berlin restaurants in October 2022 with the plan to add further restaurants in Berlin in the near future.

Business model

The business model is of healthy trade in all restaurant units and managing controllable costs in line with turnover. The ability to invest the free cash flow in future restaurants without any significant debt with banks, shareholders or other credit facilities is also important.

Ukraine

Sticks 'N' Sushi UK Limited is negatively affected like the entire industry by the ongoing Ukraine war since the end of February 2022 with soaring utility costs, further logistical challenges, high inflation and softening consumer confidence.

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

STICKS 'N' SUSHI UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Section 172(1) statement

All decisions made by the management of the Group seek to enhance the long-term reputation of the business and the brand to drive benefits to each stakeholder. By engaging openly and with transparency with all stakeholders we can ensure we have comprehensively considered all the beneficiaries of the work we undertake both now and in the future.

The following table describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) in relation to our stakeholders and forms the directors' statement required under section 414CZA of The Companies Act 2006.

Stakeholders group	How management and/or directors engaged	Key topics of engagement	Outcomes and actions
Investors			
<p>Key metrics for our bond Investors are:</p> <ul style="list-style-type: none"> adjusted EBITDA leverage; and interest cover <p>The ultimate investors of Sticks 'N' Sushi Holding parent company, the MIE4 equity holding are also indirect stakeholders.</p>	<p>The key mechanism of engagement with our bond holders is through a quarterly investor presentation and quarterly financial reporting. Investors may also engage directly with Sticks 'N' Sushi in respect of ongoing queries.</p> <p>The relationship with the restaurant group's investors is managed by the parent company.</p>	<p>Routine engagement with investors in respect of business performance and strategy.</p>	<p>No specific actions were undertaken in these areas outside the normal course of business.</p>
Suppliers			
<p>We have established relationships with suppliers across all core procurements areas, including restaurant suppliers, construction and property.</p> <p>Key metrics for our suppliers are:</p> <ul style="list-style-type: none"> quality and service standards; payments made within payments terms; and environmental impact thorough carbon footprint, waste volumes. 	<p>Relationships with our suppliers are actively managed by our procurement and property teams.</p>	<p>Alongside routine engagement with our suppliers, other areas of focus during the year have included:</p> <ul style="list-style-type: none"> responsible procurement 	<p>We continue to work with our suppliers to implement our strategy to reduce the impact of our business on the environment.</p>

STICKS 'N' SUSHI UK LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

Section 172(1) statement (continued)

Stakeholders group	How management and/or directors engaged	Key topics of engagement	Outcomes and actions
<p>Team members</p> <p>In case the company has more than 250 employees there should be a statement given of the company's policy during the year in respect of:</p> <ul style="list-style-type: none"> providing employees systematically with information on matters of concern to them as employees. consulting employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions that are likely to affect their interests. encouraging the involvement of employees in the company's performance achieving a common awareness of all employees in relation to the financial and economic factors that affect the performance of the company. 	<p>Our team members are vital to the success of our business and our engagement with our customers and community.</p> <p>We engage with our team members through a variety of channels including:</p> <ul style="list-style-type: none"> the Group quarter brief; and weekly news updates via our employee web and APP platform <p>Employees are encouraged to share their feedback through all these channels together with the employee survey.</p> <p>Sticks 'N' Sushi UK Limited have a bi-weekly update which is shared through our bespoke Training and communication platform. This provides them with up to date news of internal and external news which would be of interest, promotions and changes within the restaurants teams - both in the UK, DK and DE alike.</p>	<p>Our restaurant managers are holding regular staff meetings within their own unit and on a broader scale we are holding "fish tank" meetings with staff representatives from each restaurants where feedback and topics can be aired and discussed.</p> <p>We are running a bespoke "Happy People" survey on an annual basis which is facilitated by an external company. This result is reviewed by each department and an action plan to address any finding are drawn up and a concrete action plan being addressed.</p>	<p>The senior management teams are holding weekly meetings with the Operations Directors and General Managers where financial performance vs forecasted sales and budget.</p> <p>On a monthly basis the financial performance is reviewed in the monthly P&L meeting.</p>

This report was approved by the board and signed on its behalf by:



A Karlsson
Director

Date: 14 December 2022

STICKS 'N' SUSHI UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

The directors present their annual report and the audited financial statements of Sticks 'N' Sushi UK Limited (the "company") for the year ended 30 June 2022.

Principal activities

The company's principal activity is the operation of a group of restaurants.

Results and dividends

The profit for the financial year amounted to £5,517,000 (2021: £3,579,000).

The directors do not recommend payment of a dividend (2021: £Nil).

Future developments

Future developments are referred to in the Strategic Report and included in this report by cross reference.

Political donations

No political donations were made during the financial year (2021: £Nil).

Directors

The directors who served during the year and up to the date of signing of financial statements were:

E P Holm
A Karlsson
R W McKie

Going concern

The directors have prepared cash forecasts and projected funding requirements of the company until end of June 2022. The directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future.

Based on cash flow forecasts for year 2022/23, the directors are satisfied that the company will be able to continue its business as a going concern and thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Disabled employees

Applications for employment by people with disability are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned and our ability to make reasonable adjustments to the role and the work environment. In the event of existing employees becoming disabled all reasonable effort is made to ensure that their employment within the Group continues. Training, career development and promotion of a disabled person is, as far as possible, identical to that of an able bodied person.

Matters covered in the Strategic Report

The company has chosen, in accordance with Section 414C (11) of the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013, to set out within the company's Strategic report the company's Strategic Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal and financial risks and uncertainties.

STICKS 'N' SUSHI UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps they that ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:



A Karlsson
Director

Date: 14 December 2022

Report on the audit of the financial statements

Opinion

In our opinion, Sticks 'N' Sushi UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 June 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

STICKS 'N' SUSHI UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STICKS 'N' SUSHI UK LIMITED (CONTINUED)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the requirements of UK tax legislation and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to pressure to meet wider group performance targets and to inflate key performance indicators such as annual turnover. Audit procedures performed by the engagement team included:

- enquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing relevant meeting minutes, including those of the Board; and
- identifying and testing journals entries, in particular any journal entries posted to revenue with unusual account combinations and entries posted by unexpected users, where any such journal entries were identified.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

STICKS 'N' SUSHI UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STICKS 'N' SUSHI UK LIMITED (CONTINUED)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
14 December 2022

STICKS 'N' SUSHI UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 £000	2021 £000
Turnover	5	44,015	26,421
Cost of sales		(12,649)	(7,965)
Gross profit		31,366	18,456
Administrative expenses		(24,242)	(14,655)
Other operating income	6	61	1,113
Operating profit	7	7,185	4,914
Interest receivable and similar income	11	1	-
Interest payable and similar expenses	12	(108)	(142)
Profit before taxation		7,078	4,772
Tax on profit	13	(1,561)	(1,193)
Profit for the financial year		5,517	3,579

There was no other comprehensive income for 2022 (2021: £Nil).

The above results were derived from continuing operations.

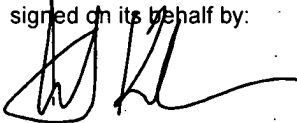
The notes on pages 14 to 28 form part of these financial statements.

STICKS 'N' SUSHI UK LIMITED
REGISTERED NUMBER: 07307090

BALANCE SHEET
AS AT 30 JUNE 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Tangible assets	14		6,023		7,259
Current assets					
Stocks	15	606		416	
Debtors: amounts falling due after more than one year	16	641		434	
Debtors: amounts falling due within one year	16	2,718		1,063	
Cash at bank and in hand	17	10,116		3,370	
		<u>14,081</u>		<u>5,283</u>	
Creditors: amounts falling due within one year	18	(10,326)		(8,223)	
Net current assets/(liabilities)			<u>3,755</u>		<u>(2,940)</u>
Total assets less current liabilities			<u>9,778</u>		<u>4,319</u>
Provisions for liabilities					
Deferred taxation	19		(222)		(280)
Net assets			<u><u>9,556</u></u>		<u><u>4,039</u></u>
Capital and reserves					
Called up share capital	20		2,010		2,010
Profit and loss account			7,546		2,029
Total shareholders' funds			<u><u>9,556</u></u>		<u><u>4,039</u></u>

The financial statements on pages 11 to 28 were approved and authorised for issue by the board and were signed on its behalf by:



A Karlsson
Director

Date: 14 December 2022

The notes on pages 14 to 28 form part of these financial statements.

STICKS 'N' SUSHI UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 1 July 2020	2,010	(1,550)	460
Comprehensive income for the financial year			
Profit for the financial year	-	3,579	3,579
Total comprehensive income for the financial year	-	3,579	3,579
At 30 June 2021 and 1 July 2021	2,010	2,029	4,039
Comprehensive income for the financial year			
Profit for the financial year	-	5,517	5,517
Total comprehensive income for the financial year	-	5,517	5,517
Contributions by and distributions to owners			
At 30 June 2022	2,010	7,546	9,556

The notes on pages 14 to 28 form part of these financial statements.

STICKS 'N' SUSHI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. General information

The company is a private company limited by shares and is incorporated and domiciled in England and Wales, within the United Kingdom. The address of its registered office is 58 Wimbledon Hill Road, London, SW19 7PA.

The company's principal activity is the operation of a group of restaurants.

2. Statement of compliance

The financial statements of Sticks 'N' Sushi UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 4).

The following principal accounting policies have been applied consistently throughout the year:

3.2 Going concern

The directors have prepared cash forecasts and projected funding requirements of the company for at least the next 12 months. The directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future.

Based on cash flow forecasts for next 12 months, the directors are satisfied that the company will be able to continue its business as a going concern and thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

3.3 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.1A.

This information is included in the consolidated financial statements of Sticks 'N' Sushi Holding A/S as at 30 June 2022 and these financial statements may be obtained from Nansengade 49, DK-1366, Copenhagen.

STICKS 'N' SUSHI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. Accounting policies (continued)

3.4 Turnover

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax returns, rebates and discounts and after eliminating sales within the company.

3.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in Statement of Comprehensive Income within 'other operating income'.

3.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible assets are credited to Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

3.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

3.8 Interest payable and similar expenses

Interest payable and similar expenses are charged to Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

STICKS 'N' SUSHI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. Accounting policies (continued)

3.9 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

3.10 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- between 10 - 25 years
Plant and machinery	- over 5 years
Fixtures and fittings	- over 5 years
Office equipment	- over 3 years
Assets in the course of construction	- Not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

3.11 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

3.12 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

STICKS 'N' SUSHI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. Accounting policies (continued)

3.13 Cash at bank and in hand

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

3.14 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

3.16 Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets, including trade and other debtors, cash at bank and in hand and amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

STICKS 'N' SUSHI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. Accounting policies (continued)

Financial instruments (continued)

ii. Financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii. Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.17 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

STICKS 'N' SUSHI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. Accounting policies (continued)

3.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

3.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations on future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

There are no critical judgements in applying the company's accounting policies.

(b) Critical accounting estimates and assumptions

There are no critical accounting estimates and assumptions.

STICKS 'N' SUSHI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5. Turnover

An analysis of turnover by class of business is as follows:

	2022 £000	2021 £000
Restaurant sales	44,015	26,421

All turnover arose within the United Kingdom.

6. Other operating income

	2022 £000	2021 £000
Other operating income	61	1,113

Other operating income represents grant amounts received in respect of Hospitality Grants received by the individual councils due to Covid restrictions. There are no unfulfilled conditions and other contingencies attaching to grants that have been recognised in income.

7. Operating profit

The operating profit is stated after charging:

	2022 £000	2021 £000
Depreciation of tangible assets	1,601	1,631
Other operating lease rentals	3,322	2,758
Defined contribution pension cost (note 9)	240	179

8. Auditors' remuneration

	2022 £000	2021 £000
Fees payable to the company's auditors for the audit of the company's annual financial statements	26	54

Fees payable to the company's auditors in respect of:

All other non-audit services	22	12
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STICKS 'N' SUSHI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

9. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £000	2021 £000
Wages and salaries	11,740	6,347
Social security costs	941	595
Other pension costs	240	179
	<u>12,921</u>	<u>7,121</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 Number	2021 Number
Administrative	18	14
Restaurant	487	441
	<u>505</u>	<u>455</u>

10. Directors' remuneration

	2022 £000	2021 £000
Aggregate directors' remuneration	<u>154</u>	<u>153</u>

The highest paid director received remuneration of £129k (2021: £128k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2021: £Nil).

11. Interest receivable and similar income

	2022 £000	2021 £000
Other interest receivable	<u>1</u>	<u>-</u>

STICKS 'N' SUSHI UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

12. Interest payable and similar expenses

	2022 £000	2021 £000
Bank interest payable	3	-
Other finance costs	67	24
Interest on loans from group undertakings	38	118
	<u>108</u>	<u>142</u>

13. Tax on profit

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the financial year	1,622	1,140
Adjustments in respect of prior years	9	(2)
Total current tax	<u>1,631</u>	<u>1,138</u>
Deferred tax		
Origination and reversal of timing differences	(56)	(12)
Adjustments in respect of prior years	-	2
Effects of changes in tax rates	(14)	65
Total deferred tax	<u>(70)</u>	<u>55</u>
Total tax	<u>1,561</u>	<u>1,193</u>

STICKS 'N' SUSHI UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022****13. Tax on profit (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	2022 £000	2021 £000
Profit before taxation	7,078	4,772
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,345	907
Effects of:		
Expenses not deductible for tax purposes	221	221
Adjustments in respect of prior years	9	-
Effects of changes in tax rates	(14)	65
Total tax charge for the financial year	1,561	1,193

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (published on 24 May 2021, with royal assent received on 10 June 2021). This legislated for an increase to the corporation tax rate to 25% with effect from 1 April 2023. As such, deferred taxes at the Balance Sheet date have been calculated based on the corporation tax rate of 25%.

STICKS 'N' SUSHI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

14. Tangible assets

	Leasehold improvements £000	Plant and machinery £000	Fixtures and fittings £000	Office equipment £000	Assets in the course of construction £000	Total £000
Cost						
At 1 July 2021	11,603	1,074	2,747	303	-	15,727
Additions	-	-	-	-	365	365
Transfers between classes	126	80	133	-	(339)	-
At 30 June 2022	11,729	1,154	2,880	303	26	16,092
Accumulated depreciation						
At 1 July 2021	5,448	808	1,926	286	-	8,468
Charge for the year on owned assets	1,152	115	322	12	-	1,601
At 30 June 2022	6,600	923	2,248	298	-	10,069
Net book value						
At 30 June 2022	5,129	231	632	5	26	6,023
At 30 June 2021	6,155	266	821	17	-	7,259

None of the company's assets have a charge associated with them.

STICKS 'N' SUSHI UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

15. Stocks

	2022	2021
	£000	£000
Raw materials and consumables	606	416

16. Debtors: amounts falling

	2022	2021
	£000	£000
Due after more than one year		
Deposits	641	434
Due within one year		
Trade debtors	765	304
Amounts owed by group undertakings	264	-
Other debtors	328	287
Deferred taxation (note 19)	21	9
Prepayments and accrued income	1,340	463
	3,359	1,497

17. Cash at bank and in hand

	2022	2021
	£000	£000
Cash at bank and in hand	10,116	3,370

18. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	2,000	966
Amounts owed to group undertakings	1,123	2,552
Corporation tax	1,604	1,118
Other taxation and social security	1,641	299
Other creditors	1,365	168
Accruals and deferred income	2,593	3,120
	10,326	8,223

Amounts owed to group undertakings are unsecured, with an annual interest rate of 2.5% and repayable on demand.

STICKS 'N' SUSHI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

19. Deferred taxation

	2022 £000	2021 £000
At beginning of year	(271)	(216)
Charged to the Statement of Comprehensive Income	70	(53)
Adjustments in respect of prior years	-	(2)
At end of year	(201)	(271)

The deferred tax balance is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	(222)	(280)
Short term timing differences	21	9
	(201)	(271)

Comprising:

Asset - due within one year	21	9
Liability	(222)	(280)
	(201)	(271)

STICKS 'N' SUSHI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

20. Called up share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
2,009,500 (2021: 2,009,500) Ordinary shares of £1 (2021: £1) each	2,010	2,010

21. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £240,000 (2021: £179,000). Contributions totalling £64,286 (2021: £36,375) were payable to the fund at the Balance Sheet date.

22. Commitments under operating leases

At 30 June, the company had future minimum lease payments due under non-cancellable operating leases as follows:

	2022 £000	2021 £000
Not later than 1 year	2,723	2,723
Later than 1 year and not later than 5 years	10,095	10,416
Later than 5 years	19,973	22,375
	32,791	35,514

The impact of lease modification and Covid-19 concession as follows:

	£000
Covid concession impact	
Total rent concession impact	1,015
Profit and loss Impact in 2020/2021	862
Profit and loss Impact in 2021/2022	153
Impact to be taken in 2022/2023	-
Deferred leases	
Total rent concession impact	683
Profit and loss Impact in 2020/2021	28
Profit and loss Impact in 2021/2022	77
Impact to be taken	578

STICKS 'N' SUSHI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

23. Guarantees

The company is a cross-guarantor of the Group's £4,348,000 (2021: £7,656,000) loan from Spar Nord Bank.

24. Related party transactions

The company has taken advantage of the exemption under FRS 102 paragraph 33.1 A "Related party disclosures" from disclosing transactions and balances with wholly owned group undertakings.

Leases over the premises are guaranteed by Sticks 'N' Sushi Holding A/S.

25. Ultimate parent undertaking and controlling party

The company is 100% owned by Sticks 'N' Sushi Holding A/S, a company incorporated in Denmark.

The smallest and largest group of undertakings of which the company is a member and for which consolidated financial statements are prepared is Sticks 'N' Sushi Holding A/S, a company incorporated in Denmark. Copies of the consolidated financial statements may be obtained from Nansengade 49, DK-1366, Copenhagen.

The ultimate controlling party is Maj Invest Equity 4 K/S, a private equity fund registered in Copenhagen, Denmark.