



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	917 906 254
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	FOOD FOLK NORGE HOLDINGS AS
Forretningsadresse:	Pløens gate 2 0181 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Paolo Mantica
Dato for fastsettelse av årsregnskapet:	25.04.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 28.05.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2	253 000	271 000
Sum kostnader		253 000	271 000
Driftsresultat		-253 000	-271 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	10	204 287 000	171 331 000
Renteinntekt fra foretak i samme konsern	5	2 476 000	2 000
Annen finansinntekt			3 264 000
Sum finansinntekter		206 763 000	174 597 000
Rentekostnad til foretak i samme konsern	6	2 322 000	5 566 000
Annen finanskostnad	6	1 590 000	
Sum finanskostnader		3 912 000	5 566 000
Netto finans		202 851 000	169 031 000
Ordinært resultat før skattekostnad		202 598 000	168 760 000
Skattekostnad på ordinært resultat	7	27 193 000	-565 000
Ordinært resultat etter skattekostnad		175 405 000	169 325 000
Årsresultat		175 405 000	169 325 000
Overføringer og disponeringer			
Overføring til/fra fond		16 537 000	
Ordinært utbytte		100 000 000	
Konsernbidrag		173 856 000	62 500 000
Overføringer til/fra annen egenkapital		-114 988 000	106 825 000
Sum overføringer og disponeringer		175 405 000	169 325 000



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	10	528 734 000	512 197 000
Lån til foretak i samme konsern	21	54 800 000	
Andre fordringer	11	362 000	27 555 000
Sum finansielle anleggsmidler		583 896 000	539 752 000
Sum anleggsmidler		583 896 000	539 752 000
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	12	19 000	10 000
Konsernfordringer	21	2 455 000	3 441 000
Sum fordringer		2 474 000	3 451 000
Sum omløpsmidler		2 474 000	3 451 000
SUM EIENDELER		586 370 000	543 203 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	14	15 710 000	15 710 000
Overkurs	14		47 040 000
Sum innskutt egenkapital		15 710 000	62 750 000
Opptjent egenkapital			
Annen egenkapital	14	554 374 000	394 429 000
Sum opptjent egenkapital		554 374 000	394 429 000



Balanse

Beløp i: NOK	Note	2022	2021
Sum egenkapital		570 084 000	457 179 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	15		66 668 000
Sum annen langsiktig gjeld			66 668 000
Sum langsiktig gjeld		0	66 668 000
Kortsiktig gjeld			
Betalbar skatt			19 259 000
Kortsiktig konserngjeld	21	16 129 000	
Annen kortsiktig gjeld	17	157 000	97 000
Sum kortsiktig gjeld		16 286 000	19 356 000
Sum gjeld		16 286 000	86 024 000
SUM EGENKAPITAL OG GJELD		586 370 000	543 203 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	1	1 288 657 000	1 164 023 000
Annen driftsinntekt	4	14 024 000	20 887 000
Sum inntekter		1 302 681 000	1 184 910 000
Kostnader			
Varekostnad		247 010 000	225 919 000
Lønnskostnad	3	368 512 000	323 266 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	8,9	104 846 000	89 457 000
Annen driftskostnad	2	357 166 000	310 264 000
Sum kostnader		1 077 534 000	948 906 000
Driftsresultat		225 147 000	236 004 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	5	4 283 000	41 000
Annen finansinntekt	5	26 235 000	30 669 000
Sum finansinntekter		30 518 000	30 710 000
Rentekostnad til foretak i samme konsern	6	3 048 000	6 058 000
Annen rentekostnad	6	354 000	216 000
Annen finanskostnad	6	52 536 000	45 319 000
Sum finanskostnader		55 938 000	51 593 000
Netto finans		-25 420 000	-20 883 000
Ordinært resultat før skattekostnad		199 727 000	215 121 000
Skattekostnad på ordinært resultat	7	24 275 000	45 843 000
Ordinært resultat etter skattekostnad		175 452 000	169 278 000
Årsresultat		175 452 000	169 278 000
Overføringer og disponeringer			
Ordinært utbytte		100 000 000	
Konsernbidrag		173 856 000	



Konsernets resultatregnskap

Beløp i: NOK	Note	2022	2021
Avgitt konsernbidrag			62 500 000
Overføringer til/fra annen egenkapital		-98 404 000	106 778 000
Sum overføringer og disponeringer		175 452 000	169 278 000



Konsernets balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Goodwill	9	13 396 000	12 251 000
Sum immaterielle eiendeler		13 396 000	12 251 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	8	1 686 255 000	1 626 793 000
Sum varige driftsmidler		1 686 255 000	1 626 793 000
Finansielle anleggsmidler			
Lån til foretak i samme konsern	21	54 800 000	
Investeringer i tilknyttet selskap	10	11 000	11 000
Andre fordringer	11	362 000	27 555 000
Sum finansielle anleggsmidler		55 173 000	27 566 000
Sum anleggsmidler		1 754 824 000	1 666 610 000
Omløpsmidler			
Varer			
Varer		12 442 000	7 920 000
Sum varer		12 442 000	7 920 000
Fordringer			
Kundefordringer	12	53 270 000	39 781 000
Konsernfordringer	21	123 339 000	153 571 000
Sum fordringer		176 609 000	193 352 000
Investeringer			
Andre finansielle instrumenter	18	21 829 000	
Sum investeringer		21 829 000	
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	13	28 120 000	20 006 000
Sum bankinnskudd, kontanter og lignende		28 120 000	20 006 000



Konsernets balanse

Beløp i: NOK	Note	2022	2021
Sum omløpsmidler		239 000 000	221 278 000
SUM EIENDELER		1 993 824 000	1 887 888 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	14	15 710 000	15 710 000
Annen innskutt egenkapital	14		47 040 000
Sum innskutt egenkapital		15 710 000	62 750 000
Opptjent egenkapital			
Avsatt utbytte	14	100 000 000	
Annen egenkapital	14	454 374 000	394 382 000
Sum opptjent egenkapital		554 374 000	394 382 000
Sum egenkapital		570 084 000	457 132 000
Gjeld			
Langsiktig gjeld			
Andre avsetninger for forpliktelser	11	99 512 000	103 901 000
Sum avsetninger for forpliktelser		99 512 000	103 901 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	15	1 032 859 000	1 064 602 000
Øvrig langsiktig gjeld	16	44 546 000	42 615 000
Sum annen langsiktig gjeld		1 077 405 000	1 107 217 000
Sum langsiktig gjeld		1 176 917 000	1 211 118 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	15	33 220 000	29 928 000
Leverandørgjeld	17	182 456 000	159 176 000
Betalbar skatt		1 668 000	21 827 000
Kortsiktig konserngjeld	21	27 657 000	4 471 000
Annen kortsiktig gjeld	16,18	1 822 000	4 236 000
Sum kortsiktig gjeld		246 823 000	219 638 000



Konsernets balanse

Beløp i: NOK	Note	2022	2021
Sum gjeld		1 423 740 000	1 430 756 000
SUM EGENKAPITAL OG GJELD		1 993 824 000	1 887 888 000
POSTER UTENOM BALANSEN			
Pantstillelser	15	399 767 000	397 381 000



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To the General Meeting of Food Folk Norge Holdings AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Food Folk Norge Holdings AS, which comprise:

- the financial statements of the parent company Food Folk Norge Holdings AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Food Folk Norge Holdings AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Offices in:

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Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

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Bergen	Haugesund	Stavanger	Ulsteinvik
Bodo	Knarvik	Stord	Ålesund
Drammen	Kristiansand	Straume	

Penneo Dokumentnøkkel: D4XHL-CBGBE-OMPAC-8Q44F-A332I-40F4J



Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, 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 and the Group'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 management either intends to liquidate the Group 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 in accordance with ISAs, we exercise professional judgment 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. We 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 and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting 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 and the Group'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 and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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.

Hamar, 26 April 2023
KPMG AS

Thore Kleppen
State Authorised Public Accountant
(This document is signed electronically)

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Thore Kleppen

Statsautorisert revisor

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Annual Report 2022

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FOOD FOLK

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of McDonald's



Food Folk Norge Holdings AS
Annual Report 2022

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Food Folk Norge Holdings AS
Annual Report 2022

Statement by the Board of Directors and the Executive Board

The Company

The Group was formed on 31 March 2017 after Food Folk Norge Holdings AS (the Company) successfully acquired Food Folk Norge AS and its subsidiary Zero Five AS from McDonald's Corporation. In connection to the acquisition, the Group became the Development Licensee of McDonald's Corporation in the Norwegian territory under a 20-year Multi Unit Master Franchisee Agreement.

McDonald's is one of the most recognised consumer brands in the world with unparalleled brand strength in the Informal "Eating Out" (IEO) restaurant industry.

The Group's main activity consists of acquiring real estate by renting or buying it, renovating and fitting it for the purpose of operating a McDonald's restaurant. As of 31 December 2022, there were 79 McDonald's restaurants in Norway where the Group operated 17 (22%) while the remaining 62 (78%) restaurants were operated by 14 independent Franchisees under individual sub-franchisee agreements with members of the Group.

All Group entities are located in Oslo, while restaurants are located throughout Norway.

The Company, Food Folk Norge Holdings AS, has no employees.

Annual accounts

Parent Company

The Company's operation resulted in an operating loss of NOK 0.3 million, net finance expense of NOK 1.4 million and income from profit in subsidiaries, net of tax of NOK 171.3 million. Profit for the year amounted to NOK 204.3 million.

At the end of December 2022, the Company's:

- Balance sheet amounted to a total of NOK 586.4 million
- Owners Equity amounted to a total of NOK 570.1 million, with an Equity ratio of 97.2%
- Cash flow from operating activities was NOK -19.5 million, investment activities NOK 187.8 million and financing activities NOK 168.2 million.

Group

Revenue for the period amounted to NOK 1,289.7 million with operating profit of NOK 225.1 million, net finance expenses of NOK 25.4 million and profit for the year of NOK 175.4 million.

The financial result for the financial year ending on 31 December 2022 is in line with management's expectations.

At the end of December 2022, the Group

- Consolidated balance sheet amounted to a total of NOK 1,993.8 million
- Owners Equity amounted to a total of NOK 570.1 million, with an Equity ratio of 28.6%
- Cash holdings of NOK 28.1 million
- Cash flow from operating activities was NOK 324.9 million, investment activities NOK -92.4 million and financing activities NOK -226.1 million.

Business outlook

The Group navigated safely through 2022 with less COVID-19 impact.

Positive free cash flows from operating activities were generated and it has continued to invest in new store openings/re-modelling/upgrades/capacity increases and will continue to do so in the future.

The Group has opened two new stores, closed one and remodeled many stores. Total comparable system wide sales have been 11.8% higher than last year (reaching NOK 3,162,000 thousand) and number of guest visits grew by 10.1% compared to 2021.

The beginning of 2023 has been strong in terms of sales and profits. System wide sales performance of the first quarter of 2023 has increased 14.5% compared to last year. From an EBITDA perspective, results at the end of March are higher than the plan and last year.

Going concern

In accordance with section 3-3a of the Norwegian Accounting Act, the Board of Directors and management is confirming that the assumptions of continuing operations are present and are used as basis for the preparation of the Financial Statement.

Financial and market risk

Financial risk in the Group is primarily related to exchange rate fluctuations in food and raw material for the Group operated restaurants.





Food Folk Norge Holdings AS
Annual Report 2022

Statement by the Board of Directors and the Executive Board

The Group has taken out long-term mortgage loans denominated in NOK and granted security to the lender in the owned property portfolio. The majority of the future interest payments on mortgages are fixed with SWAP agreements. Intergroup lendings are with variable interests. All intergroup lending is subordinated to all other creditors.

The credit risk associated with cash holdings is limited as the counterparties have high credit ratings assigned by international credit-rating agencies.

Overall, all the management considers financial and market risk limited and in line with the industry. For further details on financial and market risk, please refer to note 18 in the Financial Statement.

Research and Development

Neither the Company nor the Group have research and/or development activities within the meaning of the accounting regulations.

Human rights

In 2022, and in line with the Norwegian Transparency Act, the Group carried out a comprehensive materiality assessment of human rights within its supply chain. In line with regulatory requirements, the report will be reported by the end of June 2023 under the website www.mcdonalds.com/no.

Employees and working environment

Similar to McDonald's international practice concerning employees' working conditions, the Group applies a systematic job-rotation scheme intended to create the best possible working environment. Furthermore, it regularly offers its employees the possibility to take part of various training programs. Such programs focus on individual development as well as facilitating promotions within the system. Additionally, performance reviews and staff-surveys are conducted on a regular basis in order to better understand and improve our working environment.

Overall, the Board of Directors deems the working environment of the Group to be on a satisfactory level. There have been no serious occupational accidents or incidents during the year (2). Moreover, the Group has not observed any noticeable increase in sickness rate or leave of absence due to health and/or safety related reasons (2.39% in Food Folk Norge AS and 3.02% in Zero Five AS in 2022). The Group recognizes the importance of monitoring sickness/absence and is in the pilot phase of implementing a Nordic program to further improve information accuracy related to statistics on occupational accidents and sick leave.

In 2022 the Group have also focused on training all leaders in leading the new generation of employees, the generation Z.

The average number of employees during 2022 was 45 in the office and 1,328 in the restaurants.

Equal opportunities, Non-discrimination and accessibility (applicable to the subsidiaries Food Norge AS and Zero Five AS)

Diversity and equal opportunity

Diversity and inclusion are one of our strategic focuses related to the Company's sustainable development goals. Its belief that a dynamic mix of people is instrumental to a sustainable and healthy working environment.

Our ethical guidelines and policies clearly underline an absolute non-acceptance of inappropriate behavior such as bullying, harassment and any kind of discrimination based on *e.g.* gender, sexual orientation, age, ethnicity, or religious beliefs.

Business code of conduct

At Food Folk, we believe in the value of treating people with equality and respect. Our non-acceptance of harassment, intimidation, discrimination and other forms of inappropriate behavior is manifested in the Food Folk Code of Conduct. The Code of Conduct is shared on annual basis with our employees who are requested to certify understanding and compliance with the values and principles set out in the Code of Conduct.

Speak-Up Policy - Integrity Line

The Food Folk Speak-Up Policy and Integrity Line facilitate the possibility for our employees to report unaccepted behavior. Employees are offered the possibility to report anonymously and the Speak Up policy manifests a guarantee of non-retaliation. The Integrity Line is furthermore available also to external parties such as suppliers and contractors. In order to avoid a culture of silent acceptance and leniency towards unaccepted behaviors, the Speak-Up Policy encourages our employees to act and report misconduct and unethical behavior, including but not limited to fraud and violations of laws and regulations.

Suspicion of Misconduct/Fraud

All employees with knowledge of suspected misconduct are encouraged to report suspicions of fraudulent or unethical conduct in violation of the Food Folk Code of Conduct and all violations of the law.



Food Folk Norge Holdings AS
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Statement by the Board of Directors and the Executive Board

Women@McDonald's

Women@McDonald's is a network within McDonald's and its affiliates, which aims to engage, elevate and empower women across the McDonald's system and its organizations. Two employees from Food Folk Norge AS are participating in the network's operations in order to further support and enable:

- Break down barriers and build a community of women and allies across the organization to champion gender equity (Engage);
- Promote women's voices, ideas, and impact (Elevate); and
- Provide learning and engagement opportunities to advance professional development (Empower).

Employee engagement survey

Food Folk conducts an annual engagement survey through which employees are asked if they have been exposed to harassment (bullying, discrimination or sexual harassment) at work during the past twelve months. The most recent survey was conducted in November 2022. In addition, an engagement survey is conducted on annual basis at restaurant level. The reports from said surveys do not indicate any significant dissatisfaction in relation to the employer. The reports further indicate that employees on an overall basis experience good treatment from managers, good working environment and respectful treatment amongst colleagues.

The company has several initiatives to ensure a safe and good working environment, such as a demonstration of the use of the Integrity Line (notification function), e-learning tools with a focus on a safe and respectful workplace and improved collaboration between company health service providers.

Initiatives to reduce the risk of discrimination

In order to mitigate risks relating to various kinds of discrimination, the following measures/processes are put in place:

- Properly developed recruitment processes at all levels. This includes training for recruiting leaders, in order to mitigate risks relating to various kinds of discrimination, the following measures/processes are put in place:
- Orderly and diligently developed recruitment processes on all levels. This includes training for recruiting leaders, guidelines, test tools and structured interviews.
- Active support from PD (HR) in all recruitment processes and the application of personality/integrity tests.
- Annual salary reviews/processes connected to performance/achievement as further detailed in the Group's Performance Development System.
- Annual gender balance mapping.

Nationalities

In Norway, we have employees from over 80 different nationalities.

Gender balance

The gender balance in Food Folk Norge AS is as follows:

Executives men	16 %
Executives female	83 %
People Managers men	20 %
People Managers female	80 %
Office employees men	50 %
Office employees female	50 %

About 49,6% of total managers in ZeroFive AS is women (included shift managers). The same gender balance exists when it comes to crew level (employees without manager responsibility). These numbers have been stable for several years.

Part time work (not voluntary)

Food Folk Norge AS has no part-time workers.

Temporary Work

The vast majority of our Norwegian employees within Food Folk Norge AS are employed on permanent employment contracts.

Salary balance (Zero Five AS)

Salaries to hourly-paid employees in the restaurants are governed and determined by collective agreement (Riksavtalen and Restaurant). Full-time employees (managers and support functions) are salaried based on role/position and salary levels are subject to annual review.

Parental leave

Parental leave follows legal regulations and individual choices. Food Folk pays full salary to employees on parental leave – also for employees with higher salary than the cap in Norwegian social security regulations.



Food Folk Norge Holdings AS
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Statement by the Board of Directors and the Executive Board

During 2022:

- Food Folk Norge AS - female employees on parental paid leave took in total 9.14 week, while two male employees were on paid parental leave for 5 days;
- ZeroFive AS - female employees on parental paid leave took in total 529.5 weeks and male employees 168.6 weeks.

Women's Average Salary as Percentage of Men's Average Salary

In ZeroFive AS the level is almost 100% balanced, while in Food Folk Norge AS:

- On executive level women earn in average 29.6% more than men
- On people manager level men earn in average 11.6% more than woman
- Other employees women earn in average 24.9% more than men.

Corporate Environmental Responsibility

External pollution derived from McDonald's restaurants is considered to be well within the legal requirements. Systematic work is undertaken to improve the usage of resources in order to have a positive impact on the environment.

Directors' and officers' liability insurance

The Company is covered by the Food Folk Group's Directors' & Officers' Liability Insurance including inter alia general liability, crisis loss and losses due to environmental matters.

Result

The Financial Statement for the Company and the consolidated Financial Statement for the Group as of 31 December 2022 have been prepared in accordance with IFRS as adopted by the European Union.

The Board of Directors and management believes that Financial Statements give a true and fair view of the Company's financial position on 31 December 2022.

Parent Company

Profit for the year amounts to NOK 175.4 million.

The Board of Directors proposes that the profit for the year is allocated as follows:

Attributable to (in million NOK):

Group contribution	173.9
Dividends	100.0
Funds for unrealized gains	16.5
Share premium	(47.0)
Retained earnings	(68.0)
Profit for the year	<u>175.4</u>

Group

Profit for the year amounts to NOK 175.4 million.

Oslo, 25 April 2023

Ann Helen Våge

Managing Director and Chairman of the Board

Anders Torbjörn Hägg

Board member



Food Folk Norge Holdings AS
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Company details

General

Food Folk Norge Holdings AS
Mailboxes Etc 303
Postboks 1 Youngstorvet
0028 Oslo

Org. No.: 917 906 254

Established: 20 October 2016
Registered office: Pløens gate 2, 0181 Oslo
Financial year: From 1 January to 31 December

Board of Directors

Ann Helen Våge
Anders Torbjörn Hägg

Managing Director

Ann Helen Våge

Auditor

KPMG AS
Godkjent revisjonsselskap
Sørkedalsveien 6
0369 Oslo

Bank

Danske Bank, Corporate banking

Annual general meeting

The annual general meeting will be held on 26 April 2023.

Pemseo Dokumentnøkkel: BEGUG-EOC8E-FOD31-3KDLH-KY155-8A7EH



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Food Folk Corporate Social Responsibility

Our mission in Food Folk Norge Holdings AS, being part of Food Folk Group, is to provide our customers in Norway with the most friendly, convenient, and consistently excellent McDonald's experience in the world. Having a positive impact in communities, while maintaining the growth and success of the McDonald's System, is fundamental to how we operate. We achieve this by living our values as we serve our guests via 80 restaurants.

Our values:

- **Serve:** We put our customers and people first
- **Inclusion:** We open our doors to everyone
- **Community:** We are good neighbors
- **Integrity:** We do the right thing

As one of Norway's and the Nordic's largest restaurant companies, we believe we have a responsibility to ensure long-term, sustainable value creation while taking action on some of the world's most pressing social and environmental challenges that are important to our employees and the communities in which we operate.

To manage our impact carefully and hold ourselves accountable across a range of ESG issues, in 2023 and beyond, we will continue do our part for sustainability, for example on climate action, packaging and waste, youth employability, and taking action as a part of the community.

In 2022, the *Sustainable Brand Index* named McDonald's Norway the restaurant and catering industry's best in terms of sustainability.

Our role in the community

As one of the largest youth employers in Norway, we provide invaluable learning experiences for young people across the country from all backgrounds. Employment with McDonald's is often the first steppingstone into the workforce – we provide employees with opportunities to grow and gain experiences that can be used for the rest of their working lives, providing them with continuous learning opportunities.

Being part of the community means supporting people every day, and especially when they need it most. We are proud to lend this support through Ronald McDonald House Charities® (RMHC®). The mission of RMHC is to create, find, and support programs that directly improve the health and well-being of children and their families.

Other ways we support the community are through "Rusken" and collaboration with "Keep Norway Clean", where our employees join clean-up activities, to tackle the problem with littering. We have also initiated the Young Farmer of the Year award, a collaboration between McDonald's, Norwegian Rural Youth and Felleskjøpet Agri (Norwegian agricultural cooperative). The goal is to increase recruitment to Norwegian agriculture and focus on the production of Norwegian quality food. The candidate must be a food producer, under the age of 35, and be a healthy role model who can inspire more people to work in Norwegian agriculture.

Risk & Impact

a) Our planet

As we continue to grow as a business, our efforts are increasingly focused on managing our carbon footprint. In 2022 we undertook an evaluation of our carbon emissions, and going forward will be building emissions reduction strategies across our business.

We take a holistic approach to sustainability, which includes exploring ways to help our customers reduce their own environmental impact. For instance, we are transitioning to sustainable Happy Meal toys made from recycled, renewable or certified materials. We continue to test and deploy new packaging solutions in our restaurants, to learn how we can reduce packaging and switch to more sustainable materials while still delivering a great experience for our customers.

In partnership with our Franchisees, suppliers and producers, we're finding new and innovative ways to reduce emissions, keep waste out of nature and preserve natural resources. From minimizing how much packaging we use to investing in renewable energy and partnering to advance sustainable and regenerative agriculture practices – we want to help protect our planet for communities today and in the future.

We are working consciously on the reduction of conventional energy and increasing the use of renewable energy. We have also begun transitioning to more efficient buildings and kitchen equipment. Together with our Franchisees, we are investing in our restaurants to be more innovative and energy efficient.

We have taken measures to reduce food waste via our "Made for You" platform. We collect grease (from the grease separator), food waste and cooking oil. These are then recycled into new products. We also make ongoing technology and process investments to move guests through the drive through process efficiently and with speed, thereby reducing emissions.

We have a target that 100 percent of our packaging should be from renewable, recycled or certified sources by 2025. Already today more than 90% of our packaging is from cardboard either from certified sustainable forestry or recycled paper. In 2019 we changed our straws from plastic to paper straw and saved 20 tons of plastic. In





In addition, our serving trays are made from 100% plastic from marine waste. In 2021, all Norwegian produced plastic bottles we serve from The Coca-Cola Company were made by 100 % recycled plastic (rPET).

In 2012 we began installing charging stations for electric cars at our restaurants. By end of 2022, we had in total 109 charging stations in operation at a total of 28 restaurants. This is an increase from 2021 (84 charging stations at 25 restaurants).

The majority of our environmental impacts occur in Scope III, within our supply chain. McDonald's journey toward sustainable sourcing begins with our suppliers. With a clear accounting of our carbon emissions now in place, we will focus on collaborative action and investment to address climate-related risks associated with our agriculture value chain to help protect our planet for communities today and in the future. We believe we have an important role to play in responsible sourcing.

b) Human Rights

At McDonald's, we conduct our activities in a manner that respects human rights as set out in the Universal Declaration of Human Rights. Our expectations of our suppliers are outlined in our Supplier Code of Conduct.

In order to provide goods and services to the McDonald's System, suppliers must meet our high standards, and direct suppliers are required to commit to upholding the standards contained in our Code. We provide guidance to assist our suppliers to meet the standards for human rights, workplace environment, business integrity and environmental management contained in the Code. We also expect suppliers to implement their own management systems in these areas.

We expect that suppliers treat their employees with fairness, respect and dignity, and follow practices that protect the health and safety of people working in their facilities, in compliance with national and local laws. We also require our suppliers to hold their own suppliers to the same standards as outlined in our Code, and to create internal mechanisms and programs for handling reports of workplace grievances, including anonymous reporting.

McDonald's has a comprehensive Supplier Workplace Accountability (SWA) program, which supports compliance with the standards and expectations outlined in our Code. The SWA program aims to help suppliers understand our expectations, verify compliance and work toward continuous improvement.

The SWA program provides suppliers and McDonald's Global Supply Chain Team with training to understand human rights issues and our SWA program requirements. Built on a model of continuous improvement and education, SWA includes an online training platform where suppliers can access optional tools and resources that provide guidance on human rights issues.

In 2022, and in line with the Norwegian Transparency Act, we carried out a comprehensive materiality assessment of human rights within our supply chain and will be reporting on this in June 2023 in line with regulatory requirements.

c) Governance

In compliance with McDonald's corporate standards, Food Folk has developed specific internal policies covering anti-fraud, anti-corruption, and has an established Code of Conduct. Food Folk staff are trained annually on governance related issues. Furthermore, Food Folk in Norway follows the McDonald's Global anti-corruption policy.

d) Anti-corruption and bribery

We have an anti-corruption policy, which is aligned with McDonald's Global policy. Our head offices' employees conduct annually an anti-corruption e-learning program aimed at preventing the risk of corruption and bribery at the company. We have a whistle-blower system set-up for each of our countries. All current and new employees at the headquarters must read, sign our code of conduct and attend e-learning system training annually.

e) Our people

Our employees form the core of our business. Therefore, we measure employee satisfaction every year and aim to improve our scores every time. To ensure our employees' continued development and satisfaction, we offer a range of mandatory and optional educations. All our employees complete the mandatory McDonald's-learning courses.

In Food Folk Group, human and labor rights are governed by the employees' handbook and the Global HR policies for diversity and harassment. In addition to the satisfaction surveys by McDonald's Global, Food Folk in Norway performs culture audits as well with support by Great Place to work, with focus on reports and developing of action plans.

For Food Folk Group suppliers are an important part of our business and all our markets follow the global code of conduct for suppliers. The McDonald's Supplier Code of Conduct where human rights, a safe working environment, labor law principles and business integrity are important elements of the content. Thus, we audit all our relevant suppliers through an independent auditor to ensure that our partners comply with our code of conduct.

Gender diversity

Food Folk is committed to inclusivity and gender equality. At the management level, 60% of the positions are held by women and 40% by males. This is a change from 2021 (43% held by males and 57% women). The board consisted of one female and one male directors in 2022.



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Statement of profit or loss and other comprehensive income

Parent company			Group		
2022	2021	NOK'000	Note	2022	2021
0	0	Revenue	1	1 288 657	1 164 023
0	0	Raw materials and consumables		(247 010)	(225 919)
(253)	(271)	Other external expenses	2	(357 166)	(310 264)
0	0	Depreciation, amortisation and impairment	8,9	(104 846)	(89 457)
0	0	Staff cost	3	(368 512)	(323 266)
0	0	Other operating income, net	4	14 024	20 887
(253)	(271)	Total expenses		(1 063 510)	(928 019)
(253)	(271)	Operating profit or loss		225 147	236 004
2 476	3 266	Financial income	5	30 518	30 710
(3 912)	(5 566)	Financial expense	6	(55 938)	(51 593)
(1 436)	(2 300)	Net finance expenses		(25 420)	(20 883)
204 287	171 331	Share of profit of equity accounted investees, net of tax	10	0	0
202 598	168 760	Profit or loss before tax		199 727	215 121
(27 193)	565	Tax for the year	7	(24 275)	(45 843)
175 405	169 325	Profit or loss		175 452	169 278
273 856	62 500	Group contribution/dividends		273 856	62 500
16 537	171 330	Funds for unrealized gains		0	0
(47 040)	0	Share premium		(47 040)	0
(67 948)	(64 505)	Retained earnings		(51 364)	106 778
175 405	169 325	Profit or loss		175 452	169 278
Statement of comprehensive income					
175 405	169 325	Profit or loss		175 452	169 278
0	0	Other comprehensive income for the year, net of income tax		0	0
175 405	169 325	Comprehensive income for the year		175 452	169 278

The notes form an integral part of these financial statements

Penneo Dokumentnøkkel: BEGUG-EOC8E-FOD31-3KDLH-KY155-8A7EH



Food Folk Norge Holdings AS
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Statement of financial position at 31 December

Parent company			Group		
2022	2021	NOK'000	Note	2022	2021
Assets					
Non current assets					
0	0	Property, plant and equipment	8	1 686 255	1 626 793
0	0	Intangible assets	9	13 396	12 251
528 734	512 197	Investments	10	11	11
54 800	0	Receivables from related parties	21	54 800	0
362	27 555	Deferred tax assets	11	362	27 555
583 896	539 752			1 754 824	1 666 610
Current assets					
0	0	Inventories		12 442	7 920
19	10	Trade and other receivables	12	53 270	39 781
0	0	Derivative assets	18	21 829	0
2 455	3 441	Receivables from related parties	21	123 339	153 571
0	0	Restricted cash	13	10 662	8 974
0	0	Cash and cash equivalents	13	17 458	11 032
2 474	3 451			239 000	221 278
586 370	543 203	Total Assets		1 993 824	1 887 888
Equity and liabilities					
Equity attributable to equity holders of the parent					
15 710	15 710	Share capital	14	15 710	15 710
0	47 040	Share premium	14	0	47 040
275 406	258 869	Funds for unrealized gains		0	0
273 856	62 500	Proposed dividends and group contribution	14	273 856	62 500
5 112	73 060	Retained earnings		280 518	331 882
570 084	457 179	Total equity		570 084	457 132
Non current liabilities					
0	66 668	Loans and borrowings	15	1 032 859	1 064 602
0	0	Provisions	16	44 546	42 615
0	0	Deferred tax liabilities	11	99 512	103 901
0	66 668	Non current liabilities		1 176 917	1 211 118
Current liabilities					
0	0	Loans and borrowings	15	33 220	29 928
157	97	Trade and other payables	17	182 456	159 176
0	0	Derivative liabilities	18	0	4 236
16 129	0	Payables to related parties	21	27 657	4 471
0	19 259	Tax payable		1 668	21 827
0	0	Provisions	16	1 822	0
16 286	19 356	Current liabilities		246 823	219 638
16 286	86 024	Total liabilities		1 423 740	1 430 756
586 370	543 203	Total equity and liabilities		1 993 824	1 887 888

Penneo Dokumentnøkkel: BEGUG-EOC8E-FOD31-3KDLH-KY155-8A7EH



Food Folk Norge Holdings AS
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Statement of changes in equity

(See Note 14)

Parent company

	Share capital	Share Premium	Funds for unrealized gains	Proposed dividends and group contribution	Retained earnings	Total equity
NOK'000						
Balance at 1 January 2021	15 710	47 040	87 539	0	137 565	287 854
Profit or loss	0	0	171 330	62 500	(64 505)	169 325
Total comprehensive income for the period	0	0	171 330	62 500	(64 505)	169 325
Transactions with owners, recorded directly in equity:						
Dividends	0		0	0	0	0
Total contributions by and distributions to owners	0	0	0	0	0	0
Balance at 31 December 2021	15 710	47 040	258 869	62 500	73 060	457 179
NOK'000						
Balance at 1 January 2022	15 710	47 040	258 869	62 500	73 060	457 179
Profit or loss	0	(47 040)	16 537	273 856	(67 948)	175 405
Total comprehensive income for the period	0	(47 040)	16 537	273 856	(67 948)	175 405
Transactions with owners, recorded directly in equity:						
Dividends	0	0	0	(62 500)	0	(62 500)
Total contributions by and distributions to owners	0	0	0	(62 500)	0	(62 500)
Balance at 31 December 2022	15 710	0	275 406	273 856	5 112	570 084

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Food Folk Norge Holdings AS
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Group

	Share capital	Share Premium	Proposed dividends and group contribution	Retained earnings	Total equity
NOK'000					
Balance at 1 January 2021	15 710	47 040	0	225 104	287 854
Profit or loss	0	0	62 500	106 778	169 278
Total comprehensive income for the period	0	0	62 500	106 778	169 278
Transactions with owners, recorded directly in equity:					
Dividends	0		0	0	0
Total contributions by and distributions to owners	0	0	0	0	0
Balance at 31 December 2021	15 710	47 040	62 500	331 882	457 132

	Share capital	Share Premium	Proposed dividends and group contribution	Retained earnings	Total equity
NOK'000					
Balance at 1 January 2022	15 710	47 040	62 500	331 882	457 132
Profit or loss	0	(47 040)	273 856	(51 364)	175 452
Total comprehensive income for the period	0	(47 040)	273 856	(51 364)	175 452
Transactions with owners, recorded directly in equity:					
Dividends	0	0	(62 500)	0	(62 500)
Total contributions by and distributions to owners	0	0	(62 500)	0	(62 500)
Balance at 31 December 2022	15 710	0	273 856	280 518	570 084

Pemso Dokumentnøkkel: BEGUG-EOC8E-FOD31-3KDLH-KY155-8A7EH



Food Folk Norge Holdings AS
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Statement of cash flows

Parent company			Group		
2022	2021	NOK'000	Note	2022	2021
Cash flow from operating activities					
175 405	169 325	Profit for the year		175 452	169 278
Adjustments for:					
0	0	Depreciation, amortisation and impairment	8,9	104 846	89 457
(2 476)	(3 266)	Financial income	5	(30 518)	(30 710)
3 912	5 566	Financial expense	6	55 938	51 593
(204 287)	(171 331)	Share of profit of equity accounted investees, net of tax	10	0	0
0	0	Other income/expense non-monetary		729	(12 728)
0	0	(Gain)/loss on sale of property, plant and equipment	4	(466)	5 365
27 193	(565)	Taxation	7	24 275	45 843
(175 658)	(169 596)			154 804	148 820
(9)	(1)	Decrease/increase in trade and other receivables	12	(12 147)	(2 467)
0	0	Decrease/increase in inventories		(4 522)	(1 557)
60	45	Decrease/increase in trade and other payables	17	25 614	42 080
0	0	Decrease/increase in related parties balances	21	7 387	1 186
0	0	Decrease/increase in provisions	16	0	(725)
51	44			16 332	38 517
(19 303)	0	Tax paid		(21 674)	(28 385)
(19 303)	0			(21 674)	(28 385)
(19 505)	(227)	Net cash from operating activities		324 914	328 230
Cash flows from investing activities					
0	0	Proceeds from sale of property, plant and equipment	4	0	15 225
187 749	0	Dividends / Group Contributions received		0	0
0	0	Acquisition of a associates/business, net of cash	24	(241)	(12 762)
0	0	Acquisition of property, plant and equipment	8	(85 877)	(116 044)
0	0	Acquisition of intangible assets	9	(6 279)	(1 115)
187 749	0	Net cash from investing activities		(92 397)	(114 696)
Cash flows from financing activities					
(54 800)	0	Loans to related parties	21	(54 800)	0
0	0	Proceeds from new loan	23	0	67 595
0	0	Change in restricted cash	13	(1 688)	(3 296)
19 570	7 150	Change in cash-pooling balances	21	48 485	(165 578)
(2 354)	(6 923)	Interest paid		(21 019)	(21 339)
0	0	Financing transaction cost		(498)	(292)
(68 160)	0	Repayment of borrowings	23	(68 161)	(30 595)
0	0	Payment of lease liabilities (interest portion)	23	(26 974)	(27 219)
0	0	Payment of lease liabilities (principal portion)	23	(38 936)	(34 780)
(62 500)	0	Dividends paid	14	(62 500)	0
(168 244)	227	Net cash from financing activities		(226 091)	(215 504)
0	0	Net increase/decrease in cash and cash equivalents		6 426	(1 970)
0	0	Cash and cash equivalents at 1 January		11 032	13 002
0	0	Effect of exchange fluctuations on cash held		0	0
0	0	Cash and cash equivalents at 31 December	13	17 458	11 032

Penneo Dokumentnøkkel: BEGUG-EOC8E-FOD31-3KDLH-KY155-8A7EH



Food Folk Norge Holdings AS
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Basis of preparation

Reporting entity

Food Folk Norge Holdings AS is a limited liability company domiciled in Norway. The financial statements for the years ended 31 December 2021 and 31 December 2022 comprise the consolidated financial statements for Food Folk Norge Holdings AS and its subsidiaries (the Group) and separate parent company financial statements.

The Group's main activity consists of acquiring real estate by renting or buying it, renovating and fitting it for the purpose of operating a McDonald's restaurant under a master franchise agreement made with McDonald's Corporation (hereafter referred to as McDonald's), the holder of the McDonald's global trademark.

Accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated and parent company financial statements.

Functional and presentation currency

The consolidated financial statements and the parent company financial statements are presented in NOK rounded to the nearest NOK 1,000.

Basis of accounting

The consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Changes and details of the accounting policies are included further.

Changes in significant accounting policies

A number of new standards and interpretations are effective from 1 January 2022:

Newly effective EU-endorsed standards for 01 Jan 2022 to 31 Dec 2022

Effective date	New standards or amendments
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) Annual Improvements to IFRS Standards 2018–2020 Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) Reference to the Conceptual Framework (Amendments to IFRS 3)

It has been assessed that they do not have a material effect on the Group's financial statements.

Standards issued but not yet effective

The IASB has issued a number of new or amended accounting standards and interpretations, effective for annual periods beginning after 1 January 2023. The approved, though not yet effective, standards and IFRICs will be applied as they become mandatory for the Group.

Standards not / not yet endorsed by the EU

Effective date	New standards or amendments
1 January 2023	Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) Definition of Accounting Estimates (Amendments to IAS 8)

The Group has assessed that these new standards will not have a material effect on the Group's financial statements.



Food Folk Norge Holdings AS
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Basis of preparation

Use of judgements and estimates

In preparing the consolidated financial statement, Management has made judgements, estimates and assumptions that affect how the Group's accounting policies are applied and the amount of assets, liabilities, income and expenses reported. The actual results may deviate from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

The following provides information about judgements made in applying those accounting policies that most significantly impact the amounts recognised in the financial statements:

- **Gross vs. net recognition of royalty income and out-of-pocket expenses**

Food Folk both receives royalty income from the sub-franchisees and pays royalty income to McDonald's. These amounts represent the fees for using the McDonald's brand and intellectual property.

McDonald's has stipulated that Food Folk is required to charge its sub-franchisee a fixed percentage of system-wide sales as a royalty expense. Based on the indicators in IFRS 15 management has assessed that Food Folk is acting as a principal (requiring royalty payments to be recognised gross). This is substantiated by the fact that Food Folk is responsible and bears the risk that the sub-franchisees do not perform in accordance with the license granted by McDonald's, being also primarily responsible for providing the services to the franchisees.

Costs and fees (out-of-pocket expenses) related to leaseholds that are used by sub-franchisees are invoiced with no mark-up to the sub-franchisee, and recognised net of payments received from franchisees. Based on the indicators in IFRS 15 management has assessed that Food Folk is acting as an agent (requiring out-of-pocket costs to be recognised net). This is substantiated by the fact that other parties are primarily responsible for providing the services related to the out-of-pocket costs and that the prices for the services related to the out-of-pocket costs are not determined by Food Folk.

- **Investment incentives**

Food Folk grants investment incentives to franchisees, by reducing the franchise fee for a certain period after investment. The incentive is recognised as a reduction of revenue as the discount is provided to the franchisee. Historical data shows that the incentives offered are generally around 1% of system-wide sales.

- **Minimum lease term**

The lease term has an impact on the accounting for:

- right-of-use assets
- lease liabilities
- restoration provisions

According to IFRS 16 the lease term includes the non-cancellable period of the contract and any further periods for which the lessee has an option to continue to lease the asset and for which, at the time of inception of the lease, it is judged reasonably certain that the lessee will exercise that option.

Food Folk has a 20-year agreement with McDonald's (expiring in 2037) requiring Food Folk to ensure that there is a certain number of restaurants in the market, and restaurants can only be closed if permission is granted by McDonald's. Management has assessed that renewable leases expiring before 2037 will be in general extended, unless otherwise agreed with McDonald's.

Assumptions and estimation uncertainties

When preparing the consolidated financial statements of the Group, Management makes a number of accounting estimates and assumptions on which the recognition and measurement of the Group's assets and liabilities are based.

The following provides information about assumptions and estimation uncertainties with a significant risk of resulting in a material adjustment in the year ending 31 December 2022:

- **Business combination**

On acquisition of businesses, the acquired identifiable assets, liabilities and contingencies are recognised at fair value in accordance with the acquisition method. For a majority of the assets and liabilities acquired, no active market exists which can be used to determine the fair value. This applies in particular to intangible assets and property, plant and equipment. Methods typically used are based on the net present value of expected future cash flows and depreciated replacement costs. Management therefore estimates the fair value of acquired assets, liabilities and contingencies. Depending on the nature of the item, the fair value may therefore be uncertain and could require subsequent adjustment. The fair values of identifiable assets, liabilities and contingencies associated with the purchase of restaurants are disclosed in note 24.



Food Folk Norge Holdings AS
Annual Report 2022

Basis of preparation

- **Impairment test intangible assets and property, plant and equipment**

When there is an indication of impairment, an estimate is made of how the Group's individual cash generating units will be able to generate sufficient positive net cash flows to support the value of the tangible and intangible assets of the unit. Estimates of future cash flows may span many years in the future and will be subject to uncertainty. The key assumptions supporting recoverable amounts mainly comprise discount rate (WACC) and expectations regarding future system-wide sales in restaurants.

- **Provisions**

The restoration provision is determined based on the net present value of expected future cash flows. Estimates of future cash flows will be subject to uncertainty. The key assumptions supporting the provisions are expectations regarding future system-wide sales in restaurants, cost per square meter for restoring leaseholds and the discount rate used to calculate the present value of the future cash flows. Please refer to note 16 for more details related to the provisions.

Pemseo Dokumentnøkkel: BEGUG-EOC8E-FOD31-3KDLH-KY155-8A7EH



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Significant accounting policies

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

Basis of consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Food Folk Norge Holdings AS and entities under its control. Control is achieved when the Group has the power to direct the relevant activities of an entity, is exposed to or has rights to variable returns from its involvement with the entity and is able to affect those returns through its power over the entity. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

When necessary, the financial statements of subsidiaries are adjusted to bring their accounting policies in line with the Group's accounting policies.

Transactions eliminated on consolidation

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group members are fully eliminated on consolidation.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred.

Foreign currency

Transactions in currencies other than the functional currency are foreign currency transactions.

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the transaction date. Foreign currency translation adjustments made when such transactions are settled or as a result of translation of monetary items denominated in foreign currencies at year-end exchange rates are recognised in profit or loss under financial income or financial expenses.

Foreign currency differences arising from the translation of certain items (such as cash flow hedges) are recognised in OCI.

Statement of profit or loss

Revenues

Revenue consists of sales of goods from restaurants, recognized in the statement of income in the point in time when the sales occur, fees from franchised restaurants recognized over time, as the customer simultaneously consumes and receives benefit from the services as the service is performed.

Franchise fees from franchised restaurants are based on a percentage of sales realised by the franchised restaurant if they exceed a minimum monthly amount and are recognised in the period they are earned.

Incentives granted to franchisees are calculated and recognised as part of the variable revenue for the period.

Revenue is presented net of discounts, rebates and incentives granted. Also, revenue is also presented net of VAT and other indirect taxes charged on behalf of third parties.

Raw materials and consumables

Raw materials and consumables include expenses relating to raw materials and consumables used in restaurants.

Other external expenses

Other external expenses include expenses relating to the entity's core activities, including expenses relating to advertising, administration, premises, bad debts, royalties paid to McDonald's, etc.

Costs and fees related to leaseholds that are used by sub-franchisees are invoiced with no mark-up to the sub-franchisee, and recognised net of payments received from franchisees. According to the Franchise agreements the franchisees are required to cover all costs related to the premises used as restaurants, such as common costs, marketing contributions, municipality fees and property taxes. As Food Folk does not obtain control of the goods or the right to the services, more than momentarily, in advance of transferring those goods or services to the franchisee, Food Folk acts as an agent rather than as a principal in rendering the services.



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Significant accounting policies

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc., made to the Group's employees. Staff costs are net of refunds made by public authorities.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled fully within 12 months of the reporting date, then they are discounted.

Other operating (expense)/income, net

Other operating (expense)/income, net are secondary to the principal activities of the Group and include intercompany recharge of services provided, gains and losses on disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. Positive changes in the fair value of derivative financial instruments not designated as hedging arrangements are also included.

Financial expenses comprise interest, losses on transactions denominated in foreign currencies, amortisation of financial liabilities, including finance lease commitments, and surcharges under the Norwegian tax prepayment scheme, etc. Negative changes in the fair value of derivative financial instruments not designated as hedging arrangements are also included.

Share of profit of equity accounted investees, net of tax

The item includes the Company's proportionate share of the profit/loss for the year in equity accounted investees after elimination of intra group gains or losses, impairment of goodwill and amortisation/depreciation of other excess values at the time of acquisition.

Tax for the year

Income tax expense comprises current and deferred tax. It is recognised in profit except to the extent that it relates to a business combination or items recognised directly in equity or in OCI.

Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Statement of financial position

Property, plant and equipment

Items of property, plant and equipment are measured at cost which includes capitalised borrowing costs, less accumulated depreciation and impairment losses.

The cost of certain items of property, plant and equipment at 31 March 2017, the Group's date of transition to IFRS, was determined with reference to its fair value at that date.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries. The present value of estimated liabilities related to restoring leaseholds is added to the cost of leasehold improvements or buildings if the liabilities are provided for.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	40 years
Leasehold improvements	length of lease + options but maximized to 30 years
Fixtures, fittings, and equipment	3-10 years

Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. The gains or losses are recognised in the statement of profit or loss as other operating (expense)/income net.

Intangible assets

Other intangible assets, including rights (key money), software licenses that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Since the period of amortisation is based on the assets expected useful life, no salvage value has been taken into account. Amortisation is calculated to write off the cost of intangible assets using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

Contractual rights	2-20 years
Software licenses	3-5 years

Useful lives are reviewed at each reporting date and adjusted if appropriate.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating (expense)/income, net.

Investments

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Interests in subsidiaries and associates are accounted for using the equity method. The investments are initially recognised at cost, which includes transaction costs. The equity value consists of the parent company's proportionate share of the entities' equity, adjusted for distributions plus goodwill and intra-group losses and less intra-group gains and gain on bargain purchase, if any.

Investments in entities whose net asset value is negative are measured at NOK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable. Amounts in excess thereof are recognized under 'Provisions' in so far as the parent has a legal or constructive obligation to cover the deficit.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss of equity accounted investees, until the date on which significant influence or control ceases.

Investment in entities in which the Company has no control or significant influence are categorized as "Other investments" and recognised at cost.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss under 'Depreciation, amortization and impairment'. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



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Significant accounting policies

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income (OCI) and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit. If the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

For additional details, see note 18.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash comprises cash balances and bank balances.

Due to the nature of the scheme, balances in the Group's cash pool scheme are not considered cash but are recognised under 'Receivables from/Payables to related parties'.

Income tax

Income tax expense comprises current and deferred tax.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Provisions for deferred tax are calculated of all temporary differences between carrying amounts and tax values, with the exception of temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set off against deferred tax liabilities within the same jurisdiction.

Liabilities

Financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan. Other liabilities are measured at net realisable value.



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Significant accounting policies

Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When the Group has a legal obligation to restore a leasehold/leased land, a provision is recognised corresponding to the present value of expected future costs.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index/rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'Loans and borrowings' in the statement of financial position.



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Significant accounting policies

Presentation of cash flow statement

The consolidated cash flow statement shows the Group's cash flows from operating, investment and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning of the year.

Cash flows from operating activities are determined using the indirect method and stated as the consolidated profit for the year adjusted for non-cash operating items, including depreciations and amortisations, gain on sale of property, plant and equipment, provisions and changes in working capital, interest received and income tax paid.

Cash flows from investing activities comprises payments connected with the purchase and sale of non-current assets, including property, plant and equipment.

Cash flows from financing activities include proceeds from loans and repayments on borrowings, interest and financing cost payments, capital reductions and dividends.

Cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less and an insignificant risk of changing value.

Pemseo Dokumentnøkkel: BEGUG-EOC8E-FOD31-3KDLH-KY155-8A7EH



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Notes

1 Revenue

In the following table, revenue from contracts with customers is disaggregated by nature:

NOK'000	Parent company		Group	
	2022	2021	2022	2021
Sale of goods	0	0	884 036	806 051
Sub-franchisee income (fixed)	0	0	99 185	90 912
Sub-franchisee income (variable)	0	0	305 436	267 060
Total revenues by nature	0	0	1 288 657	1 164 023

Independent sub franchisees have under franchise agreements the right to use McDonald's restaurants. The Franchise agreements have been granted for a period of up to 20 years from the date of issue. The franchise agreements include the following future minimum payments:

NOK'000	Parent company		Group	
	2022	2021	2022	2021
Less than one year	0	0	99 840	96 060
Between one and five years	0	0	394 990	477 335
More than five years	0	0	834 590	806 913
Total leases as lessor	0	0	1 329 420	1 380 308

2 Other external expenses

NOK'000	Parent company		Group	
	2022	2021	2022	2021
Royalties and other fees	0	0	142 853	128 883
Lease expense	0	0	12 796	8 126
Other expenses	253	271	201 517	173 255
Total other external expenses	253	271	357 166	310 264

Fees to auditors

KPMG was appointed statutory auditor for 2022. The remuneration to KPMG reflected in these financial statements (which does not include VAT) is shown below:

NOK'000	Parent company		Group	
	2022	2021	2022	2021
Audit of these financial statements	125	122	740	596
Other assurance services	3	0	28	47
Tax advisory services	20	51	67	156
Other services other than assurance services	0	0	186	0
Total fees	148	173	1 021	799



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Notes

3 Staff cost

NOK'000	Parent company		Group	
	2022	2021	2022	2021
Wages and salaries	0	0	309 979	276 721
Social security costs	0	0	47 311	40 144
Contributions to defined contribution plans	0	0	11 222	6 401
Total staff cost	0	0	368 512	323 266
Average number of full time employees	0	0	653	583

Remuneration of key management personnel

NOK'000	Parent company		Group	
	2022	2021	2022	2021
Wages and salaries	0	0	4 637	5 254
Social security costs	0	0	1 102	1 212
Contributions to defined contribution plans	0	0	691	748
Total	0	0	6 430	7 214
Average number of key management personnel	0,0	0,0	1,3	1,3

Key management personnel is defined by the Group as the managing director of Food Folk Norge AS, plus the allocation of the Nordic CFO to the Norwegian market for both 2022 and 2021. Until April 2022, key management personnel also includes the allocation of the Nordic CEO.

The Group has different pension plans:

- Food Folk Norge AS: unsecured pension liabilities related to one former employee - the liabilities are estimated according to fixed amount times statistical lifetime; terminated in 2022.
- Food Folk Norge AS: defined contribution plan (deposit-based pension) - it renders a contribution of 5% of wages (0G -7.1G) and 8 % (7.1G -12G); this year payment is NOK 1,909 thousand.
- Zero Five AS: mandatory service pension "Obligatorisk Tjeneste Pensjonsforsikring" for the employees through the insurance company DNB AS - company contribution is 2% of salary over 1G.

4 Other operating (expense)/income, net

NOK'000	Parent company		Group	
	2022	2021	2022	2021
Net gain/(loss) on disposal of property, plant and equipment	0	0	(176)	630
Net gain/(loss) from sale of restaurants (see Note 24)	0	0	642	(5 995)
Income from intercompany recharges/mark-up	0	0	13 541	12 575
Other income/(expense)	0	0	17	13 677
Total other operating income, net	0	0	14 024	20 887

Caption "Other income/(expense)" mostly includes the true-up adjustment on the dilapidation provision (see Note 16).



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5 Financial income

NOK'000	Parent company		Group	
	2022	2021	2022	2021
Net foreign exchange gain	0	3 264	0	4 710
Positive change in fair value of derivatives	0	0	26 065	16 195
Interests on related parties assets	2 476	2	4 283	41
Other interest income (see note 15)	0	0	170	9 764
Total finance income	2 476	3 266	30 518	30 710

6 Financial expense

NOK'000	Parent company		Group	
	2022	2021	2022	2021
Net foreign exchange loss	1 545	0	4 824	7
Interest on financial liabilities	0	0	18 105	16 194
Negative change in fair value of derivatives	0	0	0	5
Interest on lease liabilities (see note 22)	0	0	28 146	27 717
Interests on related parties liabilities	2 322	5 566	3 048	6 058
Unwinding of discounts (see note 16)	0	0	1 461	1 396
Other interest expense	45	0	354	216
Total financial expense	3 912	5 566	55 938	51 593

7 Tax for the year

Recognised in the income statement

NOK'000	Parent company		Group	
	2022	2021	2022	2021
Current year	0	19 259	1 669	21 828
Current tax - Adjustments for prior years	0	0	(198)	2 597
Total current tax expense	0	19 259	1 471	24 425
Origination and reversal of temporary differences	27 193	(19 824)	22 606	21 644
Deferred tax - Adjustments for prior years	0	0	198	(226)
Total deferred tax expense	27 193	(19 824)	22 804	21 418
Total tax expense	27 193	(565)	24 275	45 843

Reconciliation of effective tax rate

In accordance with IAS 12.46, current tax liabilities/assets are recognized and measured to the amount expected to be paid to - or recovered from - the tax authorities, including tax effects from expected group contributions (see Note 11).

Caption "Other" includes the utilization of the tax impact on 2021 group contribution received/paid in 2022 (see Note 11).



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Notes

NOK'000	Parent company		Group	
	2022	2021	2022	2021
Profit or loss before tax	202 598	168 760	199 727	215 121
Tax using the corporation tax rate	44 572	37 127	43 940	47 327
Non-deductible expenses	9	0	215	104
Tax exempt revenues	(44 943)	(37 692)	(5 747)	(3 563)
Recognition of previously unrecognised tax losses	0	0	(10)	0
Current year losses for which no deferred tax asset was recognised	0	0	(10)	10
Other	27 555	0	(14 113)	(406)
Under / (over) provided in prior years	0	0	0	2 371
Total tax expense	27 193	(565)	24 275	45 843

8 Property, plant and equipment

NOK'000	Land and buildings	Leasehold improvements	Right-of-use asset (see note 22)	Fixtures, fittings and equipment	Under construction	Total
Balance at 1 January 2021	866 895	75 586	700 407	108 705	19 687	1 771 280
Acquisitions through business combinations (see Note 24)	5 000	0	0	347	0	5 347
Other acquisitions	35 572	34 689	53 974	34 344	11 439	170 018
Transfer	7 867	4 473	0	7 477	(19 817)	0
Disposals/Other movements	(1 062)	(3 222)	(17 831)	(14 896)	1 866	(35 145)
Balance at 31 December 2021	914 272	111 526	736 550	135 977	13 175	1 911 500
Balance at 1 January 2022	914 272	111 526	736 550	135 977	13 175	1 911 500
Acquisitions through business combinations (see Note 24)	241	0	0	0	0	241
Other acquisitions	9 043	22 435	77 669	26 285	32 634	168 066
Transfer	1 561	2 941	0	822	(5 324)	0
Disposals/Other movements	(4)	(1)	(2 407)	(13 370)	(4 897)	(20 679)
Balance at 31 December 2022	925 113	136 901	811 812	149 714	35 588	2 059 128
Depreciation and impairment						
Balance at 1 January 2021	58 483	26 326	87 441	35 960	0	208 210
Depreciation charge for the year	21 042	6 599	45 702	17 011	0	90 354
Impairment losses / (reversal)	0	(2 768)	(1 057)	(1 575)	0	(5 400)
Transfer	(163)	163	0	0	0	0
Disposals / other movements	0	(652)	(2 415)	(5 390)	0	(8 457)
Balance at 31 December 2021	79 362	29 668	129 671	46 006	0	284 707
Balance at 1 January 2022	79 362	29 668	129 671	46 006	0	284 707
Depreciation charge for the year	22 090	7 102	48 205	18 915	0	96 312
Impairment losses / (reversal)	0	1 879	(217)	1 738	0	3 400
Transfer	4	0	0	(4)	0	0
Disposals / other movements	(4)	(1)	0	(11 541)	0	(11 546)
Balance at 31 December 2022	101 452	38 648	177 659	55 114	0	372 873
Net book value						
At 31 December 2021	834 910	81 858	606 879	89 971	13 175	1 626 793
At 31 December 2022	823 661	98 253	634 153	94 600	35 588	1 686 255

Impairment loss and subsequent reversal

In 2022, the Group has identified that there are impairment indicators related to a number of CGUs (restaurants). Management has estimated the recoverable amount of the restaurants with impairment triggers based on its value in use. Based on the calculated value in use of restaurants the Group has recognised a net impairment loss on Tangible assets of NOK 3,400 thousand. The estimate of value in use was calculated using a pre-tax discount rate of 12.5%.



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Security

At 31 December 2022, properties with a carrying amount of NOK 698.5 million (2021: NOK 682.1 million) were subject to registered real estate mortgage notes that form security for bank loans. As security for mortgage loans the Group has registered mortgage security on the Group's properties of NOK 451.5 million (2021: NOK 451.5 million).

9 Intangible assets

NOK'000	Goodwill	Contractual rights	Other	Total
Cost				
Balance at 1 January 2021	6 540	11 468	9 482	27 490
Acquisitions through business combinations	7 453	0	0	7 453
Other acquisitions – externally purchased	0	0	1 115	1 115
Transfers	0	0	0	0
Disposals	(7 453)	0	(862)	(8 315)
Balance at 31 December 2021	6 540	11 468	9 735	27 743
Balance at 1 January 2022	6 540	11 467	9 735	27 742
Acquisitions through business combinations	0	0	0	0
Other acquisitions – externally purchased	0	0	6 279	6 279
Transfers	0	0	0	0
Disposals	0	0	0	0
Balance at 31 December 2022	6 540	11 467	16 014	34 021
Amortisation and impairment				
Balance at 1 January 2021	4 386	3 044	4 421	11 851
Amortisation for the year	0	2 296	2 207	4 503
Impairment losses/(reversal)	0	0	0	0
Disposals	0	0	(862)	(862)
Balance at 31 December 2021	4 386	5 340	5 766	15 492
Balance at 1 January 2022	4 386	5 340	5 765	15 491
Amortisation for the year	0	2 130	3 004	5 134
Impairment losses/(reversal)	0	0	0	0
Disposals	0	0	0	0
Balance at 31 December 2022	4 386	7 470	8 769	20 625
Net book value				
At 31 December 2021	2 154	6 128	3 969	12 251
At 31 December 2022	2 154	3 997	7 245	13 396

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10 Investments

Parent company

NOK'000		Profit after tax	Elimination	Other comprehensive income	Total comprehensive income	Investment in subsidiaries
Subsidiaries	2022	204 287	0	0	204 287	528 734
Subsidiaries	2021	171 331	0	0	171 331	512 197
		Domicile	Shares'000 (100 %)	Share Capital	Equity	Net result
Food Folk Norge AS		Norway	170	1 022	525 680	204 505
Zero Five AS *		Norway	100	100	58 877	14 980

* Shareholdings in Zero Five AS are held indirectly through Food Folk Norge AS.

Food Folk Norge AS is the owner of the master franchisee agreement with McDonald's Corporation and operates McDonald's restaurants in the Norwegian territory. The Company owns in Food Folk Norge AS 170 ordinary shares of NOK 6,010 each (share capital: 1,022 thousand NOK).

All rights, titles, interests and benefits in shares in subsidiaries have been pledged as security for punctual payment and discharge of obligations to McDonald's Corporation.

As secondary ranking security, all rights, titles and interests in shares in subsidiaries have been pledged as security for the fulfilment of the Food Folk Group Holdings AS group obligations towards the parties that have provided the Group's credit facilities.

Group

NOK'000	Domicile	Interest %	Carrying value 2022	Carrying value 2021
Koop SA	Norway	7.14%	0	0
Nordic Diensten Ekonomisk Förening	Sweden	3.8%	11	11
Total			11	11

The above entities (held indirectly via Zero Five AS) handle respectively the marketing strategy on the Norwegian market and the procurement strategy and frame agreements of the restaurants in the four Nordic markets.

11 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

Parent company

NOK'000	Assets		Liabilities	
	2022	2021	2022	2021
Non deductible interest expense carried forward	0	0	0	0
Tax value of loss carry-forwards	0	0	0	0
Tax effects of group contribution	(362)	(27 555)	0	0
Tax (assets) / liabilities	(362)	(27 555)	0	0
Net of tax liabilities/(assets)	0	0	0	0
Net tax (assets) / liabilities	(362)	(27 555)	0	0



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Group

NOK'000	Assets		Liabilities	
	2022	2021	2022	2021
Property, plant and equipment	0	0	218 277	210 837
Intangible assets	0	0	863	923
Trade and other receivables	0	0	0	4
Financial assets	(59)	0	0	305
Interest-bearing loans and borrowings	(146 889)	(138 655)	0	0
Provisions	(11 257)	(10 777)	0	0
Tax value of loss carry-forwards	0	0	0	0
Tax effects of group contribution	(362)	(27 555)	38 610	41 305
Other	(33)	(41)	0	0
Tax (assets) / liabilities	(158 600)	(177 028)	257 750	253 374
Net of tax liabilities/(assets)	158 238	149 473	(158 238)	(149 473)
Net tax (assets) / liabilities	(362)	(27 555)	99 512	103 901

Movement in net deferred tax during the year

NOK'000	Parent company		Group	
	2022	2021	2022	2021
Opening balance	(27 555)	(7 730)	76 346	54 928
Recognised in profit or loss	27 193	(19 825)	22 804	21 418
Closing balance	(362)	(27 555)	99 150	76 346
Total movement	27 193	(19 825)	22 804	21 418

12 Trade and other receivables

NOK'000	Parent company		Group	
	2022	2021	2022	2021
Trade receivables	0	0	42 577	33 002
Deposits	0	0	62	24
Prepayments	0	0	2 538	1 336
VAT & Duties	19	10	19	10
Other receivables	0	0	8 074	5 409
Total trade and other receivables	19	10	53 270	39 781

Changes in trade and other receivables (Group)

NOK '000	Opening balance for period	Cash flows	Non-cash transactions	Closing balance for period
2021	<u>39 765</u>	<u>2 467</u>	<u>(2 451)</u>	<u>39 781</u>
2022	<u>39 781</u>	<u>12 147</u>	<u>1 342</u>	<u>53 270</u>



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13 Cash and cash equivalents

NOK'000	Parent company		Group	
	2022	2021	2022	2021
Cash and cash equivalents	<u>0</u>	<u>0</u>	<u>17 458</u>	<u>11 032</u>
Total cash and cash equivalents	<u>0</u>	<u>0</u>	<u>17 458</u>	<u>11 032</u>
Restricted cash	<u>0</u>	<u>0</u>	<u>10 662</u>	<u>8 974</u>
Total restricted cash	<u>0</u>	<u>0</u>	<u>10 662</u>	<u>8 974</u>

14 Share capital

Parent company and Group NOK'000	Ordinary shares	
	2022	2021
In thousands of shares	<u>30</u>	<u>30</u>
On issue at 20 October 2016	30	30
Issued for cash	<u>15 680</u>	<u>15 680</u>
On issue at 31 December - fully paid	<u>15 710</u>	<u>15 710</u>
Parent company and Group NOK'000	Ordinary shares	
	2022	2021
Allotted, called up and fully paid		
Ordinary shares of NOK 532,660 each	<u>15 710</u>	<u>15 710</u>
Total	<u>15 710</u>	<u>15 710</u>
Shares classified as liabilities	0	0
Shares classified in shareholders' funds	<u>15 710</u>	<u>15 710</u>
Total	<u>15 710</u>	<u>15 710</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

During 2022, a Group contribution has been paid to the holding company Food Folk Group Holdings AS for an amount of NOK 62,500 thousand.

After the balance sheet date the following were proposed by the directors:

- Group contributions of NOK 173,856 thousand;
- Dividends of NOK 100,000 thousand (NOK 3,333.33 per share) to be taken from the share premium (NOK 47,040 thousand) first and as difference from the retained earnings.



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15 Loans and borrowings

Group	Parent company		Group	
	2022	2021	2022	2021
NOK'000				
Non-current loans and borrowings				
Secured bank loans	0	0	399 767	397 381
Shareholder Loan	0	66 668	0	66 668
Lease liabilities (see Note 22)	0	0	633 092	600 553
Total non-current loans and borrowings	0	66 668	1 032 859	1 064 602
Current loans and borrowings				
Secured bank loans	0	0	(1 367)	231
Lease liabilities (see Note 22)	0	0	34 587	29 697
Total current loans and borrowings	0	0	33 220	29 928

Shareholder Loan to Food Folk Group Holdings AS (which is the only one applicable to the Parent company) has been fully repaid in June 22 for EUR 6,674 thousand.

Loans and borrowings are measured at amortised cost and secured against the Group's portfolio of owned land and buildings.

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
				2022	2022
NOK'000					
Realkredit Danmark - Facility B1 - NOK	NOK	Variable	2037	282 460	272 741
Realkredit Danmark - Facility B2 - NOK	NOK	Variable	2037	91 000	89 390
Realkredit Danmark - Facility B3 - NOK	NOK	Variable	2037	37 000	36 269
Shareholder loan - EUR	EUR	8%	2042	0	0
Total				410 460	398 400

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
				2021	2021
NOK'000					
Realkredit Danmark - Facility B1 - NOK	NOK	Variable	2037	282 460	271 725
Realkredit Danmark - Facility B2 - NOK	NOK	Variable	2037	91 000	89 180
Realkredit Danmark - Facility B3 - NOK	NOK	Variable	2037	37 000	36 707
Shareholder loan - EUR	EUR	8%	2042	66 668	66 668
Total				477 128	464 280

Effective from October 2022, Realkredit Danmark - Facility B2 has been renegotiated with the postponement of the first installment to be paid from December 2022 to March 2024. The renegotiation led to a negative impact in the income statement, due to the derecognition of the liability for an amount of NOK 72 thousand, booked within the "financial expenses" line.

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16 Provisions

Group NOK'000	Pensions	Dilapidation	Other	Total
Balance at 1 January 2022	244	42 371	0	42 615
Provisions made during the year	0	1 940	613	2 553
Provisions used during the year	0	0	0	0
Provisions reversed/adjusted during the year	(244)	(17)	0	(261)
Unwinding of discounted amount	0	1 461	0	1 461
Balance at 31 December 2022	0	45 755	613	46 368
Non-current	0	43 933	613	44 546
Current	0	1 822	0	1 822
Balance at 31 December 2022	0	45 755	613	46 368

The dilapidation provision relates to the expected cost of restoring leased premises to the condition specified in the lease documents on termination of these leases. These costs will be incurred on exit from the properties, and the amount that will be payable is primarily dependent on negotiations with the individual landlords on exit.

17 Trade and other payables

NOK'000	Parent company		Group	
	2022	2021	2022	2021
Trade payables	70	0	52 164	30 255
Interest payable	0	0	0	39
VAT & duties	0	0	21 802	18 344
Payroll related	0	0	50 797	50 686
Other payables and accrued expenses	87	97	57 693	59 852
Total trade and other payables	157	97	182 456	159 176

18 Financial instruments

The Group uses various financial instruments. These include loans, cash and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. In order to manage the Group's exposure to those risks, in particular the Group's exposure to interest rate risk, the Group enters into a number of derivative transactions including, but not limited to, variable to fixed rate interest rate swaps. All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign exchange risk, and interest rate risk. The policies for managing each of these risks are summarised below.

18 (a) Fair values of financial instruments

The fair value of all financial assets and liabilities by class together with their carrying amounts shown in the balance are as follows:



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NOK'000	Parent company		Group	
	2022	2021	2022	2021
Cash and cash equivalents	0	0	17 458	11 032
Restricted cash	0	0	10 662	8 974
Receivables from related parties	57 255	3 441	178 139	153 571
Trade and other receivables	19	10	53 270	39 781
Total financial assets at amortised cost	57 274	3 451	259 529	213 358
Financial assets designated as fair value through profit or loss	0	0	21 829	0
Total financial assets	57 274	3 451	281 358	213 358
Loans and borrowings	0	66 668	1 066 079	1 094 530
Trade and other payables	157	97	182 456	159 176
Payables to related parties	16 129	0	27 657	4 471
Provisions	0	0	46 368	42 615
Total financial liabilities at amortised cost	16 286	66 765	1 322 560	1 300 792
Financial liabilities designated as fair value through profit or loss	0	0	0	4 236
Total financial liabilities	16 286	66 765	1 322 560	1 305 028
Total net financial instruments	40 988	(63 314)	(1 041 202)	(1 091 670)

The fair value of financial instruments is deemed to be materially equivalent to the carrying value, except for loans and borrowings with third parties. The fair value of loans and borrowings for the Group is NOK 535,551 thousand.

Fair value hierarchy

All financial instruments measured at fair value use quoted prices (unadjusted) in active markets for identical assets or liabilities. As a result, no fair value hierarchy table is presented. If a table was presented, all financial instruments measured at fair value would be classed as Level 2 of the fair value hierarchy.

Effect of change of inputs used in fair value measurement

As the possibility of quoted prices (unadjusted) in active markets for identical assets not being available for these assets is remote, no analysis of the effect of changing one or more of the inputs used in fair value measurement to another reasonably possible assumption has been prepared.

18 (b) Credit risk

Credit risk is the risk of financial loss to the Group if a franchisee or counterparty to a financial instrument fails to meet its contractual obligations. The Group's principal financial assets are bank balances and trade receivables and the maximum exposure to credit risk at the balance sheet date is represented by the carrying value of these assets.

The credit risk associated with bank balances is limited as the counterparties have high credit ratings assigned by international credit-rating agencies.

The principal credit risk arises therefore from trade receivables, which represent outstanding fees receivable. In order to limit the risk surrounding outstanding fees are reviewed on a regular basis in conjunction with debt ageing and collection history.



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The Group also has a limited credit risk arising from trade receivables, which represent outstanding fees receivable. The risk is limited due to short payment terms and limited receivables being past due. The Group has not realised any credit losses in 2022.

Credit quality of financial assets and impairment losses (Group)

NOK'000	Gross 2022	Gross 2021	Impairment 2022	Impairment 2021
Not past due	38 639	27 485	0	0
Past due	<u>3 938</u>	<u>5 517</u>	<u>0</u>	<u>0</u>
Total	<u>42 577</u>	<u>33 002</u>	<u>0</u>	<u>0</u>

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amounts considered irrecoverable are written off against the trade receivables directly.

18 (c) Liquidity risk

The liquidity risk is managed for both the Group and the Company by maintaining sufficient cash balances to meet working capital needs. Cash flow requirements are monitored by short-term and long-term rolling forecasts. In addition, the Company and the Group regularly review its position in relation to all financial covenants in place in relation to both its external borrowings and to McDonald's.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

Parent company

NOK'000	Carrying amount	Contractual cash flows	1 year or less	1 to < 2 years	2 to 5 years	over 5 years
31 December 2022						
Non-derivative financial liabilities						
Shareholder Loan	0	0	0	0	0	0
Payables to related parties	16 129	16 129	16 129	0	0	0
Trade and other payables	<u>157</u>	<u>157</u>	<u>157</u>	<u>0</u>	<u>0</u>	<u>0</u>
Derivative financial liabilities						
Interest rate swaps	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>16 286</u>	<u>16 286</u>	<u>16 286</u>	<u>0</u>	<u>0</u>	<u>0</u>
31 December 2021						
Non-derivative financial liabilities						
Shareholder Loan	66 668	178 661	5 333	5 333	15 999	151 996
Payables to related parties	0	0	0	0	0	0
Trade and other payables	<u>97</u>	<u>97</u>	<u>97</u>	<u>0</u>	<u>0</u>	<u>0</u>
Derivative financial liabilities						
Interest rate swaps	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>66 765</u>	<u>178 758</u>	<u>5 430</u>	<u>5 333</u>	<u>15 999</u>	<u>151 996</u>

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Group

NOK'000	Carrying amount	Contractual cash flows	1 year or less	1 to < 2 years	2 to 5 years	over 5 years
31 December 2022						
Non-derivative financial liabilities						
Secured bank loans	398 400	535 551	15 165	26 707	131 326	362 353
Lease liabilities	667 679	918 197	64 783	63 339	185 345	604 730
Shareholder Loan	0	0	0	0	0	0
Payables to related parties	27 657	27 657	27 657	0	0	0
Trade and other payables	182 456	182 456	182 456	0	0	0
Derivative financial liabilities						
Interest rate swaps	0	0	0	0	0	0
Total	1 276 192	1 663 861	290 061	90 046	316 671	967 083
31 December 2021						
Non-derivative financial liabilities						
Secured bank loans	397 612	539 450	15 697	19 709	111 672	392 372
Lease liabilities	630 250	892 851	63 203	60 086	171 067	598 495
Shareholder Loan	66 668	178 661	5 333	5 333	15 999	151 996
Payables to related parties	4 471	4 471	4 471	0	0	0
Trade and other payables	159 176	159 176	159 176	0	0	0
Derivative financial liabilities						
Interest rate swaps	4 236	4 236	4 236	0	0	0
Total	1 262 413	1 778 845	252 116	85 128	298 738	1 142 863

18 (d) Market risk

Market risk is the risk that changes in market prices, such as energy prices, foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments.

Market risk – Energy price risk

The Company's operations are subject to the risk of an increase in energy prices. The company "Nordic Diensten Ekonomisk" (see Note 10) has signed a Nordic master agreement with a vendor in order to hedge (with different coverage percentages and usually over a period of maximum 3 years) the risk of a significant change in the electricity cost on the restaurants. Being this contract not directly managed by the Company, no further accounting and disclosure implications have been identified.

Market risk - Foreign currency risk

The Group's and Company's operations have exposure to foreign currency risk at year end due to that the carrying amount of financial instruments in foreign currencies amounts to NOK 57,170 thousand. A change of 1 % in the exchange rate at year end would have impacted the carrying amount of financial instruments in foreign currency by NOK 625 thousand, dependent on the EUR/NOK movement.

Market risk - Interest rate risk

The Group has loans and borrowings in local currency with variable nominal interest rates as described in note 15. Variable rates may lead to unexpected increases in financial expenses. Therefore, the Group use a fixed rate hedge contract to hedge the variability of the interest rates. The hedge follows the same period as the loans, for the majority of the amount.

At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments was:

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NOK'000	2022	2021
Fixed rate instruments		
Financial assets	21 829	0
Financial liabilities	<u>0</u>	<u>(70 904)</u>
Total fixed rate instruments	<u>21 829</u>	<u>(70 904)</u>
Variable rate instruments		
Financial assets	203 144	172 586
Financial liabilities	<u>(414 529)</u>	<u>(397 612)</u>
Total variable rate instruments	<u>(211 385)</u>	<u>(225 026)</u>

All financial assets and liabilities identified as fixed rate instruments in the above table are accruing interest at rates that are fixed for the life of the instrument. Interest rate swaps and caps are disclosed above at fair value as fixed rate instruments, whilst the loans that they are hedging are disclosed as variable rate instruments.

Sensitivity analysis

A change of 100 basis points in interest over the year would have increased/decreased the result for the year by NOK 2,114 thousand (2021: NOK 2,250 thousand). The analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of all financial instruments with variable interest rates.

18 (e) Capital management

The Group manages its capital to safeguard its ability to operate as a going concern and to optimise returns to shareholders. Overdraft and revolving credit facilities will be used to finance the working capital cycle if required.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 15 after deducting cash and cash equivalents, and equity attributable to the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

The debt and equity balances are subject to externally imposed capital requirements, such as those imposed by third party loan providers and McDonald's. The Group has been in compliance with these capital requirements during the year.

The local tax treatment is also taken into consideration when determining the most appropriate capital structure for investments in subsidiaries.

19 Commitments

Capital commitments

During the year ended 31 December 2022, the Group entered into contracts to purchase property, plant and equipment for NOK 21,568 thousand (2021: NOK 132 thousand).

Off-balance sheet arrangements

The Group has no other guarantees at 31 December 2022.

20 Contingencies

The Group has guaranteed that the subsidiary Food Folk Norge AS performs its obligations under credit agreement that the Food Folk Group Holdings AS group has entered into with a financial institution. The guarantee includes customary limitation that ensure that payments can't exceed what would normally be permitted to distributed as dividends from the companies. The Food Folk Group Holdings AS group's total obligation amounts to EUR 219.5 million as of 31 December 2022.



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21 Related parties

Parent and ultimate controlling party

The Company, established on 20 October 2016, was acquired in February 2017 by its current Parent company, Food Folk Group Holdings AS (Norway). The ultimate controlling party of the Company is Guy Hands.

Key management personnel compensation

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to post-employment defined contribution plans (see Note 4).

Group related party transactions

Group companies within the Food Folk Group are rendering/receiving services for the use in ordinary business operations. All transactions are priced on an arm's length basis and are settled in cash at the request of the related party. None of the balances in respect of related party transactions are secured, except for the value of the loans towards group companies.

Parent company

	Group Contribution (paid)/received 2022	Sale of services 2022	Purchase of services 2022	Interest income 2022	Interest expenses 2022
NOK'000					
Food Folk Group Holdings AS	(62 500)	0	0	22	(2 322)
Food Folk Suomi Holdings Oy	0	0	0	2 454	0
Food Folk Norge AS	162 000	0	0	0	0
Zero Five AS	25 749	0	0	0	0
Food Folk Denmark AS	0	0	(67)	0	0
Total	125 249	0	(67)	2 476	(2 322)
	Loans receivable/ (payable) outstanding 2022	Receivables outstanding 2022	Payables outstanding 2022	Cash-pooling receivable balances 2022	Cash-pooling payable balances 2022
NOK'000					
Food Folk Group Holdings AS	0	0	0	0	(16 129)
Food Folk Suomi Holdings Oy	54 800	2 455	0	0	0
Total	54 800	2 455	0	0	(16 129)
	Group Contribution (paid)/received 2021	Sale of services 2021	Purchase of services 2021	Interest income 2021	Interest expenses 2021
NOK'000					
Food Folk Group Holdings AS	0	0	0	2	(5 566)
Food Folk Norge AS	0	0	0	0	0
Food Folk Denmark AS	0	0	(70)	0	0
Total	0	0	(70)	2	(5 566)
	Loans receivable/ (payable) outstanding 2021	Receivables outstanding 2021	Payables outstanding 2021	Cash-pooling receivable balances 2021	Cash-pooling payable balances 2021
NOK'000					
Food Folk Group Holdings AS	(66 668)	0	0	3 441	0
Total	(66 668)	0	0	3 441	0

In June 2022, the Company signed an Interest Bearing Loan agreement with Food Folk Suomi Holdings OY for NOK 54,800 thousand, expiring in May 2029 at an interest rate of 5% plus NIBOR 3M. The purpose of the loans is to finance a distribution up to its parent company.



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Group

NOK'000	<i>Distributions of investment cost</i> 2022	<i>Sale of services</i> 2022	<i>Royalties</i> 2022	<i>Purchase of services</i> 2022	<i>Interest income</i> 2022	<i>Interest expenses</i> 2022
Food Folk Group Holdings AS	0	651	0	(10 327)	1 828	(3 048)
Food Folk Suomi Holdings Oy	0	0	0	0	2 455	0
Food Folk Denmark AS	0	3 320	0	(10 254)	0	0
Food Folk Suomi Oy	0	2 401	0	(2 149)	0	0
Food Folk Sverige AB	(7 817)	7 169	0	(22 586)	0	0
Total	(7 817)	13 541	0	(45 316)	4 283	(3 048)

NOK'000	<i>Group Contribution (paid)/received</i> 2022	<i>Loans receivable/ (payable) outstanding</i> 2022	<i>Receivables outstanding</i> 2022	<i>Payables outstanding</i> 2022	<i>Cash-pooling receivable balances</i> 2022	<i>Cash-pooling payable balances</i> 2022
Food Folk Group Holdings AS	(62 500)	0	94	(1 262)	120 224	(16 129)
Food Folk Suomi Holdings Oy	0	54 800	2 455	0	0	0
Food Folk Denmark AS	0	0	146	(1 312)	0	0
Food Folk Suomi Oy	0	0	105	(160)	0	0
Food Folk Sverige AB	0	0	315	(8 794)	0	0
Total	(62 500)	54 800	3 115	(11 528)	120 224	(16 129)

NOK'000	<i>Distributions of investment cost</i> 2021	<i>Sale of services</i> 2021	<i>Royalties</i> 2021	<i>Purchase of services</i> 2021	<i>Interest income</i> 2021	<i>Interest expenses</i> 2021
Food Folk Group Holdings AS	0	659	0	(8 974)	41	(6 058)
Food Folk Denmark AS	0	3 062	0	(7 807)	0	0
Food Folk Suomi Oy	0	2 197	0	(1 998)	0	0
Food Folk Sverige AB	(3 362)	6 657	0	(20 678)	0	0
Total	(3 362)	12 575	0	(39 457)	41	(6 058)

NOK'000	<i>Group Contribution (paid)/received</i> 2021	<i>Loans receivable/ (payable) outstanding</i> 2021	<i>Receivables outstanding</i> 2021	<i>Payables outstanding</i> 2021	<i>Cash-pooling receivable balances</i> 2021	<i>Cash-pooling payable balances</i> 2021
Food Folk Group Holdings AS	0	(66 668)	46	(779)	152 580	0
Food Folk Denmark AS	0	0	243	(808)	0	0
Food Folk Suomi Oy	0	0	174	(182)	0	0
Food Folk Sverige AB	0	0	528	(2 702)	0	0
Total	0	(66 668)	991	(4 471)	152 580	0

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22 Leases

The Group leases mainly properties. Information about leases for which the Group is a lessee is presented below.

i. Amounts recognised in Income Statement

NOK'000	2022	2021
- Depreciation charges (including impairment loss/reversal)	47 988	44 645
- Interest on lease liabilities	28 146	27 717
- variable lease payments not included in the measurement of lease liabilities (including COVID-19 rent concessions)	12 059	7 753
- expenses relating to other short-term leases	0	17
- expenses relating to leases of low-value assets	702	358
- other expenses	35	(2)

Some leases of restaurants contain variable lease payments that are based on sales that the Group makes at the restaurant.

Fixed and variable rental payments for the period ended 31 December 2022 were as follows:

NOK'000	2022	2021
- Right-of-use assets (presented in Property, plant and equipment - see note 8)	634 153	606 879
- Prepaid expense (presented in Trade and Other Receivables)	(5 488)	(7 360)
- Lease liabilities (presented in Other interest-bearing loans and borrowings - see note 15)	(667 679)	(630 250)

The Group expects the incidence variable lease payments over the fixed ones to increase consistently with the sales growth expected for the future years.

ii. Amounts recognised in Statement of financial position

NOK'000	2022	2021
Fixed payments	27 126	23 965
Variable payments	12 059	7 784
Total lease payments based on sales	39 185	31 749

iii. Amounts recognised in Statement of cash flows

NOK'000	2022	2021
- Payment of Lease liabilities (interest portion)	(26 974)	(27 219)
- Payment of Lease liabilities (principal portion)	(38 936)	(34 780)
Total cash outflow for leases	(65 910)	(61 999)

iv. Extension Options

Most of the restaurants' lease contract contain extension options exercisable only by the Group and not by lessors up to a specific period (usually not higher than one year) before the end of the non-cancellable contract period. The Group assesses at lease commencement whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its controls.

According to the master franchise agreement with McDonald's, expiring 31 March 2037, a restaurant cannot be closed without its approval, even though it is loss making. It is therefore assumed that the lease term will be renewed until 31 March 2037 if there is not an approval from McDonalds to close a specific restaurant.

As a consequence, all available extension options have been already included in the lease term until the closest date to 31 March 2037. No other potential future lease payments not included in lease liabilities can be therefore disclosed.

v. Lease not yet commenced

The Group has entered during 2022 into lease agreements with few landlords not yet commenced, but committing to pay rent from the subsequent year.

The estimated amount of lease liability for the lease period has been assessed around NOK 18.5 million.

vi. Rent concessions (not applicable)



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23 Changes in liabilities from financing activities

Group

NOK'000	Shareholder Loan	Secured bank loans	Lease liabilities	TOTAL
Balance at 1 January 2021	69 882	370 228	627 035	1 067 145
Proceeds from loans and borrowings	0	67 595	0	67 595
Transaction costs related to loans and borrowings	0	(292)	0	(292)
Repayment of loans and borrowings	0	(30 595)	0	(30 595)
Payment of lease liabilities (principal portion)	0	0	(34 780)	(34 780)
Total changes from financing cash flows	0	36 708	(34 780)	1 928
The effect of changes in foreign exchange rates	(3 214)	0	0	(3 214)
New leases and other changes	0	0	37 497	37 497
Amortized costs	0	(9 324)	0	(9 324)
Interest expense	0	14 386	27 717	42 103
Payment of lease liabilities (interest portion)	0	0	(27 219)	(27 219)
Interest paid	0	(14 386)	0	(14 386)
Total liability related other changes	0	(9 324)	37 995	28 671
Balance at 31 December 2021	66 668	397 612	630 250	1 094 530
Balance at 1 January 2022	66 668	397 612	630 250	1 094 530
Proceeds from loans and borrowings	0	0	0	0
Transaction costs related to loans and borrowings	0	(498)	0	(498)
Repayment of loans and borrowings	(68 161)	0	0	(68 161)
Payment of lease liabilities (principal portion)	0	0	(38 936)	(38 936)
Total changes from financing cash flows	(68 161)	(498)	(38 936)	(107 595)
The effect of changes in foreign exchange rates	1 493	0	0	1 493
New leases and other changes	0	0	75 193	75 193
Amortized costs	0	1 286	0	1 286
Interest expense	0	16 329	28 146	44 475
Payment of lease liabilities (interest portion)	0	0	(26 974)	(26 974)
Interest paid	0	(16 329)	0	(16 329)
Total liability related other changes	0	1 286	76 365	77 651
Balance at 31 December 2022	0	398 400	667 679	1 066 079

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24 Business combinations

a) Acquisition of a restaurant

NOK'000	2022	2021
Acquirees net assets at the acquisition date:		
Land and buildings	0	0
Fixtures, fittings and equipment	0	347
Contractual rights	0	0
Total identifiable net assets acquired	0	347
Consideration paid:		
Cash	0	7 800
Total consideration	0	7 800
Goodwill	0	7 453



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No restaurants have been acquired in 2022.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets were as follows:

- Leasehold improvements and Fixtures, fittings and equipment - depreciated replacement cost has been used as the valuation model. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

- Contractual rights - Multi-earnings excess method: The multi excess earnings method considers the present value of net cash flows expected to be generated by the contractual rights, by excluding any cash flows related to contributory assets.

Acquisition related costs

No acquisition related costs were incurred by the Group.

b) Acquisition of a subsidiary

NOK'000	2022	2021
Acquirees net assets at the acquisition date:		
Land	241	3 190
Trade and other payables	0	(38)
Total identifiable net assets acquired	241	3 152
Consideration paid:		
Cash	241	4 962
Total consideration	241	4 962
Difference	0	1 810

In June 2021, the Group acquired 100% of the shares in the company Stokkenveien Eindom AS for an amount of NOK 4,962 thousand. The difference arising from the acquired assets and the consideration paid for NOK 1,810 thousand has been allocated to the land owned by this company, whose fair value has been estimated at NOK 5 million. In 2022 an additional NOK 241 thousand has been paid, classified against the value of land.

25 Subsequent events

Management has identified the below subsequent events occurred in the first quarter 2023 and deemed them as not affecting the financial position of the Group at 31 December 2022:

a) Bank refinancing

On 17 February 2023, Food Folk Group signed an amendment to the current loan agreement with Danske Bank AS/Realkredit Danmark. The impact on the Norwegian companies is below described:

- a new B4 facility of NOK 226,125 thousand expiring in March 2037 has been added to the existing B facilities (B1,B2,B3). All the previously existing B facilities got the same financial terms as the new B4 facility, meaning an increase of 0.1% on the margin and the extension of the first installment repayment (March 2028 instead of March 2024 for B2 and December 2024 for B1-B3).
- a new C facility amounting to NOK 141,896 thousand, expiring in 5 years with half-yearly installments starting on June 2023.

All facilities are subject to variable rate (Nibor) and hedged with interest rate swaps at 90% of the total loan value. Direct transaction costs (such as arrangement fees, coordination fees, commitment fees, property valuation fees) incurred so far total NOK 6,313 thousand.

b) Intercompany loans

On 30 March 2023, the intercompany loan towards Food Folk Suomi Holdings OY has been fully repaid for an amount of NOK 58,353 thousand, of which NOK 54,800 thousand as principal and NOK 3,553 thousand as accumulated interest. On 31 March 2023, a new intercompany loan (NOK 95,000,000 thousand) has been granted by Food Folk Norge Holdings AS to Food Folk Suomi OY, expiring in 7 years and with the same economic conditions as the previous intercompany loan.



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Anders Torbjørn Hægg

Undertecknare

Serienummer: 19690124xxxx

IP: 80.217.xxx.xxx

2023-04-25 09:53:45 UTC



Ann Helen Våge

Undertecknare

På vegne av: Food Folk Norge AS

Serienummer: 9578-5993-4-2730456

IP: 51.175.xxx.xxx

2023-04-25 16:44:31 UTC



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Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jeanette Munkvold Skovholt	25.04.2018	14.05.2018
Telefon	Deres referanse	Vår referanse
90076012	Kennet Wienecke	2018/605516

FOOD FOLK GROUP HOLDINGS AS
Storgata 15
0155 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 25. april 2018 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for:

- Food Folk Group Holdings AS, org.nr. 817 906 222
- Food folk Norge Holdings AS, org.nr. 917 906 254
- Food Folk Norge AS, org.nr. 950 173 378
- Zero Five AS, org.nr. 951 816 981

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering ovenstående selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden gjengis:

Food Folk Group Holdings AS ("Food Folk") er Development Licensee til McDonald's Corporation I Norden ("McD") — og holder rettighetene til å utvikle, drive og videreleie rettighetene til McDonald's restauranter i de nordiske markedene gjennom en 20 års Master Unit Franchise Agreement ("MUFA") med McD.

Alle aksjene i Food Folk eies av en utenlandsk aksjonaer, Capitola Capital II S.a.r.l som igjen eies av engelskmannen Guy Hands.

Det er således klart at hovedmassen av aksjonærene ikke forstår norsk, men fullt ut behersker engelsk. Engelskkunnskaper er således nødvendig for å holde seg oppdatert om selskapet. All intern rapportering og kommunikasjon, med unntak av oversettelsen av årsregnskap og årsrapport til norsk som følge av lovkrav, foregår på engelsk. Det er ikke formidlet noe ønske fra selskapets aksjonærer om at slik rapportering og kommunikasjon bør være på norsk som et supplement til engelsk.

McDonalds er et internasjonalt konsern med virksomhet i mange land og med profesjonelle

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post:	22 17 08 60
	skatteetaten.no/sendepost	



kontraktspartner, og behersker engelsk fullt ut.

Food Folks interne og eksterne arbeidsspråk er engelsk. Hovedbankforbindelse til Food Folk (Danske Bank) har i tillegg krevd at engelsk benyttes ved rapportering. Flesteparten av konsernets ansatte snakker ikke norsk. Konsernledelsen og styret har medlemmer som ikke behersker norsk. Alle sakspapirer til styre og konsernledelse er på engelsk.

En rekke av de personer som utarbeider grunnlagsdata for årsregnskap og årsberetning behersker ikke norsk. I praksis arbeides det med den engelske versjon av årsrapporten, som siden oversettes til norsk.

En norsk oversettelse vil kun ha til formål å tilfredsstille regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal ”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at det norske konsernet er heleid av et utenlandsk selskap, og at eierkretsen derfor er begrenset. Det er videre lagt vekt på at selskapet har utenlandske styremedlemmer, og at arbeidsspråket er engelsk.



Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer