



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	950 173 378
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	FOOD FOLK NORGE AS
Forretningsadresse:	Pløens gate 2 0181 OSLO

### Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021
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### Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Nei

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	inger-hilde hjelme
Dato for fastsettelse av årsregnskapet:	31.05.2022

### Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

*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, 13.06.2023



## Resultatregnskap

Beløp i: NOK	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	1	465 026 000	380 152 000
Annen driftsinntekt	4	21 252 000	8 961 000
<b>Sum inntekter</b>		<b>486 278 000</b>	<b>389 113 000</b>
<b>Kostnader</b>			
Lønnskostnad	3	47 520 000	45 150 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	8,9	72 147 000	78 632 000
Annen driftskostnad	2	159 660 000	134 718 000
<b>Sum kostnader</b>		<b>279 327 000</b>	<b>258 500 000</b>
<b>Driftsresultat</b>		<b>206 951 000</b>	<b>130 613 000</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap og tilknyttet selskap	10	22 990 000	19 303 000
Annen renteinntekt	5	27 429 000	88 000
<b>Sum finansinntekter</b>		<b>50 419 000</b>	<b>19 391 000</b>
Annen finanskostnad	6	45 931 000	66 990 000
<b>Sum finanskostnader</b>		<b>45 931 000</b>	<b>66 990 000</b>
<b>Netto finans</b>		<b>4 488 000</b>	<b>-47 599 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>211 439 000</b>	<b>83 014 000</b>
Skattekostnad på ordinært resultat	7	39 894 000	5 341 000
<b>Ordinært resultat etter skattekostnad</b>		<b>171 545 000</b>	<b>77 673 000</b>
<b>Årsresultat</b>		<b>171 545 000</b>	<b>77 673 000</b>
<b>Overføringer og disponeringer</b>			
Konsernbidrag		162 000 000	0
Overføringer til/fra annen egenkapital		9 545 000	77 673 000
<b>Sum overføringer og disponeringer</b>		<b>171 545 000</b>	<b>77 673 000</b>



## Balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Goodwill	9	3 969 000	5 061 000
<b>Sum immaterielle eiendeler</b>		<b>3 969 000</b>	<b>5 061 000</b>
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom	8	1 532 886 000	1 485 971 000
<b>Sum varige driftsmidler</b>		<b>1 532 886 000</b>	<b>1 485 971 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	10	74 611 000	46 657 000
<b>Sum finansielle anleggsmidler</b>		<b>74 611 000</b>	<b>46 657 000</b>
<b>Sum anleggsmidler</b>		<b>1 611 466 000</b>	<b>1 537 689 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer		75 000	224 000
<b>Sum varer</b>		<b>75 000</b>	<b>224 000</b>
<b>Fordringer</b>			
Kundefordringer	12	33 689 000	34 052 000
Andre fordringer	18	0	5 000
Konsernfordringer	21	95 185 000	32 251 000
<b>Sum fordringer</b>		<b>128 874 000</b>	<b>66 308 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	13	3 255 000	1 754 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>3 255 000</b>	<b>1 754 000</b>
<b>Sum omløpsmidler</b>		<b>132 204 000</b>	<b>68 286 000</b>
<b>SUM EIENDELER</b>		<b>1 743 670 000</b>	<b>1 605 975 000</b>



## Balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	14	1 022 000	1 022 000
Overkurs	14	60 365 000	37 375 000
<b>Sum innskutt egenkapital</b>		<b>61 387 000</b>	<b>38 397 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital	14	447 537 000	298 982 000
<b>Sum opptjent egenkapital</b>		<b>447 537 000</b>	<b>298 982 000</b>
<b>Sum egenkapital</b>		<b>508 924 000</b>	<b>337 379 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	11	95 738 000	61 009 000
Andre avsetninger for forpliktelser	16	42 615 000	52 742 000
<b>Sum avsetninger for forpliktelser</b>		<b>138 353 000</b>	<b>113 751 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	15	997 934 000	966 906 000
<b>Sum annen langsiktig gjeld</b>		<b>997 934 000</b>	<b>966 906 000</b>
<b>Sum langsiktig gjeld</b>		<b>1 136 287 000</b>	<b>1 080 657 000</b>
<b>Kortsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	15	29 928 000	30 358 000
Betalbar skatt	11	2 568 000	20 529 000
Kortsiktig konserngjeld	21	4 429 000	67 466 000
Annen kortsiktig gjeld	17,18, 16	61 534 000	69 586 000
<b>Sum kortsiktig gjeld</b>		<b>98 459 000</b>	<b>187 939 000</b>
<b>Sum gjeld</b>		<b>1 234 746 000</b>	<b>1 268 596 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>1 743 670 000</b>	<b>1 605 975 000</b>
<b>POSTER UTENOM BALANSEN</b>			



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
Pantstillelser	15	397 612 000	370 229 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 532190

**Enheten**

Organisasjonsnummer: 950 173 378  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: FOOD FOLK NORGE AS  
Forretningsadresse: Pløens gate 2  
0181 OSLO

**Regnskapsår**

Årsregnskapets periode: 01.01.2021 - 31.12.2021

**Konsern**

Morselskap i konsern: Ja  
Konsernregnskap lagt ved: Nei

**Regnskapsregler**

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

**Årsregnskapet fastsatt av kompetent organ**

Bekreftet av representant for selskapet: inger-hilde hjelme  
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Brønnøysundregistrene, 29.06.2022



Organisasjonsnr: 950 173 378  
FOOD FOLK NORGE AS

## RESULTATREGNSKAP

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>RESULTATREGNSKAP</b>			
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<b>Skattekostnad på ordinært resultat</b>	7	<b>211 439 000</b>	<b>83 014 000</b>
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Organisasjonsnr: 950 173 378  
FOOD FOLK NORGE AS

## BALANSE

Beløp i: NOK Note 2021 2020

### BALANSE - EIENDELER

#### Anleggsmidler

##### Immaterielle eiendeler

Goodwill 9 3 969 000 5 061 000  
Sum immaterielle eiendeler 3 969 000 5 061 000

##### Varige driftsmidler

Tomter, bygninger og annen fast eiendom 8 1 532 886 000 1 485 971 000  
Sum varige driftsmidler 1 532 886 000 1 485 971 000

##### Finansielle anleggsmidler

Investering i datterselskap 10 74 611 000 46 657 000  
Sum finansielle anleggsmidler 74 611 000 46 657 000

Sum anleggsmidler 1 611 466 000 1 537 689 000

#### Omløpsmidler

##### Varer

Varer 75 000 224 000  
Sum varer 75 000 224 000

##### Fordringer

Kundefordringer 12 33 689 000 34 052 000  
Andre fordringer 18 0 5 000  
Konsernfordringer 21 95 185 000 32 251 000  
Sum fordringer 128 874 000 66 308 000

##### Bankinnskudd, kontanter og lignende

Bankinnskudd, kontanter og lignende 13 3 255 000 1 754 000  
Sum bankinnskudd, kontanter og lignende 3 255 000 1 754 000

Sum omløpsmidler 132 204 000 68 286 000

SUM EIENDELER 1 743 670 000 1 605 975 000

### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital

##### Innskutt egenkapital

Selskapskapital 14 1 022 000 1 022 000  
Overkurs 14 60 365 000 37 375 000  
Sum innskutt egenkapital 61 387 000 38 397 000



<b>Opptjent egenkapital</b>			
Annen egenkapital	14	447 537 000	298 982 000
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<b>SUM EGENKAPITAL OG GJELD</b>		<b>1 743 670 000</b>	<b>1 605 975 000</b>
<b>POSTER UTENOM BALANSEN</b>			
Pantstillelser	15	397 612 000	370 229 000



Organisasjonsnr: 950 173 378  
FOOD FOLK NORGE AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

<u>Sum</u>	<u>Beløp</u>
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler Immaterielle eiend.</u>

Note  
14

Konsern, tilknyttet selskap m.v.

Investering som regnskapsføres etter egenkapitalmetoden

<u>Investering</u>	<u>Inng.balanse</u>	<u>Inntektsf.res</u>	<u>Andre endr.</u>	<u>Utg. balanse</u>
	46657000.00	27954000.00		74611000.00

**Konsernregnskap**

Virksomheten inngår i konsolideringen til morselskapets konsernregnsk.: Ja

**Morselskapet sitt navn**

food Folk Norge Holdings AS

**Forretningskontor for morselskapet**

Pløensgt 2, 0181 Oslo

Datterselskap er utelatt fra konsolideringen: Ja

**Begrunnelse for at datterselskap er utelatt fra konsolideringen**

Konsolideres først i morselskapet Food Folk Norge Holdings iht 3-7 regnskapsloven

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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**Kortsiktig gjeld**

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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Pantstillelse Beløp

Note

Fordringer

Fordringer som forfaller senere enn ett år etter regnskapsårets slutt

Mer om fordringer

Note

Virkelig verdi og resultatført verdiendr. i perioden, finansielle instrumenter

Mer om finansielle instrumenter

Beskrivelse av finansielle derivater

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



**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 <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post:	22 17 08 60
	<a href="mailto:skatteetaten.no/sendepost">skatteetaten.no/sendepost</a>	



*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*



# Food Folk Norge AS

Pløens gate 2  
0181 Oslo

Org. no. 950 173 378

## Annual report 2021

The financial statements were presented and adopted at  
the Company's annual general meeting  
on 11 April 2022

\_\_\_\_\_  
chairman of the annual general meeting

Penneo Dokumentnr: SC74D-Q106B-13GGS-PODDJ-EF1TW-GS0IN



**FOOD FOLK**

Development Partner  
of McDonald's



Food Folk Norge AS  
Annual Report 2021

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Penneo Dokumentnr: SC74D-Q106B-13GGS-PODDJ-EF1TW-GS0JN



Food Folk Norge AS  
Annual Report 2021

## Statement by the Board of Directors and the Executive Board

### The Company

Food Folk Norge AS activities have in 2021 as earlier years been concentrated on operations and development of the McDonald's international restaurant concept. The Company has one 100% owned daughter company. The Company is reporting according to IFRS as adopted by the European Union.

At the end of the year, the McDonald's system in Norway had a total number of 77 family restaurants. The Company operated 17 restaurants while franchisees operated 60 restaurants. The Food Folk system (includes both restaurants operated by the group and restaurants operated by franchisees) had a total net sales ex VAT of NOK 2,785 thousand in 2021, of which the sales in franchisee restaurants were NOK 1,979 thousand. The franchisees operate the restaurants through their own companies. Their financial reports are, therefore, not included in the Food Folk Norge AS's financial report.

As of 31 December 2021, the restaurants are situated in the following counties: 14 restaurants in Oslo, 25 restaurants in Viken, 4 restaurants in Innlandet, 5 restaurants in Trøndelag, 2 restaurants in Møre og Romsdal, 8 restaurants in Vestland, 8 restaurants in Rogaland, 8 restaurants in Vestfold & Telemark, 3 restaurants in Agder.

### Outlook

The Company managed to safely navigate through 2021 despite continued COVID-19 impact.

Positive free cash flow 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 Company has opened 3 new stores, closed 1 and remodeled 10 stores. Total comparable system wide sales have been 16.5% higher than last year (reaching NOK 2,785,000 thousand) and number of guest visits grew by 6.9% compared to 2020.

The beginning of 2022 has been strong in terms of sales and profits. The sales performance of the first quarter of 2022 has increased 23.9% compared to last year. From an EBITDA perspective, results at the end of March are higher than plan and last year.

### Financial and market risk

The Company's loan with Danske Bank has floating interest. SWAP agreement has not proven to reduce risk of large changes in interest level agreement therefore discontinued. It is only the purchase of restaurant equipment that is exposed to exchange rate risk. This liquidity risk is managed, for the Company, by maintaining sufficient cash balances to meet working capital needs. The Company has a limited financial market risk.

### Cash flow statement

In 2021, the Company had net investments of NOK 89.2 million. This was financed by cash flow from operations. Three new restaurants have been opened. Large reinvestments have been made in some of the restaurants. Changes in working capital adds to cash flow from operations.

### Going Concern

In accordance with the Norwegian Accounting Law §3-3a the company confirms that the assumptions for going concern are present and the financial report has been based on this assumption.

### Research and development

The Company does not have any research and development activities.

### Employees and working environment

The working conditions are according to the Norwegian regulations. Similar to McDonald's international practice concerning employees' working conditions, Food Folk Norge AS uses systematic job-rotation to create the best possible working environment. Food Folk offers its employees a systematic training program, both for their individual development and to enhance their chances of promotion within the system. To improve the working environment, annual performance reviews and staff opinion surveys are carried out.

There have been 2.4% absentees due to illness in Food Folk Norge AS. There have been no accidents involving employees in 2021.

The average number of employees during 2021 was 41.

### Corporate Environment 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.





Food Folk Norge AS  
Annual Report 2021

Statement by the Board of Directors and the Executive Board

## Equal opportunities, Non-discrimination and accessibility

### Diversity and equal opportunity

Diversity and inclusion are one of our strategic focuses related to the Company's sustainable development goals. We are convinced that it is this dynamic mix of people that makes McDonald's a great place to work. Our ethical guidelines state that we do not accept any form of inappropriate behavior, bullying, harassment or discrimination, for example due to gender, sexual orientation, age, ethnicity or religious beliefs. This is supported/founded by our company values.

### Business code of conduct

At Food Folk, we believe in the value of treating people with equality and respect. We do not tolerate any form of harassment, intimidation, discrimination, abuse or threats of any kind. As an employee within Food Folk, you have the right to a safe and comfortable working environment.

### Speak up policy - Scope & Purpose

Our Speak Up Policy describes the means by which reports or confirmed or suspected incidences of fraud and misconduct are handled. The Speak Up Policy applies to all employees within the Food Folk Group (including franchisees and their employees), suppliers, contractors and temporary employees of the Company.

### 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.

### Women@McDonald's

A network of women and allies engaging, elevating and empowering women across the organization. Two employees from the Company are participating and contributing to this group, which aims to:

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

### Employee engagement survey - Harassment

Food Folk is conducting an annual engagement survey where the employees are asked if they have been subjected to harassment (bullying, discrimination or sexual harassment) at work for the past 12 months. The last survey was conducted in May 2021 and shows that no employees has been harassed.

### Initiatives to reduce the risk of discrimination

- Properly developed recruitment processes at all levels. This includes training for recruiting leaders, guidelines, test tools in recruitment processes and structured interviews - which are proven to make the hiring processes objective and limits the likelihood of discrimination.
- HR support in recruitment processes and use of personality/integrity tests in the process, which is proved being a tool preventing harassment in recruitment processes.
- Yearly salary processes and connected to performance based on the company's Performance Development System.
- Benchmark salary Mercer (not yearly. Some key positions where benchmarked in May 2021).
- Mapping gender balance through yearly review (HR)

### Gender balance

Executives men	33 %
Executives female	67 %
People Managers men	17 %
People Managers female	83 %
Office employees men	53 %
Office employees female	47 %

### Part time work (not voluntary)

The Company has no part time workers.

### Temporary Work

The vast majority of our Norwegian employees are employed on permanent employment contracts. In 2021 two employees were hired on temporary contracts due to maternity leave.



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

#### Parental leave

Parental leave follows legal regulations and individual choices. During 2021, female employees on parental paid leave took in total 98.4 weeks. In 2021 no male employees were on paid parental leave. This will change in 2022, where at least one male employee will have parental leave. Food Folk Norway pays full salary to employees on parental leave – also for employees with higher salary than the cap in Norwegian social security regulations.

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

- On executive level men earn in average 4 % more than women.
- On people manager level women earn in average 9% more than men.
- Other employees women earn in average 4% more than men.

#### **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**

In 2021 Food Folk Norge AS had a net profit of NOK 171,545 thousand. The Board regards the Financial Report to reflect a correct status of the financial position of the Company. The Board recommends the net profit to be allocated as follows:

Attributable to (in thousand NOK):

Group contribution	162 000
Funds for unrealized gains	22 990
Retained earnings	<u>(13 445)</u>
Profit for the year	<u>171 545</u>

Oslo, 11 April 2022

\_\_\_\_\_  
Nils Erik Martin Jansson

Managing Director and Chairman of the Board

\_\_\_\_\_  
Anders Torbjörn Hägg

Board member

Penneo Dokumentnøkkel: SC74D-Q1O6B-13GGS-PODDJ-EF1TW-GS0IN



Food Folk Norge AS  
Annual Report 2021

## Company details

### General

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

Telephone: +47 23 10 70 00  
Website: [www.mcdonalds.no](http://www.mcdonalds.no)

Org no. 950 173 378

Established: 17 November 1988  
Registered office: Pløens gate 2, 0181 Oslo  
Financial year: From 1 January to 31 December

### Board of Directors

Nils Erik Martin Jansson  
Anders Torbjörn Hägg

### Managing Director

Nils Erik Martin Jansson

### Auditor

KPMG AS  
Godkjent revisjonsselskap  
Sørkedalsveien 6  
0369 Oslo

### Bank

Danske Bank, Corporate banking  
Nordea bank danmark A/S, filial af Nordea Bank AB, Sverige

### Annual general meeting

The annual general meeting will be held on 11 April 2022.

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Food Folk Norge AS  
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## Food Folk Corporate Social Responsibility

Our mission in Food Folk Norge 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 77 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 2022 and beyond, we will continue to do our part for sustainability, for example on climate action, packaging and waste, youth employability, and taking action as a part of the community.

### 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", 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. 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.

All waste has an impact on the climate and we are working consciously with this through the reduction of conventional energy and by 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 products are recirculated to other 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 ton of plastic. In addition, we introduced new serving trays 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).





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Food Folk Corporate Social Responsibility

In 2012 we began installing charging stations for electric cars at our restaurants. By end of 2021 we had in total 84 charging stations in operation at a total of 25 restaurants. At six additional restaurants, 23 charging stations were under renovation/expansion/establishment.

The majority of our environmental impacts occur beyond our own operations, through the Company's supply chain, and so McDonald's journey toward sustainable sourcing begins with our suppliers. Among other activities, we 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 commitment to respect human rights is defined in our 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.

All Food Folk suppliers passed their SWA audit in 2021.

## 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 were 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 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 the 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 McDonald's is committed to inclusivity and gender equality. At the management level, 57% of the positions are held by women and 43% by males. This is a change from 2020 (60 % held by males and 40 % women). The board consisted of two male directors in 2021.





Food Folk Norge AS  
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## Statement of profit or loss and other comprehensive income

NOK'000	Note	2021	2020
<b>Revenue</b>	1	<b>465 026</b>	<b>380 152</b>
Other external expenses	2	(159 660)	(134 718)
Depreciation, amortisation and impairment	8,9	(72 147)	(78 632)
Staff cost	3	(47 520)	(45 150)
Other operating income, net	4	21 252	8 961
<b>Total expenses</b>		<b>(258 075)</b>	<b>(249 539)</b>
<b>Operating profit or loss</b>		<b>206 951</b>	<b>130 613</b>
Financial income	5	27 429	88
Financial expense	6	(45 931)	(66 990)
<b>Net finance expenses</b>		<b>(18 502)</b>	<b>(66 902)</b>
Share of profit of equity accounted investees, net of tax	10	22 990	19 303
<b>Profit or loss before tax</b>		<b>211 439</b>	<b>83 014</b>
Tax for the year	7	(39 894)	(5 341)
<b>Profit or loss</b>		<b>171 545</b>	<b>77 673</b>
<b>Attributable to</b>			
Group contributions		162 000	0
Funds for unrealized gains		22 990	19 303
Retained earnings		(13 445)	58 370
<b>Profit or loss</b>		<b>171 545</b>	<b>77 673</b>
<b>Statement of comprehensive income</b>			
Profit or loss		171 545	77 673
<b>Other comprehensive income for the year, net of income tax</b>		<b>0</b>	<b>0</b>
<b>Comprehensive income for the year</b>		<b>171 545</b>	<b>77 673</b>

The notes form an integral part of these financial statements

Penneo Dokumentnøkkel: SCZ4D-Q1O6B-13GGS-PODDJ-EF1TW-GS0JN



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

NOK'000	Note	2021	2020
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	8	1 532 886	1 485 971
Intangible assets	9	3 969	5 061
Investments in subsidiaries	10	74 611	46 657
		<b>1 611 466</b>	<b>1 537 689</b>
<b>Current assets</b>			
Inventories		75	224
Trade and other receivables	12	33 689	34 052
Derivative assets	18	0	5
Receivables from related parties	21	95 185	32 251
Tax receivable		0	0
Restricted cash	13	3 255	1 754
Cash and cash equivalents	13	0	0
		<b>132 204</b>	<b>68 286</b>
<b>Total Assets</b>		<b>1 743 670</b>	<b>1 605 975</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	14	1 022	1 022
Funds for unrealised gains		60 365	37 375
Proposed dividends and group contribution	14	162 000	0
Retained earnings		285 537	298 982
<b>Total equity</b>		<b>508 924</b>	<b>337 379</b>
<b>Non current liabilities</b>			
Loans and borrowings	15	997 934	966 906
Provisions	16	42 615	52 742
Deferred tax liabilities	11	95 738	61 009
<b>Non current liabilities</b>		<b>1 136 287</b>	<b>1 080 657</b>
<b>Current liabilities</b>			
Loans and borrowings	15	29 928	30 358
Trade and other payables	17	57 298	48 230
Derivative liabilities	18	4 236	20 431
Payables to related parties	21	4 429	67 466
Tax payable		2 568	20 529
Provisions	16	0	925
<b>Current liabilities</b>		<b>98 459</b>	<b>187 939</b>
<b>Total liabilities</b>		<b>1 234 746</b>	<b>1 268 596</b>
<b>Total equity and liabilities</b>		<b>1 743 670</b>	<b>1 605 975</b>

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## Statement of changes in equity (See Note 14)

NOK'000	Share capital	Funds for unrealized gains	Proposed dividends and group contribution	Retained earnings	Total equity
Balance at 1 January 2020	1 022	18 072	60 026	240 612	319 732
Profit or loss	0	19 303	0	58 370	77 673
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>19 303</b>	<b>0</b>	<b>58 370</b>	<b>77 673</b>
Transactions with owners, recorded directly in equity:					
Dividends	0	0	0	0	0
Group contribution	0		(60 026)	0	(60 026)
<b>Total contributions by and distributions to owners</b>	<b>0</b>	<b>0</b>	<b>(60 026)</b>	<b>0</b>	<b>(60 026)</b>
<b>Balance at 31 December 2020</b>	<b>1 022</b>	<b>37 375</b>	<b>0</b>	<b>298 982</b>	<b>337 379</b>

NOK'000	Share capital	Funds for unrealized gains	Proposed dividends and group contribution	Retained earnings	Total equity
Balance at 1 January 2021	1 022	37 375	0	298 982	337 379
Profit or loss	0	22 990	162 000	(13 445)	171 545
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>22 990</b>	<b>162 000</b>	<b>(13 445)</b>	<b>171 545</b>
Transactions with owners, recorded directly in equity:					
Dividends	0	0	0	0	0
<b>Total contributions by and distributions to owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance at 31 December 2021</b>	<b>1 022</b>	<b>60 365</b>	<b>162 000</b>	<b>285 537</b>	<b>508 924</b>

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Food Folk Norge AS  
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## Statement of cash flows

NOK'000	Note	2021	2020
<b>Cash flow from operating activities</b>			
Profit for the year		171 545	77 673
Adjustments for:			
Depreciation, amortisation and impairment	8,9	72 147	78 632
Financial income	5	(27 429)	(88)
Financial expense	6	45 931	66 990
Share of profit of equity accounted investees, net of tax	10	(22 990)	(19 303)
Other income/expense non-monetary		(12 728)	1 704
(Gain)/loss on sale of property, plant and equipment	4	5 000	545
Taxation	7	39 894	5 341
		<b>99 825</b>	<b>133 821</b>
Decrease/increase in trade and other receivables	12	(2 088)	(7 012)
Decrease/increase in inventories		149	(224)
Decrease/increase in trade and other payables	17	9 030	1 056
Decrease/increase in related parties balances	21	11 503	(18 149)
Decrease/increase in provisions	16	(725)	(853)
		<b>17 869</b>	<b>(25 182)</b>
Tax paid		(23 126)	(13 302)
		<b>(23 126)</b>	<b>(13 302)</b>
<b>Net cash from operating activities</b>		<b>266 113</b>	<b>173 010</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	4	16 894	149
Acquisition of associates/business, net of cash	10,23	(12 764)	0
Acquisition of property, plant and equipment	8	(90 526)	(96 658)
Acquisition of intangible assets	9	(1 115)	(1 338)
<b>Net cash from investing activities</b>		<b>(87 511)</b>	<b>(97 847)</b>
<b>Cash flows from financing activities</b>			
Proceeds from new loan	22	67 595	0
Change in restricted cash	13	(1 501)	(135)
Change in cash-pooling balances	21	(137 474)	62 360
Interest paid		(14 335)	(16 598)
Financing transaction cost		(293)	0
Repayment of borrowings	22	(30 595)	0
Payment of lease liabilities (interest portion)	22	(27 219)	(27 660)
Payment of lease liabilities (principal portion)	22	(34 780)	(33 104)
Dividends paid	14	0	(60 026)
<b>Net cash from financing activities</b>		<b>(178 602)</b>	<b>(75 163)</b>
Net increase/decrease in cash and cash equivalents		0	0
Cash and cash equivalents at 1 January		0	0
Effect of exchange fluctuations on cash held		0	0
<b>Cash and cash equivalents at 31 December</b>	13	<b>0</b>	<b>0</b>

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Food Folk Norge AS  
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## Basis of preparation

### Reporting entity

Food Folk Norge AS, corp id 950 173 378, is a Norwegian limited liability company domiciled in Oslo, Norway. The address to the head office is Pløens gate 2, 0181 Oslo, Norway. Food Folk Norge AS is a wholly owned subsidiary of Food Folk Norge Holdings AS.

The financial statements for the years ended 31 December 2020 and 31 December 2021 comprise the financial statements for Food Folk Norge AS.

The Company's main activity consist 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 Company has consistently applied the following accounting policies to all periods presented in these financial statements, except:

- 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. This represents a change in accounting policy from previous years. Comparative information has not been adjusted since the change in policy would not have any material effect on the current tax liabilities/assets recognized in 2020.
- From 2021 "Derivative instruments" are disclosed separately on the statement of financial position. The effect on the previous year is below detailed:

Amounts in NOK/000	2020 audited	2020 restated		2020 audited	2020 restated
Trade and other receivables	34 057	34 052	Trade and other payables	68 661	48 230
Derivative assets	-	5	Derivative liabilities	-	20 431

### Functional and presentation currency

The financial statements are presented in NOK rounded to the nearest NOK 1,000.

### Basis of accounting

The financial statements for the year ended 31 December 2021 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 2021:

*Newly effective EU-endorsed standards for 01 Jan 2021 to 31 Dec 2021*

Effective date	New standards or amendments
1 January 2021	Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
1 April 2021	COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

It has been assessed that they do not have a material effect on the Company's financial statements. In particular, the Interest Rate Benchmark Reform is still not affecting the Company since the interest rates, to which the Company's financial assets and liabilities are linked to, have not ceased yet as at 31 December 2021.





Food Folk Norge AS  
Annual Report 2021

Basis of preparation

## 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 2022. The approved, though not yet effective, standards and IFRICs will be applied as they become mandatory for the Company.

*Standards not / not yet endorsed by the EU*

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)
1 January 2023	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) Deferred Tax related to Assets and Liabilities arising

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

## Use of judgements and estimates

In preparing the financial statements, Management has made judgements, estimates and assumptions that affect how the Company'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



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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 financial statements of the Company, Management makes a number of accounting estimates and assumptions on which the recognition and measurement of the Company'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 2021:

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

When there is an indication of impairment, an estimate is made of how the Company'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.

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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.

### Business combinations

The Company accounts for business combinations using the acquisition method when control is transferred to the Company. 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 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 percent 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 recognized 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.

### 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.

### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc., made to the Company'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 Company 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 Company can no longer withdraw the offer of those benefits and when the Company 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 Company and includes 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



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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 subsidiaries, 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 1 January 2016, the Company'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 Company.

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 Company 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 Company 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 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



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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 financial statements include the Company'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 Company 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.

### **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 Company 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.



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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 Company'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.

#### **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 Company 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 Company 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 Company uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Company 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 Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company 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



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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 Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company 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 Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company 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 Company 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.

## Presentation of cash flow statement

The cash flow statement shows the Company'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 Company'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 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.



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## Notes

### 1 Revenue

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

NOK'000	2021	2020
Sub-franchisee income (fixed)	90 912	90 879
Sub-franchisee income (variable)	267 060	208 524
Intercompany sales	107 054	80 749
<b>Total revenues by nature</b>	<b>465 026</b>	<b>380 152</b>

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	2021	2020
Less than one year	96 060	89 265
Between one and five years	477 335	405 760
More than five years	806 913	569 019
<b>Total leases as lessor</b>	<b>1 380 308</b>	<b>1 064 044</b>

### 2 Other external expenses

NOK'000	2021	2020
Royalties and other fees	128 883	102 712
Royalties from group companies	(40 133)	(31 120)
Lease expense	8 126	4 972
Other expenses	62 784	58 154
<b>Total other external expenses</b>	<b>159 660</b>	<b>134 718</b>

#### Fees to auditors

KPMG was appointed statutory auditor for 2021. The remuneration to KPMG reflected in these financial statements (which does not include VAT) is shown below:

NOK'000	2021	2020
Audit of these financial statements	421	215
Other assurance services	10	10
Tax advisory services	80	28
Other services other than assurance services	0	69
<b>Total fees</b>	<b>511</b>	<b>322</b>

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### 3 Staff cost

NOK'000	2021	2020
Wages and salaries	39 306	37 509
Social security costs	6 336	5 998
Contributions to defined contribution plans	1 878	1 643
<b>Total staff cost</b>	<b>47 520</b>	<b>45 150</b>
Average number of full time employees	41	36

### Remuneration of key management personnel

NOK'000	2021	2020
Wages and salaries	5 254	3 774
Social security costs	1 212	583
Contributions to defined contribution plans	748	341
<b>Total remuneration of key management personnel</b>	<b>7 214</b>	<b>4 698</b>
Average number of key management personnel	1,3	1,4

Key management personnel is defined as the managing director of the company, plus the allocation of the Nordic CFO to the Norwegian market for both 2021 and 2020. From May 2021, key management personnel also includes the allocation of the Nordic CEO.

The Company has two different pension plans:

- unsecured pension liabilities related to one former employee - the liabilities are estimated according to fixed amount times statistical lifetime; at year-end 2020 the pension liabilities were estimated to NOK 244 thousand (see note 16)
- 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 1,550 thousand.

### 4 Other operating (expense)/income, net

NOK'000	2021	2020
Net gain/(loss) on disposal of property, plant and equipment	995	(545)
Net gain/(loss) from sale of restaurants (see note 23)	(5 995)	0
Income from intercompany recharges/mark-up	12 575	9 533
Other income/(expense)	13 677	(27)
<b>Total other operating income, net</b>	<b>21 252</b>	<b>8 961</b>

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

### 5 Financial income

NOK'000	2021	2020
Net foreign exchange gain	1 445	0
Positive change in fair value of derivatives	16 195	0
Interests on related parties assets	25	88
Other interest income (see note 15)	9 764	0
<b>Total finance income</b>	<b>27 429</b>	<b>88</b>



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## 6 Financial expense

NOK'000	2021	2020
Net foreign exchange loss	0	510
Interest on financial liabilities	16 194	16 438
Negative change in fair value of derivatives	5	20 159
Interest on lease liabilities (see note 21)	27 717	27 485
Interests on related parties liabilities	418	296
Unwinding of discounts (see note 16)	1 396	1 801
Other interest expense	201	301
<b>Total financial expense</b>	<b>45 931</b>	<b>66 990</b>

## 7 Tax for the year

### Recognised in the income statement

NOK'000	2021	2020
Current year	2 568	20 530
Current tax - Adjustments for prior years	2 597	(13 206)
<b>Total current tax expense</b>	<b>5 165</b>	<b>7 324</b>
Origination and reversal of temporary differences	34 955	(1 983)
Deferred tax - Adjustments for prior years	(226)	0
<b>Total deferred tax expense</b>	<b>34 729</b>	<b>(1 983)</b>
<b>Total tax expense</b>	<b>39 894</b>	<b>5 341</b>

### Reconciliation of effective tax rate

NOK'000	2021	2020
<b>Profit or loss before tax</b>	<b>211 439</b>	<b>83 014</b>
Tax using the corporation tax rate in Norway (22%)	46 517	18 263
Non-deductible expenses	33	4 531
Tax exempt revenues	(8 621)	(4 247)
Other	(406)	0
Under / (over) provided in prior years	2 371	(13 206)
<b>Total tax expense</b>	<b>39 894</b>	<b>5 341</b>

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).

This represents a change in accounting policy from previous years. Comparative information has not been adjusted since the change in policy would not have any material effect on the current tax liabilities/assets recognized in 2020.

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## 8 Property, plant and equipment

NOK'000	Land and buildings	Leasehold improvements	Right-of-use asset (see note 21)	Fixtures, fittings and equipment	Under construction	Total
<b>Cost</b>						
Balance at 1 January 2020	926 215	161 362	662 609	18 354	31 675	1 800 215
Acquisitions through business combinations	0	0	0	0	0	0
Other acquisitions	77 739	4 088	56 685	607	13 802	152 921
Transfer	34 382	1 735	0	(6 194)	(29 923)	0
Disposals/Other movements	4 705	(2 273)	(18 887)	(162)	(1 676)	(18 293)
<b>Balance at 31 December 2020</b>	<b>1 043 041</b>	<b>164 912</b>	<b>700 407</b>	<b>12 605</b>	<b>13 878</b>	<b>1 934 842</b>
Balance at 1 January 2021	1 043 040	164 912	700 407	12 605	13 878	1 934 842
Acquisitions through business combinations (see note 23)	0	0	0	347	0	347
Other acquisitions	35 572	34 689	53 974	8 826	11 439	144 500
Transfer	7 867	4 473	0	0	(12 340)	0
Disposals/Other movements	(1 062)	(4 164)	(17 831)	(15 309)	197	(38 169)
<b>Balance at 31 December 2021</b>	<b>1 085 417</b>	<b>199 910</b>	<b>736 550</b>	<b>6 469</b>	<b>13 174</b>	<b>2 041 520</b>
<b>Depreciation and impairment</b>						
Balance at 1 January 2020	215 228	106 088	42 535	11 393	0	375 244
Depreciation charge for the year	18 084	5 202	44 331	483	0	68 100
Impairment losses / (reversal)	631	6 063	1 725	0	0	8 419
Transfer	684	0	0	(684)	0	0
Disposals / other movements	0	(1 701)	(1 150)	(40)	0	(2 891)
<b>Balance at 31 December 2020</b>	<b>234 627</b>	<b>115 652</b>	<b>87 441</b>	<b>11 152</b>	<b>0</b>	<b>448 872</b>
Balance at 1 January 2021	234 627	115 652	87 441	11 152	0	448 872
Depreciation charge for the year	21 042	6 599	45 702	422	0	73 765
Impairment losses / (reversal)	0	(2 768)	(1 057)	0	0	(3 825)
Transfer	(163)	163	0	0	0	0
Disposals / other movements	0	(1 594)	(2 415)	(6 169)	0	(10 178)
<b>Balance at 31 December 2021</b>	<b>255 506</b>	<b>118 052</b>	<b>129 671</b>	<b>5 405</b>	<b>0</b>	<b>508 634</b>
<b>Net book value</b>						
At 31 December 2020	808 414	49 260	612 966	1 453	13 878	1 485 971
At 31 December 2021	829 911	81 858	606 879	1 064	13 174	1 532 886

### Impairment loss and subsequent reversal

In 2021, the Company 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 Company has recognised a net impairment reversal on Tangible Assets of NOK 3,825 thousand. The estimate of value in use was calculated using a pre-tax discount rate of 12.5%.

### Security

At 31 December 2021, properties with a carrying amount of NOK 743.1 million (2020: NOK 724.8 million) were subject to a registered debenture that forms security for bank loans. As security for mortgage loans, the Company has registered mortgage security on the Company's properties of NOK 451.5 million (2020: NOK 410.8 million).

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## 9 Intangible assets

NOK'000	Goodwill	Other	Total
<b>Cost</b>			
Balance at 1 January 2020	0	9 213	9 213
Acquisitions through business combinations	0	0	0
Other acquisitions – externally purchased	0	1 338	1 338
Transfers	0	0	0
Disposals	0	0	0
<b>Balance at 31 December 2020</b>	<b>0</b>	<b>10 551</b>	<b>10 551</b>
Balance at 1 January 2021	0	10 551	10 551
Acquisitions through business combinations (see note 23)	7 453	0	7 453
Other acquisitions – externally purchased	0	1 115	1 115
Transfers	0	0	0
Disposals	(7 453)	(1 070)	(8 523)
<b>Balance at 31 December 2021</b>	<b>0</b>	<b>10 596</b>	<b>10 596</b>
<b>Amortisation and impairment</b>			
Balance at 1 January 2020	0	3 377	3 377
Amortisation for the year	0	2 113	2 113
Impairment losses/(reversal)	0	0	0
Disposals	0	0	0
<b>Balance at 31 December 2020</b>	<b>0</b>	<b>5 490</b>	<b>5 490</b>
Balance at 1 January 2021	0	5 490	5 490
Amortisation for the year	0	2 207	2 207
Impairment losses/(reversal)	0	0	0
Disposals	0	(1 070)	(1 070)
<b>Balance at 31 December 2021</b>	<b>0</b>	<b>6 627</b>	<b>6 627</b>
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>0</b>	<b>5 061</b>	<b>5 061</b>
<b>At 31 December 2021</b>	<b>0</b>	<b>3 969</b>	<b>3 969</b>

## 10 Investments

NOK'000	Profit after tax	Other comprehensive income	Total comprehensive income	Investment in subsidiaries	
Subsidiaries	22 990	0	22 990	74 611	
	Domicile	Shares (%)	Share Capital	Equity	Net result
Zero Five AS	Norway	100%	100	69 646	22 989
Stokkevanneien Eiendom AS	Norway	100%	3 000	3 109	(48)

The subsidiary ZeroFive AS operates 17 (2020: 16) McDonald's restaurants under a sub-franchise contract with Food Folk Norge AS.

The Company owns in ZeroFive AS 100 ordinary shares of NOK 1,000 each (share capital: NOK 100 thousand).

In June 2021, the Company acquired 3,000 shares of NOK 1,000 each of Stokkevanneien Eiendom AS for an amount of NOK 4,962 thousand. The purpose of this acquisition is connected to the future construction of a restaurant in the properties (land) owned by Stokkevanneien Eiendom AS.





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## 11 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

NOK'000	Assets		Liabilities	
	2021	2020	2021	2020
Property, plant and equipment	0	0	70 607	72 603
Trade and other receivables	0	0	4	10
Financial assets	0	0	305	712
Provisions	(10 777)	(11 807)	0	0
Tax effects of group contribution	0	0	35 640	0
Other	(41)	(509)	0	0
<b>Tax (assets) / liabilities</b>	<b>(10 818)</b>	<b>(12 316)</b>	<b>106 556</b>	<b>73 325</b>
Net of tax liabilities/(assets)	10 818	12 316	(10 818)	(12 316)
<b>Net tax (assets) / liabilities</b>	<b>0</b>	<b>0</b>	<b>95 738</b>	<b>61 009</b>

*Movement in net deferred tax during the year*

NOK'000	2021	2020
Opening balance	61 009	62 992
Recognised in profit or loss	34 729	(1 983)
Closing balance	95 738	61 009
<b>Total movement</b>	<b>34 729</b>	<b>(1 983)</b>

## 12 Trade and other receivables

NOK'000	2021	2020
Trade receivables	33 002	31 709
Prepayments	434	1 228
Other receivables	253	1 115
<b>Total trade and other receivables</b>	<b>33 689</b>	<b>34 052</b>

*Changes in trade and other receivables*

NOK'000	Opening balance for period	Cash flows	Non-cash transactions	Closing balance for period
<b>2020</b>	<u>33 127</u>	<u>7 012</u>	<u>(6 087)</u>	<u>34 052</u>
<b>2021</b>	<u>34 052</u>	<u>2 088</u>	<u>(2 451)</u>	<u>33 689</u>

## 13 Cash and cash equivalents

NOK'000	2021	2020
Cash and cash equivalents	0	0
<b>Total cash and cash equivalents</b>	<b>0</b>	<b>0</b>
Restricted cash	3 255	1 754
<b>Total restricted cash</b>	<b>3 255</b>	<b>1 754</b>



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## 14 Share capital

NOK'000	Ordinary shares	
	2021	2020
Share issued (thousands)	170	170
On issue 1 January	1 022	1 022
<b>On issue at 31 December - fully paid</b>	<b>1 022</b>	<b>1 022</b>

NOK'000	Ordinary shares	
	2021	2020
Allotted, called up and fully paid		
Ordinary shares of NOK 6,010 each	1 022	1 022
<b>Total</b>	<b>1 022</b>	<b>1 022</b>
Shares classified as liabilities	0	0
Shares classified in shareholders' funds	1 022	1 022
<b>Total</b>	<b>1 022</b>	<b>1 022</b>

100% of the share capital is owned and controlled by Food Folk Norge Holdings AS, Pløensgt 2, 0181 Oslo. 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. There were no change to the Company's share capital composition during the year. No shareholder holds special rights.

Food Folk Norge AS is a parent company, but does not prepare consolidated accounts, ref. section 3-7 in the Norwegian accounting act. The consolidated group accounts of Food Folk Norge Holdings are available at Pløensgt 2, 0181 Oslo.

### Dividends

No dividends were recognised during the period.

After the balance sheet date Group contributions of NOK 162,000 thousand were proposed by the directors.

## 15 Loans and borrowings

NOK'000	2021	2020
<b>Non-current loans and borrowings</b>		
Secured bank loans	397 381	366 566
Lease liabilities (see Note 21)	600 553	600 340
<b>Total non-current loans and borrowings</b>	<b>997 934</b>	<b>966 906</b>
<b>Current loans and borrowings</b>		
Secured bank loans	231	3 663
Lease liabilities (see Note 21)	29 697	26 695
<b>Total current loans and borrowings</b>	<b>29 928</b>	<b>30 358</b>

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





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## Terms and debt repayment schedule

NOK'000	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
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
<b>Total 2021</b>				<b>410 460</b>	<b>397 612</b>
Realkredit Danmark - Facility B1 - NOK	NOK	Variable	2037	282 460	281 143
Realkredit Danmark - Facility B2 - NOK	NOK	Variable	2037	91 000	89 086
<b>Total 2020</b>				<b>373 460</b>	<b>370 229</b>

Effective from October 2021, Realkredit Danmark - Facility B1 has been renegotiated with the postponement of the first installment to be paid from December 2021 to December 2024. The renegotiation led to a positive impact in the income statement, due to the derecognition of the liability for an amount of NOK 9,764 thousand, booked within the "financial income" line (see Note 5).

On 9 March 2021, a Capex Facility withdrawal has been granted to the Company for NOK 30,595 thousand at a variable rate until 15 December 2021, when it has been converted into a B3 Facility for an amount of NOK 37,000 thousand at a variable rate expiring on March 2037. Transaction fees recognized against the value of the B3 Facility totaled NOK 293 thousand.

## 16 Provisions

NOK'000	Pensions	Dilapidation	Total
Balance at 1 January 2021	269	53 398	53 667
Provisions made during the year	0	1 077	1 077
Provisions used during the year	0	(725)	(725)
Provisions reversed/adjusted during the year	(25)	(12 775)	(12 800)
Unwinding of discounted amount	0	1 396	1 396
<b>Balance at 31 December 2021</b>	<b>244</b>	<b>42 371</b>	<b>42 615</b>
Non-current	244	42 371	42 615
Current	0	0	0
<b>Balance at 31 December 2021</b>	<b>244</b>	<b>42 371</b>	<b>42 615</b>

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	2021	2020
Trade payables	20 770	13 370
Interest payable	39	0
VAT & duties	4 419	4 252
Payroll related	14 869	15 661
Other payables and accrued expenses	17 201	14 947
<b>Total trade and other payables</b>	<b>57 298</b>	<b>48 230</b>



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## 18 Financial instruments

The Company 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 Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below. In order to manage the Company's exposure to those risks, in particular the Company's exposure to interest rate risk, the Company 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 Company'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:

NOK'000	2021	2020
Cash and cash equivalents	0	0
Restricted cash	3 255	1 754
Receivables from related parties	95 185	32 251
Trade and other receivables	33 689	34 052
<b>Total financial assets at amortised cost</b>	<b>132 129</b>	<b>68 057</b>
Financial assets designated as fair value through profit or loss	0	5
<b>Total financial assets</b>	<b>132 129</b>	<b>68 062</b>
Loans and borrowings	1 027 862	997 264
Trade and other payables	57 298	48 230
Payables to related parties	4 429	67 466
Provisions	42 615	53 667
<b>Total financial liabilities at amortised cost</b>	<b>1 132 204</b>	<b>1 166 627</b>
Financial liabilities designated as fair value through profit or loss	4 236	20 431
<b>Total financial liabilities</b>	<b>1 136 440</b>	<b>1 187 058</b>
<b>Total net financial instruments</b>	<b>(1 004 311)</b>	<b>(1 118 996)</b>

The fair value of financial instruments is deemed to be materially equivalent to the carrying value, except for loans and borrowings. The fair value of loans and borrowings for the Company is NOK 539,450 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.



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## 18 (b) Credit risk

Credit risk is the risk of financial loss to the Company if a franchisee or counterparty to a financial instrument fails to meet its contractual obligations. The Company'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.

The Company 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 Company has not realised any credit losses in 2021.

*Credit quality of financial assets and impairment losses*

NOK'000	Gross 2021	Gross 2020	Impairment 2021	Impairment 2020
Not past due	27 485	26 085	0	0
Past due	5 517	5 624	0	0
<b>Total</b>	<b>33 002</b>	<b>31 709</b>	<b>0</b>	<b>0</b>

## 18 (c) Liquidity risk

The liquidity risk is managed 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 regularly reviews 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:

NOK'000	Carrying amount	Contractual cash flows	1 year or less	1 to < 2 years	2 to 5 years	over 5 years
<b>31 December 2021</b>						
<b>Non-derivative financial liabilities</b>						
Secured bank loans	397 612	539 450	15 697	19 709	111 672	392 372
Lease liabilities	630 250	954 835	61 983	63 203	175 339	654 310
Payables to related parties	4 429	4 429	4 429	0	0	0
Trade and other payables	57 298	57 298	57 298	0	0	0
<b>Derivative financial liabilities</b>						
Interest rate swaps	4 236	4 236	4 236	0	0	0
<b>Total</b>	<b>1 093 825</b>	<b>1 560 248</b>	<b>143 643</b>	<b>82 912</b>	<b>287 011</b>	<b>1 046 682</b>
<b>31 December 2020</b>						
<b>Non-derivative financial liabilities</b>						
Secured bank loans	370 229	504 288	18 276	31 179	128 749	326 084
Lease liabilities	627 035	903 088	61 148	60 974	168 831	612 135
Payables to related parties	67 466	67 466	67 466	0	0	0
Trade and other payables	48 230	48 230	48 230	0	0	0
<b>Derivative financial liabilities</b>						
Interest rate swaps	20 431	20 431	20 431	0	0	0
<b>Total</b>	<b>1 133 391</b>	<b>1 543 503</b>	<b>215 551</b>	<b>92 153</b>	<b>297 580</b>	<b>938 219</b>



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#### 18 (d) Market risk

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

##### **Market risk - Foreign currency risk**

The 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 40,830 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 454 thousand, dependent on the EUR/NOK movement.

##### **Market risk - Interest rate risk**

The Company 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 Company 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 Company's interest-bearing financial instruments was:

NOK'000	2021	2020
<b>Fixed rate instruments</b>		
Financial assets	0	5
Financial liabilities	<u>(4 236)</u>	<u>(20 431)</u>
<b>Total fixed rate instruments</b>	<b><u>(4 236)</u></b>	<b><u>(20 426)</u></b>
<b>Variable rate instruments</b>		
Financial assets	76 878	1 754
Financial liabilities	<u>(397 612)</u>	<u>(434 080)</u>
<b>Total variable rate instruments</b>	<b><u>(320 734)</u></b>	<b><u>(432 326)</u></b>

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 3,207 thousand (2020: NOK 4,323 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 Company 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 Company 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.

#### 19 Commitments

##### **Capital commitments**

During the year ended 31 December 2021, the Company entered into contracts to purchase property, plant and equipment for NOK 132 thousand (2020: NOK 13,540 thousand).

##### **Off-balance sheet arrangements**

No other guarantees to be disclosed as at 31 December 2021.





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## 20 Related parties

### Parent and ultimate controlling party

During 2017, the Company's shares were acquired by Food Folk Norge Holding AS from McDonald's Corporation. As a result, the new ultimate controlling party of the Company is Guy Hands (the previous ultimate controlling party was McDonald's Inc) and McDonald's Corporation is not anymore a related party. The next most senior parent which prepares consolidated financial statements is Food Folk Norge Holding ApS. A copy of these financial statements can be obtained from the company address: Pløensgt 2, 0181 Oslo.

### Key management personnel compensation

Compensation of the Company'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.

NOK'000	Distributions of investment cost	Sale of services	Royalties	Purchase of services	Interest income	Interest expenses
	2021	2021	2021	2021	2021	2021
Food Folk Group Holdings AS	0	659	0	(8 974)	25	(418)
Zero Five AS	0	107 054	40 133	0	0	0
Food Folk Denmark AS	0	3 062	0	(7 343)	0	0
Food Folk Suomi Oy	0	2 197	0	(1 978)	0	0
Food Folk Sverige AB	(3 362)	6 657	0	(20 602)	0	0
<b>Total</b>	<b>(3 362)</b>	<b>119 629</b>	<b>40 133</b>	<b>(38 897)</b>	<b>25</b>	<b>(418)</b>

NOK'000	Dividends / Group Contribution (paid)/received	Loans receivable/ (payable) outstanding	Receivables outstanding	Payables outstanding	Cash-pooling receivable balances	Cash-pooling payable balances
	2021	2021	2021	2021	2021	2021
Food Folk Group Holdings AS	0	0	45	(779)	73 623	0
Zero Five AS	0	0	20 526	(7)	0	0
Stokkevanneven Eiendom AS	0	0	46	0	0	0
Food Folk Denmark AS	0	0	243	(768)	0	0
Food Folk Suomi Oy	0	0	174	(180)	0	0
Food Folk Sverige AB	0	0	528	(2 695)	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>21 562</b>	<b>(4 429)</b>	<b>73 623</b>	<b>0</b>

NOK'000	Distributions of investment cost	Sale of services	Royalties	Purchase of services	Interest income	Interest expenses
	2020	2020	2020	2020	2020	2020
Food Folk Group Holdings AS	(1 580)	784	0	(11 814)	88	(296)
Zero Five AS	0	80 749	31 120	0	0	0
Food Folk Denmark AS	0	2 219	0	(7 591)	0	0
Food Folk Suomi Oy	0	1 590	0	(1 372)	0	0
Food Folk Sverige AB	0	4 940	0	(14 117)	0	0
<b>Total</b>	<b>(1 580)</b>	<b>90 282</b>	<b>31 120</b>	<b>(34 894)</b>	<b>88</b>	<b>(296)</b>

NOK'000	Dividends / Group Contribution (paid)/received	Loans receivable/ (payable) outstanding	Receivables outstanding	Payables outstanding	Cash-pooling receivable balances	Cash-pooling payable balances
	2020	2020	2020	2020	2020	2020
Food Folk Group Holdings AS	0	0	103	(815)	0	(63 851)
Food Folk Norge Holdings AS	(60 026)	0	0	0	0	0
Zero Five AS	0	0	30 888	0	0	0
Food Folk Denmark AS	0	0	320	(588)	0	0
Food Folk Suomi Oy	0	0	229	(155)	0	0
Food Folk Sverige AB	0	0	711	(2 057)	0	0
<b>Total</b>	<b>(60 026)</b>	<b>0</b>	<b>32 251</b>	<b>(3 615)</b>	<b>0</b>	<b>(63 851)</b>

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## 21 Leases

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

### *i. Amounts recognised in Statement of financial position*

NOK'000	2021	2020
- Right-of-use assets (presented in Property, plant and equipment - see note 8)	606 879	612 966
- Prepaid expense (presented in Trade and Other Receivables)	(7 360)	(7 376)
- Lease liabilities (presented in Other interest-bearing loans and borrowings - see note 15)	(630 250)	(627 035)

### *ii. Amounts recognised in Income Statement*

NOK'000	2021	2020
- Depreciation charges (including impairment loss/reversal)	44 645	46 056
- Interest on lease liabilities	27 717	27 485
- variable lease payments not included in the measurement of lease liabilities (including COA)	7 753	4 860
- expenses relating to other short-term leases	17	11
- expenses relating to leases of low-value assets	358	113
- other expenses	(2)	(12)

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

Fixed and variable rental payments for the period ended 31 December 2021 were as follows:

NOK'000	2021	2020
Fixed payments	23 965	25 004
Variable payments	7 784	5 476
Total lease payments based on sales	31 749	30 480

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

### *iii. Amounts recognised in Statement of cash flows*

NOK'000	2021	2020
- Payment of Lease liabilities (interest portion)	(27 219)	(27 660)
- Payment of Lease liabilities (principal portion)	(34 780)	(33 104)
Total cash outflow for leases	(61 999)	(60 764)

### *iv. Extension Options*

Most of the restaurants lease contract contain extension options exercisable only by the Company 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 Company 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 Company has entered during 2021 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 37,1 million.



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## vi. Rent concessions

The Company negotiated rent concessions with its landlords for some of its leases as a result of the severe impact of the COVID-19 pandemic during the year. The Company applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its properties leases.

The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Company has applied the practical expedient for COVID-19-related rent concessions is NOK 31 thousand (2020: NOK 616 thousand).

## 22 Changes in liabilities from financing activities

NOK'000	Secured bank loans	Lease liabilities	TOTAL
<b>Balance at 1 January 2020</b>	<b>369 995</b>	<b>624 115</b>	<b>994 110</b>
Payment of lease liabilities (principal portion)	0	(33 104)	(33 104)
<b>Total changes from financing cash flows</b>	<b>0</b>	<b>(33 104)</b>	<b>(33 104)</b>
New leases and other changes	0	36 199	36 199
Capitalized borrowing costs	234	0	234
Interest expense	14 063	27 485	41 548
Payment of lease liabilities (interest portion)	0	(27 660)	(27 660)
Interest paid	(14 063)	0	(14 063)
<b>Total liability related other changes</b>	<b>234</b>	<b>36 024</b>	<b>36 258</b>
<b>Balance at 31 December 2020</b>	<b>370 229</b>	<b>627 035</b>	<b>997 264</b>
<b>Balance at 1 January 2021</b>	<b>370 229</b>	<b>627 035</b>	<b>997 264</b>
Proceeds from loans and borrowings	67 595	0	67 595
Transaction costs related to loans and borrowings	(293)	0	(293)
Repayment of loans and borrowings	(30 595)	0	(30 595)
Payment of lease liabilities (principal portion)	0	(34 780)	(34 780)
<b>Total changes from financing cash flows</b>	<b>36 707</b>	<b>(34 780)</b>	<b>1 927</b>
New leases and other changes	0	37 497	37 497
Capitalized borrowing costs	(9 324)	0	(9 324)
Interest expense	14 386	27 717	42 103
Payment of lease liabilities (interest portion)	0	(27 219)	(27 219)
Interest paid	(14 386)	0	(14 386)
<b>Total liability related other changes</b>	<b>(9 324)</b>	<b>37 995</b>	<b>28 671</b>
<b>Balance at 31 December 2021</b>	<b>397 612</b>	<b>630 250</b>	<b>1 027 862</b>

## 23 Acquisition of restaurants

NOK'000	2021	2020
Acquirees net assets at the acquisition date:		
Fixtures, fittings and equipment	347	0
<b>Total identifiable net assets acquired</b>	<b>347</b>	<b>0</b>
Consideration paid:		
Cash	7 800	0
<b>Total consideration</b>	<b>7 800</b>	<b>0</b>
<b>Goodwill</b>	<b>7 453</b>	<b>0</b>



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In September 2021, the Company has acquired one restaurant from a Franchisee and then sold it to another one in November 2021. During these two months, the restaurant has been remodeled with an investment approximately around NOK 8.7 million and run through the company Zero Five AS, to which the equipment acquired (NOK 347 thousand) have been temporarily transferred.

In November 2021, the difference between the selling price and the net book value of the transferred assets (including goodwill for NOK 7.5 million) has been recognized in the income statement for a negative net amount of NOK 6 million (see Note 4).

#### *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 Company.

## **24 Subsequent events**

Management has monitored the development of sales during the financial year and assessed the impact of the COVID-19 pandemic on business. Despite the pandemic, sales continued to grow strongly on an annual basis and the Company continued to renovate its restaurants and open new ones together with the franchisees. The Company has proved to survive the pandemic relatively well, relying on the strengths of its business and focusing on hygiene and safety of both customers and staff. The Company's management will continue to monitor the development of the pandemic but assumes that during 2022 the effects of the pandemic will weaken and restrictions on the industry will be removed.

The Company's management also actively monitors the current situation in Ukraine and regularly assesses its potential impact and risks on the Company's business. The Company has no business activity in Ukraine nor in Russia.

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"By my signature I confirm all dates and content in this document."

### Anders Torbjörn Hägg

Styremedlem

Serial number: 19690124xxxx

IP: 74.108.xxx.xxx

2022-04-11 13:01:16 UTC



### Nils Erik Martin Jansson

Daglig leder

Serial number: 9578-5999-4-3818862

IP: 213.236.xxx.xxx

2022-04-11 15:44:55 UTC



### Nils Erik Martin Jansson

Styreleder

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To the General Meeting of Food Folk Norge AS

## Independent Auditor's Report

### Opinion

We have audited the financial statements of Food Folk Norge AS (the Company), which comprise the balance sheet as at 31 December 2021, 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, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by 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 as required by laws and regulations 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.

### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. 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 nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other accompanying information otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. 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 legal 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

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Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

#### Offices in:

Oslø	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Moide	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Kranvik	Sandnessjøen	Tynset
Drammen	Kristiansund	Slavanger	Ålesund



internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's Responsibilities for the Audit of the Financial Statements


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and 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.

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, 11 April 2022  
KPMG AS

  
Thore Kleppen  
State Authorised Public Accountant