



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	inger-hilde hjelme
Dato for fastsettelse av årsregnskapet:	19.04.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 29.06.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	3	262 000	269 000
Sum kostnader		262 000	269 000
Driftsresultat		-262 000	-269 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	10	64 254 000	92 522 000
Annen renteinntekt	5	145 000	7 965 000
Sum finansinntekter		64 399 000	100 487 000
Annen rentekostnad	6	20 453 000	16 828 000
Sum finanskostnader		20 453 000	16 828 000
Netto finans		43 946 000	83 659 000
Ordinært resultat før skattekostnad		43 684 000	83 390 000
Skattekostnad på ordinært resultat	7	-4 537 000	-2 209 000
Ordinært resultat etter skattekostnad		48 221 000	85 599 000
Årsresultat		48 221 000	85 599 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		48 221 000	85 599 000
Sum overføringer og disponeringer		48 221 000	85 599 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	10	340 867 000	323 434 000
Andre fordringer	11	7 730 000	6 501 000
Sum finansielle anleggsmidler		348 597 000	329 935 000
Sum anleggsmidler		348 597 000	329 935 000
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	12	9 000	
Konsernfordringer	21	10 591 000	28 771 000
Sum fordringer		10 600 000	28 771 000
Sum omløpsmidler		10 600 000	28 771 000
SUM EIENDELER		359 197 000	358 706 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Selskapskapital	14	15 710 000	15 710 000
Overkurs	14	47 040 000	47 040 000
Annen innskutt egenkapital	14	225 104 000	176 883 000
Sum innskutt egenkapital		287 854 000	239 633 000
Sum egenkapital		287 854 000	239 633 000

Gjeld



Balanse

Beløp i: NOK	Note	2020	2019
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	15	69 882 000	113 180 000
Sum annen langsiktig gjeld		69 882 000	113 180 000
Sum langsiktig gjeld		69 882 000	113 180 000
Kortsiktig gjeld			
Leverandørgjeld	17	52 000	44 000
Betalbar skatt	7	0	5 849 000
Kortsiktig konserngjeld	21	1 409 000	0
Sum kortsiktig gjeld		1 461 000	5 893 000
Sum gjeld		71 343 000	119 073 000
SUM EGENKAPITAL OG GJELD		359 197 000	358 706 000
POSTER UTENOM BALANSEN			
Pantstillelser	8	430 400 000	430 400 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	1	910 334 000	850 770 000
Annen driftsinntekt	2	8 592 000	1 885 000
Sum inntekter		918 926 000	852 655 000
Kostnader			
Varekostnad		176 166 000	164 530 000
Lønnskostnad	4	243 309 000	234 909 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	8,9	98 104 000	71 157 000
Annen driftskostnad	3	246 434 000	211 779 000
Sum kostnader		764 013 000	682 375 000
Driftsresultat		154 913 000	170 280 000
Finansinntekter og finanskostnader			
Annen finansinntekt	5	295 000	8 692 000
Sum finansinntekter		295 000	8 692 000
Annen rentekostnad	6	87 531 000	64 996 000
Sum finanskostnader		87 531 000	64 996 000
Netto finans		-87 236 000	-56 304 000
Ordinært resultat før skattekostnad		67 677 000	113 976 000
Skattekostnad på ordinært resultat	7	19 456 000	28 377 000
Ordinært resultat etter skattekostnad		48 221 000	85 599 000
Årsresultat		48 221 000	85 599 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		48 221 000	85 599 000
Sum overføringer og disponeringer		48 221 000	85 599 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Goodwill	9	15 639 000	13 759 000
Sum immaterielle eiendeler		15 639 000	13 759 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	8	1 563 072 000	1 477 766 000
Sum varige driftsmidler		1 563 072 000	1 477 766 000
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	10	12 000	
Andre fordringer	11	7 730 000	6 501 000
Sum finansielle anleggsmidler		7 742 000	6 501 000
Sum anleggsmidler		1 586 453 000	1 498 026 000
Omløpsmidler			
Varer			
Varer		6 363 000	4 176 000
Sum varer		6 363 000	4 176 000
Fordringer			
Kundefordringer	12	39 770 000	37 714 000
Konsernfordringer	21	52 215 000	48 873 000
Sum fordringer		91 985 000	86 587 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	13	18 680 000	15 511 000
Sum bankinnskudd, kontanter og lignende		18 680 000	15 511 000
Sum omløpsmidler		117 028 000	106 274 000
SUM EIENDELER		1 703 481 000	1 604 300 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	14	15 710 000	15 710 000
Overkurs	14	47 040 000	47 040 000
Sum innskutt egenkapital		62 750 000	62 750 000
Opptjent egenkapital			
Annen egenkapital	14	225 104 000	176 883 000
Sum opptjent egenkapital		225 104 000	176 883 000
Sum egenkapital		287 854 000	239 633 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	11	62 658 000	64 453 000
Andre avsetninger for forpliktelser	16	52 742 000	50 292 000
Sum avsetninger for forpliktelser		115 400 000	114 745 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	15	1 036 787 000	1 079 028 000
Sum annen langsiktig gjeld		1 036 787 000	1 079 028 000
Sum langsiktig gjeld		1 152 187 000	1 193 773 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	15	30 358 000	28 261 000
Leverandørgjeld	17	137 453 000	102 275 000
Betalbar skatt	7	25 788 000	36 511 000
Kortsiktig konserngjeld	21	68 916 000	2 847 000
Annen kortsiktig gjeld	16	925 000	
Sum kortsiktig gjeld		263 440 000	169 894 000
Sum gjeld		1 415 627 000	1 363 667 000
SUM EGENKAPITAL OG GJELD		1 703 481 000	1 603 300 000
POSTER UTENOM BALANSEN			



Konsernets balanse

Beløp i: NOK	Note	2020	2019
Pantstillelser	8	430 400 000	430 400 000



Food Folk Norge Holdings AS

Pløens gate 2
0181 Oslo

Org. no. 917 906 254

Annual report 2020

The financial statements were presented and adopted at
the Company's annual general meeting

on 19 April 2021

chairman of the annual general meeting

Penneo dokumenttrykker: BJGDG-KVJL8-TNNKV-TEON-TNIBM-JNMFU



Contents

<i>Statement by the Board of Directors and the Managing Director</i>	3
<i>Company details</i>	6
<i>Food Folk Corporate Social Responsibility</i>	7
<i>Financial statements for the financial year ended December 31, 2020</i>	
Statement of profit or loss and other comprehensive income	9
Statement of financial position	10
Statement of changes in equity (parent)	11
Statement of changes in equity (group)	12
Statement of cash flows	13
Basis of preparation	14
Significant accounting policies	18
Notes	24
<i>Independent auditor's report (as a separate document)</i>	39



Statement by the Board of Directors and the Executive Board

The Company

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

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

The Group's main activity consists of acquiring real estate by renting or buying it, renovating and fitting it for the purpose of operating a McDonald's restaurant. As of 31 December 2020 there were 75 McDonald's restaurants in Norway where the Group operated 16 (21%) while the remaining 59 (79%) restaurants were operated by 15 independent Franchisees under individual sub-franchisee agreements with members of the Group.

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

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

Annual accounts

Parent Company

The Company's operation resulted in an operating loss of NOK 0.3 million, net finance expense of NOK 20.3 million and income from profit in subsidiaries, net of tax of NOK 64.3 million. Profit for the year amounted to NOK 48.2 million.

At the end of December 2020, the Company's:

- Balance sheet amounted to a total of NOK 359.2 million
- Owners Equity amounted to a total of NOK 287.9 million, with an Equity ratio of 80.1 %
- Cash flow from operating activities was NOK -16.2 million, investment activities NOK 60 million and financing activities NOK -43.8 million.

Group

Revenue for the period amounted to NOK 910.3 million with operating profit of NOK 154.9 million, net finance expenses of NOK 87.2 million and profit for the year of NOK 48.2 million.

The financial result for the financial year ending on 31 December 2020 is in line with management's expectations.

At the end of December 2020, the Group

- Consolidated balance sheet amounted to a total of NOK 1,703.5 million
- Owners Equity amounted to a total of NOK 287.9 million, with an Equity ratio of 16.9%
- Cash holdings of NOK 18.7 million
- Cash flow from operating activities was NOK 228 million, investment activities NOK -144.6 million and financing activities NOK -73.1 million.

Business outlook

COVID-19 restrictions have made it difficult to navigate through 2020 and the outbreak of COVID-19 has impacted the Group's revenue and EBITDA negatively. However, despite COVID-19 the Group has generated positive free cash flow from operating activities and it has continued to invest in new store openings and will continue to do so in the future. The Group has opened 3 new stores and remodeled 18 stores. Total system wide sales * have been 1.0% higher than last year (reaching NOK 2,305,000 thousand). The Drive Thru has been crucial for performance during this period, and offsetting some of the negative impact hitting instore restaurants (malls, town). The Group has strengthened the market share in 2020.

Market risk caused by COVID-19 outbreak continues in 2021. The Group is following the developments and the authorities' recommendations closely, and taking the measures deemed necessary to reduce the impact in the short and long term. In spite of this, the beginning of 2021 has been strong in terms of sales and profits. The sales performance of the first quarter of 2021 increased compared to last year, despite some restaurants have been partly or fully closed due to governmental restrictions in downtown. From an EBITDA perspective, results at the end of March are higher than plan.

Going concern

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



Statement by the Board of Directors and the Executive Board (continued)

Financial and market risk

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

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

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

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

Research and Development

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

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 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 around 3-4 % absentees due to illness in the Group companies. There has been 7 accident involving employees in 2020. Accident was not of serious nature. The average number of employee at Group level during 2020 was 438.

Equal opportunities, Non-discrimination and accessibility

Diversity and inclusion is in our strategic focus related to sustainability and one of our sustainability focus related to Food Folk's sustainable development goals. We are convinced that this dynamic mix of people 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. These are supported/founded by our company values.

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
- Yearly salary processes and connected to performance based on the company's Performance Development System.
- Benchmark salary Mercer (not yearly).
- Mapping gender balance through yearly review (HR) - both sexes are present in the management group and at the mid-level management (in the subsidiary Food Folk Norge AS out of the workforce 52% are women and 48% are men, while in the subsidiary Zero Five AS out of the restaurant managers 27% are women and 73% are men).

Corporate Environmental Responsibility

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



Statement by the Board of Directors and the Executive Board (continued)

Result

The Financial Statement for the Company and the consolidated Financial Statement for the Group as of 31 December 2020 have been prepared in accordance with IFRS as adopted by the European Union.

The Board of Directors and management believes that Financial Statements give a true and fair view of the Company's financial position on 31 December 2020.

Parent Company

Profit for the year amounts to NOK 48.2 million.

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

Attributable to (in million NOK):

Funds for unrealized gains	17 433
Retained earnings	<u>30 788</u>
Profit for the year	<u><u>48 221</u></u>

Group

Profit for the year amounts to NOK 48.2 million.

Oslo, 19 April 2021

Lars Børre Kleivan
Managing Director and
Chairman of the Board

Anders Torbjörn Hägg
Board member



Company details

General

Food Folk Norge Holdings AS
Pløens gate 2
0181 Oslo

Org. No. 917 906 254

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

Board of Directors

Lars Børre Kleivan
Anders Torbjörn Hägg

Managing Director

Lars Børre Kleivan

Auditor

KPMG AS
Godkjent revisjonsselskap
Sørkedalsveien 6
0369 Oslo

Bank

Danske Bank, Corporate Banking

Annual general meeting

The annual general meeting will be held on 19 April 2021.



Food Folk Corporate Social Responsibility

It is important to Food Folk in Norway, being part of Food Folk Group, to be a socially responsible company. Our purpose is to feed and foster communities. We believe in being actively involved in the community in which we operate. We strive to engage in frank and honest dialogue with our customers and our employees, as well as our local community about who we are and how our business is running.

Every time a customer orders something, our restaurants and employees are doing more than just serving a warm meal. We are serving our communities. Our commitment to society is best summed up by a set of core values that define who we are and how we run our business and restaurants. The values are simple, yet powerful, and serve as our guiding light on how we conduct our business, how we treat our people and our guests and how we act as a McFamily. We have adopted the McDonald's Global values as they resonate strongly with our Nordic and Norwegian mandate.

We strive to live these values every day:

- Serve – We put our customers and people first.
- Inclusion – We open our doors to everyone.
- Integrity – We do the right thing.
- Community – We are good neighbours.
- Family – We get better together.

Food Folk in Norway is involved in numerous projects and initiatives that support the Food Folk Group's CSR ambitions. Our CSR strategy is called "Serving here". This reinvigorated strategy is underpinned by our focus on running great restaurants and empowering our people, and is based on the following pillars:

- Food Quality & Sourcing
- Our Planet
- Our Food
- Community connection
- Jobs, Inclusion, Empowerment

Food Quality & Sourcing

We Are Sourcing Delicious, Quality Ingredients in Responsible Ways

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.

In Food Folk Group, we aim to lessen our climate impact and care for the environment. All waste has an impact on the climate and Food Folk Group is working consciously with this. Food Folk in Norway is actively working to decrease their environmental impact. The company aims to reduce the use of conventional energy and increase the use of renewable energy.

We collect grease (from the grease separator), food waste and cooking oil, these products are recirculated to other products. By utilizing food waste to other production, less CO₂ are emitted because it for instance are utilized for energy purposes and fuel.

In collaboration with our logistics partner, HAVI, a number of waste fractions are collected from the restaurants to be recycled: Aluminum, PET plastics, PE foils, refund cans this results in increased material recycling and less transports as these fractions are collected by existing transports.

We support "Rusken", where the employees join clean-up activities, to tackle the problem with littering, and we are focusing on finding new sustainable guest packaging coming from renewable, certified fibre or recyclable sources.

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 tonn 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 will be made by 100% recycled plastic (rPET).

In 2012 Food Folk Norge AS and Fortum Charge & Drive began building the first charging stations for electric cars. By end of 2020 we had in total 84 charging stations in a total of 27 restaurants.

Another ambitious initiative is to work directly with the beef industry, by taking part on a national project called Klimasmart Landbruk, where we support the industry to reduce their CO₂ emissions.

For Food Folk in Norway approximately 80% of its total spend comes for Norwegian suppliers, which supports the overall decrease of the CO₂ emissions from sourcing the products from other countries.



Food Folk Corporate Social Responsibility (continued)

Community connection, Jobs, Inclusion and Empowerment

We Are Accelerating Equity and Providing Opportunity – and are committed to being good neighbours everywhere we operate.

We are serving up bright futures, by providing opportunity for education and skills in the communities we serve and through accelerating equity and inclusion across our business. Whether it is providing access to local education, tuition assistance or job readiness programs – together with our Franchisees, we make opportunity open for all.

Being part of the community means supporting people every day, and especially when they need it most. We are also so proud to support the Ronald McDonald House Charities® (RMHC®).

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 labour 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, labour 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.

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.

Gender diversity

At the management level, the gender ratio of managers are 40% females and 60% males. The board consists of two male directors in 2020 (one female director in 2019).



Statement of profit or loss and other comprehensive income

Parent company			Group		
2020	2019	NOK'000	Note	2020	2019
0	0	Revenue	1	910 334	850 770
0	0	Raw materials and consumables		(176 166)	(164 530)
(262)	(269)	Other external expenses	3	(246 434)	(211 779)
0	0	Depreciation, amortisation and impairment	8, 9	(98 104)	(71 157)
0	0	Staff cost	4	(243 309)	(234 909)
0	0	Other operating income, net	2	8 592	1 885
(262)	(269)	Total expenses		(755 421)	(680 490)
(262)	(269)	Operating profit or loss		154 913	170 280
145	7 965	Financial income	5	295	8 692
(20 453)	(16 828)	Financial expense	6	(87 531)	(64 996)
(20 308)	(8 863)	Net finance expenses		(87 236)	(56 304)
64 254	92 522	Share of profit of subsidiaries, net of tax	10	0	0
43 684	83 390	Profit or loss before tax		67 677	113 976
4 537	2 209	Tax for the year	7	(19 456)	(28 377)
48 221	85 599	Profit or loss		48 221	85 599
		Attributable to			
17 433	(69 343)	Funds for unrealized gains		0	0
30 788	154 942	Retained earnings		48 221	85 599
48 221	85 599	Profit or loss		48 221	85 599
		Statement of comprehensive income			
48 221	85 599	Profit or loss		48 221	85 599
		<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
0	0	Effect portion of changes in fair value of cash flow hedges		0	0
0	0	Income tax on items that are or may be reclassified subsequently to profit or loss		0	0
0	0	Other comprehensive income for the year, net of income tax		0	0
48 221	85 599	Comprehensive income for the year		48 221	85 599

The notes form an integral part of these consolidated financial statements

Penneo dokumentrykker: BJGDG-KV/JL8-TNNKV-TECON-TNIBM-JNMFU



**Statement of financial position at 31
December**

Parent company			Group		
2020	2019	NOK'000	Note	2020	2019
Assets					
Non current assets					
0	0	Property, plant and equipment	8	1 563 072	1 477 766
0	0	Intangible assets	9	15 639	13 759
340 867	323 434	Investments in subsidiaries and associates	10	12	0
7 730	6 501	Deferred tax assets	11	7 730	6 501
348 597	329 935			1 586 453	1 498 026
Current assets					
0	0	Inventories		6 363	4 176
9	0	Trade and other receivables	12	39 770	37 714
10 591	28 771	Receivables from related parties	21	52 215	48 873
0	0	Restricted cash	13	5 678	11 736
0	0	Cash and cash equivalents	13	13 002	2 775
10 600	28 771			117 028	105 274
359 197	358 706	Total Assets		1 703 481	1 603 300
Equity and liabilities					
Equity attributable to equity holders of the parent					
15 710	15 710	Share capital	14	15 710	15 710
47 040	47 040	Share premium	14	47 040	47 040
0	0	Reserves	14	0	0
87 539	70 106	Funds for unrealized gains		0	0
137 565	106 777	Retained earnings		225 104	176 883
287 854	239 633	Total equity		287 854	239 633
Non current liabilities					
69 882	113 180	Other interest-bearing loans and borrowings	15	1 036 787	1 079 028
0	0	Provisions	16	52 742	50 292
0	0	Deferred tax liabilities	11	62 658	64 453
69 882	113 180			1 152 187	1 193 773
Current liabilities					
0	0	Other interest-bearing loans and borrowings	15	30 358	28 261
52	44	Trade and other payables	17	137 453	102 275
1 409	0	Payables to group entities	21	68 916	2 847
0	5 849	Tax payable		25 788	36 511
0	0	Provisions	16	925	0
1 461	5 893			263 440	169 894
71 343	119 073	Total liabilities		1 415 627	1 363 667
359 197	358 706	Total equity and liabilities		1 703 481	1 603 300

The notes form an integral part of these consolidated financial statements



Statement of changes in equity

(see Note 14)

Parent company

NOK'000

Balance at 1 January 2019	15 710	47 040	139 449	(4 781)	197 418
Profit or loss	0	0	(69 343)	154 942	85 599
Total comprehensive income for the period	0	0	(69 343)	154 942	85 599
Transactions with owners, recorded directly in equity: Group contribution net of tax	0	0	0	(43 384)	(43 384)
Total contributions by and distributions to owners	0	0	0	(43 384)	(43 384)
Balance at 31 December 2019	15 710	47 040	70 106	106 777	239 633

NOK'000

Balance at 1 January 2020	15 710	47 040	70 106	106 777	239 633
Profit or loss	0	0	17 433	30 788	48 221
Total comprehensive income for the period	0	0	17 433	30 788	48 221
Transactions with owners, recorded directly in equity: Group contribution net of tax	0	0	0	0	0
Total contributions by and distributions to owners	0	0	0	0	0
Balance at 31 December 2020	15 710	47 040	87 539	137 565	287 854



Penneo dokumentnr: BJDG-KVJL8-TNNKN-TEON-TNBM-JNMFU

Statement of changes in equity

(see Note 14)

Group	Share capital	Share premium	Funds for unrealized gains	Retained earnings	Total equity
NOK'000					
Balance at 1 January 2019	15 710	47 040	0	134 668	197 418
Profit or loss	0	0	0	85 599	85 599
Group contribution net of tax	0	0	0	(43 384)	(43 384)
Total comprehensive income for the period	0	0	0	42 215	42 215
Balance at 31 December 2019	15 710	47 040	0	176 883	239 633
NOK'000					
Balance at 1 January 2020	15 710	47 040	0	176 883	239 633
Profit or loss	0	0	0	48 221	48 221
Group contribution net of tax	0	0	0	0	0
Total comprehensive income for the period	0	0	0	48 221	48 221
Balance at 31 December 2020	15 710	47 040	0	225 104	287 854

The notes form an integral part of these consolidated financial statements



Statement of cash flows

Parent company			Group		
2020	2019	NOK'000	Note	2 020	2019
Cash flow from operating activities					
48 221	85 599	Profit for the year		48 221	85 599
Adjustments for:					
0	0	Depreciation, amortisation and impairment	8/9	98 104	71 157
(145)	(7 965)	Financial income	5	(295)	(8 692)
20 453	16 828	Financial expense	6	87 531	64 996
(64 254)	(92 522)	Share of profit of subsidiaries, net of tax	10	0	0
0	0	Other income/expense non-monetary		1 704	(595)
0	0	(Gain)/loss on sale of property, plant and equipment	8	914	609
(4 537)	(2 209)	Taxation	7	19 456	28 377
(48 483)	(85 868)			207 414	155 852
(9)	19	Decrease/increase in trade and other receivables	12	(8 151)	11 805
0	0	Decrease/increase in inventories		(2 187)	(419)
8	0	Decrease/increase in trade and other payables	17	15 941	(2 853)
0	0	Decrease/increase in related parties balances	21	1 116	(2 098)
0	0	Decrease/increase in provisions	16	(853)	(27)
(1)	19			5 866	6 408
(15 937)	(1 541)	Tax paid		(33 520)	(1 678)
(15 937)	(1 541)			(33 520)	(1 678)
(16 200)	(1 791)	Net cash from operating activities		227 981	246 181
Cash flows from investing activities					
0	0	Proceeds from sale of property, plant and equipment	8	150	111
60 026	128 003	Dividends / Group Contributions received		0	0
1	0	Acquisition of a subsidiary/business, net of cash	24	(7 800)	0
0	0	Acquisition of property, plant and equipment	8	(135 659)	(77 319)
0	0	Acquisition of intangible assets	9	(1 338)	(2 895)
60 027	128 003	Net cash from investing activities		(144 647)	(80 103)
Cash flows from financing activities					
0	0	Proceeds from new loan	22	0	91 000
0	0	Change in restricted cash / bank overdraft	13	6 058	(2 769)
18 180	(26 807)	Change in cash-pooling balances	21	60 202	(29 346)
(8 546)	(12 770)	Interest paid		(25 142)	(29 058)
0	0	Financing transaction cost		0	(4 895)
(53 461)	(86 635)	Repayment of borrowings	22	(53 461)	(86 635)
0	0	Payment of lease liabilities (interest portion)	22	(27 660)	(31 547)
0	0	Payment of lease liabilities (principal portion)	22	(33 104)	(27 681)
0	0	Dividends / Group Contributions paid	14	0	(56 342)
(43 827)	(126 212)	Net cash from financing activities		(73 107)	(177 273)
0	0	Net increase/decrease in cash and cash equivalents		10 227	(11 195)
0	0	Cash and cash equivalents at opening balance		2 775	13 970
0	0	Effect of exchange fluctuations on cash held		0	0
0	0	Cash and cash equivalents at 31 December	13	13 002	2 775

The notes form an integral part of these consolidated financial statements

Penneo dokumentrykkesi:BIGDG-KVJL8-TNNKV-TECON-TNIBM-JNMFU



Basis of preparation

Reporting entity

Food Folk Norge Holdings AS is a limited liability company domiciled in Norway.

The financial statements for the years ended 31 December 2019 and 31 December 2020 comprise the consolidated financial statements for Food Folk Norge Holdings AS and its subsidiaries (the Group) and separate parent company financial statements.

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

The Board of Directors and the Managing Director discussed and approved the Financial Statements for 2020 of Food Folk Norge Holdings AS on 19 April 2021.

Accounting policies

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

From 2020 recharges to Food Folk Group companies are presented "gross" within the line "Other operating income, net" instead of being off-set within staff and other costs. This is due to the fact that the Company providing a "distinct" service has a performance obligation and acts as a principal. For comparability reasons, previous year amounts have been amended as following:

Amounts in NOK/000	2019 audited	Reclassification	2019 restated
Other external expenses	(210 886)	(893)	(211 779)
Staff cost	(233 903)	(1 006)	(234 909)
Other operating income, net	(14)	1 899	1 885
		<u>0</u>	

Functional and presentation currency

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

Basis of accounting

The consolidated financial statements for the year ended 31 December 2020 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

The Group adopted "COVID-19-Related Rent Concessions – Amendment to IFRS 16" issued on 28 May 2020. The amendment introduced an optional practical expedient for leases in which the Group is a lessee. For leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications.

A number of other new standards and interpretations are also effective from 1 January 2020 but they do not have a material effect on the Group's consolidated financial statements.

Newly effective EU-endorsed standards for 01 Jan 2020 to 31 Dec 2020

Amendments to References to Conceptual Framework in IFRS Standards	01 Jan 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	01 Jan 2020
Interest Rate Benchmark Reform - Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7)	01 Jan 2020
Definition of a Business (Amendments to IFRS 3)	01 Jan 2020

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 2021. The approved, though not yet effective, standards and IFRICs will be applied as they become mandatory for the Group.

Standards not / not yet endorsed by the EU

IFRS 17 Insurance Contracts	01 Jan 2023
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	01 Jan 2023
Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	01 Jan 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract	01 Jan 2022
Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework	01 Jan 2022
Amendment to IFRS 4 Insurance Contracts – deferral of IFRS 9	01 Jan 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	01 Jan 2021
Annual Improvements to IFRS Standards 2018–2020	01 Jan 2022

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



Basis of preparation (continued)

Use of judgements and estimates

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

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

Judgements

The following provides information about judgements made in applying those accounting policies that most significantly impact the amounts recognised in the consolidated and separate 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 systemwide 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 systemwide sales.

Minimum lease term

The lease term has an impact on the accounting for: a) Right-of-use assets b) Restoration provisions.

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

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

Assumptions and estimation uncertainties

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

The following provides information about assumptions and estimation uncertainties with a significant risk of resulting in a material adjustment in the year ending 31 December 2020:

Business combination

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

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 other net assets of the unit. Estimates of future cash flows many years in the future will be subject to some degree of uncertainty. The key assumptions supporting recoverable amounts mainly comprise discount rate (WACC) and expectations regarding future systemwide sales in restaurants.

Provisions

Restoration provisions 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 systemwide 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.



Significant accounting policies

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

Basis of consolidation

Subsidiaries

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

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

Transactions eliminated on consolidation

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

Business combinations

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

Foreign currency

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

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

Foreign currency difference arising from the translation of certain items are recognised in OCI.

Statement of profit or loss

Revenues

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

Franchise fees from franchised restaurants are based on a 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.

Raw materials and consumables

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

Other external expenses

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

Costs and fees related to leaseholds that are used by sub-franchisees are invoiced with no mark-up to the sub-franchisee, and recognised net of payments received from franchisees. According to the Franchise agreements the franchisees are required to cover all costs related 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.



Significant accounting policies (continued)

Staff costs

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

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

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

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

Other operating income, net

Other operating income, net are secondary to the principal activities of the Group 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 comprises interest, dividends, gains on transactions denominated in foreign currencies, amortisation of financial assets, 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, etc. Negative changes in the fair value of derivative financial instruments not designated as hedging arrangements are also included.

Share of profit of equity accounted investees

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

Tax for the year

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

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

Statement of financial position

Property, plant and equipment

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

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

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

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

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

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

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

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



Significant accounting policies (continued)

Property, plant and equipment (continued)

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 income net.

Intangible assets

Goodwill arising from the acquisition of a subsidiary or a restaurant from a franchisee is measured at cost less accumulated impairment losses. Other intangible assets, including rights (key money), software licences that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Since the period of amortisation is based on the assets expected useful life, no salvage value has been taken into account. Amortisation is calculated to write off the cost of intangible assets using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised. The estimated useful lives for current and comparative periods are as follows:

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

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

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

Investments in subsidiaries and associates

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 recognised under 'Provisions' in so far as the parent has a legal/constructive obligation to cover the deficit.

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

Impairment of non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss under 'Depreciation and amortisation'. 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.



Significant accounting policies (continued)

Inventories

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

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Derivative financial instruments and hedge accounting

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

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

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

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

For additional details, see note 18.

Prepayments

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

Cash and cash equivalents

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

Income tax

Income tax expense comprises current and deferred tax.

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

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

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

Liabilities

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

Other liabilities are measured at net realisable value.

Provisions

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

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



Significant accounting policies (continued)

Deferred income

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

Leases

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

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

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

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

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

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

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

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

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

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

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

The Group has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to all contracts with similar characteristics and in similar circumstances.

Presentation of cash flow statement

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

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

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

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

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



Notes

1 Revenue

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

NOK'000	Parent company		Group	
	2020	2019	2020	2019
Sale of goods	0	0	610 931	546 508
Sub-franchisee income (fixed)	0	0	90 879	92 081
Sub-franchisee income (variable)	0	0	208 524	212 181
Total revenues	0	0	910 334	850 770

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

NOK'000	Parent company		Group	
	2020	2019	2020	2019
Less than one year	0	0	89 265	89 860
Between one and five years	0	0	405 760	408 360
More than five years	0	0	569 019	606 369
Total leases as lessor	0	0	1 064 044	1 104 589

2 Other operating income, net

NOK'000	Parent company		Group	
	2020	2019	2020	2019
Net gain/(loss) on disposal of property, plant and equipment	0	0	(914)	(609)
Income from intercompany recharges/mark-up	0	0	9 533	1 899
Other income/(expense)	0	0	(27)	595
Total other operating income, net	0	0	8 592	1 885

3 Other external expenses

NOK'000	Parent company		Group	
	2020	2019	2020	2019
Royalties and other fees	0	0	102 739	91 520
Lease expense	0	0	5 037	6 423
Other expenses	262	269	138 658	113 836
Total other external expenses	262	269	246 434	211 779

Penneo dokumenttyckel:BJGDG-KVJL8-TNNKV-TECON-TNIBM-JNMFU



Notes (continued)

3 Other external expenses (continued)

Fees to auditors and other operating expenses

KPMG was appointed statutory auditor for 2019. The remuneration to KPMG reflected in these financial statements is shown below:

NOK'000	Parent company		Group	
	2020	2019	2020	2019
Audit of these financial statements	105	80	442	693
Other assurance services	36	100	50	148
Tax	25	0	68	69
Other services other than assurance services	0	19	69	82
Total	166	199	629	992

4 Staff cost

NOK'000	Parent company		Group	
	2020	2019	2020	2019
Wages and salaries	0	0	209 535	200 543
Social security costs	0	0	29 299	29 545
Contributions to defined contribution plans	0	0	4 475	4 821
Total staff cost	0	0	243 309	234 909
Average number of full-time employees	0	0	438	438
Remuneration of key management personnel				
Wages and salaries	0	0	3 953	4 973
Social security costs	0	0	579	659
Contributions to defined contribution plans	0	0	274	254
Total remuneration of key management personnel	0	0	4 806	5 886
Average number of key management personnel	0	0	1,4	1,4

The Group has different pension plans:

- Food Folk Norge AS: unsecured pension liabilities related to one former employee - the liabilities are estimated according to fixed amount times statistical lifetime; at year-end 2020 the pension liabilities were estimated to NOK 269 thousand (see note 16)
- Food Folk Norge AS: defined contribution plan (deposit-based pension) - it renders a contribution of 5% of wages (0G -7.1G) and 8 % (7.1G -12G); this year payment is NOK 1,390 thousand.
- Zero Five AS: mandatory service pension "Obligatorisk Tjeneste Pensjonsforsikring" for the employees through the insurance company DNB AS - company contribution is 2% of salary over 1G

5 Financial income

NOK'000	Parent company		Group	
	2020	2019	2020	2019
Net foreign exchange gain	32	7 812	39	8 035
Interests on related parties assets	113	153	256	639
Other interest income	0	0	0	18
Total finance income	145	7 965	295	8 692



Notes (continued)

6 Financial expense

NOK'000	Parent company		Group	
	2020	2019	2020	2019
Net foreign exchange loss	11 176	3 950	11 686	4 128
Interest on financial liabilities	0	0	36 597	17 971
Interest on lease liabilities	0	0	27 485	28 180
Interests on related parties liabilities	9 087	12 872	9 439	13 018
Unwinding of discounts	0	0	1 801	1 686
Other interest expense	190	6	523	13
Total	20 453	16 828	87 531	64 996

7 Tax for the year

Recognised in the income statement

NOK'000	Parent company		Group	
	2020	2019	2020	2019
Current year	0	557	25 788	31 219
Adjustments for prior years	(6)	(2 690)	(6)	(2 553)
Total current tax expense	(6)	(2 133)	25 782	28 666

Deferred tax expense

Origination and reversal of temporary differences	(4 531)	(2 613)	(6 326)	(4 165)
Adjustments for prior years	0	2 537	0	3 876
Total deferred tax expense	(4 531)	(76)	(6 326)	(289)

Tax expense in income statement (excluding share of tax of equity accounted investees)

	(4 537)	(2 209)	19 456	28 377
Total tax expense	(4 537)	(2 209)	19 456	28 377

Income tax recognised in other comprehensive income

Effective portion of changes in fair value of cash flow hedges	0	0	0	0
Total income tax from other comprehensive income	0	0	0	0

Reconciliation of effective tax rate

Profit or loss before tax	43 684	83 390	67 677	113 976
Tax using the corporation tax rate in Norway of 22%	9 610	18 346	14 889	25 075
Non-deductible expenses	42	0	4 620	2 027
Tax exempt revenues	(14 183)	(20 402)	(47)	(48)
Under / (over) provided in prior years	(6)	(153)	(6)	1 323
Total tax expense	(4 537)	(2 209)	19 456	28 377

Perneo dokumenttyckel:BJGDG-KVJL8-TNNKN-TECON-TNIBM-JNMFU



Notes (continued)

8 Property, plant and equipment

Group	Land and buildings	Leasehold improvements	Right-of-use asset	Fixtures, fittings and equipment	Under construction	Total
Cost						
Balance at 1 January 2019	709 517	61 783	0	56 974	63 202	891 476
Adjustment on initial application of IFRS 16	0	0	658 972	0	0	658 972
Other acquisitions	32 162	2 832	3 637	27 565	14 761	80 957
Transfer	14 906	6 788	0	1 629	(23 323)	0
Disposals/Other movements	(6 515)	(639)	0	(835)	(19 750)	(27 739)
Balance at 31 December 2019	750 070	70 764	662 609	85 333	34 890	1 603 666
Balance at 1 January 2020	750 070	70 764	662 609	85 333	34 890	1 603 666
Acquisitions through business combinations (see Note 24)	0	0	0	167	0	167
Other acquisitions	77 739	4 088	56 685	33 800	19 610	191 922
Transfer	34 382	1 735	0	(2 980)	(33 137)	0
Disposals/Other movements	4 705	(1 001)	(18 887)	(7 614)	(1 676)	(24 473)
Balance at 31 December 2020	866 896	75 586	700 407	108 706	19 687	1 771 282
Depreciation and impairment						
Balance at 1 January 2019	23 572	10 158	0	17 814	0	51 544
Adjustment on initial application of IFRS 16	0	0	5 462	0	0	5 462
Depreciation charge for the year	15 511	5 332	42 535	11 374	0	74 752
Impairment losses/(reversal)	0	0	(5 462)	44	0	(5 418)
Disposals	0	0	0	(440)	0	(440)
Balance at 31 December 2019	39 083	15 490	42 535	28 792	0	125 900
Balance at 1 January 2020	39 083	15 490	42 535	28 792	0	125 900
Depreciation charge for the year	18 084	5 202	44 331	12 351	0	79 968
Impairment losses/(reversal)	632	6 063	1 725	2 624	0	11 044
Transfer	684	0	0	(684)	0	0
Disposals	0	(429)	(1 150)	(7 123)	0	(8 702)
Balance at 31 December 2020	58 483	26 326	87 441	35 960	0	208 210
Net book value						
At 31 December 2019	710 987	55 274	620 074	56 541	34 890	1 477 766
At 31 December 2020	808 413	49 260	612 966	72 746	19 687	1 563 072

Security

At 31 December 2020 assets disclosed as land and buildings with a carrying value of NOK 724.8 million (2019: NOK 670.2 million) were used as security for bank facilities. As security for mortgage loans the Group has registered mortgage security on the Group's properties of NOK 430.4 million.

Notes (continued)

8 Property, plant and equipment (continued)

Impairment loss and subsequent reversal

In 2020, the Group has identified that there are impairment indicators related to a number of CGUs (restaurants). Management has estimated the recoverable amount of the restaurants with impairment triggers based on its value in use. Based on the calculated value in use of restaurants the Group has recognised an impairment loss of NOK 11,044 thousand. The estimate of value in use was calculated using a pre-tax discount rate of 12%.

9 Intangible assets

Group	Goodwill	Contractual rights	Other	Total
NOK'000				
Cost				
Balance at 1 January 2019	4 386	5 988	5 249	15 623
Other acquisitions – externally purchased	0	0	2 895	2 895
Balance at 31 December 2019	4 386	5 988	8 144	18 518
Balance at 1 January 2020	4 386	5 988	8 144	18 518
Acquisitions through business combinations (see Note 24)	2 154	5 480	0	7 634
Other acquisitions – externally purchased	0	0	1 338	1 338
Balance at 31 December 2020	6 540	11 468	9 482	27 490
Amortisation and impairment				
Balance at 1 January 2019	1 370	777	789	2 936
Amortisation for the year	0	304	1 519	1 823
Balance at 31 December 2019	1 370	1 081	2 308	4 759
Balance at 1 January 2020	1 370	1 081	2 308	4 759
Amortisation for the year	0	1 963	2 113	4 076
Impairment losses/(reversal)	3 016	0	0	3 016
Balance at 31 December 2020	4 386	3 044	4 421	11 851
Net book value				
At 31 December 2019	3 016	4 907	5 836	13 759
At 31 December 2020	2 154	8 424	5 061	15 639

Impairment loss and subsequent reversal

In 2020, the Group has identified that there are impairment indicators related to a number of CGUs (restaurants). Management has estimated the recoverable amount of the restaurants with impairment triggers based on its value in use. Based on the calculated value in use of restaurants the Group has recognised an impairment loss of NOK 3,016 thousands. The estimate of value in use was calculated using a pre-tax discount rate of 12%.



Notes (continued)

10 Investments in subsidiaries and associates

Parent company

NOK'000	Profit after tax	Elimination **	Other comprehensive income	Total comprehensive income	Investment in subsidiaries
Subsidiaries	77 459	(13 205)	0	64 254	340 867
	Legal form	Domicile	Interest %	Equity	Net result
Food Folk Norge AS	AS	Norway	100 %	337 379	77 673
ZeroFive AS*	AS	Norway	100 %	46 657	19 303

*Shareholding in Zero Five AS is held indirectly through Food Folk Norge AS.

** In 2020, a group contribution of 60.026 thousand NOK was received from Food Folk Norge AS. In accordance with IAS 12.57A, the subsidiary has recognized the income tax consequence of group contribution in profit or loss for 2020. The reduction of income tax in the subsidiary has no real impact on the Parent company, and the tax effect of 13.205 thousand NOK is eliminated when applying the equity method on the investment. The impact of the group contribution on "Investment in subsidiaries and associates" correspond to a reduction in 2020 by 46.820 thousand NOK, which is the received group contribution net of tax.

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

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

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

Group

NOK'000	Legal form	Domicile	Interest %	Investment in associates
Nordic Diensten Ekonomisk Förening	Förening	Sweden	3.7%	12
Koop SA	Förening	Norway	6.25%	0

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

11 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

Parent company NOK'000	Assets		Liabilities	
	2020	2019	2020	2019
Tax value of loss carry-forwards	(7 730)	(6 501)	0	0
Tax (assets) / liabilities	(7 730)	(6 501)	0	0
Net of tax liabilities/(assets)	0	0	0	0
Net tax (assets) / liabilities	(7 730)	(6 501)	0	0



Notes (continued)

11 Deferred tax (continued)

Group NOK'000	Assets		Liabilities	
	2020	2019	2020	2019
Property, plant and equipment	0	0	73 268	74 168
Intangible assets	0	0	984	1 044
Trade receivables	0	(39)	10	0
Financial assets	0	0	712	763
Provisions	(11 807)	(11 418)	0	0
Tax value of loss carry-forwards	(7 730)	(6 501)	0	0
Other	(509)	(65)	0	0
Tax (assets) / liabilities	(20 046)	(18 023)	74 974	75 975
Net of tax liabilities/(assets)	12 316	11 522	(12 316)	(11 522)
Net tax (assets) / liabilities	(7 730)	(6 501)	62 658	64 453

Movement in net deferred tax during the year

NOK'000	Parent company		Group	
	2020	2019	2020	2019
Opening balance	(6 501)	(6 425)	57 952	58 241
Effect of tax on Group contribution received	3 302	0	3 302	0
Recognised in profit or loss	(4 531)	(76)	(6 326)	(289)
Recognised in equity	0	0	0	0
Closing balance	(7 730)	(6 501)	54 928	57 952
Total movement	(1 229)	(76)	(3 024)	(289)

12 Trade and other receivables

NOK'000	Parent company		Group	
	2020	2019	2020	2019
Trade receivables	0	0	31 709	24 884
Deposits	0	0	0	607
Prepayments	0	0	2 384	8 161
VAT & Duties	9	0	9	0
Derivative instruments	0	0	5	2
Other receivables	0	0	5 663	4 060
Total trade and other receivables	9	0	39 770	37 714

13 Cash and cash equivalents

NOK'000	Parent company		Group	
	2020	2019	2020	2019
Cash and cash equivalents	0	0	13 002	2 775
Total cash and cash equivalents	0	0	13 002	2 775
Restricted cash	0	0	5 678	11 736
Total restricted cash	0	0	5 678	11 736

Penneo dokumentrykket: BJGDG-KV/JL8-TNNKV-TECON-TNIBM-JNMFU



Notes (continued)

14 Share capital

Parent company and Group NOK'000	Ordinary shares	
	2020	2019
In thousands of shares	30	30
Shares at 29 September 2016	30	30
Issued for cash 1 January 2019	15 680	15 680
On issue at 31 December - fully paid	15 710	15 710

Parent company and Group NOK'000	Ordinary shares	
	2020	2019
Allotted, called up and fully paid Ordinary shares of NOK 523,660 each	15 710	15 710
Total	15 710	15 710
Shares classified as liabilities	0	0
Shares classified in shareholders' funds	15 710	15 710
Total	15 710	15 710

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

Dividends

During the period, no dividend or group contribution were paid to the ultimate holding Food Folk Group Holdings AS (2019: NOK 56,342 thousand as group contribution by the subsidiary Food Folk Norge AS).



Notes (continued)

15 Other interest-bearing loans and borrowings

Group

The Group has taken out bank loans against security in the Group's owned land and properties.

NOK'000	2020	2019
Non-current other interest-bearing loans and borrowings		
Secured bank loans	366 565	370 228
Lease liabilities	600 340	595 620
Intergroup lendings	69 882	113 180
Total non-current other interest-bearing loans and borrowings	1 036 787	1 079 028
Current other interest-bearing loans and borrowings		
Secured bank loans	3 663	(234)
Lease liabilities	26 695	28 495
Total current other interest-bearing loans and borrowings	30 358	28 261

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
NOK'000				2020	2020
Realkredit Danmark - Facility B1	NOK	Variable	2037	282 460	281 143
Realkredit Danmark - Facility B2	NOK	Variable	2037	91 000	89 086
Loan from Food Folk Group Holdings AS	EUR	8,00 %	2042	69 882	69 882
Total				443 342	440 111

Other interest-bearing loans and borrowings are measured at amortised cost and secured against the Group's portfolio of owned land and buildings.

Loan to Food Folk Group Holdings AS (which is the only one applicable to the Parent company) is subordinated to all other creditors of the Group.

16 Provisions

Group

NOK'000	Pensions	Dilapidation	Total
Balance at 1 January 2020	291	50 001	50 292
Provisions made during the year	0	2 399	2 399
Provisions used during the year	(22)	(831)	(853)
Provisions reversed during the year	0	28	28
Unwinding of discounted amount	0	1 801	1 801
Balance at 31 December 2020	269	53 398	53 667
Non-current	269	52 473	52 742
Current	0	925	925
Balance at 31 December 2020	269	53 398	53 667

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.

Penneo dokumentrykket: BIGDG-KV/JL8-TNNKN-TECON-TNIBM-JNMFU



Notes (continued)

17 Trade and other payables

NOK'000	Parent company		Group	
	2020	2019	2020	2019
Trade payables	0	0	24 210	16 557
Interest payable	0	0	0	172
Deposits received	0	0	0	596
Derivative instruments	0	0	20 431	269
VAT & duties	0	0	13 714	18 221
Payroll related	0	0	42 059	37 920
Other payables and accrued expenses	52	44	37 039	28 540
Total trade and other payables	52	44	137 453	102 275

18 Financial instruments

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

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

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

18 (a) Fair values of financial instruments

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

NOK'000	Parent company		Group	
	2020	2019	2020	2019
Cash and cash equivalents	0	0	13 002	2 775
Restricted cash	0	0	5 678	11 736
Receivables from related parties	10 591	28 771	52 215	48 873
Trade and other receivables	9	0	39 765	37 712
Total financial assets at amortised cost	10 600	28 771	110 660	101 096
Financial assets designated as fair value through profit or loss	0	0	5	2
Total financial assets	10 600	28 771	110 665	101 098
Other interest-bearing loans and borrowings	69 882	113 180	1 067 145	1 107 289
Trade and other payables	52	44	117 022	102 006
Payables to related parties	1 409	0	68 916	2 847
Provisions	0	0	53 667	50 292
Total financial liabilities at amortised cost	71 343	113 224	1 306 750	1 262 434
Financial liabilities designated as fair value through profit or loss	0	0	20 431	269
Total financial liabilities	71 343	113 224	1 327 181	1 262 703
Total net financial instruments	(60 743)	(84 453)	(1 216 516)	(1 161 605)

Perneo dokumentrykkel:BIGDG-KVJL8-TNNKV-TECON-TNIBM-JNMFU



Notes (continued)

18 Financial instruments (continued)

18 (a) Fair values of financial instruments (continued)

The fair value of financial instruments is deemed to be materially equivalent to the carrying value, except for other interest-bearing loans and borrowings with third parties. The fair value of other interest-bearing loans and borrowings for the Group is NOK 504,288 thousand.

Fair value hierarchy

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

Effect of change of inputs used in fair value measurement

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

18 (b) Credit risk

Financial risk management

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

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

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

Credit quality of financial assets and impairment losses

Group

	Gross 2020	Gross 2019	Impairment 2020	Impairment 2019
NOK'000				
Not past due	26 085	24 035	0	0
Past due	5 624	849	0	(199)
Total	31 709	24 884	0	(199)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2020	2019
NOK'000		
Opening balance	(199)	(26)
Provisions made during the year	0	(310)
Provisions used during the year	94	26
Provisions reversed during the year	105	0
Amounts written off	0	111
Balance at 31 December	0	(199)
Total movement	199	(173)

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

Perneo dokumentryckel:BIGDG-KVJL8-TNNKN-TECON-TNIBM-JNMFU



Notes (continued)

18 Financial instruments (Continued)

18 (c) Liquidity risk

Financial risk management

This liquidity risk is managed for both the Group and the Company by maintaining sufficient cash balances to meet working capital needs. Cash flow requirements are monitored by short-term and long-term rolling forecasts. In addition, the Company and the Group regularly 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:

Parent company

31 December 2020

NOK'000	Carrying amount	Contractual cash flows	1 year or less	1 to < 2 years	2 to 5 years	over 5 years
Non-derivative financial liabilities						
Intergroup loans	69 882	164 922	5 591	5 591	16 772	136 969
Trade and other payables	52	52	52	0	0	0
Total	71 343	166 383	7 052	5 591	16 772	136 969

31 December 2019

Non-derivative financial liabilities						
Intergroup loans	113 180	276 159	9 054	9 054	27 163	230 887
Trade and other payables	44	44	44	0	0	0
Total	113 224	276 203	9 098	9 054	27 163	230 887

Group

31 December 2020

NOK'000	Carrying amount	Contractual cash flows	1 year or less	1 to < 2 years	2 to 5 years	over 5 years
Non-derivative financial liabilities						
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
Loan from Food Folk Group Holdings AS	69 882	164 922	5 591	5 591	16 772	136 969
Payables to related parties	68 916	68 916	68 916	0	0	0
Trade and other payables	117 022	117 022	117 022	0	0	0
Derivative financial liabilities						
Interest rate swaps	20 431	20 431	20 431	0	0	0
Total	1 273 515	1 778 667	291 384	97 744	314 352	1 075 188

31 December 2019

Non-derivative financial liabilities						
Secured bank loans	369 995	518 658	14 370	18 276	100 645	385 367
Lease liabilities	624 115	901 603	58 365	58 278	164 972	619 988
Loan from Food Folk Group Holdings AS	113 180	276 159	9 054	9 054	27 163	230 887
Payables to related parties	2 847	2 847	2 847	0	0	0
Trade and other payables	102 006	102 006	102 006	0	0	0
Derivative financial liabilities						
Interest rate swaps	269	269	269	0	0	0
Total	1 212 412	1 801 542	186 911	85 608	292 780	1 236 242

Penneo dokumentrykjet:BJGDG-KVJL8-TNNKN-TECON-TNIBM-JNMFU



Notes (continued)

18 Financial instruments (Continued)

18 (d) Market risk

Market risk - Foreign currency risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's and Company's income or the value of its holdings of financial instruments. The Group's and Company's operations have exposure to foreign currency risk at year end due to that the carrying amount of financial instruments in foreign currencies amounts to NOK 115,671 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 1,156 thousand, dependent on the EUR/NOK movement.

Market risk - Interest rate risk

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

Group

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

NOK'000	2020	2019
Fixed rate instruments		
Financial assets	5	2
Financial liabilities	(90 313)	(113 449)
Total fixed rate instruments	(90 308)	(113 447)
Variable rate instruments		
Financial assets	69 533	63 207
Financial liabilities	(434 080)	(371 486)
Total variable rate instruments	(364 547)	(308 279)

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 3,645 thousand (2019: NOK 3,083 thousand). The analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of all financial instruments with variable interest rates.

18 (e) Capital management

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

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

The debt and equity balances in some parts of the Group, are subject to externally imposed capital requirements, such as those imposed by third party loan providers. The local tax treatment is also taken into consideration when determining the most appropriate capital structure for investments in subsidiaries.

Penneo dokumentrykket: BJGDG-KVJL8-TNNKV-TECON-TNIBM-JNMFU



Notes (continued)

19 Commitments

Capital commitments

During the year ended 31 December 2020, the Group entered into contracts to purchase property, plant and equipment for NOK 21,953 thousands (2019: 19,095thousands).

Off-balance sheet arrangements (Group)

No other guarantees to be disclosed as at 31 December 2020.

20 Contingencies

The Group has guaranteed that the subsidiary Food Folk Norge AS performs its obligations under credit agreement that the Food Folk Group Holdings AS group has entered into with a financial institution. The guarantee includes customary limitation that ensure that payments can't exceed what would normally be permitted to distributed as dividends from the companies. The Food Folk Group Holdings AS group's total obligation amounts to EUR 244.9 million as of 31 December 2020.

21 Related parties

Parent and ultimate controlling party

The Company, established on 29 September 2016, was acquired in February 2017 by its current Parent company, Food Folk Group Holdings AS (Norway). The ultimate controlling party of the Company is Guy Hands.

Key management personnel compensation

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

Group related party transactions

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

Parent company

NOK'000	<i>Dividends / Group Contribution</i> 2020	<i>Sale of services</i> 2020	<i>Purchase of services</i> 2020	<i>Interest income</i> 2020	<i>Interest expenses</i> 2020
Food Folk Group Holdings AS	0	0	0	113	(9 087)
Food Folk Norge AS	60 026	0	0	0	0
Food Folk Denmark Aps	0	0	(66)	0	0
Total	60 026	0	(66)	113	(9 087)

NOK'000	<i>Loans payable outstanding</i> 2020	<i>Loans receivable outstanding</i> 2020	<i>Receivables outstanding</i> 2020	<i>Payables outstanding</i> 2020	<i>Cash-pooling balances</i> 2020
Food Folk Group Holdings AS	(69 882)	0	0	(1 409)	10 591
Total	(69 882)	0	0	(1 409)	10 591

NOK'000	<i>Dividends / Group Contribution</i> 2019	<i>Sale of services</i> 2019	<i>Purchase of services</i> 2019	<i>Interest income</i> 2019	<i>Interest expenses</i> 2019
Food Folk Group Holdings AS	0	0	0	153	(12 872)
Food Folk Norge AS	128 003	0	0	0	0
Food Folk Denmark Aps	0	0	(65)	0	0
Total	128 003	0	(65)	153	(12 872)

Penneo dokumentrykket:BJGDG-KVJL8-TNNKV-TECON-TNIBM-JNMFU



Notes (continued)

21 Related parties (continued)

Parent company

	<i>Loans payable outstanding</i>	<i>Loans receivable outstanding</i>	<i>Receivables outstanding</i>	<i>Payables outstanding</i>	<i>Cash-pooling balances</i>
NOK'000	2019	2019	2019	2019	2019
Food Folk Group Holdings AS	(113 180)	0	0	0	28 771
Total	(113 180)	0	0	0	28 771

Group

	<i>Dividends / Group Contribution</i>	<i>Sale of services</i>	<i>Purchase of services</i>	<i>Interest income</i>	<i>Interest expenses</i>
NOK'000	2020	2020	2020	2020	2020
Food Folk Group Holdings AS	0	784	(11 814)	256	(9 439)
Food Folk Denmark Aps	0	2 219	(8 149)	0	0
Food Folk Suomi Oy	0	1 590	(1 372)	0	0
Food Folk Sverige AB	0	4 940	(14 157)	0	0
Total	0	9 533	(35 492)	256	(9 439)

	<i>Loans payable outstanding</i>	<i>Loans receivable outstanding</i>	<i>Receivables outstanding</i>	<i>Payables outstanding</i>	<i>Cash-pooling balances</i>
NOK'000	2020	2020	2020	2020	2020
Food Folk Group Holdings AS	(69 882)	0	103	(2 224)	(12 998)
Food Folk Denmark Aps	0	0	320	(622)	0
Food Folk Suomi Oy	0	0	229	(155)	0
Food Folk Sverige AB	0	0	711	(2 065)	0
Total	(69 882)	0	1 363	(5 066)	(12 998)

	<i>Dividends / Group Contribution</i>	<i>Sale of services</i>	<i>Purchase of services</i>	<i>Interest income</i>	<i>Interest expenses</i>
NOK'000	2019	2019	2019	2019	2019
Food Folk Group Holdings AS	(56 342)	389	(7 673)	639	(13 018)
Food Folk Denmark Aps	0	935	(7 114)	0	0
Food Folk Suomi Oy	0	503	0	0	0
Food Folk Sverige AB	0	503	(8 914)	0	0
Total	(56 342)	2 330	(23 701)	639	(13 018)

	<i>Loans payable outstanding</i>	<i>Loans receivable outstanding</i>	<i>Receivables outstanding</i>	<i>Payables outstanding</i>	<i>Cash-pooling balances</i>
NOK'000	2019	2019	2019	2019	2019
Food Folk Group Holdings AS	(113 180)	0	44	(210)	47 204
Food Folk Denmark Aps	0	0	44	(369)	0
Food Folk Suomi Oy	0	0	44	0	0
Food Folk Sverige AB	0	0	45	(776)	0
Total	(113 180)	0	177	(1 355)	47 204

Penneo dokumentrykket: BIGDG-KVJL8-TNNKV-TECON-TNIBM-JNMFU



Notes (continued)

22 Changes in liabilities from financing activities

Parent company

NOK'000	Opening balance	IFRS 16 initial application	Cash flows	Non-cash transactions	Closing balance
2020					
Debt to Parent company	113 180	0	(53 461)	10 163	69 882
Long-term liabilities	113 180	0	(53 461)	10 163	69 882
Liability from financing activities for 2020	113 180	0	(53 461)	10 163	69 882
2019					
Debt to Parent company	203 722	0	(86 635)	(3 907)	113 180
Long-term liabilities	203 722	0	(86 635)	(3 907)	113 180
Liability from financing activities for 2019	203 722	0	(86 635)	(3 907)	113 180

Group

NOK'000	Opening balance	IFRS 16 initial application	Cash flows	Non-cash transactions	Closing balance
2020					
Debt to credit institutions	370 228	0	0	(3 663)	366 565
Lease liabilities	595 620	0	(60 764)	65 484	600 340
Debt to Parent company	113 180	0	(53 461)	10 163	69 882
Long-term liabilities	1 079 028	0	(114 225)	71 984	1 036 787
Debt to credit institutions	(234)	0	0	3 897	3 663
Lease liabilities	28 495	0	0	(1 800)	26 695
Short-term liabilities	28 261	0	0	2 097	30 358
Liability from financing activities for 2020	1 107 289	0	(114 225)	74 081	1 067 145
2019					
Debt to credit institutions	265 754	0	88 750	15 724	370 228
Lease liabilities	0	625 411	(59 228)	29 437	595 620
Debt to Parent company	203 722	0	(86 635)	(3 907)	113 180
Long-term liabilities	469 476	625 411	(57 113)	41 254	1 079 028
Debt to credit institutions	12 639	0	0	(12 873)	(234)
Lease liabilities	0	26 172	0	2 323	28 495
Short-term liabilities	12 639	26 172	0	(10 550)	28 261
Liability from financing activities for 2019	482 115	651 583	(57 113)	30 704	1 107 289

Perneo dokumentryckel: BIGDG-KVJL8-TNNKN-TECON-TNIBM-JNMFU



Notes (continued)

23 Leases

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

i. Amounts recognised in Statement of financial position

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

ii. Amounts recognised in Income Statement

	NOK'000
- Depreciation charges (including impairment loss/reversal)	46 056
- Interest on lease liabilities	27 485
- variable lease payments not included in the measurement of lease liabilities (including COVID-19 rent concession)	4 860
- expenses relating to other short-term leases	11
- expenses relating to leases of low-value assets	178
- other expenses	(12)

Some leases of restaurants contain variable lease payments that are based on sales that the Group makes at the restaurant. Fixed and variable rental payments for the period ended 31 December 2020 were as follows:

	NOK'000
Fixed payments	25 004
Variable payments	5 476
Total lease payments based on sales	30 480

The Group 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
- Payment of lease liabilities (interest portion)	(27 660)
- Payment of lease liabilities (principal portion)	(33 104)
Total cash outflow for leases	(60 764)

iv. Extension Options

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

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

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

v. Lease not yet commenced

The Group has entered during 2020 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 7 million.

vi. Rent concessions

The Group 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 Group 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 Group has applied the practical expedient for COVID-19-related rent concessions is NOK 616 thousand (2019: nil).



Notes (continued)

24 Acquisition of restaurants

In 2020, the Group has acquired a restaurant from a Franchisee. The acquired restaurant contributed a net profit of NOK 1.2 million to the net profit for the year. If the acquisitions had occurred on the first day of the accounting period, the Group revenues would have increased by NOK 6 million and net profit would have been higher by NOK 0.5 million. In determining these amounts, Management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on the first day of the accounting period.

Effect of acquisition: recognised values on acquisition

NOK'000	2020
Acquirees net assets at the acquisition date:	
Fixtures, fittings and equipment	167
Contractual rights	5 479
Total identifiable net assets acquired	5 646
Consideration paid:	
Cash	7 800
Total consideration	7 800
Goodwill	2 154

Measurement of fair values

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

- Fixtures, fittings and equipment - depreciated replacement cost has been used as the valuation model. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
- Contractual rights - Multi-earnings excess method: The multi excess earnings method considers the present value of net cash flows expected to be generated by the contractual rights, by excluding any cash flows related to contributory assets.

Acquisition related costs

No acquisition related costs were incurred by the Group.

25 Subsequent events

Market risk caused by COVID-19 outbreak continues in 2021. The Group is following the developments and the authorities' recommendations closely, and taking the measures deemed necessary to reduce the impact in the short and long term. In spite of this, the beginning of 2021 has been strong in terms of sales and profits. The sales performance of the first quarter of 2021 increased compared to last year, despite some restaurants have been partly or fully closed due to governmental restrictions in downtown. From an EBITDA perspective, results at the end of March are higher than plan.

Where identified due to uncertainties or implications, adjustments have been considered in the consolidated financial statements 2020. However, in conclusion, the COVID-19 pandemic does not materially affect the Group consolidated financial position at 31 December 2020.



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Lars Børre Kleivan

Managing Director

Serienummer: 9578-5998-4-839723

IP: 81.166.xxx.xxx

2021-04-19 13:02:20Z



Anders Torbjörn Hägg

Board member

Serienummer: 19690124xxxx

IP: 213.89.xxx.xxx

2021-04-19 15:04:24Z



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To the General Meeting of Food Folk Norge Holdings AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

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

- The financial statements of the parent company Food Folk Norge Holdings AS (the Company), which comprise the balance sheet as at 31 December 2020, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Food Folk Norge Holdings AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, 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 are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, 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.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodo	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



Food Folk Norge Holdings AS

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty



Food Folk Norge Holdings AS

exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Hamar, 19 April 2021
KPMG AS

Thore Kleppen
State Authorised Public Accountant



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

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0134 Oslo	Org.nr: 996250318	Telefaks
	E-post:	22 17 08 60
	skatteetaten.no/sendepost	



kontraktspartner, og behersker engelsk fullt ut.

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

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

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

Skattedirektoratets vurdering

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

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

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

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

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

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



Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

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Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer