



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021
-------------------------	-------------------------

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:	31.05.2022

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 16.06.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2	271 000	262 000
Sum kostnader		271 000	262 000
Driftsresultat		-271 000	-262 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	10	171 331 000	64 254 000
Annen finansinntekt	5	3 266 000	145 000
Sum finansinntekter		174 597 000	64 399 000
Annen finanskostnad	6	5 566 000	20 453 000
Sum finanskostnader		5 566 000	20 453 000
Netto finans		169 031 000	43 946 000
Ordinært resultat før skattekostnad		168 760 000	43 684 000
Skattekostnad på ordinært resultat	7	-565 000	-4 537 000
Ordinært resultat etter skattekostnad		169 325 000	48 221 000
Årsresultat		169 325 000	48 221 000
Overføringer og disponeringer			
Konsernbidrag		62 500 000	0
Overføringer til/fra annen egenkapital		106 825 000	48 221 000
Sum overføringer og disponeringer		169 325 000	48 221 000



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	11	27 555 000	7 730 000
Sum immaterielle eiendeler		27 555 000	7 730 000
Finansielle anleggsmidler			
Investering i datterselskap	10	512 197 000	340 867 000
Sum finansielle anleggsmidler		512 197 000	340 867 000
Sum anleggsmidler		539 752 000	348 597 000
Omløpsmidler			
Varer			
Fordringer			
Konsernfordringer	21	3 451 000	10 600 000
Sum fordringer		3 451 000	10 600 000
Sum omløpsmidler		3 451 000	10 600 000
SUM EIENDELER		543 203 000	359 197 000
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	394 429 000	225 104 000
Sum opptjent egenkapital		394 429 000	225 104 000



Balanse

Beløp i: NOK	Note	2021	2020
Sum egenkapital		457 179 000	287 854 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	15	66 668 000	69 882 000
Sum annen langsiktig gjeld		66 668 000	69 882 000
Sum langsiktig gjeld		66 668 000	69 882 000
Kortsiktig gjeld			
Leverandørgjeld	17	97 000	52 000
Betalbar skatt		19 259 000	
Kortsiktig konserngjeld			1 409 000
Sum kortsiktig gjeld		19 356 000	1 461 000
Sum gjeld		86 024 000	71 343 000
SUM EGENKAPITAL OG GJELD		543 203 000	359 197 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	1	1 164 023 000	910 334 000
Annen driftsinntekt	4	20 887 000	8 592 000
Sum inntekter		1 184 910 000	918 926 000
Kostnader			
Varekostnad		225 919 000	176 166 000
Lønnskostnad	3	323 266 000	243 309 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	8,9	89 457 000	98 104 000
Annen driftskostnad	2	310 264 000	246 434 000
Sum kostnader		948 906 000	764 013 000
Driftsresultat		236 004 000	154 913 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	10		
Annen finansinntekt	5	30 710 000	295 000
Sum finansinntekter		30 710 000	295 000
Annen finanskostnad	6	51 593 000	87 531 000
Sum finanskostnader		51 593 000	87 531 000
Netto finans		-20 883 000	-87 236 000
Ordinært resultat før skattekostnad		215 121 000	67 677 000
Skattekostnad på ordinært resultat	7	45 843 000	19 456 000
Ordinært resultat etter skattekostnad		169 278 000	48 221 000
Årsresultat		169 278 000	48 221 000
Overføringer og disponeringer			
Konsernbidrag		62 500 000	0
Overføringer til/fra annen egenkapital		106 778 000	48 221 000
Sum overføringer og disponeringer		169 278 000	48 221 000



Konsernets balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	11	27 555 000	7 730 000
Goodwill	9	12 251 000	15 639 000
Sum immaterielle eiendeler		39 806 000	23 369 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	8	1 626 793 000	1 563 072 000
Sum varige driftsmidler		1 626 793 000	1 563 072 000
Finansielle anleggsmidler			
Investering i datterselskap	10	11 000	12 000
Sum finansielle anleggsmidler		11 000	12 000
Sum anleggsmidler		1 666 610 000	1 586 453 000
Omløpsmidler			
Varer			
Varer		7 920 000	6 363 000
Sum varer		7 920 000	6 363 000
Fordringer			
Kundefordringer	12	39 781 000	39 765 000
Andre fordringer	18		5 000
Konsernfordringer	21	153 571 000	52 215 000
Sum fordringer		193 352 000	91 985 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	13	20 006 000	18 680 000
Sum bankinnskudd, kontanter og lignende		20 006 000	18 680 000
Sum omløpsmidler		221 278 000	117 028 000
SUM EIENDELER		1 887 888 000	1 703 481 000



Konsernets balanse

Beløp i: NOK	Note	2021	2020
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	394 382 000	225 104 000
Sum innskutt egenkapital		457 132 000	287 854 000
Sum egenkapital		457 132 000	287 854 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	11	103 901 000	62 658 000
Andre avsetninger for forpliktelser	16	42 615 000	52 742 000
Sum avsetninger for forpliktelser		146 516 000	115 400 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	15	1 064 602 000	1 036 787 000
Sum annen langsiktig gjeld		1 064 602 000	1 036 787 000
Sum langsiktig gjeld		1 211 118 000	1 152 187 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	15	29 928 000	30 358 000
Leverandørgjeld	17	159 176 000	117 022 000
Betalbar skatt		21 827 000	25 788 000
Kortsiktig konserngjeld	21	4 471 000	68 916 000
Annen kortsiktig gjeld	18,16	4 236 000	21 356 000
Sum kortsiktig gjeld		219 638 000	263 440 000
Sum gjeld		1 430 756 000	1 415 627 000
SUM EGENKAPITAL OG GJELD		1 887 888 000	1 703 481 000
POSTER UTENOM BALANSEN			
Pantstillelser	15	410 460 000	373 460 000



Skattedirektoratet

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

FOOD FOLK GROUP HOLDINGS AS
Storgata 15
0155 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

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

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

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

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

Bakgrunn

Fra søknaden gjengis:

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

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

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

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

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



kontraktspartner, og behersker engelsk fullt ut.

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

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

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

Skattedirektoratets vurdering

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

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

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

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

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

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



Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



KPMG AS
Vangsvegen 73
2317 Hamar

Telephone +47 45 40 40 63
Fax
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of Food Folk Norge Holdings AS

Independent Auditor's Report

Opinion

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

- The financial statements of the parent company Food Folk Norge Holdings AS (the Company), which comprise the balance sheet as at 31 December 2021, 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 2021, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Other Information

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

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

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

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
Ålesund	Finnset	Molde	Strøme
Bergen	Hamar	Skien	Tromsø
Bodo	Haugesund	Sandefjord	Trondheim
Drammen	Krønkvik	Sandnessjøen	Tynset
	Kristiansand	Stavanger	Ålesund



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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

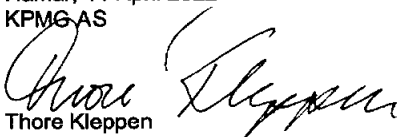
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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 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.



Independent Auditor's Report - Food Folk Norge Holdings AS

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

Hamar, 11 April 2022
KPMG AS


Thore Kleppen
State Authorised Public Accountant



Food Folk Norge Holdings AS

Pløens gate 2
0181 Oslo

Org. no. 917 906 254

Annual Report 2021

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

chairman of the annual general meeting



FOOD FOLK

Development licensee
of McZowar's

Penneo Dokumentnøkkel: BGA4E-H7V5J-5PHY7-OM7OK-2GQ1F-1E185



Food Folk Norge Holdings AS
Annual Report 2021

Contents

	3
Statement by the Board of Directors and the Executive Board	3
Company details	7
Food Folk Corporate Social Responsibility	8
Statement of profit or loss and other comprehensive income	10
Statement of financial position at 31 December	11
Statement of changes in equity	12
Statement of cash flows	14
Basis of preparation	15
Significant accounting policies	18
Notes	24
Independent auditor's report (as a separate document)	43

Penneo Dokumentnøkkel: BGA4E-H7V5J-5PHY7-OM7OK-2GQ1F-1E185



Food Folk Norge Holdings AS
Annual Report 2021

Statement by the Board of Directors and the Executive Board

The Company

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

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

The Group's main activity consist 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 2021, there were 77 McDonald's restaurants in Norway where the Group operated 17 (22%) while the remaining 60 (78%) restaurants was operated by 14 independent Franchisees under individual sub-franchisee agreement with members of 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 2.3 million and income from profit in subsidiaries, net of tax of NOK 171.3 million. Profit for the year amounted to NOK 169.3 million.

At the end of December 2021, the Company's:

- Balance sheet amounted to a total of NOK 543.2 million
- Owners Equity amounted to a total of NOK 457.2 million, with an Equity ratio of 84.2%
- Cash flow from operating activities was NOK -0.2 million, investment activities NOK 0 million and financing activities NOK 0.2 million.

Group

Revenue for the period amounted to NOK 1,164 million with operating profit of NOK 236 million, net finance expenses of NOK 20.9 million and profit for the year of NOK 169.3 million.

The financial result for the financial year ending on 31 December 2021 is in line with management's expectations.

At the end of December 2021, the Group

- Consolidated balance sheet amounted to a total of NOK 1,887.9 million
- Owners Equity amounted to a total of NOK 457.1 million, with an Equity ratio of 24.2%
- Cash holdings of NOK 20 million
- Cash flow from operating activities was NOK 328.2 million, investment activities NOK -114.7 million and financing activities NOK -215.5 million.

Business outlook

The year started with more COVID-19 infections in the form of Delta version, and the most severe restrictions during the whole pandemic. Developments in the situation have been cautiously followed, and local government guidance and regulations adopted. The priority has been to safeguard our employees, serve our guests food in a safe and healthy environment, and further support our communities. Customers have been reached out via various sales channels (Drive Thru, Mobile order pay, Delivery, etc.) aiming to maximize product availability.

From mid-month May the sales trend made a positive shift upwards as the COVID-19 situation improved. A gradual ease in restrictions led to more mobility in the population, and positive sales growth seen during summer continued throughout September with reopening of Norway and final lift in restrictions as large parts of the population were vaccinated. In November number of COVID-19 cases increased with the Omicron mutation and new restrictions were implemented as a measure to limit the virus spread. However, despite a volatile year with uncertainty, the Group has managed to safely navigate through the COVID-19 situation taking necessary precautions.

The COVID-19 situation and business development has improved compared to last year, which is well reflected in downtown restaurants performance, and further increase has occurred in the late-night sales, which had the strongest growth of all dayparts.

Furthermore, positive free cash flow from operating activities were generated allowing to continue investing in new store openings/re-modelling/upgrades/capacity increases and we will continue to do so in the future.





Food Folk Norge Holdings AS
Annual Report 2021

Statement by the Board of Directors and the Executive Board

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

The beginning of 2022 has been strong in terms of sales and profits. The comparable system wide sales performance of the first quarter of 2022 has increased 16.4% compared to last year. From an EBITDA perspective, results at the end of March are higher than plan and last year.

Going concern

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

Financial and market risk

Financial risk in the Group is primarily related to exchange rate fluctuations in food and raw material for the Group operated restaurants 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 3.2% absentees due to illness in the Group companies. There has been 20 accident involving employees in 2021. Accident was not of serious nature.

The average number of employees at Group level during 2021 was 583.

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

Diversity and equal opportunity

Diversity and inclusion are one of our strategic focus related to sustainability and one of our sustainability focus related to the Group's sustainable development goals. We are convinced that it is this dynamic mix of people that makes McDonald's a great place to work.

Our ethical guidelines state that we do not accept any form of inappropriate behavior, bullying, harassment or discrimination, for example due to gender, sexual orientation, age, ethnicity or religious beliefs. This is supported/founded by our company values.

Business code of conduct

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

Speak up policy - Scope & Purpose

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

Suspicion of Misconduct/Fraud

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





Food Folk Norge Holdings AS
Annual Report 2021

Statement by the Board of Directors and the Executive Board

Women@McDonald's

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

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

Employee engagement survey - Harassment

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

We are conducting an annual engagement survey also in all our restaurants. The reports show that the majority of the employees say that they are satisfied with their employer, that they are treated good by their manager, that the work environment at their workplace is good and that the employees treat each other with respect. In 2021 we added questions related to harassment. The last survey was conducted in November 2021 and show some areas of improvement. Our clear guideline /policy is that we have zero tolerance for bullying and harassment. We are working with several initiatives in order to improve on this area.

Initiatives to reduce the risk of discrimination

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

Gender balance

Percentages in Food Folk Norge AS are below detailed:

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

About 50% of total managers in Zero Five AS is women (included shift managers). The same gender balance exists when it comes to crew level (employees without manager responsibility). These numbers has been stable for several years.

Part time work (not voluntary)

Food Folk Norge AS has no part time workers.

Temporary Work

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

Parental leave

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

During 2021, female employees on parental paid leave within Food Folk Norge AS took in total 98.4 weeks. In 2021 no male employees were on paid parental leave. This will change in 2022, where at least one male employee will have parental leave.

During 2021, female employees on parental paid leave within Zero Five AS took in total 291 weeks and male employees 202 weeks.

Women's Average Salary as Percentage of Men's Average Salary (Food Folk Norge AS)

- On executive level men earn in average 4 % more than women.



Food Folk Norge Holdings AS
Annual Report 2021

Statement by the Board of Directors and the Executive Board

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

Salary balance (Zero Five AS)

Hourly-paid employees receive collective pay (Riksavtalen Hotel og Restaurant).

Employees (managers and support functions) who have a fixed salary are paid based on a fixed start salary for the role and salary increases follows the annual salary adjustment. The salary is balanced based on gender.

Corporate Environmental Responsibility

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

Directors' and officers' liability insurance

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

Result

The Financial Statement for the Company and the consolidated Financial Statement for the Group as of 31 December 2021 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 2021.

Parent Company

Profit for the year amounts to NOK 169.3 million.

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

Attributable to (in million NOK):

Group contribution	62.5
Funds for unrealized gains	171.3
Retained earnings	(64.5)
Profit for the year	<u>169.3</u>

Group

Profit for the year amounts to NOK 169.3 million.

Oslo, 11 April 2022

Nils Erik Martin Jansson
Managing Director and Chairman of the Board

Anders Torbjörn Hägg
Board member

Penneo Dokumentnøkkel: BGA4E-H7V5Z-5PHY7-OM7OK-2GQ1F-1E185



Food Folk Norge Holdings AS
Annual Report 2021

Company details

General

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

Org. No.: 917 906 254
Established: 20 October 2016
Registered office: Pløens gate 2, 0181 Oslo
Financial year: From 1 January to 31 December

Board of Directors

Nils Erik Martin Jansson
Anders Torbjörn Hägg

Managing Director

Nils Erik Martin Jansson

Auditor

KPMG AS
Godkjent revisjonsselskap
Sørkedalsveien 6
0369 Oslo

Annual general meeting

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

Penneo Dokumentnøkkel: BGA4E-H7V5J-5PHY7-OM7OK-2GQ1F-1E185





Food Folk Norge Holdings AS
Annual Report 2021

Food Folk Corporate Social Responsibility

Our mission in Food Folk Norge Holdings AS, being part of Food Folk Group, is to provide our customers in Norway with the most friendly, convenient, and consistently excellent McDonald's experience in the world. Having a positive impact in communities, while maintaining the growth and success of the McDonald's System, is fundamental to how we operate. We achieve this by living our values as we serve our guests via 77 restaurants.

Our values:

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

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

To manage our impact carefully and hold ourselves accountable across a range of ESG issues, in 2022 and beyond, we will continue do our part for sustainability, for example on climate action, packaging and waste, youth employability, and taking action as a part of the community.

Our role in the community

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

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

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

Risk & Impact

a) Our planet

As we continue to grow as a business, our efforts are increasingly focused on managing our carbon footprint.

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

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

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

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

We have a target that 100 percent of our packaging should be from renewable, recycled or certified sources by 2025. Already today more than 90% of our packaging is from cardboard either from certified sustainable forestry or recycled paper. In 2019 we changed our straws from plastic to paper straw and saved 20 ton of plastic. In addition, we introduced new serving trays made from 100% plastic from marine waste. In 2021, all Norwegian produced plastic bottles we serve from The Coca-Cola Company were made by 100 % recycled plastic (rPET).





Food Folk Norge Holdings AS
Annual Report 2021

Food Folk Corporate Social Responsibility

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

The majority of our environmental impacts occur beyond our own operations, through the Company's supply chain, and so McDonald's journey toward sustainable sourcing begins with our suppliers. Among other activities, we focus on collaborative action and investment to address climate-related risks associated with our agriculture value chain to help protect our planet for communities today and in the future. We believe we have an important role to play in responsible sourcing.

b) Human Rights

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

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

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

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

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

All Food Folk suppliers passed their SWA audit in 2021.

c) Governance

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

d) Anti-corruption and bribery

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

e) Our people

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

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

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

Gender diversity

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





Food Folk Norge Holdings AS
Annual Report 2021

Statement of profit or loss and other comprehensive income

Parent company			Group		
2021	2020	NOK'000	Note	2021	2020
0	0	Revenue	1	1 164 023	910 334
0	0	Raw materials and consumables		(225 919)	(176 166)
(271)	(262)	Other external expenses	2	(310 264)	(246 434)
0	0	Depreciation, amortisation and impairment	8,9	(89 457)	(98 104)
0	0	Staff cost	3	(323 266)	(243 309)
0	0	Other operating income, net	4	20 887	8 592
(271)	(262)	Total expenses		(928 019)	(755 421)
(271)	(262)	Operating profit or loss		236 004	154 913
3 266	145	Financial income	5	30 710	295
(5 566)	(20 453)	Financial expense	6	(51 593)	(87 531)
(2 300)	(20 308)	Net finance expenses		(20 883)	(87 236)
171 331	64 254	Share of profit of equity accounted investees, net of tax	10	0	0
168 760	43 684	Profit or loss before tax		215 121	67 677
565	4 537	Tax for the year	7	(45 843)	(19 456)
169 325	48 221	Profit or loss		169 278	48 221
		Attributable to			
62 500	0	Group contribution		62 500	0
171 330	17 433	Funds for unrealized gains		0	0
(64 505)	30 788	Retained earnings		106 778	48 221
169 325	48 221	Profit or loss		169 278	48 221
		Statement of comprehensive income			
169 325	48 221	Profit or loss		169 278	48 221
0	0	Other comprehensive income for the year, net of income tax		0	0
169 325	48 221	Comprehensive income for the year		169 278	48 221

The notes form an integral part of these financial statements

Penneo Dokumentnøkkel: BGA4E-HTV52-5PHY7-OM7OK-2GQ1F-1E185



Food Folk Norge Holdings AS
Annual Report 2021

Statement of financial position at 31 December

Parent company				Group	
2021	2020	NOK'000	Note	2021	2020
Assets					
Non current assets					
0	0	Property, plant and equipment	8	1 626 793	1 563 072
0	0	Intangible assets	9	12 251	15 639
512 197	340 867	Investments	10	11	12
27 555	7 730	Deferred tax assets	11	27 555	7 730
539 752	348 597			1 666 610	1 586 453
Current assets					
0	0	Inventories		7 920	6 363
10	9	Trade and other receivables	12	39 781	39 765
0	0	Derivative assets	18	0	5
3 441	10 591	Receivables from related parties	21	153 571	52 215
0	0	Tax receivable		0	0
0	0	Restricted cash	13	8 974	5 678
0	0	Cash and cash equivalents	13	11 032	13 002
3 451	10 600			221 278	117 028
543 203	359 197	Total Assets		1 887 888	1 703 481
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
258 869	87 539	Funds for unrealized gains		0	0
62 500	0	Proposed dividends and group contribution	14	62 500	0
73 060	137 565	Retained earnings		331 882	225 104
457 179	287 854	Total equity		457 132	287 854
Non current liabilities					
66 668	69 882	Loans and borrowings	15	1 064 602	1 036 787
0	0	Provisions	16	42 615	52 742
0	0	Deferred tax liabilities	11	103 901	62 658
66 668	69 882	Non current liabilities		1 211 118	1 152 187
Current liabilities					
0	0	Loans and borrowings	15	29 928	30 358
97	52	Trade and other payables	17	159 176	117 022
0	0	Derivative liabilities	18	4 236	20 431
0	1 409	Payables to related parties	21	4 471	68 916
19 259	0	Tax payable		21 827	25 788
0	0	Provisions	16	0	925
19 356	1 461	Current liabilities		219 638	263 440
86 024	71 343	Total liabilities		1 430 756	1 415 627
543 203	359 197	Total equity and liabilities		1 887 888	1 703 481

Penneo Dokumentnøkkel: BGA4E-H7V52-5PHY7-OM7OK-2GQ1F-1E185



Food Folk Norge Holdings AS
Annual Report 2021

Statement of changes in equity (See Note 14)

Parent company

NOK'000	Share capital	Share Premium	Funds for unrealized gains	Proposed dividends and group contribution	Retained earnings	Total equity
Balance at 1 January 2020	15 710	47 040	70 106	0	106 777	239 633
Profit or loss	0	0	17 433	0	30 788	48 221
Total comprehensive income for the period	0	0	17 433	0	30 788	48 221
Transactions with owners, recorded directly in equity:						
Dividends	0	0	0	0	0	0
Total contributions by and distributions to owners	0	0	0	0	0	0
Balance at 31 December 2020	15 710	47 040	87 539	0	137 565	287 854
NOK'000	Share capital	Share Premium	Funds for unrealized gains	Proposed dividends and group contribution	Retained earnings	Total equity
Balance at 1 January 2021	15 710	47 040	87 539	0	137 565	287 854
Profit or loss	0	0	171 330	62 500	(64 505)	169 325
Total comprehensive income for the period	0	0	171 330	62 500	(64 505)	169 325
Transactions with owners, recorded directly in equity:						
Dividends	0	0	0	0	0	0
Total contributions by and distributions to owners	0	0	0	0	0	0
Balance at 31 December 2021	15 710	47 040	258 869	62 500	73 060	457 179

Pentneo Dokumentnøkkel: BGA4E-H7V52-5PHY7-OM7OK-2GQ1F-1E185



Food Folk Norge Holdings AS
Annual Report 2021

Group

	Share capital	Share Premium	Proposed dividends and group contribution	Retained earnings	Total equity
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
Total comprehensive income for the period	0	0	0	48 221	48 221
Transactions with owners, recorded directly in equity:					
Dividends	0		0	0	0
Total contributions by and distributions to owners	0	0	0	0	0
Balance at 31 December 2020	15 710	47 040	0	225 104	287 854

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

Penneo Dokumentnøkkel: BGA4E-HTV52-5PHY7-OM7OK-2GQ1F-1E185



Food Folk Norge Holdings AS
Annual Report 2021

Statement of cash flows

Parent company				Group	
2021	2020	NOK'000	Note	2021	2020
Cash flow from operating activities					
169 325	48 221	Profit for the year		169 278	48 221
Adjustments for:					
0	0	Depreciation, amortisation and impairment	8,9	89 457	98 104
(3 266)	(145)	Financial income	5	(30 710)	(295)
5 566	20 453	Financial expense	6	51 593	87 531
(171 331)	(64 254)	Share of profit of equity accounted investees, net of tax	10	0	0
0	0	Other income/expense non-monetary		(12 728)	1 704
0	0	(Gain)/loss on sale of property, plant and equipment	4	5 365	914
(565)	(4 537)	Taxation	7	45 843	19 456
(169 596)	(48 483)			148 820	207 414
(1)	(9)	Decrease/increase in trade and other receivables	12	(2 467)	(8 151)
0	0	Decrease/increase in inventories		(1 557)	(2 187)
45	9	Decrease/increase in trade and other payables	17	42 080	15 941
0	0	Decrease/increase in related parties balances	21	1 186	1 116
0	0	Decrease/increase in provisions	16	(725)	(853)
44	0			38 517	5 866
0	(15 937)	Tax paid		(28 385)	(33 520)
0	(15 937)			(28 385)	(33 520)
(227)	(16 199)	Net cash from operating activities		328 230	227 981
Cash flows from investing activities					
0	0	Proceeds from sale of property, plant and equipment	4	15 225	150
0	60 026	Dividends / Group Contributions received		0	0
0	0	Acquisition of a associates/business, net of cash	24	(12 762)	(7 800)
0	0	Acquisition of property, plant and equipment	8	(116 044)	(135 659)
0	0	Acquisition of intangible assets	9	(1 115)	(1 338)
0	60 026	Net cash from investing activities		(114 696)	(144 647)
Cash flows from financing activities					
0	0	Proceeds from new loan	23	67 595	0
0	0	Change in restricted cash	13	(3 296)	6 058
7 150	18 180	Change in cash-pooling balances	21	(165 578)	60 202
(6 923)	(8 546)	Interest paid		(21 339)	(25 142)
0	0	Financing transaction cost		(292)	0
0	(53 461)	Repayment of borrowings	23	(30 595)	(53 461)
0	0	Payment of lease liabilities (interest portion)	23	(27 219)	(27 660)
0	0	Payment of lease liabilities (principal portion)	23	(34 780)	(33 104)
0	0	Dividends paid	14	0	0
227	(43 827)	Net cash from financing activities		(215 504)	(73 107)
0	0	Net increase/decrease in cash and cash equivalents		(1 970)	10 227
0	0	Cash and cash equivalents at 1 January		13 002	2 775
0	0	Effect of exchange fluctuations on cash held		0	0
0	0	Cash and cash equivalents at 31 December	13	11 032	13 002

Penneo Dokumentnøkkel: BGA4E-H7V52-5PHY7-OM7OK-2GQ1F-1E185



Food Folk Norge Holdings AS
Annual Report 2021

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 2020 and 31 December 2021 comprise the consolidated financial statements for Food Folk Norge Holdings AS and its subsidiaries (the Group) and separate parent company financial statements.

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

Accounting policies

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

- In accordance with IAS 12.46, current tax liabilities/assets are recognized and measured to the amount expected to be paid to - or recovered from - the tax authorities, including tax effects from expected group contributions. This represents a change in accounting policy from previous years. Comparative information has not been adjusted since the change in policy would not have any material effect on the current tax liabilities/assets recognized in 2020.
- From 2021 "Derivative instruments" are disclosed separately on the statement of financial position. The effect on the previous year is below detailed:

Amounts in NOK/000	2020 audited	2020 restated		2020 audited	2020 restated
Trade and other receivables	39 770	39 765	Trade and other payables	137 453	117 022
Derivative assets	-	5	Derivative liabilities	-	20 431

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 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Changes and details of the accounting policies are included further.

Changes in significant accounting policies

A number of new standards and interpretations are effective from 1 January 2021:

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

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

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



Food Folk Norge Holdings AS
Annual Report 2021

Basis of preparation

Standards issued but not yet effective

The IASB has issued a number of new or amended accounting standards and interpretations, effective for annual periods beginning after 1 January 2022. The approved, though not yet effective, standards and IFRICs will be applied as they become mandatory for the Group.

Standards not / not yet endorsed by the EU

Effective date	New standards or amendments
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) Annual Improvements to IFRS Standards 2018–2020 Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) Reference to the Conceptual Framework (Amendments to IFRS 3)
1 January 2023	Classification of Liabilities as Current or Non-current (Amendments to IAS 1) IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) Definition of Accounting Estimates (Amendments to IAS 8) Deferred Tax related to Assets and Liabilities arising

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

Use of judgements and estimates

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

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

Judgements

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

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

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

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

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

- **Investment incentives**

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

- **Minimum lease term**

The lease term has an impact on the accounting for:

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



Food Folk Norge Holdings AS
Annual Report 2021

Basis of preparation

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 2021:

- **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 the tangible and intangible assets of the unit. Estimates of future cash flows may span many years in the future and will be subject to uncertainty. The key assumptions supporting recoverable amounts mainly comprise discount rate (WACC) and expectations regarding future system-wide sales in restaurants.

- **Provisions**

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

Penneo Dokumentnøkkel: BGA4E-H7V52-5PHY7-OM7OK-2GQ1F-1E185



Development partner
of McDonald's



Food Folk Norge Holdings AS
Annual Report 2021

Significant accounting policies

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

Basis of consolidation

Subsidiaries

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

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

Transactions eliminated on consolidation

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

Business combinations

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

Foreign currency

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

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

Statement of profit or loss

Revenues

Revenue 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 to the premises used as restaurants, such as common costs, marketing contributions, municipality fees and property taxes. As Food Folk does not obtain control of the goods or the right to the services, more than momentarily, in advance of transferring those goods or services to the franchisee, Food Folk acts as an agent rather than as a principal in rendering the services.





Food Folk Norge Holdings AS
Annual Report 2021

Significant accounting policies

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc., made to the Group's employees. Staff costs are net of refunds made by public authorities. Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled fully within 12 months of the reporting date, then they are discounted.

Other operating (expense)/income, net

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

Financial income and expenses

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

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

Share of profit of equity accounted investees, net of tax

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

Tax for the year

Income tax expense comprises current and deferred tax. It is recognised in profit except to the extent that it relates to a business combination or items recognised directly in equity or in OCI. Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Statement of financial position

Property, plant and equipment

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

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

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

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

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

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

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

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



Food Folk Norge Holdings AS
Annual Report 2021

Significant accounting policies

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

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

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

Intangible assets

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

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

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

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

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

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

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

Investments

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

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

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

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

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

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

Impairment of non-financial assets

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

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

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

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

Penneo Dokumentnøkkel: BGA4E-H7V52-5PHY7-OM7OK-2GQ1F-1E185



Food Folk Norge Holdings AS
Annual Report 2021

Significant accounting policies

Inventories

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

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

Receivables

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

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

Derivative financial instruments and hedge accounting

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

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

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

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

For additional details, see note 18.

Prepayments

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

Cash and cash equivalents

Cash comprises cash balances and bank balances.

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

Income tax

Income tax expense comprises current and deferred tax.

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

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

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

Liabilities

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



Food Folk Norge Holdings AS
Annual Report 2021

Significant accounting policies

Provisions

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

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

Deferred income

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

Leases

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

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

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

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

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

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

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

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

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

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

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



Food Folk Norge Holdings AS
Annual Report 2021

Significant accounting policies

Presentation of cash flow statement

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

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

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

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

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

Penneo Dokumentnøkkel: BGA4E-H7V52-5PHY7-OM7OK-2GQ1F-1E185



Food Folk Norge Holdings AS
Annual Report 2021

Notes

1 Revenue

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

NOK'000	Parent company		Group	
	2021	2020	2021	2020
Sale of goods	0	0	806 051	610 931
Sub-franchisee income (fixed)	0	0	90 912	90 879
Sub-franchisee income (variable)	0	0	267 060	208 524
Total revenues by nature	0	0	1 164 023	910 334

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	
	2021	2020	2021	2020
Less than one year	0	0	96 060	89 265
Between one and five years	0	0	477 335	405 760
More than five years	0	0	806 913	569 019
Total leases as lessor	0	0	1 380 308	1 064 044

2 Other external expenses

NOK'000	Parent company		Group	
	2021	2020	2021	2020
Royalties and other fees	0	0	128 883	102 739
Lease expense	0	0	8 126	5 037
Other expenses	271	262	173 255	138 658
Total other external expenses	271	262	310 264	246 434

Fees to auditors

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

NOK'000	Parent company		Group	
	2021	2020	2021	2020
Audit of these financial statements	122	105	596	442
Other assurance services	0	36	47	50
Tax advisory services	51	25	156	68
Other services other than assurance services	0	0	0	69
Total fees	173	166	799	629



Food Folk Norge Holdings AS
Annual Report 2021

Notes

3 Staff cost

NOK'000	Parent company		Group	
	2021	2020	2021	2020
Wages and salaries	0	0	276 721	209 535
Social security costs	0	0	40 144	29 299
Contributions to defined contribution plans	0	0	6 401	4 475
Total staff cost	0	0	323 266	243 309
Average number of full time employees	0	0	583	438

Remuneration of key management personnel

NOK'000	Parent company		Group	
	2021	2020	2021	2020
Wages and salaries	0	0	5 254	3 774
Social security costs	0	0	1 212	583
Contributions to defined contribution plans	0	0	748	341
Total	0	0	7 214	4 698
Average number of key management personnel	0,0	0,0	1,3	1,4

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

The Group has different pension plans:

- Food Folk Norge AS: unsecured pension liabilities related to one former employee - the liabilities are estimated according to fixed amount times statistical lifetime; at year-end 2021 the pension liabilities were estimated to NOK 244 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 1,550 thousand.
- Zero Five AS: mandatory service pension "Obligatorisk Tjeneste Pensjonsforsikring" for the employees through the insurance company DNB AS - company contribution is 2% of salary over 1G.

4 Other operating (expense)/income, net

NOK'000	Parent company		Group	
	2021	2020	2021	2020
Net gain/(loss) on disposal of property, plant and equipment	0	0	630	(914)
Net gain/(loss) from sale of restaurants (see Note 24)	0	0	(5 995)	0
Income from intercompany recharges/mark-up	0	0	12 575	9 533
Other income/(expense)	0	0	13 677	(27)
Total other operating income, net	0	0	20 887	8 592

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



Food Folk Norge Holdings AS
Annual Report 2021

Notes

5 Financial income

NOK'000	Parent company		Group	
	2021	2020	2021	2020
Net foreign exchange gain	3 264	32	4 710	39
Positive change in fair value of derivatives	0	0	16 195	0
Interests on related parties assets	2	113	41	256
Other interest income (see note 15)	0	0	9 764	0
Total finance income	3 266	145	30 710	295

6 Financial expense

NOK'000	Parent company		Group	
	2021	2020	2021	2020
Net foreign exchange loss	0	11 176	7	11 686
Interest on financial liabilities	0	0	16 194	16 438
Negative change in fair value of derivatives	0	0	5	20 159
Interest on lease liabilities (see note 22)	0	0	27 717	27 485
Interests on related parties liabilities	5 566	9 087	6 058	9 439
Unwinding of discounts (see note 16)	0	0	1 396	1 801
Other interest expense	0	190	216	523
Total financial expense	5 566	20 453	51 593	87 531

7 Tax for the year

Recognised in the income statement

NOK'000	Parent company		Group	
	2021	2020	2021	2020
Current year	19 259	0	21 828	25 788
Current tax - Adjustments for prior years	0	(6)	2 597	(6)
Total current tax expense	19 259	(6)	24 425	25 782
Origination and reversal of temporary differences	(19 824)	(4 531)	21 644	(6 326)
Deferred tax - Adjustments for prior years	0	0	(226)	0
Total deferred tax expense	(19 824)	(4 531)	21 418	(6 326)
Total tax expense	(565)	(4 537)	45 843	19 456

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

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



Food Folk Norge Holdings AS
Annual Report 2021

Notes

Reconciliation of effective tax rate

NOK'000	Parent company		Group	
	2021	2020	2021	2020
Profit or loss before tax	168 760	43 684	215 121	67 677
Tax using the corporation tax rate	37 127	9 610	47 327	14 889
Non-deductible expenses	0	42	104	4 620
Tax exempt revenues	(37 692)	(14 183)	(3 563)	(47)
Current year losses for which no deferred tax asset	0	0	10	0
Other	0	0	(406)	0
Under / (over) provided in prior years	0	(6)	2 371	(6)
Total tax expense	(565)	(4 537)	45 843	19 456

8 Property, plant and equipment

NOK'000	Land and buildings	Leasehold improvements	Right-of-use asset (see note 22)	Fixtures, fittings and equipment	Under construction	Total
Cost						
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
Balance at 1 January 2021	866 895	75 586	700 407	108 705	19 687	1 771 280
Acquisitions through business combinations (see Note 24)	5 000	0	0	347	0	5 347
Other acquisitions	35 572	34 689	53 974	36 360	11 439	172 034
Transfer	7 867	4 473	0	5 808	(18 148)	0
Disposals/Other movements	(1 062)	(3 222)	(17 831)	(15 243)	197	(37 161)
Balance at 31 December 2021	914 272	111 526	736 550	135 977	13 175	1 911 500
Depreciation and impairment						
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 / other movements	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
Balance at 1 January 2021	58 483	26 326	87 441	35 960	0	208 210
Depreciation charge for the year	21 042	6 599	45 702	17 011	0	90 354
Impairment losses / (reversal)	0	(2 768)	(1 057)	(1 575)	0	(5 400)
Transfer	(163)	163	0	0	0	0
Disposals / other movements	0	(652)	(2 415)	(5 390)	0	(8 457)
Balance at 31 December 2021	79 362	29 668	129 671	46 006	0	284 707
Net book value						
At 31 December 2020	808 413	49 260	612 966	72 746	19 687	1 563 072
At 31 December 2021	834 910	81 858	606 879	89 971	13 175	1 626 793

Impairment loss and subsequent reversal

In 2021, the Group has identified that there are impairment indicators related to a number of CGUs (restaurants). Management has estimated the recoverable amount of the restaurants with impairment triggers based on its value in use. Based on the calculated value in use of restaurants the Group has recognised a net impairment reversal on Tangible assets of NOK 5,400 thousand. The estimate of value in use was calculated using a pre-tax discount rate of 12.5%.



Food Folk Norge Holdings AS
Annual Report 2021

Notes

Security

At 31 December 2021 assets disclosed as land and buildings with a carrying value of NOK 743.1 million (2020: NOK 724.8 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 451.5 million (2020: NOK 410.8 million).

9 Intangible assets

NOK'000	Goodwill	Contractual rights	Other	Total
Cost				
Balance at 1 January 2020	4 386	5 988	8 144	18 518
Acquisitions through business combinations	2 154	5 480	0	7 634
Other acquisitions – externally purchased	0	0	1 338	1 338
Transfers	0	0	0	0
Disposals	0	0	0	0
Balance at 31 December 2020	6 540	11 468	9 482	27 490
Balance at 1 January 2021	6 540	11 468	9 482	27 490
Acquisitions through business combinations	7 453	0	0	7 453
Other acquisitions – externally purchased	0	0	1 115	1 115
Transfers	0	0	0	0
Disposals	(7 453)	0	(862)	(8 315)
Balance at 31 December 2021	6 540	11 468	9 735	27 743
Amortisation and impairment				
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
Disposals	0	0	0	0
Balance at 31 December 2020	4 386	3 044	4 421	11 851
Balance at 1 January 2021	4 386	3 044	4 421	11 851
Amortisation for the year	0	2 296	2 207	4 503
Impairment losses/(reversal)	0	0	0	0
Disposals	0	0	(862)	(862)
Balance at 31 December 2021	4 386	5 340	5 766	15 492
Net book value				
At 31 December 2020	2 154	8 424	5 061	15 639
At 31 December 2021	2 154	6 128	3 969	12 251

Impairment loss and subsequent reversal

In 2021, 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, no changes to the impairment losses recorded in previous years have been deemed necessary. The estimate of value in use was calculated using a pre-tax discount rate of 12.5%.



Food Folk Norge Holdings AS
Annual Report 2021

Notes

10 Investments

Parent company

NOK'000		Profit after tax	Elimination	Other comprehensive income	Total comprehensive income	Investment in subsidiaries
Subsidiaries	2021	171 331		0	171 331	512 197
Subsidiaries	2020	77 459	(13 205)	0	64 254	340 867
		Domicile	Shares'000 (100 %)	Share Capital	Equity	Net result
Food Folk Norge AS		Norway	170	1 022	508 924	171 545
Zero Five AS *		Norway	100	100	69 646	22 989
Stokkevanneien Eiendom AS *		Norway	3	3 000	3 109	(48)

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

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

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

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

Group

NOK'000	Domicile	Interest %	Carrying value 2021	Carrying value 2020
Koop SA	Norway	6.67%	0	0
Nordic Diensten Ekonomisk Förening	Sweden	3.9%	11	12
Total			11	12

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

11 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

Parent company

NOK'000	Assets		Liabilities	
	2021	2020	2021	2020
Non deductible interest expense carried forward	0	(5 167)	0	0
Tax value of loss carry-forwards	0	(2 563)	0	0
Tax effects of group contribution	(27 555)	0	0	0
Tax (assets) / liabilities	(27 555)	(7 730)	0	0
Net of tax liabilities/(assets)	0	0	0	0
Net tax (assets) / liabilities	(27 555)	(7 730)	0	0





Food Folk Norge Holdings AS
Annual Report 2021

Notes

Group

NOK'000	Assets		Liabilities	
	2021	2020	2021	2020
Property, plant and equipment	0	0	72 182	73 268
Intangible assets	0	0	923	984
Trade and other receivables	0	0	4	10
Financial assets	0	0	305	712
Provisions	(10 777)	(11 807)	0	0
Tax value of loss carry-forwards	0	(2 563)	0	0
Tax effects of group contribution	(27 555)	0	41 305	0
Other	(41)	(509)	0	0
Tax (assets) / liabilities	(38 373)	(20 046)	114 719	74 974
Net of tax liabilities/(assets)	10 818	12 316	(10 818)	(12 316)
Net tax (assets) / liabilities	(27 555)	(7 730)	103 901	62 658

Movement in net deferred tax during the year

NOK'000	Parent company		Group	
	2021	2020	2021	2020
Opening balance	(7 730)	(6 501)	54 928	57 952
Effect of tax on Group contribution received	0	3 302	0	3 302
Recognised in profit or loss	(19 825)	(4 531)	21 418	(6 326)
Closing balance	(27 555)	(7 730)	76 346	54 928
Total movement	(19 825)	(1 229)	21 418	(3 024)

12 Trade and other receivables

NOK'000	Parent company		Group	
	2021	2020	2021	2020
Trade receivables	0	0	33 002	31 709
Deposits	0	0	24	0
Prepayments	0	0	1 336	2 384
VAT & Duties	10	9	10	9
Other receivables	0	0	5 409	5 663
Total trade and other receivables	10	9	39 781	39 765

Changes in trade and other receivables (Group)

NOK '000	Opening balance for period	Cash flows	Non-cash transactions	Closing balance for period
2020	<u>37 712</u>	<u>8 151</u>	<u>(6 098)</u>	<u>39 765</u>
2021	<u>39 765</u>	<u>2 467</u>	<u>(2 451)</u>	<u>39 781</u>



Food Folk Norge Holdings AS
Annual Report 2021

Notes

13 Cash and cash equivalents

NOK'000	Parent company		Group	
	2021	2020	2021	2020
Cash and cash equivalents	<u>0</u>	<u>0</u>	<u>11 032</u>	<u>13 002</u>
Total cash and cash equivalents	<u>0</u>	<u>0</u>	<u>11 032</u>	<u>13 002</u>
Restricted cash	<u>0</u>	<u>0</u>	<u>8 974</u>	<u>5 678</u>
Total restricted cash	<u>0</u>	<u>0</u>	<u>8 974</u>	<u>5 678</u>

14 Share capital

Parent company and Group NOK'000	Ordinary shares	
	2021	2020
In thousands of shares	<u>30</u>	<u>30</u>
On issue at 20 October 2016	30	30
Issued for cash	<u>15 680</u>	<u>15 680</u>
On issue at 31 December - fully paid	<u>15 710</u>	<u>15 710</u>
Parent company and Group NOK'000	Ordinary shares	
	2021	2020
Allotted, called up and fully paid		
Ordinary shares of NOK 532,660 each	<u>15 710</u>	<u>15 710</u>
Total	<u>15 710</u>	<u>15 710</u>
Shares classified as liabilities	<u>0</u>	<u>0</u>
Shares classified in shareholders' funds	<u>15 710</u>	<u>15 710</u>
Total	<u>15 710</u>	<u>15 710</u>

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

Dividends

The Parent did not pay any dividend during the period.

After the balance sheet date Group contributions of NOK 62,500 thousand were proposed by the directors.

Penneo Dokumentnøkkel: BGA4E-HTV52-5PHY7-OM7OK-2GQ1F-1E185



Food Folk Norge Holdings AS
Annual Report 2021

Notes

15 Loans and borrowings

Group	Parent company		Group	
	2021	2020	2021	2020
NOK'000				
Non-current loans and borrowings				
Secured bank loans	0	0	397 381	366 565
Shareholder Loan	66 668	69 882	66 668	69 882
Lease liabilities (see Note 22)	0	0	600 553	600 340
Total non-current loans and borrowings	66 668	69 882	1 064 602	1 036 787
Current loans and borrowings				
Secured bank loans	0	0	231	3 663
Lease liabilities (see Note 22)	0	0	29 697	26 695
Total current loans and borrowings	0	0	29 928	30 358

Shareholder 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.

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

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
				2021	2021
NOK'000					
Realkredit Danmark - Facility B1 - NOK	NOK	Variable	2037	282 460	271 725
Realkredit Danmark - Facility B2 - NOK	NOK	Variable	2037	91 000	89 180
Realkredit Danmark - Facility B3 - NOK	NOK	Variable	2037	37 000	36 707
Shareholder loan - EUR	EUR	8%	2042	66 668	66 668
Total				477 128	464 280
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
				2020	2020
NOK'000					
Realkredit Danmark - Facility B1 - NOK	NOK	Variable	2037	282 460	281 143
Realkredit Danmark - Facility B2 - NOK	NOK	Variable	2037	91 000	89 085
Shareholder loan - EUR	EUR	8%	2042	69 882	69 882
Total				443 342	440 110

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

On 9 March 2021, a Capex Facility withdrawal has been granted to the Group for NOK 30,595 thousand at a variable rate until 15 December 2021, when it has been converted into a B3 Facility for an amount of NOK 37,000 thousand at a variable rate expiring on March 2037. Transaction fees recognized against the value of the B3 Facility totaled NOK 292 thousand.



Food Folk Norge Holdings AS
Annual Report 2021

Notes

16 Provisions

Group

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

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

17 Trade and other payables

NOK'000	Parent company		Group	
	2021	2020	2021	2020
Trade payables	0	0	30 255	24 210
Interest payable	0	0	39	0
VAT & duties	0	0	18 344	13 714
Payroll related	0	0	50 686	42 059
Other payables and accrued expenses	97	52	59 852	37 039
Total trade and other payables	97	52	159 176	117 022

18 Financial instruments

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

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

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

18 (a) Fair values of financial instruments

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



Food Folk Norge Holdings AS
Annual Report 2021

Notes

NOK'000	Parent company		Group	
	2021	2020	2021	2020
Cash and cash equivalents	0	0	11 032	13 002
Restricted cash	0	0	8 974	5 678
Receivables from related parties	3 441	10 591	153 571	52 215
Trade and other receivables	10	9	39 781	39 765
Total financial assets at amortised cost	3 451	10 600	213 358	110 660
Financial assets designated as fair value through profit or loss	0	0	0	5
Total financial assets	3 451	10 600	213 358	110 665
Loans and borrowings	66 668	69 882	1 094 530	1 067 145
Trade and other payables	97	52	159 176	117 022
Payables to related parties	0	1 409	4 471	68 916
Provisions	0	0	42 615	53 667
Total financial liabilities at amortised cost	66 765	71 343	1 300 792	1 306 750
Financial liabilities designated as fair value through profit or loss	0	0	4 236	20 431
Total financial liabilities	66 765	71 343	1 305 028	1 327 181
Total net financial instruments	(63 314)	(60 743)	(1 091 670)	(1 216 516)

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

Fair value hierarchy

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

Effect of change of inputs used in fair value measurement

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

18 (b) Credit risk

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

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

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



Food Folk Norge Holdings AS
Annual Report 2021

Notes

The Group also has a limited credit risk arising from trade receivables, which represent outstanding fees receivable. The risk is limited due to short payment terms and limited receivables being past due. The Group has not realised any credit losses in 2021.

Credit quality of financial assets and impairment losses (Group)

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

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

18 (c) Liquidity risk

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

NOK'000	Carrying amount	Contractual cash flows	1 year or less	1 to < 2 years	2 to 5 years	over 5 years
31 December 2021						
Non-derivative financial liabilities						
Shareholder Loan	66 668	178 661	5 333	5 333	15 999	151 996
Payables to related parties	0	0	0	0	0	0
Trade and other payables	97	97	97	0	0	0
Derivative financial liabilities						
Interest rate swaps	0	0	0	0	0	0
Total	66 765	178 758	5 430	5 333	15 999	151 996
31 December 2020						
Non-derivative financial liabilities						
Shareholder Loan	69 882	192 883	5 591	5 591	16 772	164 929
Payables to related parties	1 409	1 409	1 409	0	0	0
Trade and other payables	52	52	52	0	0	0
Derivative financial liabilities						
Interest rate swaps	0	0	0	0	0	0
Total	71 343	194 344	7 052	5 591	16 772	164 929

Penneo Dokumentnøkkel: BGA4E-H7V52-5PHY7-OM7OK-2GQ1F-1E185



Food Folk Norge Holdings AS
Annual Report 2021

Notes

Group

NOK'000	Carrying amount	Contractual cash flows	1 year or less	1 to < 2 years	2 to 5 years	over 5 years
31 December 2021						
Non-derivative financial liabilities						
Secured bank loans	397 612	539 450	15 697	19 709	111 672	392 372
Lease liabilities	630 250	954 835	61 983	63 203	175 339	654 310
Shareholder Loan	66 668	178 661	5 333	5 333	15 999	151 996
Payables to related parties	4 471	4 471	4 471	0	0	0
Trade and other payables	159 176	159 176	159 176	0	0	0
Derivative financial liabilities						
Interest rate swaps	4 236	4 236	4 236	0	0	0
Total	1 262 413	1 840 829	250 896	88 245	303 010	1 198 678
31 December 2020						
Non-derivative financial liabilities						
Secured bank loans	370 228	504 288	18 276	31 179	128 749	326 084
Lease liabilities	627 035	903 088	61 148	60 974	168 831	612 135
Shareholder Loan	69 882	192 883	5 591	5 591	16 772	164 929
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	1 273 514	1 806 628	291 384	97 744	314 352	1 103 148

18 (d) Market risk

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

Market risk – Energy price risk

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

Market risk - Foreign currency risk

The Group's and Company's operations have exposure to foreign currency risk at year end due to that the carrying amount of financial instruments in foreign currencies amounts to NOK 107,187 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 1,115 thousand, dependent on the EUR/NOK movement.

Market risk - Interest rate risk

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

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

Pernco Dokumentnøkkel: BGA4E-H7V52-5PHY7-OM7OK-2GQ1F-1E185



Food Folk Norge Holdings AS
Annual Report 2021

Notes

NOK'000	2021	2020
Fixed rate instruments		
Financial assets	0	5
Financial liabilities	<u>(70 904)</u>	<u>(90 313)</u>
Total fixed rate instruments	<u>(70 904)</u>	<u>(90 308)</u>
Variable rate instruments		
Financial assets	20 006	69 532
Financial liabilities	<u>(397 612)</u>	<u>(434 078)</u>
Total variable rate instruments	<u>(377 606)</u>	<u>(364 546)</u>

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

Sensitivity analysis

A change of 100 basis points in interest over the year would have increased/decreased the result for the year by NOK 3,776 thousand (2020: NOK 3,645 thousand). The analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of all financial instruments with variable interest rates.

18 (e) Capital management

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

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

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

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

19 Commitments

Capital commitments

During the year ended 31 December 2021, the Group entered into contracts to purchase property, plant and equipment for NOK 132 thousand (2020: NOK 21,953 thousand).

Off-balance sheet arrangements

The Group has no other guarantees at 31 December 2021.

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 248 million as of 31 December 2021.



Food Folk Norge Holdings AS
Annual Report 2021

Notes

21 Related parties

Parent and ultimate controlling party

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

Key management personnel compensation

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

Group related party transactions

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

Parent company

	<i>Dividends / Group Contribution received 2021</i>	<i>Sale of services 2021</i>	<i>Purchase of services 2021</i>	<i>Interest income 2021</i>	<i>Interest expenses 2021</i>
NOK'000					
Food Folk Group Holdings AS	0	0	0	2	(5 566)
Food Folk Denmark AS	0	0	(70)	0	0
Total	0	0	(70)	2	(5 566)

	<i>Loans receivable/ (payable) outstanding 2021</i>	<i>Receivables outstanding 2021</i>	<i>Payables outstanding 2021</i>	<i>Cash-pooling receivable balances 2021</i>	<i>Cash-pooling payable balances 2021</i>
NOK'000					
Food Folk Group Holdings AS	(66 668)	0	0	3 441	0
Total	(66 668)	0	0	3 441	0

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

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

Pentneo Dokumentnøkkel: BGA4E-HTV52-5PHY7-OM7OK-2GQ1F-1E185



Food Folk Norge Holdings AS
Annual Report 2021

Notes

Group

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

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

NOK'000	<i>Distributions of investment cost</i>	<i>Sale of services</i>	<i>Royalties</i>	<i>Purchase of services</i>	<i>Interest income</i>	<i>Interest expenses</i>
	2020	2020	2020	2020	2020	2020
Food Folk Group Holdings AS	(1 580)	784	0	(11 814)	256	(9 439)
Food Folk Denmark AS	0	2 219	0	(8 150)	0	0
Food Folk Suomi Oy	0	1 590	0	(1 372)	0	0
Food Folk Sverige AB	0	4 940	0	(14 157)	0	0
Total	(1 580)	9 533	0	(35 493)	256	(9 439)

NOK'000	<i>Dividends / Group Contribution received</i>	<i>Loans receivable/ (payable) outstanding</i>	<i>Receivables outstanding</i>	<i>Payables outstanding</i>	<i>Cash-pooling receivable balances</i>	<i>Cash-pooling payable balances</i>
	2020	2020	2020	2020	2020	2020
Food Folk Group Holdings AS	0	(69 882)	103	(2 224)	50 852	(63 850)
Food Folk Denmark AS	0	0	320	(622)	0	0
Food Folk Suomi Oy	0	0	229	(155)	0	0
Food Folk Sverige AB	0	0	711	(2 065)	0	0
Total	0	(69 882)	1 363	(5 066)	50 852	(63 850)

22 Leases

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

i. Amounts recognised in Income Statement

NOK'000	2021	2020
- Depreciation charges (including impairment loss/reversal)	44 645	46 056
- Interest on lease liabilities	27 717	27 485
- variable lease payments not included in the measurement of lease liabilities (including COVID-19 rent concessions)	7 753	4 860
- expenses relating to other short-term leases	17	11
- expenses relating to leases of low-value assets	358	178
- other expenses	(2)	(12)

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



Food Folk Norge Holdings AS
Annual Report 2021

Notes

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

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

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

ii. Amounts recognised in Statement of financial position

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

iii. Amounts recognised in Statement of cash flows

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

iv. Extension Options

Most of the restaurants lease contract contain extension options exercisable only by the 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 2021 into lease agreements with few landlords not yet commenced, but committing to pay rent from the subsequent year.

The estimated amount of lease liability for the lease period has been assessed around NOK 37.1 million.

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 31 thousand (2020: NOK 616 thousand).



Food Folk Norge Holdings AS
Annual Report 2021

Notes

23 Changes in liabilities from financing activities

Group

NOK'000	Shareholder Loan	Secured bank loans	Lease liabilities	TOTAL
Balance at 1 January 2020	113 180	369 994	624 115	1 107 289
Proceeds from loans and borrowings	0	0	0	0
Transaction costs related to loans and borrowings	0	0	0	0
Repayment of loans and borrowings	(53 461)	0	0	(53 461)
Payment of lease liabilities (principal portion)	0	0	(33 104)	(33 104)
Total changes from financing cash flows	(53 461)	0	(33 104)	(86 565)
The effect of changes in foreign exchange rates	10 163	0	0	10 163
New leases and other changes	0	0	36 199	36 199
Capitalized borrowing costs	0	234	0	234
Interest expense	0	14 063	27 485	41 548
Payment of lease liabilities (interest portion)	0	0	(27 660)	(27 660)
Interest paid	0	(14 063)	0	(14 063)
Total liability related other changes	0	234	36 024	36 258
Balance at 31 December 2020	69 882	370 228	627 035	1 067 145
Balance at 1 January 2021	69 882	370 228	627 035	1 067 145
Proceeds from loans and borrowings	0	67 595	0	67 595
Transaction costs related to loans and borrowings	0	(292)	0	(292)
Repayment of loans and borrowings	0	(30 595)	0	(30 595)
Payment of lease liabilities (principal portion)	0	0	(34 780)	(34 780)
Total changes from financing cash flows	0	36 708	(34 780)	1 928
The effect of changes in foreign exchange rates	(3 214)	0	0	(3 214)
New leases and other changes	0	0	37 497	37 497
Capitalized borrowing costs	0	(9 324)	0	(9 324)
Interest expense	0	14 386	27 717	42 103
Payment of lease liabilities (interest portion)	0	0	(27 219)	(27 219)
Interest paid	0	(14 386)	0	(14 386)
Total liability related other changes	0	(9 324)	37 995	28 671
Balance at 31 December 2021	66 668	397 612	630 250	1 094 530

24 Business combinations

a) Acquisition of a restaurant

NOK'000	2021	2020
Acquirees net assets at the acquisition date:		
Land and buildings	0	0
Fixtures, fittings and equipment	347	167
Contractual rights	0	5 479
Total identifiable net assets acquired	347	5 646
Consideration paid:		
Cash	7 800	7 800
Total consideration	7 800	7 800
Goodwill	7 453	2 154





Food Folk Norge Holdings AS
Annual Report 2021

Notes

In September 2021, the Group has acquired one restaurant from a Franchisee and remodeled it with an investment approximately around NOK 8.7 million. The acquired restaurants contributed a net profit of NOK 0.1 million to the net profit for the year. In November 2021, the restaurant was sold to another franchisee. The difference between the selling price and the net book value of the transferred assets (including goodwill for NOK 7.5 million) has been recognized in the income statement for a negative net amount of NOK 6 million (see Note 4).

If the acquisitions had occurred on the first day of the accounting period, the Group revenues would have increased by NOK 14.6 million and net profit would have been higher by NOK 0.4 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.

Measurement of fair values

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

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

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

Acquisition related costs

No acquisition related costs were incurred by the Group.

b) Acquisition of a subsidiary

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

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

25 Subsequent events

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

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



PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

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

Anders Torbjörn Hägg

Styremedlem

Serial number: 19690124xxxx

IP: 74.108.xxx.xxx

2022-04-11 13:00:16 UTC



Nils Erik Martin Jansson

Daglig leder

Serial number: 9578-5999-4-3818862

IP: 213.236.xxx.xxx

2022-04-11 15:46:22 UTC



Nils Erik Martin Jansson

Styreleder

Serial number: 9578-5999-4-3818862

IP: 213.236.xxx.xxx

2022-04-11 15:46:22 UTC



Penneo document key: BGA4E-H7V52-SPHY7-OM7OK-2GQ1F-1E8S

This document is digitally signed using Penneo.com. The digital signature data within the document is secured and validated by the computed hash value of the original document. The document is locked and timestamped with a certificate from a trusted third party. All cryptographic evidence is embedded within this PDF, for future validation if necessary.

How to verify the originality of this document

This document is protected by an Adobe CDS certificate. When you open the

document in Adobe Reader, you should see, that the document is certified by **Penneo e-signature service <penneo@penneo.com>**. This guarantees that the contents of the document have not been changed.

You can verify the cryptographic evidence within this document using the Penneo validator, which can be found at **<https://penneo.com/validate>**