



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

| | |
|----------------------|-----------------------------|
| Organisasjonsnummer: | 817 906 222 |
| Organisasjonsform: | Aksjeselskap |
| Foretaksnavn: | FOOD FOLK GROUP HOLDINGS AS |
| Forretningsadresse: | Storgata 15 0155 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: | Vivek Gopaldas Ahjua |
| Dato for fastsettelse av årsregnskapet: | 28.04.2022 |

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, 08.06.2023



Resultatregnskap

| Beløp i: EUR | Note | 2021 | 2020 |
|--|------|-------------------|-------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Annen driftsinntekt | 4 | 5 086 000 | 6 402 000 |
| Sum inntekter | | 5 086 000 | 6 402 000 |
| Kostnader | | | |
| Lønnskostnad | 3 | 284 000 | 226 000 |
| Annen driftskostnad | 2 | 5 632 000 | 7 060 000 |
| Sum kostnader | | 5 916 000 | 7 286 000 |
| Driftsresultat | | -830 000 | -884 000 |
| Finansinntekter og finanskostnader | | | |
| Inntekt på investering i datterselskap og tilknyttet selskap | 10 | 64 177 000 | 28 560 000 |
| Annen finansinntekt | 5 | 4 722 000 | 6 990 000 |
| Sum finansinntekter | | 68 899 000 | 35 550 000 |
| Annen finanskostnad | 6 | 5 806 000 | 7 814 000 |
| Sum finanskostnader | | 5 806 000 | 7 814 000 |
| Netto finans | | 63 093 000 | 27 736 000 |
| Ordinært resultat før skattekostnad | | 62 263 000 | 26 852 000 |
| Skattekostnad på ordinært resultat | 7 | -197 000 | 1 418 000 |
| Ordinært resultat etter skattekostnad | | 62 460 000 | 25 434 000 |
| Årsresultat | | 62 460 000 | 25 434 000 |
| Overføringer og disponeringer | | | |
| Overføring til/fra fond | | 64 578 000 | 29 942 000 |
| Overføringer til/fra annen egenkapital | | -2 118 000 | -4 508 000 |
| Sum overføringer og disponeringer | | 62 460 000 | 25 434 000 |



Balanse

| Beløp i: EUR | Note | 2021 | 2020 |
|--|------|--------------------|--------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Utsatt skattefordel | 11 | 1 768 000 | 1 190 000 |
| Sum immaterielle eiendeler | | 1 768 000 | 1 190 000 |
| Finansielle anleggsmidler | | | |
| Investering i datterselskap | 10 | 266 297 000 | 201 719 000 |
| Lån til foretak i samme konsern | 22 | 31 221 000 | 73 311 000 |
| Sum finansielle anleggsmidler | | 297 518 000 | 275 030 000 |
| Sum anleggsmidler | | 299 286 000 | 276 220 000 |
| Omløpsmidler | | | |
| Varer | | | |
| Fordringer | | | |
| Kundefordringer | 12 | 57 000 | 1 284 000 |
| Konsernfordringer | 22 | 15 988 000 | 30 045 000 |
| Sum fordringer | | 16 045 000 | 31 329 000 |
| Bankinnskudd, kontanter og lignende | | | |
| Bankinnskudd - ikke frie midler | 13 | 9 620 000 | 8 504 000 |
| Bankinnskudd - frie midler | 13 | 41 956 000 | 46 132 000 |
| Sum bankinnskudd, kontanter og lignende | | 51 576 000 | 54 636 000 |
| Sum omløpsmidler | | 67 621 000 | 85 965 000 |
| SUM EIENDELER | | 366 907 000 | 362 185 000 |
| BALANSE - EGENKAPITAL OG GJELD | | | |
| Egenkapital | | | |
| Innskutt egenkapital | | | |
| Selskapskapital | 15 | 14 479 000 | 14 479 000 |



Balanse

| Beløp i: EUR | Note | 2021 | 2020 |
|-----------------------------------|-------------|--------------------|--------------------|
| Overkurs | 15 | 43 427 000 | 43 427 000 |
| Sum innskutt egenkapital | | 57 906 000 | 57 906 000 |
| Opptjent egenkapital | | | |
| Funds for unrealized gains | | 210 004 000 | 145 426 000 |
| Annen egenkapital | | -1 367 000 | 351 000 |
| Sum opptjent egenkapital | | 208 637 000 | 145 777 000 |
| Sum egenkapital | | 266 543 000 | 203 683 000 |
| Gjeld | | | |
| Langsiktig gjeld | | | |
| Annen langsiktig gjeld | | | |
| Langsiktig konserngjeld | 16 | 48 342 000 | 85 038 000 |
| Sum annen langsiktig gjeld | | 48 342 000 | 85 038 000 |
| Sum langsiktig gjeld | | 48 342 000 | 85 038 000 |
| Kortsiktig gjeld | | | |
| Leverandørgjeld | 18 | 334 000 | 489 000 |
| Betalbar skatt | | 314 000 | |
| Kortsiktig konserngjeld | 18 | 51 374 000 | 72 975 000 |
| Sum kortsiktig gjeld | | 52 022 000 | 73 464 000 |
| Sum gjeld | | 100 364 000 | 158 502 000 |
| SUM EGENKAPITAL OG GJELD | | 366 907 000 | 362 185 000 |



Konsernets resultatregnskap

| Beløp i: EUR | Note | 2021 | 2020 |
|--|------|--------------------|--------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Salgsinntekt | 1 | 374 112 000 | 311 522 000 |
| Annen driftsinntekt | 4 | 5 570 000 | -236 000 |
| Sum inntekter | | 379 682 000 | 311 286 000 |
| Kostnader | | | |
| Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer | | 38 852 000 | 31 403 000 |
| Lønnskostnad | 3 | 82 062 000 | 65 592 000 |
| Avskrivning på varige driftsmidler og immaterielle eiendeler | 8,9 | 47 342 000 | 49 584 000 |
| Annen driftskostnad | 2 | 114 593 000 | 97 093 000 |
| Sum kostnader | | 282 849 000 | 243 672 000 |
| Driftsresultat | | 96 833 000 | 67 614 000 |
| Finansinntekter og finanskostnader | | | |
| Inntekt på investering i datterselskap og tilknyttet selskap | | -1 000 | |
| Annen finansinntekt | 5 | 11 340 000 | 2 335 000 |
| Sum finansinntekter | | 11 339 000 | 2 335 000 |
| Annen finanskostnad | 6 | 27 977 000 | 33 016 000 |
| Sum finanskostnader | | 27 977 000 | 33 016 000 |
| Netto finans | | -16 638 000 | -30 681 000 |
| Ordinært resultat før skattekostnad | | 80 195 000 | 36 933 000 |
| Skattekostnad på ordinært resultat | 7 | 17 735 000 | 11 499 000 |
| Ordinært resultat etter skattekostnad | | 62 460 000 | 25 434 000 |
| Årsresultat | | 62 460 000 | 25 434 000 |
| Overføringer og disponeringer | | | |
| Overføring til/fra fond | | 62 460 000 | 25 434 000 |
| Sum overføringer og disponeringer | | 62 460 000 | 25 434 000 |



Konsernets balanse

| Beløp i: EUR | Note | 2021 | 2020 |
|---|-------|--------------------|--------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter | 11 | 70 036 000 | 74 650 000 |
| Utsatt skattefordel | 11 | 4 526 000 | 2 055 000 |
| Goodwill | | 5 314 000 | 1 505 000 |
| Sum immaterielle eiendeler | | 79 876 000 | 78 210 000 |
| Varige driftsmidler | | | |
| Tomter, bygninger og annen fast eiendom | 8 | 797 984 000 | 788 155 000 |
| Driftsløsøre, inventar, verktøy, kontormaskiner og lignende | 8 | 19 285 000 | 16 626 000 |
| Sum varige driftsmidler | | 817 269 000 | 804 781 000 |
| Finansielle anleggsmidler | | | |
| Investering i datterselskap | 10 | 30 000 | 31 000 |
| Sum finansielle anleggsmidler | | 30 000 | 31 000 |
| Sum anleggsmidler | | 897 175 000 | 883 022 000 |
| Omløpsmidler | | | |
| Varer | | | |
| Varer | | 1 747 000 | 1 296 000 |
| Sum varer | | 1 747 000 | 1 296 000 |
| Fordringer | | | |
| Kundefordringer | 12 | 40 801 000 | 30 875 000 |
| Andre fordringer | 19,14 | 2 920 000 | 2 420 000 |
| Konsernfordringer | 22 | 0 | 13 000 |
| Sum fordringer | | 43 721 000 | 33 308 000 |
| Bankinnskudd, kontanter og lignende | | | |
| Bankinnskudd - ikke frie midler | 13 | 10 530 000 | 9 816 000 |
| Bankinnskudd - frie midler | 13 | 43 947 000 | 48 001 000 |
| Sum bankinnskudd, kontanter og lignende | | 54 477 000 | 57 817 000 |



Konsernets balanse

| Beløp i: EUR | Note | 2021 | 2020 |
|--|------|--------------------|--------------------|
| Sum omløpsmidler | | 99 945 000 | 92 421 000 |
| SUM EIENDELER | | 997 120 000 | 975 443 000 |
| BALANSE - EGENKAPITAL OG GJELD | | | |
| Egenkapital | | | |
| Innskutt egenkapital | | | |
| Selskapskapital | 15 | 14 479 000 | 14 479 000 |
| Overkurs | 15 | 43 427 000 | 43 427 000 |
| Annen innskutt egenkapital | 15 | -4 985 000 | -5 385 000 |
| Sum innskutt egenkapital | | 52 921 000 | 52 521 000 |
| Opptjent egenkapital | | | |
| Annen egenkapital | 15 | 213 622 000 | 151 162 000 |
| Sum opptjent egenkapital | | 213 622 000 | 151 162 000 |
| Sum egenkapital | | 266 543 000 | 203 683 000 |
| Gjeld | | | |
| Langsiktig gjeld | | | |
| Utsatt skatt | 11 | 66 430 000 | 64 459 000 |
| Sum avsetninger for forpliktelser | | 66 430 000 | 64 459 000 |
| Annen langsiktig gjeld | | | |
| Gjeld til kredittinstitusjoner | 15 | 220 194 000 | 226 304 000 |
| Langsiktig konserngjeld | 15 | 48 342 000 | 85 038 000 |
| IFRS 16 - Lease liabilities | 15 | 274 738 000 | 291 872 000 |
| Other payables | 18 | 2 815 000 | |
| Provisions | 17 | 15 276 000 | 13 679 000 |
| Sum annen langsiktig gjeld | | 561 365 000 | 616 893 000 |
| Sum langsiktig gjeld | | 627 795 000 | 681 352 000 |
| Kortsiktig gjeld | | | |
| Secured loans - bank | 16 | 18 711 000 | 12 001 000 |
| Leverandørgjeld | 18 | 58 982 000 | 48 498 000 |
| Betalbar skatt | | 4 558 000 | 5 474 000 |



Konsernets balanse

| Beløp i: EUR | Note | 2021 | 2020 |
|---------------------------------|-------------|--------------------|--------------------|
| Kortsiktig konserngjeld | 22 | 4 118 000 | 2 754 000 |
| IFRS 16 - lease liabilities | 15 | 13 811 000 | 13 121 000 |
| Derivative liabilities | 19 | 2 135 000 | 7 975 000 |
| Provisions | 17 | 467 000 | 585 000 |
| Sum kortsiktig gjeld | | 102 782 000 | 90 408 000 |
| | | | |
| Sum gjeld | | 730 577 000 | 771 760 000 |
| | | | |
| SUM EGENKAPITAL OG GJELD | | 997 120 000 | 975 443 000 |



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 707722

Enheten

Organisasjonsnummer: 817 906 222
Organisasjonsform: Aksjeselskap
Foretaksnavn: FOOD FOLK GROUP HOLDINGS AS
Forretningsadresse: Storgata 15
0155 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap 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: Vivek Gopaldas Ahjua
Dato for fastsettelse av årsregnskapet: 28.04.2022

Grunnlag for avgivelse

År 2021: Årsregnskap 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, 26.07.2022



Organisasjonsnr: 817 906 222
FOOD FOLK GROUP HOLDINGS AS

RESULTATREGNSKAP

| Beløp i: EUR | Note | 2021 | 2020 |
|--|-------------|-------------------|-------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Annen driftsinntekt | 4 | 5 086 000 | 6 402 000 |
| Sum inntekter | | 5 086 000 | 6 402 000 |
| Kostnader | | | |
| Lønnskostnad | 3 | 284 000 | 226 000 |
| Annen driftskostnad | 2 | 5 632 000 | 7 060 000 |
| Sum kostnader | | 5 916 000 | 7 286 000 |
| Driftsresultat | | -830 000 | -884 000 |
| Finansinntekter og finanskostnader | | | |
| Inntekt på investering i datterselskap og tilknyttet selskap | | | |
| | 10 | 64 177 000 | 28 560 000 |
| Annen finansinntekt | 5 | 4 722 000 | 6 990 000 |
| Sum finansinntekter | | 68 899 000 | 35 550 000 |
| Annen finanskostnad | 6 | 5 806 000 | 7 814 000 |
| Sum finanskostnader | | 5 806 000 | 7 814 000 |
| Netto finans | | 63 093 000 | 27 736 000 |
| Ordinært resultat før skattekostnad | | | |
| Skattekostnad på ordinært resultat | 7 | -197 000 | 1 418 000 |
| Ordinært resultat etter skattekostnad | | 62 460 000 | 25 434 000 |
| Årsresultat | | 62 460 000 | 25 434 000 |
| Overføringer og disponeringer | | | |
| Overføring til/fra fond | | 64 578 000 | 29 942 000 |
| Overføringer til/fra annen egenkapital | | -2 118 000 | -4 508 000 |
| Sum overføringer og disponeringer | | 62 460 000 | 25 434 000 |



Organisasjonsnr: 817 906 222
FOOD FOLK GROUP HOLDINGS AS

BALANSE

Beløp i: EUR

| Note | 2021 | 2020 |
|------|------|------|
|------|------|------|

BALANSE - EIENDELER

Anleggsmidler

Immaterielle eiendeler

| | | | |
|-----------------------------------|----|------------------|------------------|
| Utsatt skattefordel | 11 | 1 768 000 | 1 190 000 |
| Sum immaterielle eiendeler | | 1 768 000 | 1 190 000 |

Finansielle anleggsmidler

| | | | |
|--------------------------------------|----|--------------------|--------------------|
| Investering i datterselskap | 10 | 266 297 000 | 201 719 000 |
| Lån til foretak i samme konsern | 22 | 31 221 000 | 73 311 000 |
| Sum finansielle anleggsmidler | | 297 518 000 | 275 030 000 |

| | | | |
|--------------------------|--|--------------------|--------------------|
| Sum anleggsmidler | | 299 286 000 | 276 220 000 |
|--------------------------|--|--------------------|--------------------|

Omløpsmidler

Varer

Fordringer

| | | | |
|-----------------------|----|-------------------|-------------------|
| Kundefordringer | 12 | 57 000 | 1 284 000 |
| Konsernfordringer | 22 | 15 988 000 | 30 045 000 |
| Sum fordringer | | 16 045 000 | 31 329 000 |

Bankinnskudd, kontanter og lignende

| | | | |
|--|----|-------------------|-------------------|
| Bankinnskudd - ikke frie midler | 13 | 9 620 000 | 8 504 000 |
| Bankinnskudd - frie midler | 13 | 41 956 000 | 46 132 000 |
| Sum bankinnskudd, kontanter og lignende | | 51 576 000 | 54 636 000 |

| | | | |
|-------------------------|--|-------------------|-------------------|
| Sum omløpsmidler | | 67 621 000 | 85 965 000 |
|-------------------------|--|-------------------|-------------------|

| | | | |
|----------------------|--|--------------------|--------------------|
| SUM EIENDELER | | 366 907 000 | 362 185 000 |
|----------------------|--|--------------------|--------------------|

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

| | | | |
|---------------------------------|----|-------------------|-------------------|
| Selskapskapital | 15 | 14 479 000 | 14 479 000 |
| Overkurs | 15 | 43 427 000 | 43 427 000 |
| Sum innskutt egenkapital | | 57 906 000 | 57 906 000 |

Opptjent egenkapital

| | | | |
|---------------------------------|--|--------------------|--------------------|
| Funds for unrealized gains | | 210 004 000 | 145 426 000 |
| Annen egenkapital | | -1 367 000 | 351 000 |
| Sum opptjent egenkapital | | 208 637 000 | 145 777 000 |



| | | | |
|-----------------------------------|----|--------------------|--------------------|
| Sum egenkapital | | 266 543 000 | 203 683 000 |
| Gjeld | | | |
| Langsiktig gjeld | | | |
| Annen langsiktig gjeld | | | |
| Langsiktig konserngjeld | 16 | 48 342 000 | 85 038 000 |
| Sum annen langsiktig gjeld | | 48 342 000 | 85 038 000 |
| Sum langsiktig gjeld | | 48 342 000 | 85 038 000 |
| Kortsiktig gjeld | | | |
| Leverandørgjeld | 18 | 334 000 | 489 000 |
| Betalbar skatt | | 314 000 | |
| Kortsiktig konserngjeld | 18 | 51 374 000 | 72 975 000 |
| Sum kortsiktig gjeld | | 52 022 000 | 73 464 000 |
| Sum gjeld | | 100 364 000 | 158 502 000 |
| SUM EGENKAPITAL OG GJELD | | 366 907 000 | 362 185 000 |



Organisasjonsnr: 817 906 222
FOOD FOLK GROUP HOLDINGS AS

KONSERNRESULTATREGNSKAP

| Beløp i: EUR | Note | 2021 | 2020 |
|--|-------------|--------------------|--------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Salgsinntekt | 1 | 374 112 000 | 311 522 000 |
| Annen driftsinntekt | 4 | 5 570 000 | -236 000 |
| Sum inntekter | | 379 682 000 | 311 286 000 |
| Kostnader | | | |
| Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer | | 38 852 000 | 31 403 000 |
| Lønnskostnad | 3 | 82 062 000 | 65 592 000 |
| Avskrivning på varige driftsmidler og immaterielle eiendeler | 8,9 | 47 342 000 | 49 584 000 |
| Annen driftskostnad | 2 | 114 593 000 | 97 093 000 |
| Sum kostnader | | 282 849 000 | 243 672 000 |
| Driftsresultat | | 96 833 000 | 67 614 000 |
| Finansinntekter og finanskostnader | | | |
| Inntekt på investering i datterselskap og tilknyttet selskap | | -1 000 | |
| Annen finansinntekt | 5 | 11 340 000 | 2 335 000 |
| Sum finansinntekter | | 11 339 000 | 2 335 000 |
| Annen finanskostnad | 6 | 27 977 000 | 33 016 000 |
| Sum finanskostnader | | 27 977 000 | 33 016 000 |
| Netto finans | | -16 638 000 | -30 681 000 |
| Ordinært resultat før skattekostnad | | | |
| Skattekostnad på ordinært resultat | 7 | 17 735 000 | 11 499 000 |
| Ordinært resultat etter skattekostnad | | 62 460 000 | 25 434 000 |
| Årsresultat | | 62 460 000 | 25 434 000 |
| Overføringer og disponeringer | | | |
| Overføring til/fra fond | | 62 460 000 | 25 434 000 |
| Sum overføringer og disponeringer | | 62 460 000 | 25 434 000 |



Organisasjonsnr: 817 906 222
FOOD FOLK GROUP HOLDINGS AS

KONSERNBALANSE

| Beløp i: EUR | Note | 2021 | 2020 |
|---|-------|--------------------|--------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter | 11 | 70 036 000 | 74 650 000 |
| Utsatt skattefordel | 11 | 4 526 000 | 2 055 000 |
| Goodwill | | 5 314 000 | 1 505 000 |
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| Varige driftsmidler | | | |
| Tomter, bygninger og annen fast eiendom | 8 | 797 984 000 | 788 155 000 |
| Driftsløsøre, inventar, verktøy, kontormaskiner og lignende | 8 | 19 285 000 | 16 626 000 |
| Sum varige driftsmidler | | 817 269 000 | 804 781 000 |
| Finansielle anleggsmidler | | | |
| Investering i datterselskap | 10 | 30 000 | 31 000 |
| Sum finansielle anleggsmidler | | 30 000 | 31 000 |
| Sum anleggsmidler | | 897 175 000 | 883 022 000 |
| Omløpsmidler | | | |
| Varer | | | |
| Varer | | 1 747 000 | 1 296 000 |
| Sum varer | | 1 747 000 | 1 296 000 |
| Fordringer | | | |
| Kundefordringer | 12 | 40 801 000 | 30 875 000 |
| Andre fordringer | 19,14 | 2 920 000 | 2 420 000 |
| Konsernfordringer | 22 | 0 | 13 000 |
| Sum fordringer | | 43 721 000 | 33 308 000 |
| Bankinnskudd, kontanter og lignende | | | |
| Bankinnskudd - ikke frie midler | 13 | 10 530 000 | 9 816 000 |
| Bankinnskudd - frie midler | 13 | 43 947 000 | 48 001 000 |
| Sum bankinnskudd, kontanter og lignende | | 54 477 000 | 57 817 000 |
| Sum omløpsmidler | | 99 945 000 | 92 421 000 |
| SUM EIENDELER | | 997 120 000 | 975 443 000 |



BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

| | | | |
|---------------------------------|----|-------------------|-------------------|
| Selskapskapital | 15 | 14 479 000 | 14 479 000 |
| Overkurs | 15 | 43 427 000 | 43 427 000 |
| Annen innskutt egenkapital | 15 | -4 985 000 | -5 385 000 |
| Sum innskutt egenkapital | | 52 921 000 | 52 521 000 |

Opptjent egenkapital

| | | | |
|---------------------------------|----|--------------------|--------------------|
| Annen egenkapital | 15 | 213 622 000 | 151 162 000 |
| Sum opptjent egenkapital | | 213 622 000 | 151 162 000 |

| | | | |
|------------------------|--|--------------------|--------------------|
| Sum egenkapital | | 266 543 000 | 203 683 000 |
|------------------------|--|--------------------|--------------------|

Gjeld

Langsiktig gjeld

| | | | |
|--|----|-------------------|-------------------|
| Utsatt skatt | 11 | 66 430 000 | 64 459 000 |
| Sum avsetninger for forpliktelser | | 66 430 000 | 64 459 000 |

Annen langsiktig gjeld

| | | | |
|-----------------------------------|----|--------------------|--------------------|
| Gjeld til | | | |
| kredittinstitusjoner | 15 | 220 194 000 | 226 304 000 |
| Langsiktig konserngjeld | 15 | 48 342 000 | 85 038 000 |
| IFRS 16 - Lease liabilities | 15 | 274 738 000 | 291 872 000 |
| Other payables | 18 | 2 815 000 | |
| Provisions | 17 | 15 276 000 | 13 679 000 |
| Sum annen langsiktig gjeld | | 561 365 000 | 616 893 000 |

| | | | |
|-----------------------------|--|--------------------|--------------------|
| Sum langsiktig gjeld | | 627 795 000 | 681 352 000 |
|-----------------------------|--|--------------------|--------------------|

Kortsiktig gjeld

| | | | |
|-----------------------------|----|--------------------|-------------------|
| Secured loans - bank | 16 | 18 711 000 | 12 001 000 |
| Leverandørgjeld | 18 | 58 982 000 | 48 498 000 |
| Betalbar skatt | | 4 558 000 | 5 474 000 |
| Kortsiktig konserngjeld | 22 | 4 118 000 | 2 754 000 |
| IFRS 16 - lease liabilities | 15 | 13 811 000 | 13 121 000 |
| Derivative liabilities | 19 | 2 135 000 | 7 975 000 |
| Provisions | 17 | 467 000 | 585 000 |
| Sum kortsiktig gjeld | | 102 782 000 | 90 408 000 |

| | | | |
|------------------|--|--------------------|--------------------|
| Sum gjeld | | 730 577 000 | 771 760 000 |
|------------------|--|--------------------|--------------------|

| | | | |
|---------------------------------|--|--------------------|--------------------|
| SUM EGENKAPITAL OG GJELD | | 997 120 000 | 975 443 000 |
|---------------------------------|--|--------------------|--------------------|



Organisasjonsnr: 817 906 222
FOOD FOLK GROUP HOLDINGS AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
1

Regnskapsprinsipper
Se vedlagt årsregnskap - basis of preparation of financial statements

Note
3

Antall årsverk i regnskapsåret
2.00

Note
3

Spesifisering av resultatregnskapet

Lønnskostnader

| | | |
|--------------------------|--------------|------------------|
| <u>Lønn</u> | <u>Årets</u> | <u>Fjorårets</u> |
| | 223000.00 | 179000.00 |
| <u>Folketrygdavgift</u> | <u>Årets</u> | <u>Fjorårets</u> |
| | 46000.00 | 36000.00 |
| <u>Pensjonskostnader</u> | <u>Årets</u> | <u>Fjorårets</u> |
| | 15000.00 | 11000.00 |

Note

Ekstraordinære inntekter og kostnader

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Note

Konsern, tilknyttet selskap m.v.

Investering som regnskapsføres etter egenkapitalmetoden



| | | | | |
|--------------------|---------------------|----------------------|--------------------|---------------------|
| <u>Investering</u> | <u>Inng.balanse</u> | <u>Inntektsf.res</u> | <u>Andre endr.</u> | <u>Utg. balanse</u> |
| | 201719000.00 | 63777000.00 | 801000.00 | 266297000.00 |

Konsernregnskap

Virksomheten inngår i konsolideringen til morselskapets konsernregnsk.: Ja

Morselskapet sitt navn

Food Folk Group Holdings

Forretningskontor for morselskapet

Storgata 15, 0155 Oslo, Norge

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Konsern, tilknyttet selskap m.v. - fordringer og gjeld

Fordringer

| | | |
|---|--------------|------------------|
| <u>Samlet beløp - foretak i samme konsern</u> | <u>Årets</u> | <u>Fjorårets</u> |
| | 47209000.00 | 103356000.00 |

| | | |
|--|--------------|------------------|
| <u>Samlet beløp - tilknyttet selskap</u> | <u>Årets</u> | <u>Fjorårets</u> |
|--|--------------|------------------|

Annen langsiktig gjeld

| | | |
|---|--------------|------------------|
| <u>Samlet beløp - foretak i samme konsern</u> | <u>Årets</u> | <u>Fjorårets</u> |
| | 48342000.00 | 85038000.00 |

Kortsiktig gjeld

| | | |
|---|--------------|------------------|
| <u>Samlet beløp - foretak i samme konsern</u> | <u>Årets</u> | <u>Fjorårets</u> |
| | 51374000.00 | 72975000.00 |

| | | |
|---|--------------|------------------|
| <u>Samlet beløp - felles kontrollert virksomhet</u> | <u>Årets</u> | <u>Fjorårets</u> |
|---|--------------|------------------|

| | |
|----------------------|--------------|
| <u>Pantstillelse</u> | <u>Beløp</u> |
|----------------------|--------------|

Note

Fordringer

Fordringer som forfaller senere enn ett år etter regnskapsårets slutt

Mer om fordringer

| | | | |
|----------------------------------|---------------|------------------|-------------------------|
| <u>Beholdning av egne aksjer</u> | <u>Antall</u> | <u>Pålydende</u> | <u>Andel av aksjek.</u> |
|----------------------------------|---------------|------------------|-------------------------|



Organisasjonsnr: 817 906 222
FOOD FOLK GROUP HOLDINGS AS

NOTEOPPLYSNINGER - KONSERN - alle poster oppgitt i hele tall

Note
1

Regnskapsprinsipper
Se vedlagt regnskap for prisippbeskrivelse.

Note
3

Antall årsverk i regnskapsåret
1312.00

Note
3

Spesifisering av resultatregnskapet

Lønnskostnader

| | | |
|--------------------------|--------------|------------------|
| <u>Lønn</u> | <u>Årets</u> | <u>Fjorårets</u> |
| | 67166000.00 | 53160000.00 |
| <u>Folketrygdavgift</u> | <u>Årets</u> | <u>Fjorårets</u> |
| | 10082000.00 | 8263000.00 |
| <u>Pensjonskostnader</u> | <u>Årets</u> | <u>Fjorårets</u> |
| | 5303000.00 | 4495000.00 |
| <u>Andre ytelser</u> | <u>Årets</u> | <u>Fjorårets</u> |
| | -489000.00 | -326000.00 |

Note

Ekstraordinære inntekter og kostnader

Sum Beløp

Note

Varige driftsmidler og immaterielle eiendeler

Anskaffelseskost 01.01. Varige driftsmidler Immaterielle eiend.



| | | |
|---------------------------------|----------------------------|----------------------------|
| | 916082000.00 | 95327000.00 |
| <u>Tilgang i året</u> | <u>Varige driftsmidler</u> | <u>Immaterielle eiend.</u> |
| | 89456000.00 | 7639000.00 |
| <u>Avgang i året</u> | <u>Varige driftsmidler</u> | <u>Immaterielle eiend.</u> |
| | 42522000.00 | 2720000.00 |
| <u>Anskaffelseskost 31.12.</u> | <u>Varige driftsmidler</u> | <u>Immaterielle eiend.</u> |
| | 963016000.00 | 100246000.00 |
| <u>Samlede av-/nedskrivn.</u> | <u>Varige driftsmidler</u> | <u>Immaterielle eiend.</u> |
| | 145747000.00 | 19172000.00 |
| <u>Balanseført verdi 31.12.</u> | <u>Varige driftsmidler</u> | <u>Immaterielle eiend.</u> |
| | 817269000.00 | 75350000.00 |

Anskaffelseskost - balanseførte lånekostnader, egentilvirkede anleggsmidler

Goodwill spesifisert for hvert enkelt virksomhetskjøp

Avskrivningsplan for goodwill som er lenger enn fem år - begrunnelse

Mer om varige driftsmidler/immaterielle eiendeler

Konsernregnskap

Virksomheten inngår i konsolideringen til morselskapets konsernregnsk.: Ja

Morselskapet sitt navn

Food Folk Group Holdings

Forretningskontor for morselskapet

Storgata 15, 0155 Oslo, Norge

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Konsern, tilknyttet selskap m.v. - fordringer og gjeld

Fordringer

| | | |
|---|--------------|------------------|
| <u>Samlet beløp - foretak i samme konsern</u> | <u>Årets</u> | <u>Fjorårets</u> |
| | 48342000.00 | 85038000.00 |
| <u>Samlet beløp - tilknyttet selskap</u> | <u>Årets</u> | <u>Fjorårets</u> |
| | | |
| <u>Samlet beløp - foretak i samme konsern</u> | <u>Årets</u> | <u>Fjorårets</u> |
| | | |
| <u>Samlet beløp - foretak i samme konsern</u> | <u>Årets</u> | <u>Fjorårets</u> |
| | | |
| <u>Samlet beløp - felles kontrollert virksomhet</u> | <u>Årets</u> | <u>Fjorårets</u> |
| | | |



Pantstillelse Beløp

Note

Fordringer

Fordringer som forfaller senere enn ett år etter regnskapsårets slutt

Mer om fordringer

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



Skattedirektoratet

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

FOOD FOLK GROUP HOLDINGS AS
Storgata 15
0155 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

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

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

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

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

Bakgrunn

Fra søknaden gjengis:

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

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

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

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

| | | |
|------------------------|--|-------------|
| Postadresse | Besøksadresse: | Sentralbord |
| Postboks 9200 Grønland | Se 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



Food Folk Group Holdings AS

Storgata 15
0155 Oslo

Org. no. 817 906 222

Annual Report 2021

The financial statements were presented and adopted at
the Company's annual general meeting
on 28 April 2022

chairman of the annual general meeting



FOOD FOLK

Development licensee
of McDonald's

Penneo document key: E0UDY-PK71-Z-KEQ6E-JHJAU-6DX51-6G13B



Food Folk Group Holdings AS
Annual Report 2021

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Food Folk Group Holdings AS
Annual Report 2021

Statement by the Board of Directors

The Company

The Group was formed on 31 March 2017 when Food Folk Group Holdings AS (the Company) acquired the McDonald's operation in the Nordics territories through its wholly owned subsidiaries: Food Folk Norge Holdings AS (Norway), Food Folk Sweden Holdings AB (Sweden), Food Folk Danmark Holdings ApS (Denmark) and Food Folk Suomi Holdings Oy (Finland). In connection with the acquisition, the Group and its subsidiaries became the Development Licensee of McDonald's Corporation under a 20-year Multi-Unit Master Franchise Agreement.

McDonald's is one of the most recognised consumer brands in the world with unparalleled brand strength in the Informal Eating Out (IEO) restaurant market. With 432 restaurants as at 31 December 2021 (2020: 431 restaurants) across the Nordics territories McDonald's is also the leading IEO restaurant chain in the region, based on sales.

The Group operates its business through a diversified real estate portfolio with approximately 219 (51%) restaurants located on owned land, with the remaining restaurants located in leased locations under long-term lease agreements. As of 31 December 2021, the Group operated 40 (9%) of the McDonald's restaurants, while the remaining 392 (91%) restaurants were operated by 74 independent Franchisees under individual sub-franchisee agreement with Group companies.

Through its offices in Oslo, Stockholm, Copenhagen and Helsinki, the Group employs 250 employees who provide both own and franchised restaurant advice, guidance and support within areas such as restaurant operation, HR, marketing, finance/IT and building maintenance/development.

The Company employs two people. There are a further 2,724 staff employed in Group operated restaurants.

For further information about McDonald's, please visit www.mcdonalds.com.

Annual accounts

Parent Company

The Company's operation for the year ended 31 December, 2021 resulted in an operating loss of EUR 0.8 million (2020: EUR 0.9 million), net finance expenses of EUR 1.1 million (2020: EUR 0.8 million) and income from profit in subsidiaries, net of tax of EUR 64.2 million (2020: EUR 28.6 million). Profit for the year amounts to EUR 62.5 million (2020: EUR 25.4 million).

At the end of December 2021, the Company had:

- Balance sheet assets totaling EUR 366.9 million (2020: EUR 362.2 million)
- Equity of EUR 266.5 million, with an Equity ratio of 72.6% (2020: EUR 203.7 million – 56.2%)
- Cash holdings of EUR 51.6 million (2020: EUR 54.6 million), including restricted cash holdings of EUR 9.6 million (2020: EUR 8.5 million)
- Cash flow from operating activities during the year ended 31 December, 2021 was EUR 2 million (2020: EUR -1.5 million), from investment activities EUR 42 million (2020: EUR 6.3 million) and from financing activities EUR -48.5 million (2020: EUR -10.1 million).

Group

Revenues for the period amounted to EUR 374.1 million (2020: EUR 311.5 million) with operating profit of EUR 96.8 million (2020: EUR 67.6 million) and net finance expenses of EUR 16.6 million (2020: EUR 30.7 million). Profit for the year ended 31 December, 2021 amounted to EUR 62.5 million (2020: EUR 25.4 million).

The financial result is in line with management's expectations.

At the end of December 2021, the Group had:

- Consolidated balance sheet assets totaled EUR 997.1 million (2020: EUR 975.4 million)
- Equity of EUR 266.5 million, with an Equity ratio of 26.7% (2020: EUR 203.7 million - 20.9%)
- Cash holdings of EUR 54.5 million (2020: EUR 57.8 million), including restricted cash holdings of EUR 10.5 million (2020: EUR 9.8 million)
- Cash flow from operating activities during the year ended 31 December, 2021 was EUR 128.9 million (2020: EUR 100.6 million), from investment activities EUR -59.6 million (2020: EUR -46.2 million), and from financing activities EUR 74.2 million (2020: EUR -62.3 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 via various sales channels (Drive Thru, Mobile order pay, Delivery, etc.) aiming to maximize product availability.

From 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 October with reopening of lift in restrictions in most of the Nordic countries as large parts of the population were vaccinated. In November number of COVID-19 cases increased with the Omicron mutation and



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

new restrictions were implemented 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 2020, which is well reflected in the performance of downtown restaurants, 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.

The Group has opened 19 new stores and closed 18. Total comparable system wide sales have been 12.2% higher than last year and number of guest visits grew by 4.7% compared to 2020.

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

Financial and market risk

Group companies have taken out long-term mortgage loans denominated in local currency and granted security to the lender in the owned property portfolio. The majority of the future interest payments on mortgage loans are fixed, or have been swapped from variable to fixed obligations using interest rate swap agreements. 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.

The Group operates across four markets each with its own currency, and whilst there is some matching of assets and liabilities by currency, and similarly of revenues and expenditures, the Group remains exposed to exchange risk to the extent of unmatched currency exposures.

The Board of Directors and management considers financial and market risk limited and in line with industry norms.

Impact on climate/environment

The Food Folk Group recognizes its environmental responsibility as one of the leading actors within the Informal Eating Out ("IEO") segment. By focusing on continuous improvement and the introduction of new initiatives, we continuously aim to reduce our operations' negative impact on climate and environment. In order to continue to increase our focus in this area, in 2022 and beyond, we have put in place a Chief Sustainability Officer to build on our current initiatives outlined below.

Food Waste

In Food Folk Group, the aim is to reduce the impact of the Group on the climate and to care for the environment. For example, as we rebuild our restaurants, we have redesigned our operations with a new made-to-order system for food, thereby limiting food waste significantly. We are also taking key steps towards circularity, but reusing valuable resources contained in food waste, grease, and cooking oil, converting these waste materials to biogas, ultimately resulting in a smaller carbon footprint for the society by displacing fossil fuels.

Packaging/Material

We continuously evaluate our packaging looking for greener alternatives including transitioning from plastic to wood cutlery, removal of plastic straws, and plastic lids from our McFlurry cups. Balloons have been removed from Happy Meals and we now offer books as an alternative to plastic toys in our Happy Meals. In three of our four Nordic markets we have now introduced serving trays made from recycled plastic marine waste. In 2023, we are planning to begin removing plastic packaging on our core menu items in favor of paper-based packaging. In Sweden, key initiatives to decrease our carbon footprint include the purchase of all electricity by Food Folk and its franchisees via renewable sources and transportation of goods to and from restaurants using renewable fuel.

In Finland, through our partnership with HAVI, we began in 2021 trialing the collection of corrugated cardboard from McDonald's restaurants in the Metropolitan Helsinki area for delivery back to the HAVI Distribution Center, thereby reducing emissions. In addition, we use a back-haulage process for clean PE plastic film, obsolete crew uniforms and aluminum spray cream bottles. Other backhauled items include wooden pallets for deliveries, pressurized CO2 cylinders, and secondary plastic transport packaging for buns and milk, which all are significant in volume. We are also aiming to reduce plastic usage.

Norway has led the introduction of serving trays made from plastic waste found in our oceans. And in 2021, all Norwegian produced plastic bottles we served from The Coca-Cola Company were made by 100 % recycled plastic (rPET).

Food Sustainability/Animal Welfare

The Group has presented throughout the years various initiatives to further improve food sustainability and nutrition.

This includes using only organic eggs as part of our breakfast menu and cage free eggs in our ingredients. We source all of our coffee sustainably via the Rainforest Alliance and serve organic coffee in Sweden, Denmark and Norway. We have continued to improve nutrition through the removal of artificial flavors in shakes and sundaes,



Food Folk Group Holdings AS
Annual Report 2021

Statement by the Board of Directors and the Executive Board

and by the removal of phosphates in McNuggets and removal of artificial preservatives in our BBQ Dip and BigMac Sauce.

Other initiatives

We have an ongoing commitment to the impact of our operations on the environment.

Examples of this are through our partnership in Denmark with Ren Natur on littering. We support the project 'Clean Nature' (Ren Natur), which organized 483 routes of litter collection in 2021. A total of 40 municipalities participated along with 8,565 volunteers. We are proud of their success and monitor the project closely. In addition, Food Folk Denmark uses a 'one-block policy', in which employees collect litter in each restaurant's immediate area. The one-block policy results in McDonald's staff continuously helping the local area keep the streets clean not only from McDonald's own litter but also from society's general littering. And in Norway we support the community through the organisation "Rusken", in which our employees join clean-up activities, to tackle the problem with littering.

Another area of focus is the plan to increase the number of charging stations made available at our restaurants. In Finland, the installation of electric car charging stations outside at our drive through restaurants started in 2020 and a total of 21 charging stations have been put in place so far. In Norway, at the end of 2021 the total number of charging stations in operation was 84 on 25 of our restaurants. In Sweden, we added 20 restaurants to our network of chargers for electric vehicles and in 2021 an electricity equivalent to 9.8 Mkm of driving was charged at our restaurants.

Another ambitious initiative in Norway is the "Young Farmer of the Year award", a collaboration between Food Folk, Norwegian Rural Youth and Felleskjøpet Agri (Norwegian agricultural cooperative). The goal is to increase recruitment of farmers into 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.

Employees and working environment

Similar to McDonald's international practice concerning employees' working conditions, Food Folk applies a systematic job-rotation scheme intended to create the best possible working environment. Furthermore, Food Folk regularly offers its employees the possibility to take part of various training programs. Such programs focus on individual development as well as facilitating promotions within the system. Additionally, performance reviews and staff-surveys are conducted on a regular basis in order to better understand and improve our working environment. Overall, the Board of Directors deems the working environment of the Group to be on a satisfactory level. Save for events described below, there have been no serious occupational accidents or incidents during the year, neither in the Company nor in its subsidiaries. Moreover, the Group has not observed any noticeable increase in sickness rate or leave of absence due to health and/or safety related reason. The Group recognises the importance of monitoring sickness/absence and has therefore decided to implement a Nordic program to further improve information accuracy related to statistics on occupational accidents and sick leave.

Notwithstanding the above, due to results from an inspection by the Norwegian labor authority in a restaurant operated by one of the Company's Norwegian subsidiaries, the Board of Directors has taken additional measures to further assess working conditions with the aim to facilitate improvements where required.

Notwithstanding the above, due to results from an inspection by the Norwegian labor authority in a restaurant operated by one of the Company's Norwegian subsidiaries, the Board of Directors has taken additional measures to further assess working conditions with the aim to facilitate improvements where required.

Equal opportunities, Non-discrimination and accessibility

(applicable to Food Folk Group Holdings AS and the Norwegian subsidiaries Food Norge AS and Zero Five AS)

Diversity and equal opportunity

Diversity and inclusion are key elements in the Group's sustainable development goals. The Group remains firm in its belief that a dynamic mix of people is instrumental to a sustainable and healthy working environment.

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

Business Code of Conduct

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

Speak-Up Policy - Integrity Line

The Food Folk Speak-Up Policy and Integrity Line facilitate the possibility for our employees to report unaccepted behavior. Employees are offered the possibility to report anonymously and the Speak Up policy manifests a guarantee of non-retaliation. The Integrity Line is furthermore available also to external parties such as suppliers and contractors. In order to avoid a culture of silent acceptance and leniency towards unaccepted behaviors, the



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Statement by the Board of Directors and the Executive Board

Speak-Up Policy encourages our employees to act and report misconduct and unethical behavior, including but not limited to fraud and violations of laws and regulations.

Women@McDonald's

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

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

Employee engagement survey

Food Folk Norge AS conducts an annual engagement survey through which employees are asked if they have been exposed to harassment (bullying, discrimination or sexual harassment) at work during the past twelve months. The most recent survey was conducted in May 2021. The report does not indicate that our employees experience harassment at work. In addition, an engagement survey is conducted on annual basis at restaurant level. The reports from said survey do not indicate any significant dissatisfaction in relation to the employer. The reports further indicate that employees on an overall basis experience good treatment from managers, good working environment and respectful treatment amongst colleagues. In the survey of November 2021, an extra set of questions relating to harassment was added which revealed room for improvement within the area of mistreatment and harassment.

The Group, and primarily its Norwegian entities, have therefore launched several initiatives to facilitate adequate and prompt improvements, such as demonstration of usage of Integrity Line (whistleblower function), e-learning tools focusing on safe and respectful workplace and enhanced collaboration occupational health service providers.

Initiatives to mitigate discrimination risks

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

- Orderly and diligently developed recruitment processes on all levels. This includes training for recruiting leaders, guidelines, test tools and structured interviews.
- Active support from PD (HR) in all recruitment processes and the application of personality/integrity tests.
- Annual salary reviews/processes connected to performance/achievement as further detailed in the Group's Performance Development System.
- Salary benchmark by third party (Mercer).
- Annual gender balance mapping.

Gender balance

In Food Folk Group Holdings AS, one employee is female and one is male.

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

| | Men | Female |
|------------------|------|--------|
| Executives | 33 % | 67 % |
| People Managers | 17 % | 83 % |
| Office employees | 53 % | 47 % |

In Zero Five AS, 50% of the managers are women (including shift managers). The ratio is the same for crew level (i.e., employees without manager responsibility). Gender balance ratios have been stable during several years.

Part-time workers

Neither Food Folk Group Holdings AS nor Food Folk Norge AS has any part-time workers employed.

Temporary Work

There are no temporary employments at Food Folk Group Holdings AS. At Food Folk Norge AS, the vast majority are employed on non-time limited basis (i.e., not temporary employments). In 2021, two employees were on temporary basis due to maternity leave.

Parental leave

Parental leave is managed in accordance with local regulations and individual choices. Food Folk Norge AS and Zero Five AS pays full salary to employees on parental leave. This applies also to employees with salaries exceeding monetary caps set forth by Norwegian social security regulations.



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Statement by the Board of Directors and the Executive Board

At Food Folk Norge AS, the number of weeks for paid female parental leave in 2021 amounted to 98.4, whereas no paid male parental leave was registered. At Zero Five AS the numbers were 291 weeks for female paid parental leave and 202 weeks for male paid parental leave.

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.
- On managerial level, women earn in average 9% more than men.
- In the remaining segments, women earn in average 4% more than men.

Salary balance (Zero Five AS)

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

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.

Research and Development

Neither the Company nor the Group had any research and/or development activities during 2021.

Going concern

In accordance with section 3-3a of the Norwegian Accounting Act, the Board of Directors and management confirm that the assumptions of continuing operations are present and are used as basis for the preparation of the Financial Statements. This assumption is supported by our close monitoring of the Covid-19 situation.

Result

The Financial Statements for the Company and the consolidated Financial Statements 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 believes that the Financial Statements give a true and fair view of the Company's financial position as of 31 December 2021.

Parent Company

Profit for the year amounts to EUR 62.5 million.

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

Attributable to (in million EUR):

| | |
|----------------------------|-------------|
| Funds for unrealized gains | 64.6 |
| Reserves | (2.1) |
| Profit for the year | <u>62.5</u> |

Group

Profit for the year amounts to EUR 62.5 million.

Oslo, 28 April 2022

Vivek Gopaldas Ahjua

Chairperson

Susanne Elise Munch Thore

Board Member

Lars Kristian Sande

Board Member



Food Folk Group Holdings AS
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Company details

General

Food Folk Group Holdings AS
Storgata 15
0155 Oslo

Org. No.: 817 906 222
Established: 29 September 2016
Registered office: Storgata 15, 0155 Oslo
Financial year: From 1 January to 31 December

Board of Directors

Vivek Gopaldas Ahjua (chairperson)
Susanne Elise Munch Thore
Lars Kristian Sande

Auditor

KPMG AS
Godkjent revisjonsselskap
Sørkedalsveien 6
0369 Oslo

Bank

Danske Bank, Corporate Banking

Annual general meeting

The annual general meeting will be held on 28 April 2022.

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Food Folk Corporate Social Responsibility

Our mission in Food Folk is to provide our customers across the Nordic markets (Denmark, Sweden, Norway and Finland) 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 our 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 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, 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 the Nordics, we provide invaluable learning experiences for young people across the country from all backgrounds. Young people aged 16-18 account for roughly 40% of our staff and through their employment - which is often the first steppingstone into the labor market- we provide them with opportunities to grow and gain experience that can be used for the rest of their working lives, providing them with continuous learning opportunities.

As part of the community, we work with values-aligned organizations to make a difference. Through Ronald McDonald House Charities® (RMHC®), Ronald McDonald House provides housing accommodation, comfort and care to the families of seriously ill or injured children undergoing medical treatment in hospital. Our aim is to keep families close to their child to help in the healing process.

Food Folk 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.

We have taken measures to reduce food waste via our "Made for You" platform and are actively converting food waste by transforming it to bio waste. In 2021, all our collected food waste, grease, and cooking oil were used in the production of biogas, biodiesel, and as sludge for agriculture. Ultimately, this recycling leads to a smaller carbon footprint for the society by displacing fossil fuels and recycling important nutrients.

We also make ongoing technology and process investments to move guests through the drive through process efficiently and with speed, thereby reducing emissions.

Most of our environmental impacts occur beyond our own operations, through the Group's supply chain, and so Food Folk'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.

Key initiatives across our markets include:





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Food Folk Corporate Social Responsibility

Sweden

In Sweden, key initiatives to decrease our carbon footprint include the purchase of all electricity by Food Folk and its franchisees via renewable sources since 2016 with our supplier HAVI transports goods to and from restaurants using renewable fuel. In addition, we added 20 restaurants to our network of chargers for electric vehicles and in 2021 electricity equivalent to 9.8 Mkm of driving was charged at our restaurants. We are also aiming to remove plastic packaging. Guest packaging made of plastic will be either substituted by fiber alternatives or removed. In 2021 we switched to cutlery made of wood instead of plastic.

Norway

In Norway, we introduced new serving trays made from 100% plastic from marine waste. And in 2021, all Norwegian produced plastic bottles we serve from The Coca-Cola Company were made by 100 % recycled plastic (rPET). Also, all balloons in the happy meal program have been removed and substituted with new activities for the children and families. 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. We join with the community to protect nature through our "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 Food Folk, 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.

Finland

Centralized collection of used cooking oil for upstream processing into biodiesel was trialed at the end of 2019 in our test restaurant, McDonald's Forum Katutaso. In the first months of 2022 the collection will be tested in two additional restaurants and scaled up to cover all our restaurants before summer 2022. In 2021 through our partnership with HAVI, we began trialing the collection of corrugated cardboard from McDonald's restaurants in the Metropolitan Helsinki Area for delivery back to the HAVI Distribution Center. Potential benefits of the trial are better transport optimization through savings on cost and a reduction in emissions. In addition, we use a back-haulage process for clean PE plastic film, obsolete crew uniforms and aluminum spray cream bottles. Other backhauled items include wooden pallets for deliveries, pressurized CO2 cylinders, and secondary plastic transport packaging for buns and milk, which all are significant in volume. We are also on a journey to reduce plastic usage. Since 2019 we have removed plastic straws, McFlurry lids, milkshake cups, salad bowls, cutlery and balloon sticks. In total the changes made account for over 70 tons of annual plastics reduction. Additionally, in 2022 we decided to stop using plastic balloons as giveaways. In 2020 we began installing electric car charging stations outside at our drive through restaurants and now have a total of 21 charging stations in place.

Denmark

In Denmark, our partnership with Ren Natur is making a difference when it comes to littering. We support the project 'Clean Nature' (Ren Natur) which organized 483 routes of litter collection in 2021. A total of 40 municipalities participated along with 8,565 volunteers. We are proud of their success and monitor the project closely. In addition, Food Folk Denmark uses a 'one-block policy', in which employees collect litter in each restaurant's immediate area. The one-block policy results in McDonald's staff continuously helping the local area keep the streets clean not only from McDonald's own litter but also from society's general littering.

b) Human rights

At Food Folk, 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 expect and 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.

Food Folk 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



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Food Folk Corporate Social Responsibility

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

On anti-corruption and bribery, we consider the risk in the four Nordic countries as low, due to the countries' ranking within the world's least corrupt countries. However, 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 follows the McDonald's Global anti-corruption policy.

d) Anti-corruption and bribery

All Food Folk headquartered employees participate in an annual e-learning course on how to avoid corruption and bribery. Food Folk has also developed policies on fraud, anti-corruption, and a Code of Conduct. A Speak Up Policy has also been added, which ensures the protection of any employee who wishes to bring any suspicious case forward.

In 2021 we focused on the implementation of our new policies and on ensuring that our many staffers are becoming familiar with them and know how to activate them if they encounter anything suspicious.

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 performs culture audits as well with support by Great Place to work, with focus on reports and developing of action plans.

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

Gender diversity

Food Folk is committed to inclusivity and gender equality.

At the management level, the gender ratio of managers is 48% females and 52% males. Below the split by country:

- Denmark 44% females and 56% males
- Norway 57% females and 43% males
- Sweden 55 % females and 45 % males
- Finland 31% females and 69% males

The board consists of two males and one female director.

For the future, a similar split between genders is expected to be continued.



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Statement of profit or loss and other comprehensive income

| Parent company | | | Group | | |
|----------------|---------------|--|-------|------------------|------------------|
| 2021 | 2020 | EUR'000 | Note | 2021 | 2020 |
| 0 | 0 | Revenue | 1 | 374 112 | 311 522 |
| 0 | 0 | Raw materials and consumables | | (38 852) | (31 403) |
| (5 632) | (7 060) | Other external expenses | 2 | (114 593) | (97 093) |
| 0 | 0 | Depreciation, amortisation and impairment | 8,9 | (47 342) | (49 584) |
| (284) | (226) | Staff cost | 3 | (82 062) | (65 592) |
| 5 086 | 6 402 | Other operating income, net | 4 | 5 570 | (236) |
| (830) | (884) | Total expenses | | (277 279) | (243 908) |
| (830) | (884) | Operating profit or loss | | 96 833 | 67 614 |
| 4 722 | 6 990 | Financial income | 5 | 11 340 | 2 335 |
| (5 806) | (7 814) | Financial expense | 6 | (27 977) | (33 016) |
| (1 084) | (824) | Net finance expenses | | (16 637) | (30 681) |
| 64 177 | 28 560 | Share of profit of subsidiaries and associates, net of tax | 10 | (1) | 0 |
| 62 263 | 26 852 | Profit or loss before tax | | 80 195 | 36 933 |
| 197 | (1 418) | Tax for the year | 7 | (17 735) | (11 499) |
| 62 460 | 25 434 | Profit or loss | | 62 460 | 25 434 |
| | | Attributable to | | | |
| 64 578 | 29 942 | Funds for unrealized gains | | 0 | 0 |
| (2 118) | (4 508) | Retained earnings | | 62 460 | 25 434 |
| 62 460 | 25 434 | Profit or loss | | 62 460 | 25 434 |
| | | Statement of comprehensive income | | | |
| 62 460 | 25 434 | Profit or loss | | 62 460 | 25 434 |
| | | <i>Items that are or may be reclassified subsequently to profit or loss:</i> | | | |
| 400 | 1 382 | Foreign currency translation differences | | 400 | 1 382 |
| 400 | 1 382 | Other comprehensive income for the year, net of income tax | | 400 | 1 382 |
| 62 860 | 26 816 | Comprehensive income for the year | | 62 860 | 26 816 |

The notes form an integral part of these financial statements

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

| Parent company | | | | Group | |
|--|----------------|-------------------------------------|------|----------------|----------------|
| 2021 | 2020 | EUR'000 | Note | 2021 | 2020 |
| Assets | | | | | |
| Non current assets | | | | | |
| 0 | 0 | Property, plant and equipment | 8 | 817 269 | 804 781 |
| 0 | 0 | Intangible assets | 9 | 75 350 | 76 155 |
| 266 297 | 201 719 | Investments | 10 | 30 | 31 |
| 31 221 | 73 311 | Receivables from related parties | 22 | 0 | 0 |
| 1 768 | 1 190 | Deferred tax assets | 11 | 4 526 | 2 055 |
| 299 286 | 276 220 | | | 897 175 | 883 022 |
| Current assets | | | | | |
| 0 | 0 | Inventories | | 1 747 | 1 296 |
| 57 | 1 284 | Trade and other receivables | 12 | 40 801 | 30 875 |
| 0 | 0 | Derivative assets | 19 | 32 | 86 |
| 15 988 | 30 045 | Receivables from related parties | 22 | 0 | 13 |
| 0 | 0 | Tax receivable | | 602 | 2 334 |
| 9 620 | 8 504 | Restricted cash | 13 | 10 530 | 9 816 |
| 41 956 | 46 132 | Cash and cash equivalents | 13 | 43 947 | 48 001 |
| 0 | 0 | Asset held for sale | 14 | 2 286 | 0 |
| 67 621 | 85 965 | | | 99 945 | 92 421 |
| 366 907 | 362 185 | Total Assets | | 997 120 | 975 443 |
| Equity and liabilities | | | | | |
| Equity attributable to equity holders of the parent | | | | | |
| 14 479 | 14 479 | Share capital | 15 | 14 479 | 14 479 |
| 43 427 | 43 427 | Share premium | 15 | 43 427 | 43 427 |
| 0 | 0 | Reserves | 15 | (4 985) | (5 385) |
| 210 004 | 145 426 | Funds for unrealized gains | | 0 | 0 |
| (1 367) | 351 | Retained earnings | | 213 622 | 151 162 |
| 266 543 | 203 683 | Total equity | | 266 543 | 203 683 |
| Non current liabilities | | | | | |
| 48 342 | 85 038 | Loans and borrowings | 16 | 543 274 | 603 214 |
| 0 | 0 | Other payables | 18 | 2 815 | 0 |
| 0 | 0 | Provisions | 17 | 15 276 | 13 679 |
| 0 | 0 | Deferred tax liabilities | 11 | 66 430 | 64 459 |
| 48 342 | 85 038 | Non current liabilities | | 627 795 | 681 352 |
| Current liabilities | | | | | |
| 0 | 0 | Loans and borrowings | 16 | 32 522 | 25 122 |
| 334 | 489 | Trade and other payables | 18 | 58 982 | 48 498 |
| 0 | 0 | Derivative liabilities | 19 | 2 135 | 7 975 |
| 51 374 | 72 975 | Payables to related parties | 22 | 4 118 | 2 754 |
| 314 | 0 | Tax payable | | 4 558 | 5 474 |
| 0 | 0 | Provisions | 17 | 467 | 585 |
| 52 022 | 73 464 | Current liabilities | | 102 782 | 90 408 |
| 100 364 | 158 502 | Total liabilities | | 730 577 | 771 760 |
| 366 907 | 362 185 | Total equity and liabilities | | 997 120 | 975 443 |

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Food Folk Group Holdings AS
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Statement of changes in equity

(See Note 15)

Parent company

| EUR'000 | Share capital | Share premium | Funds for unrealised gains | Retained earnings | Total equity |
|---|---------------|---------------|----------------------------|-------------------|----------------|
| Balance at 1 January 2020 | 14 479 | 43 427 | 115 484 | 3 477 | 176 867 |
| Profit or loss | 0 | 0 | 29 942 | (4 508) | 25 434 |
| Foreign currency translation differences | 0 | 0 | 0 | 1 382 | 1 382 |
| Total comprehensive income for the period | 0 | 0 | 29 942 | (3 126) | 26 816 |
| 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 | 14 479 | 43 427 | 145 426 | 351 | 203 683 |
| EUR'000 | Share capital | Share Premium | Funds for unrealised gains | Retained earnings | Total equity |
| Balance at 1 January 2021 | 14 479 | 43 427 | 145 426 | 351 | 203 683 |
| Profit or loss | 0 | 0 | 64 578 | (2 118) | 62 460 |
| Foreign currency translation differences | 0 | 0 | 0 | 400 | 400 |
| Total comprehensive income for the period | 0 | 0 | 64 578 | (1 718) | 62 860 |
| 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 | 14 479 | 43 427 | 210 004 | (1 367) | 266 543 |

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Food Folk Group Holdings AS
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Group

| EUR'000 | Share capital | Share premium | Reserves (translation) | Retained earnings | Total equity |
|---|---------------|---------------|------------------------|-------------------|----------------|
| Balance at 1 January 2020 | 14 479 | 43 427 | (6 767) | 125 728 | 176 867 |
| Profit or loss | 0 | 0 | 0 | 25 434 | 25 434 |
| Foreign currency translation differences | 0 | 0 | 1 382 | 0 | 1 382 |
| Total comprehensive income for the period | 0 | 0 | 1 382 | 25 434 | 26 816 |
| 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 | 14 479 | 43 427 | (5 385) | 151 162 | 203 683 |
| EUR'000 | Share capital | Share Premium | Reserves (translation) | Retained earnings | Total equity |
| Balance at 1 January 2021 | 14 479 | 43 427 | (5 385) | 151 162 | 203 683 |
| Profit or loss | 0 | 0 | 0 | 62 460 | 62 460 |
| Foreign currency translation differences | 0 | 0 | 400 | 0 | 400 |
| Total comprehensive income for the period | 0 | 0 | 400 | 62 460 | 62 860 |
| 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 | 14 479 | 43 427 | (4 985) | 213 622 | 266 543 |

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Statement of cash flows

| Parent company | | Group | | | |
|---|-----------------|--|------|-----------------|-----------------|
| 2021 | 2020 | EUR'000 | Note | 2021 | 2020 |
| Cash flow from operating activities | | | | | |
| 62 460 | 25 434 | Profit for the year | | 62 460 | 25 434 |
| Adjustments for: | | | | | |
| 0 | 0 | Depreciation, amortisation and impairment | 8,9 | 47 342 | 49 584 |
| (4 722) | (6 990) | Financial income | 5 | (11 340) | (2 335) |
| 5 806 | 7 814 | Financial expense | 6 | 27 977 | 33 016 |
| (64 177) | (28 560) | Share of profit of subsidiaries and associates, net of tax | 10 | 1 | 0 |
| 0 | 0 | Other income/expense non-monetary | | (847) | 172 |
| 0 | 0 | (Gain)/loss on sale of property, plant and equipment | 4 | 463 | 776 |
| (197) | 1 418 | Taxation | 7 | 17 735 | 11 499 |
| (63 290) | (26 318) | | | 81 331 | 92 712 |
| 250 | (1 083) | Decrease/increase in trade and other receivables | 12 | (10 049) | 188 |
| 0 | 0 | Decrease/increase in inventories | | (425) | (636) |
| (155) | (324) | Decrease/increase in trade and other payables | 18 | 13 186 | (844) |
| 2 808 | 2 423 | Decrease/increase in related parties balances | 22 | 29 | (15) |
| 0 | 0 | Decrease/increase in provisions | 17 | (524) | (439) |
| 2 903 | 1 016 | | | 2 217 | (1 746) |
| (68) | (1 663) | Tax paid | | (17 132) | (15 763) |
| (68) | (1 663) | | | (17 132) | (15 763) |
| 2 005 | (1 531) | Net cash from operating activities | | 128 876 | 100 637 |
| Cash flows from investing activities | | | | | |
| 0 | 0 | Proceeds from sale of property, plant and equipment | 4 | 3 363 | 14 |
| 42 090 | 6 300 | Proceeds from invested capital | 22 | 0 | 0 |
| 0 | 0 | Acquisition of a associates/business, net of cash | 25 | (8 968) | (5 251) |
| 0 | 0 | Acquisition of property, plant and equipment | 8 | (53 256) | (38 131) |
| 0 | 0 | Acquisition of intangible assets | 9 | (695) | (2 796) |
| 42 090 | 6 300 | Net cash from investing activities | | (59 556) | (46 164) |
| Cash flows from financing activities | | | | | |
| 0 | 0 | Proceeds from new loan | 24 | 112 314 | 0 |
| (1 116) | (2 419) | Change in restricted cash | 13 | (704) | (729) |
| (11 352) | 5 290 | Change in cash-pooling balances | 22 | 0 | 0 |
| 709 | (5 438) | Interest received/(paid) | | (12 653) | (14 363) |
| 0 | 0 | Financing transaction cost | 24 | (580) | 0 |
| (36 696) | (7 554) | Repayment of borrowings | 24 | (145 226) | (20 006) |
| 0 | 0 | Payment of lease liabilities (interest portion) | 24 | (9 929) | (10 128) |
| 0 | 0 | Payment of lease liabilities (principal portion) | 24 | (17 410) | (17 093) |
| 0 | 0 | Dividends paid | 15 | 0 | 0 |
| (48 455) | (10 121) | Net cash from financing activities | | (74 188) | (62 319) |
| (4 360) | (5 352) | Net increase/decrease in cash and cash equivalents | | (4 868) | (7 846) |
| 46 132 | 51 753 | Cash and cash equivalents at 1 January | | 48 001 | 55 971 |
| 184 | (269) | Effect of exchange fluctuations on cash held | | 814 | (124) |
| 41 956 | 46 132 | Cash and cash equivalents at 31 December | 13 | 43 947 | 48 001 |

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Food Folk Group Holdings AS
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Basis of preparation

Reporting entity

Food Folk Group 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 Group 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, and 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.

From 2021 "Derivative instruments" are disclosed separately on the statement of financial position. The effect on the previous year is below detailed:

| <i>Amounts in EUR/000</i> | 2020 audited | 2020 restated | 2020 audited | 2020 restated |
|-----------------------------|-------------------------|--------------------------|--------------------------|--------------------------|
| Trade and other receivables | 30 961 | 30 875 | Trade and other payables | 56 473 |
| Derivative assets | - | 86 | Derivative liabilities | 7 975 |

Functional and presentation currency

The consolidated financial statements and the parent company financial statements are presented in EUR rounded to the nearest EUR 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.

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) |



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Basis of preparation

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

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 25.

- **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 17 for more details related to the provisions.



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Significant accounting policies

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

Basis of consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Food Folk Group 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.





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Significant accounting policies

Staff costs

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

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

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

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

Other operating (expense)/income, net

Other operating (expense)/income, net are secondary to the principal activities of the Group and 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 subsidiaries and associates, net of tax

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

Tax for the year

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

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

Statement of financial position

Property, plant and equipment

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

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

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

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

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

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

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

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



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

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

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

Intangible assets

Goodwill arising from the acquisition of a subsidiary or a restaurant from a franchisee is measured at cost less accumulated impairment losses. Other intangible assets, including rights (key money), software 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.

Asset held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

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 EUR 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.

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



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Significant accounting policies

not a business combination and that affects neither accounting nor taxable profit or loss and taxable temporary differences arising on the initial recognition of goodwill.

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

Liabilities

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

Provisions

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

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

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.



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Significant accounting policies

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.

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.

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Notes

1 Revenue

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

| EUR'000 | Parent company | | Group | |
|----------------------------------|----------------|----------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Sale of goods | 0 | 0 | 139 827 | 109 992 |
| Sub-franchisee income (fixed) | 0 | 0 | 63 602 | 60 237 |
| Sub-franchisee income (variable) | 0 | 0 | 170 683 | 141 293 |
| Total revenues by nature | 0 | 0 | 374 112 | 311 522 |

| EUR'000 | Parent company | | Group | |
|----------------------------------|----------------|----------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Denmark | 0 | 0 | 75 972 | 64 717 |
| Norway | 0 | 0 | 114 899 | 84 897 |
| Finland | 0 | 0 | 58 578 | 53 638 |
| Sweden | 0 | 0 | 124 663 | 108 270 |
| Total revenues by country | 0 | 0 | 374 112 | 311 522 |

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:

| EUR'000 | Parent company | | Group | |
|-------------------------------|----------------|----------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Less than one year | 0 | 0 | 67 469 | 62 785 |
| Between one and five years | 0 | 0 | 268 904 | 242 736 |
| More than five years | 0 | 0 | 524 639 | 463 435 |
| Total leases as lessor | 0 | 0 | 861 012 | 768 956 |

2 Other external expenses

| EUR'000 | Parent company | | Group | |
|--------------------------------------|----------------|--------------|----------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Royalties and other fees | 0 | 0 | 75 417 | 62 632 |
| Lease expense | 0 | 0 | 2 535 | 1 374 |
| Other expenses | 5 632 | 7 060 | 36 641 | 33 087 |
| Total other external expenses | 5 632 | 7 060 | 114 593 | 97 093 |

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:



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Notes

| EUR'000 | Parent company | | Group | |
|--|----------------|------------|------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Audit of these financial statements | 64 | 44 | 319 | 309 |
| Other assurance services | 13 | (15) | 20 | (3) |
| Tax advisory services | 102 | 101 | 202 | 210 |
| Other services other than assurance services | 13 | 389 | 53 | 412 |
| Total fees | 192 | 519 | 594 | 928 |

3 Staff cost

| EUR'000 | Parent company | | Group | |
|---|----------------|------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Wages and salaries | 223 | 179 | 67 166 | 53 160 |
| Social security costs | 46 | 36 | 10 082 | 8 263 |
| Contributions to defined contribution plans | 15 | 11 | 5 303 | 4 495 |
| Other personnel costs / reimbursements | 0 | 0 | (489) | (326) |
| Total staff cost | 284 | 226 | 82 062 | 65 592 |
| Average number of full time employees | 2 | 2 | 1 312 | 1 130 |

The Company has a defined contribution plan (deposit-based pension) which renders a contribution of 5% of wages (0G -7.1G) and 8 % (7.1G -12G).

No employees have been working in equity accounted investees.

Remuneration of key management personnel

| EUR'000 | Parent company | | Group | |
|---|----------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Wages and salaries | 1 754 | 738 | 3 265 | 1 944 |
| Social security costs | 579 | 144 | 779 | 318 |
| Contributions to defined contribution plans | 416 | 147 | 720 | 313 |
| Total | 2 749 | 1 029 | 4 764 | 2 575 |
| Average number of key management personnel | 1,7 | 2,0 | 5,7 | 6,0 |

Key management personnel is defined by the Group as the managing director of each market, plus the Nordic Management functions. The number of key management personnel includes the Nordic CEO and the Nordic CFO. The remuneration to the Nordic CEO includes EUR 264 thousand of salaries and other benefits, and EUR 65 thousand in pension expenses. Employment terms for the CEO includes:

- Notice period of three (3) months during the initial twelve (12) months' of employment;
- Notice period of twelve (12) months if/when the employment exceeds twelve (12) months;
- 60% of base salary as compensation for non-compete obligation during a period of maximum 12 months (commencing after expiry of notice period); and
- a pro-rata share of the Group's Long Term Incentive Program.

No loans/sureties have been granted to the Nordic CEO, Board chairman or other related parties.

The Board of Directors has received EUR 227 thousand during the financial year (2020: EUR 222 thousand).



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4 Other operating (expense)/income, net

| EUR'000 | Parent company | | Group | |
|--|----------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net gain/(loss) on disposal of property, plant and equipment | 0 | 0 | (250) | (776) |
| Net gain/(loss) from sale of restaurants | 0 | 0 | (213) | 0 |
| Income from intercompany recharges/mark-up | 5 086 | 6 402 | 0 | 0 |
| Other income/(expense) | 0 | 0 | 6 033 | 540 |
| Total other operating income, net | 5 086 | 6 402 | 5 570 | (236) |

Caption "Other income/(expenses)" includes mostly:

- EUR 860 thousand as true-up adjustment / release on the dilapidation provision (see Note 17).
- EUR 3,130 thousand as pay out of consolidation funds related to the employee Group insurance in Sweden (AFA insurance within the AGS);
- EUR 1,777 thousand as insurance compensation received in 2021 for a Swedish restaurant burnt down in 2020 (when a full write-off of related fixed assets was booked for SEK 5,930 thousand within "Net gain/(loss) on disposal of property, plant and equipment");
- EUR 97 thousand as key money received for the takeover of a lease contract on a restaurant closed during 2021 in Sweden.

5 Financial income

| EUR'000 | Parent company | | Group | |
|--|----------------|--------------|---------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net foreign exchange gain | 0 | 0 | 2 190 | 2 334 |
| Positive change in fair value of derivatives | 0 | 0 | 5 776 | 0 |
| Interests on related parties assets | 4 722 | 6 990 | 0 | 0 |
| Other interest income (see note 16) | 0 | 0 | 3 374 | 1 |
| Total finance income | 4 722 | 6 990 | 11 340 | 2 335 |

6 Financial expense

| EUR'000 | Parent company | | Group | |
|--|----------------|--------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net foreign exchange loss | 349 | 166 | 2 989 | 1 739 |
| Interest on financial liabilities | 11 | 0 | 8 758 | 9 049 |
| Negative change in fair value of derivatives | 0 | 0 | 52 | 3 777 |
| Interest on lease liabilities (see note 23) | 0 | 0 | 10 123 | 10 223 |
| Interests on related parties liabilities | 4 656 | 7 277 | 4 651 | 7 255 |
| Unwinding of discounts (see note 17) | 0 | 0 | 401 | 389 |
| Other interest expense | 790 | 371 | 1 003 | 584 |
| Total financial expense | 5 806 | 7 814 | 27 977 | 33 016 |



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7 Tax for the year

Recognised in the income statement

| EUR'000 | Parent company | | Group | |
|---|----------------|--------------|---------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Current year | 381 | 233 | 17 835 | 15 216 |
| Current tax - Adjustments for prior years | 0 | 1 612 | 105 | 1 586 |
| Total current tax expense | 381 | 1 845 | 17 940 | 16 802 |
| Origination and reversal of temporary differences | (578) | (427) | (106) | (5 486) |
| Reduction in tax rate | 0 | 0 | (67) | 183 |
| Deferred tax - Adjustments for prior years | 0 | 0 | (32) | 0 |
| Total deferred tax expense | (578) | (427) | (205) | (5 303) |
| Total tax expense | (197) | 1 418 | 17 735 | 11 499 |

Reconciliation of effective tax rate

| EUR'000 | Parent company | | Group | |
|--|----------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Profit or loss before tax | 62 263 | 26 852 | 80 195 | 36 933 |
| Tax using the corporation tax rate | 13 698 | 5 907 | 17 643 | 8 125 |
| Effect of tax rates in other jurisdictions | 0 | 0 | (516) | (190) |
| Non-deductible expenses | 0 | 2 | 769 | 1 620 |
| Tax exempt revenues | (14 119) | (6 283) | (352) | (5) |
| Reduction in tax rate on deferred tax balances | 0 | 0 | (67) | 183 |
| Current year losses for which no deferred tax asset was recognised | 0 | 0 | 1 | 0 |
| Withholding tax | 68 | 233 | 68 | 233 |
| Other | 156 | (53) | 116 | (53) |
| Under / (over) provided in prior years | 0 | 1 612 | 73 | 1 586 |
| Total tax expense | (197) | 1 418 | 17 735 | 11 499 |

The tax rate applicable to the Company is 22% (2020: 22%).

There is an ongoing case with the Norwegian Tax authorities regarding NOK 5.2 million of "penalty tax"/additional tax imposed on the corrected 2017 tax settlement. As the tax authorities have not arrived on a decision yet, there is uncertainty related to the obligation and the expected amount required to settle it. Therefore, no amount has been recognized in 2021 financial statements with this respect.

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8 Property, plant and equipment

| EUR'000 | Land and buildings | Leasehold improvements | Right-of-use asset <i>(see note 23)</i> | Fixtures, fittings and equipment | Under construction | Total |
|--|--------------------|------------------------|--|----------------------------------|--------------------|----------------|
| Cost | | | | | | |
| Balance at 1 January 2020 | 478 305 | 24 364 | 333 929 | 19 781 | 8 595 | 864 974 |
| Acquisitions through business combinations | 796 | 0 | 0 | 476 | 0 | 1 272 |
| Other acquisitions | 20 548 | 2 703 | 23 025 | 5 635 | 9 064 | 60 975 |
| Transfer | 8 480 | 354 | 0 | 8 | (8 872) | (30) |
| Disposals/Other movements | (37) | (614) | (16 544) | (792) | (166) | (18 153) |
| Effect of movements in foreign exchange | 4 316 | (42) | 3 045 | (146) | (129) | 7 044 |
| Balance at 31 December 2020 | 512 408 | 26 765 | 343 455 | 24 962 | 8 492 | 916 082 |
| Balance at 1 January 2021 | 512 409 | 26 765 | 343 455 | 24 961 | 8 492 | 916 082 |
| Acquisitions through business combinations | 1 360 | 0 | 0 | 666 | 0 | 2 026 |
| Other acquisitions | 28 779 | 4 526 | 34 174 | 5 909 | 14 042 | 87 430 |
| Transfer | 5 665 | 822 | 0 | 1 506 | (7 993) | 0 |
| Disposals/Other movements | (59) | (601) | (35 461) | (2 826) | 57 | (38 890) |
| Reclassification to Asset held for sale | (3 673) | 0 | 0 | 0 | 0 | (3 673) |
| Effect of movements in foreign exchange | (286) | 166 | (139) | 288 | 12 | 41 |
| Balance at 31 December 2021 | 544 195 | 31 678 | 342 029 | 30 504 | 14 610 | 963 016 |
| Depreciation and impairment | | | | | | |
| Balance at 1 January 2020 | 32 332 | 6 524 | 24 599 | 6 157 | 0 | 69 612 |
| Depreciation charge for the year | 12 814 | 2 056 | 22 204 | 2 964 | 0 | 40 038 |
| Impairment losses / (reversal) | 1 164 | 1 411 | 739 | (5) | 0 | 3 309 |
| Transfer | 65 | 0 | 0 | (65) | 0 | 0 |
| Disposals / other movements | (99) | (252) | (2 261) | (720) | 0 | (3 332) |
| Effect of movements in foreign exchange | 697 | 140 | 832 | 5 | 0 | 1 674 |
| Balance at 31 December 2020 | 46 973 | 9 879 | 46 113 | 8 336 | 0 | 111 301 |
| Balance at 1 January 2021 | 46 973 | 9 879 | 46 113 | 8 336 | 0 | 111 301 |
| Depreciation charge for the year | 14 162 | 2 270 | 21 743 | 3 877 | 0 | 42 052 |
| Impairment losses / (reversal) | 274 | (715) | (425) | (216) | 0 | (1 082) |
| Transfer | (16) | 16 | 0 | 0 | 0 | 0 |
| Disposals / other movements | 0 | (259) | (4 066) | (898) | 0 | (5 223) |
| Reclassification to Asset held for sale | (1 387) | 0 | 0 | 0 | 0 | (1 387) |
| Effect of movements in foreign exchange | (108) | 32 | 42 | 120 | 0 | 86 |
| Balance at 31 December 2021 | 59 898 | 11 223 | 63 407 | 11 219 | 0 | 145 747 |
| Net book value | | | | | | |
| At 31 December 2020 | 465 435 | 16 886 | 297 342 | 16 626 | 8 492 | 804 781 |
| At 31 December 2021 | 484 297 | 20 455 | 278 622 | 19 285 | 14 610 | 817 269 |

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 these restaurants with impairment triggers based on their value in use, resulting in a net impairment reversal of EUR 1,082 thousand.

The estimate of value in use was calculated using a pre-tax discount rate within a range of 11.9%-12.5%, depending on the geographical market.

Security

At 31 December 2021, properties with a carrying amount of EUR 433,261 thousand (2020: EUR 420,627 thousand) were subject to a registered debenture that forms security for bank loans.

As security for mortgage loans, the Group has registered mortgage security on the Group's properties of EUR 277,368 thousand (2020: EUR 275,170 thousand).



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9 Intangible assets

| EUR'000 | Goodwill | Contractual rights | Other | Total |
|--|--------------|--------------------|--------------|----------------|
| Cost | | | | |
| Balance at 1 January 2020 | 1 805 | 81 700 | 3 218 | 86 723 |
| Acquisitions through business combinations | 206 | 3 767 | 0 | 3 973 |
| Other acquisitions – externally purchased | 0 | 4 | 2 792 | 2 796 |
| Transfers | 0 | 31 | 0 | 31 |
| Disposals | 0 | (5) | (27) | (32) |
| Effect of movements in foreign exchange | 30 | 1 843 | (37) | 1 836 |
| Balance at 31 December 2020 | 2 041 | 87 340 | 5 946 | 95 327 |
| Balance at 1 January 2021 | 2 041 | 87 340 | 5 946 | 95 327 |
| Acquisitions through business combinations | 4 469 | 2 475 | 0 | 6 944 |
| Other acquisitions – externally purchased | 0 | 67 | 628 | 695 |
| Transfers | 0 | 0 | 0 | 0 |
| Disposals | (757) | (989) | (96) | (1 842) |
| Effect of movements in foreign exchange | 0 | (873) | (5) | (878) |
| Balance at 31 December 2021 | 5 753 | 88 020 | 6 473 | 100 246 |
| Amortisation and impairment | | | | |
| Balance at 1 January 2020 | 139 | 11 469 | 979 | 12 587 |
| Amortisation for the year | 0 | 4 819 | 1 018 | 5 837 |
| Impairment losses/(reversal) | 393 | 4 | 3 | 400 |
| Disposals | 0 | (5) | (27) | (32) |
| Effect of movements in foreign exchange | 4 | 367 | 9 | 380 |
| Balance at 31 December 2020 | 536 | 16 654 | 1 982 | 19 172 |
| Balance at 1 January 2021 | 536 | 16 654 | 1 982 | 19 172 |
| Amortisation for the year | 0 | 5 081 | 1 412 | 6 493 |
| Impairment losses/(reversal) | (114) | (4) | (3) | (121) |
| Disposals | 0 | (437) | (92) | (529) |
| Effect of movements in foreign exchange | 17 | (154) | 18 | (119) |
| Balance at 31 December 2021 | 439 | 21 140 | 3 317 | 24 896 |
| Net book value | | | | |
| At 31 December 2020 | 1 505 | 70 686 | 3 964 | 76 155 |
| At 31 December 2021 | 5 314 | 66 880 | 3 156 | 75 350 |

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 the Group has recognised a net impairment reversal on Intangible assets for EUR 121 thousand.

The estimate of value in use was calculated using a pre-tax discount rate within a range of 11.9%-12.5%, depending on the geographical market.

Management has assessed that the recoverable amount would exceed the carrying amount also with a reasonably possible change in the key assumptions (average growth rate 4.8% and discount rate 10.1%) to the impairment test. The following data shows by which percentage these two assumptions would need to change individually for the estimated recoverable amount to be approximately equal to the carrying amount: growth rate – 1.75% and discount rate +2%.



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10 Investments

Parent company

| EUR'000 | | Profit after tax | Other comprehensive income | Total comprehensive income | Investment in subsidiaries |
|--------------|------|------------------|----------------------------|----------------------------|----------------------------|
| Subsidiaries | 2021 | 63 777 | 400 | 64 177 | 266 297 |
| Subsidiaries | 2020 | 27 178 | 1 382 | 28 560 | 201 719 |

| | Domicile | Shares'000 (100%) | Share Capital | Equity | Net result |
|-------------------------------------|----------|-------------------|---------------|----------|------------|
| | Denmark | 2020 | 4 034 | 102 602 | 20 826 |
| * Food Folk Danmark Holding ApS | Denmark | 60 | 4 034 | 64 742 | 21 591 |
| * Food Folk Danmark ApS | Denmark | 174 | 1 090 | 37 651 | 4 884 |
| Food Folk Suomi Holdings Oy | Finland | 2,5 | 3 | 30 396 | 6 809 |
| * Food Folk Suomi Oy | Finland | 0 | 1 573 | 45 769 | 16 714 |
| Food Folk Norge Holding AS | Norway | 170 | 102 | 50 949 | 16 933 |
| * Food Folk Norge AS | Norway | 100 | 10 | 6 972 | 2 269 |
| * Zero Five AS | Norway | 3 | 300 | 311 | (5) |
| * Stokkevanneien Eiendom AS | Norway | 67501 | 6 585 | 80 282 | 21 758 |
| Food Folk Sverige Holdings AB | Sweden | 1 | 10 | (17 770) | 1 882 |
| * Food Folk Sverige Development AB | Sweden | 80 | 780 | 129 825 | 27 979 |
| * Food Folk Sverige AB | Sweden | 0 | 98 | 1 668 | 277 |
| Lindvreten Fastighetsförvaltning KB | Sweden | 1 | 10 | 8 | 0 |
| * Food Folk Nordanvind AB | Sweden | 1 | 5 | 5 | 0 |
| * Food Folk Fastighet AB | Sweden | | | | |

*Shareholdings in entities marked with an asterisk are held indirectly. Voting rights equals ownership interest %.

The subsidiaries are the owners of the master franchisee agreement with McDonald's Corporation and operate McDonald's restaurants in the four Nordic territories.

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

a) Associates

The associate I/S Fællesskiltning operates signage in proximity to one of the Food Folk Danmark ApS real estate investments.

| EUR'000 | | Profit after tax | Other comprehensive income | Total comprehensive income | Investment in associates |
|------------|------|------------------|----------------------------|----------------------------|--------------------------|
| Associates | 2021 | (1) | 0 | (1) | 12 |
| Associates | 2020 | 0 | 0 | 0 | 14 |

| | Domicile | Shares (%) | Equity | Net result |
|---------------------|----------|------------|--------|------------|
| I/S Fællesskiltning | Denmark | 41.5% | 32 | (3) |

b) Other

These entities handle the marketing and purchasing agreements of the restaurants in the four Nordic markets.





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| EUR'000 | Domicile | Interest % | Carrying value 2021 | Carrying value 2020 |
|--|----------|------------|------------------------|------------------------|
| Marketing Coop DK A/S | Denmark | 1% | 1 | 1 |
| Koop SA | Norway | 6.67% | 0 | 0 |
| Nordic Diensten Ekonomisk Förening | Sweden | 9.26% | 3 | 3 |
| Diensten Ekonomisk Förening | Sweden | 6.7% | 1 | 1 |
| Svenska McMarketing Ekonomisk Förening | Sweden | 6.7% | 12 | 11 |
| Osuuskunta Yhteismarkkinointi Suomi | Finland | 16.4% | 1 | 1 |
| Total | | | 18 | 17 |

11 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

Parent company

| EUR'000 | Assets | | Liabilities | |
|---|----------------|----------------|-------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| Non deductible interest expense carried forward | (392) | (369) | 0 | 0 |
| Tax value of loss carry-forwards | 0 | (821) | 0 | 0 |
| Tax effects of group contribution | (1 376) | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Tax (assets) / liabilities | (1 768) | (1 190) | 0 | 0 |
| Net of tax liabilities/(assets) | 0 | 0 | 0 | 0 |
| Net tax (assets) / liabilities | (1 768) | (1 190) | 0 | 0 |

Group

| EUR'000 | Assets | | Liabilities | |
|---|-----------------|-----------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Property, plant and equipment | (5 651) | (5 481) | 53 113 | 53 416 |
| Intangible assets | 0 | 0 | 13 057 | 13 998 |
| Trade and other receivables | 0 | 0 | 0 | 31 |
| Financial assets | (346) | (1 214) | 31 | 68 |
| Interest-bearing loans and borrowings | (574) | (672) | 1 635 | 1 458 |
| Non deductible interest expense carried forward | (392) | (982) | 0 | 0 |
| Provisions | (3 464) | (3 022) | 0 | 0 |
| Tax value of loss carry-forwards | 0 | (1 074) | 0 | 0 |
| Untaxed reserve | 0 | 0 | 4 572 | 5 921 |
| Tax effects of group contribution | (4 135) | 0 | 4 135 | 0 |
| Other | (77) | (68) | 0 | 25 |
| Tax (assets) / liabilities | (14 639) | (12 513) | 76 543 | 74 917 |
| Net of tax liabilities/(assets) | 10 113 | 10 458 | (10 113) | (10 458) |
| Net tax (assets) / liabilities | (4 526) | (2 055) | 66 430 | 64 459 |

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Movement in net deferred tax during the year

| EUR'000 | Parent company | | Group | |
|--|---------------------|---------------------|---------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Opening balance | (1 190) | (763) | 62 404 | 66 530 |
| Effect of movements in foreign exchange | 0 | 0 | (295) | 860 |
| Effect of tax on Group contribution received | 0 | 0 | 0 | 317 |
| Recognised in profit or loss | (578) | (427) | (205) | (5 303) |
| Recognised in equity | 0 | 0 | 0 | 0 |
| Closing balance | <u>(1 768)</u> | <u>(1 190)</u> | <u>61 904</u> | <u>62 404</u> |
| Total movement | <u>(578)</u> | <u>(427)</u> | <u>(500)</u> | <u>(4 126)</u> |

12 Trade and other receivables

| EUR'000 | Parent company | | Group | |
|--|------------------|---------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Trade receivables | 0 | 171 | 28 340 | 20 443 |
| Deposits | 0 | 0 | 1 192 | 1 090 |
| Prepayments | 42 | 1 106 | 3 879 | 4 206 |
| VAT & Duties | 15 | 7 | 16 | 8 |
| Other receivables | 0 | 0 | 7 374 | 5 128 |
| Total trade and other receivables | <u>57</u> | <u>1 284</u> | <u>40 801</u> | <u>30 875</u> |

Changes in trade and other receivables (Parent company)

| EUR'000 | Opening balance for period | Cash flows | Effect of movements in foreign exchange | Non-cash transactions | Closing balance for period |
|-------------|----------------------------|--------------|---|-----------------------|----------------------------|
| 2020 | <u>201</u> | <u>1 083</u> | <u>0</u> | <u>0</u> | <u>1 284</u> |
| 2021 | <u>1 284</u> | <u>(250)</u> | <u>0</u> | <u>(977)</u> | <u>57</u> |

Changes in trade and other receivables (Group)

| EUR'000 | Opening balance for period | Cash flows | Effect of movements in foreign exchange | Non-cash transactions | Closing balance for period |
|-------------|----------------------------|---------------|---|-----------------------|----------------------------|
| 2020 | <u>31 401</u> | <u>(188)</u> | <u>338</u> | <u>(676)</u> | <u>30 875</u> |
| 2021 | <u>30 875</u> | <u>10 049</u> | <u>20</u> | <u>(143)</u> | <u>40 801</u> |

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13 Cash and cash equivalents

| EUR'000 | Parent company | | Group | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Cash and cash equivalents | <u>41 956</u> | <u>46 132</u> | <u>43 947</u> | <u>48 001</u> |
| Total cash and cash equivalents | <u>41 956</u> | <u>46 132</u> | <u>43 947</u> | <u>48 001</u> |
| Restricted cash | <u>9 620</u> | <u>8 504</u> | <u>10 530</u> | <u>9 816</u> |
| Total restricted cash | <u>9 620</u> | <u>8 504</u> | <u>10 530</u> | <u>9 816</u> |

14 Asset held for sale

In the last quarter 2021, management committed to a plan to sell the land and building associated with a Danish restaurant closed in November 2021. Accordingly, the land and building are presented as a "Asset held for sale". Efforts to sell the assets have started and a sale is expected within the next year. Accumulated impairment losses of EUR 852 thousand for write-downs of the assets to the lower of its carrying amount and its fair value less costs to sell have been applied to reduce the carrying amount of property, plant and equipment. The fair value measurement for the assets of EUR 2,286 thousand has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (external evaluation).

15 Share capital

| Parent company and Group EUR'000 | Ordinary shares | |
|---|----------------------|----------------------|
| | 2021 | 2020 |
| In thousands of shares | <u>30</u> | <u>30</u> |
| On issue at 29 September 2016 | 30 | 30 |
| Issued for cash | <u>14 449</u> | <u>14 449</u> |
| On issue at 31 December - fully paid | <u>14 479</u> | <u>14 479</u> |

| Parent company and Group EUR'000 | Ordinary shares | |
|--|----------------------|----------------------|
| | 2021 | 2020 |
| Allotted, called up and fully paid | | |
| Ordinary shares of EUR 482.6 each | <u>14 479</u> | <u>14 479</u> |
| Total | <u>14 479</u> | <u>14 479</u> |
| Shares classified as liabilities | 0 | 0 |
| Shares classified in shareholders' funds | <u>14 479</u> | <u>14 479</u> |
| Total | <u>14 479</u> | <u>14 479</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.



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Dividends

No dividend was recognised during the period.

Translation reserve

The translation reserve comprises the effective portion of the net translation of subsidiaries foreign currencies into the reporting currency.

16 Loans and borrowings

Group

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

| EUR'000 | Parent company | | Group | |
|---|----------------|---------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Non-current loans and borrowings | | | | |
| Secured bank loans | 0 | 0 | 220 194 | 226 304 |
| Shareholder Loan | 48 342 | 85 038 | 48 342 | 85 038 |
| Lease liabilities (see Note 23) | 0 | 0 | 274 738 | 291 872 |
| Total non-current loans and borrowings | 48 342 | 85 038 | 543 274 | 603 214 |
| Current loans and borrowings | | | | |
| Secured bank loans | 0 | 0 | 18 711 | 12 001 |
| Lease liabilities (see Note 23) | 0 | 0 | 13 811 | 13 121 |
| Total current loans and borrowings | 0 | 0 | 32 522 | 25 122 |

Terms and debt repayment schedule

Realkredit Danmark - Facilities B1/B2 in Denmark have been renegotiated as at 31 March 2021 with a new maturity date (March 2036) and a new nominal interest rate of 0.3088%. The renegotiation led to a positive impact in the income statement, due to the derecognition of the liability for an amount of EUR 2,404 thousand, booked within the "financial income" line (see Note 5).

Effective from October 2021, Realkredit Danmark - Facility B1 in Norway 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 EUR 964 thousand, booked within the "financial income" line (see Note 5).

On 9 March 2021:

- a Capex Facility withdrawal have been granted in Denmark for DKK 30,850 thousand at a nominal interest rate of 2.5% until 8 October 2021, when it has been converted into a B3 Facility for an amount of DKK 54,900 thousand at a fixed rate of 0.94% expiring on 8 October 2036.
- a Capex Facility withdrawal has been granted in Norway 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.
- a B3 Facility has been granted in Sweden for SEK 49,050 thousand at a variable rate expiring on March 2037.

The transaction fees on the above negotiations recognized against the value of the Facilities as at 31 December 2021 totaled EUR 580 thousand.



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| EUR'000 | Currency | Nominal interest rate | Year of maturity | Face value | Carrying amount |
|--|----------|-----------------------|------------------|----------------|-----------------|
| Danske Bank A/S - Facility A2 - DKK | DKK | Variable | 2024 | 1 637 | 1 609 |
| Realkredit Danmark - Facility B1 - DKK | DKK | 0.3088% | 2036 | 67 269 | 59 476 |
| Realkredit Danmark - Facility B2 - DKK | DKK | 0.3088% | 2036 | 17 582 | 16 304 |
| Realkredit Danmark - Facility B3 - DKK | DKK | 0.9404% | 2036 | 7 277 | 7 139 |
| Realkredit Danmark - Facility B1 - NOK | NOK | Variable | 2037 | 28 278 | 27 203 |
| Realkredit Danmark - Facility B2 - NOK | NOK | Variable | 2037 | 9 110 | 8 928 |
| Realkredit Danmark - Facility B3 - NOK | NOK | Variable | 2037 | 3 704 | 3 675 |
| Danske Bank A/S - Facility A2 - SEK | SEK | Variable | 2024 | 8 740 | 8 534 |
| Realkredit Danmark - Facility B1 - SEK | SEK | Variable | 2034 | 69 527 | 71 495 |
| Realkredit Danmark - Facility B2 - SEK | SEK | Variable | 2037 | 15 122 | 14 649 |
| Realkredit Danmark - Facility B3 - SEK | SEK | Variable | 2037 | 4 785 | 4 636 |
| Danske Bank A/S - Facility A1 - EUR | EUR | Variable | 2022 | 8 250 | 8 235 |
| Danske Bank A/S - Facility A2 - EUR | EUR | Variable | 2024 | 7 158 | 7 022 |
| Shareholder loan - EUR | EUR | 8% | 2042 | 48 342 | 48 342 |
| Total 2021 | | | | 296 781 | 287 247 |
| Danske Bank A/S - Facility A2 - DKK | DKK | Variable | 2024 | 2 087 | 2 044 |
| Realkredit Danmark - Facility B1 - DKK | DKK | 0,56% | 2034 | 71 578 | 64 652 |
| Realkredit Danmark - Facility B2 - DKK | DKK | 0.91% | 2037 | 18 866 | 18 144 |
| Realkredit Danmark - Facility B1 - NOK | NOK | Variable | 2037 | 26 977 | 26 851 |
| Realkredit Danmark - Facility B2 - NOK | NOK | Variable | 2037 | 8 691 | 8 508 |
| Danske Bank A/S - Facility A2 - SEK | SEK | Variable | 2024 | 11 390 | 11 094 |
| Realkredit Danmark - Facility B1 - SEK | SEK | Variable | 2034 | 71 024 | 73 474 |
| Realkredit Danmark - Facility B2 - SEK | SEK | Variable | 2037 | 15 447 | 14 958 |
| Danske Bank A/S - Facility A1 - EUR | EUR | Variable | 2022 | 9 750 | 9 673 |
| Danske Bank A/S - Facility A2 - EUR | EUR | Variable | 2024 | 9 132 | 8 907 |
| Shareholder loan - EUR | EUR | 8% | 2042 | 85 038 | 85 038 |
| Total 2020 | | | | 329 980 | 323 343 |

17 Provisions

Group

| EUR'000 | Pensions | Dilapidation | Total |
|--|-----------|---------------|---------------|
| Balance at 1 January 2021 | 26 | 14 238 | 14 264 |
| Effect of movements in foreign exchange | 0 | 139 | 139 |
| Provisions made during the year | 0 | 2 325 | 2 325 |
| Provisions used during the year | 0 | (524) | (524) |
| Provisions reversed/adjusted during the year | (2) | (860) | (862) |
| Unwinding of discounted amount | 0 | 401 | 401 |
| Balance at 31 December 2021 | 24 | 15 719 | 15 743 |
| Non-current | 24 | 15 252 | 15 276 |
| Current | 0 | 467 | 467 |
| Balance at 31 December 2021 | 24 | 15 719 | 15 743 |

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.



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18 Trade and other payables

| EUR'000 | Parent company | | Group | |
|---|----------------|------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Trade payables | 221 | 369 | 18 808 | 13 816 |
| Interest payable | 0 | 0 | 72 | 92 |
| Deposits received | 0 | 0 | 1 367 | 1 301 |
| VAT & duties | 0 | 0 | 5 744 | 4 566 |
| Payroll related | 77 | 67 | 18 559 | 16 314 |
| Prepaid base rent | 0 | 0 | 3 819 | 3 694 |
| Other payables and accrued expenses | 36 | 53 | 10 613 | 8 715 |
| Total trade and other payables (current) | 334 | 489 | 58 982 | 48 498 |
| Payroll related | 0 | 0 | 2 815 | 0 |
| Total other payables (non current) | 0 | 0 | 2 815 | 0 |

19 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 and market risk. The policies for managing each of these risks are summarised below.

19 (a) Fair values of financial instruments

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.

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 EUR 299,853 thousand.

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



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| EUR'000 | Parent company | | Group | |
|---|----------------|----------------|------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Cash and cash equivalents | 41 956 | 46 132 | 43 947 | 48 001 |
| Restricted cash | 9 620 | 8 504 | 10 530 | 9 816 |
| Receivables from related parties | 47 209 | 103 356 | 0 | 13 |
| Trade and other receivables | 57 | 1 284 | 40 801 | 30 875 |
| Total financial assets at amortised cost | 98 842 | 159 276 | 95 278 | 88 705 |
| Financial assets designated as fair value through profit or loss | 0 | 0 | 32 | 86 |
| Total financial assets | 98 842 | 159 276 | 95 310 | 88 791 |
| Loans and borrowings | 48 342 | 85 038 | 575 796 | 628 336 |
| Trade and other payables | 334 | 489 | 58 982 | 48 498 |
| Payables to related parties | 51 374 | 72 975 | 4 118 | 2 754 |
| Provisions | 0 | 0 | 15 743 | 14 264 |
| Total financial liabilities at amortised cost | 100 050 | 158 502 | 654 639 | 693 852 |
| Financial liabilities designated as fair value through profit or loss | 0 | 0 | 2 135 | 7 975 |
| Total financial liabilities | 100 050 | 158 502 | 656 774 | 701 827 |
| Total net financial instruments | (1 208) | 774 | (561 464) | (613 036) |

19 (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.

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)

| EUR'000 | Gross 2021 | Gross 2020 | Impairment 2021 | Impairment 2020 |
|--------------|---------------|---------------|--------------------|--------------------|
| Not past due | 26 695 | 19 432 | 0 | 0 |
| Past due | 1 645 | 1 011 | 0 | 0 |
| Total | 28 340 | 20 443 | 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.



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19 (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

| EUR'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 | 48 342 | 129 549 | 3 867 | 3 867 | 11 601 | 110 214 |
| Payables to related parties | 51 374 | 51 374 | 51 374 | 0 | 0 | 0 |
| Trade and other payables | 334 | 334 | 334 | 0 | 0 | 0 |
| Derivative financial liabilities | | | | | | |
| Interest rate swaps | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 100 050 | 181 257 | 55 575 | 3 867 | 11 601 | 110 214 |

31 December 2020

| | | | | | | |
|---|----------------|----------------|---------------|--------------|---------------|----------------|
| Non-derivative financial liabilities | | | | | | |
| Shareholder Loan | 85 038 | 234 884 | 6 803 | 6 803 | 20 409 | 200 869 |
| Payables to related parties | 72 975 | 72 975 | 72 975 | 0 | 0 | 0 |
| Trade and other payables | 489 | 489 | 489 | 0 | 0 | 0 |
| Derivative financial liabilities | | | | | | |
| Interest rate swaps | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 158 502 | 308 348 | 80 267 | 6 803 | 20 409 | 200 869 |

Group

| EUR'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 | 238 905 | 299 853 | 26 186 | 20 929 | 68 470 | 184 268 |
| Lease liabilities | 288 549 | 405 852 | 27 042 | 26 747 | 74 032 | 278 031 |
| Shareholder Loan | 48 342 | 129 549 | 3 867 | 3 867 | 11 601 | 110 214 |
| Payables to related parties | 4 118 | 4 118 | 4 118 | 0 | 0 | 0 |
| Trade and other payables | 58 982 | 58 982 | 56 167 | 0 | 0 | 2 815 |
| Derivative financial liabilities | | | | | | |
| Interest rate swaps | 2 135 | 2 135 | 2 135 | 0 | 0 | 0 |
| Total | 641 031 | 926 537 | 120 505 | 52 533 | 157 072 | 596 427 |

31 December 2020

| | | | | | | |
|---|----------------|----------------|----------------|---------------|----------------|----------------|
| Non-derivative financial liabilities | | | | | | |
| Secured bank loans | 238 305 | 299 737 | 19 730 | 30 187 | 67 157 | 182 663 |
| Lease liabilities | 304 993 | 402 141 | 26 914 | 25 663 | 73 264 | 276 300 |
| Shareholder Loan | 85 038 | 234 884 | 6 803 | 6 803 | 20 409 | 200 869 |
| Payables to related parties | 2 754 | 2 754 | 2 754 | 0 | 0 | 0 |
| Trade and other payables | 48 498 | 48 498 | 48 498 | 0 | 0 | 0 |
| Derivative financial liabilities | | | | | | |
| Interest rate swaps | 7 975 | 7 975 | 7 975 | 0 | 0 | 0 |
| Total | 687 563 | 995 989 | 112 674 | 62 653 | 160 830 | 659 832 |



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of McDonald's

40

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19 (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 Group'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 Group, no further accounting and disclosure implications have been identified.

Market risk - Foreign currency risk

The Group'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 EUR 278,983 thousand (2020: EUR 280,563 thousand). A change of 1% in the exchange rate against DKK, SEK and NOK at year end would have impacted the carrying amount of financial instruments in foreign currency by EUR 2,763 thousand (2020: EUR 2,778 thousand).

Market risk - Interest rate risk

The Group has loans and borrowings in local currency with variable nominal interest rates as described in note 16. Variable rates may lead to unexpected increases in financial expenses. Therefore, for most of the loan facilities, the Group uses 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:

| EUR'000 | 2021 | 2020 |
|--|-------------------------|-------------------------|
| Fixed rate instruments | | |
| Financial assets | 32 | 86 |
| Financial liabilities | <u>(133 396)</u> | <u>(175 809)</u> |
| Total fixed rate instruments | <u>(133 364)</u> | <u>(175 723)</u> |
| Variable rate instruments | | |
| Financial assets | 54 477 | 57 817 |
| Financial liabilities | <u>(155 986)</u> | <u>(155 509)</u> |
| Total variable rate instruments | <u>(101 509)</u> | <u>(97 692)</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 EUR 1,015 thousand (2020: EUR 978 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.

19 (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.



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20 Commitments

Capital commitments

During the year ended 31 December 2021, the Group entered into contracts to purchase property, plant and equipment for EUR 2,682 thousand (2020: EUR 5,777 thousand).

Off-balance sheet arrangements

The Group is jointly and severally liable with the co-owners of I/S Fællesskiltning for the partnership's obligations. The total net assets from the statement of financial position amounts to EUR 32 thousand at year end (2020: EUR 35 thousand).

Other commitments amount to EUR 2,617 thousand (2020: EUR 1,888 thousand), mostly related to bank guarantees.

21 Contingencies

The Group is a guarantor for the performance of subsidiaries under credit agreement that the Food Folk Group Holdings AS group has entered into with a financial institution. The guarantee includes customary limitations that ensure that payments cannot exceed what would normally be permitted to be distributed as dividends from the companies. The Food Folk Group Holdings AS group's total obligation amounts to EUR 248.4 million as of 31 December 2021.

22 Related parties

Parent and ultimate controlling party

The Company's ultimate controlling party of the Company is Capitola Capital II SARL, which own 100% of all the shares in Food Folk Group Holdings AS. Guy Hands is the ultimate owner.

Key management personnel compensation

Compensation of the Company's / Group's key management personnel includes salaries, non-cash benefits and contributions to post-employment defined contribution plans (see Note 3).

Group related party transactions

Group companies within the Food Folk Group are rendering/receiving services for the use in ordinary business operations. The Group has also entered into an agreement for the provision of services with Terra Firma Investment Limited, which is a related party as it is owned by Guy Hands who is also the Company's ultimate owner. 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.

Group

| | <i>Loans receivable/ (payable) outstanding</i> | <i>Receivables outstanding</i> | <i>Payables outstanding</i> | <i>Purchase of services</i> | <i>Interest expenses</i> |
|--------------------------------|--|------------------------------------|---------------------------------|---------------------------------|------------------------------|
| EUR'000 | 2021 | 2021 | 2021 | 2021 | 2021 |
| Capitola Capital II SARL | (48 342) | 0 | (4 102) | 0 | (4 651) |
| Terra Firma Investment Limited | 0 | 0 | (16) | (2 689) | 0 |
| Total | (48 342) | 0 | (4 118) | (2 689) | (4 651) |
| | <i>Loans receivable/ (payable) outstanding</i> | <i>Receivables outstanding</i> | <i>Payables outstanding</i> | <i>Purchase of services</i> | <i>Interest expenses</i> |
| EUR'000 | 2020 | 2020 | 2020 | 2020 | 2020 |
| Capitola Capital II SARL | (85 038) | 0 | (2 754) | 0 | (7 255) |
| Terra Firma Investment Limited | 0 | 13 | 0 | (3 209) | 0 |
| Total | (85 038) | 13 | (2 754) | (3 209) | (7 255) |



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Parent company

| EUR'000 | Distributions of investment cost 2021 | Sale of services 2021 | Purchase of services 2021 | Interest income 2021 | Interest expenses 2021 |
|-------------------------------------|--|--------------------------|------------------------------|-------------------------|---------------------------|
| Food Folk Norge Holdings AS | 0 | 0 | 0 | 548 | 0 |
| Food Folk Holdings Danmark Aps | 0 | 0 | 0 | 331 | 0 |
| Food Folk Holdings Suomi Oy | 0 | 0 | 0 | 633 | 0 |
| Food Folk Holdings Sverige AB | 0 | 0 | 0 | 2 663 | 0 |
| Food Folk Norge AS | 0 | 883 | (64) | 41 | (3) |
| Zero Five AS | 0 | 0 | 0 | 7 | (1) |
| Food Folk Denmark AS | 0 | 1 060 | (81) | 223 | 0 |
| Food Folk Suomi Oy | 0 | 776 | (61) | 21 | 0 |
| Food Folk Sverige AB | 977 | 2 367 | (2 022) | 84 | 0 |
| Food Folk Sverige Development AB | 0 | 0 | 0 | 170 | 0 |
| Lindvreten Fastighetsförvaltning KB | 0 | 0 | 0 | 1 | 0 |
| Food Folk Nordanvind AB | 0 | 0 | 0 | 0 | 0 |
| Capitola Capital II SARL | 0 | 0 | 0 | 0 | (4 652) |
| Terra Firma Investment Limited | 0 | 0 | (2 689) | 0 | 0 |
| Total | 977 | 5 086 | (4 917) | 4 722 | (4 656) |

| EUR'000 | Loans receivable/ (payable) outstanding 2021 | Receivables outstanding 2021 | Payables outstanding 2021 | Cash-pooling receivable balances 2021 | Cash-pooling payable balances 2021 |
|-------------------------------------|--|------------------------------------|---------------------------------|---|--|
| Food Folk Norge Holdings AS | 6 675 | 0 | 0 | 0 | (344) |
| Food Folk Holdings Danmark Aps | 0 | 0 | (5) | 0 | (1 489) |
| Food Folk Holdings Suomi Oy | 7 047 | 0 | 0 | 0 | (7 580) |
| Food Folk Holdings Sverige AB | 17 499 | 0 | 0 | 0 | (4 412) |
| Food Folk Norge AS | 0 | 78 | (5) | 0 | (7 371) |
| Zero Five AS | 0 | 0 | 0 | 0 | (7 560) |
| Food Folk Denmark AS | 0 | 94 | (6) | 0 | (2 311) |
| Food Folk Suomi Oy | 0 | 69 | (5) | 3 165 | 0 |
| Food Folk Sverige AB | 0 | 208 | (304) | 0 | (15 854) |
| Food Folk Sverige Development AB | 0 | 0 | 0 | 12 372 | 0 |
| Lindvreten Fastighetsförvaltning KB | 0 | 0 | 0 | 2 | 0 |
| Food Folk Nordanvind AB | 0 | 0 | 0 | 0 | (10) |
| Capitola Capital II SARL | (48 342) | 0 | (4 102) | 0 | 0 |
| Terra Firma Investment Limited | 0 | 0 | (16) | 0 | 0 |
| Total | (17 121) | 449 | (4 443) | 15 539 | (46 931) |

| EUR'000 | Distributions of investment cost 2020 | Sale of services 2020 | Purchase of services 2020 | Interest income 2020 | Interest expenses 2020 |
|-------------------------------------|--|--------------------------|------------------------------|-------------------------|---------------------------|
| Food Folk Norge Holdings AS | 0 | 0 | 0 | 841 | (10) |
| Food Folk Holdings Danmark Aps | 0 | 0 | 0 | 1 076 | 0 |
| Food Folk Holdings Suomi Oy | 0 | 0 | 0 | 598 | 0 |
| Food Folk Holdings Sverige AB | 0 | 0 | 0 | 3 909 | 0 |
| Food Folk Norge AS | 147 | 1 093 | (73) | 27 | (8) |
| Zero Five AS | 0 | 0 | 0 | 5 | (5) |
| Food Folk Denmark AS | 315 | 1 319 | (142) | 224 | 0 |
| Food Folk Suomi Oy | 116 | 944 | (45) | 15 | 0 |
| Food Folk Sverige AB | 1 108 | 3 046 | (1 057) | 87 | 1 |
| Food Folk Sverige Development AB | 0 | 0 | 0 | 207 | 0 |
| Lindvreten Fastighetsförvaltning KB | 0 | 0 | 0 | 1 | 0 |
| Food Folk Nordanvind AB | 0 | 0 | 0 | 0 | 0 |
| Capitola Capital II SARL | 0 | 0 | 0 | 0 | (7 255) |
| Terra Firma Investment Limited | 0 | 0 | (3 209) | 0 | 0 |
| Total | 1 686 | 6 402 | (4 526) | 6 990 | (7 277) |

| EUR'000 | Loans receivable/ (payable) outstanding 2020 | Receivables outstanding 2020 | Payables outstanding 2020 | Cash-pooling receivable balances 2020 | Cash-pooling payable balances 2020 |
|-------------------------------------|--|------------------------------------|---------------------------------|---|--|
| Food Folk Norge Holdings AS | 6 674 | 135 | 0 | 0 | (1 011) |
| Food Folk Holdings Danmark Aps | 12 090 | 190 | 0 | 0 | (252) |
| Food Folk Holdings Suomi Oy | 7 047 | 565 | 0 | 0 | (8 644) |
| Food Folk Holdings Sverige AB | 47 500 | 3 811 | 0 | 0 | (6 667) |
| Food Folk Norge AS | 0 | 77 | (10) | 6 098 | 0 |
| Zero Five AS | 0 | 0 | 0 | 0 | (3 845) |
| Food Folk Denmark AS | 0 | 122 | (5) | 0 | (21 822) |
| Food Folk Suomi Oy | 0 | 96 | (6) | 3 549 | 0 |
| Food Folk Sverige AB | 0 | 207 | (2 627) | 0 | (24 883) |
| Food Folk Sverige Development AB | 0 | 0 | 0 | 15 182 | 0 |
| Lindvreten Fastighetsförvaltning KB | 0 | 0 | 0 | 0 | (439) |
| Food Folk Nordanvind AB | 0 | 0 | 0 | 0 | (10) |
| Capitola Capital II SARL | (85 038) | 0 | (2 754) | 0 | 0 |
| Terra Firma Investment Limited | 0 | 13 | 0 | 0 | 0 |
| Total | (11 727) | 5 216 | (5 402) | 24 829 | (67 573) |

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23 Leases

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

i. Amounts recognised in Statement of financial position

| EUR'000 | 2021 | 2020 |
|--|-----------|-----------|
| - Right-of-use assets (presented in Property, plant and equipment - see note 8) | 278 622 | 297 342 |
| - Prepaid expense (presented in Trade and Other Receivables) | (3 480) | (3 883) |
| - Lease liabilities (presented in Other interest-bearing loans and borrowings - see note 16) | (288 549) | (304 993) |

ii. Amounts recognised in Income Statement

| EUR'000 | 2021 | 2020 |
|--|--------|--------|
| - Depreciation charges (including impairment loss/reversal) | 21 318 | 22 943 |
| - Interest on lease liabilities | 10 123 | 10 223 |
| - variable lease payments not included in the measurement of lease liabilities (including COVID-19 rent concessions) | 1 729 | 632 |
| - expenses relating to other short-term leases | 32 | 53 |
| - expenses relating to leases of low-value assets | 776 | 697 |
| - other expenses | (2) | (7) |

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

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

| EUR'000 | 2021 | 2020 |
|-------------------------------------|-------|--------|
| Fixed payments | 6 934 | 10 930 |
| Variable payments | 2 230 | 1 715 |
| Total lease payments based on sales | 9 164 | 12 645 |

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

iii. Amounts recognised in statement of cash flows

| EUR'000 | 2021 | 2020 |
|--|----------|----------|
| - Payment of Lease liabilities (interest portion) | (9 929) | (10 128) |
| - Payment of Lease liabilities (principal portion) | (17 410) | (17 093) |
| Total cash outflow for leases | (27 339) | (27 221) |

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 EUR 15.2 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 EUR 501 thousand (2020: EUR 1,117 thousand).

24 Changes in liabilities from financing activities

Group

| EUR'000 | Shareholder Loan | Secured bank loans | Lease liabilities | TOTAL |
|--|---------------------|-----------------------|----------------------|-----------------|
| Balance at 1 January 2020 | 92 592 | 247 589 | 311 441 | 651 622 |
| 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 | (7 554) | (12 452) | 0 | (20 006) |
| Payment of lease liabilities (principal portion) | 0 | 0 | (17 093) | (17 093) |
| Total changes from financing cash flows | (7 554) | (12 452) | (17 093) | (37 099) |
| The effect of changes in foreign exchange rates | 0 | 2 227 | 2 193 | 4 420 |
| New leases and other changes | 0 | 0 | 8 357 | 8 357 |
| Capitalized borrowing costs | 0 | 941 | 0 | 941 |
| Interest expense | 0 | 6 888 | 10 223 | 17 111 |
| Payment of lease liabilities (interest portion) | 0 | 0 | (10 128) | (10 128) |
| Interest paid | 0 | (6 888) | 0 | (6 888) |
| Total liability related other changes | 0 | 941 | 8 452 | 9 393 |
| Balance at 31 December 2020 | 85 038 | 238 305 | 304 993 | 628 336 |
| Balance at 1 January 2021 | 85 038 | 238 305 | 304 993 | 628 336 |
| Proceeds from loans and borrowings | 0 | 112 314 | 0 | 112 314 |
| Transaction costs related to loans and borrowings | 0 | (580) | 0 | (580) |
| Repayment of loans and borrowings | (36 696) | (108 530) | 0 | (145 226) |
| Payment of lease liabilities (principal portion) | 0 | 0 | (17 410) | (17 410) |
| Total changes from financing cash flows | (36 696) | 3 204 | (17 410) | (50 902) |
| The effect of changes in foreign exchange rates | 0 | (356) | (126) | (482) |
| New leases and other changes | 0 | 0 | 898 | 898 |
| Capitalized borrowing costs | 0 | (2 248) | 0 | (2 248) |
| Interest expense | 0 | 7 236 | 10 123 | 17 359 |
| Payment of lease liabilities (interest portion) | 0 | 0 | (9 929) | (9 929) |
| Interest paid | 0 | (7 236) | 0 | (7 236) |
| | | | | 0 |
| Total liability related other changes | 0 | (2 248) | 1 092 | (1 156) |
| Balance at 31 December 2021 | 48 342 | 238 905 | 288 549 | 575 796 |

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Food Folk Group Holdings AS
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Notes

25 Acquisition of restaurants

a) Acquisition of a restaurant

| EUR'000 | 2021 | 2020 |
|---|--------------|--------------|
| Acquirees net assets at the acquisition date: | | |
| Land and buildings | 0 | 796 |
| Fixtures, fittings and equipment | 666 | 476 |
| Contractual rights | 2 475 | 3 767 |
| Total identifiable net assets acquired | 3 141 | 5 039 |
| Consideration paid: | | |
| Cash | 7 610 | 5 245 |
| Total consideration | 7 610 | 5 245 |
| Goodwill | 4 469 | 206 |

In 2021, the Group has acquired few restaurants from the Franchisees. The acquired restaurants contributed a net profit of EUR 1.2 million to the net profit for the year. If the acquisitions had occurred on the first day of the accounting period, the Group revenues would have increased by EUR 9.9 million and net profit would have been higher by EUR 3.8 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.

One of these restaurants has been remodeled with an investment approximately around EUR 0.9 million. Subsequently, it was sold to another franchisee. The difference between the selling price and the net book value of the transferred assets (including goodwill for EUR 0.7 million) has been recognized in the income statement for a negative net amount of EUR 0.6 million (see Note 4).

Measurement of fair values

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

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

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

Acquisition related costs

No acquisition related costs were incurred by the Group.

b) Acquisition of subsidiaries

| EUR'000 | 2021 | 2020 |
|---|--------------|----------|
| Acquirees net assets at the acquisition date: | | |
| Land | 1 015 | 0 |
| Trade and other payables | (4) | 0 |
| Total identifiable net assets acquired | 1 011 | 0 |
| Consideration paid: | | |
| Cash | 1 357 | 0 |
| Total consideration | 1 357 | 0 |
| Difference | 346 | 0 |

During 2021, the Group acquired the 100% of the shares in a Swedish and a Norwegian company for an amount of EUR 1,357 thousand. The difference arising from the acquired assets and the consideration paid for EUR 346 thousand has been allocated to the land owned by these two companies.



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26 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.

Subject to the terms of the relevant employment agreement, the board decided as of 26th of April 2022 to terminate the employment with the Nordic CEO with immediate effect. The Company did not have an interim or long-term CEO arrangement available at the time of the termination decision and will therefore operate without appointing a new CEO for the time-being.

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Food Folk Group Holdings AS
Annual Report 2021

Independent auditor's report *(as a separate document)*

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

Susanne Elise Munch Thore

Undertecknare

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2022-04-27 12:10:54 UTC



Vivek Ahuja

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2022-04-28 09:41:38 UTC

Vivek Ahuja

Lars Kristian Sande

Undertecknare

Serial number: 9578-5993-4-2490371

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To the General Meeting of Food Folk Group Holdings AS

Independent Auditor's Report

Opinion

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

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

Offices in:

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.

Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

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



there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

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

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

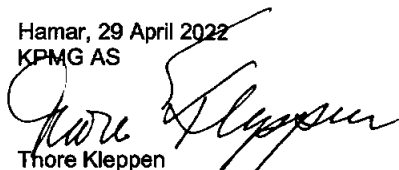


Independent Auditor's Report - Food Folk Group Holdings AS

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hamar, 29 April 2022
KPMG AS



Thore Kleppen
State Authorised Public Accountant