



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
-------------------------	-------------------------

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:	30.04.2021

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 27.07.2022



Resultatregnskap

Beløp i: EUR	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	2	6 402 000	4 691 000
Sum inntekter		6 402 000	4 691 000
Kostnader			
Lønnskostnad	4	226 000	456 000
Annen driftskostnad	3	7 060 000	6 074 000
Sum kostnader		7 286 000	6 530 000
Driftsresultat		-884 000	-1 839 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	10	28 560 000	26 376 000
Renteinntekt fra foretak i samme konsern	5	6 990 000	11 248 000
Sum finansinntekter		35 550 000	37 624 000
Rentekostnad til foretak i samme konsern	6	7 277 000	11 918 000
Annen rentekostnad	6	371 000	438 000
Valutatap	6	166 000	1 221 000
Sum finanskostnader		7 814 000	13 577 000
Netto finans		27 736 000	24 047 000
Ordinært resultat før skattekostnad		26 852 000	22 208 000
Skattekostnad på ordinært resultat	7	1 418 000	519 000
Ordinært resultat etter skattekostnad		25 434 000	21 689 000
Årsresultat		25 434 000	21 689 000
Overføringer og disponeringer			
Funds for unrealised gains		29 942 000	24 784 000
Overføringer til/fra annen egenkapital		-4 508 000	-3 095 000
Sum overføringer og disponeringer		25 434 000	21 689 000



Balanse

Beløp i: EUR	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	11	1 190 000	763 000
Sum immaterielle eiendeler		1 190 000	763 000
Finansielle anleggsmidler			
Investering i datterselskap	10	201 719 000	171 776 000
Lån til foretak i samme konsern	21	73 311 000	79 611 000
Sum finansielle anleggsmidler		275 030 000	251 387 000
Sum anleggsmidler		276 220 000	252 150 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	12	1 284 000	201 000
Konsernfordringer	21	30 045 000	16 601 000
Sum fordringer		31 329 000	16 802 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	13	46 132 000	51 753 000
Ikke-likvid bankinnskudd	13	8 504 000	6 085 000
Sum bankinnskudd, kontanter og lignende		54 636 000	57 838 000
Sum omløpsmidler		85 965 000	74 640 000
SUM EIENDELER		362 185 000	326 790 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	14	14 479 000	14 479 000



Balanse

Beløp i: EUR	Note	2020	2019
Overkurs	14	43 427 000	43 427 000
Sum innskutt egenkapital		57 906 000	57 906 000
Opptjent egenkapital			
Fond	14	145 426 000	115 484 000
Annen egenkapital	14	351 000	3 477 000
Sum opptjent egenkapital		145 777 000	118 961 000
Sum egenkapital		203 683 000	176 867 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	15	85 038 000	92 592 000
Sum annen langsiktig gjeld		85 038 000	92 592 000
Sum langsiktig gjeld		85 038 000	92 592 000
Kortsiktig gjeld			
Leverandørgjeld	17	489 000	813 000
Betalbar skatt	7	0	42 000
Kortsiktig konserngjeld	21	72 975 000	56 476 000
Sum kortsiktig gjeld		73 464 000	57 331 000
Sum gjeld		158 502 000	149 923 000
SUM EGENKAPITAL OG GJELD		362 185 000	326 790 000



Konsernets resultatregnskap

Beløp i: EUR	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	1	311 522 000	299 323 000
Annen driftsinntekt	2	-236 000	2 094 000
Sum inntekter		311 286 000	301 417 000
Kostnader			
Varekostnad		31 403 000	28 544 000
Lønnskostnad	4	65 592 000	63 037 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	8,9	49 584 000	40 820 000
Annen driftskostnad	3	97 093 000	95 611 000
Sum kostnader		243 672 000	228 012 000
Driftsresultat		67 614 000	73 405 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	10	0	-4 000
Annen finansinntekt	5	2 335 000	10 542 000
Sum finansinntekter		2 335 000	10 538 000
Annen finanskostnad	6	33 016 000	47 103 000
Sum finanskostnader		33 016 000	47 103 000
Netto finans		-30 681 000	-36 565 000
Ordinært resultat før skattekostnad		36 933 000	36 840 000
Skattekostnad på ordinært resultat	7	11 499 000	15 151 000
Ordinært resultat etter skattekostnad		25 434 000	21 689 000
Årsresultat		25 434 000	21 689 000
Overføringer og disponeringer			
Overføring til/fra fond		25 434 000	21 689 000
Sum overføringer og disponeringer		25 434 000	21 689 000



Konsernets balanse

Beløp i: EUR	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	9	70 686 000	70 231 000
Utsatt skattefordel	11	2 055 000	1 423 000
Goodwill	9	1 505 000	1 666 000
Øvrig	9	3 964 000	2 239 000
Sum immaterielle eiendeler		78 210 000	75 559 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	8	490 813 000	472 408 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	8	16 626 000	13 624 000
IFRS 16 - Right of Use asset	8	297 342 000	309 330 000
Sum varige driftsmidler		804 781 000	795 362 000
Finansielle anleggsmidler			
Investering i datterselskap	10	31 000	25 000
Sum finansielle anleggsmidler		31 000	25 000
Sum anleggsmidler		883 022 000	870 946 000
Omløpsmidler			
Varer			
Varer		1 296 000	678 000
Sum varer		1 296 000	678 000
Fordringer			
Kundefordringer	12	30 961 000	31 523 000
Skattefordring	7	2 334 000	5 286 000
Konsernfordringer	21	13 000	
Sum fordringer		33 308 000	36 809 000
Bankinnskudd, kontanter og lignende			
Bunden bankinnskudd	13	9 816 000	9 082 000
Bankinnskudd	13	48 001 000	55 971 000



Konsernets balanse

Beløp i: EUR	Note	2020	2019
Sum bankinnskudd, kontanter og lignende		57 817 000	65 053 000
Sum omløpsmidler		92 421 000	102 540 000
SUM EIENDELER		975 443 000	973 486 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	14	14 479 000	14 479 000
Overkurs	14	43 427 000	43 427 000
Sum innskutt egenkapital		57 906 000	57 906 000
Opptjent egenkapital			
Reserves	14	-5 385 000	-6 767 000
Annen egenkapital	14	151 162 000	125 728 000
Sum opptjent egenkapital		145 777 000	118 961 000
Sum egenkapital		203 683 000	176 867 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	11	64 459 000	67 953 000
Andre avsetninger for forpliktelser	16	13 679 000	13 452 000
Sum avsetninger for forpliktelser		78 138 000	81 405 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	15	226 304 000	236 359 000
Langsiktig konserngjeld	15	85 038 000	92 592 000
Øvrig langsiktig gjeld	15	291 872 000	296 446 000
Sum annen langsiktig gjeld		603 214 000	625 397 000
Sum langsiktig gjeld		681 352 000	706 802 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	15	12 001 000	11 230 000
IFRS 16 gjeldsforpliktelser	15	13 121 000	14 995 000



Konsernets balanse

Beløp i: EUR	Note	2020	2019
Leverandørgjeld	17	56 473 000	52 917 000
Betalbar skatt	7	5 474 000	7 544 000
Kortsiktig konserngjeld	21	2 754 000	2 712 000
Annen kortsiktig gjeld	16	585 000	419 000
Sum kortsiktig gjeld		90 408 000	89 817 000
Sum gjeld		771 760 000	796 619 000
SUM EGENKAPITAL OG GJELD		975 443 000	973 486 000
POSTER UTENOM BALANSEN			
Garantistillelser	8	697 665 000	685 003 000



Skatteetaten

Vår dato 07.02.2019	Din/Deres dato 19.11.2018	Saksbehandler Jeanette Munkvold Skovholt
800 80 000 Skatteetaten.no	Din/Deres referanse Divya Bhatnagar	Telefon 90076012
Org.nr 974761076	Vår referanse 2019/5230812	Postadresse Postboks 9200 Grønland 0134 OSLO

FOOD FOLK NORGE HOLDINGS AS
Mailboxes ETC 303 Postboks 1 Youngstorget
0028 OSLO

Tillatelse til å oppbevare elektronisk regnskapsmateriale i Irland for Food Folk Norge Holdings AS, org.nr. 917 906 254

Vi viser til deres brev av 19. november 2018 hvor dere søker om tillatelse til å oppbevare elektronisk regnskapsmateriale i Irland for Food Folk Norge Holdings AS.

Skattedirektoratet gir med dette Food Folk Norge Holdings AS tillatelse til å oppbevare elektronisk regnskapsmateriale i Irland på angitt adresse, jf. lov 19. november 2004 nr. 73 om bokføring § 13 siste ledd.

Bakgrunn

Fra søknaden gjengis:

Food Folk Group Holdings AS er Development Licensee til McDonald's Corporation i Norden ("McD") og holder rettighetene til å utvikle, operere og sub-franshing McDonald's restauranter i de nordiske markedene gjennom en 20 års Master Unit Franchise Agreement ("MUFA") med McD. Totalt eies 100 % av aksjene i Food Folk Norge Holdings AS eies av mor i konsernet, Food Folk Group Holdings AS.

Konsernet har implementert et felles regnskapssystem i Norden, der virksomhetene i Norge, Danmark og Finland har gått over til Microsoft Dynamics 365. Systemet er skybasert, men lagring av regnskapsmateriale skjer på en server i Irland (Microsoft: Dublin Data center, 1, One Microsoft Place, South County Business Park, Leopardstown, Dublin 18, D18 P521, Irland)

I tillegg sentraliseres en rekke økonomifunksjoner og legges til i Finance Shared Service Centre (FSS) i Danmark. Dette innebærer både sentralisering av regnskapsføring og rapportering av finansielle data. Forretningsadresse er det samme som for Food Folk Danmark Aps (Falkoner Alle 20, 2000 Frederiksberg, Danmark, CVR: 24 21 40 87).

Food Folk Norge Holdings AS vil gjøre all regnskapsmateriale elektronisk tilgjengelig for FSS. Det vil foreligge full tilgang til regnskapsmaterialet fra Norge, herunder muligheter for å ta utskrifter av regnskapsmaterialet. Tilgang vil kunne gis fra Food Folk Norge Holdings AS lokaler i Pløens gate 2 0181, Oslo.



Spesifikasjoner av pliktig regnskapsrapportering samt dokumentasjonen av regnskapssystemet vil foreligge på engelsk.

Forutsetninger for vedtaket

Det forutsettes at det regnskapsmateriale som ikke er i Norge, skal være tilgjengelig i lesbar form og skal kunne skrives ut på papir i hele oppbevaringstiden fra terminal eller lignende i Norge.

Tillatelsen er gitt under forutsetning av at det eksisterer et felles regnskapssystem for de beskrevne parter ovenfor og avtale for oppbevaring av regnskapsmateriale på den angitte lagringsadresse. Dersom selskapets beskrevne tilknytning til utlandet endres, opphører også denne tillatelsen og regnskapsmaterialet må bringes til Norge. Dersom regnskapsmateriale ikke lenger er tilgjengelig via terminal eller lignende her i Norge, må det tas papirutskrift av regnskapsmateriale, alternativt må datalager og nødvendig maskin- og programvare gjøres tilgjengelig. Vi gjør for øvrig oppmerksom på at bokførte opplysninger som i utgangspunktet er tilgjengelig elektronisk, skal være tilgjengelig elektronisk i tre år og seks måneder etter regnskapsårets slutt, jf. bokføringslovens § 13b. Dette krever at elektronisk tilgang til dataene i Norge må opprettholdes for denne perioden.

Regnskapsmaterialet skal uten ubegrunnet opphold kunne fremlegges for offentlig kontrollmyndighet i Norge i hele oppbevaringstiden, jf. bokføringsforskriften § 7-4 siste ledd.

Det norske selskapet må derfor bokføre og lagre dataene på en slik måte at norske kontrollmyndigheter sikres tilgang til dataene. Hvor data fra flere enheter lagres samlet innebærer dette at dataene må kunne skilles fra andre enheters data hvor kontrollmyndigheten ikke har varslet kontroll eller ikke har myndighet.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Henning Stokke
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Jeanette Munkvold Skovholt

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



(Unofficial translation. The official language of these minutes is Norwegian. In the event of any discrepancies between the Norwegian and English text, the Norwegian text shall precede.)

PROTOKOLL FRA

ORDINÆR GENERALFORSAMLING

I

FOOD FOLK GROUP HOLDINGS AS

Den 26. april 2021 ble det avholdt ordinær generalforsamling i Food Folk Group Holdings AS, org. nr. 817 906 222 ("Selskapet") via vide conference.

1 Åpning av generalforsamlingen

Generalforsamlingen ble åpnet av Vivek Ahuja, som ble valgt som møteleder.

Ross Brinklow deltok på vegne av eneaksjonæren i Selskapet, Capitola Capital II SARL, i henhold til fullmakt.

Følgelig var samtlige aksjer representert i generalforsamlingen.

2 Valg av en person til å medundertegne protokollen sammen med møteleder

Ross Brinklow ble valgt til å medundertegne møteprotokollen sammen med møteleder.

3 Godkjenning av innkalling og dagsorden

Generalforsamlingen godkjente innkallingen og dagsordenen.

4 Godkjenning av årsregnskap og årsberetning

Generalforsamlingen traff i henhold til styrets forslag følgende vedtak:

Årsregnskapet og årsberetningen for 2020 godkjennes.

MINUTES FROM

ANNUAL SHAREHOLDERS' MEETING

IN

FOOD FOLK GROUP HOLDINGS AS

On 26 April 2021 an annual shareholders' meeting was held in Food Folk Group Holdings AS, org. no. 817 906 222 (the "Company") as video conference.

1 Opening of the shareholder's meeting

Vivek Ahuja opened the meeting and was elected to chair the meeting.

Ross Brinklow participated on behalf of the Company's sole shareholder, Capitola Capital II SARL, according to power of attorney.

Thus, all shares were represented in the shareholders' meeting.

2 Election of a person to countersign the minutes together with the chairman of the meeting

Ross Brinklow was elected to countersign the minutes with the chairman of the meeting.

3 Approval of notice and agenda

The shareholders' meeting approved the notice and the agenda.

4 Approval of annual accounts and report

The general meeting adopted the following resolution in accordance with the proposal from the board:

The annual accounts and report for 2020 are approved.

Penneo document key: EIM03-AY55E-ZU7ZH-E0285-5DE8P-VHFT6



Det skal ikke utbetales utbytte for 2020. Årsresultatet skal overføres til annen egenkapital.

There shall not be paid out any dividends for 2020. The annual result is allocated to other equity.

5 Fastsettelse av godtgjørelse til styrets medlemmer.

Generalforsamlingen traff i henhold til styrets forslag følgende vedtak:

Styremedlemmenes godtgjørelse for 2020 skal være:

- *NOK 100.000 årlig avgift, NOK 5.000 avgift/time (min NOK 250.000/år)*

5 Determination of fees to the board.

The general meeting adopted the following resolution in accordance with the proposal from the board:

The remuneration rates for the board of directors shall for 2020 be:

- *NOK 100.000 annual fee, NOK 5.000 variable fee/hour (min NOK 250.000/year)*

6 Styrets sammensetning

Generalforsamlingen vedtok at Anders Hågg skal fjernes som styremedle og at Anders Hågg beholder sin rett til å signere på vegne av selskapet som Selskapets CFO. Fremover består styre av følgende personer:

- Vivek Ahuja (Chairman)
- Susanne Munch Thore
- Lars Kristian Sande

6 Appointment of new board

The general meeting resolved that Anders Hågg shall be relieved from his duties as member of the board and that Anders Hågg maintains his signatory rights in his capacity as CFO of the Company. Henceforth the board consists of the following persons:

- Vivek Ahuja (Chairman)
- Susanne Munch Thore
- Lars Kristian Sande

7 Gjenvalg av Selskapets revisor

Generalforsamlingen traff i henhold til styrets forslag følgende vedtak:

KPMG AS skal fortsatt være Selskapets revisor.

7 Re-appointment of the Company's auditor

The general meeting adopted the following resolution in accordance with the proposal from the board:

KPMG AS shall continue to be the Company's auditor.

Signatory Page to Follow



Vivek Ahuja

Ross Brinklow

* * *

Penneo document key: E1M03-AY55E-ZU7ZH-E0285-5DE8P-VHFT6



PENNEO

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

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

Vivek Ahuja

Undertecknare

Serial number: vivek.ahuja@terrafirma.com

IP: 136.228.xxx.xxx

2021-04-27 16:40:10Z

Ross Brinklow

Undertecknare

Serial number: ross.brinklow@terrafirma.com

IP: 136.228.xxx.xxx

2021-04-29 00:18:38Z



Penneo document key: EIM03-AY55E-ZU7ZH-E0285-5DE8P-VHFT6

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

How to verify the originality of this document

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

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

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



KPMG AS
Vangsvegen 73
2317 Hamar

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

To the General Meeting of Food Folk Group Holdings AS

Independent auditor's report

Report on the Audit of the Financial Statements

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 2020, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Food Folk Group Holdings AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

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

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mol i Rana	Stord
Alta	Finnnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bode	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Alesund



Food Folk Group Holdings AS

Other information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty



Food Folk Group Holdings AS

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

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

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

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

Hamar, 29 April 2021
KPMG AS

Thore Kleppen
State Authorised Public Accountant



Food Folk Group Holdings AS

Storgata 15
0155 Oslo

Org. No. 817 906 222

Annual report 2020

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

on 27 April 2021

chairman of the annual general meeting

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCEAS



Contents

<i>Statement by the Board of Directors and the Managing Director</i>	3
<i>Company details</i>	7
<i>Food Folk Corporate Social Responsibility</i>	8
<i>Financial statements for the financial year ended December 31, 2020</i>	
Statement of profit or loss and other comprehensive income	11
Statement of financial position	12
Statement of changes in equity (parent)	13
Statement of changes in equity (group)	14
Statement of cash flows	15
Basis of preparation	16
Significant accounting policies	18
Notes	23
<i>Independent auditor's report (as a separate document)</i>	42

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCEAS



Statement by the Board of Directors and the Managing Director

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 431 restaurants as at 31 December 2020 (2019: 428 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 211 (49%) restaurants located on owned land, with the remaining restaurants located in leased locations under long-term lease agreements. As of 31 December 2020 the Group operated 38 (9%) of the McDonald's restaurants, while the remaining 393 (91%) restaurants were operated by 77 independent Franchisees under individual sub-franchisee agreement with Group companies.

Through its offices in Oslo, Stockholm, Copenhagen and Helsinki, the Group employs 234 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 2,108 staff employed in Group operated restaurants. For further information about the Group companies please visit our homepages (www.mcdonalds.com).

Annual accounts

Parent Company

The Company's operation for the year ended 31 December, 2020 resulted in an operating loss of EUR 0.9 million (2019: EUR 1.8 million), net finance expenses of EUR 0.8 million (2019: EUR 2.3 million) and income from profit in subsidiaries, net of tax of EUR 28.6 million (EUR 26.4 million). Profit for the year amounts to EUR 25.4 million (EUR 21.7 million).

At the end of December 2020, the Company had:

- Balance sheet assets totaling EUR 362.2 million (2019: EUR 326.8 million)
- Equity of EUR 203.7 million, with an Equity ratio of 56.2 % (2019: EUR 176.9 million - 54.1%)
- Cash holdings of EUR 54.6 million (2019: EUR 57.8 million), including restricted cash holdings of EUR 8.5 million (2019: EUR 6.1 million)
- Cash flow from operating activities during the year ended 31 December, 2020 was EUR -1.5 million (2019: EUR -5.0 million), from investment activities EUR 6.3 million (2019: EUR 93 million) and from financing activities EUR -10.1 million (2019: EUR -99 million).

Group

Revenues for the period amounted to EUR 311.5 million (2019: EUR 299.3 million) with operating profit of EUR 67.6 million (2019: EUR 73.4 million) and net finance expenses of EUR 30.7 million (2019: EUR 36.6 million). Profit for the year ended 31 December, 2020 amounted to EUR 25.4 million (2019: EUR 21.7 million).

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

At the end of December 2020, the Group had:

- Consolidated balance sheet assets totaled EUR 975.4 million (2019: EUR 973.5 million)
- Equity of EUR 203.7 million, with an Equity ratio of 20.9% (2019: EUR 176.9 million - 18.2%)
- Cash holdings of EUR 57.8 million (2019: EUR 65.1 million), including restricted cash holdings of EUR 9.8 million (2019: EUR 9.1 million)
- Cash flow from operating activities during the year ended 31 December, 2020 was EUR 100.6 million (2019: EUR 103 million), from investment activities EUR -46.2 million (2019: EUR -32.9 million), and from financing activities EUR -62.3 million (2019: EUR -79.7 million).

Business outlook

COVID-19 restrictions have made it difficult to navigate through 2020, nevertheless, both sales and profits ended ahead of last year. The Drive Thru has been crucial for performance during this period, and offsetting some of the negative impact hitting instore restaurants (malls, town). Further, the Group has generated positive net cash from operating activities, and it has continued to invest in new store openings and will continue to do so in the future. Also, during the year the Group has opened 13 new stores and remodeled 89% of total stores. In addition, it strengthened its market share in all Nordic countries in 2020 and grew Delivery sales which was available in more than 200 restaurants.

Market risk caused by COVID-19 outbreak continues in 2021. The Group is following the developments and the authorities' recommendations closely, and taking the measures deemed necessary to reduce the impact in the short and long term.

In spite of this, the beginning of 2021 has been strong in terms of sales and profits. The sales performance of the first quarter of 2021 increased 5.7% compared to last year, even though some restaurants have been partly or fully closed due to governmental restrictions in downtown. From an EBITDA perspective, results at the end of March is EUR 20.8 million which is EUR 2.5 million higher than plan and EUR 4.6 million up on last year.



Statement by the Board of Directors and the Managing Director (continued)

Research and Development

Neither the Company nor the Group had any research and/or development activities during 2020.

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.

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 from being one of the leading actors within the IEO segment. By launching various initiatives and projects, we continuously aim to reduce our operations' negative impact on climate and environment.

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. All waste has an impact on the climate and Food Folk Group is consciously working to reduce this impact. For example, as we rebuilt restaurants in the recent years, we have re-redesigned the processes to the new made-to-order system. In order not to waste the valuable resources contained in food waste, grease, and cooking oil, these waste materials are used in the production of biogas, ultimately resulting in a smaller carbon footprint for the society by displacing fossil fuels. The recently converted restaurants to "Experience of the future" are meeting high sustainability standards and have thus put McDonald's physical environment on a clear green path. A green path implies that all resources (i.e., water, electricity, heating, lighting) have been completely optimized.

Packaging/Material

We continuously evaluate our packaging and look for greener alternatives – to save on plastics, harmful waste, and CO₂.

In 2020 in Denmark, we have finished research into plastic trays made from sea plastic. This invention will reduce the use of plastic by 3-5 tons per year. In 2021 however, our plastic savings from new trays will be part of an even bigger story. From our commitment to the Single-Use Plastic initiative, we expect to save around 61 tons of plastic per year, from a range of single-use plastic products, which will now be produced in paper and wood from sustainable sources.

In 2020 in Sweden, we switched to paper straws and removed balloons to substitute them with digital balloons. In the future, guest packaging made of plastic will be either substituted by fiber alternatives or removed.

In 2019 in Finland, we implemented a nation-wide operational change called Straws upon Request. With that we removed straws from the condiment centers in our lobbies. Straws are available upon request from our crew and still served to our Drive Thru, Take Away and McDelivery and customers. Other plastic packaging we removed 2019-2020 included McFlurry lids, Shake cups and salad bowl which in total account for 30 tons of annual plastics reduction. For the straws the usage reduction was approximately 30 % based on a reduction on straw quantities ordered from the distribution center.

In Norway, we have a target that 100 percent of our packaging should be from renewable, recycled or certified sources by 2025. Already today more than 90% of our packaging is from cardboard either from certified sustainable forestry or recycled paper.

Food Sustainability/Animal Welfare

The Group has presented various initiatives to further improve food sustainability. In 2018/2019, Sweden set ambitious targets to ensure that 50% of protein procured by Food Folk Sweden by 2020, would be represented by alternatives to beef, such as chicken, vegetarian and fish. Also, in 2018 the Group laid the foundation to completely remove so called cage eggs from the ingredient list. Said foundation has inter alia resulted in full removal of cage eggs in Denmark, also for so called hidden eggs (e.g. in sauces, dressings and cakes). Additionally, Food Folk Norway has adopted a policy to introduce new products with no palm oil, free-range hens and solely natural ingredients. Further, Food Folk Norway has emphasized its animal welfare/sustainability policies to ensure non-use of antibiotics and narasin for broilers and that all soy based feed is certified not be sourced from deforestation areas. Conclusively, Food Folk Norway is constantly optimizing existing products by reducing salt, fat and sugar.



Statement by the Board of Directors and the Managing Director (continued)

Impact on climate/environment

Other initiatives

Other initiatives with the aim to reduce the impact of the Group on the climate and to care for the environment, is to make a difference on littering and increase charging stations.

In Denmark, we support the project 'Clean Nature' which organized 391 routes of litter collection in 2020. A total of 35 municipalities participated along with 6241 volunteers. And in 2021 continued in Denmark the 'one block policy', with employees collecting litter in the immediate area surrounding each restaurant. Food Folk Norway engaged in a similar project called "Rusken", where the employees joined clean-up activities in order to tackle the problem with littering. We have a target that 100 percent of our packaging should be from renewable, recycled or certified sources by 2025

Another area is the plan to increase the number of charging stations further in 2021. In Sweden, we added 15 restaurants to our network of chargers for electric vehicles and in 2020 electricity equivalent to 2.8 Mkm of driving was charged at our restaurants. Further in Finland we installed together with our partner Recharge a total of 10 new electric car charging stations outside our Drive Through restaurants in 2020. Our plan is to increase the number of charging stations further in 2021. At the same time, Food Folk Norway and Fortum Charge & Drive had 84 charging stations in a total of 27 restaurants in 2020.

Another ambitious initiative in Norway is to work directly with the beef industry, by taking part on a national project called Klimasmart Landbruk, where we support the industry to reduce their CO2 emissions. For Food Folk in Norway approximately 80% of its total spend comes from Norwegian suppliers, which supports the overall decrease of the CO2 emissions from sourcing the products from other countries.

Employees and working environment

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

The Board of Directors and management consider that the working environment of the Group companies is satisfactory. There have been no serious occupational accidents or incidents during the year, whether in the Company or in the subsidiaries. Furthermore there has been no increase in the rate of sickness or leave of absence pertaining to health and/or safety during the year. The Company recognises the importance of monitoring sickness and absenteeism and is in the process of setting up a Nordic-wide program to further improve information accuracy related to occupational accidents as well as sick-leave statistics.

Equal opportunities, Non-discrimination and accessibility

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

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

To reduce the risk of discrimination:

- Properly developed recruitment processes at all levels. This includes training for recruiting leaders, guidelines, test tools in recruitment processes and structured interviews - which are proven to make the hiring processes objective and limits the likelihood of discrimination
- HR support in recruitment processes
- Yearly salary processes and connected to performance based on the company's Performance Development System.
- Benchmark salary Mercer (not yearly).
- Mapping gender balance through yearly review (HR) - both sexes are present in the management group and at the mid-level management.



Statement by the Board of Directors and the Managing Director (continued)

Result

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

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

Parent Company

Profit for the year amounts to EUR 25.4 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	29,9
Reserves	<u>(4,5)</u>
Profit for the year	<u><u>25,4</u></u>

Group

Profit for the year amounts to EUR 25.4 million.

Oslo, 27 April 2021

Vivek Gopaldas Ahjua
Chairperson

Susanne Elise Munch Thore
Board Member

Lars Kristian Sande
Board Member

Anders Torbjörn Hägg
Board Member

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCEAS



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
Anders Torbjörn Hägg

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 27 April 2021.

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCEAS



Food Folk Corporate Social Responsibility

Food Folk Group CSR strategy and initiatives

It is important to Food Folk in the Nordic market to be a socially responsible Group. We believe in being involved in the community in which we operate. We strive to engage in frank and honest dialogue with our guests and our employees, as well as our local community about who we are and how our business is run. In addition, we always act in accordance with our seven values:

1. We place the customer experience at the core of all we do
2. We are committed to our people
3. We believe in the McDonald's system
4. We operate our business ethically
5. We give back to our communities
6. We grow our business profitably
7. We strive to continually improve

Food Folk Denmark, Norway, Sweden and Finland are involved in numerous projects and initiatives that support the Food Folk Group's CSR ambitions regarding climate, human rights, environmental issues, anti-corruption and bribery, and social and staff matters and gender diversity. With the new ownership and the non-financial reporting requirements in Denmark (under section 99a and 99b of the Danish Financial Statements Act), Norway (under section 3-3c of the Accounting act) and Sweden (under chapter 6 of the Annual Accounts Act) taken into consideration, Food Folk Group has decided to disclose each country's specific policies, actions and results as appropriate.

Food Folk Sweden, Norway, Finland and Denmark are working to identify potential risks that may be relevant to report in the future, including creating risk management strategies for each of the topics for non-financial reporting.

Initiatives are decided in each area based on an overall cost/benefit evaluation, and no area has a due diligence process or KPI's. Projects are, however, continuously evaluated and scaled up/down based on their effectiveness.

For the upcoming reporting year, we will look towards aligning the data collection with the financial reporting year, in order to adequately present the progress of our CSR initiatives.

Risk

On climate, we risk having a raising carbon footprint as a result of being a high volume restaurant chain with growth plans to serve more customers in more locations, and connected to our food production process. To mitigate risk our rebuilt restaurants (using the new platform - Experience of the future) have, however, succeeded in reducing food waste significantly (estimated around at 20%). Our relatively large supply chain, ranging, among others, from food and packaging purchases to new restaurant construction and maintenance projects puts us at certain level of risk on Human Rights. These risks may rise e.g. from diverse workforce practices or along downstream supply chain steps. The global tools McDonald's has used for years are also maintained with high level of conformance in all markets, and third-party specialists and auditing organizations are continuously used to support our effort to secure Human Rights in operations that we relate with.

On environment, we are aware that all companies are responsible for helping the green transition, which is why, for example in Denmark, we have completed research into new packaging in 2020 and contributed to counter littering in several years (including 2020).

In Sweden, Food Folk has worked to decrease the CO2 footprint by: a) purchase of all electricity and its licensees from renewable sources since 2016; b) utilization of renewable fuel HVO up to 80 % in 2020 during transports to and from restaurants; c) set-up of infrastructure for e-mobility at McDrive restaurants.

In Norway, we collect grease (from the grease separator), food waste and cooking oil, getting them recirculated to other products. By utilizing food waste to other production, less CO2 are emitted because for instance they are used for energy purposes and fuel.

On anti-corruption and bribery, we consider the risk in the Nordic markets to be limited due to the markets' rank as one of the world's least corrupt regions. However, to be absolutely compliant with the high McDonald's standards, Food Folk follows the McDonald's Global's anti-corruption policy (read more on corporate.mcdonalds.com).

On social and staff matters, high turnover will always be a risk, but the risks are mitigated as McDonald's brand is strong and valued on the labour market.

Food Folk is aware of the importance that employees are treated well and fairly, and that there is no discrimination in any way or for any reason. To support and strengthen this policy, there is an employee hot-line where any employee can reach out, anonymously if they wish, and receive support from HR staff outside of their own organization. To support the restaurants in their management of the work environment we provide support material consisting of information, policies, guidelines, together with external education programs.



Food Folk Corporate Social Responsibility (continued)

Impact on climate

In Food Folk Group, the aim is to reduce the impact of the Group on the climate and to care for the environment. All waste has an impact on the climate and Food Folk Group is consciously working to reduce this impact.

We continuously aim to reduce our carbon footprint. We recognise that food production has a significant impact on climate change and is why we have worked to reduce our food waste. For example, as we rebuilt restaurants in the recent years, we have re-designed the processes to the new made-to-order system. In order not to waste the valuable resources contained in food waste, grease, and cooking oil, these waste materials are used in the production of biogas, ultimately resulting in a smaller carbon footprint for society by displacing fossil fuels.

The recently converted restaurants to "Experience of the future" are meeting high sustainability standards and have thus put McDonald's physical environment on a clear green path. A green path implies that all resources (i.e., water, electricity, heating, lighting) have been completely optimized.

During 2019 in Finland we have reached one milestone with our logistics partner HAVI when they renewed half of their fleet used for McDonald's deliveries to gas based fuel technology. The other half of the fleet is fueled by bio-diesel. At this time HAVI also equipped their fleet with containers suitable for collection of used cooking oil (UCO) from our restaurants. Centralized collection of UCO for upstream processing into biodiesel was trialed at the end of 2019 in a test restaurant. In 2021, we will look into scaling the trial up. Our aim is to collect UCO from all our Finnish restaurants for bio-diesel production.

Our partnership with HAVI was extended to another material recovery project as we started the collection of corrugated cardboard from McDonald's restaurants in Metropolitan Helsinki Area back to the HAVI Distribution Center. Potential benefits of this trial are: better transport optimization through savings on cost and cut in mileage driven. Since several years we have used back-haulage for clean clear 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.

Human rights

We strongly support human rights and we believe we have one of the most diverse groups of employees.

Our suppliers are an important part of our business and we audit all our relevant suppliers through an independent auditor to ensure that our partners comply with our code of conduct. Human rights is one of four core values that we audit, and further details can be found at the link below under "Supplier code of conduct": <https://corporate.mcdonalds.com/corpmcd/scale-for-good/our-people-and-communities/respecting-human-rights.html>

All suppliers that Food Folk carries responsibility for passed their audits in 2020. All global suppliers are connected to one McDonald's market, which is responsible for their auditing. All continuous suppliers participate in McDonald's CSR program SWA (Social Workplace Accountability).

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

Environment

We continuously evaluate our packaging and look for greener alternatives – to save on plastics, harmful waste, and CO2.

In 2020 in Denmark, we have finished research into plastic trays made from sea plastic. This invention will reduce the use of plastic by 3-5 tons per year. In 2021 however, our plastic savings from new trays will be part of an even bigger story. From our commitment to the Single-Use Plastic initiative, we expect to save around 61 tons of plastic per year, from a range of single-use plastic products, which will now be produced in paper and wood from sustainable sources.

In 2020 in Sweden, we switched to paper straws and removed balloons to substitute them with digital balloons. In the future, guest packaging made of plastic will be either substituted by fibre alternatives or removed. In addition, we added 15 restaurants to our network of chargers for electric vehicles and in 2020 electricity equivalent to 2.8 Mkm of driving was charged at our restaurants.

In 2019 in Finland, we implemented a nation-wide operational change called Straws upon Request. With that we removed straws from the condiment centers in our lobbies. Straws are available upon request from our crew and still served to our Drive Thru, Take Away and McDelivery and customers. Other plastic packaging we removed 2019-2020 included McFlurry lids, Shake cups and salad bowl which in total account for 30 tons of annual plastics reduction. For the straws the usage reduction was approximately 30 % based on a reduction on straw quantities ordered from the distribution center. In 2020, we installed together with our partner Recharge a total of 10 new electric car charging stations outside our Drive Through restaurants. Our plan is to increase the number is charging stations further in 2021.



Food Folk Corporate Social Responsibility (continued)

Environment (continued)

In the Norwegian market, approximately 80% of its total spend comes from local suppliers, which supports the overall decrease of the CO2 emissions from sourcing the products from other countries. In collaboration with our logistics partner, HAVI, waste fractions are collected from the restaurants to be recycled: Aluminum, PET plastics, PE foils, refund cans. This results in increased material recycling and less transports as these fractions are collected by existing transports. In addition, grease is collected from the grease separator, with food waste and cooking oil reutilized for energy purposes and fuel.

Food Folk also wish to make a difference on littering. In Denmark, we support the project 'Clean Nature' which organized 391 routes of litter collection in 2020. A total of 35 municipalities participated along with 6241 volunteers.

In 2020, we also continued in Denmark our 'one block policy', with employees collecting litter in the immediate area surrounding each restaurant. The one block policy results in McDonald's staff continuously helping the local area, keeping the streets clean not only from McDonald's own litter, but also from general littering.

Food Folk Norway engaged in a similar project called "Rusken", where the employees joined clean-up activities in order to tackle the problem with littering. We have a target that 100 percent of our packaging should be from renewable, recycled or certified sources by 2025. Already today more than 90% of our packaging is from cardboard either from certified sustainable forestry or recycled paper. In 2019 we changed our straws from plastic to paper straw and saved 20 tonn of plastic. In addition, we introduced new serving trays made from 100% plastic from marine waste. In 2021, all Norwegian produced plastic bottles we serve from The Coca-Cola Company will be made by 100 % recycled plastic (rPET).

At the same time, Food Folk Norway and Fortum Charge & Drive began building the first charging stations for electric cars (in 2020 we had in total 84 charging stations in a total of 27 restaurants).

Another ambitious initiative in Norway is to work directly with the beef industry, by taking part on a national project called Klimasmart Landbruk, where we support the industry to reduce their CO2 emissions. For Food Folk in Norway approximately 80% of its total spend comes for Norwegian suppliers, which supports the overall decrease of the CO2 emissions from sourcing the products from other countries.

Anti-corruption and bribery

All employees of Food Folk signed Code of Conduct in 2020, a new compliance program rolled out where anti bribery/corruption policies were a central part of the program.

We have a whistle-blower system set-up for each of our countries. All current and new employees at the headquarters must read, sign our code of conduct and attend e-learning system training annually.

Social and staff matters

Our employees form the core of our business, and we measure employee satisfaction on an annual basis, and we aim to improve our scores each year.

To ensure our employees' continued development and satisfaction, we offer a range of mandatory and optional education courses. Furthermore, all our employees complete the mandatory McD-learning courses.

Our optional education courses are created in collaboration with external academies, offering our employees a unique opportunity to combine work and education. In 2020, 185 employees were enrolled in one of our external education programs in Denmark, while over a thousand of employees took a class at our business school in Sweden (digitally due to Covid-19).

Furthermore, Food Folk is collaborating in Denmark closely with 'KLAPjob', which is part of LEV, an organization for people with cognitive disabilities. Through a ten year collaboration, we have hired 114 people with cognitive disabilities – 10 of these in 2020.

To support employees there is an employee hot-line where any employee can reach out, and be anonymous if they wish, and get support from HR staff outside of their own organization.

To support the restaurants in their work with the work environment we provide support material consisting of information, policy's, guidelines and routines regarding all areas of the work environment.

Gender diversity

At the management level, the gender ratio of managers are:

- Denmark 55 % females and 45 % males
- Norway 40 % females and 60 % males
- Sweden 53 % females and 47 % males
- Finland 30% females and 70% males

The board consists of three males and one female director.

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



Statement of profit or loss and other comprehensive income

Parent company			Group		
2020	2019	EUR'000	Note	2020	2019
0	0	Revenue	1	311 522	299 323
0	0	Raw materials and consumables		(31 403)	(28 544)
(7 060)	(6 074)	Other external expenses	3	(97 093)	(95 611)
0	0	Depreciation, amortisation and impairment	8, 9	(49 584)	(40 820)
(226)	(456)	Staff cost	4	(65 592)	(63 037)
6 402	4 691	Other operating income, net	2	(236)	2 094
(884)	(1 839)	Total expenses		(243 908)	(225 918)
(884)	(1 839)	Operating profit or loss		67 614	73 405
6 990	11 248	Financial income	5	2 335	10 542
(7 814)	(13 577)	Financial expense	6	(33 016)	(47 103)
(824)	(2 329)	Net finance expenses		(30 681)	(36 561)
28 560	26 376	Share of profit of subsidiaries and associates, net of tax	10	0	(4)
26 852	22 208	Profit or loss before tax		36 933	36 840
(1 418)	(519)	Tax for the year	7	(11 499)	(15 151)
25 434	21 689	Profit or loss		25 434	21 689
		Attributable to			
29 942	24 784	Funds for unrealised gains		0	0
(4 508)	(3 095)	Reserves		25 434	21 689
25 434	21 689	Profit or loss		25 434	21 689
		Statement of comprehensive income			
25 434	21 689	Profit or loss		25 434	21 689
		<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
1 382	(864)	Foreign currency translation differences		1 382	(864)
0	0	Income tax on items that are or may be reclassified subsequently to profit or loss		0	0
1 382	(864)	Other comprehensive income for the year, net of income tax		1 382	(864)
26 816	20 825	Comprehensive income for the year		26 816	20 825

The notes form an integral part of these consolidated financial statements.

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-U0XB3-OCEAS



Statement of financial position at 31 December

Parent company				Group	
2020	2019	EUR'000	Note	2020	2019
Assets					
Non current assets					
0	0	Property, plant and equipment	8	804 781	795 362
0	0	Intangible assets	9	76 155	74 136
201 719	171 776	Investments in subsidiaries and associates	10	31	25
73 311	79 611	Receivables from related parties	21	0	0
1 190	763	Deferred tax assets	11	2 055	1 423
276 220	252 150			883 022	870 946
Current assets					
0	0	Inventories		1 296	678
1 284	201	Trade and other receivables	12	30 961	31 523
30 045	16 601	Receivables from related parties	21	13	0
0	0	Tax receivable	7	2 334	5 286
8 504	6 085	Restricted cash	13	9 816	9 082
46 132	51 753	Cash and cash equivalents	13	48 001	55 971
85 965	74 640			92 421	102 540
362 185	326 790	Total Assets		975 443	973 486
Equity and liabilities					
Equity attributable to equity holders of the parent					
14 479	14 479	Share capital	14	14 479	14 479
43 427	43 427	Share premium	14	43 427	43 427
0	0	Reserves	14	(5 385)	(6 767)
145 426	115 484	Funds for unrealised gains		0	0
351	3 477	Retained earnings		151 162	125 728
203 683	176 867	Total equity		203 683	176 867
Non current liabilities					
85 038	92 592	Other interest-bearing loans and borrowings	15	603 214	625 397
0	0	Provisions	16	13 679	13 452
0	0	Deferred tax liabilities	11	64 459	67 953
85 038	92 592			681 352	706 802
Current liabilities					
0	0	Other interest-bearing loans and borrowings	15	25 122	26 225
489	813	Trade and other payables	17	56 473	52 917
72 975	56 476	Payables to related parties	21	2 754	2 712
0	42	Tax payable	7	5 474	7 544
0	0	Provisions	16	585	419
73 464	57 331			90 408	89 817
158 502	149 923	Total liabilities		771 760	796 619
362 185	326 790	Total equity and liabilities		975 443	973 486

The notes form an integral part of these consolidated financial statements.

Oslo, 27 April 2021

Vivek Gopaldas Ahjua
Chairperson

Susanne Elise Munch Thore
Board Member

Lars Kristian Sande
Board Member

Anders Torbjörn Hägg
Board Member



Statement of changes in equity

Parent company

EUR'000

Balance at 1 January 2019	14 479	43 427	0	90 700	3 792	152 398
Profit or loss	0	0	0	24 784	(3 095)	21 689
Foreign currency translation differences	0	0	0	0	(864)	(864)
Total comprehensive income for the period	0	0	0	24 784	(3 959)	20 825
Other changes in equity of subsidiaries	0	0	0	0	3 644	3 644
Transactions with owners, recorded directly in equity:	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Total contributions by and distributions to owners	0	0	0	0	0	0
Balance at 31 December 2019	14 479	43 427	0	115 484	3 477	176 867

EUR'000

Balance at 1 January 2020	14 479	43 427	0	115 484	3 477	176 867
Profit or loss	0	0	0	29 942	(4 508)	25 434
Foreign currency translation differences	0	0	0	0	1 382	1 382
Total comprehensive income for the period	0	0	0	29 942	(3 126)	26 816
Transactions with owners, recorded directly in equity:	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Total contributions by and distributions to owners	0	0	0	0	0	0
Balance at 31 December 2020	14 479	43 427	0	145 426	351	203 683

(see Note 14)

	Share capital	Share premium	Reserves (translation)	Funds for unrealised gains	Retained earnings	Total equity
Balance at 1 January 2019	14 479	43 427	0	90 700	3 792	152 398
Profit or loss	0	0	0	24 784	(3 095)	21 689
Foreign currency translation differences	0	0	0	0	(864)	(864)
Total comprehensive income for the period	0	0	0	24 784	(3 959)	20 825
Other changes in equity of subsidiaries	0	0	0	0	3 644	3 644
Transactions with owners, recorded directly in equity:	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Total contributions by and distributions to owners	0	0	0	0	0	0
Balance at 31 December 2019	14 479	43 427	0	115 484	3 477	176 867

	Share capital	Share premium	Reserves (translation)	Funds for unrealised gains	Retained earnings	Total equity
Balance at 1 January 2020	14 479	43 427	0	115 484	3 477	176 867
Profit or loss	0	0	0	29 942	(4 508)	25 434
Foreign currency translation differences	0	0	0	0	1 382	1 382
Total comprehensive income for the period	0	0	0	29 942	(3 126)	26 816
Transactions with owners, recorded directly in equity:	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Total contributions by and distributions to owners	0	0	0	0	0	0
Balance at 31 December 2020	14 479	43 427	0	145 426	351	203 683



Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCFA5

Statement of changes in equity

(see Note 14)

Group	Share capital	Share premium	Reserves (translation)	Funds for unrealised gains	Retained earnings	Total equity
EUR'000						
Balance at 1 January 2019	14 479	43 427	(5 903)	0	100 395	152 398
Profit or loss	0	0	0	0	21 689	21 689
Foreign currency translation differences	0	0	(864)	0	0	(864)
Total comprehensive income for the period	0	0	(864)	0	21 689	20 825
Adjustment on initial application of IFRS 16 (net of taxes)	0	0	0	0	3 644	3 644
Balance at 31 December 2019	14 479	43 427	(6 767)	0	125 728	176 867
EUR'000						
Balance at 1 January 2020	14 479	43 427	(6 767)	0	125 728	176 867
Profit or loss	0	0	0	0	25 434	25 434
Foreign currency translation differences	0	0	1 382	0	0	1 382
Total comprehensive income for the period	0	0	1 382	0	25 434	26 816
Balance at 31 December 2020	14 479	43 427	(5 385)	0	151 162	203 683

The notes form an integral part of these consolidated financial statements.



Statement of cash flows

Parent company			Group		
2020	2019	EUR'000	Note	2020	2019
Cash flow from operating activities					
25 434	21 689	Profit for the year		25 434	21 689
Adjustments for:					
0	0	Depreciation, amortisation and impairment	8/9	49 584	40 820
(6 990)	(11 248)	Financial income	5	(2 335)	(10 542)
7 814	13 577	Financial expense	6	33 016	47 103
(28 560)	(26 376)	Share of profit of subsidiaries and associates, net of tax	10	0	4
0	0	Other income/expense non-monetary		172	(467)
0	0	(Gain)/loss on sale of property, plant and equipment	8	776	104
1 418	519	Taxation	7	11 499	15 151
(26 318)	(23 528)			92 712	92 173
(1 083)	1 183	Decrease/increase in trade and other receivables	12	188	2 348
0	0	Decrease/increase in inventories		(636)	(38)
(324)	106	Decrease/increase in trade and other payables	17	(844)	3 524
2 423	(4 497)	Decrease/increase in related parties balances	21	(15)	(4 769)
0	0	Decrease/increase in provisions	16	(439)	(403)
1 016	(3 208)			(1 746)	662
(1 663)	0	Tax (and withholding) paid	7	(15 763)	(11 493)
(1 663)	0			(15 763)	(11 493)
(1 531)	(5 047)	Net cash from operating activities		100 637	103 031
Cash flows from investing activities					
0	0	Proceeds from sale of property, plant and equipment		14	19
6 300	87 283	Repayment of invested capital		0	0
0	5 678	Dividends / Group Contributions received		0	0
0	0	Acquisition of a subsidiary/business, net of cash	24	(5 251)	(1 167)
0	0	Acquisition of property, plant and equipment	8	(38 131)	(30 270)
0	0	Acquisition of intangible assets	9	(2 796)	(1 517)
6 300	92 961	Net cash from investing activities		(46 164)	(32 935)
Cash flows from financing activities					
0	0	Proceeds from new loan	22	0	148 857
(2 419)	(2 078)	Change in restricted cash	13	(729)	190
5 290	242	Change in cash-pooling balances	21	0	0
(5 438)	(22 839)	Interest received / (paid)		(14 363)	(39 979)
0	0	Financing transaction cost		0	(3 365)
(7 554)	(74 302)	Repayment of borrowings	22	(20 006)	(157 685)
0	0	Payment of lease liabilities (interest portion)	22	(10 128)	(12 397)
0	0	Payment of lease liabilities (principal portion)	22	(17 093)	(15 296)
(10 121)	(98 977)	Net cash from financing activities		(62 319)	(79 675)
(5 352)	(11 063)	Net increase/(decrease) in cash and cash equivalents		(7 846)	(9 579)
51 753	63 763	Cash and cash equivalents at opening balance		55 971	65 763
(269)	(947)	Effect of exchange fluctuations on cash held		(124)	(213)
46 132	51 753	Cash and cash equivalents at 31 December	13	48 001	55 971

The notes form an integral part of these consolidated financial statements.

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UOXB3-OCEAS



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 2019 and 31 December 2020 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.

The Board of Directors and the Managing Director discussed and approved the Financial Statements for 2020 of Food Folk Group Holdings AS on 27 April 2021.

Accounting policies

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

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

Amounts in EUR/000	2019 audited	Reclassification	2019 restated
Other external expenses	(96 833)	1 222	(95 611)
Staff cost	(61 779)	(1 258)	(63 037)
Other operating income, net	2 058	36	2 094
		<u>0</u>	

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 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Changes and details of the accounting policies are included further.

Changes in significant accounting policies

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

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

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

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

Standards issued but not yet effective

The IASB has issued a number of new or amended accounting standards and interpretations, effective for annual periods beginning after 1 January 2021. The approved, though not yet effective, standards and IFRICs will be applied as they become mandatory for the Group.

Standards not / not yet endorsed by the EU

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

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

Penneo document key: WPSHD-VDLL8-ZP44HO-O1XZT-UQXB3-OCEAS



Basis of preparation (continued)

Use of judgements and estimates

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

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

Judgements

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

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

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

McDonald's has stipulated that Food Folk is required to charge its sub-franchisee a fixed percentage of systemwide sales as a royalty expense.

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

Costs and fees (out-of-pocket expenses) related to leaseholds that are used by sub-franchisees are invoiced with no mark-up to the sub-franchisee, and recognised net of payments received from franchisees.

Based on the indicators in IFRS 15 management has assessed that Food Folk is acting as an agent (requiring out-of-pocket costs to be recognised net). This is substantiated by the fact that other parties are primarily responsible for providing the services related to the out-of-pocket costs and that the prices for the services related to the out-of-pocket costs are not determined by Food Folk.

Investment incentives

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

Minimum lease term

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

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

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

Assumptions and estimation uncertainties

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

The following provides information about assumptions and estimation uncertainties that could result in a material adjustment in the year ending 31 December 2020:

Business combination

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

Impairment test intangible assets and property, plant and equipment

When there is an indication of impairment, an estimate is made of whether the Company's individual cash-generating units will generate sufficient positive net cash flows to support the value of the intangible asset. 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 restaurants sales.

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 systemwide sales in restaurants, cost per square meter for restoring leaseholds and the discount rate used to calculate the present value of the future cash flows. Please refer to note 16 for more details related to the provisions.



Significant accounting policies

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

Basis of consolidation

Subsidiaries

The consolidated financial statements comprises the financial statements of Food Folk 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.

Where 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 are recognised in OCI.

Statement of profit or loss

Revenues

Revenue consists of sales of goods from restaurants which is recognised in the statement of income when the sales occur and fees from franchised restaurants which are recognised as earned.

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 recognised as part of the variable revenue for the period.

Revenue is presented net of discounts, rebates and incentives granted, and 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.



Significant accounting policies (continued)

Staff costs

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

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

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

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

Other operating income, net

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

Financial income and expenses

Financial income includes interest earned, dividends, gains on transactions denominated in foreign currencies, amortisation of financial assets. Positive changes in the fair value of derivative financial instruments not designated as hedging arrangements are also recognised within financial income.

Financial expenses include interest paid, losses on transactions denominated in foreign currencies, amortisation of financial liabilities, including finance lease commitments. Negative changes in the fair value of derivative financial instruments not designated as hedging arrangements are also recognised within financial expenses.

Share of profit of subsidiaries and associates, net of tax

Share of profit of equity accounted investments includes the Company's proportionate share of the profit/loss for the year in respect of the investments 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 Other Comprehensive Income.

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 property, plant and equipment at 31 March 2017 that was acquired at the date of acquisition by the Company of McDonald's operations in the Nordics, 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 a provision is made for the liabilities.

Subsequent expenditure in relation to property, plant and equipment is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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

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

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

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

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCFA5



Significant accounting policies (continued)

Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year.

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

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

Intangible assets

Goodwill arising from the acquisition of a subsidiary or a restaurant from a franchisee is measured at cost less accumulated impairment losses. Other intangible assets, including rights (key money), and software licences that are acquired by the Group and have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

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

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

Contractual rights	2-20 years
Software 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 activities, net.

Investments in subsidiaries and associates

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

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

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

Investments in entities whose net asset value is negative are measured at 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 recognised 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.

Impairment of non-financial assets

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

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

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

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

Impairment losses are recognised in profit or loss under 'Depreciation and amortisation'. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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



Significant accounting policies (continued)

Inventories

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

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

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.

Prepayments

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

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 with any directly attributable transactions costs recognised in profit and 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.

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

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

Liabilities

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

Other liabilities are measured at net realisable value.

Deferred income

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



Significant accounting policies (continued)

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 a 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.

Leases

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

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

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

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

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

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

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

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

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

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

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

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

Presentation of cash flow statement

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

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

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

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

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



Notes

1 Revenue

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

EUR'000	Parent company		Group	
	2020	2019	2020	2019
Sale of goods	0	0	109 992	96 483
Sub-franchisee income (fixed)	0	0	60 237	62 191
Sub-franchisee income (variable)	0	0	141 293	140 649
Total revenues by nature	0	0	311 522	299 323

EUR'000	Parent company		Group	
	2020	2019	2020	2019
Denmark	0	0	64 717	61 219
Norway	0	0	84 897	86 363
Finland	0	0	53 638	45 838
Sweden	0	0	108 270	105 903
Total revenues by country	0	0	311 522	299 323

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	
	2020	2019	2020	2019
Less than one year	0	0	62 785	61 942
Between one and five years	0	0	242 736	237 508
More than five years	0	0	463 435	465 622
Total leases as lessor	0	0	768 956	765 072

2 Other operating income, net

EUR'000	Parent company		Group	
	2020	2019	2020	2019
Net gain/(loss) on disposal of property, plant and equipment	0	0	(776)	(104)
Income from intercompany recharges/mark-up	6 402	4 691	0	0
Other income/(expense)	0	0	540	2 198
Total other operating income, net	6 402	4 691	(236)	2 094

3 Other external expenses

EUR'000	Parent company		Group	
	2020	2019	2020	2019
Royalties and other fees	0	0	62 632	60 184
Lease expense	0	0	1 374	2 712
Other expenses	7 060	6 074	33 087	32 715
Total other external expenses	7 060	6 074	97 093	95 611

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCEAS



Notes (continued)

3 Other external expenses (continued)

Fees to auditors and other operating expenses

KPMG was appointed statutory auditor for 2020. The remuneration to KPMG reflected in these financial statements is shown below:

EUR'000	Parent company		Group	
	2020	2019	2020	2019
Audit of these financial statements	44	36	309	315
Other assurance services	(15)	0	(3)	37
Tax	101	118	210	174
Other services other than assurance services	389	472	412	489
Total	519	626	928	1 015

4 Staff cost

EUR'000	Parent company		Group	
	2020	2019	2020	2019
Wages and salaries	179	396	53 160	51 474
Social security costs	36	46	8 263	7 783
Contributions to defined contribution plans	11	14	4 495	4 318
Other personnel costs / reimbursements	0	0	(326)	(538)
Total staff cost	226	456	65 592	63 037

Average number of full-time employees

	2020	2019	2020	2019
	2	2	1 130	1 029

No employees have been working in equity accounted investees.

Remuneration of key management personnel

Wages and salaries	738	804	1 944	2 447
Social security costs	144	92	318	296
Contributions to defined contribution plans	147	62	313	166

Total remuneration of key management personnel

	2020	2019	2020	2019
	1 030	958	2 574	2 909

Average number of key management personnel

	2020	2019	2020	2019
	2,0	2,0	6,0	6,0

The number of key management personnel includes the Nordic CEO which is hired and directly charged by the related party Terra Firma Investment Limited (for more details see Note 21).

The Board of Directors have received EUR 222 thousand during the financial year (2019: EUR 143 thousand).

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).

5 Financial income

EUR'000	Parent company		Group	
	2020	2019	2020	2019
Net foreign exchange gain	0	0	2 334	2 578
Interests on related parties assets	6 990	11 248	0	0
Other interest income	0	0	1	7 964
Total finance income	6 990	11 248	2 335	10 542



Notes (continued)

6 Financial expense

EUR'000	Parent company		Group	
	2020	2019	2020	2019
Net foreign exchange loss	166	1 221	1 739	5 113
Interest on financial liabilities	0	0	12 826	18 482
Interest on lease liabilities (see note 23)	0	0	10 223	10 665
Interests on related parties liabilities	7 277	11 918	7 255	11 853
Unwinding of discounts (see note 16)	0	0	389	379
Other interest expense	371	438	584	611
Total financial expense	7 814	13 577	33 016	47 103

7 Tax for the year

Recognised in the income statement

EUR'000	Parent company		Group	
	2020	2019	2020	2019
Current year	233	659	15 216	12 586
Adjustments for prior years	1 612	0	1 586	2 391
Total current tax expense	1 845	659	16 802	14 977
Deferred tax expense				
Origination and reversal of temporary differences	(427)	(763)	(5 486)	(732)
Reduction in tax rate	0	0	183	(110)
Adjustments for prior years	0	623	0	1 016
Total deferred tax expense	(427)	(140)	(5 303)	174
Tax expense in income statement (excluding share of tax of equity accounted investees)	1 418	519	11 499	15 151
Total tax expense	1 418	519	11 499	15 151
Total income tax from other comprehensive income	0	0	0	0

Reconciliation of effective tax rate

Profit or loss before tax	26 852	22 208	36 933	36 840
Tax using the corporation tax rate in Norway of 22%	5 907	4 886	8 125	8 105
Effect of tax rates in other jurisdictions	0	0	(190)	(148)
Non-deductible expenses	2	9	1 620	3 122
Tax exempt revenues	(6 283)	(5 803)	(5)	(20)
Reduction in tax rate on deferred tax balances	0	0	183	(110)
Withholding tax	233	659	233	659
Other	(53)	145	(53)	136
Under / (over) provided in prior years	1 612	623	1 586	3 407
Total tax expense	1 418	519	11 499	15 151

In regards to correction of tax settlement for 2017 on Food Folk Group Holdings AS, the parent Company paid NOK 17.2 million additional taxes in 2020. Further to this, 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 2020 financial statements with this respect.

Penneo document key: WPSHD-VDLL8-ZP4HO-O1XZT-UQXB3-OCEAS



Notes (continued)

8 Property, plant and equipment

Group	Land and buildings	Leasehold improvements	Right-of-use asset (see Note 23)	Fixtures, fittings and equipment	Under construction	Total
EUR'000						
Cost						
Balance at 1 January 2019	461 307	22 582	0	13 903	8 777	506 569
Adjustment on initial application of IFRS 16	(135)	(92)	323 877	0	0	323 650
Acquisitions through business combinations	0	0	0	388	0	388
Other acquisitions	17 157	1 266	13 412	5 449	6 400	43 684
Transfer	3 483	778	0	353	(4 614)	0
Disposals/Other movements	(598)	(76)	(1 080)	(244)	(2 017)	(4 015)
Effect of movements in foreign exchange	(2 909)	(94)	(2 280)	(68)	49	(5 302)
Balance at 31 December 2019	478 305	24 364	333 929	19 781	8 595	864 974
Balance at 1 January 2020	478 305	24 364	333 929	19 781	8 595	864 974
Acquisitions through business combinations (see Note 24)	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
Depreciation and impairment						
Balance at 1 January 2019	20 397	3 995	0	3 594	181	28 167
Adjustment on initial application of IFRS 16	(3)	(2)	6 696	0	0	6 691
Depreciation charge for the year	12 021	2 438	22 846	2 514	0	39 819
Impairment losses	0	27	(3 944)	(5)	0	(3 922)
Disposals/Other movements	0	28	(1 069)	(90)	0	(1 131)
Effect of movements in foreign exchange	(83)	(9)	70	10	0	(12)
Balance at 31 December 2019	32 332	6 524	24 599	6 157	0	69 612
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
Net book value						
At 31 December 2019	445 973	17 840	309 330	13 624	8 595	795 362
At 31 December 2020	465 435	16 886	297 342	16 626	8 492	804 781

Impairment loss and subsequent reversal

In 2020, 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 an impairment of EUR 3,309 thousand.

The estimate of value in use was calculated using a pre-tax discount rate within a range of 11.8%-12.4%, depending on the geographical market.

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCEAS



Notes (continued)

8 Property, plant and equipment (continued)

Security

At 31 December 2020, properties with a carrying amount of EUR 420,627 thousand (2019: EUR 410,001 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 277,038 thousand (2019: EUR 275,002 thousand).

9 Intangible assets

Group

EUR'000

	Goodwill	Contractual rights	Other	Total
Cost				
Balance at 1 January 2019	1 815	81 725	1 702	85 242
Acquisitions through business combinations	11	769	0	780
Other acquisitions – externally purchased	0	6	1 513	1 519
Disposals	0	0	0	0
Effect of movements in foreign exchange	(21)	(800)	3	(818)
Balance at 31 December 2019	1 805	81 700	3 218	86 723
Balance at 1 January 2020	1 805	81 700	3 218	86 723
Acquisitions through business combinations (see Note 24)	206	3 767	0	3 973
Other acquisitions – externally purchased	0	4	2 792	2 796
Transfer	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
Amortisation and impairment				
Balance at 1 January 2019	138	7 291	271	7 700
Amortisation for the year	0	4 219	704	4 923
Impairment losses/(reversal)	0	0	0	0
Effect of movements in foreign exchange	1	(41)	0	(40)
Balance at 31 December 2019	139	11 469	979	12 587
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
Net book value				
At 31 December 2019	1 666	70 231	2 239	74 136
At 31 December 2020	1 505	70 686	3 964	76 155

Impairment loss and subsequent reversal

In 2020, Group has identified that there are impairment indicators related to a number of CGUs (restaurants). Management has estimated the recoverable amount of the restaurants with impairment triggers based on its value in use. Based on the calculated value in use of restaurants the Group has recognised an impairment loss on Intangible assets for EUR 400 thousand.

The estimate of value in use was calculated using a pre-tax discount rate within a range of 11.8%-12.4%, 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 (growth rate and discount rate) 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 -2% and discount rate +2.5%.

Penneo document key: WPSHD-VDLL8-ZP4HO-O1XZT-UQXB3-OCEAS



Notes (continued)

10 Investments in subsidiaries and associates

Parent company

EUR'000	Profit after tax	Other comprehensive income	Total comprehensive income	Investment in subsidiaries
Subsidiaries	27 178	1 382	28 560	201 719

	Domicile	Shares '000 (100%)	Share Capital	Equity	Net result
Food Folk Danmark Holding ApS	Denmark	2 020	-	81 727	13 249
* Food Folk Danmark ApS	Denmark	60	4 032	76 724	15 340
Food Folk Norge Holding AS	Norway	-	1 500	27 492	4 497
* Food Folk Norge AS	Norway	170	98	32 222	7 244
* Zero Five AS	Norway	100	10	4 456	1 800
Food Folk Sverige Holdings AB	Sweden	67 501	6 727	59 735	5 106
* Food Folk Sverige Development AB	Sweden	1	10	1 846	271
* Food Folk Sverige AB	Sweden	80	797	125 901	8 128
* Lindvreten Fastighetsförvaltning KB	Sweden	-	100	2 243	271
* Food Folk Nordanvind AB	Sweden	1	10	8	(1)
Food Folk Suomi Holdings Oy	Finland	174	1 090	32 767	5 709
* Food Folk Suomi Oy	Finland	2,5	3	22 433	6 813

*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 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

EUR'000	Profit after tax	Other comprehensive income	Total comprehensive income	Investment in associates
Associates	0	0	0	31

	Domicile	Interest %	Equity	Net result
I/S Fællesskiltning	Denmark	41.5%	0	0
Marketing CoOp DK A/S	Denmark	1.0%	-	-
Koop SA	Norway	6.25%	-	-
Nordic Diensten Ekonomisk Förening	Sweden	8.82%	-	-
Diensten Ekonomisk Förening	Sweden	5.5%	-	-
Svenska McMarketing Ekonomisk Förening	Sweden	5.5%	-	-
Osuuskunta Yhteismarkkinointi Suomi	Finland	16.7%	-	-

The associate I/S Fællesskiltning operates signage in proximity to one of the Food Folk Danmark ApS real estate investments. The other entities handle the marketing and purchasing agreements of the restaurants in the four Nordic markets.

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCEAS



Notes (continued)

11 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

Parent company EUR'000	Assets		Liabilities	
	2020	2019	2020	2019
Non deductible interest expense carried forward	(821)	(238)	0	0
Tax value of loss carry-forwards	(369)	(525)	0	0
Net tax (assets) / liabilities	(1 190)	(763)	0	0

Group EUR'000	Assets		Liabilities	
	2020	2019	2020	2019
Property, plant and equipment	(5 481)	(3 810)	53 416	53 080
Intangible assets	0	0	13 998	14 478
Trade and other receivables	0	(4)	31	0
Financial assets	(1 214)	(770)	68	77
Interest-bearing loans and borrowings	(672)	(705)	1 458	1 679
Non deductible interest expense carried forward	(941)	(238)	0	0
Provisions	(3 022)	(2 960)	0	0
Tax value of loss carry-forwards	(1 115)	(1 184)	0	0
Untaxed reserve	0	0	5 921	6 911
Other	(69)	(24)	26	0
Tax (assets) / liabilities	(12 514)	(9 695)	74 918	76 225
Net of tax liabilities/(assets)	10 458	8 272	(10 458)	(8 272)
Net tax (assets) / liabilities	(2 056)	(1 423)	64 460	67 953

Movement in net deferred tax during the year

EUR'000	Parent company		Group	
	2020	2019	2020	2019
Opening balance	(763)	(1 930)	66 530	64 576
Effect of movements in foreign exchange	0	0	860	(554)
Adjustment on initial application of IFRS 16	0	0	0	1 027
Effect of tax on Group contribution received	0	1 307	317	1 307
Recognised in profit or loss	(427)	(140)	(5 303)	174
31 December	(1 190)	(763)	62 404	66 530
Total movement	(427)	1 167	(4 126)	1 954

12 Trade and other receivables

EUR'000	Parent company		Group	
	2020	2019	2020	2019
Trade receivables	171	0	20 443	20 793
Deposits	0	0	1 090	1 056
Prepayments	1 106	201	4 206	6 921
VAT & Duties	7	0	8	0
Derivative instruments	0	0	86	122
Other receivables	0	0	5 128	2 631
Total trade and other receivables	1 284	201	30 961	31 523

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-U0XB3-0CEAS



Notes (continued)

12 Trade and other receivables (continued)

Group - Changes in trade and other receivables

EUR'000	Opening balance	IFRS 16 initial application	Cash flows	Effect of movements in foreign exchange	Non-cash transactions	Closing balance
2019	33 182	4 034	(969)	184	(4 908)	31 523
2020	31 523	0	(188)	338	(712)	30 961

13 Cash and cash equivalents

EUR'000	Parent company		Group	
	2020	2019	2020	2019
Cash and cash equivalents	46 132	51 753	48 001	55 971
Total cash and cash equivalents	46 132	51 753	48 001	55 971
Restricted cash	8 504	6 085	9 816	9 082
Total restricted cash	8 504	6 085	9 816	9 082

14 Share capital

Parent company and Group EUR'000	Ordinary shares	
	2020	2019
Number of shares	30	30
Shares at 29 September 2016	30	30
Issued for cash	14 449	14 449
On issue at 31 December - fully paid	14 479	14 479
Parent company and Group EUR'000	2020	2019
Allotted, called up and fully paid	14 479	14 479
Ordinary shares of EUR 482.6 thousand each	14 479	14 479
Total	14 479	14 479
Shares classified as liabilities	0	0
Shares classified in shareholders' funds	14 479	14 479
Total	14 479	14 479

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

Dividends

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.

The translation reserve is presented separately in the equity.

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UOXB3-OCEAS



Notes (continued)

15 Other interest-bearing loans and borrowings

Group

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

EUR'000	2020	2019
Non-current other interest-bearing loans and borrowings		
Secured bank loans	226 304	236 359
Lease liabilities (see Note 23)	291 872	296 446
Loan from Capitola Capital II SARL (see Note 21)	85 038	92 592
Total non-current other interest-bearing loans and borrowings	603 214	625 397
Current other interest-bearing loans and borrowings		
Secured bank loans	12 001	11 230
Lease liabilities (see Note 23)	13 121	14 995
Total current other interest-bearing loans and borrowings	25 122	26 225

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
EUR'000				2020	2020
Danske Bank A/S - Facility A2	DKK	Variable	2024	2 087	2 044
Realkredit Danmark - Facility B1	DKK	0.56%	2034	71 578	64 651
Realkredit Danmark - Facility B2	DKK	0.91%	2037	18 866	18 144
Realkredit Danmark - Facility B1	NOK	Variable	2037	26 977	26 851
Realkredit Danmark - Facility B2	NOK	Variable	2037	8 691	8 508
Danske Bank A/S - Facility A2	SEK	Variable	2024	11 390	11 094
Realkredit Danmark - Facility B1	SEK	Variable	2034	71 024	73 475
Realkredit Danmark - Facility B2	SEK	Variable	2037	15 447	14 958
Danske Bank A/S - Facility A1	EUR	Variable	2022	9 750	9 673
Danske Bank A/S - Facility A2	EUR	Variable	2024	9 132	8 907
Loan from Capitola Capital II SARL	EUR	8,00 %	2042	85 038	85 038
Total				329 980	323 343

Realkredit Danmark - Facilities B1/B2 in DKK have been renegotiated in the beginning of 2021 with a new maturity date (March 2036) and a new nominal interest rate of 0.3088%, starting in March 2021. No adjustments to the facilities book values as at 31 December 2020 have been deemed necessary.

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

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCEAS



Notes (continued)

16 Provisions

Group EUR'000	Pensions	Dilapidation	Total
Balance at 1 January 2020	29	13 842	13 871
Effect of movements in foreign exchange	0	(96)	(96)
Provisions made during the year	0	525	525
Provisions used during the year	(3)	(438)	(441)
Provisions reversed during the year	0	16	16
Unwinding of discounted amount	0	389	389
Balance at 31 December 2020	26	14 238	14 264
Non-current	26	13 653	13 679
Current	0	585	585
Balance at 31 December 2020	26	14 238	14 264

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

17 Trade and other payables

EUR'000	Parent company		Group	
	2020	2019	2020	2019
Trade payables	369	344	13 816	12 905
Interest payable	0	0	92	133
Deposits received	0	0	1 301	1 330
Derivative instruments	0	0	7 975	3 951
VAT & duties	0	17	4 566	5 376
Payroll related	67	98	16 314	16 039
Other payables and accrued expenses	53	354	12 409	13 183
Total trade and other payables	489	813	56 473	52 917

18 Financial instruments

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

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

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

18 (a) Fair values of financial instruments

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

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCEAS



Notes (continued)

18 Financial instruments (Continued)

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

EUR'000	Parent company		Group	
	2020	2019	2020	2019
Cash and cash equivalents	46 132	51 753	48 001	55 971
Restricted cash	8 504	6 085	9 816	9 082
Receivables from related parties	103 356	96 212	13	0
Trade and other receivables	1 284	201	30 875	31 401
Total financial assets at amortised cost	159 276	154 251	88 705	96 454
Financial assets designated as fair value through profit or loss	0	0	86	122
Total financial assets	159 276	154 251	88 791	96 576
Other interest-bearing loans and borrowings	85 038	92 592	628 336	651 622
Trade and other payables	489	813	48 498	48 966
Payables to related parties	72 975	56 476	2 754	2 712
Provisions	0	0	14 264	13 871
Total financial liabilities at amortised cost	158 502	149 881	693 852	717 171
Financial liabilities designated as fair value through profit or loss	0	0	7 975	3 951
Total financial liabilities	158 502	149 881	701 827	721 122
Total net financial instruments	774	4 370	(613 036)	(624 546)

The fair value of financial instruments is deemed to be materially equivalent to the carrying value, except for other interest-bearing loans and borrowings with third parties. The fair value of other interest-bearing loans and borrowings for the Group is EUR 504,339 thousand.

Fair value hierarchy

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

Effect of change of inputs used in fair value measurement

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

18 (b) Credit risk

Financial risk management

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

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

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

The risk is limited due to short payment terms and as of the balance sheet date no significant receivables were past due. The credit losses realised by the Group in 2020 are not significant.



Notes (continued)

18 Financial instruments (Continued)

18 (b) Credit risk (continued)

Financial risk management

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

18 (c) Liquidity risk

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

Parent company

31 December 2020

EUR'000	Carrying amount	Contractual cash flows	1 year or less	1 to < 2 years	2 to 5 years	over 5 years
Non-derivative financial liabilities						
Loan from Capitola Capital II SARL	85 038	200 690	6 803	6 803	20 409	166 674
Payables to related parties	72 975	72 975	72 975	0	0	0
Trade and other payables	489	489	489	0	0	0
Total	158 502	274 154	80 267	6 803	20 409	166 674

31 December 2019

Non-derivative financial liabilities						
Loan from Capitola Capital II SARL	92 592	225 924	7 407	7 407	22 222	188 888
Payables to related parties	56 476	56 476	56 476	0	0	0
Trade and other payables	813	813	813	0	0	0
Total	149 881	283 213	64 696	7 407	22 222	188 888

Group

31 December 2020

EUR'000	Carrying amount	Contractual cash flows	1 year or less	1 to < 2 years	2 to 5 years	over 5 years
Non-derivative financial liabilities						
Secured bank loans	238 305	303 649	19 809	25 719	75 458	182 663
Lease liabilities	304 993	402 140	26 914	25 662	73 264	276 300
Loan from Capitola Capital II SARL	85 038	200 690	6 803	6 803	20 409	166 674
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	965 706	112 753	58 184	169 131	625 637

31 December 2019

Non-derivative financial liabilities						
Secured bank loans	247 589	320 308	19 437	19 619	76 796	204 456
Lease liabilities	311 441	417 342	27 009	25 897	73 133	291 303
Loan from Capitola Capital II SARL	92 592	225 924	7 407	7 407	22 222	188 888
Payables to related parties	2 712	2 712	2 712	0	0	0
Trade and other payables	48 966	48 966	48 966	0	0	0
Derivative financial liabilities						
Interest rate swaps	3 951	3 951	3 951	0	0	0
Total	707 251	1 019 203	109 482	52 923	172 151	684 647

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCEAS



Notes (continued)

18 Financial instruments (Continued)

18 (d) Market risk

Market risk - Foreign currency risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. 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 219,725 thousand (2019: EUR 225,720 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 2,175 thousand (2019: EUR 2,235 thousand).

Market risk - Interest rate risk

The Group has loans and borrowings in local currency with variable nominal interest rates as described in note 15. Variable rates may lead to unexpected increases in financial expenses, and the Group has hedged this risk by entering into a variable to fixed interest rate swap. The hedge follows the same period as the loans, and covers the majority of the loan amount.

Group

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

EUR'000	2020	2019
Fixed rate instruments		
Financial assets	86	122
Financial liabilities	<u>(175 808)</u>	<u>(184 034)</u>
Total fixed rate instruments	<u>(175 722)</u>	<u>(183 912)</u>
Variable rate instruments		
Financial assets	57 817	65 053
Financial liabilities	<u>(155 510)</u>	<u>(160 098)</u>
Total variable rate instruments	<u>(97 693)</u>	<u>(95 045)</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 978 thousand (2019: EUR 950 thousand). The analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of all financial instruments with variable interest rates.

18 (e) Capital management

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

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

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

19 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 244.9 million as of 31 December 2020.



Notes (continued)

20 Commitments

Capital commitments

During the year ended 31 December 2020, the Group entered into contracts to purchase property, plant and equipment for EUR 5,777 thousand (2019: EUR 5,894 thousand).

Off-balance sheet arrangements (group)

The Group is jointly and severally liable with the co-owners of 1/S Fællesskiltning for the partnership's obligations. The total net assets from the statement of financial position amounts to EUR 35 thousand at year end (2019: EUR 35 thousand). Other guarantees amount to EUR 1,888 thousand (2019: EUR 1,579 thousand).

21 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 4).

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.

Other related party transactions

Parent company

	<i>Distributions of investment cost</i>	<i>Sale of services</i>	<i>Purchase of services</i>	<i>Interest income</i>	<i>Interest expenses</i>
EUR'000	2020	2020	2020	2020	2020
Capitola Capital II SARL	0	0	0	0	(7 255)
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 Aps	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
Terra Firma Investment Limited	0	0	(3 209)	0	0
Total	1 686	6 402	(4 526)	6 990	(7 277)

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCEAS



Notes (continued)

21 Related parties (continued)

Parent company

EUR'000	<i>Loans receivable/ (payable) outstanding</i>	<i>Dividends / Group Contribution received</i>	<i>Receivables outstanding</i>	<i>Payables outstanding</i>	<i>Cash-pooling balances</i>
	2020	2020	2020	2020	2020
Capitola Capital II SARL	(85 038)	0	0	(2 754)	0
Food Folk Norge Holdings AS	6 674	0	135	0	(1 011)
Food Folk Holdings Danmark ApS	12 090	0	190	0	(252)
Food Folk Holdings Suomi Oy	7 047	0	565	0	(8 644)
Food Folk Holdings Sverige AB	47 500	0	3 811	0	(6 667)
Food Folk Norge AS	0	0	77	(10)	6 098
Zero Five AS	0	0	0	0	(3 845)
Food Folk Denmark Aps	0	0	122	(5)	(21 822)
Food Folk Suomi Oy	0	0	96	(6)	3 549
Food Folk Sverige AB	0	0	207	(2 627)	(24 883)
Food Folk Sverige Development AB	0	0	0	0	15 182
Lindvreten Fastighetsförvaltning KB	0	0	0	0	(439)
Food Folk Nordanvind AB	0	0	0	0	(10)
Terra Firma Investment Limited	0	0	13	0	0
Total	(11 727)	0	5 216	(5 402)	(42 744)

EUR'000	<i>Distributions of investment cost</i>	<i>Sale of services</i>	<i>Purchase of services</i>	<i>Interest income</i>	<i>Interest expenses</i>
	2019	2019	2019	2019	2019
Capitola Capital II SARL	0	0	0	0	(11 853)
Food Folk Norge Holdings AS	0	0	0	1 313	(16)
Food Folk Holdings Danmark ApS	0	0	0	3 057	0
Food Folk Holdings Suomi Oy	0	0	0	834	0
Food Folk Holdings Sverige AB	0	0	0	5 481	0
Food Folk Norge AS	278	779	(37)	15	(31)
Zero Five AS	0	0	0	0	(18)
Food Folk Denmark Aps	620	966	(341)	186	0
Food Folk Suomi Oy	503	703	0	59	0
Food Folk Sverige AB	796	2 243	(408)	121	0
Food Folk Sverige Development AB	0	0	0	181	0
Lindvreten Fastighetsförvaltning KB	0	0	0	1	0
Food Folk Nordanvind AB	0	0	0	0	0
Terra Firma Investment Limited	0	0	(2 618)	0	0
Total	2 197	4 691	(3 404)	11 248	(11 918)

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCFA5



Notes (continued)

21 Related parties (continued)

EUR'000	<i>Loans receivable/ (payable) outstanding</i> 2019	<i>Dividends / Group Contribution received</i> 2019	<i>Receivables outstanding</i> 2019	<i>Payables outstanding</i> 2019	<i>Cash-pooling balances</i> 2019
Capitola Capital II SARL	(92 592)	0	0	(2 712)	0
Food Folk Norge Holdings AS	11 474	0	0	0	(2 917)
Food Folk Holdings Danmark ApS	13 590	0	0	0	(1 951)
Food Folk Holdings Suomi Oy	7 047	0	0	0	(5 174)
Food Folk Holdings Sverige AB	47 500	0	0	0	(7 026)
Food Folk Norge AS	0	5 678	26	(14)	151
Zero Five AS	0	0	0	0	(2 020)
Food Folk Denmark Aps	0	0	78	(14)	(15 340)
Food Folk Suomi Oy	0	0	56	0	(3 449)
Food Folk Sverige AB	0	0	241	(80)	(15 714)
Food Folk Sverige Development AB	0	0	0	0	16 049
Lindvreten Fastighetsförvaltning KB	0	0	0	0	(55)
Food Folk Nordanvind AB	0	0	0	0	(10)
Terra Firma Investment Limited	0	0	0	0	0
Total	(12 981)	5 678	401	(2 820)	(37 456)

Group

EUR'000	<i>Distributions of investment cost</i> 2020	<i>Sale of services</i> 2020	<i>Purchase of services</i> 2020	<i>Interest income</i> 2020	<i>Interest expenses</i> 2020
Capitola Capital II SARL	0	0	0	0	(7 255)
Terra Firma Investment Limited	0	0	(3 209)	0	0
Total	0	0	(3 209)	0	(7 255)

EUR'000	<i>Loans payable outstanding</i> 2020	<i>Dividends</i> 2020	<i>Receivables outstanding</i> 2020	<i>Payables outstanding</i> 2020	<i>Cash-pooling balances</i> 2020
Capitola Capital II SARL	(85 038)	0	0	(2 754)	0
Terra Firma Investment Limited	0	0	13	0	0
Total	(85 038)	0	13	(2 754)	0

EUR'000	<i>Distributions of investment cost</i> 2019	<i>Sale of services</i> 2019	<i>Purchase of services</i> 2019	<i>Interest income</i> 2019	<i>Interest expenses</i> 2019
Capitola Capital II SARL	0	0	0	0	(11 853)
Terra Firma Investment Limited	0	0	(2 618)	0	0
Total	0	0	(2 618)	0	(11 853)

EUR'000	<i>Loans payable outstanding</i> 2019	<i>Dividends</i> 2019	<i>Receivables outstanding</i> 2019	<i>Payables outstanding</i> 2019	<i>Cash-pooling balances</i> 2019
Capitola Capital II SARL	(92 592)	0	0	(2 712)	0
Terra Firma Investment Limited	0	0	0	0	0
Total	(92 592)	0	0	(2 712)	0

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UOXB3-OCEAS



Notes (continued)

22 Changes in liabilities from financing activities

Parent company

EUR'000	Opening balance	IFRS 16 initial application	Cash flows	Effect of movements in foreign exchange	Non-cash transactions	Closing balance
2020						
Debt to Parent company	92 592	0	(7 554)	0	0	85 038
Long-term liabilities	92 592	0	(7 554)	0	0	85 038
Liability from financing activities for 2020	92 592	0	(7 554)	0	0	85 038
2019						
Debt to Parent company	166 894	0	(74 302)	0	0	92 592
Long-term liabilities	166 894	0	(74 302)	0	0	92 592
Liability from financing activities for 2019	166 894	0	(74 302)	0	0	92 592

Group

EUR'000	Opening balance	IFRS 16 initial application	Cash flows	Effect of movements in foreign exchange	Non-cash transactions	Closing balance
2020						
Debt to credit institutions	236 359	0	0	1 967	(12 022)	226 304
Lease liabilities	296 446	0	(27 221)	2 189	20 458	291 872
Debt to Parent company	92 592	0	(7 554)	0	0	85 038
Long-term liabilities	625 397	0	(34 775)	4 156	8 436	603 214
Debt to credit institutions	11 230	0	(12 452)	260	12 963	12 001
Lease liabilities	14 995	0	0	4	(1 878)	13 121
Debt to Parent company	0	0	0	0	0	0
Short-term liabilities	26 225	0	(12 452)	264	11 085	25 122
Liability from financing activities for 2020	651 622	0	(47 227)	4 420	19 521	628 336
2019						
Debt to credit institutions	174 389	0	68 004	(916)	(5 118)	236 359
Lease liabilities	0	304 477	(27 693)	(2 112)	21 774	296 446
Debt to Parent company	166 894	0	(74 302)	0	0	92 592
Long-term liabilities	341 283	304 477	(33 991)	(3 028)	16 656	625 397
Debt to credit institutions	9 723	0	(4 247)	(72)	5 826	11 230
Lease liabilities	0	15 139	0	(70)	(74)	14 995
Debt to Parent company	0	0	0	0	0	0
Short-term liabilities	9 723	15 139	(4 247)	(142)	5 752	26 225
Liability from financing activities for 2019	351 006	319 616	(38 238)	(3 170)	22 408	651 622

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCEAS



Notes (continued)

23 Leases

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

i. Amounts recognised in Statement of financial position

	EUR'000
- Right-of-use assets (presented in Property, plant and equipment - see note 8)	297 342
- Prepaid expense (presented in Trade and Other Receivables)	(3 883)
- Lease liabilities (presented in Other interest-bearing loans and borrowings - see note 15)	(304 993)

ii. Amounts recognised in Income Statement

	EUR'000
- Depreciation charges (including impairment loss/reversal)	22 943
- Interest on lease liabilities	10 223
- variable lease payments not included in the measurement of lease liabilities (including COVID-19 rent concessions)	632
- expenses relating to other short-term leases	53
- expenses relating to leases of low-value assets	696
- other expenses	(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 2020 were as follows:

	EUR'000
Fixed payments	10 930
Variable payments	1 715
Total lease payments based on sales	<u>12 645</u>

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
- Payment of lease liabilities (interest portion)	(10 128)
- Payment of lease liabilities (principal portion)	(17 093)
Total cash outflow for leases	<u>(27 221)</u>

iv. Extension Options

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

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

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

v. Lease not yet commenced

The Group has entered during 2020 into lease agreements with few landlords not yet commenced, but committing to pay rent from the subsequent year.

The estimated amount of lease liability for the lease period has been assessed around EUR 5.7 million.

vi. Rent concessions

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

The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is EUR 1,117 thousand (2019: nil).



Notes (continued)

24 Acquisition of restaurants

In 2020, the Group has acquired a number of restaurants from franchisees in Norway and Finland. The acquired restaurants contributed a net profit of EUR 1.1 million to the consolidated 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 2 million and net profit would have been higher by EUR 0.3 million. In determining these amounts, Management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on the first day of the accounting period.

Effect of acquisition: recognised values on acquisition

EUR'000	2020
Acquirees net assets at the acquisition date:	
Land and buildings	796
Fixtures, fittings and equipment	476
Contractual rights	3 767
Total identifiable net assets acquired	5 039
Consideration paid:	
Cash	5 245
Total consideration	5 245
Goodwill	206

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 have been valued using the depreciated replacement cost, which reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Contractual rights have been valued using the multi-excess earnings method which considers the present value of net cash flows expected to be generated by the use of those rights, excluding any cash flows relating to contributory assets.

Acquisition related costs

No acquisition related costs were incurred by the Group.

25 Subsequent events

Market risk caused by COVID-19 outbreak continues in 2021. The Group is following the developments and the authorities' recommendations closely, and taking the measures deemed necessary to reduce the impact in the short and long term.

In spite of this, the beginning of 2021 has been strong in terms of sales and profits. The sales performance of the first quarter of 2021 increased 5.7% compared to last year, even though some restaurants have been partly or fully closed due to governmental restrictions in downtown. From an EBITDA perspective, results at the end of March is EUR 20.8 million which is EUR 2.5 million higher than plan and EUR 4.6 million up on last year.

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

Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UOXB3-OCEAS



PENNEO

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

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

Anders Torbjörn Hägg

Undertecknare

Serial number: 19690124xxxx

IP: 213.89.xxx.xxx

2021-04-27 15:47:55Z



Vivek Ahuja

Undertecknare

Serial number: vivek.ahuja@terrafirma.com

IP: 136.228.xxx.xxx

2021-04-27 16:21:45Z

Lars Kristian Sande

Undertecknare

Serial number: 9578-5993-4-2490371

IP: 77.40.xxx.xxx

2021-04-27 17:02:46Z



Susanne Elise Munch Thore

Undertecknare

Serial number: 9578-5994-4-519993

IP: 158.248.xxx.xxx

2021-04-28 08:30:37Z



Penneo document key: WPSHD-VDLL8-ZP4HO-01XZT-UQXB3-OCEAS

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

How to verify the originality of this document

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

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

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