20220610195222

Årsredovisning

för

Food Folk Sverige Development AB

556492-0220

Räkenskapsåret

2021

Fastställelseintyg

Undertecknad styrelseledamot i Food Folk Sverige Development AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma 2022-03-25. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Stockholm 2022-05-31

Anne Nordberg

20220610195523

Årsredovisning

för

Food Folk Sverige Development AB

556492-0220

Räkenskapsåret

2021

Penneo dokumentnyckel: VEOBO-VSKMM-3BTNL-FH3AD-7Q07Z-MMB4E

20220610195524

Styrelsen för Food Folk Sverige Development AB upprättar härmed följande årsredovisning för räkenskapsåret 2021.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i tusentals kronor (Tkr). Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Information om verksamheten

Ägarförhållanden
Bolaget är ett helägt dotterbolag till Food Folk Sverige Holdings AB, organisationsnummer 559094-9623 med säte i Stockholm som i sin tur ytterst ägs av Food Folk Group Holdings AS, organisationsnummer 817906222, i Norge som upprättar koncernredovisning.

Verksamheten
Bolaget har till föremål för sin verksamhet att, direkt och indirekt, äga och förvalta fast och lös egendom, däribland fastigheter relaterade till restaurangbranschen, och därmed förenlig verksamhet.

Dotterbolaget Food Folk Sverige AB är Developmental Licensee för varumärket McDonald's i Sverige, vilket innebär att bolaget äger rättigheterna att vara franchisegivare i Sverige för nämnda varumärke, nedan kallat Food Folk Sverige.

McDonald´s är Sveriges största restaurangkedja med drygt ca 200 restauranger och ca 400 000 dagliga gäster. Restaurangerna i Sverige ägs och drivs huvudsakligen av lokala entreprenörer på franchisebasis vilka redovisar egna bokslut. Den totala omsättningen för McDonald´s i Sverige (inklusive den som redovisas av franchisetagare) var 5,7 miljarder kronor.

McDonald's strategi bygger på att servera bra mat med råvaror av hög kvalitet. Den första restaurangen i Sverige öppnade på Kungsgatan i Stockholm den 27 oktober 1973 och som företag har vi haft stor betydelse för svensk ekonomi och samhälle under åren. Många ungdomar får sin första rad i CV:t hos oss och vi är en av Sveriges största privata ungdomsarbetsgivare. Mångfalden hos McDonald's med cirka 100 nationaliteter och 65 olika språk är en styrka i kontakten med gästerna och speglar hur företaget bidrar till integrationen i arbetslivet.

Medarbetarna är en av våra viktigaste tillgångar och utbildning och utveckling i bland annat ledarskap, service och teamledning är ett prioriterat område.

Företaget har sitt säte i Stockholm.

Penneo dokumentnyckel: VEOBO-VSKMM-3BTNL-FH3AD-7Q07Z-MMB4E

20220610195525

Väsentliga händelser under räkenskapsåret

Under året har Covid-19-pandemin haft en fortsatt stor påverkan på Food Folk Sverige och ett stort antal restriktioner och begränsningar har behövt anammas på restaurangerna. Pandemins påverkan har dock inte varit lika omfattande som under 2020. Trots pandemin så har Food Folk Sveriges totala försäljning ökat med 9,5 % jämfört med 2020.

Food Folk Sverige etablerade ett nytt café-koncept under året McCafé. Konceptet är ett shop-in-shop där gästerna erbjuds barista-kaffe och bakverk. I slutet av året var sex McCafé etablerade på restaurangerna i Sverige.

Food Folk Sverige introducerade Mobile Order and Pay under 2021 vilket innebär att gästerna direkt i mobilen kan beställa, betala samt välja var de vill ta emot sin mat.

Food Folk Sverige etablerade sex nya restauranger under 2021; Upplands Bro, Örnsköldsvik, Gävlebro, Tuna Park, Borlänge, och Sjöbo.

Under året moderniserades 23 restauranger och totalt i Sverige var 177 restauranger ombyggda i slutet av 2021.

Flerårsöversikt (tkr)	**2021**	**2020**	**2019**	**2018**	**2017**
Nettoomsättning	0	0	0	0	0
Resultat efter finansiella poster	210 998	210 173	-5 294	-2 623	265 171
Balansomslutning	754 805	757 615	552 550	507 623	758 707
Soliditet (%)	38	36	6	67	64

Soliditet (%)

Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

Förändring av eget kapital

Ingående balans för Eget kapital för räkenskapsåret 2021 var 271 139 TSEK. Bolaget redovisar ett resultat för året om 236 517 TSEK. Utgående balans för Eget kapital uppgår till 287 656 TSEK.

Antal aktier: 1 000

	Aktie-kapital	**Reserv-fond**	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	100 000	9 900 000	23 227 376	237 911 446	**271 138 822**
Disposition enligt beslut av årets årsstämma:			237 911 446	-237 911 446	**0**
Utdelning			-220 000 000		**-220 000 000**
Årets resultat				236 516 602	**236 516 602**
Belopp vid årets utgång	**100 000**	**9 900 000**	**41 138 822**	**236 516 602**	**287 655 424**

Penneo dokumentnyckel: VEOBO-VSKMM-3BTNL-FH3AD-7Q07Z-MMB4E

20220610195526

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	41 138 822
årets vinst	236 516 602
	277 655 424

disponeras så att

till aktieägare utdelas (220 000 kronor per aktie)	220 000 000
i ny räkning överföres	57 655 424
	277 655 424

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

Penneo dokumentnyckel: VEOBO-VSKMM-3BTNL-FH3AD-7Q07Z-MMB4E

20220610195527

Resultaträkning
Tkr

	Not	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Rörelsens kostnader			
Övriga externa kostnader	2	-53	-61
Rörelseresultat		**-53**	**-61**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	3	220 000	220 000
Räntekostnader och liknande resultatposter	4	-8 950	-9 766
		211 050	**210 234**
Resultat efter finansiella poster		**210 998**	**210 173**
Bokslutsdispositioner	5	29 804	32 615
Resultat före skatt		**240 802**	**242 788**
Skatt på årets resultat	6	-4 285	-4 877
Årets resultat		**236 517**	**237 911**

Penneo dokumentnyckel: VEOBO-VSKMM-3BTNL-FH3AD-7Q07Z-MMB4E

20220610195528

Balansräkning

Tkr

	Not	2021-12-31	2020-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	7, 8	505 000	505 000
Summa anläggningstillgångar		**505 000**	**505 000**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		249 804	252 615
Övriga fordringar		1	0
		249 805	**252 615**
Summa omsättningstillgångar		**249 805**	**252 615**
SUMMA TILLGÅNGAR		**754 805**	**757 615**

Penneo dokumentnyckel: VEOBO-VSKMM-3BTNL-FH3AD-7Q07Z-MMB4E

20220610195529

Balansräkning

Tkr

	Not	2021-12-31	2020-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		100	100
Reservfond		9 900	9 900
		10 000	**10 000**
Fritt eget kapital			
Balanserad vinst		41 139	23 227
Årets resultat		236 517	237 911
		277 656	**261 138**
Summa eget kapital		**287 656**	**271 138**
Kortfristiga skulder			
Checkräkningskredit	9	126 816	152 339
Skulder till koncernföretag		333 765	326 587
Aktuella skatteskulder		6 517	7 500
Upplupna kostnader och förutbetalda intäkter		51	51
Summa kortfristiga skulder		**467 149**	**486 477**
SUMMA EGET KAPITAL OCH SKULDER	10	**754 805**	**757 615**

Penneo dokumentnyckel: VEOBO-VSKMM-3BTNL-FH3AD-7Q07Z-MMB4E

20220610195530

Noter

Tkr

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Redovisningsprinciperna är oförändrade jämfört med föregående år.

Ägarförhållanden

Bolaget är ett helägt dotterbolag till Food Folk Sverige Holdings AB, organisationsnummer 559094-9623 med säte i Stockholm som i sin tur ytterst ägs av Food Folk Group Holdings AS, organisationsnummer 817906222, i Norge som upprättar koncernredovisning.

Fordringar, skulder och avsättningar

Om inget annat anges ovan värderas kortfristiga fordringar till det lägsta av dess anskaffningsvärde och det belopp varmed de beräknas bli reglerade. Långfristiga fordringar och långfristiga skulder värderas efter det första värderingstillfället till upplupet anskaffningsvärde. Övriga skulder och avsättningar värderas till de belopp varmed de beräknas bli reglerade. Övriga tillgångar redovisas till anskaffningsvärde om inget annat anges ovan.

Omräkning av poster i utländsk valuta

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Koncernbidrag

Erhållna och lämnade koncernbidrag redovisas som bokslutsdispositioner.

Koncernförhållanden

Företaget är moderföretag men med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap 2§ upprättas ingen egen koncernredovisning.

Företaget är helägt dotterföretag till Food Folk Sverige Holdings AB, org nr 559094-9623 med säte i Stockholm. Food Folk Sverige Holdings AB ingår i en koncern där Food Folk Group Holdings AS, org nr 817906222 med säte i Oslo, Norge, upprättar koncernredovisning för koncernen. Det utländska moderföretagets koncernredovisning finns att tillgå hos Food Folk Group Holdings AS.

Företaget som utgör moderföretag för en koncern med dotterföretag enligt not 7, upprättar ej koncernredovisning då företaget och dess samtliga dotterföretag omfattas av en koncernredovisning som upprättas av Food Folk Group Holdings AS.

Penneo dokumentnyckel: VEOBO-VSKMM-3BTNL-FH3AD-7Q07Z-MMB4E

20220610195531

Nyckeltalsdefinitioner

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

Balansomslutning
Företagets samlade tillgångar.

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

Not 2 Anställda och personalkostnader

Bolaget har inte haft några anställda och några löner har ej utbetalats.

Not 3 Resultat från andelar i koncernföretag

	2021	2020
Anteciperad utdelning	220 000	220 000
	220 000	**220 000**

Not 4 Räntekostnader och liknande resultatposter

	2021	2020
Räntekostnader till koncernföretag	-8 915	-9 766
	-8 915	**-9 766**

Not 5 Bokslutsdispositioner

	2021	2020
Erhållna koncernbidrag	29 804	32 615
	29 804	**32 615**

Penneo dokumentnyckel: VEOBO-VSKMM-3BTNL-FH3AD-7Q07Z-MMB4E

20220610195532

Not 6 Aktuell och uppskjuten skatt

	2021	2020
Skatt på årets resultat		
Aktuell skatt	-4 285	-4 877
Totalt redovisad skatt	**-4 285**	**-4 877**

Avstämning av effektiv skatt

	2021		2020	
	Procent	**Belopp**	**Procent**	**Belopp**
Redovisat resultat före skatt		240 802		242 788
Skatt enligt gällande skattesats	20,60	-49 605	21,40	-51 957
Ej skattepliktiga intäkter		45 320		47 080
Redovisad effektiv skatt	**1,78**	**-4 285**	**2,01**	**-4 877**

Not 7 Andelar i koncernföretag

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	505 000	505 000
Utgående ackumulerade anskaffningsvärden	**505 000**	**505 000**
Utgående redovisat värde	**505 000**	**505 000**

Not 8 Specifikation andelar i koncernföretag

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
Food Folk Sverige AB	100%	100%	80 000	505 000
				505 000

	Org.nr	Säte
Food Folk Sverige AB	556181-2297	Stockholm

Not 9 Checkräkningskredit

	2021-12-31	2020-12-31
Cash pool	126 816	152 339

Koncernens cash pool ägs av moderbolaget Food Folk Group Holdings AS, Norge.

Penneo dokumentnyckel: VEOBO-VSKMM-3B7NL-FH3AD-7Q07Z-MMB4E

20220610195333

Not 10 Ställda säkerheter och eventualförpliktelser

	2021-12-31	2020-12-31
Ställda säkerheter för koncernens skulder till kreditinstitut:		
Aktier i dotterföretag	505 000	505 000
	505 000	**505 000**

Företaget ansvarar såsom för egen skuld för skulder till kreditinstitut i koncernen om motsvarande 2 547 MSEK, i den mån det inte strider mot aktiebolagslagen. Fritt eget kapital i företaget uppgick per 2021-12-31 till 278 MSEK.

Stockholm 2022-03-25

Anne Nordberg
Styrelseordförande

Anders Hägg

Vår revisionsberättelse har lämnats 2022-03-25

KPMG AB

Tomas Gerhardsson
Auktoriserad revisor

Penneo dokumentnyckel: VEOBO-VSKMM-3BTNL-FH3AD-7Q07Z-MMB4E

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Anders Torbjörn Hägg
Styrelseledamot
Serienummer: 19690124xxxx
IP: 83.249.xxx.xxx
2022-03-25 08:12:17 UTC

BankID

Anne Carina Vanja Nordberg
Styrelseordförande
Serienummer: 19671103xxxx
IP: 90.231.xxx.xxx
2022-03-25 08:19:52 UTC

BankID

Karl Tomas Gerhard Gerhardsson
Auktoriserad revisor
Serienummer: 19690530xxxx
IP: 195.84.xxx.xxx
2022-03-25 11:39:22 UTC

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20220610193535

Revisionsberättelse

Till bolagsstämman i Food Folk Sverige Development AB, org. nr 556492-0220

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Food Folk Sverige Development AB för år 2021.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Food Folk Sverige Development ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Food Folk Sverige Development AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Penneo dokumentnyckel: QVNJD-H5IEK-FZ8S6-E750D-CH8EQ-L6LEC

20220610195536

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Food Folk Sverige Development AB för år 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Food Folk Sverige Development AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat styrelsens motiverade yttrande samt ett urval av underlagen för detta för att kunna bedöma om förslaget är förenligt med aktiebolagslagen.

Stockholm den 25 mars 2022

KPMG AB

Tomas Gerhardsson
Auktoriserad revisor

Penneo dokumentnyckel: QVNJD-H5IEK-FZ8S6-E750D-CH8EQ-L6LEC

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Karl Tomas Gerhard Gerhardsson
Undertecknare
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IP: 195.84.xxx.xxx
2022-03-25 11:38:44 UTC

BankID

Penneo dokumentnyckel: QVNJD-H5IEK-FZ8S6-E750D-CH8EQ-L6LEC

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Food Folk Group Holdings AS

Storgata 15
0155 Oslo

Org. no. 817 906 222

Annual Report 2021

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

on 28 April 2022

_____

chairman of the annual general meeting

FOOD FOLK

Development licensee of McDonald's

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20220610195 92

Contents

Statement by the Board of Directors	3
Company details	8
Food Folk Corporate Social Responsibility	9
Statement of profit or loss and other comprehensive income	12
Statement of financial position at 31 December	13
Statement of changes in equity	14
Statement of cash flows	16
Basis of preparation	17
Significant accounting policies	20
Notes	26
Independent auditor's report *(as a separate document)*	48

Penneo document key: E0UDY-PK7IZ-KEQ6E-JHJAU-6DX51-6GI3B

20220610195 93

Statement by the Board of Directors

The Company

The Group was formed on 31 March 2017 when Food Folk Group Holdings AS (the Company) acquired the McDonald's operation in the Nordics territories through its wholly owned subsidiaries: Food Folk Norge Holdings AS (Norway), Food Folk Sweden Holdings AB (Sweden), Food Folk Danmark Holdings ApS (Denmark) and Food Folk Suomi Holdings Oy (Finland). In connection with the acquisition, the Group and its subsidiaries became the Development Licensee of McDonald's Corporation under a 20-year Multi-Unit Master Franchisee Agreement.
McDonald's is one of the most recognised consumer brands in the world with unparalleled brand strength in the Informal Eating Out (IEO) restaurant market. With 432 restaurants as at 31 December 2021 (2020: 431 restaurants) across the Nordics territories McDonald's is also the leading IEO restaurant chain in the region, based on sales.
The Group operates its business through a diversified real estate portfolio with approximately 219 (51%) restaurants located on owned land, with the remaining restaurants located in leased locations under long-term lease agreements. As of 31 December 2021, the Group operated 40 (9%) of the McDonald's restaurants, while the remaining 392 (91%) restaurants were operated by 74 independent Franchisees under individual sub-franchisee agreement with Group companies.
Through its offices in Oslo, Stockholm, Copenhagen and Helsinki, the Group employs 250 employees who provide both own and franchised restaurant advice, guidance and support within areas such as restaurant operation, HR, marketing, finance/IT and building maintenance/development.
The Company employs two people. There are a further 2,724 staff employed in Group operated restaurants.
For further information about McDonalds, please visit www.mcdonalds.com.

Annual accounts

Parent Company

The Company's operation for the year ended 31 December, 2021 resulted in an operating loss of EUR 0.8 million (2020: EUR 0.9 million), net finance expenses of EUR 1.1 million (2020: EUR 0.8 million) and income from profit in subsidiaries, net of tax of EUR 64.2 million (2020: EUR 28.6 million). Profit for the year amounts to EUR 62.5 million (2020: EUR 25.4 million).
At the end of December 2021, the Company had:
- Balance sheet assets totaling EUR 366.9 million (2020: EUR 362.2 million)
- Equity of EUR 266.5 million, with an Equity ratio of 72.6% (2020: EUR 203.7 million – 56.2%)
- Cash holdings of EUR 51.6 million (2020: EUR 54.6 million), including restricted cash holdings of EUR 9.6 million (2020: EUR 8.5 million)
- Cash flow from operating activities during the year ended 31 December, 2021 was EUR 2 million (2020: EUR -1.5 million), from investment activities EUR 42 million (2020: EUR 6.3 million) and from financing activities EUR -48.5 million (2020: EUR -10.1 million).

Group

Revenues for the period amounted to EUR 374.1 million (2020: EUR 311.5 million) with operating profit of EUR 96.8 million (2020: EUR 67.6 million) and net finance expenses of EUR 16.6 million (2020: EUR 30.7 million). Profit for the year ended 31 December, 2021 amounted to EUR 62.5 million (2020: EUR 25.4 million).
The financial result is in line with management's expectations.
At the end of December 2021, the Group had:
- Consolidated balance sheet assets totaled EUR 997.1 million (2020: EUR 975.4 million)
- Equity of EUR 266.5 million, with an Equity ratio of 26.7% (2020: EUR 203.7 million - 20.9%)
- Cash holdings of EUR 54.5 million (2020: EUR 57.8 million), including restricted cash holdings of EUR 10.5 million (2020: EUR 9.8 million)
- Cash flow from operating activities during the year ended 31 December, 2021 was EUR 128.9 million (2020: EUR 100.6 million), from investment activities EUR -59.6 million (2020: EUR -46.2 million), and from financing activities EUR 74.2 million (2020: EUR -62.3 million).

Business outlook

The year started with more COVID-19 infections in the form of Delta version, and the most severe restrictions during the whole pandemic. Developments in the situation have been cautiously followed, and local government guidance and regulations adopted. The priority has been to safeguard our employees, serve our guests food in a safe and healthy environment, and further support our communities. Customers have been reached via various sales channels (Drive Thru, Mobile order pay, Delivery, etc.) aiming to maximize product availability.
From May the sales trend made a positive shift upwards as the COVID-19 situation improved. A gradual ease in restrictions led to more mobility in the population, and positive sales growth seen during summer continued throughout October with reopening of lift in restrictions in most of the Nordic countries as large parts of the population were vaccinated. In November number of COVID-19 cases increased with the Omicron mutation and

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20220610195 94

new restrictions were implemented to limit the virus spread. However, despite a volatile year with uncertainty, the Group has managed to safely navigate through the COVID-19 situation taking necessary precautions.
The COVID-19 situation and business development has improved compared to 2020, which is well reflected in the performance of downtown restaurants, and further increase has occurred in the late-night sales, which had the strongest growth of all dayparts.
Furthermore, positive free cash flow from operating activities were generated allowing to continue investing in new store openings/re-modelling/upgrades/capacity increases and we will continue to do so in the future.
The Group has opened 19 new stores and closed 18. Total comparable system wide sales have been 12.2% higher than last year and number of guest visits grew by 4.7% compared to 2020.
The beginning of 2022 has been strong in terms of sales and profits. The comparable sales performance of the first quarter of 2022 has increased compared to last year. From an EBITDA perspective, results at the end of March are ahead of the plan for 2022 and significantly higher than last year.

Financial and market risk

Group companies have taken out long-term mortgage loans denominated in local currency and granted security to the lender in the owned property portfolio. The majority of the future interest payments on mortgage loans are fixed, or have been swapped from variable to fixed obligations using interest rate swap agreements. All intergroup lending is subordinated to all other creditors.
The credit risk associated with cash holdings is limited as the counterparties have high credit ratings assigned by international credit-rating agencies.
The Group operates across four markets each with its own currency, and whilst there is some matching of assets and liabilities by currency, and similarly of revenues and expenditures, the Group remains exposed to exchange risk to the extent of unmatched currency exposures.
The Board of Directors and management considers financial and market risk limited and in line with industry norms.

Impact on climate/environment

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

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

Packaging/Material
We continuously evaluate our packaging looking for greener alternatives including transitioning from plastic to wood cutlery, removal of plastic straws, and plastic lids from our McFlurry cups. Balloons have been removed from Happy Meals and we now offer books as an alternative to plastic toys in our Happy Meals. In three of our four Nordic markets we have now introduced serving trays made from recycled plastic marine waste. In 2023, we are planning to begin removing plastic packaging on our core menu items in favor of paper-based packaging. In Sweden, key initiatives to decrease our carbon footprint include the purchase of all electricity by Food Folk and its franchisees via renewable sources and transportation of goods to and from restaurants using renewable fuel.
In Finland, through our partnership with HAVI, we began in 2021 trialing the collection of corrugated cardboard from McDonald's restaurants in the Metropolitan Helsinki area for delivery back to the HAVI Distribution Center, thereby reducing emissions. In addition. we use a back-haulage process for clean PE plastic film, obsolete crew uniforms and aluminum spray cream bottles. Other backhauled items include wooden pallets for deliveries, pressurized CO2 cylinders, and secondary plastic transport packaging for buns and milk, which all are significant in volume. We are also aiming to reduce plastic usage.
Norway has led the introduction of serving trays made from plastic waste found in our oceans. And in 2021, all Norwegian produced plastic bottles we served from The Coca-Cola Company were made by 100 % recycled plastic (rPET).

Food Sustainability/Animal Welfare
The Group has presented throughout the years various initiatives to further improve food sustainability and nutrition.
This includes using only organic eggs as part of our breakfast menu and cage free eggs in our ingredients. We source all of our coffee sustainably via the Rainforest Alliance and serve organic coffee in Sweden, Denmark and Norway. We have continued to improve nutrition through the removal of artificial flavors in shakes and sundaes,

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

Other initiatives
We have an ongoing commitment to the impact of our operations on the environment.
Examples of this are through our partnership in Denmark with Ren Natur on littering. We support the project 'Clean Nature' (Ren Natur), which organized 483 routes of litter collection in 2021. A total of 40 municipalities participated along with 8,565 volunteers. We are proud of their success and monitor the project closely. In addition, Food Folk Denmark uses a 'one-block policy', in which employees collect litter in each restaurant's immediate area. The one-block policy results in McDonald's staff continuously helping the local area keep the streets clean not only from McDonald's own litter but also from society's general littering. And in Norway we support the community through the organisation "Rusken", in which our employees join clean-up activities, to tackle the problem with littering.
Another area of focus is the plan to increase the number of charging stations made available at our restaurants. In Finland, the installation of electric car charging stations outside at our drive through restaurants started in 2020 and a total of 21 charging stations have been put in place so far. In Norway, at the end of 2021 the total number of charging stations in operation was 84 on 25 of our restaurants. In Sweden, we added 20 restaurants to our network of chargers for electric vehicles and in 2021 an electricity equivalent to 9.8 Mkm of driving was charged at our restaurants.
Another ambitious initiative in Norway is the "Young Farmer of the Year award", a collaboration between Food Folk, Norwegian Rural Youth and Felleskjøpet Agri (Norwegian agricultural cooperative). The goal is to increase recruitment of farmers into Norwegian agriculture and focus on the production of Norwegian quality food. The candidate must be a food producer, under the age of 35, and be a healthy role model who can inspire more people to work in Norwegian agriculture.

Employees and working environment

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

Equal opportunities, Non-discrimination and accessibility

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

Diversity and equal opportunity
Diversity and inclusion are key elements in the Group's sustainable development goals. The Group remains firm in its belief that a dynamic mix of people is instrumental to a sustainable and healthy working environment.
Our ethical guidelines and policies clearly underline an absolute non-acceptance of inappropriate behavior such as bullying, harassment and any kind of discrimination based on *e.g.* gender, sexual orientation, age, ethnicity, or religious beliefs.

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

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

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

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

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

Employee engagement survey
Food Folk Norge AS conducts an annual engagement survey through which employees are asked if they have been exposed to harassment (bullying, discrimination or sexual harassment) at work during the past twelve months. The most recent survey was conducted in May 2021. The report does not indicate that our employees experience harassment at work. In addition, an engagement survey is conducted on annual basis at restaurant level. The reports from said survey do not indicate any significant dissatisfaction in relation to the employer. The reports further indicate that employees on an overall basis experience good treatment from managers, good working environment and respectful treatment amongst colleagues. In the survey of November 2021, an extra set of questions relating to harassment was added which revealed room for improvement within the area of mistreatment and harassment.
The Group, and primarily its Norwegian entities, have therefore launched several initiatives to facilitate adequate and prompt improvements, such as demonstration of usage of Integrity Line (whistleblower function), e-learning tools focusing on safe and respectful workplace and enhanced collaboration occupational health service providers.

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

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

Gender balance
In Food Folk Group Holdings AS, one employee is female and one is male.
The gender balance in Food Folk Norge AS is as follows:

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

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

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

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

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

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

20220610195 97

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

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

Salary balance (Zero Five AS)

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

Directors' and officers' liability insurance

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

Research and Development

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

Going concern

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

Result

The Financial Statements for the Company and the consolidated Financial Statements for the Group as of 31 December 2021 have been prepared in accordance with IFRS as adopted by the European Union.
The Board of Directors believes that the Financial Statements give a true and fair view of the Company's financial position as of 31 December 2021.

Parent Company

Profit for the year amounts to EUR 62.5 million.
The Board of Directors proposes that the profit for the year is allocated as follows:

Attributable to (in million EUR):	
Funds for unrealized gains	64.6
Reserves	(2.1)
Profit for the year	62.5

Group

Profit for the year amounts to EUR 62.5 million.

Oslo, 28 April 2022

Vivek Gopaldas Ahjua	Susanne Elise Munch Thore	Lars Kristian Sande
Chairperson	Board Member	Board Member

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Company details

General
Food Folk Group Holdings AS
Storgata 15
0155 Oslo

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

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

Auditor
KPMG AS
Godkjent revisjonsselskap
Sørkedalsveien 6
0369 Oslo

Bank
Danske Bank, Corporate Banking

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

Penneo document key: EDUD-PK71Z-KEQ6E-JHJAU-6DX51-6GI3B

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Food Folk Corporate Social Responsibility

Our mission in Food Folk is to provide our customers across the Nordic markets (Denmark, Sweden, Norway and Finland) with the most friendly, convenient, and consistently excellent McDonald's experience in the world. Having a positive impact in communities, while maintaining the growth and success of the McDonald's System, is fundamental to how we operate. We achieve this by living our values as we serve our guests via our restaurants.

Our values:

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

As one of the Nordic's largest restaurant companies, we believe we have a responsibility to ensure long-term, sustainable value creation while taking action on some of the world's most pressing social and environmental challenges that are important to our employees and the communities in which we operate.
To manage our impact carefully and hold ourselves accountable across a range of ESG issues, in 2022 and beyond, will continue do our part for sustainability, for example on climate action, packaging and waste, youth employability, and taking action as a part of the community.

Our role in the community

As one of the largest youth employers in the Nordics, we provide invaluable learning experiences for young people across the country from all backgrounds. Young people aged 16-18 account for roughly 40% of our staff and through their employment - which is often the first steppingstone into the labor market– we provide them with opportunities to grow and gain experience that can be used for the rest of their working lives, providing them with continuous learning opportunities.
As part of the community, we work with values-aligned organizations to make a difference. Through Ronald McDonald House Charities® (RMHC®), Ronald McDonald House provides housing accommodation, comfort and care to the families of seriously ill or injured children undergoing medical treatment in hospital. Our aim is to keep families close to their child to help in the healing process.

Food Folk Risk & Impact

a) Our planet

As we continue to grow as a business, our efforts are increasingly focused on managing our carbon footprint.
We take a holistic approach to sustainability, which includes exploring ways to help our customers reduce their own environmental impact. For instance, we are transitioning to sustainable Happy Meal toys made from recycled, renewable or certified materials. We continue to test and deploy new packaging solutions in our restaurants, to learn how we can reduce packaging and switch to more sustainable materials while still delivering a great experience for our customers
In partnership with our franchisees, suppliers and producers, we're finding new and innovative ways to reduce emissions, keep waste out of nature and preserve natural resources. From minimizing how much packaging we use to investing in renewable energy and partnering to advance sustainable and regenerative agriculture practices – we want to help protect our planet for communities today and in the future.
We have taken measures to reduce food waste via our "Made for You" platform and are actively converting food waste by transforming it to bio waste. In 2021, all our collected food waste, grease, and cooking oil were used in the production of biogas, biodiesel, and as sludge for agriculture. Ultimately, this recycling leads to a smaller carbon footprint for the society by displacing fossil fuels and recycling important nutrients.
We also make ongoing technology and process investments to move guests through the drive through process efficiently and with speed, thereby reducing emissions.

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

Key initiatives across our markets include:

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

Norway
In Norway, we introduced new serving trays made from 100% plastic from marine waste. And in 2021, all Norwegian produced plastic bottles we serve from The Coca-Cola Company were made by 100 % recycled plastic (rPET). Also, all balloons in the happy meal program have been removed and substituted with new activities for the children and families. In 2012 we began installing charging stations for electric cars at our restaurants. By end of 2021 we had in total 84 charging stations in operation at a total of 25 restaurants. We join with the community to protect nature through our "Rusken", where our employees join clean-up activities, to tackle the problem with littering. We have also initiated the Young Farmer of the Year award, a collaboration between Food Folk, Norwegian Rural Youth and Felleskjøpet Agri (Norwegian agricultural cooperative). The goal is to increase recruitment to Norwegian agriculture and focus on the production of Norwegian quality food. The candidate must be a food producer, under the age of 35, and be a healthy role model who can inspire more people to work in Norwegian agriculture.

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

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

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b) Human rights

At Food Folk, we conduct our activities in a manner that respects human rights as set out in the Universal Declaration of Human Rights. Our commitment to respect human rights is defined in our Human Rights. Our expectations of our suppliers are outlined in our Supplier Code of Conduct.
In order to provide goods and services to the McDonald's System, suppliers must meet our high standards, and direct suppliers are required to commit to upholding the standards contained in our Code. We expect and provide guidance to assist our suppliers to meet the standards for human rights, workplace environment, business integrity and environmental management contained in the Code. We also expect suppliers to implement their own management systems in these areas.
We expect that suppliers treat their employees with fairness, respect and dignity, and follow practices that protect the health and safety of people working in their facilities, in compliance with national and local laws. We also require our suppliers to hold their own suppliers to the same standards as outlined in our Code, and to create internal mechanisms and programs for handling reports of workplace grievances, including anonymous reporting.
Food Folk has a comprehensive Supplier Workplace Accountability (SWA) program, which supports compliance with the standards and expectations outlined in our Code. The SWA program aims to help suppliers understand our expectations, verify compliance and work toward continuous improvement.
The SWA program provides suppliers and McDonald's Global Supply Chain Team with training to understand human rights issues and our SWA program requirements. Built on a model of continuous improvement and education, SWA

20220610196O1

includes an online training platform where suppliers can access optional tools and resources that provide guidance on human rights issues.
All Food Folk suppliers passed their SWA audit in 2021.

c) Governance

On anti-corruption and bribery, we consider the risk in the four Nordic countries as low, due to the countries' ranking within the world's least corrupt countries. However, in compliance with McDonald's corporate standards, Food Folk has developed specific internal policies covering anti-fraud, anti-corruption, and has an established Code of Conduct. Food Folk staff were trained are trained annually on governance related issues. Furthermore, Food Folk follows the McDonald's Global anti-corruption policy.

d) Anti-corruption and bribery

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

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

e) Our people

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

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

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

Gender diversity

Food Folk is committed to inclusivity and gender equality.

At the management level, the gender ratio of managers is 48% females and 52% males. Below the split by country:
- Denmark 44% females and 56% males
- Norway 57% females and 43% males
- Sweden 55 % females and 45 % males
- Finland 31% females and 69% males

The board consists of two males and one female director.

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

Penneo document key: E0UDY-PK71Z-KEQ6E-JHJAU-6DXS1-6GI3B

20220610196O2

Statement of profit or loss and other comprehensive income

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

The notes form an integral part of these financial statements

Penneo document key: E0UDY-PK71Z-KEQ6E-JHJAU-6DX51-6GI3B

20220610196O3

Statement of financial position at 31 December

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

Penneo document key: E0UDY-PK71Z-KEQ6E-JHJAU-6DX51-6GI38

20220610196O4

Statement of changes in equity

(See Note 15)

Parent company

EUR'000	Share capital	Share premium	Funds for unrealised gains	Retained earnings	Total equity
Balance at 1 January 2020	14 479	43 427	115 484	3 477	176 867
Profit or loss	0	0	29 942	(4 508)	25 434
Foreign currency translation differences	0	0	0	1 382	1 382
Total comprehensive income for the period	**0**	**0**	**29 942**	**(3 126)**	**26 816**
Transactions with owners, recorded directly in equity:					
Dividends	0		0	0	0
Total contributions by and distributions to owners	**0**	**0**	**0**	**0**	**0**
Balance at 31 December 2020	**14 479**	**43 427**	**145 426**	**351**	**203 683**

EUR'000	Share capital	Share Premium	Funds for unrealised gains	Retained earnings	Total equity
Balance at 1 January 2021	14 479	43 427	145 426	351	203 683
Profit or loss	0	0	64 578	(2 118)	62 460
Foreign currency translation differences	0	0	0	400	400
Total comprehensive income for the period	**0**	**0**	**64 578**	**(1 718)**	**62 860**
Transactions with owners, recorded directly in equity:					
Dividends	0	0	0	0	0
Total contributions by and distributions to owners	**0**	**0**	**0**	**0**	**0**
Balance at 31 December 2021	**14 479**	**43 427**	**210 004**	**(1 367)**	**266 543**

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20220610196O5

Group

EUR'000	Share capital	Share premium	Reserves (translation)	Retained earnings	Total equity
Balance at 1 January 2020	14 479	43 427	(6 767)	125 728	176 867
Profit or loss	0	0	0	25 434	25 434
Foreign currency translation differences	0	0	1 382	0	1 382
Total comprehensive income for the period	**0**	**0**	**1 382**	**25 434**	**26 816**
Transactions with owners, recorded directly in equity:					
Dividends	0		0	0	0
Total contributions by and distributions to owners	**0**	**0**	**0**	**0**	**0**
Balance at 31 December 2020	**14 479**	**43 427**	**(5 385)**	**151 162**	**203 683**

EUR'000	Share capital	Share Premium	Reserves (translation)	Retained earnings	Total equity
Balance at 1 January 2021	14 479	43 427	(5 385)	151 162	203 683
Profit or loss	0	0	0	62 460	62 460
Foreign currency translation differences	0	0	400	0	400
Total comprehensive income for the period	**0**	**0**	**400**	**62 460**	**62 860**
Transactions with owners, recorded directly in equity:					
Dividends	0	0	0	0	0
Total contributions by and distributions to owners	**0**	**0**	**0**	**0**	**0**
Balance at 31 December 2021	**14 479**	**43 427**	**(4 985)**	**213 622**	**266 543**

Penneo document key: E0UD-PK71Z-KEQ6E-JHJAU-6DX51-6GI3B

202206101960

Statement of cash flows

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

Penneo document key: E0UDY-PK71Z-KEQ6E-JHJAU-6DX51-6GI3B

202206101960 7

Basis of preparation

Reporting entity

Food Folk Group Holdings AS is a limited liability company domiciled in Norway.
The financial statements for the years ended 31 December 2020 and 31 December 2021 comprise the consolidated financial statements for Food Folk Group Holdings AS and its subsidiaries (the Group), and separate parent company financial statements.
The Group's main activity consists of acquiring real estate by renting or buying it, and renovating and fitting it for the purpose of operating a McDonald's restaurant under a master franchise agreement made with McDonald's Corporation (hereafter referred to as McDonald's), the holder of the McDonald's global trademark.

Accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated and parent company financial statements.
From 2021 "Derivative instruments" are disclosed separately on the statement of financial position. The effect on the previous year is below detailed:

Amounts in EUR/000	**2020 audited**	**2020 restated**		**2020 audited**	**2020 restated**
Trade and other receivables	30 961	30 875	Trade and other payables	56 473	48 498
Derivative assets	-	86	Derivative liabilities	-	7 975

Functional and presentation currency

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

Basis of accounting

The consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).
Changes and details of the accounting policies are included further.

Changes in significant accounting policies

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

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

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

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

Standards issued but not yet effective

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

Standards not / not yet endorsed by the EU

Effective date	**New standards or amendments**
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) Annual Improvements to IFRS Standards 2018–2020 Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) Reference to the Conceptual Framework (Amendments to IFRS 3)

Penneo document key: E0UDY-PK71Z-KEQ6E-JHJAU-6DX51-6GI3B

20220610196O8

1 January 2023	Classification of Liabilities as Current or Non-current (Amendments to IAS 1) IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) Definition of Accounting Estimates (Amendments to IAS 8) Deferred Tax related to Assets and Liabilities arising

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

Use of judgements and estimates

In preparing the consolidated financial statement, Management has made judgements, estimates and assumptions that affect how the Group's accounting policies are applied and the amount of assets, liabilities, income and expenses reported. The actual results may deviate from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

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

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

Food Folk both receives royalty income from the sub-franchisees and pays royalty income to McDonald's. These amounts represent the fees for using the McDonald's brand and intellectual property.
McDonald's has stipulated that Food Folk is required to charge its sub-franchisee a fixed percentage of system-wide sales as a royalty expense. Based on the indicators in IFRS 15 management has assessed that Food Folk is acting as a principal (requiring royalty payments to be recognised gross). This is substantiated by the fact that Food Folk is responsible and bears the risk that the sub-franchisees do not perform in accordance with the license granted by McDonald's, being also primarily responsible for providing the services to the franchisees.
Costs and fees (out-of-pocket expenses) related to leaseholds that are used by sub-franchisees are invoiced with no mark-up to the sub-franchisee, and recognised net of payments received from franchisees. Based on the indicators in IFRS 15 management has assessed that Food Folk is acting as an agent (requiring out-of-pocket costs to be recognised net). This is substantiated by the fact that other parties are primarily responsible for providing the services related to the out-of-pocket costs and that the prices for the services related to the out-of-pocket costs are not determined by Food Folk.

- ***Investment incentives***

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

- ***Minimum lease term***

The lease term has an impact on the accounting for:
- right-of-use assets
- lease liabilities
- restoration provisions

According to IFRS 16 the lease term includes the non-cancellable period of the contract and any further periods for which the lessee has an option to continue to lease the asset and for which, at the time of inception of the lease, it is judged reasonably certain that the lessee will exercise that option.
Food Folk has a 20-year agreement with McDonald's (expiring in 2037) requiring Food Folk to ensure that there is a certain number of restaurants in the market, and restaurants can only be closed if permission is granted by McDonald's. Management has assessed that renewable leases expiring before 2037 will be in general extended, unless otherwise agreed with McDonald's.

Assumptions and estimation uncertainties

When preparing the consolidated financial statements of the Group, Management makes a number of accounting estimates and assumptions on which the recognition and measurement of the Group's assets and liabilities are based.
The following provides information about assumptions and estimation uncertainties with a significant risk of resulting in a material adjustment in the year ending 31 December 2021:

Penneo document key: E0UDY-PK71Z-KEQ6E-JHJAU-6DX51-6GI3B

20220610196O9

- **Business combination**

On acquisition of businesses, the acquired identifiable assets, liabilities and contingencies are recognised at fair value in accordance with the acquisition method. For a majority of the assets and liabilities acquired, no active market exists which can be used to determine the fair value. This applies in particular to intangible assets and property, plant and equipment. Methods typically used are based on the net present value of expected future cash flows and depreciated replacement costs. Management therefore estimates the fair value of acquired assets, liabilities and contingencies. Depending on the nature of the item, the fair value may therefore be uncertain and could require subsequent adjustment. The fair values of identifiable assets, liabilities and contingencies associated with the purchase of restaurants are disclosed in note 25.

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

When there is an indication of impairment, an estimate is made of how the Company's individual cash generating units will be able to generate sufficient positive net cash flows to support the value of the tangible and intangible assets of the unit. Estimates of future cash flows may span many years in the future and will be subject to uncertainty. The key assumptions supporting recoverable amounts mainly comprise discount rate (WACC) and expectations regarding future system-wide sales in restaurants.

- ***Provisions***

The restoration provision is determined based on the net present value of expected future cash flows.
Estimates of future cash flows will be subject to uncertainty. The key assumptions supporting the provisions are expectations regarding future system-wide sales in restaurants, cost per square meter for restoring leaseholds and the discount rate used to calculate the present value of the future cash flows. Please refer to note 17 for more details related to the provisions.

Penneo document key: E0UDY-PK7IZ-KEQ6E-JHJAU-6DX51-6GI38

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Significant accounting policies

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

Basis of consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Food Folk Group Holdings AS and entities under its control. Control is achieved when the Group has the power to direct the relevant activities of an entity, is exposed to or has rights to variable returns from its involvement with the entity and is able to affect those returns through its power over the entity. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.
When necessary, the financial statements of subsidiaries are adjusted to bring their accounting policies in line with the Group's accounting policies.

Transactions eliminated on consolidation

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

Business combinations

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

Foreign currency

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

Statement of profit or loss

Revenues

Revenue consist of sales of goods from restaurants, recognized in the statement of income in the point in time when the sales occur, fees from franchised restaurants recognized over time, as the customer simultaneously consumes and receives benefit from the services as the service is performed.
Franchise fees from franchised restaurants are based on a percent of sales realised by the franchised restaurant if they exceed a minimum monthly amount and are recognised in the period they are earned.
Incentives granted to franchisees are calculated and recognized as part of the variable revenue for the period.
Revenue is presented net of discounts, rebates and incentives granted. Also, revenue is also presented net of VAT and other indirect taxes charged on behalf of third parties.

Raw materials and consumables

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

Other external expenses

Other external expenses include expenses relating to the entity's core activities, including expenses relating to advertising, administration, premises, bad debts, royalties paid to McDonald's, etc.
Costs and fees related to leaseholds that are used by sub-franchisees are invoiced with no mark-up to the sub-franchisee, and recognised net of payments received from franchisees. According to the Franchise agreements the franchisees are required to cover all costs related to the premises used as restaurants, such as common costs, marketing contributions, municipality fees and property taxes. As Food Folk does not obtain control of the goods or the right to the services, more than momentarily, in advance of transferring those goods or services to the franchisee, Food Folk acts as an agent rather than as a principal in rendering the services.

Penneo document key: E0UDY-PK71Z-KEQ6E-JHJAU-6DX51-6GI3B

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

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

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

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

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

Statement of financial position

Property, plant and equipment
Items of property, plant and equipment are measured at cost which includes capitalised borrowing costs, less accumulated depreciation and impairment losses.
The cost of certain items of property, plant and equipment at 31 March 2017, the Group's date of transition to IFRS, was determined with reference to its fair value at that date.
Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries. The present value of estimated liabilities related to restoring leaseholds is added to the cost of leasehold improvements or buildings if the liabilities are provided for.
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.
Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.
Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.
The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

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

Penneo document key: E0UD5-PK71Z-KEQ6E-JHJAU-6DX51-6GI3B

202206101961 2

Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year.
In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.
Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. The gains or losses are recognised in the statement of profit or loss as other operating (expense)/income net.

Intangible assets
Goodwill arising from the acquisition of a subsidiary or a restaurant from a franchisee is measured at cost less accumulated impairment losses. Other intangible assets, including rights (key money), software licenses that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.
Since the period of amortisation is based on the assets expected useful life, no salvage value has been taken into account. Amortisation is calculated to write off the cost of intangible assets using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.
The estimated useful lives for current and comparative periods are as follows:

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

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

Asset held for sale
Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.
Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.
Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Investments
Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.
Interests in subsidiaries and associates are accounted for using the equity method. The investments are initially recognised at cost, which includes transaction costs. The equity value consists of the parent company's proportionate share of the entities' equity, adjusted for distributions plus goodwill and intra-group losses and less intra group gains and gain on bargain purchase, if any.
Investments in entities whose net asset value is negative are measured at EUR 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable. Amounts in excess thereof are recognized under 'Provisions' in so far as the parent has a legal or constructive obligation to cover the deficit.
Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss of equity accounted investees, until the date on which significant influence or control ceases.
Investment in entities in which the Company has no control or significant influence are categorized as "Other investments" and recognised at cost.

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

Penneo document key: E0UDY-PK71Z-KEQ6E-JHJAU-6DX51-6GI3B

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For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.
The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss under 'Depreciation, amortization and impairment'. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.
The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

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

Derivative financial instruments and hedge accounting
The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.
Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income (OCI) and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit. If the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.
When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.
For additional details, see note 18.

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

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

Income tax
Income tax expense comprises current and deferred tax.
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.
Provisions for deferred tax are calculated of all temporary differences between carrying amounts and tax values, with the exception of temporary differences on the initial recognition of assets or liabilities in a transaction that is

Penneo document key: E0UDY-PK71Z-KEQ6E-JHJAU-6DX51-6GI3B

202206101961 4

not a business combination and that affects neither accounting nor taxable profit or loss and taxable temporary differences arising on the initial recognition of goodwill.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set off against deferred tax liabilities within the same jurisdiction.

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

Provisions
Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.
When the Group has a legal obligation to restore a leasehold/leased land, a provision is recognised corresponding to the present value of expected future costs.

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

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

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.
The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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

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

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

Penneo document key: E0UDY-PK71Z-KEQ6E-JHJAU-6DX51-6GI3B

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The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.
When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

Presentation of cash flow statement

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

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

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

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

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

Penneo document key: E0UDY-PK7IZ-KEQ6E-JHJAU-6DX51-6GI3B

20220610196 16

Notes

1 Revenue

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

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

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

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

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

2 Other external expenses

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

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

Penneo document key: EOUDY-PK71Z-KEQ6E-JHJAU-6DX51-6GI3B

20220610196 17

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

3 Staff cost

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

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

No employees have been working in equity accounted investees.

Remuneration of key management personnel

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

Key management personnel is defined by the Group as the managing director of each market, plus the Nordic Management functions. The number of key management personnel includes the Nordic CEO and the Nordic CFO.

The remuneration to the Nordic CEO includes EUR 264 thousand of salaries and other benefits, and EUR 65 thousand in pension expenses. Employment terms for the CEO includes:

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

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

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

Penneo document key: EOUDY-PK71Z-KEQ6E-IHJAU-6DX51-6GI3B

20220610196 18

Notes

4 Other operating (expense)/income, net

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

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

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

5 Financial income

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

6 Financial expense

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

Penneo document key: E0UDY-PK7IZ-KEQ6E-JHJAU-6DX51-6GI3B

202206101961 9

7 Tax for the year

Recognised in the income statement

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

Reconciliation of effective tax rate

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

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

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

Penneo document key: E0UDY-PK7IZ-KEQ6E-JHJAU-6DX51-6GI3B

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8 Property, plant and equipment

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

Impairment loss and subsequent reversal

In 2021, Group has identified that there are impairment indicators related to a number of CGUs (restaurants). Management has estimated the recoverable amount of these restaurants with impairment triggers based on their value in use, resulting in a net impairment reversal of EUR 1,082 thousand.

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

Security

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

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

Penneo document key: E0UDY-PK7IZ-KEQ6E-JHJAU-6DX51-6GI3B

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9 Intangible assets

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

Impairment loss and subsequent reversal
In 2021, Group has identified that there are impairment indicators related to a number of CGUs (restaurants). Management has estimated the recoverable amount of the restaurants with impairment triggers based on its value in use. Based on the calculated value in use of restaurants the Group has recognised a net impairment reversal on Intangible assets for EUR 121 thousand.
The estimate of value in use was calculated using a pre-tax discount rate within a range of 11.9%-12.5%, depending on the geographical market.
Management has assessed that the recoverable amount would exceed the carrying amount also with a reasonably possible change in the key assumptions (average growth rate 4.8% and discount rate 10.1%) to the impairment test. The following data shows by which percentage these two assumptions would need to change individually for the estimated recoverable amount to be approximately equal to the carrying amount: growth rate – 1.75% and discount rate +2%.

Penneo document key: E0UD-PK71Z-KEQ6E-JHJAU-6DX51-6GI3B

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10 Investments

Parent company

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

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

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

The subsidiaries are the owners of the master franchisee agreement with McDonald's Corporation and operate McDonald's restaurants in the four Nordic territories.
All rights, titles, interests and benefits in shares in subsidiaries have been pledged as security for punctual payment and discharge of obligations to McDonald's Corporation.
As secondary ranking security, all rights, titles and interests in shares in subsidiaries have been pledged as security for the fulfilment of the Food Folk Group Holdings AS group obligations towards the parties that have provided the Group's credit facilities.

Group

a) Associates

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

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

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

b) Other

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

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

11 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

Parent company

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

Group

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

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20220610196 24

Movement in net deferred tax during the year

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

12 Trade and other receivables

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

Changes in trade and other receivables (Parent company)

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

Changes in trade and other receivables (Group)

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

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20220610196 25

Notes

13 Cash and cash equivalents

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

14 Asset held for sale

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

15 Share capital

Parent company and Group	**Ordinary shares**	
EUR'000	**2021**	**2020**
In thousands of shares	30	30
On issue 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	**Ordinary shares**	
EUR'000	**2021**	**2020**
Allotted, called up and fully paid		
Ordinary shares of EUR 482.6 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.

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Dividends
No dividend was recognised during the period.

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

16 Loans and borrowings

Group

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

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

Terms and debt repayment schedule

Realkredit Danmark - Facilities B1/B2 in Denmark have been renegotiated as at 31 March 2021 with a new maturity date (March 2036) and a new nominal interest rate of 0.3088%. The renegotiation led to a positive impact in the income statement, due to the derecognition of the liability for an amount of EUR 2,404 thousand, booked within the "financial income" line (see Note 5).
Effective from October 2021, Realkredit Danmark - Facility B1 in Norway has been renegotiated with the postponement of the first installment to be paid from December 2021 to December 2024. The renegotiation led to a positive impact in the income statement, due to the derecognition of the liability for an amount of EUR 964 thousand, booked within the "financial income" line (see Note 5).

On 9 March 2021:

- a Capex Facility withdrawal have been granted in Denmark for DDK 30,850 thousand at a nominal interest rate of 2.5% until 8 October 2021, when it has been converted into a B3 Facility for an amount of DKK 54,900 thousand at a fixed rate of 0.94% expiring on 8 October 2036.
- a Capex Facility withdrawal has been granted in Norway for NOK 30,595 thousand at a variable rate until 15 December 2021, when it has been converted into a B3 Facility for an amount of NOK 37,000 thousand at a variable rate expiring on March 2037.
- a B3 Facility has been granted in Sweden for SEK 49,050 thousand at a variable rate expiring on March 2037.

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

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

17 Provisions

Group

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

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

Penneo document key: E0UDY-PK71Z-KEQ6E-JHJAU-6DX51-6GI3B

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18 Trade and other payables

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

19 Financial instruments

The Group uses various financial instruments. These include loans, cash and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.
The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. In order to manage the Group's exposure to those risks, in particular the Group's exposure to interest rate risk, the Group enters into a number of derivative transactions including, but not limited to, variable to fixed rate interest rate swaps. All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

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

19 (a) Fair values of financial instruments

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

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

The fair value of financial instruments is deemed to be materially equivalent to the carrying value, except for loans and borrowings with third parties. The fair value of loans and borrowings for the Group is EUR 299,853 thousand.

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

Penneo document key: E0UDY-PK71Z-KEQ6E-JHJAU-6DX51-6GI3B

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

19 (b) Credit risk

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

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

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

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

Credit quality of financial assets and impairment losses (Group)

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

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

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19 (c) Liquidity risk

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

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

Parent company

EUR'000	Carrying amount	Contractual cash flows	1 year or less	1 to < 2 years	2 to 5 years	over 5 years
31 December 2021						
Non-derivative financial liabilities						
Shareholder Loan	48 342	129 549	3 867	3 867	11 601	110 214
Payables to related parties	51 374	51 374	51 374	0	0	0
Trade and other payables	334	334	334	0	0	0
Derivative financial liabilities						
Interest rate swaps	0	0	0	0	0	0
Total	**100 050**	**181 257**	**55 575**	**3 867**	**11 601**	**110 214**
31 December 2020						
Non-derivative financial liabilities						
Shareholder Loan	85 038	234 884	6 803	6 803	20 409	200 869
Payables to related parties	72 975	72 975	72 975	0	0	0
Trade and other payables	489	489	489	0	0	0
Derivative financial liabilities						
Interest rate swaps	0	0	0	0	0	0
Total	**158 502**	**308 348**	**80 267**	**6 803**	**20 409**	**200 869**

Group

EUR'000	Carrying amount	Contractual cash flows	1 year or less	1 to < 2 years	2 to 5 years	over 5 years
31 December 2021						
Non-derivative financial liabilities						
Secured bank loans	238 905	299 853	26 186	20 929	68 470	184 268
Lease liabilities	288 549	405 852	27 042	26 747	74 032	278 031
Shareholder Loan	48 342	129 549	3 867	3 867	11 601	110 214
Payables to related parties	4 118	4 118	4 118	0	0	0
Trade and other payables	58 982	58 982	56 167	0	0	2 815
Derivative financial liabilities						
Interest rate swaps	2 135	2 135	2 135	0	0	0
Total	**641 031**	**926 537**	**120 505**	**52 533**	**157 072**	**596 427**
31 December 2020						
Non-derivative financial liabilities						
Secured bank loans	238 305	299 737	19 730	30 187	67 157	182 663
Lease liabilities	304 993	402 141	26 914	25 663	73 264	276 300
Shareholder Loan	85 038	234 884	6 803	6 803	20 409	200 869
Payables to related parties	2 754	2 754	2 754	0	0	0
Trade and other payables	48 498	48 498	48 498	0	0	0
Derivative financial liabilities						
Interest rate swaps	7 975	7 975	7 975	0	0	0
Total	**687 563**	**995 989**	**112 674**	**62 653**	**160 830**	**659 832**

Penneo document key: E0UDY-PK7IZ-KEQ6E-JHJAU-6DXS1-6GI3B

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

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

Market risk - Foreign currency risk
The Group's operations have exposure to foreign currency risk at year end due to that the carrying amount of financial instruments in foreign currencies amounts to EUR 278,983 thousand (2020: EUR 280,563 thousand). A change of 1% in the exchange rate against DKK, SEK and NOK at year end would have impacted the carrying amount of financial instruments in foreign currency by EUR 2,763 thousand (2020: EUR 2,778 thousand).

Market risk - Interest rate risk
The Group has loans and borrowings in local currency with variable nominal interest rates as described in note 16. Variable rates may lead to unexpected increases in financial expenses. Therefore, for most of the loan facilities, the Group uses a fixed rate hedge contract to hedge the variability of the interest rates. The hedge follows the same period as the loans, for the majority of the amount.

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

EUR'000	2021	2020
Fixed rate instruments		
Financial assets	32	86
Financial liabilities	(133 396)	(175 809)
Total fixed rate instruments	**(133 364)**	**(175 723)**
Variable rate instruments		
Financial assets	54 477	57 817
Financial liabilities	(155 986)	(155 509)
Total variable rate instruments	**(101 509)**	**(97 692)**

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

Sensitivity analysis
A change of 100 basis points in interest over the year would have increased/decreased the result for the year by EUR 1,015 thousand (2020: EUR 978 thousand). The analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of all financial instruments with variable interest rates.

19 (e) Capital management

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

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

The debt and equity balances are subject to externally imposed capital requirements, such as those imposed by third party loan providers and McDonald's. The Group has been in compliance with these capital requirements during the year.
The local tax treatment is also taken into consideration when determining the most appropriate capital structure for investments in subsidiaries.

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20220610196 32

20 Commitments

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

Off-balance sheet arrangements
The Group is jointly and severally liable with the co-owners of I/S Fællesskiltning for the partnership's obligations. The total net assets from the statement of financial position amounts to EUR 32 thousand at year end (2020: EUR 35 thousand).
Other commitments amount to EUR 2,617 thousand (2020: EUR 1,888 thousand), mostly related to bank guarantees.

21 Contingencies

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

22 Related parties

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

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

Group related party transactions
Group companies within the Food Folk Group are rendering/receiving services for the use in ordinary business operations. The Group has also entered into an agreement for the provision of services with Terra Firma Investment Limited, which is a related party as it is owned by Guy Hands who is also the Company's ultimate owner. All transactions are priced on an arm's length basis and are settled in cash at the request of the related party. None of the balances in respect of related party transactions are secured.

Group

EUR'000	*Loans receivable/ (payable) outstanding* **2021**	*Receivables outstanding* **2021**	*Payables outstanding* **2021**	*Purchase of services* **2021**	*Interest expenses* **2021**
Capitola Capital II SARL	(48 342)	0	(4 102)	0	(4 651)
Terra Firma Investment Limited	0	0	(16)	(2 689)	0
Total	**(48 342)**	**0**	**(4 118)**	**(2 689)**	**(4 651)**

EUR'000	*Loans receivable/ (payable) outstanding* **2020**	*Receivables outstanding* **2020**	*Payables outstanding* **2020**	*Purchase of services* **2020**	*Interest expenses* **2020**
Capitola Capital II SARL	(85 038)	0	(2 754)	0	(7 255)
Terra Firma Investment Limited	0	13	0	(3 209)	0
Total	**(85 038)**	**13**	**(2 754)**	**(3 209)**	**(7 255)**

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Parent company

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

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

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

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

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202206101963 4

23 Leases

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

i. Amounts recognised in Statement of financial position

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

ii. Amounts recognised in Income Statement

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

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

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

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

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

iii. Amounts recognised in statement of cash flows

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

iv. Extension Options

Most of the restaurants lease contract contain extension options exercisable only by the Group and not by lessors up to a specific period (usually not higher than one year) before the end of the non-cancellable contract period. The Group assesses at lease commencement whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its controls.
According to the master franchise agreement with McDonald's, expiring 31 March 2037, a restaurant cannot be closed without its approval, even though it is loss making. It is therefore assumed that the lease term will be renewed until 31 March 2037 if there is not an approval from McDonalds to close a specific restaurant.
As a consequence, all available extension options have been already included in the lease term until the closest date to 31 March 2037. No other potential future lease payments not included in lease liabilities can be therefore disclosed.

v. Lease not yet commenced

The Group has entered during 2021 into lease agreements with few landlords not yet commenced, but committing to pay rent from the subsequent year.
The estimated amount of lease liability for the lease period has been assessed around EUR 15.2 million.

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20220610196 35

vi. Rent concessions

The Group negotiated rent concessions with its landlords for some of its leases as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its properties leases.
The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is EUR 501 thousand (2020: EUR 1,117 thousand).

24 Changes in liabilities from financing activities

Group

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

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Notes

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25 Acquisition of restaurants

a) Acquisition of a restaurant

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

In 2021, the Group has acquired few restaurants from the Franchisees. The acquired restaurants contributed a net profit of EUR 1.2 million to the net profit for the year. If the acquisitions had occurred on the first day of the accounting period, the Group revenues would have increased by EUR 9.9 million and net profit would have been higher by EUR 3.8 million. In determining these amounts, Management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on the first day of the accounting period.
One of these restaurants has been remodeled with an investment approximately around EUR 0.9 million. Subsequently, it was sold to another franchisee. The difference between the selling price and the net book value of the transferred assets (including goodwill for EUR 0.7 million) has been recognized in the income statement for a negative net amount of EUR 0.6 million (see Note 4).

Measurement of fair values

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

Acquisition related costs

No acquisition related costs were incurred by the Group.

b) Acquisition of subsidiaries

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

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

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202206101963 7

26 Subsequent events

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

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

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

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202206101963B

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

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

Susanne Elise Munch Thore
Undertecknare
Serial number: 9578-5994-4-519993
IP: 193.71.xxx.xxx
2022-04-27 12:10:54 UTC

bankID

Vivek Ahuja
Undertecknare
Serial number: vivek.ahuja@terrafirma.com
IP: 136.228.xxx.xxx
2022-04-28 09:41:38 UTC

Vivek Ahuja

Lars Kristian Sande
Undertecknare
Serial number: 9578-5993-4-2490371
IP: 188.95.xxx.xxx
2022-04-28 10:06:06 UTC

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20220610196 39

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KPMG AS
Vangsvegen 73
2317 Hamar

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

20220610196 40

To the General Meeting of Food Folk Group Holdings AS

Independent Auditor's Report

Opinion

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

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

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

In our opinion:

- the financial statements comply with applicable statutory requirements,

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

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

Basis for Opinion

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

Other Information

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

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

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Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

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

20220610196 41

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

20220610196 42

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

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

Hamar, 29 April 2022
KPMG AS

Thore Kleppen
State Authorised Public Accountant