20240607 18406

Årsredovisning

för

Food Folk Sverige Development AB

556492-0220

Räkenskapsåret

2023

Fastställelseintyg

Undertecknad styrelseledamot i Food Folk Sverige Development AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma 2024-03-20. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

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

Stockholm 2024-06-03

Anne Nordberg

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Styrelsen för Food Folk Sverige Development AB upprättar härmed följande årsredovisning för räkenskapsåret 2023.

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.

McDonald´s är Sveriges största restaurangkedja. Restaurangerna i Sverige ägs och drivs huvudsakligen av lokala entreprenörer på franchisebasis vilka redovisar egna bokslut.

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 McDonald's haft stor betydelse för svensk ekonomi och samhälle under åren. Många ungdomar får sin första rad i CV:t på företaget och företaget 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 företagets viktigaste tillgångar och utbildning och utveckling i bland annat ledarskap, service och teamledning är ett prioriterat område.

Under de senaste åren har satsningar på modernisering av gästupplevelsen skett på företagets restauranger, primärt genom olika uppdateringar av restaurangmiljön men även genom utveckling av den digitala upplevelsen.

McDonald's i Sverige introducerade Mobile Order and Pay (MOP) under 2021 vilket innebär att gästerna direkt i mobilen kan beställa, betala samt välja var de vill ta emot sin mat. MOP är en populär service som uppskattas av gästerna.

För att öka tillgängligheten för gästerna så införde McDonald's i Sverige 2018, möjligheten att beställa mat för leverans dit gästen befinner sig, så kallad Delivery service. Leveranserna sker i samarbete med Delivery-partners, till exempel Wolt och Foodora.

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McDonald's i Sverige etablerade ett nytt café-koncept under 2021; McCafé. Konceptet är ett shop-in-shop där gästerna erbjuds barista-kaffe och bakverk. I slutet av 2023 var 55 stycken McCafé etablerade på restaurangerna i Sverige.

Företaget har sitt säte i Stockholm.

Väsentliga händelser under räkenskapsåret

Under året återbetalades lånet till dotterbolaget Food Folk Sverige AB i sin helhet med 319 mkr.

McDonald's i Sveriges totala försäljning ökade med 10,5 % jämfört med 2022.

Food Folk etablerade tre nya restauranger under 2023; Skellefteå, Hyllinge, Kristianstad.

Food Folk fortsätter med arbetet, som påbörjades 2019, och som syftar till en ökad integrering med Food Folk i Finland, Norge och Danmark. Det är ett pågående arbete som har lett till betydande samordningsvinster. Bolaget bedömer att ytterligare fördelar av det ökande nordiska samarbetet kommer att ha en positiv påverkan på resultatet även under 2024.

Flerårsöversikt (tkr)	**2023**	**2022**	**2021**	**2020**	**2019**
Nettoomsättning	0	0	0	0	0
Resultat efter finansiella poster	8 347	436 587	210 998	210 173	-5 294
Balansomslutning	542 689	999 361	754 805	757 615	552 550
Soliditet (%)	99	54	38	36	6

Soliditet (%)

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

Förändringar i eget kapital

Ingående balans för Eget kapital för räkenskapsåret 2023 var 542 213 TSEK. Bolaget redovisar ett resultat för året om 27 135 TSEK. Utgående balans för Eget kapital uppgår till 539 349 TSEK.

Antal aktier: 1 000

	Aktie-kapital	**Reserv-fond**	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	100 000	9 900 000	57 655 424	474 557 946	**542 213 370**
Disposition enligt beslut av årsstämman:					
Utdelning			-30 000 000		**-30 000 000**
Balanseras i ny räkning			474 557 946	-474 557 946	**0**
Årets resultat				27 135 166	**27 135 166**
Belopp vid årets utgång	**100 000**	**9 900 000**	**502 213 370**	**27 135 166**	**539 348 536**

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Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	502 213 370
årets vinst	27 135 166
	529 348 536

disponeras så att

till aktieägare utdelas (30 000 kronor per aktie)	30 000 000
i ny räkning överföres	499 348 536
	529 348 536

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

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Resultaträkning
Tkr

	Not	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Rörelsens kostnader			
Övriga externa kostnader	2	-65	-59
Rörelseresultat		**-65**	**-59**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	3	15 000	450 000
Övriga ränteintäkter och liknande resultatposter	4	2	0
Räntekostnader och liknande resultatposter	5	-6 590	-13 355
Summa finansiella poster		**8 412**	**436 645**
Resultat efter finansiella poster		**8 347**	**436 587**
Bokslutsdispositioner	6	21 950	44 360
Resultat före skatt		**30 297**	**480 947**
Skatt på årets resultat	7	-3 162	-6 389
Årets resultat		**27 135**	**474 558**

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Balansräkning

Tkr

	Not	2023-12-31	2022-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	8, 9	505 000	505 000
Summa anläggningstillgångar		**505 000**	**505 000**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		36 950	494 360
Aktuella skattefordringar		738	0
Övriga fordringar		1	1
Summa kortfristiga fordringar		**37 689**	**494 361**
Summa omsättningstillgångar		**37 689**	**494 361**
SUMMA TILLGÅNGAR		**542 689**	**999 361**

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Balansräkning

Tkr

	Not	2023-12-31	2022-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		100	100
Reservfond		9 900	9 900
Summa bundet eget kapital		**10 000**	**10 000**
Fritt eget kapital			
Balanserad vinst		502 213	57 655
Årets resultat		27 135	474 558
Summa fritt eget kapital		**529 348**	**532 213**
Summa eget kapital		**539 348**	**542 213**
Kortfristiga skulder			
Skulder till koncernföretag	10	3 290	454 219
Aktuella skatteskulder		0	2 872
Upplupna kostnader och förutbetalda intäkter		51	57
Summa kortfristiga skulder		**3 341**	**457 148**
SUMMA EGET KAPITAL OCH SKULDER	11	**542 689**	**999 361**

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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.

Utdelning
Utdelning redovisas när ägarens rätt att erhålla betalningen har säkerställts.

Eftersom moderföretaget innehar mer än hälften av rösterna för samtliga andelar i dotterföretaget redovisas utdelning när rätten att få utdelning bedöms som säker och kan beräknas på ett tillförlitligt sätt.

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.

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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

	2023	2022
Anteciperad utdelning	15 000	450 000
	15 000	**450 000**

Not 4 Övriga ränteintäkter och liknande resultatposter

	2023	2022
Ränteintäkter från koncernföretag	2	0
	2	**0**

Not 5 Räntekostnader och liknande resultatposter

	2023	2022
Räntekostnader till koncernföretag	-6 564	-13 288
Övriga räntekostnader	-26	-67
	-6 590	**-13 355**

Not 6 Bokslutsdispositioner

	2023	2022
Erhållna koncernbidrag	21 950	44 360
	21 950	**44 360**

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Not 7 Aktuell och uppskjuten skatt

	2023	2022
Skatt på årets resultat		
Aktuell skatt	-3 155	-6 389
Justering avseende tidigare år	-7	0
Totalt redovisad skatt	**-3 162**	**-6 389**

Avstämning av effektiv skatt

	2023		2022	
	Procent	**Belopp**	**Procent**	**Belopp**
Redovisat resultat före skatt		30 297		480 947
Skatt enligt gällande skattesats	20,60	-6 241	20,60	-99 075
Ej avdragsgilla kostnader		-5		-14
Ej skattepliktiga intäkter		3 090		92 700
Justering avseende skatter för föregående år		-6		0
Redovisad effektiv skatt	**10,44**	**-3 162**	**1,33**	**-6 389**

Not 8 Andelar i koncernföretag

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	505 000	505 000
Utgående ackumulerade anskaffningsvärden	**505 000**	**505 000**
Utgående redovisat värde	**505 000**	**505 000**

Not 9 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	Eget kapital	Resultat
Food Folk Sverige AB	556181-2297	Stockholm	194 814	105 292

Not 10 Skulder till koncernföretag

	2023-12-31	2022-12-31
Cashpool	3 290	124 709
Övriga skulder till koncernföretag	0	329 510
	3 290	**454 219**

Koncernens cashpool ägs av moderbolaget Food Folk Holdings AS, Norge.

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Not 11 Ställda säkerheter och eventualförpliktelser

	2023-12-31	2022-12-31
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 4 080 MSEK, i den mån det inte strider mot aktiebolagslagen. Fritt eget kapital i företaget uppgick per 2023-12-31 till 529 MSEK.

Not 12 Väsentliga händelser efter räkenskapsårets slut

Inga väsentliga händelser har inträffat efter räkenskapsårets slut.

Stockholm 2024-03-20

Anne Nordberg
Styrelseordförande

Anders Hägg

Vår revisionsberättelse har lämnats 2024-03-20

KPMG AB

Marc Karlsson
Auktoriserad revisor

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Verification

Transaction 09222115557513268665

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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 2023.

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 2023 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.

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 2023 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.

Transaction 09222115557513269235 Signed MK

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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 20 mars 2024

KPMG AB

Marc Karlsson
Auktoriserad revisor

Transaction 09222115557513269235 Signed MK

Verification

Transaction 09222115557513269235

Document

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Main document
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BankID

The name returned by Swedish BankID was "MARC KARLSSON"
Signed 2024-03-20 11:43:06 CET (+0100)

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Food Folk Group Holdings AS

Storgata 15
0155 Oslo

Org. no. 817 906 222

Annual Report 2023

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

on 29 April 2024

_____

chairman of the annual general meeting

FOOD FOLK

Development licensee of McDonald's

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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 457 restaurants as at 31 December 2023 (2022: 445 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 235 (51%) restaurants located on owned land, with the remaining restaurants located in leased locations under long-term lease agreements. As of 31 December 2023, the Group operated 47 (10%) of the McDonald's restaurants, while the remaining 410 (90%) restaurants were operated by 70 independent Franchisees under individual sub-franchisee agreement with Group companies.
Through its offices in Oslo, Stockholm, Copenhagen and Helsinki, the Group employs 287 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 3,060 staff employed in Group operated restaurants.
For further information about McDonald's, please visit www.mcdonalds.com.

Annual accounts

Parent Company

The Company's operation for the year ended 31 December, 2023 resulted in an operating loss of EUR 1.2 million (2022: EUR 1.2 million), net finance income of EUR 3.2 million (2022: net finance expenses EUR 1.5 million) and income from profit in subsidiaries, net of tax of EUR 53.0 million (2022: EUR 71.6 million). Profit for the year amounts to EUR 54.5 million (2022: EUR 68.2 million).
At the end of December 2023, the Company had:
• Balance sheet assets totaling EUR 356.8 million (2022: EUR 411.0 million)
• Equity of EUR 294.4 million, with an Equity ratio of 82.5% (2022: EUR 324.5 million – 79.0%)
• Cash holdings of EUR 103.4 million (2022: EUR 16.3 million), including restricted cash holdings of EUR 14.8 million (2022: EUR 10.3 million)
• Cash flow from operating activities during the year ended 31 December, 2023 was EUR -0.1 million (2022: EUR -3.7 million), from investment activities EUR +186.1 million (2022: EUR -14.0 million) and from financing activities EUR -99.4 million (2022: EUR -15.0 million).

Group

Revenues for the period amounted to EUR 464.8 million (2022: EUR 431.8 million) with operating profit of EUR 104.2 million (2022: EUR 99.9 million) and net finance expenses of EUR 38.4 million (2022: EUR 13.3 million). Profit for the year ended 31 December, 2023 amounted to EUR 54.5 million (2022: EUR 68.1 million).
The financial result is in line with management's expectations.
At the end of December 2023, the Group had:
• Consolidated balance sheet assets totaled EUR 1,126.6 million (2022: EUR 1,009.4 million)
• Equity of EUR 294.4 million, with an Equity ratio of 26.1% (2022: EUR 324.5 million - 32.1%)
• Cash holdings of EUR 107.9 million (2022: EUR 33.0 million), including restricted cash holdings of EUR 16.6 million (2022: EUR 11.4 million)
• Cash flow from operating activities during the year ended 31 December, 2023 was EUR +139.0 million (2022: EUR +146.5 million), from investment activities EUR -57.6 million (2022: EUR -83.7 million), and from financing activities EUR -10.4 million (2022: EUR -80.5 million).

Business outlook

In 2023, the Group had growth in like-for-like restaurant sales with a stable number of guests across all markets (revenue increased by 7.7%) and managed the inflationary headwinds and the increase of prices on food and paper.
Positive free cash flows from operating activities were generated and significant investments in new store openings/re-modelling/upgrades/capacity increases have been made, which will continue also in the future. The Group has opened 20 new stores and closed 8.
Looking forward to 2024, the Group will continue on its growth trajectory both in terms of sales and EBITDA, with an expected stabilization of food and paper prices across all markets. Food Folk will continue to execute on the 'Accelerating the Arches' strategy, strengthen operational excellence and strengthen the franchisee relationship

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through central and local engagement. Despite challenging weather conditions and challenging macro-economic trends, the System wide sales performance of the first quarter of 2024 has increased compared to 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. Part of the future interest payments on mortgage loans is fixed, and the rest has been mostly 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.

Research and Development

Neither the Company nor the Group had any research and/or development activities during 2023.

Impact on climate/environment

Food Folk's mission is to provide customers with the most friendly, convenient, and consistently excellent McDonald's experience in the world. We do this while at the same time remaining focused on having a positive impact on the communities we serve, and continuously reducing the impact of our operations on climate.
Over the years, we have made progress in reducing our environmental impact in key areas such as packaging, waste, animal feed, etc. However, we know that there is much more to be done and we want to play a leadership role in solving some of the big issues in the food industry, contributing to keeping global warming of the planet below 1.5 degrees. Therefore, in 2022, utilizing the *Green House Gas Protocol* (GHG), we conducted a full review of our *Scope I, II* and *III* emissions. In 2023, we engaged the leadership team of Food Folk in setting goals and targets to reduce our impact across all scopes including setting 2030 targets and a 2050 Net Zero target.
Our target is to reduce emissions across all scopes by 25% by 2030 which will require a 50.4% reduction in our supply chain emissions and a 50.4% reduction in our offices and restaurants. Our targets are part of the McDonald's global targets and have been validated by the Science Based Targets Initiative.
In 2022, we conducted an ESG materiality assessment, identifying key environmental, social and governance risks and priorities, which has informed both our climate reduction roadmap and broader ESG strategy. This work and our priority areas were further validated in 2023 through a double materiality review in preparation for the forthcoming CSRD regulation.
In 2023, the *Sustainable Brand Index* named McDonald's in Norway the restaurant and catering industry's best in terms of sustainability.

Food Waste
Since 2018 we have significantly reduced food waste in our kitchens. This continues to be an area of focus for reduction. The introduction of our "*made for you*" system into the kitchens has played a large role in the overall reduction. However, we continue to focus on annual measurement of food waste and introduction of new measures to continue to reduce. As the science on re-purposing food waste continues to improve, we are looking at re-purposing our food waste into other elements such as biochar. Today we repurpose cooking oil from our French fries into biofuel.

Packaging
Our public goal for packaging is that 100% of our guest packaging will be both recyclable and originating from renewable, certified, or recycled sources by 2025. As of 2023, 93% of our packaging was in compliance with this goal. As packing technologies continue to improve such as molded fiber and others, we will continue to transition our packaging. In 2023 we introduced reusable cups into our Swedish restaurants in line with regulation.
Reducing the impact on our packaging on nature continued to be a key focus for us in 2023 with littering reduction programs established in each of our markets. For example, we continue our programs to actively reduce the impact of our packaging on nature across all four of our markets. For example, in Denmark, through our partnership with Ren Natur, 524 routes of litter were collected in 2023. A total of 52 municipalities participated along with 7,206 volunteers. Of these 50 routes were nearby McDonald's. In Norway we work to tackle litter through our partnership with "*Rusken*" and in collaboration with "*Keep Norway Clean*", where our employees join clean-up activities. In all markets our 'one-block policy' means employees continuously help keep the local area clean not only from McDonald's own litter but also litter from society in general.

Sustainable sourcing
For ingredients sourced from regions categorized as "high risk" we use world leading certification standards to verify traceability and farming practices.

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- *Palm oil* - 100% of the palm oil we sourced in 2023 was certified by the *Roundtable of Sustainable Palm Oil* (RSPO). Palm oil produced for McDonald's must be certified by the RSPO, which sets out strict criteria to minimize negative impacts to the environment and to communities in palm oil producing regions.
- *Soy* - 100% of soy sourced in 2023 for the feed of chicken used in McDonald's products supported deforestation-free supply chains globally. One of the primary environmental impacts of raising chickens comes from the use of soy in their feed.
- *Coffee* - 100% of our ground and whole bean coffee was sustainably sourced in 2023 and *Rainforest Alliance* certified. We also source 100% organic coffee for the Swedish and Norwegian market.

As of 2023 up to 65% of our food and packaging suppliers have validated climate targets in place for 2030 and 2050 in line with the *Science Based Targets Initiative*. Our goal is to have 100% of food and packaging suppliers with approved SBTI targets in place by the end of 2025. Key initiatives in our value chain include:

- *Beef* – 100% of our beef suppliers in the Nordics have validated climate targets in place, including Net Zero target dates no later than 2050. We are working in close cooperation with our beef suppliers to identify key initiatives and interventions in our own value chain that will reduce the impact per kilo of beef. their efforts on working on reducing emissions. Our expectation is that suppliers will work on innovative solutions and independent strategies as part of self-managed excellence including reporting of their progress to CDP (*Climate Disclosure Project*) to allow us to monitor the climate risks, opportunities, targets and actions being taking across our supply chain.
- *Fish* - Our goal is that all the wild-caught fish sourced for use in McDonald's products comes from verified sustainable sources. 100% of the fish used in McDonald's Filet-O-Fish® in 2023 came from verified sustainable fisheries and was certified by the *Marine Stewardship Council* (MSC).
- *Chicken* – Our strategy is informed by large scale commercial trials conducted together with our suppliers to study the effects certain production parameters have on key welfare, environmental and farm-level outcomes. As a result, we are working with our suppliers on the implementation of key enrichments and we plan to set targets, measure performance and report on key farm-level welfare outcomes. Our strategy approach is holistic and focuses on animal welfare, environmental impact, affordability and nutrition.
- *Antibiotics Policy* – Our longstanding commitment to the reduction of antibiotic use in food animals – including reducing the use of medically important antibiotics as defined by the *World Health Organization* (WHO) – spans over 18 years, since McDonald's first outlined its position on antibiotic use in the supply chain in 2003. Through our commitment to responsible antibiotic use, we are doing our part to help preserve the effectiveness of antibiotics for future generations. Antimicrobial Resistance (AMR) is a critical global public health issue that we believe we and our suppliers have a responsibility to help address. Our antibiotic use policies do not permit the routine use of medically important antibiotics for the purpose of growth promotion or the habitual use of antibiotics for disease prevention. Our focus is on refining antibiotic selection and administration, reducing non-therapeutic antibiotic use and, when possible, replacing antibiotics with long-term solutions to proactively prevent disease and protect animal health and welfare. We remain committed to the treatment of sick animals aligned with herd veterinarian direction to ensure the safety of our supply chain. Our suppliers adhere to criteria set by WOAH standards on the responsible and prudent use of antimicrobials, as defined in the *Terrestrial Animal Health Code*.

Human rights

McDonald's has a comprehensive Supplier Workplace Accountability (SWA) program, which supports compliance with the standards and expectations outlined in our Supplier Code of Conduct. The SWA program aims to help suppliers understand our expectations, verify compliance and work toward continuous improvement.
The SWA program provides suppliers and McDonald's Global Supply Chain Team with training to understand human rights issues and our SWA program requirements. Built on a model of continuous improvement and education, SWA includes an online training platform where suppliers can access optional tools and resources that provide guidance on human rights issues.
In line with the Norwegian Transparency Act, the Group carried out a comprehensive materiality assessment of human rights within its supply chain and reported the results under the website www.mcdonalds.com/no. We are now preparing for our 2023 report to be filed in line with the regulatory timing requirements and will conduct a full review of human rights in across our organization in Norway.

Employees and working environment

Similar to McDonald's international practice concerning employees' working conditions, the Group applies a systematic job-rotation scheme intended to create the best possible working environment. Furthermore, it regularly offers its employees the possibility to take part of various training programs. Such programs focus on individual development as well as facilitating promotions within the system. Additionally, performance reviews and staff-surveys are conducted on a regular basis in order to better understand and improve our working environment.
Overall, the Board of Directors deems the working environment of the Group to be on a satisfactorily level.

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There have been no serious occupational accidents or incidents during the year. Moreover, the Group has not observed any noticeable increase in sickness rate or leave of absence due to health and/or safety related reasons (specifically in the Norwegian entities: 2.81% in Food Folk Norge AS and 3.00% in Zero Five AS in 2023). The Group recognizes the importance of monitoring sickness/absence and is in the pilot phase of implementing a Nordic program to further improve information accuracy related to statistics on occupational accidents and sick leave.
In 2023 the Group have also focused on training all leaders in leading the new generation of employees, the generation Z.

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 one of our strategic focuses related to the Group's sustainable development goals. It is believed 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
At Food Folk, we believe 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 an 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 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.

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

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. One employee from the Group is 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 conducts an engagement PULS-survey through the whole year where employees are asked if they have a positive and physical good workplace, and if they feel safe and cared for as an employee. The most recent survey was conducted in December 2023. The report indicates that our employees feel that Food Folk have a good working environment and care for them as employees. Our employees are sure that Food Folk would react in the right way if any misconduct was reported.

In addition, an engagement survey is conducted on an annual basis at restaurant level (November 2023). The reports from that 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, a good working environment and respectful treatment amongst colleagues.

The company has several initiatives to ensure a safe and good working environment, such as a demonstration of the use of the Integrity Line (notification function), e-learning tools with a focus on a safe and respectful workplace and improved collaboration between company health service providers.
Initiatives to reduce the risk of discrimination
In order to mitigate risks relating to various kinds of discrimination, the following measures/processes are put in place:

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• Properly developed recruitment processes at all levels. This includes training for recruiting leaders, 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 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.
• Annual gender balance mapping.

Nationalities
In Norway, we have employees from over 80 different nationalities.

Gender balance
In Food Folk Group Holdings AS, both two employees are males.
The gender balance in Food Folk Norge AS is as follows:

Executives men	33,33 %
Executives female	66,66 %
People Managers men	40 %
People Managers female	60 %
Office employees men	42,22%
Office employees female	57,77%

About 49.7% of total managers in ZeroFive AS is women (included shift managers). The same gender balance exists when it comes to crew level (employees without manager responsibility). These numbers have been stable for several years.

Part time work (not voluntary)
Neither Food Folk Group Holdings AS nor Food Folk Norge AS has any part-time workers employed.

Temporary Work
The vast majority of our Norwegian employees within Food Folk Norge AS (all under Food Folk Group Holdings AS) are employed on permanent employment contracts.

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. Women's Average Salary as Percentage of Men's Average Salary is almost 100 % balanced.

Parental leave
Parental leave follows legal regulations and individual choices. Food Folk pays full salary to employees on parental leave – also for employees with higher salary than the cap in Norwegian social security regulations. This apply also to the owned restaurant staff, but only for restaurant managers.
During 2023:

- Food Folk Norge As - female employees on parental paid leave took in total 5 weeks, while two male employee were on paid parental leave for 30 weeks in total;
- Food Folk Group Holdings AS – one male on paid parental leave took in total 11 weeks;
- ZeroFive AS - female employees on parental paid leave took in total 344.6 weeks and male employees 195.8 weeks.

Women's Average Salary as Percentage of Men's Average Salary
In ZeroFive AS the level is almost 100% balanced, while in Food Folk Norge AS:

- On executive level woman earn in average 16.9 % more than men.
- On people manager level woman earn in average 36.8 % more than men.
- Other employees women earn in average 3.7 % more than men.

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.

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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.

Result

The Financial Statements for the Company and the consolidated Financial Statements for the Group as of 31 December 2023 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 2023.

Parent Company

Profit for the year amounts to EUR 54.5 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	(73.0)
Reserves	127.5
Profit for the year	54.5

Group

Profit for the year amounts to EUR 54.5 million.

Oslo, 29 April 2024

Ross Edward Brinklow	Lars Kristian Sande	Anders Torbjörn Hägg
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

Ross Edward Brinklow	(chairperson)
Lars Kristian Sande	
Anders Torbjörn Hägg	

Auditor

KPMG AS
Godkjent revisjonsselskap
Sørkedalsveien 6
0369 Oslo

Bank

Danske Bank, Corporate Banking

Annual general meeting

The annual general meeting will be held on 29 April 2024.

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Food Folk Corporate Social Responsibility

Food Folk's mission is to provide customers with the most friendly, convenient, and consistently excellent McDonald's experience in the world. We do this while at the same time remaining focused on having a positive impact on the communities we serve, and continuously reducing the impact of our operations on climate.

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
- Family: We Get Better Together

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) Impact on climate/environment

Over the years, we have made progress in reducing our environmental impact in key areas such as packaging, waste, animal feed, etc. However, we know that there is much more to be done and we want to play a leadership role in solving some of the big issues in the food industry, contributing to keeping global warming of the planet below 1.5 degrees. Therefore, in 2022, utilizing the *Green House Gas Protocol* (GHG), we conducted a full review of our *Scope I, II* and *III* emissions. Our latest review will be conducted in May 2024. In 2023, the leadership team set targets and goals to take action to continue to reduce our emissions across all scopes, utilizing the *Science Based Targets Initiative* (SBTI), the world leading framework for setting climate targets and reduction of absolute emissions. McDonald's Net Zero target date is 2050.

In 2022 we conducted an ESG materiality assessment, identifying key environmental, social and governance risks and priorities, which will inform both our climate reduction roadmap and broader ESG strategy. This work and our priority areas was further validated in 2023 through a double materiality review in preparation for the forthcoming CSRD regulation.

In 2023, the *Sustainable Brand Index* named McDonald's in Norway the restaurant and catering industry's best in terms of sustainability.

Packaging

Our public goal for packaging is that 100% of our guest packaging will be both recyclable and originating from renewable, certified, or recycled sources by 2025. As of 2023, 93% of our packaging was in compliance with this goal. As packing technologies continue to improve such as molded fiber and others, we will continue to transition our packaging. In 2023 we introduced reusable cups into our Swedish restaurants in line with regulation.

Reducing the impact on our packaging on nature continued to be a key focus for us in 2024 with littering reduction programs established in each of our markets.

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Examples of sustainability initiatives

- Sweden - In 2023, over 90% of energy to our restaurants was renewable and purchased via certificates. HAVI, our distribution partner, transported 80% of deliveries via renewable fuel. Electricity equivalent to 55 Mkm of driving was charged at our restaurants, compared to 33 Mkm in 2022.

- Norway - In Norway, we joined with the community to protect nature through *"Rusken"*, where our employees join clean-up activities, to tackle the problem with littering. We also continue 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 and in 2023 this was extended to 100% of our restaurants. In 2020 we began installing electric car charging stations outside at our drive through restaurants and by the end of 2023, we had a total of 35 charging stations in place.

- Denmark - In Denmark through our partnership with Ren Natur 524 routes of litter collection were organized in 2023. A total of 52 municipalities participated along with 7206 volunteers. Of these 50 routes were nearby McDonald's. Our 'one-block policy' means employees continuously help keep the local area clean not only from McDonald's own litter but also litter from society in general.

b) Sustainable Sourcing

Our approach to sourcing is to balance environmental factors and animal and human health, together with a strong focus on human rights within our supply chain. For ingredients sourced from regions categorized as "high risk" we use world leading certification standards to verify traceability and farming practices.

- Palm oil - 100% of the palm oil we sourced in 2023 was certified by the Roundtable of *Sustainable Palm Oil* (RSPO). Palm oil produced for McDonald's must be certified by the RSPO, which sets out strict criteria to minimize negative impacts to the environment and to communities in palm oil producing regions.

- Soy - 100% of soy sourced in 2023 for the feed of chicken used in McDonald's products supported deforestation-free supply chain globally. One of the primary environmental impacts of raising chickens comes from the use of soy in their feed.

- Coffee - 100% of our ground and whole bean coffee was sustainably sourced in 2023 and Rainforest Alliance certified. We also source 100% organic coffee for the Swedish and Norwegian market.

- Beef - As of 2023 up to 65% of our food and packaging suppliers has validated climate targets in place for 2030 and 2050 in line with the *Science Based Targets Initiative*. Our goal is to have 100% of food and packaging suppliers with approved SBTI targets in place by the end of 2025.

- Fish - Our goal is that all the wild-caught fish sourced for use in McDonald's products comes from verified sustainable sources. 100% of the fish used in McDonald's Filet-O-Fish® in 2023 came from verified sustainable fisheries and was certified by the *Marine Stewardship Council* (MSC).

- Chicken - Our strategy is informed by large scale commercial trials conducted together with our suppliers to study the effects certain production parameters have on key welfare, environmental and farm-level outcomes. As a result, we are working with our suppliers on the implementation of key enrichments and we plan to set targets, measure performance and report on key farm-level welfare outcomes. Our strategy approach is holistic and focuses on animal welfare, environmental impact, affordability and nutrition.

- Antibiotics Policy - Our longstanding commitment to the reduction of antibiotic use in food animals – including reducing the use of medically important antibiotics as defined by the *World Health Organization* (WHO) – spans over 18 years, since McDonald's first outlined its position on antibiotic use in the supply chain in 2003. Through our commitment to responsible antibiotic use, we are doing our part to help preserve the effectiveness of antibiotics for future generations. *Antimicrobial Resistance* (AMR) is a critical global public health issue that we believe we and our suppliers have a responsibility to help address.
  Our antibiotic use policies do not permit the routine use of medically important antibiotics for the purpose of growth promotion or the habitual use of antibiotics for disease prevention. Our focus is on refining antibiotic selection and administration, reducing non-therapeutic antibiotic use and, when possible,

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replacing antibiotics with long-term solutions to proactively prevent disease and protect animal health and welfare. We remain committed to the treatment of sick animals aligned with herd veterinarian direction to ensure the safety of our supply chain. Our suppliers adhere to criteria set by WOAH standards on the responsible and prudent use of antimicrobials, as defined in the *Terrestrial Animal Health Code*.

c) Human rights

McDonald's has a comprehensive *Supplier Workplace Accountability* (SWA) program, which supports compliance with the standards and expectations outlined in our Supplier Code of Conduct. The SWA program aims to help suppliers understand our expectations, verify compliance and work toward continuous improvement.
The SWA program provides suppliers and McDonald's Global Supply Chain Team with training to understand human rights issues and our SWA program requirements. Built on a model of continuous improvement and education, SWA includes an online training platform where suppliers can access tools and resources that provide guidance on human rights issues.
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.

d) Governance

In compliance with McDonald's corporate standards, Food Folk has developed specific internal policies covering anti-fraud, anti-corruption, and has an established Code of Conduct. Food Folk staff are trained annually on governance related issues.

e) Anti-corruption and bribery

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

f) Our people

<u>Diversity and equal opportunity</u>
Diversity and inclusion are cornerstones of our people strategy. We believe that a dynamic mix of people is instrumental to a sustainable and healthy working environment. Our ethical guidelines and policies make clear zero tolerance for inappropriate behavior such as bullying, harassment and any kind of discrimination based on e.g. gender, sexual orientation, age, ethnicity, or religious beliefs. Each year employees attend online digital certification training on "Building a safe, respectful and inclusive workplace" (human rights).

<u>Business Code of Conduct</u>
Food Folk Group 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. Each year employees sign the Code of Conduct and attend online digital certification training on the "Standards of business conduct" (anti-corruption and bribery).

<u>Speak-Up Policy – Integrity Line</u>
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 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.

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Employee engagement survey
Since May 2023, Food Folk conducts frequent engagement surveys through which employees are asked questions on Diversity and Inclusion at Food Folk. Diversity and Inclusion measures employees perception of Food Folk's efforts to maintain a diverse workforce and create an environment where every individual feels included. During 2023, the question set on Diversity and Inclusion was posed 6 times. In addition, an engagement survey is conducted on an annual basis at restaurant level. The reports from the said surveys do not indicate any significant dissatisfaction in relation to the employer.

Gender diversity

Food Folk is committed to inclusivity and gender equality.

At the management level, the gender ratio of managers is 45% females and 55% males. Below the split by country:
- Denmark 35% females and 65% males
- Norway 56% females and 44% males
- Sweden 48% females and 52% males
- Finland 40% females and 60% males

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

The board consists of three males. A female representative is expected to be introduced by the end of 2024.

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Statement of profit or loss and other comprehensive income

Parent company 2023	Parent company 2022	EUR'000	Note	Group 2023	Group 2022
0	**0**	**Revenue**	1	**464 815**	**431 751**
0	0	Raw materials and consumables		(57 984)	(49 937)
(7 452)	(6 447)	Other external expenses	2	(147 739)	(136 810)
0	0	Depreciation, amortisation and impairment	8,9	(56 854)	(51 358)
(400)	(319)	Staff cost	3	(99 277)	(94 611)
6 666	5 565	Other operating income, net	4	1 200	893
(1 186)	**(1 201)**	**Total expenses**		**(360 654)**	**(331 823)**
(1 186)	**(1 201)**	**Operating profit or loss**		**104 161**	**99 928**
6 704	2 747	Financial income	5	6 455	13 610
(3 518)	(4 285)	Financial expense	6	(44 839)	(26 867)
3 186	**(1 538)**	**Net finance expenses**		**(38 384)**	**(13 257)**
52 959	71 611	Share of profit of subsidiaries and associates, net of tax	10	42	16
54 959	**68 872**	**Profit or loss before tax**		**65 819**	**86 687**
(416)	(685)	Tax for the year	7	(11 276)	(18 500)
54 543	**68 187**	**Profit or loss**		**54 543**	**68 187**
		Attributable to			
(72 965)	55 268	Funds for unrealized gains		0	0
127 508	12 919	Retained earnings		54 543	68 187
54 543	**68 187**	**Profit or loss**		**54 543**	**68 187**
		Statement of comprehensive income			
54 543	68 187	Profit or loss		54 543	68 187
		Items that are or may be reclassified subsequently to profit or loss:			
(4 622)	(10 256)	Foreign currency translation differences		(4 622)	(10 256)
(4 622)	**(10 256)**	**Other comprehensive income for the year, net of income tax**		**(4 622)**	**(10 256)**
49 921	**57 931**	**Comprehensive income for the year**		**49 921**	**57 931**

The notes form an integral part of these financial statements

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Statement of financial position at 31 December

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Parent company 2023	Parent company 2022	EUR'000	Note	Group 2023	Group 2022
		Assets			
		Non current assets			
0	0	Property, plant and equipment	8	893 474	836 443
0	0	Intangible assets	9	74 158	78 593
248 599	321 564	Investments	10	34	32
0	10 000	Receivables from related parties	21	0	0
1 622	3 987	Deferred tax assets	11	1 622	4 021
250 221	**335 551**			**969 288**	**919 089**
		Current assets			
0	0	Inventories		2 905	3 885
182	221	Trade and other receivables	12	44 806	41 558
0	0	Derivative assets	18	1 217	10 876
3 020	58 911	Receivables from related parties	21	0	0
0	0	Tax receivable		435	941
14 837	10 347	Restricted cash	13	16 633	11 425
88 546	5 938	Cash and cash equivalents	13	91 267	21 601
106 585	**75 417**			**157 263**	**90 286**
356 806	**410 968**	**Total Assets**		**1 126 551**	**1 009 375**
		Equity and liabilities			
		Equity attributable to equity holders of the parent			
14 479	14 479	Share capital	14	14 479	14 479
43 427	43 427	Share premium	14	43 427	43 427
0	0	Reserves	14	(19 863)	(15 241)
192 307	265 272	Funds for unrealized gains		0	0
44 182	1 296	Retained earnings		256 352	281 809
294 395	**324 474**	**Total equity**		**294 395**	**324 474**
		Non current liabilities			
0	28 512	Loans and borrowings	15	631 586	496 325
0	0	Other payables	17	5 495	3 853
0	0	Provisions	16	18 448	15 896
0	0	Deferred tax liabilities	11	54 189	60 644
0	**28 512**	**Non current liabilities**		**709 718**	**576 718**
		Current liabilities			
0	0	Loans and borrowings	15	38 690	25 632
421	558	Trade and other payables	17	74 746	73 225
0	0	Derivative liabilities	18	2 846	0
60 960	54 520	Payables to related parties	21	357	1 137
1 030	2 904	Tax payable		5 386	7 593
0	0	Provisions	16	413	596
62 411	**57 982**	**Current liabilities**		**122 438**	**108 183**
62 411	**86 494**	**Total liabilities**		**832 156**	**684 901**
356 806	**410 968**	**Total equity and liabilities**		**1 126 551**	**1 009 375**

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Statement of changes in equity

(See Note 14)

Parent company

EUR'000	Share capital	Share premium	Funds for unrealised gains	Retained earnings	Total equity
Balance at 1 January 2022	14 479	43 427	210 004	(1 367)	266 543
Profit or loss	0	0	55 268	12 919	68 187
Foreign currency translation differences	0	0	0	(10 256)	(10 256)
Total comprehensive income for the period	**0**	**0**	**55 268**	**2 663**	**57 931**
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 2022	**14 479**	**43 427**	**265 272**	**1 296**	**324 474**

EUR'000	Share capital	Share Premium	Funds for unrealised gains	Retained earnings	Total equity
Balance at 1 January 2023	14 479	43 427	265 272	1 296	324 474
Profit or loss	0	0	(72 965)	127 508	54 543
Foreign currency translation differences	0	0	0	(4 622)	(4 622)
Total comprehensive income for the period	**0**	**0**	**(72 965)**	**122 886**	**49 921**
Transactions with owners, recorded directly in equity:					
Dividends	0	0	0	(80 000)	(80 000)
Total contributions by and distributions to owners	**0**	**0**	**0**	**(80 000)**	**(80 000)**
Balance at 31 December 2023	**14 479**	**43 427**	**192 307**	**44 182**	**294 395**

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Group

EUR'000	Share capital	Share premium	Reserves (translation)	Retained earnings	Total equity
Balance at 1 January 2022	14 479	43 427	(4 985)	213 622	266 543
Profit or loss	0	0	0	68 187	68 187
Foreign currency translation differences	0	0	(10 256)	0	(10 256)
Total comprehensive income for the period	**0**	**0**	**(10 256)**	**68 187**	**57 931**
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 2022	**14 479**	**43 427**	**(15 241)**	**281 809**	**324 474**

EUR'000	Share capital	Share Premium	Reserves (translation)	Retained earnings	Total equity
Balance at 1 January 2023	14 479	43 427	(15 241)	281 809	324 474
Profit or loss	0	0	0	54 543	54 543
Foreign currency translation differences	0	0	(4 622)	0	(4 622)
Total comprehensive income for the period	**0**	**0**	**(4 622)**	**54 543**	**49 921**
Transactions with owners, recorded directly in equity:					
Dividends	0	0	0	(80 000)	(80 000)
Total contributions by and distributions to owners	**0**	**0**	**0**	**(80 000)**	**(80 000)**
Balance at 31 December 2023	**14 479**	**43 427**	**(19 863)**	**256 352**	**294 395**

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Statement of cash flows

Parent company				Group	
2023	**2022**	EUR'000	Note	**2023**	**2022**
		Cash flow from operating activities			
54 543	68 187	Profit for the year		54 543	68 187
		Adjustments for:			
0	0	Depreciation, amortisation and impairment	8,9	56 854	51 358
(6 704)	(2 747)	Financial income	5	(6 455)	(13 610)
3 518	4 285	Financial expense	6	44 839	26 867
(52 959)	(71 611)	Share of profit of subsidiaries and associates, net of tax	10	(42)	(16)
0	0	Other income/expense non-monetary		441	588
0	0	(Gain)/loss on sale of property, plant and equipment	4	(454)	(641)
416	685	Taxation	7	11 276	18 500
(55 729)	**(69 388)**			**106 459**	**83 046**
39	(164)	Decrease/increase in trade and other receivables	12	(5 107)	(1 401)
0	0	Decrease/increase in inventories		904	(2 198)
64	24	Decrease/increase in trade and other payables	17	(1 145)	17 975
1 136	(1 260)	Decrease/increase in related parties balances	21	357	(16)
0	0	Decrease/increase in provisions	16	(214)	(347)
1 239	**(1 400)**			**(5 205)**	**14 013**
(198)	(1 100)	Tax paid (including withholding taxes)		(16 819)	(18 753)
(198)	**(1 100)**			**(16 819)**	**(18 753)**
(145)	**(3 701)**	**Net cash from operating activities**		**138 978**	**146 493**
		Cash flows from investing activities			
0	0	Proceeds from sale of property, plant and equipment	4	5 151	2 058
10 000	21 221	Proceeds from loans to related parties	21	0	0
121 302	6 087	Dividends / Group Contributions received		42	20
54 834	(41 323)	Change in cash-pooling (positive balances)	21	0	0
0	0	Acquisition of a associates/business, net of cash	24	(4 204)	(14 556)
0	0	Acquisition of property, plant and equipment	8	(57 353)	(69 435)
0	0	Acquisition of intangible assets	9	(1 187)	(1 786)
186 136	**(14 015)**	**Net cash from investing activities**		**(57 551)**	**(83 699)**
		Cash flows from financing activities			
0	0	Proceeds from new loan	23	186 555	0
(4 490)	(727)	Change in restricted cash	13	(5 273)	(941)
10 573	9 082	Change in cash-pooling (negative balances)	21	0	0
3 011	(3 540)	Interest receveid/(paid)		(12 386)	(13 154)
0	0	Financing transaction cost	23	(5 943)	(285)
(28 512)	(19 830)	Repayment of borrowings	23	(64 329)	(39 021)
0	0	Payment of lease liabilities (interest portion)	23	(10 926)	(9 795)
0	0	Payment of lease liabilities (principal portion)	23	(18 087)	(17 308)
(80 000)	0	Dividends paid	14	(80 000)	0
(99 418)	**(15 015)**	**Net cash from financing activities**		**(10 389)**	**(80 504)**
86 573	(32 731)	Net increase/decrease in cash and cash equivalents		71 038	(17 710)
5 938	41 956	Cash and cash equivalents at 1 January		21 601	43 947
(3 965)	(3 287)	Effect of exchange fluctuations on cash held		(1 372)	(4 636)
88 546	**5 938**	**Cash and cash equivalents at 31 December**	13	**91 267**	**21 601**

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Basis of preparation

Reporting entity
Food Folk Group Holdings AS is a limited liability company domiciled in Norway.

The financial statements for the years ended 31 December 2022 and 31 December 2023 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.
In addition, the Group adopted *Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2)* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments did not result in any changes to the accounting policies themselves.

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 2023 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 2023:

Newly effective EU-endorsed standards for 01 Jan 2023 to 31 Dec 2023

Effective date	New standards or amendments
1 January 2023	Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12) 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)

It has been assessed that they do not have a material effect on the Group's consolidated financial statements.

23 May 2023	International Tax Reform – Pillar Two Model Rules – Amedments to IAS 12

The Group has applied the mandatory exception and does not recognise or disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The mandatory exception applies retrospectively.
However, since no new legislation to implement the top-up tax was enacted or substantively enacted in 2023 in the countries where the Group operates, and no related deferred tax was recognized at that date, the retrospective application has no impact on the Group's consolidated financial statements.

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 2024. The approved, though not yet effective, standards and IFRICs will be applied as they become mandatory for the Group.

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Standards not / not yet endorsed by the EU

Effective date	New standards or amendments
1 January 2024	Non-current Liabilities with Covenants (Amendments to IAS 1) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) Lease Liabilities in a Sale and Leaseback (Amendments to IFRS 16) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
1 January 2025	Lack of Exchangeability (Amendments to IAS 21)

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.

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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 2023:

- **Business combination**

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

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

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

- ***Provisions***

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

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Material 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 consists 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 percentage of sales realised by the franchised restaurant if they exceed a minimum monthly amount and are recognised in the period they are earned.
Incentives granted to franchisees are calculated and recognized as part of the variable revenue for the period.
Revenue is presented net of discounts, rebates and incentives granted. Also, revenue is also presented net of VAT and other indirect taxes charged on behalf of third parties.

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

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

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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 is 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

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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 the 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.

Investments

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

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.
For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.
The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss under 'Depreciation, amortization and impairment'. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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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.

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Inventories

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

Receivables

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

Derivative financial instruments and hedge accounting

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

Prepayments

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

Cash and cash equivalents

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

Income tax

Income tax expense comprises current and deferred tax.
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.
Provisions for deferred tax are calculated of all temporary differences between carrying amounts and tax values, with the exception of temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and taxable temporary differences arising on the initial recognition of goodwill.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set off against deferred tax liabilities within the same jurisdiction.

Liabilities

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

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

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

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

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

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

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

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

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

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

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

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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 comprise payments connected with the purchase and sale of non-current assets, including property, plant and equipment.

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

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

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Notes

1 Revenue

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

	Parent company		Group	
EUR'000	**2023**	**2022**	**2023**	**2022**
Sale of goods	0	0	190 999	172 661
Sub-franchisee income (fixed)	0	0	69 862	66 023
Sub-franchisee income (variable)	0	0	203 954	193 067
Total revenues by nature	**0**	**0**	**464 815**	**431 751**

	Parent company		Group	
EUR'000	**2023**	**2022**	**2023**	**2022**
Denmark	0	0	92 702	84 418
Norway	0	0	117 812	127 557
Finland	0	0	102 744	77 781
Sweden	0	0	151 557	141 995
Total revenues by country	**0**	**0**	**464 815**	**431 751**

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	**2023**	**2022**	**2023**	**2022**
Less than one year	0	0	69 922	69 965
Between one and five years	0	0	269 243	272 476
More than five years	0	0	568 303	573 870
Total leases as lessor	**0**	**0**	**907 468**	**916 311**

2 Other external expenses

	Parent company		Group	
EUR'000	**2023**	**2022**	**2023**	**2022**
Royalties and other fees	0	0	92 027	85 495
Lease expense	0	0	4 507	4 197
Other expenses	7 452	6 447	51 205	47 118
Total other external expenses	**7 452**	**6 447**	**147 739**	**136 810**

Fees to auditors
KPMG was appointed statutory auditor for 2023. The remuneration to KPMG reflected in these financial statements (which does not include VAT) is shown below:

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EUR'000	Parent company 2023	Parent company 2022	Group 2023	Group 2022
Audit fees	62	67	356	370
Other assurance services	79	41	104	49
Tax advisory services	177	47	284	115
Other services other than assurance services	3	33	59	58
Total fees	**321**	**188**	**803**	**592**

3 Staff cost

EUR'000	Parent company 2023	Parent company 2022	Group 2023	Group 2022
Wages and salaries	323	251	79 961	76 521
Social security costs	62	53	11 887	12 254
Contributions to defined contribution plans	15	15	8 016	6 278
Other personnel costs / reimbursements	0	0	(587)	(442)
Total staff cost	**400**	**319**	**99 277**	**94 611**
Average number of full time employees	2	2	1 692	1 592

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 2023	Parent company 2022	Group 2023	Group 2022
Wages and salaries	1 749	1 204	3 863	2 797
Social security costs	574	458	629	716
Contributions to defined contribution plans	176	290	320	485
Total	**2 499**	**1 952**	**4 812**	**3 998**
Average number of key management personnel	1,2	1,3	5,0	5,3

Key management personnel is defined by the Group as the managing director of each market, plus the Nordic Management functions which for 2023 is identified only with the Nordic CFO (while in 2022 also the Nordic CEO was included until April 2022).
The Nordic CEO remuneration for 2023 equals SEK 15,104 thousand as a result of the agreement signed at termination, which includes *inter alia* notice period, severance and pro-rated share of the Company LTIP.
No loans/sureties have been granted to the Nordic CEO, Board chairman or other related parties.
The Board of Directors has received EUR 297 thousand during the financial year (2022: EUR 319 thousand).

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4 Other operating (expense)/income, net

EUR'000	Parent company 2023	Parent company 2022	Group 2023	Group 2022
Net gain/(loss) on disposal of property, plant and equipment	0	0	(1 882)	(374)
Net gain/(loss) from sale of restaurants	0	0	2 336	1 015
Income from intercompany recharges/mark-up	6 666	5 565	0	0
Other income/(expense)	0	0	746	252
Total other operating income, net	**6 666**	**5 565**	**1 200**	**893**

5 Financial income

EUR'000	Parent company 2023	Parent company 2022	Group 2023	Group 2022
Net foreign exchange gain	486	0	798	157
Positive change in fair value of derivatives	0	0	175	13 431
Interests on related parties assets	863	2 747	0	0
Other interest income	5 355	0	5 482	22
Total finance income	**6 704**	**2 747**	**6 455**	**13 610**

6 Financial expense

EUR'000	Parent company 2023	Parent company 2022	Group 2023	Group 2022
Net foreign exchange loss	0	386	1 896	4 445
Interest on financial liabilities	15	15	18 578	8 438
Negative change in fair value of derivatives	0	0	12 266	32
Interest on lease liabilities (see note 22)	0	0	10 695	9 855
Interests on related parties liabilities	3 076	3 346	369	2 937
Unwinding of discounts (see note 16)	0	0	438	449
Other interest expense	427	538	597	711
Total financial expense	**3 518**	**4 285**	**44 839**	**26 867**

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7 Tax for the year

Recognised in the income statement

EUR'000	Parent company 2023	Parent company 2022	Group 2023	Group 2022
Current year	1 030	2 904	15 400	21 546
Current tax - Adjustments for prior years	(2 979)	0	(789)	(20)
Total current tax expense	**(1 949)**	**2 904**	**14 611**	**21 526**
Origination and reversal of temporary differences	2 365	(2 219)	(3 146)	(3 094)
Reduction in tax rate	0	0	0	(256)
Deferred tax - Adjustments for prior years	0	0	(189)	324
Total deferred tax expense	**2 365**	**(2 219)**	**(3 335)**	**(3 026)**
Total tax expense	**416**	**685**	**11 276**	**18 500**

Reconciliation of effective tax rate

EUR'000	Parent company 2023	Parent company 2022	Group 2023	Group 2022
Profit or loss before tax	**54 959**	**68 872**	**65 819**	**86 687**
Tax using the corporation tax rate	12 091	15 152	14 480	19 071
Effect of tax rates in other jurisdictions	0	0	(310)	(595)
Non-deductible expenses	7	0	679	996
Tax exempt revenues	(11 651)	(15 574)	(37)	(728)
Reduction in tax rate on deferred tax balances	0	0	0	(256)
Recognition of previously unrecognised tax losses	0	0	0	(1)
Current year losses for which no deferred tax asset was recognised	0	0	0	(1)
Withholding tax	(2 469)	0	(2 469)	0
Other	2 389	1 107	(648)	(290)
Under / (over) provided in prior years	49	0	(419)	304
Total tax expense	**416**	**685**	**11 276**	**18 500**

The tax rate applicable to the Company is 22%.

During 2023, the Company received back from the Danish Tax authorities EUR 2.5 million of withholding taxes (15%) applied to the interests calculated on the Shareholder Loan paid by the Danish subsidiary Food Folk Danmark Holdings Aps between the years 2017 - 2021.

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8 Property, plant and equipment

EUR'000	Land and buildings	Leasehold improvements	Right-of-use asset *(see note 22)*	Fixtures, fittings and equipment	Under construction	Total
Cost						
Balance at 1 January 2022	544 195	31 678	342 029	30 504	14 610	963 016
Acquisitions through business combinations	22	0	0	3 492	0	3 514
Other acquisitions	39 695	5 250	38 134	7 630	17 151	107 860
Transfer	5 276	2 375	0	946	(10 181)	(1 584)
Disposals/Other movements	(484)	(72)	(15 789)	(2 667)	(1 362)	(20 374)
Reclassification from Asset held for sale	3 673	0	0	0	0	3 673
Effect of movements in foreign exchange	(21 709)	(1 256)	(14 779)	(1 639)	(625)	(40 008)
Balance at 31 December 2022	**570 668**	**37 975**	**349 595**	**38 266**	**19 593**	**1 016 097**
Balance at 1 January 2023	570 668	37 975	349 595	38 266	19 593	1 016 097
Acquisitions through business combinations	508	0	0	1 380	0	1 888
Other acquisitions	26 276	9 960	56 472	4 535	28 359	125 602
Transfer	6 865	2 966	0	1 434	(12 738)	(1 473)
Disposals/Other movements	(572)	(1 217)	(9 059)	(6 049)	(342)	(17 239)
Effect of movements in foreign exchange	(5 609)	(847)	(4 857)	(892)	(216)	(12 421)
Balance at 31 December 2023	**598 136**	**48 837**	**392 151**	**38 674**	**34 656**	**1 112 454**
Depreciation and impairment						
Balance at 1 January 2022	59 898	11 225	63 405	11 219	0	145 747
Depreciation charge for the year	15 669	2 451	21 987	4 730	0	44 837
Impairment losses / (reversal)	534	(80)	(1 835)	137	0	(1 244)
Transfer	0	2	0	0	0	2
Disposals / other movements	(125)	(69)	(1 849)	(1 643)	0	(3 686)
Reclassification from Asset held for sale	1 387	0	0	0	0	1 387
Effect of movements in foreign exchange	(2 759)	(584)	(3 302)	(744)	0	(7 389)
Balance at 31 December 2022	**74 604**	**12 945**	**78 406**	**13 699**	**0**	**179 654**
Balance at 1 January 2023	74 604	12 945	78 406	13 699	0	179 654
Depreciation charge for the year	16 267	2 731	23 083	5 961	0	48 042
Impairment losses / (reversal)	1 929	(556)	(434)	155	0	1 094
Transfer	0	0	0	0	0	0
Disposals / other movements	(101)	(894)	(3 673)	(3 692)	0	(8 360)
Effect of movements in foreign exchange	(340)	(210)	(685)	(215)	0	(1 450)
Balance at 31 December 2023	**92 359**	**14 016**	**96 697**	**15 908**	**0**	**218 980**
Net book value						
At 31 December 2022	**496 064**	**25 030**	**271 189**	**24 567**	**19 593**	**836 443**
At 31 December 2023	**505 777**	**34 821**	**295 454**	**22 766**	**34 656**	**893 474**

Impairment loss and subsequent reversal
In 2023, 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 loss of EUR 1,094 thousand.
The estimate of value in use was calculated using a pre-tax discount rate within a range of 12.3%-13.1%, depending on the geographical market.

Security
At 31 December 2023, properties with a carrying amount of EUR 391,878 thousand (2022: EUR 393,829 thousand) were subject to registered real estate mortgage notes that form security for bank loans.
As security for mortgage loans, the Group has registered mortgage security on the Group's properties of EUR 413,104 thousand (2022: EUR 249,789 thousand).

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9 Intangible assets

EUR'000	Goodwill	Contractual	Other	Total
Cost				
Balance at 1 January 2022	5 753	88 020	6 473	100 246
Acquisitions through business combinations	5 923	5 113	0	11 036
Other acquisitions – externally purchased	0	131	1 655	1 786
Transfers	0	(28)	1 612	1 584
Disposals	(229)	(708)	(9)	(946)
Effect of movements in foreign exchange	(432)	(3 610)	(246)	(4 288)
Balance at 31 December 2022	**11 015**	**88 918**	**9 485**	**109 418**
Balance at 1 January 2023	11 015	88 921	9 485	109 421
Acquisitions through business combinations	620	1 690	0	2 310
Other acquisitions – externally purchased	0	0	1 187	1 187
Transfers	0	0	1 473	1 473
Disposals	(604)	(1 605)	(98)	(2 307)
Effect of movements in foreign exchange	(21)	(33)	(96)	(150)
Balance at 31 December 2023	**11 010**	**88 973**	**11 951**	**111 934**
Amortisation and impairment				
Balance at 1 January 2022	439	21 140	3 317	24 896
Amortisation for the year	0	5 592	1 744	7 336
Impairment losses/(reversal)	389	40	0	429
Disposals	0	(658)	(9)	(667)
Transfer	0	(2)	0	(2)
Effect of movements in foreign exchange	(39)	(991)	(137)	(1 167)
Balance at 31 December 2022	**789**	**25 121**	**4 915**	**30 825**
Balance at 1 January 2023	789	25 119	4 915	30 823
Amortisation for the year	0	5 631	2 234	7 865
Impairment losses/(reversal)	(624)	477	0	(147)
Disposals	0	(693)	(98)	(791)
Transfer	0	0	0	0
Effect of movements in foreign exchange	(43)	80	(11)	26
Balance at 31 December 2023	**122**	**30 614**	**7 040**	**37 776**
Net book value				
At 31 December 2022	**10 226**	**63 797**	**4 570**	**78 593**
At 31 December 2023	**10 888**	**58 359**	**4 911**	**74 158**

Impairment loss and subsequent reversal
In 2023, 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 147 thousand.
The estimate of value in use was calculated using a pre-tax discount rate within a range of 12.3%-13.1%, 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 5.0% and discount rate 10.6 %) 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% on explicit years and -1% on terminal value and discount rate +2%.

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10 Investments

Parent company

EUR'000		Profit after tax	Other comprehen-sive income	Total comprehensive income	Investment in subsidiaries
Subsidiaries	2023	57 581	(4 622)	52 959	248 599
Subsidiaries	2022	81 867	(10 256)	71 611	321 564

	Domicile	Shares'000 (100%)	Share Capital	Equity	Net result
Food Folk Danmark Holding ApS	Denmark	2020	4 025	74 355	22 776
* Food Folk Danmark ApS	Denmark	60	4 025	32 497	22 027
Food Folk Suomi Holdings Oy	Finland	174	1 090	42 189	4 357
* Food Folk Suomi Oy	Finland	2.5	3	34 357	4 633
Food Folk Norge Holding AS	Norway	0	1 398	41 223	14 630
* Food Folk Norge AS	Norway	170	91	32 252	14 210
* Zero Five AS	Norway	100	9	6 554	2 524
* Brokelandsheia Øst 4 As	Norway	25	12	156	(1)
Food Folk Sverige Holdings AB	Sweden	67,501	6 083	90 835	11 197
* Food Folk Sverige Development AB	Sweden	1	9	45 277	80 544
* Food Folk Sverige AB	Sweden	80	721	94 020	7 047
* Lindvreten Fastighetsförvaltning KB	Sweden	0	90	2 065	260
* Food Folk Nordanvind AB	Sweden	1	9	6	(1)

**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	2023	1	0	1	10
Associates	2022	(3)	0	(3)	8

	Domicile	Shares (%)	Equity	Net result
I/S Fællesskiltning	Denmark	41.5%	23	3

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b) Other

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

EUR'000	Domicile	Interest %	Carrying value 2023	Carrying value 2022
Marketing Coop DK A/S	Denmark	1%	1	1
Koop SA	Norway	6.67%	0	0
Nordic Diensten Ekonomisk Förening	Sweden	10.28%	4	4
Diensten Ekonomisk Förening	Sweden	8.7%	2	2
Svenska McMarketing Ekonomisk Förening	Sweden	8.7%	16	16
Osuuskunta Yhteismarkkinointi Suomi	Finland	8.7%	1	1
Total			**24**	**24**

11 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

Parent company

	Assets		Liabilities	
EUR'000	**2023**	**2022**	**2023**	**2022**
Non deductible interest expense carried forward	0	0	0	0
Tax value of loss carry-forwards	0	0	0	0
Tax effects of group contribution	(1 622)	(3 987)	0	0
Other	0	0	0	0
Tax (assets) / liabilities	**(1 622)**	**(3 987)**	**0**	**0**
Net of tax liabilities/(assets)	0	0	0	0
Net tax (assets) / liabilities	**(1 622)**	**(3 987)**	**0**	**0**

Group

	Assets		Liabilities	
EUR'000	**2023**	**2022**	**2023**	**2022**
Property, plant and equipment	(3 174)	(3 043)	113 673	110 251
Intangible assets	0	0	11 533	11 873
Financial assets	0	(6)	53	1 782
Interest-bearing loans and borrowings	(65 517)	(60 332)	0	0
Non deductible interest expense carried forward	(21)	0	0	0
Provisions	(3 839)	(3 482)	0	0
Tax effects of group contribution	(1 622)	(4 021)	1 622	3 673
Other	(141)	(72)	0	0
Tax (assets) / liabilities	**(74 314)**	**(70 956)**	**126 881**	**127 579**
Net of tax liabilities/(assets)	72 692	66 935	(72 692)	(66 935)
Net tax (assets) / liabilities	**(1 622)**	**(4 021)**	**54 189**	**60 644**

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Movement in net deferred tax during the year

EUR'000	Parent company 2023	Parent company 2022	Group 2023	Group 2022
Opening balance	(3 987)	(1 768)	56 623	61 904
Effect of movements in foreign exchange	0	0	(721)	(2 470)
Recognised in profit or loss	2 365	(2 219)	(3 335)	(3 026)
Arising from business combination	0	0	0	215
Closing balance	(1 622)	(3 987)	52 567	56 623
Total movement	**2 365**	**(2 219)**	**(4 056)**	**(5 281)**

12 Trade and other receivables

EUR'000	Parent company 2023	Parent company 2022	Group 2023	Group 2022
Trade receivables	0	0	34 510	30 530
Deposits	0	0	1 650	1 313
Prepayments	142	55	3 074	2 385
VAT & Duties	40	54	42	56
Other receivables	0	112	5 530	7 274
Total trade and other receivables	**182**	**221**	**44 806**	**41 558**

Changes in trade and other receivables (Parent company)

EUR'000	Opening	Cash flows	Effect of	Non-cash	Closing
2022	57	164	0	0	**221**
2023	221	(39)	0	0	**182**

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
2022	40 801	1 392	(1 206)	571	**41 558**
2023	41 558	5 107	(324)	(1 535)	**44 806**

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13 Cash and cash equivalents

	Parent company		Group	
EUR'000	**2023**	**2022**	**2023**	**2022**
Cash and cash equivalents	88 546	5 938	91 267	21 601
Total cash and cash equivalents	**88 546**	**5 938**	**91 267**	**21 601**
Restricted cash	14 837	10 347	16 633	11 425
Total restricted cash	**14 837**	**10 347**	**16 633**	**11 425**

14 Share capital

Parent company and Group	**Ordinary shares**	
EUR'000	**2023**	**2022**
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	**2023**	**2022**
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.

Dividends
In December 2023, an extraordinary dividend of EUR 80 million was distributed to the holding company Capitola Capital II Limited.

After the balance sheet date, no dividends have been proposed by the directors.

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

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15 Loans and borrowings

Group

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

		Parent company		Group	
EUR'000		2023	2022	2023	2022
Non-current loans and borrowings					
Secured bank loans		0	0	334 184	199 654
Shareholder Loan		0	28 512	0	28 512
Lease liabilities	(see Note 22)	0	0	297 402	268 159
Total non-current loans and borrowings		**0**	**28 512**	**631 586**	**496 325**
Current loans and borrowings					
Secured bank loans		0	0	22 222	11 124
Lease liabilities	(see Note 22)	0	0	16 468	14 508
Total current loans and borrowings		**0**	**0**	**38 690**	**25 632**

Terms and debt repayment schedule

a) Bank refinancing

On 17 February 2023, Food Folk Group signed an amendment to the current loan agreement with Danske Bank AS/RealKredit Danmark. The impact on the Group is below described:

- the A2 facility has been fully repaid in all markets for a principal amount of EUR 9,883 thousand (SEK 52,453 thousand, DKK 7,141 thousand, EUR 4,198 thousand) and substituted by a new A4 facility amounting to EUR 43,416 thousand (SEK 140,794 thousand, DKK 25,806 thousand, EUR 27,264 thousand), expiring in 5 years with half-yearly installments starting on June 2023. In addition, also a C facility of EUR 34,485 thousand (SEK 242,565 thousand, NOK 141,896 thousand) has been granted with the same financial conditions as the A4 facility;
- a new B4 facility of EUR 108,656 thousand (SEK 359,700 thousand, DKK 418,268 thousand, NOK 226,125 thousand) expiring in March 2037 has been added to the existing B facilities (B1,B2,B3). All the previously existing B facilities got the same financial terms as the new B4 facility, meaning an increase of 0.1% on the margin and the extension of the first installment repayment (March 2028 instead of 2023/2024, except Denmark where installments remain quarterly starting March 2023).

All facilities are subject to variable rate (Ibor) – except the B1/B2/B3 facilities in Denmark which are at fixed rate - and hedged with interest rate swaps at 90% of the total loan value.
Direct transaction costs (such as stamp duties, arrangement fees, coordination fees, commitment fees, registration fees, property valuation fees), plus legal/consultants fees, incurred a total of EUR 5,943 thousand.

b) Repayment of shareholder loan

The Company repaid in March 2023 the shareholder loan against Capitola Capital II Sarl for a total amount of EUR 30,218 thousand, of which EUR 28,512 thousand as principal, EUR 1,450 thousand as accumulated interests and EUR 256 thousand as withholding taxes on interests. This follows the repayment of the shareholder loan to the Company from Food Folk Sverige Holdings AB, amounting to EUR 10,598 thousand (equivalent to SEK 117,409 thousand), includes EUR 10,000 thousand as principal and EUR 598 thousand as accumulated interests for the period June 2022 – February 2023.

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EUR'000	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Danske Bank A/S - Facility A4 - DKK	DKK	Variable	2028	2 847	2 768
Realkredit Danmark - Facility B1 - DKK	DKK	0.3088%	2036	57 875	52 043
Realkredit Danmark - Facility B2 - DKK	DKK	0.3088%	2036	15 126	14 182
Realkredit Danmark - Facility B3 - DKK	DKK	0.9404%	2036	6 335	6 179
Realkredit Danmark - Facility B4 - DKK	DKK	Variable	2037	53 437	52 176
Realkredit Danmark - Facility B1 - NOK	NOK	Variable	2037	25 129	24 384
Realkredit Danmark - Facility B2 - NOK	NOK	Variable	2037	8 096	7 987
Realkredit Danmark - Facility B3 - NOK	NOK	Variable	2037	3 292	3 243
Realkredit Danmark - Facility B4 - NOK	NOK	Variable	2037	20 117	19 898
Danske Bank A/S - Facility C - NOK	NOK	Variable	2028	10 099	9 935
Danske Bank A/S - Facility A4 - SEK	SEK	Variable	2028	10 434	10 280
Realkredit Danmark - Facility B1 - SEK	SEK	Variable	2037	64 228	65 275
Realkredit Danmark - Facility B2 - SEK	SEK	Variable	2037	13 969	13 535
Realkredit Danmark - Facility B3 - SEK	SEK	Variable	2037	4 421	4 187
Realkredit Danmark - Facility B4 - SEK	SEK	Variable	2037	32 417	31 376
Danske Bank A/S - Facility C - SEK	SEK	Variable	2028	17 489	16 923
Danske Bank A/S - Facility A4 - EUR	EUR	Variable	2028	22 420	22 035
Total 2023				**367 731**	**356 406**
Danske Bank A/S - Facility A2 - DKK	DKK	Variable	2024	1 186	1 173
Realkredit Danmark - Facility B1 - DKK	DKK	0.3088%	2036	62 642	55 812
Realkredit Danmark - Facility B2 - DKK	DKK	0.3088%	2036	16 372	15 255
Realkredit Danmark - Facility B3 - DKK	DKK	0.9404%	2036	6 815	6 629
Realkredit Danmark - Facility B1 - NOK	NOK	Variable	2037	26 866	25 941
Realkredit Danmark - Facility B2 - NOK	NOK	Variable	2037	8 655	8 502
Realkredit Danmark - Facility B3 - NOK	NOK	Variable	2037	3 519	3 450
Danske Bank A/S - Facility A2 - SEK	SEK	Variable	2024	5 835	5 744
Realkredit Danmark - Facility B1 - SEK	SEK	Variable	2037	64 079	65 505
Realkredit Danmark - Facility B2 - SEK	SEK	Variable	2037	13 937	13 460
Realkredit Danmark - Facility B3 - SEK	SEK	Variable	2037	4 410	4 196
Danske Bank A/S - Facility A2 - EUR	EUR	Variable	2024	5 185	5 111
Shareholder loan - EUR	EUR	8%	2042	28 512	28 512
Total 2022				**248 013**	**239 290**

16 Provisions

Group

EUR'000	Dilapidation	Other	Total
Balance at 1 January 2023	16 048	444	16 492
Effect of movements in foreign exchange	(274)	(3)	(277)
Provisions made during the year	1 661	1 015	2 676
Provisions used during the year	(214)	0	(214)
Provisions reversed/adjusted during the year	(254)	0	(254)
Unwinding of discounted amount	438	0	438
Balance at 31 December 2023	**17 405**	**1 456**	**18 861**
Non-current	16 992	1 456	18 448
Current	413	0	413
Balance at 31 December 2023	**17 405**	**1 456**	**18 861**

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

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17 Trade and other payables

EUR'000	Parent company 2023	Parent company 2022	Group 2023	Group 2022
Trade payables	231	168	30 780	26 764
Interest payable	0	0	0	102
Deposits received	0	0	1 615	1 439
VAT & duties	0	0	7 336	7 423
Payroll related	116	127	21 288	19 256
Prepaid base rent	0	0	4 253	3 975
Other payables and accrued expenses	74	263	9 474	14 266
Total trade and other payables (current)	**421**	**558**	**74 746**	**73 225**
Payroll related	0	0	5 495	3 853
Total other payables (non current)	**0**	**0**	**5 495**	**3 853**

18 Financial instruments

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

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

18 (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 472,846 thousand.

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

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EUR'000	Notes	Parent company 2023	Parent company 2022	Group 2023	Group 2022
Cash and cash equivalents		88 546	5 938	91 267	21 601
Restricted cash		14 837	10 347	16 633	11 425
Receivables from related parties		3 020	68 911	0	0
Trade and other receivables		182	221	44 806	41 558
Total financial assets at amortised cost		**106 585**	**85 417**	**152 706**	**74 584**
Financial assets designated as fair value through profit or loss		0	0	1 217	10 876
Total financial assets		**106 585**	**85 417**	**153 923**	**85 460**
Loans and borrowings		0	28 512	670 276	521 957
Trade and other payables		421	558	80 241	77 078
Payables to related parties		60 960	54 520	357	1 137
Provisions		0	0	18 861	16 492
Total financial liabilities at amortised cost		**61 381**	**83 590**	**769 735**	**616 664**
Financial liabilities designated as fair value through profit or loss		0	0	2 846	0
Total financial liabilities		**61 381**	**83 590**	**772 581**	**616 664**
Total net financial instruments		**45 204**	**1 827**	**(618 658)**	**(531 204)**

18 (b) Credit risk

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

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

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

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 significant credit losses in 2023.

Credit quality of financial assets and impairment losses (Group)

EUR'000	Gross 2023	Gross 2022	Impairment 2023	Impairment 2022
Not past due	31 400	27 738	0	0
Past due	3 110	2 792	0	0
Total	**34 510**	**30 530**	**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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18 (c) Liquidity risk

The liquidity risk is managed for both the Group and the Company by maintaining sufficient cash balances to meet working capital needs. Cash flow requirements are monitored by short-term and long-term rolling forecasts. In addition, the Company and the Group regularly review their 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 2023						
Non-derivative financial liabilities						
Payables to related parties	60 960	60 960	60 960	0	0	0
Trade and other payables	421	421	421	0	0	0
Derivative financial liabilities						
Interest rate swaps	0	0	0	0	0	0
Total	**61 381**	**61 381**	**61 381**	**0**	**0**	**0**
31 December 2022						
Non-derivative financial liabilities						
Shareholder Loan	28 512	74 132	2 281	2 281	6 843	62 727
Payables to related parties	54 520	54 520	54 520	0	0	0
Trade and other payables	558	558	558	0	0	0
Derivative financial liabilities						
Interest rate swaps	0	0	0	0	0	0
Total	**83 590**	**129 210**	**57 359**	**2 281**	**6 843**	**62 727**

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 2023						
Non-derivative financial liabilities						
Secured bank bans	356 406	472 846	39 622	38 209	114 888	280 127
Lease liabilities	313 870	407 525	31 105	30 058	86 361	260 001
Payables to related parties	357	357	357	0	0	0
Trade and other payables	80 241	80 241	74 746	0	5 495	0
Derivative financial liabilities						
Interest rate swaps	2 846	2 846	2 846	0	0	0
Total	**753 720**	**963 815**	**148 676**	**68 267**	**206 744**	**540 128**
31 December 2022						
Non-derivative financial liabilities						
Secured bank bans	210 778	264 258	18 240	26 585	59 756	159 677
Lease liabilities	282 667	363 824	26 676	25 798	74 359	236 991
Shareholder Loan	28 512	74 132	2 281	2 281	6 843	62 727
Payables to related parties	1 137	1 137	1 137	0	0	0
Trade and other payables	77 078	77 078	73 225	0	3 853	0
Derivative financial liabilities						
Interest rate swaps	0	0	0	0	0	0
Total	**600 172**	**780 429**	**121 559**	**54 664**	**144 811**	**459 395**

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18 (d) Market risk
Market risk is the risk that changes in market prices, such as energy prices, 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 energy prices. 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 the fact that the amount of financial instruments in foreign currencies amounts to EUR 407,183 thousand (2022: EUR 279,692 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 -2,760 thousand (2022: EUR 2,769 thousand).

Market risk - Interest rate risk
The Group has loans and borrowings in local currency with variable nominal interest rates as described in note 15. Variable rates may lead to unexpected increases in financial expenses. 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	**2023**	**2022**
Fixed rate instruments		
Financial assets	1 217	10 876
Financial liabilities	(75 250)	(106 208)
Total fixed rate instruments	**(74 033)**	**(95 332)**
Variable rate instruments		
Financial assets	107 900	33 026
Financial liabilities	(284 002)	(133 082)
Total variable rate instruments	**(176 102)**	**(100 056)**

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 1,761 thousand (2022: EUR 1,001 thousand). The analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of all financial instruments with variable interest rates.

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

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

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

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19 Commitments

Capital commitments
During the year ended 31 December 2023, the Group entered into contracts to purchase property, plant and equipment for EUR 8,231 thousand (2022: EUR 5,831 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 23 thousand at year end (2022: EUR 20 thousand).
Other commitments amount to EUR 3,154 thousand (2022: EUR 2,694 thousand), mostly related to bank guarantees.

20 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 367.7 million as of 31 December 2023.

21 Related parties

Parent and ultimate controlling party
The Company's ultimate controlling party of the Company is Capitola Capital II Ltd, which owns 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 below balances in respect of related party transactions are secured.

Group

EUR'000	*Loans receivable/ (payable) outstanding* **2023**	*Dividends / Group Contribution received* **2023**	*Payables outstanding* **2023**	*Purchase of services* **2023**	*Interest expenses* **2023**
Capitola Capital II Ltd	0	(80 000)	0	0	(369)
Terra Firma Investment Limited	0	0	(357)	(4 063)	0
Total	**0**	**(80 000)**	**(357)**	**(4 063)**	**(369)**

EUR'000	*Loans receivable/ (payable) outstanding* **2022**	*Dividends / Group Contribution received* **2022**	*Payables outstanding* **2022**	*Purchase of services* **2022**	*Interest expenses* **2022**
Capitola Capital II Ltd	(28 512)	0	(1 137)	0	(2 937)
Terra Firma Investment Limited	0	0	0	(2 981)	0
Total	**(28 512)**	**0**	**(1 137)**	**(2 981)**	**(2 937)**

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Parent company

EUR'000	*Dividends / Group Contribution received* 2023	*Sale of services* 2023	*Purchase of services* 2023	*Interest income* 2023	*Interest expenses* 2023
Food Folk Norge Holdings AS	23 363	0	0	75	(1)
Food Folk Danmark Holdings Aps	73 612	0	0	49	(21)
Food Folk Suomi Holdings Oy	5 000	0	0	4	(56)
Food Folk Sverige Holdings AB	19 328	0	0	152	(167)
Food Folk Norge AS	0	1 131	(49)	38	(643)
Zero Five AS	0	97	0	0	(205)
Food Folk Denmark AS	0	1 417	(133)	90	(572)
Food Folk Suomi Oy	0	1 139	(33)	216	(345)
Food Folk Sverige AB	0	2 882	(2 441)	98	(681)
Food Folk Sverige Development AB	0	0	0	141	0
Lindvreten Fastighetsförvaltning KB	0	0	0	0	(16)
Food Folk Nordanvind AB	0	0	0	0	0
Capitola Capital II Ltd	(80 000)	0	0	0	(369)
Terra Firma Investment Limited	0	0	(4 063)	0	0
Total	**41 303**	**6 666**	**(6 719)**	**863**	**(3 076)**

EUR'000	*Loans receivable/ (payable) outstanding* 2023	*Receivables outstanding* 2023	*Payables outstanding* 2023	*Cash-pooling receivable balances* 2023	*Cash-pooling payable balances* 2023
Food Folk Norge Holdings AS	0	0	0	0	(404)
Food Folk Danmark Holdings Aps	0	0	0	0	(294)
Food Folk Suomi Holdings Oy	0	0	0	0	(2 133)
Food Folk Sverige Holdings AB	0	0	0	1 732	0
Food Folk Norge AS	0	171	(5)	0	(16 923)
Zero Five AS	0	9	0	0	(6 706)
Food Folk Denmark AS	0	214	11	0	(1 902)
Food Folk Suomi Oy	0	166	1	0	(10 086)
Food Folk Sverige AB	0	432	(410)	0	(21 038)
Food Folk Sverige Development AB	0	0	0	296	0
Lindvreten Fastighetsförvaltning KB	0	0	0	0	(705)
Food Folk Nordanvind AB	0	0	0	0	(9)
Capitola Capital II Ltd	0	0	0	0	0
Terra Firma Investment Limited	0	0	(357)	0	0
Total	**0**	**992**	**(760)**	**2 028**	**(60 200)**

EUR'000	*Dividends / Group Contribution received* 2022	*Sale of services* 2022	*Purchase of services* 2022	*Interest income* 2022	*Interest expenses* 2022
Food Folk Norge Holdings AS	6 087	0	0	234	(2)
Food Folk Danmark Holdings Aps	0	0	0	39	(3)
Food Folk Suomi Holdings Oy	0	0	0	271	(18)
Food Folk Sverige Holdings AB	0	0	0	1 067	(84)
Food Folk Norge AS	0	987	(63)	70	(102)
Zero Five AS	0	10	0	0	(71)
Food Folk Denmark AS	0	1 205	(153)	265	(50)
Food Folk Suomi Oy	0	866	(56)	374	0
Food Folk Sverige AB	0	2 497	(1 915)	172	(77)
Food Folk Sverige Development AB	0	0	0	255	0
Lindvreten Fastighetsförvaltning KB	0	0	0	0	(2)
Food Folk Nordanvind AB	0	0	0	0	0
Capitola Capital II Ltd	0	0	0	0	(2 937)
Terra Firma Investment Limited	0	0	(2 981)	0	0
Total	**6 087**	**5 565**	**(5 168)**	**2 747**	**(3 346)**

EUR'000	*Loans receivable/ (payable) outstanding* 2022	*Receivables outstanding* 2022	*Payables outstanding* 2022	*Cash-pooling receivable balances* 2022	*Cash-pooling payable balances* 2022
Food Folk Norge Holdings AS	0	0	0	1 534	0
Food Folk Danmark Holdings Aps	0	0	0	0	(1 344)
Food Folk Suomi Holdings Oy	0	0	0	0	(7 711)
Food Folk Sverige Holdings AB	10 000	469	0	0	(27 429)
Food Folk Norge AS	0	110	(9)	0	(4 450)
Zero Five AS	0	10	0	0	(6 985)
Food Folk Denmark AS	0	150	(16)	0	(4 898)
Food Folk Suomi Oy	0	80	(2)	42 705	0
Food Folk Sverige AB	0	1 230	(185)	1 410	0
Food Folk Sverige Development AB	0	0	0	11 213	0
Lindvreten Fastighetsförvaltning KB	0	0	0	0	(344)
Food Folk Nordanvind AB	0	0	0	0	(10)
Capitola Capital II Ltd	(28 512)	0	(1 137)	0	0
Terra Firma Investment Limited	0	0	0	0	0
Total	**(18 512)**	**2 049**	**(1 349)**	**56 862**	**(53 171)**

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22 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	**2023**	**2022**
- Right-of-use assets (presented in Property, plant and equipment - see note 8)	295 454	271 187
- Prepaid expense (presented in Trade and Other Receivables)	(3 677)	(3 122)
- Lease liabilities (presented in Other interest-bearing loans and borrowings - see note 15)	(313 870)	(282 667)

ii. Amounts recognised in Income Statement

EUR'000	**2023**	**2022**
- Depreciation charges (including impairment loss/reversal)	22 649	20 152
- Interest on lease liabilities	10 695	9 855
- variable lease payments not included in the measurement of lease liabilities	3 614	3 353
- expenses relating to other short-term leases	16	28
- expenses relating to leases of low-value assets	923	802
- other expenses	(46)	14

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 2023 were as follows:

EUR'000	**2023**	**2022**
Fixed payments	7 746	6 211
Variable payments	3 614	3 357
Total lease payments based on sales	11 360	9 568

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	**2023**	**2022**
- Payment of Lease liabilities (interest portion)	(10 926)	(9 795)
- Payment of Lease liabilities (principal portion)	(18 087)	(17 308)
Total cash outflow for leases	(29 013)	(27 103)

iv. Extension Options

Most of the restaurants' lease contracts 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 McDonald's 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 2023 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 19.0 million.

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23 Changes in liabilities from financing activities

Group

EUR'000	Shareholder Loan	Secured bank loans	Lease liabilities	TOTAL
Balance at 1 January 2022	**48 342**	**238 905**	**288 549**	**575 796**
Proceeds from loans and borrowings	0	0	0	0
Transaction costs related to loans and borrowings	0	(285)	0	(285)
Repayment of loans and borrowings	(19 830)	(19 191)	0	(39 021)
Payment of lease liabilities (principal portion)	0	0	(17 308)	(17 308)
Total changes from financing cash flows	**(19 830)**	**(19 476)**	**(17 308)**	**(56 614)**
The effect of changes in foreign exchange rates	**0**	**(9 761)**	**(12 575)**	**(22 336)**
New leases and other changes	0	0	23 941	23 941
Amortized costs	0	1 110	0	1 110
Interest expense	0	6 831	9 855	16 686
Payment of lease liabilities (interest portion)	0	0	(9 795)	(9 795)
Interest paid	0	(6 831)	0	(6 831)
Total liability related other changes	**0**	**1 110**	**24 001**	**25 111**
Balance at 31 December 2022	**28 512**	**210 778**	**282 667**	**521 957**
Proceeds from loans and borrowings	0	186 555	0	186 555
Transaction costs related to loans and borrowings	0	(5 943)	0	(5 943)
Repayment of loans and borrowings	(28 512)	(35 817)	0	(64 329)
Payment of lease liabilities (principal portion)	0	0	(18 087)	(18 087)
Total changes from financing cash flows	**(28 512)**	**144 795**	**(18 087)**	**98 196**
The effect of changes in foreign exchange rates	**0**	**(2 389)**	**(3 373)**	**(5 762)**
New leases and other changes	0	0	52 893	52 893
Amortized costs	0	3 222	0	3 222
Interest expense	0	14 793	10 696	25 489
Payment of lease liabilities (interest portion)	0	0	(10 926)	(10 926)
Interest paid	0	(14 793)	0	(14 793)
				0
Total liability related other changes	**0**	**3 222**	**52 663**	**55 885**
Balance at 31 December 2023	**0**	**356 406**	**313 870**	**670 276**

24 Acquisitions

a) Acquisition of a restaurant

EUR'000	2023	2022
Acquirees net assets at the acquisition date:		
Land and buildings	16	0
Fixtures, fittings and equipment	1 380	3 492
Contractual rights	1 690	5 113
Total identifiable net assets acquired	**3 086**	**8 605**
Consideration paid:		
Cash	3 712	14 528
Total consideration	**3 712**	**14 528**
Release to income statement	**6**	**0**
Goodwill	**620**	**5 923**

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In 2023, the Group has acquired in Sweden few restaurants from the Franchisees. The acquired restaurants contributed a net profit of EUR 0.4 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 1.3 million and net profit would have been higher by EUR 1.1 million. In determining these amounts, Management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on the first day of the accounting period.

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

Acquisition related costs
No acquisition related costs were incurred by the Group.

b) Acquisition of subsidiaries

EUR'000	**2023**	**2022**
Acquirees net assets at the acquisition date:		
Land	157	23
Trade and other payables	0	0
Total identifiable net assets acquired	**157**	**23**
Consideration paid:		
Cash	492	23
Total consideration	**492**	**23**
Difference	**335**	**0**

During 2023, the Group acquired the 100% of the shares in a Norwegian company for an amount of EUR 492 thousand. The difference arising from the acquired assets and the consideration paid for EUR 335 thousand has been allocated to the land owned by this company.

25 Subsequent events

No events have occurred after the balance sheet date that materially affect the financial position of the Group at 31 December 2023.

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Verification

Transaction 09222115557516432133

Document

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FFGH IFRS Annual Report 2023
Main document
48 pages
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To the General Meeting of Food Folk Group Holdings AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Food Folk Group Holdings AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting 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 as required by relevant laws and regulations in Norway 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 (management) is responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. 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 nor the other information accompanying the financial statements.

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

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Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

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

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- is consistent with the financial statements and
- contains the information required by applicable statutory 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 IFRS Accounting 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 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 Company 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 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'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 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.

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, 30 April 2024

KPMG AS

Thore Kleppen
State Authorised Public Accountant

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