

Friends & Brgrs Denmark A/S

Vimmelskiftet 47, 1161 København K

Annual report for 2018

CVR no. 37 51 46 91

Adopted at the annual general meeting on 31 May 2019

chairman: Saul Peter Mäenpää

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Friends & Brgs Denmark A/S for the financial year 1 January - 31 December 2018.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 15 February 2019

Executive board

Saul Peter Mäenpää
director

Supervisory board

Peter Johan Olof Fagerholm
chairman

Saul Peter Mäenpää

Kaj Göran Fagerholm

Independent auditor's report

To the shareholder of Friends & Brgrs Denmark A/S

Opinion

We have audited the financial statements of Friends & Brgrs Denmark A/S for the financial year 1 January - 31 December 2018, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the 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 in preparing the financial statements 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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, 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 in preparing the financial statements 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 contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance 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.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

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

Independent auditor's report

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 15 February 2019

Ecovis Danmark
statsautoriseret revisionsinteressentskab
CVR no. 28 93 95 23

Kurt Bülow
Statsautoriseret revisor
MNE no. mne3112

Company details

The company

Friends & Brgrs Denmark A/S
Vimmelskaflet 47
1161 København K

CVR no.: 37 51 46 91

Reporting period: 1 January - 31 December 2018

Domicile: Copenhagen

Supervisory board

Peter Johan Olof Fagerholm, chairman
Saul Peter Mäenpää
Kaj Göran Fagerholm

Executive board

Saul Peter Mäenpää, director

Auditors

Ecovis Danmark
statsautoriseret revisionsinteressentskab
St. Kongensgade 36, 3.th
1264 København K

Management's review

Business activities

The core activity of the company is burger restaurant.

Income statement 1 January - 31 December

| | <u>Note</u> | <u>2018</u> DKK | <u>2017</u> DKK |
|--|-------------|--------------------------|--------------------------|
| Gross profit | | 823.504 | 1.458.551 |
| Staff costs | 1 | <u>-2.735.448</u> | <u>-2.924.568</u> |
| Profit/loss before amortisation/depreciation and impairment losses | | -1.911.944 | -1.466.017 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | | <u>-742.431</u> | <u>-745.083</u> |
| Profit/loss before net financials | | -2.654.375 | -2.211.100 |
| Financial income | | 0 | -321 |
| Financial costs | | <u>-12.926</u> | <u>-27.120</u> |
| Profit/loss before tax | | -2.667.301 | -2.238.541 |
| Tax on profit/loss for the year | 2 | <u>-1.050.707</u> | <u>492.376</u> |
| Profit/loss for the year | | <u>-3.718.008</u> | <u>-1.746.165</u> |
| Retained earnings | | <u>-3.718.008</u> | <u>-1.746.165</u> |
| | | <u>-3.718.008</u> | <u>-1.746.165</u> |

Balance sheet 31 December

| | <u>Note</u> | <u>2018</u> DKK | <u>2017</u> DKK |
|--|-------------|-------------------------|-------------------------|
| Assets | | | |
| Completed development projects | | 71.451 | 193.935 |
| Goodwill | | <u>2.654.163</u> | <u>3.004.166</u> |
| Intangible assets | 3 | <u>2.725.614</u> | <u>3.198.101</u> |
| Other fixtures and fittings, tools and equipment | | 21.841 | 58.406 |
| Leasehold improvements | | <u>1.771.015</u> | <u>1.941.679</u> |
| Tangible assets | 4 | <u>1.792.856</u> | <u>2.000.085</u> |
| Total non-current assets | | <u>4.518.470</u> | <u>5.198.186</u> |
| Raw materials and consumables | | <u>114.423</u> | <u>114.423</u> |
| Stocks | | <u>114.423</u> | <u>114.423</u> |
| Other receivables | | 103.274 | 33.223 |
| Deferred tax asset | | 0 | 1.050.707 |
| Prepayments | | <u>266.492</u> | <u>291.705</u> |
| Receivables | | <u>369.766</u> | <u>1.375.635</u> |
| Cash at bank and in hand | | <u>381.554</u> | <u>416.954</u> |
| Total current assets | | <u>865.743</u> | <u>1.907.012</u> |
| Total assets | | <u>5.384.213</u> | <u>7.105.198</u> |

Balance sheet 31 December

| | <u>Note</u> | <u>2018</u> DKK | <u>2017</u> DKK |
|---|-------------|--------------------------|-------------------------|
| Equity and liabilities | | | |
| Share capital | | 500.000 | 500.000 |
| Retained earnings | | <u>-3.464.174</u> | <u>253.835</u> |
| Equity | 5 | <u>-2.964.174</u> | <u>753.835</u> |
| Payables to group companies | | <u>7.519.215</u> | <u>5.454.710</u> |
| Total non-current liabilities | | <u>7.519.215</u> | <u>5.454.710</u> |
| Trade payables | | 652.566 | 501.997 |
| Other payables | | <u>176.606</u> | <u>394.656</u> |
| Total current liabilities | | <u>829.172</u> | <u>896.653</u> |
| Total liabilities | | <u>8.348.387</u> | <u>6.351.363</u> |
| Total equity and liabilities | | <u>5.384.213</u> | <u>7.105.198</u> |
| Uncertainty about the continued operation (going concern) | 6 | | |
| Rent and lease liabilities | 7 | | |

Statement of changes in equity

| | Share capital | Retained earnings | Total |
|-----------------------------------|----------------|----------------------|-------------------|
| Equity at 1 January 2018 | 500.000 | 253.834 | 753.834 |
| Net profit/loss for the year | 0 | -3.718.008 | -3.718.008 |
| Equity at 31 December 2018 | 500.000 | -3.464.174 | -2.964.174 |

Notes

| | 2018 <u>DKK</u> | 2017 <u>DKK</u> |
|--|--------------------------------------|-------------------------|
| 1 Staff costs | | |
| Wages and salaries | 2.678.899 | 2.815.576 |
| Other social security costs | 41.325 | 40.067 |
| Other staff costs | 15.224 | 68.925 |
| | <u>2.735.448</u> | <u>2.924.568</u> |
| | | |
| Average number of employees | <u>9</u> | <u>10</u> |
| | | |
| 2 Tax on profit/loss for the year | | |
| Deferred tax for the year | 0 | -492.376 |
| Adjustment of deferred tax concerning previous years | 1.050.707 | 0 |
| | <u>1.050.707</u> | <u>-492.376</u> |
| | | |
| 3 Intangible assets | | |
| | Completed development projects | Goodwill |
| | <u>367.456</u> | <u>3.500.000</u> |
| Cost at 1 January 2018 | 367.456 | 3.500.000 |
| Cost at 31 December 2018 | <u>367.456</u> | <u>3.500.000</u> |
| | | |
| Impairment losses and amortisation at 1 January 2018 | 173.521 | 495.834 |
| Depreciation for the year | 122.484 | 350.003 |
| | <u>296.005</u> | <u>845.837</u> |
| Impairment losses and amortisation at 31 December 2018 | 296.005 | 845.837 |
| | | |
| Carrying amount at 31 December 2018 | <u>71.451</u> | <u>2.654.163</u> |

Notes

4 Tangible assets

| | Other fixtures and fittings, tools and equipment | Leasehold improvements |
|--|--|-----------------------------|
| | <u> </u> | <u> </u> |
| Cost at 1 January 2018 | 109.701 | 2.241.945 |
| Additions for the year | <u> 0</u> | <u> 55.100</u> |
| Cost at 31 December 2018 | <u>109.701</u> | <u>2.297.045</u> |
| Impairment losses and depreciation at 1 January 2018 | 51.295 | 300.266 |
| Depreciation for the year | <u>36.565</u> | <u>225.764</u> |
| Impairment losses and depreciation at 31 December 2018 | <u>87.860</u> | <u>526.030</u> |
| Carrying amount at 31 December 2018 | <u>21.841</u> | <u>1.771.015</u> |

5 Equity

There has been no changes in share capital the last five years

6 Uncertainty about the continued operation (going concern)

The parent company has issued a support letter covering financial obligations from 15 February 2019 and the following 12 months.

Notes

| | <u>2018</u> DKK | <u>2017</u> DKK |
|---|-------------------------|-------------------------|
| 7 Rent and lease liabilities | | |
| Operating lease liabilities. | | |
| Total future lease payments: | | |
| Within 1 year | 1.042.012 | 1.042.012 |
| Between 1 and 5 years | <u>425.052</u> | <u>725.052</u> |
| | <u>1.467.064</u> | <u>1.767.064</u> |
| | | |
| Assignment obligation regarding operating leases. Expected residual values on expiry of leases. | 75.000 | 75.000 |

Accounting policies

The annual report of Friends & Brgrs Denmark A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger entities.

The annual report for 2018 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Accounting policies

Expenses for raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

Development projects, patents and licences

Developments projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Accounting policies

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Tangible assets

Produktionsanlæg og maskiner samt andre anlæg, driftsmateriel og inventar måles til kostpris med fradrag af akkumulerede af- og nedskrivninger.

Afskrivningsgrundlaget er kostpris med fradrag af forventet restværdi efter afsluttet brugstid.

Kostpris omfatter anskaffelsesprisen og omkostninger direkte tilknyttet anskaffelsen indtil det tidspunkt, hvor aktivet er klar til brug.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

| | Useful life | Residual value |
|---|-------------|----------------|
| Andre anlæg, driftsmateriel og inventar | 3 years | 0 % |
| Indretning af lejede lokaler | 10 years | 0 % |

Assets costing less than DKK 13.500 are expensed in the year of acquisition.

Leases

All leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Equity

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.