

# Food Folk Danmark Holdings ApS

Falkoner Alle 20  
2000 Frederiksberg

CVR no. 38 43 38 49

## Annual report 2021

The financial statements were presented and adopted at  
the Company's annual general meeting  
on 20 April 2022

\_\_\_\_\_  
chairman of the annual general meeting



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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Food Folk Danmark Holdings ApS for the financial year 1 January – 31 December 2021.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

We recommend the annual report to be approved at the annual general meeting.

Copenhagen, 13 April 2022

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Mads Friis

Managing Director and Chairman of the Board

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Anders Torbjörn Hägg

Board member

## Independent auditor's report

### To the shareholders of Food Folk Danmark Holdings ApS

#### Opinion

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Group's and Parent Company's operations and cash flows for the financial year 1 January – 31 December 2021 in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

#### *Audited financial statements*

Food Folk Danmark ApS' consolidated financial statements and parent company financial statements for the financial year 1 January – 31 December 2021 comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company (the financial statements). The financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Group 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 rules and requirements.

#### Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act and for such internal control that 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 Group's and the Parent 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 Group or the Parent 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 as to 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 may 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 the Management's review**

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Copenhagen, 13 April 2022

### **KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Henrik Y. Jensen  
State Authorised  
Public Accountant  
MNE-no. mne35442

## Management's review

### Company details

#### General

Food Folk Danmark Holdings ApS  
Falkoner Alle 20  
2000 Frederiksberg

Telephone: +45 33 26 60 00  
Website: [www.mcdonalds.dk](http://www.mcdonalds.dk)  
E-mail: [reception@dk.mcd.com](mailto:reception@dk.mcd.com)  
CVR no. 38 43 38 49

Established: 22 February 2017  
Registered office: Falkoner Alle 20, DK-2000 Frederiksberg  
Financial year: From 1 January to 31 December

#### Board of Directors

Mads Friis  
Anders Torbjörn Hägg

#### Managing Director

Mads Friis

#### Auditor

KPMG  
Statsautoriseret revisionspartnerselskab  
Dampfærgevej 28  
2100 Copenhagen

#### Bank

Danske Bank, Corporate Banking

#### Annual general meeting

The annual general meeting will be held on 20 April 2022.

## Financial highlights for the Group

DKK'000	2021	2020	2019	2018 *	2017 *
<b>Key figures</b>					
Revenue	564 948	482 417	457 068	414 321	297 332
Operating profit	216 790	176 521	166 764	146 273	106 144
Net financials	(18 545)	(47 862)	(31 767)	(51 957)	(40 290)
<b>Profit for the year</b>	<b>154 870</b>	<b>98 761</b>	<b>92 689</b>	<b>66 375</b>	<b>202 564</b>
<b>Balance sheet</b>					
Balance sheet total	2 212 855	2 111 213	2 054 040	1 641 704	1 632 913
Investments in property, plant and equipment	175 405	85 819	23 983	13 851	364
<b>Equity</b>	<b>762 989</b>	<b>608 119</b>	<b>509 358</b>	<b>389 456</b>	<b>323 081</b>
<b>Financial ratios</b>					
Return on assets	10,0	8,5	9,0	8,9	12,1
Equity ratio	34,5	28,8	24,8	23,7	19,8
Return on equity	22,6	17,7	20,6	18,6	91,3
Average number of full-time employees	69	62	56	57	51

\* The amounts are not adjusted for IFRS 16 Leases, being introduced in 2019 (not retrospectively)

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios". The financial ratios have been calculated as follows:

$$\text{Return on assets} = \frac{\text{Profit/loss from ordinary activities} \times 100}{\text{Average assets}}$$

$$\text{Equity ratio} = \frac{\text{Closing equity} \times 100}{\text{Equity \& liabilities at year - end}}$$

$$\text{Return on equity} = \frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

## Operating review

### Principal activities

The main activity of the Group is to acquire real estate by leasing or buying it, renovating and fitting it for the purpose of operating a McDonald's restaurant under a master franchise agreement made with McDonald's Corporation, the holder of the McDonald's global trademark. Food Folk Danmark ApS (former name McDonald's Danmark ApS) was previously 100% owned by McD Europe Ltd, a wholly owned subsidiary of McDonald's Corporation, but was acquired by Food Folk Danmark Holdings ApS on 31/3-2017.

By the end of 2021, Food Folk had 94 licensed McDonald's restaurants in Denmark, all operated by 21 independent franchisees on contract for the operation of the individual restaurants for a period of up to 20 years. That is an increase of 4 restaurants compared to 2020.

### Unusual circumstances

COVID-19 made it difficult to navigate through 2021, especially supply chain and staffing of restaurants proved challenging. Despite COVID-19 the Group has increased its net cash from operating activities by 8.3% and it has continued to invest in new store openings and will continue to do so in the future. Total system wide sales \* have been 17.7% higher than last year, with the 6 highest sales months ever all coming from 2021. The Drive Thru has been crucial for performance again in 2021 and the Group has strengthened the market share in 2021.

To the management's knowledge, no unusual circumstances have occurred during 2021 except for COVID-19.

\*= system wide sales reflect the accumulated turnover in all McDonald's restaurants in Denmark.

### Events after the balance sheet date

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

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

### Development in activities and financial position

#### ***Profit/loss for the year (including comparison with forecasts previously announced)***

During 2021, the McDonald's restaurants in Denmark increased system wide sales by 17.7% (2020: +2.2%)

The Company realized a revenue increase of 17.1% compared to the previous year (2020: +5.5%), mainly driven by a combination of increased System Wide Sales and franchised income from franchised restaurants.

Operating profit for the year increased by DKK 40,269 thousand to DKK 216,790 thousand (2020: DKK 176,521 thousand) which corresponds to an increase of 22.8%. The increase in operating income is primarily driven by higher sales whereas the incidence of operating expenses on sales is in line with last year.

The result of the year increased by DKK 56,109 thousand to a total of DKK 154,870 thousand (2020: DKK 98,761 thousand), which corresponds to an increase of 56.8%.

The management of the Group finds the result of the year satisfying.

### Outlook

2022 is expected to be another good year for the Group even if Covid-19 should continue to affect the Danish society. There continues to be a big demand for McDonald's despite Covid-19 and government restrictions. The Group is following developments and the authorities' recommendations closely.

### Particular risks

The Group does not have any significant risk apart from what is common from the industry since the majority of transactions are denominated in Danish Kroner, long-term financing is secured with fixed interests and outstanding receivables are of short-term nature. For further details on the Group's risk profile, we refer to note 19.



## Food Folk Corporate Social Responsibility

Our mission in Food Folk is to provide our customers in Denmark with the most friendly, convenient, and consistently excellent McDonald's experience in the world. Having a positive impact in communities, while maintaining the growth and success of the McDonald's System, is fundamental to how we operate. We achieve this by living our values as we serve our guests via our 94 restaurants.

Our values:

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

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

### Our role in the community

As one of the largest youth employers in Denmark, 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 workforce - 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 in Denmark, we work with values-aligned organizations to make a difference. Examples of community-based organizations we work with include RENnatur, Danmark Mod Madspild and others.

### Risk & Impact

#### a) Our planet (environmental and climate)

As we continue to grow as a business, our efforts are increasingly focused on managing our carbon footprint. We take a holistic approach to sustainability, which includes exploring ways to help our customers reduce their own environmental impact. For instance, we are transitioning to sustainable Happy Meal toys made from recycled, renewable or certified materials. We continue to test and deploy new packaging solutions in our restaurants, to learn how we can reduce packaging and switch to more sustainable materials while still delivering a great experience for our customers.

Food Folk has begun transitioning to more efficient buildings and kitchen equipment. Together with our Franchisees, we are investing in our restaurants to be more innovative and energy efficient.

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

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

Our partnership with Ren Natur is making a difference when it comes to littering. We support the project 'Clean Nature' (Ren Natur) which organized 483 routes of litter collection in 2021. A total of 40 municipalities participated along with 8,565 volunteers. We are proud of their success and monitor the project closely.

We continue our 'one-block policy', requiring employees to collect litter in each restaurant's immediate area. The one-block policy results in McDonald's staff continuously helping the local area keep the streets clean not only from McDonald's own litter but also from society's general littering.

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

#### b) Human rights

At Food Folk, we conduct our activities in a manner that respects human rights as set out in the Universal Declaration of Human Rights. Our commitment to respect human rights is defined in our Human Rights. Our expectations of our suppliers are outlined in our Supplier Code of Conduct.

In order to provide goods and services to the McDonald's System, suppliers must meet our high standards, and direct suppliers are required to commit to upholding the standards contained in our Code. We expect, and provide guidance to assist our suppliers to meet the standards for human rights, workplace environment, business integrity and environmental management contained in the Code. We also expect suppliers to implement their own management systems in these areas.

We expect that suppliers treat their employees with fairness, respect and dignity, and follow practices that protect the health and safety of people working in their facilities, in compliance with national and local laws. We also require our suppliers to hold their own suppliers to the same standards as outlined in our Code, and to create internal mechanisms and programs for handling reports of workplace grievances, including anonymous reporting.

McDonald's has a comprehensive Supplier Workplace Accountability (SWA) program, which supports compliance with the standards and expectations outlined in our Code. The SWA program aims to help suppliers understand our expectations, verify compliance and work toward continuous improvement.

The SWA program provides suppliers and McDonald's Global Supply Chain Team with training to understand human rights issues and our SWA program requirements. Built on a model of continuous improvement and education, SWA includes an online training platform where suppliers can access optional tools and resources that provide guidance on human rights issues.

All Food Folk suppliers passed their SWA audit in 2021.

### **c) Governance**

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

### **d) Anti-corruption and bribery**

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

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

There have been no known breaches of these policies.

### **e) Our people (social and employees)**

Our employees form the core of our business. Thus, we measure employee satisfaction every year, and we aim to improve our scores every time.

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

Optional education programmes are created in collaboration with external academies in Denmark. Thus, we offer our employees a unique opportunity to combine work and education. In 2021, 120 employees were enrolled in one of our external education programs.

Furthermore, Food Folk is collaborating closely with 'KLAPjob', which is part of LEV, an organization for people with cognitive disabilities. Through the years, McDonald's has hired 128 people with cognitive disabilities – 14 of these in 2021.

On social and staff matters, high turnover will always be a risk, even though the McDonald's brand is strong and valued in the Danish labor market. We thus attempt to strengthen and support our employees by providing extra benefits such as external educational programs and continuous feedback to the employees from the restaurants' management teams.

### **Data ethics**

Food Folk operates in a digital and connected environment where significant amounts of data may be processed. Thus, a proper and compliant management of personal data is crucial for our operations. Food Folk strives to improve and strengthen our data processing routines regularly to properly reflect the development within the digital areas of business. As for example, in 2021 the Group initiated the process of implementing additional software systems aiming to provide even stronger and more secure processes for managing and monitoring process data flows. Furthermore, the Food Folk Code of Conduct, along with relevant data protection policies and notices, strives to raise awareness of proper data management within the entire Food Folk Group.

### **Gender diversity**

The Group has formed a gender equality policy. The policy ratifies McDonald's position on gender equality by emphasizing that Food Folk will strive for a balance between the genders in the management teams. McDonald's has had an almost even split between men and women for years on the management level.

Within the Group, 62% of the employees are female and 38% are males. At the management level, 44% of the positions are held by women and 56% by males (in 2020 34% were held by males and 66% by women). With an almost even split between the genders, the Group reached its target for equal of males and females. No further actions/disclosures are therefore required. The board consisted of two male directors in 2021.

## Statement of profit or loss and other comprehensive income

Parent company			Group		
2021	2020	DKK'000	Note	2021	2020
<b>0</b>	<b>0</b>	<b>Revenue</b>	1	<b>564 948</b>	<b>482 417</b>
(222)	(466)	Other external expenses	2	(228 630)	(193 421)
0	0	Depreciation, amortisation and impairment	8,9	(84 648)	(88 688)
0	0	Staff cost	3	(57 598)	(47 036)
0	0	Other operating income, net	4	22 718	23 249
<b>(222)</b>	<b>(466)</b>	<b>Total expenses</b>		<b>(348 158)</b>	<b>(305 896)</b>
<b>(222)</b>	<b>(466)</b>	<b>Operating profit or loss</b>		<b>216 790</b>	<b>176 521</b>
5 005	421	Financial income	5	22 889	421
(2 604)	(8 050)	Financial expense	6	(41 434)	(48 283)
<b>2 401</b>	<b>(7 629)</b>	<b>Net finance expenses</b>		<b>(18 545)</b>	<b>(47 862)</b>
152 753	106 550	Share of profit of equity accounted investees, net of tax	10	(10)	1
<b>154 932</b>	<b>98 455</b>	<b>Profit or loss before tax</b>		<b>198 235</b>	<b>128 660</b>
(62)	306	Tax for the year	7	(43 365)	(29 899)
<b>154 870</b>	<b>98 761</b>	<b>Profit or loss</b>		<b>154 870</b>	<b>98 761</b>
		<b>Attributable to</b>			
(97 247)	106 550	Reserve for net revaluation according to the equity method		0	0
252 117	(7 789)	Retained earnings		154 870	98 761
<b>154 870</b>	<b>98 761</b>	<b>Profit or loss</b>		<b>154 870</b>	<b>98 761</b>
		<b>Statement of comprehensive income</b>			
154 870	98 761	Profit or loss		154 870	98 761
<b>0</b>	<b>0</b>	<b>Other comprehensive income for the year, net of income tax</b>		<b>0</b>	<b>0</b>
<b>154 870</b>	<b>98 761</b>	<b>Comprehensive income for the year</b>		<b>154 870</b>	<b>98 761</b>

The notes form an integral part of these financial statements

## Statement of financial position at 31 December

Parent company			Group		
2021	2020	DKK'000	Note	2021	2020
<b>Assets</b>					
<b>Non current assets</b>					
0	0	Property, plant and equipment	8	1 720 271	1 679 069
0	0	Intangible assets	9	158 215	171 158
600 397	697 644	Investments	10	100	110
147 183	0	Receivables from related parties	22	147 183	0
<b>747 580</b>	<b>697 644</b>			<b>2 025 769</b>	<b>1 850 337</b>
<b>Current assets</b>					
0	0	Inventories		28	0
0	0	Trade and other receivables	12	130 925	91 605
16 109	2 079	Receivables from related parties	22	35 982	166 235
0	147	Tax receivable		3 151	3 036
0	0	Cash and cash equivalents	13	0	0
0	0	Asset held for sale	14	17 000	0
<b>16 109</b>	<b>2 226</b>			<b>187 086</b>	<b>260 876</b>
<b>763 689</b>	<b>699 870</b>	<b>Total Assets</b>		<b>2 212 855</b>	<b>2 111 213</b>
<b>Equity and liabilities</b>					
<b>Equity attributable to equity holders of the parent</b>					
30 000	30 000	Share capital	15	30 000	30 000
90 517	90 517	Share premium	15	90 517	90 517
120 262	217 509	Reserve for net revaluation according to the equity method		0	0
0	0	Proposed dividends	15	0	0
522 210	270 093	Retained earnings		642 472	487 602
<b>762 989</b>	<b>608 119</b>	<b>Total equity</b>		<b>762 989</b>	<b>608 119</b>
<b>Non current liabilities</b>					
0	89 963	Loans and borrowings	16	1 068 338	1 135 547
0	0	Other payables	18	1 854	0
0	0	Provisions	17	20 979	13 849
0	0	Deferred tax liabilities	11	193 551	201 389
<b>0</b>	<b>89 963</b>	<b>Non current liabilities</b>		<b>1 284 722</b>	<b>1 350 785</b>
<b>Current liabilities</b>					
0	0	Loans and borrowings	16	68 058	64 755
220	373	Trade and other payables	18	93 620	75 083
0	1 415	Payables to related parties	22	3 466	4 214
480	0	Tax payable		0	7 542
0	0	Provisions	17	0	715
<b>700</b>	<b>1 788</b>	<b>Current liabilities</b>		<b>165 144</b>	<b>152 309</b>
<b>700</b>	<b>91 751</b>	<b>Total liabilities</b>		<b>1 449 866</b>	<b>1 503 094</b>
<b>763 689</b>	<b>699 870</b>	<b>Total equity and liabilities</b>		<b>2 212 855</b>	<b>2 111 213</b>

## Statement of changes in equity

(see Note 15)

### Parent company

DKK'000	Share capital	Share Premium	Reserve for net revaluation according to the equity method	Retained earnings	Total equity
Balance at 1 January 2020	30 000	90 517	110 959	277 882	509 358
Profit or loss	0	0	106 550	(7 789)	98 761
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>106 550</b>	<b>(7 789)</b>	<b>98 761</b>
Transactions with owners, recorded directly in equity:					
Dividends	0		0	0	0
<b>Total contributions by and distributions to owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance at 31 December 2020</b>	<b>30 000</b>	<b>90 517</b>	<b>217 509</b>	<b>270 093</b>	<b>608 119</b>

DKK'000	Share capital	Share Premium	Reserve for net revaluation according to the equity method	Retained earnings	Total equity
Balance at 1 January 2021	30 000	90 517	217 509	270 093	608 119
Profit or loss	0	0	(97 247)	252 117	154 870
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>(97 247)</b>	<b>252 117</b>	<b>154 870</b>
Transactions with owners, recorded directly in equity:					
Dividends	0	0	0	0	0
<b>Total contributions by and distributions to owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance at 31 December 2021</b>	<b>30 000</b>	<b>90 517</b>	<b>120 262</b>	<b>522 210</b>	<b>762 989</b>

## Group

DKK'000	Share capital	Share Premium	Reserves	Retained earnings	Total equity
Balance at 1 January 2020	30 000	90 517	0	388 841	509 358
Profit or loss	0	0	0	98 761	98 761
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>98 761</b>	<b>98 761</b>
Transactions with owners, recorded directly in equity:					
Dividends	0		0	0	0
<b>Total contributions by and distributions to owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance at 31 December 2020</b>	<b>30 000</b>	<b>90 517</b>	<b>0</b>	<b>487 602</b>	<b>608 119</b>
DKK'000	Share capital	Share Premium	Reserves	Retained earnings	Total equity
Balance at 1 January 2021	30 000	90 517	0	487 602	608 119
Profit or loss	0	0	0	154 870	154 870
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>154 870</b>	<b>154 870</b>
Transactions with owners, recorded directly in equity:					
Dividends	0	0	0	0	0
<b>Total contributions by and distributions to owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance at 31 December 2021</b>	<b>30 000</b>	<b>90 517</b>	<b>0</b>	<b>642 472</b>	<b>762 989</b>

## Statement of cash flows

Parent company			Group		
2021	2020	DKK'000	Note	2021	2020
<b>Cash flow from operating activities</b>					
154 870	98 761	Profit for the year		154 870	98 761
Adjustments for:					
0	0	Depreciation, amortisation and impairment	8,9	84 648	88 688
(5 005)	(421)	Financial income	5	(22 889)	(421)
2 604	8 050	Financial expense	6	41 434	48 283
(152 753)	(106 550)	Share of profit of equity accounted investees, net of tax	10	10	(1)
0	0	Other income/expense non-monetary		2 767	(3)
0	0	(Gain)/loss on sale of property, plant and equipment	4	0	144
62	(306)	Taxation	7	43 365	29 899
<b>(155 092)</b>	<b>(99 227)</b>			<b>149 335</b>	<b>166 589</b>
0	0	Decrease/increase in trade and other receivables	12	(39 595)	(21 919)
0	0	Decrease/increase in inventories		(28)	0
(153)	193	Decrease/increase in trade and other payables	18	20 391	(95)
166	5 551	Decrease/increase in related parties balances	22	(76)	457
0	0	Decrease/increase in provisions	17	(731)	(630)
<b>13</b>	<b>5 744</b>			<b>(20 039)</b>	<b>(22 187)</b>
565	(1 924)	Tax paid		(58 860)	(35 116)
<b>565</b>	<b>(1 924)</b>			<b>(58 860)</b>	<b>(35 116)</b>
<b>356</b>	<b>3 354</b>	<b>Net cash from operating activities</b>		<b>225 306</b>	<b>208 047</b>
<b>Cash flows from investing activities</b>					
0	0	Proceeds from sale of property, plant and equipment	4	0	0
250 000	0	Dividends received		0	0
0	0	Acquisition of property, plant and equipment	8	(71 230)	(50 468)
0	0	Acquisition of intangible assets	9	(528)	(2 360)
<b>250 000</b>	<b>0</b>	<b>Net cash from investing activities</b>		<b>(71 758)</b>	<b>(52 828)</b>
<b>Cash flows from financing activities</b>					
(147 183)	0	Loan to related parties	22	(147 183)	0
0	0	Proceeds from new loan	24	749 303	0
(9 196)	12 700	Change in cash-pooling balances	22	135 996	(35 065)
(3 913)	(4 885)	Interest paid		(21 421)	(23 785)
0	0	Financing transaction cost		(2 138)	0
(90 064)	(11 169)	Repayment of borrowings	24	(830 615)	(59 668)
0	0	Payment of lease liabilities (interest portion)	24	(12 745)	(12 820)
0	0	Payment of lease liabilities (principal portion)	24	(24 745)	(23 881)
0	0	Dividends paid	15	0	0
<b>(250 356)</b>	<b>(3 354)</b>	<b>Net cash from financing activities</b>		<b>(153 548)</b>	<b>(155 219)</b>
0	0	Net increase/decrease in cash and cash equivalents		0	0
0	0	Cash and cash equivalents at 1 January		0	0
0	0	Effect of exchange fluctuations on cash held		0	0
<b>0</b>	<b>0</b>	<b>Cash and cash equivalents at 31 December</b>	13	<b>0</b>	<b>0</b>



## Basis of preparation

### Reporting entity

Food Folk Danmark Holdings ApS is a limited liability company domiciled in Denmark. The financial statements for the years ended 31 December 2020 and 31 December 2021 comprise the consolidated financial statements for Food Folk Danmark Holdings ApS 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, 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.

### Functional and presentation currency

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

### Basis of accounting

The consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and additional requirements in the Danish Financial Statements Act, including those provisions which apply to reporting class C large entities.

Changes and details of the accounting policies are included further.

### Changes in significant accounting policies

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

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

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

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

### Standards issued but not yet effective

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

*Standards not / not yet endorsed by the EU*

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

1 January 2023	Classification of Liabilities as Current or Non-current (Amendments to IAS 1) IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) Definition of Accounting Estimates (Amendments to IAS 8) Deferred Tax related to Assets and Liabilities arising
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The Group has assessed that these new standards will not have a material effect on the Group's consolidated financial statements.

### Use of judgements and estimates

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

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

### Judgements

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

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

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

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

Costs and fees (out-of-pocket expenses) related to leaseholds that are used by sub-franchisees are invoiced with no mark-up to the sub-franchisee, and recognised net of payments received from franchisees. Based on the indicators in IFRS 15 management has assessed that Food Folk is acting as an agent (requiring out-of-pocket costs to be recognised net). This is substantiated by the fact that other parties are primarily responsible for providing the services related to the out-of-pocket costs and that the prices for the services related to the out-of-pocket costs are not determined by Food Folk.

- **Investment incentives**

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

- **Minimum lease term**

The lease term has an impact on the accounting for:

- right-of-use assets
- lease liabilities
- restoration provisions

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

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

### Assumptions and estimation uncertainties

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

The following provides information about assumptions and estimation uncertainties with a significant risk of resulting in a material adjustment in the year ending 31 December 2021:

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

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

- ***Provisions***

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

## Significant accounting policies

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

### Basis of consolidation

#### *Subsidiaries*

The consolidated financial statements comprise the financial statements of Food Folk Danmark Holdings ApS 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.

### 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*

Revenues consists of fees from franchised restaurants recognized over time, as the customer simultaneously consumes and receives benefit from the service as the service is performed.

Franchise fees from franchised restaurants are based on a percent of sales realised by the franchised restaurant if they exceed a minimum monthly amount and are recognised in the period they are earned.

Incentives granted to franchisees are calculated and recognized as part of the variable revenue for the period.

Revenue is presented net of discounts, rebates and incentives granted. Also, revenue is also presented net of VAT and other indirect taxes charged on behalf of third parties.

#### *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.

#### *Staff costs*

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

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

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

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

**Other operating (expense)/income, net**

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

**Financial income and expenses**

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

Financial expenses comprise interest, losses on transactions denominated in foreign currencies, amortisation of financial liabilities, including finance lease commitments, and surcharges under the Danish 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 equity accounted investees, net of tax**

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

**Tax for the year**

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

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

**Statement of financial position**

**Property, plant and equipment**

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

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

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

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

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

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

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

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

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

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

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

**Intangible assets**

Other intangible assets, including rights (key money), software licenses that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

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

Since the period of amortisation is based on the assets expected useful life, no salvage value has been taken into account. Amortisation is calculated to write off the cost of intangible assets using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

Contractual rights 2-20 years

Software licenses 3-5 years

Useful lives are reviewed at each reporting date and adjusted if appropriate.

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

### ***Asset held for sale***

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

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

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

### ***Investments***

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

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

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

Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable. Amounts in excess thereof are recognized under 'Provisions' in so far as the parent has a legal or constructive obligation to cover the deficit.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss of equity accounted investees, until the date on which significant influence or control ceases.

Investment in entities in which the Company has no control or significant influence are categorized as "Other investments" and recognised at cost.

### ***Impairment of non-financial assets***

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss under 'Depreciation, amortization and impairment'. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

### ***Inventories***

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

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

### ***Receivables***

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

### ***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.

### ***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.

## Presentation of cash flow statement

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

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

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

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

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



## Notes

### 1 Revenue

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

DKK'000	Parent company		Group	
	2021	2020	2021	2020
Sub-franchisee income (fixed)	0	0	150 114	145 202
Sub-franchisee income (variable)	0	0	414 834	337 215
<b>Total revenues by nature</b>	<b>0</b>	<b>0</b>	<b>564 948</b>	<b>482 417</b>

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:

DKK'000	Parent company		Group	
	2021	2020	2021	2020
Less than one year	0	0	155 428	142 890
Between one and five years	0	0	579 401	536 121
More than five years	0	0	1 284 802	1 240 116
<b>Total leases as lessor</b>	<b>0</b>	<b>0</b>	<b>2 019 631</b>	<b>1 919 127</b>

### 2 Other external expenses

DKK'000	Parent company		Group	
	2021	2020	2021	2020
Royalties and other fees	0	0	176 566	148 176
Lease expense	0	0	5 014	4 269
Other expenses	222	466	47 050	40 976
<b>Total other external expenses</b>	<b>222</b>	<b>466</b>	<b>228 630</b>	<b>193 421</b>

#### Fees to auditors

Pursuant to section 96(3) of the Danish Financial Statements Act, fee paid to the Company's auditor appointed at the general meeting has not been disclosed.

### 3 Staff cost

DKK'000	Parent company		Group	
	2021	2020	2021	2020
Wages and salaries	0	0	52 881	42 598
Social security costs	0	0	349	535
Contributions to defined contribution plans	0	0	4 368	3 903
<b>Total staff cost</b>	<b>0</b>	<b>0</b>	<b>57 598</b>	<b>47 036</b>
Average number of full time employees	0	0	69	62

## Remuneration of key management personnel

DKK'000	Parent company		Group	
	2021	2020	2021	2020
Wages and salaries	0	0	4 471	3 265
Social security costs	0	0	733	182
Contributions to defined contribution plans	0	0	694	351
<b>Total</b>	<b>0</b>	<b>0</b>	<b>5 898</b>	<b>3 798</b>
Average number of key management personnel	0,0	0,0	1,3	1,4

Key management personnel is defined as the managing director of Food Folk Danmark Aps, plus the allocation of the Nordic CFO to the Danish market for both 2021 and 2020. From May 2021, key management personnel also includes the allocation of the Nordic CEO.

No employees have been working in equity accounted investees.

## 4 Other operating (expense)/income, net

DKK'000	Parent company		Group	
	2021	2020	2021	2020
Net gain/(loss) on disposal of property, plant and equipment	0	0	0	(144)
Income from intercompany recharges/mark-up	0	0	25 485	23 445
Other income/(expense)	0	0	(2 767)	(52)
<b>Total other operating income, net</b>	<b>0</b>	<b>0</b>	<b>22 718</b>	<b>23 249</b>

## 5 Financial income

DKK'000	Parent company		Group	
	2021	2020	2021	2020
Net foreign exchange gain	5	421	5	421
Interests on related parties assets	5 000	0	5 000	0
Other interest income (see note 16)	0	0	17 884	0
<b>Total finance income</b>	<b>5 005</b>	<b>421</b>	<b>22 889</b>	<b>421</b>

## 6 Financial expense

DKK'000	Parent company		Group	
	2021	2020	2021	2020
Net foreign exchange loss	106	29	154	306
Interest on financial liabilities	0	0	24 171	24 819
Interest on lease liabilities (see note 23)	0	0	11 884	12 830
Interests on related parties liabilities	2 460	8 021	4 116	9 689
Unwinding of discounts (see note 17)	0	0	355	302
Other interest expense	38	0	754	337
<b>Total financial expense</b>	<b>2 604</b>	<b>8 050</b>	<b>41 434</b>	<b>48 283</b>

## 7 Tax for the year

### Recognised in the income statement

DKK'000	Parent company		Group	
	2021	2020	2021	2020
Current year	479	(103)	51 621	40 734
Current tax - Adjustments for prior years	(417)	(203)	(418)	(195)
<b>Total current tax expense</b>	<b>62</b>	<b>(306)</b>	<b>51 203</b>	<b>40 539</b>
Origination and reversal of temporary differences	0	0	(7 838)	(10 640)
Deferred tax - Adjustments for prior years	0	0	0	0
<b>Total deferred tax expense</b>	<b>0</b>	<b>0</b>	<b>(7 838)</b>	<b>(10 640)</b>
<b>Total tax expense</b>	<b>62</b>	<b>(306)</b>	<b>43 365</b>	<b>29 899</b>

### Reconciliation of effective tax rate

DKK'000	Parent company		Group	
	2021	2020	2021	2020
<b>Profit or loss before tax</b>	<b>154 932</b>	<b>98 455</b>	<b>198 235</b>	<b>128 660</b>
Tax using the corporation tax rate	34 085	21 660	43 612	28 305
Non-deductible expenses	0	1 678	171	1 789
Tax exempt revenues	(33 606)	(23 441)	0	0
Under / (over) provided in prior years	(417)	(203)	(418)	(195)
<b>Total tax expense</b>	<b>62</b>	<b>(306)</b>	<b>43 365</b>	<b>29 899</b>

The tax rate applied to the Company and the Group is 22%.

## 8 Property, plant and equipment

DKK'000	Land and buildings	Leasehold improvements	Right-of-use asset (see note 23)	Fixtures, fittings and equipment	Under construction	Total
<b>Cost</b>						
Balance at 1 January 2020	1 224 691	62 843	493 024	6 919	22 065	1 809 542
Other acquisitions	29 644	7 038	35 904	0	13 233	85 819
Transfer	22 062	0	0	0	(22 062)	0
Disposals/Other movements	0	(135)	(2 774)	(234)	(3)	(3 146)
<b>Balance at 31 December 2020</b>	<b>1 276 397</b>	<b>69 746</b>	<b>526 154</b>	<b>6 685</b>	<b>13 233</b>	<b>1 892 215</b>
Balance at 1 January 2021	1 276 396	69 746	526 154	6 685	13 233	1 892 214
Other acquisitions	52 157	4 993	104 174	174	13 907	175 405
Transfer	12 064	853	0	0	(12 917)	0
Disposals/Other movements	205	(182)	(51 272)	(1)	46	(51 204)
Reclassification to 'Asset held for sale'	(27 311)	0	0	0	0	(27 311)
<b>Balance at 31 December 2021</b>	<b>1 313 511</b>	<b>75 410</b>	<b>579 056</b>	<b>6 858</b>	<b>14 269</b>	<b>1 989 104</b>
<b>Depreciation and impairment</b>						
Balance at 1 January 2020	88 285	14 037	33 818	4 349	0	140 489
Depreciation charge for the year	32 775	3 295	33 544	534	0	70 148
Impairment losses / (reversal)	5 508	0	0	0	0	5 508
Transfer	0	0	0	0	0	0
Disposals / other movements	0	(62)	(2 774)	(163)	0	(2 999)
<b>Balance at 31 December 2020</b>	<b>126 568</b>	<b>17 270</b>	<b>64 588</b>	<b>4 720</b>	<b>0</b>	<b>213 146</b>
Balance at 1 January 2021	126 568	17 270	64 588	4 720	0	213 146
Depreciation charge for the year	33 892	3 691	31 027	436	0	69 046
Impairment losses / (reversal)	2 131	0	0	0	0	2 131
Transfer	0	0	0	0	0	0
Disposals / other movements	0	(183)	(4 996)	0	0	(5 179)
Reclassification to 'Asset held for sale'	(10 311)	0	0	0	0	(10 311)
<b>Balance at 31 December 2021</b>	<b>152 280</b>	<b>20 778</b>	<b>90 619</b>	<b>5 156</b>	<b>0</b>	<b>268 833</b>
<b>Net book value</b>						
<b>At 31 December 2020</b>	<b>1 149 829</b>	<b>52 476</b>	<b>461 566</b>	<b>1 965</b>	<b>13 233</b>	<b>1 679 069</b>
<b>At 31 December 2021</b>	<b>1 161 231</b>	<b>54 632</b>	<b>488 437</b>	<b>1 702</b>	<b>14 269</b>	<b>1 720 271</b>

For the reclassification to 'Asset held for sale' refer to Note 14.

### *Impairment loss and subsequent reversal*

In 2021, the 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 impairment losses on Tangible Assets of DKK 2,131 thousand. The estimate of value in use was calculated using a pre-tax discount rate of 11.9%.

### *Security*

At 31 December 2021, properties with a carrying amount of DKK 1,149 million (2020: DKK 1,118 million) were subject to a registered debenture that forms security for bank loans. As security for mortgage loans, the Group has registered mortgage security on the Group's properties of DKK 737.3 million.

## 9 Intangible assets

DKK'000	Contractual rights	Other	Total
<b>Cost</b>			
Balance at 1 January 2020	204 604	9 820	214 424
Other acquisitions – externally purchased	0	2 360	2 360
Transfers	0	0	0
Disposals	0	0	0
<b>Balance at 31 December 2020</b>	<b>204 604</b>	<b>12 180</b>	<b>216 784</b>
Balance at 1 January 2021	204 604	12 180	216 784
Other acquisitions – externally purchased	0	528	528
Transfers	0	0	0
Disposals	0	0	0
<b>Balance at 31 December 2021</b>	<b>204 604</b>	<b>12 708</b>	<b>217 312</b>
<b>Amortisation and impairment</b>			
Balance at 1 January 2020	29 014	3 580	32 594
Amortisation for the year	10 658	2 374	13 032
Impairment losses/(reversal)	0	0	0
Disposals	0	0	0
<b>Balance at 31 December 2020</b>	<b>39 672</b>	<b>5 954</b>	<b>45 626</b>
Balance at 1 January 2021	39 672	5 954	45 626
Amortisation for the year	10 658	2 813	13 471
Impairment losses/(reversal)	0	0	0
Disposals	0	0	0
<b>Balance at 31 December 2021</b>	<b>50 330</b>	<b>8 767</b>	<b>59 097</b>
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>164 932</b>	<b>6 226</b>	<b>171 158</b>
<b>At 31 December 2021</b>	<b>154 274</b>	<b>3 941</b>	<b>158 215</b>

## 10 Investments

### Parent company

DKK'000		Profit after tax	Other comprehensive income	Total comprehensive income	Investment in subsidiaries	
Subsidiaries	2021	152 753	0	152 753	600 397	
Subsidiaries	2020	106 550	0	106 550	697 644	
		Domicile	Shares'000 (100%)	Share Capital	Equity	Net result
Food Folk Danmark ApS		Denmark	60	30 000	481 447	160 553

The subsidiary is the owner of the master franchisee agreement with McDonald's Corporation and operates McDonald's restaurants in the Danish territory. 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**

DKK'000		<b>Profit after tax</b>	<b>Other comprehensive income</b>	<b>Total comprehensive income</b>	<b>Investment in associates</b>
Associates	2021	(10)	0	(10)	90
Associates	2020	1	0	1	100
		<u>Domicile</u>	<u>Shares (%)</u>	<u>Equity</u>	<u>Net result</u>
I/S Fællesskitning		Denmark	41.5%	239	(25)

The associate (held through Food Folk Danmark Aps) operates signage in proximity to one of the Company's real estate investments.

**b) Other**

DKK'000	<u>Domicile</u>	<u>Interest %</u>	<u>Carrying value 2021</u>	<u>Carrying value 2020</u>
Marketing Coop DK A/S	Denmark	1%	10	10

The entity handles the marketing agreements of the restaurants in the Danish market.

**11 Deferred tax**

Deferred tax assets and liabilities are attributable to the following:

**Group**

DKK'000	<b>Assets</b>		<b>Liabilities</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Property, plant and equipment	(5 566)	(4 420)	157 005	160 869
Intangible assets	0	0	34 568	37 296
Interest-bearing loans and borrowings	0	0	12 160	10 848
Provisions	(4 616)	(3 204)	0	0
Other	0	0	0	0
<b>Tax (assets) / liabilities</b>	<b>(10 182)</b>	<b>(7 624)</b>	<b>203 733</b>	<b>209 013</b>
Net of tax liabilities/(assets)	<u>10 182</u>	<u>7 624</u>	<u>(10 182)</u>	<u>(7 624)</u>
<b>Net tax (assets) / liabilities</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>193 551</u></b>	<b><u>201 389</u></b>

*Movement in net deferred tax during the year*

DKK'000	<b>Parent company</b>		<b>Group</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Opening balance	0	0	201 389	212 029
Recognised in profit or loss	0	0	(7 838)	(10 640)
Recognised in equity	0	0	0	0
Closing balance	<u>0</u>	<u>0</u>	<u>193 551</u>	<u>201 389</u>
<b>Total movement</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(7 838)</u></b>	<b><u>(10 640)</u></b>

## 12 Trade and other receivables

DKK'000	Parent company		Group	
	2021	2020	2021	2020
Trade receivables	0	0	80 230	54 582
Deposits	0	0	8 712	8 045
Prepayments	0	0	6 959	8 317
Other receivables	0	0	35 024	20 661
<b>Total trade and other receivables</b>	<b>0</b>	<b>0</b>	<b>130 925</b>	<b>91 605</b>

### Changes in trade and other receivables (Group)

DKK '000	Opening balance for period	Cash flows	Non-cash transactions	Closing balance for period
2020	70 206	21 919	(520)	91 605
2021	91 605	39 595	(275)	130 925

## 13 Cash and cash equivalents

DKK'000	Parent company		Group	
	2021	2020	2021	2020
Cash and cash equivalents	0	0	0	0
<b>Total cash and cash equivalents</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 14 Asset held for sale

In the last quarter 2021, management committed to a plan to sell the land and building associated with a restaurant closed in November 2021. Accordingly, the land and building are presented as a "Asset held for sale". Efforts to sell the assets have started and a sale is expected within the next year.

Accumulated impairment losses of DKK 6,339 thousand for write-downs of the assets to the lower of its carrying amount and its fair value less costs to sell have been applied to reduce the carrying amount of property, plant and equipment.

The fair value measurement for the assets of DKK 17,000 thousand has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (external evaluation).

## 15 Share capital

Parent company and Group DKK'000	Ordinary shares	
	2021	2020
In thousands of shares	30 000	30 000
On issue at 22 February 2017	0	0
Issued for cash	30 000	30 000
<b>On issue at 31 December - fully paid</b>	<b>30 000</b>	<b>30 000</b>

Parent company and Group DKK'000	Ordinary shares	
	2021	2020
Allotted, called up and fully paid Ordinary shares of DKK 1 each	30 000	30 000
<b>Total</b>	<b>30 000</b>	<b>30 000</b>
Shares classified as liabilities	0	0
Shares classified in shareholders' funds	30 000	30 000
<b>Total</b>	<b>30 000</b>	<b>30 000</b>

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

### Dividends

No dividend was recognised during the period.

## 16 Loans and borrowings

### Group

DKK'000	Parent company		Group	
	2021	2020	2021	2020
<b>Non-current loans and borrowings</b>				
Secured bank loans	0	0	586 993	589 781
Shareholder Loan	0	89 963	0	89 963
Lease liabilities (see Note 23)	0	0	481 345	455 803
<b>Total non-current loans and borrowings</b>	<b>0</b>	<b>89 963</b>	<b>1 068 338</b>	<b>1 135 547</b>
<b>Current loans and borrowings</b>				
Secured bank loans	0	0	41 591	41 495
Lease liabilities (see Note 23)	0	0	26 467	23 260
<b>Total current loans and borrowings</b>	<b>0</b>	<b>0</b>	<b>68 058</b>	<b>64 755</b>

Shareholder Loan from Food Folk Group Holdings AS (which is the only one applicable to the Parent company) is subordinated to all other creditors of the Group.



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

*Terms and debt repayment schedule*

DKK'000	Currency	Nominal interest rate	Year of maturity	Face value 2021	Carrying amount 2021
Danske Bank A/S - Facility A2 - DKK	DKK	Variable	2024	12 175	11 965
Realkredit Danmark - Facility B1 - DKK	DKK	0.3088%	2036	500 236	442 282
Realkredit Danmark - Facility B2 - DKK	DKK	0.3088%	2036	130 744	121 245
Realkredit Danmark - Facility B3 - DKK	DKK	0.9404%	2036	54 112	53 092
Shareholder loan - EUR	EUR	8%	-	0	0
<b>Total</b>				<b>697 267</b>	<b>628 584</b>

DKK'000	Currency	Nominal interest rate	Year of maturity	Face value 2020	Carrying amount 2020
Danske Bank A/S - Facility A2 - DKK	DKK	Variable	2024	15 531	15 208
Realkredit Danmark - Facility B1 - DKK	DKK	0.56%	2034	532 607	481 060
Realkredit Danmark - Facility B2 - DKK	DKK	0.91%	2037	140 377	135 008
Shareholder loan - EUR	EUR	8%	2042	89 963	89 963
<b>Total</b>				<b>778 478</b>	<b>721 239</b>

Realkredit Danmark - Facilities B1/B2 have been renegotiated as at 31 March 2021 with a new maturity date (March 2036) and a new nominal interest rate of 0.3088%. The renegotiation led to a positive impact in the income statement, due to the derecognition of the liability for an amount of DKK 17,884 thousand, booked within the "financial income" line (see Note 5).

On 9 March 2021, a Capex Facility withdrawal has been granted to the Group for DDK 30,850 thousand at a nominal interest rate of 2.5% until 8 October 2021, when it has been converted into a B3 Facility for an amount of DKK 54,900 thousand at a fixed rate of 0.94% expiring on 8 October 2036.

The transaction fees on both negotiations recognized against the value of the B Facilities as at 31 December 2021 totaled DKK 2,138 thousand.

## 17 Provisions

### Group

DKK'000	Dilapidation	Total
Balance at 1 January 2021	14 564	14 564
Provisions made during the year	4 024	4 024
Provisions used during the year	(731)	(731)
Provisions reversed/adjusted during the year	2 767	2 767
Unwinding of discounted amount	355	355
<b>Balance at 31 December 2021</b>	<b>20 979</b>	<b>20 979</b>
Non-current	20 979	20 979
Current	0	0
<b>Balance at 31 December 2021</b>	<b>20 979</b>	<b>20 979</b>

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.

## 18 Trade and other payables

DKK'000	Parent company		Group	
	2021	2020	2021	2020
Trade payables	93	103	42 452	23 472
Interest payable	0	0	59	75
Deposits received	0	0	10 010	9 601
VAT & duties	0	0	9 017	8 336
Payroll related	0	0	13 967	17 413
Prepaid base rent	0	0	12 269	11 509
Other payables and accrued expenses	127	270	5 846	4 677
<b>Total trade and other payables (current)</b>	<b>220</b>	<b>373</b>	<b>93 620</b>	<b>75 083</b>
Payroll related	0	0	1 854	0
<b>Total other payables (non current)</b>	<b>0</b>	<b>0</b>	<b>1 854</b>	<b>0</b>

## 19 Financial instruments

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

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

### 19 (a) Fair values of financial instruments

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

DKK'000	Parent company		Group	
	2021	2020	2021	2020
Cash and cash equivalents	0	0	0	0
Restricted cash	0	0	0	0
Receivables from related parties	163 292	2 079	183 165	166 235
Trade and other receivables	<u>0</u>	<u>0</u>	<u>130 925</u>	<u>91 605</u>
<b>Total financial assets at amortised cost</b>	<b><u>163 292</u></b>	<b><u>2 079</u></b>	<b><u>314 090</u></b>	<b><u>257 840</u></b>
Financial assets designated as fair value through profit or loss	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total financial assets</b>	<b><u>163 292</u></b>	<b><u>2 079</u></b>	<b><u>314 090</u></b>	<b><u>257 840</u></b>
Loans and borrowings	0	89 963	1 136 396	1 200 302
Trade and other payables	220	373	93 620	75 083
Payables to related parties	0	1 415	3 466	4 214
Provisions	<u>0</u>	<u>0</u>	<u>20 979</u>	<u>14 564</u>
<b>Total financial liabilities at amortised cost</b>	<b><u>220</u></b>	<b><u>91 751</u></b>	<b><u>1 254 461</u></b>	<b><u>1 294 163</u></b>
Financial liabilities designated as fair value through profit or loss	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total financial liabilities</b>	<b><u>220</u></b>	<b><u>91 751</u></b>	<b><u>1 254 461</u></b>	<b><u>1 294 163</u></b>
<b>Total net financial instruments</b>	<b><u>163 072</u></b>	<b><u>(89 672)</u></b>	<b><u>(940 371)</u></b>	<b><u>(1 036 323)</u></b>

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 DKK 791,220 thousand.

#### *Fair value hierarchy*

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

#### *Effect of change of inputs used in fair value measurement*

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

### **19 (b) Credit risk**

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

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

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

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

*Credit quality of financial assets and impairment losses (Group)*

DKK'000	<b>Gross 2021</b>	<b>Gross 2020</b>	<b>Impairment 2021</b>	<b>Impairment 2020</b>
Not past due	75 620	52 057	0	0
Past due	4 610	2 525	0	0
<b>Total</b>	<b>80 230</b>	<b>54 582</b>	<b>0</b>	<b>0</b>

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.

**19 (c) Liquidity risk**

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

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

**Parent company**

DKK'000	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>1 year or less</b>	<b>1 to &lt; 2 years</b>	<b>2 to 5 years</b>	<b>over 5 years</b>
<b>31 December 2021</b>						
<b>Non-derivative financial liabilities</b>						
Shareholder Loan	0	0	0	0	0	0
Payables to related parties	0	0	0	0	0	0
Trade and other payables	220	220	220	0	0	0
<b>Derivative financial liabilities</b>						
Interest rate swaps	0	0	0	0	0	0
<b>Total</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>31 December 2020</b>						
<b>Non-derivative financial liabilities</b>						
Shareholder Loan	89 963	248 297	7 197	7 197	21 591	212 312
Payables to related parties	1 415	1 415	1 415	0	0	0
Trade and other payables	373	373	373	0	0	0
<b>Derivative financial liabilities</b>						
Interest rate swaps	0	0	0	0	0	0
<b>Total</b>	<b>91 751</b>	<b>250 085</b>	<b>8 985</b>	<b>7 197</b>	<b>21 591</b>	<b>212 312</b>

**Group**

DKK'000	Carrying amount	Contractual cash flows	1 year or less	1 to < 2 years	2 to 5 years	over 5 years
<b>31 December 2021</b>						
<b>Non-derivative financial liabilities</b>						
Secured bank loans	628 584	791 220	62 814	67 599	171 329	489 478
Lease liabilities	507 812	670 791	37 179	40 061	112 490	481 061
Shareholder Loan	0	0	0	0	0	0
Payables to related parties	3 466	3 466	3 466	0	0	0
Trade and other payables	93 620	95 474	93 620	0	0	1 854
<b>Derivative financial liabilities</b>						
Interest rate swaps	0	0	0	0	0	0
<b>Total</b>	<b>1 233 482</b>	<b>1 560 951</b>	<b>197 079</b>	<b>107 660</b>	<b>283 819</b>	<b>972 393</b>
<b>31 December 2020</b>						
<b>Non-derivative financial liabilities</b>						
Secured bank loans	631 276	795 439	63 039	62 288	181 038	489 074
Lease liabilities	479 063	585 099	35 950	32 695	98 859	417 595
Shareholder Loan	89 963	248 297	7 197	7 197	21 591	212 312
Payables to related parties	4 214	4 214	4 214	0	0	0
Trade and other payables	75 083	75 083	75 083	0	0	0
<b>Derivative financial liabilities</b>						
Interest rate swaps	0	0	0	0	0	0
<b>Total</b>	<b>1 279 599</b>	<b>1 708 132</b>	<b>185 483</b>	<b>102 180</b>	<b>301 488</b>	<b>1 118 981</b>

**19 (d) Market risk**

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

**Market risk - Foreign currency risk**

The Group's and Company's operations have exposure to foreign currency risk at year end due to that the carrying amount of financial instruments in foreign currencies amounts to DKK 64,184 thousand. A change of 1% in the exchange rate at year end would have impacted the carrying amount of financial instruments in foreign currency by DKK 641 thousand, dependent on the EUR/DKK movement.

**Market risk - Interest rate risk**

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

**Group**

DKK'000	2021	2020
<b>Fixed rate instruments</b>		
Financial assets	0	0
Financial liabilities	(616 619)	(706 031)
<b>Total fixed rate instruments</b>	<b>(616 619)</b>	<b>(706 031)</b>
<b>Variable rate instruments</b>		
Financial assets	175 440	164 253
Financial liabilities	(11 965)	(15 208)
<b>Total variable rate instruments</b>	<b>163 475</b>	<b>149 045</b>

*Sensitivity analysis*

A change of 100 basis points in interest over the year would have increased/decreased the result for the year by DKK 1,635 thousand (2020: DKK 1,490 thousand). The analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of all financial instruments with variable interest rates.

## 19 (e) Capital management

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

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

The debt and equity balances are subject to externally imposed capital requirements, such as those imposed by third party loan providers and McDonald's. The Group has been in compliance with these capital requirements during the year.

The local tax treatment is also taken into consideration when determining the most appropriate capital structure for investments in subsidiaries.

## 20 Commitments

### *Capital commitments*

During the year ended 31 December 2021, the Group did not enter into any contracts to purchase property, plant and equipment (2020: DKK 2,070 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 DKK 239 thousand at year end (2020: DKK 264 thousand).

Other guarantees at Group level amount to DKK 15,419 thousand (2020: DKK 10,177 thousand).

## 21 Contingencies

The Group has guaranteed that the subsidiary Food Folk Danmark ApS performs its obligations under credit agreement that the Food Folk Group Holdings AS group has entered into with a financial institution. The guarantee includes customary limitation that ensure that payments can't exceed what would normally be permitted to distributed as dividends from the companies. The Food Folk Group Holdings AS group's total obligation amounts to EUR 248.4 million as of 31 December 2021.

The Company is jointly taxed with the operating Danish entities in Food Folk Group. The Company is unlimited jointly and severally liable for Danish corporation taxes and withholding taxes on dividends and interest under the joint taxation scheme. The jointly taxed companies' total net liability to the Danish tax authorities is recognised in these financial statements. Any subsequent corrections of the taxable jointly taxed income or withholdings taxes, etc., may entail an increase in the Company's liability.

## 22 Related parties

### *Parent and ultimate controlling party*

The Company, established on 22 February 2017, was acquired in February 2017 by its current Parent company, Food Folk Group Holdings AS (Norway). The ultimate controlling party of the Company is Guy Hands.

### *Key management personnel compensation*

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to post-employment defined contribution plans (see Note 4).

### *Group related party transactions*

Group companies within the Food Folk Group are rendering/receiving services for the use in ordinary business operations. All transactions are priced on an arm's length basis and are settled in cash at the request of the related party. None of the balances in respect of related party transactions are secured.

**Parent company**

	<i>Dividends / Group Contribution received</i>	<i>Sale of services</i>	<i>Purchase of services</i>	<i>Interest income</i>	<i>Interest expenses</i>
DKK'000	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
Food Folk Group Holdings AS	0	0	0	0	(2 460)
Food Folk Holdings Sverige AB	0	0	0	3 737	0
Food Folk Denmark AS	250 000	0	(50)	0	0
Food Folk Suomi Oy	0	0	0	1 263	0
<b>Total</b>	<b>250 000</b>	<b>0</b>	<b>(50)</b>	<b>5 000</b>	<b>(2 460)</b>
	<i>Loans receivable/ (payable) outstanding</i>	<i>Receivables outstanding</i>	<i>Payables outstanding</i>	<i>Cash-pooling receivable balances</i>	<i>Cash-pooling payable balances</i>
DKK'000	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
Food Folk Group Holdings AS	0	37	0	11 072	0
Food Folk Holdings Sverige AB	110 000	3 737	0	0	0
Food Folk Suomi Oy	37 183	1 263	0	0	0
<b>Total</b>	<b>147 183</b>	<b>5 037</b>	<b>0</b>	<b>11 072</b>	<b>0</b>
	<i>Dividends / Group Contribution received</i>	<i>Sale of services</i>	<i>Purchase of services</i>	<i>Interest income</i>	<i>Interest expenses</i>
DKK'000	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>
Food Folk Group Holdings AS	0	0	0	0	(8 021)
Food Folk Denmark AS	0	0	(50)	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>(50)</b>	<b>0</b>	<b>(8 021)</b>
	<i>Loans receivable/ (payable) outstanding</i>	<i>Receivables outstanding</i>	<i>Payables outstanding</i>	<i>Cash-pooling receivable balances</i>	<i>Cash-pooling payable balances</i>
DKK'000	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>
Food Folk Group Holdings AS	(89 963)	0	(1 415)	1 876	0
Food Folk Denmark AS	0	203	0	0	0
<b>Total</b>	<b>(89 963)</b>	<b>203</b>	<b>(1 415)</b>	<b>1 876</b>	<b>0</b>

In April 2021, the Company signed two Interest Bearing Loan agreements with Food Folk Suomi OY and Food Folk Holding Sverige AB, respectively for DKK 37,183 thousand and DKK 110,000 thousand, expiring in April 2028 at an interest rate of 5% plus CIBOR 3M. The purpose of these loans is respectively to finance the business operations and continued expansion in Finland and to finance a distribution to the parent company of the Swedish entity.

**Group**

	<i>Distributions of investment cost</i>	<i>Sale of services</i>	<i>Purchase of services</i>	<i>Interest income</i>	<i>Interest expenses</i>
DKK'000	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
Food Folk Group Holdings AS	0	601	(7 924)	0	(4 116)
Food Folk Norge Holdings AS	0	50	0	0	0
Food Folk Holdings Suomi Oy	0	50	0	0	0
Food Folk Holdings Sverige AB	0	50	0	3 737	0
Food Folk Norge AS	0	5 348	(2 230)	0	0
Zero Five AS	0	288	0	0	0
Food Folk Suomi Oy	0	4 824	(1 747)	1 263	0
Food Folk Sverige AB	(2 481)	14 274	(18 241)	0	0
<b>Total</b>	<b>(2 481)</b>	<b>25 485</b>	<b>(30 142)</b>	<b>5 000</b>	<b>(4 116)</b>
	<i>Loans receivable/ (payable) outstanding</i>	<i>Receivables outstanding</i>	<i>Payables outstanding</i>	<i>Cash-pooling receivable balances</i>	<i>Cash-pooling payable balances</i>
DKK'000	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
Food Folk Group Holdings AS	0	79	(697)	28 257	0
Food Folk Holdings Sverige AB	110 000	3 737	0	0	0
Food Folk Norge AS	0	573	(181)	0	0
Zero Five AS	0	30	0	0	0
Food Folk Suomi Oy	37 183	1 779	(162)	0	0
Food Folk Sverige AB	0	1 527	(2 426)	0	0
<b>Total</b>	<b>147 183</b>	<b>7 725</b>	<b>(3 466)</b>	<b>28 257</b>	<b>0</b>
	<i>Distributions of investment cost</i>	<i>Sale of services</i>	<i>Purchase of services</i>	<i>Interest income</i>	<i>Interest expenses</i>
DKK'000	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>
Food Folk Group Holdings AS	(2 346)	1 051	(9 803)	0	(9 689)
Food Folk Norge Holdings AS	0	50	0	0	0
Food Folk Holdings Suomi Oy	0	50	0	0	0
Food Folk Holdings Sverige AB	0	50	0	0	0
Food Folk Norge AS	0	5 214	(1 533)	0	0
Zero Five AS	0	336	0	0	0
Food Folk Suomi Oy	0	4 707	(1 144)	0	0
Food Folk Sverige AB	0	11 987	(11 686)	0	0
<b>Total</b>	<b>(2 346)</b>	<b>23 445</b>	<b>(24 166)</b>	<b>0</b>	<b>(9 689)</b>
	<i>Loans receivable/ (payable) outstanding</i>	<i>Receivables outstanding</i>	<i>Payables outstanding</i>	<i>Cash-pooling receivable balances</i>	<i>Cash-pooling payable balances</i>
DKK'000	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>
Food Folk Group Holdings AS	(89 963)	36	(2 108)	164 253	0
Food Folk Norge AS	0	415	(226)	0	0
Zero Five AS	0	24	0	0	0
Food Folk Suomi Oy	0	373	(132)	0	0
Food Folk Sverige AB	0	1 134	(1 748)	0	0
<b>Total</b>	<b>(89 963)</b>	<b>1 982</b>	<b>(4 214)</b>	<b>164 253</b>	<b>0</b>



## 23 Leases

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

### *i. Amounts recognised in Statement of financial position*

DKK'000	2021	2020
- Right-of-use assets (presented in Property, plant and equipment - see note 8)	488 437	461 565
- Prepaid expense (presented in Trade and Other Receivables)	(193)	(675)
- Lease liabilities (presented in Other interest-bearing loans and borrowings - see note 16)	(507 812)	(479 063)

### *ii. Amounts recognised in Income Statement*

DKK'000	2021	2020
- Depreciation charges (including impairment loss/reversal)	31 027	33 545
- Interest on lease liabilities	11 884	12 830
- variable lease payments not included in the measurement of lease liabilities (including COVID-19 rent concessions)	2 837	2 400
- expenses relating to other short-term leases	38	98
- expenses relating to leases of low-value assets	2 166	1 824
- other expenses	(27)	(53)

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

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

DKK'000	2021	2020
Fixed payments	2 206	3 459
Variable payments	2 837	2 472
Total lease payments based on sales	5 043	5 931

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*

DKK'000	2021	2020
- Payment of Lease liabilities (interest portion)	(12 745)	(12 820)
- Payment of Lease liabilities (principal portion)	(24 745)	(23 881)
Total cash outflow for leases	(37 490)	(36 701)

### *iv. Extension Options*

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

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

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

### *v. Lease not yet commenced*

The Group has entered during 2021 into lease agreements with few landlords not yet commenced, but committing to pay rent from the subsequent year.

The estimated amount of lease liability for the lease period has been assessed around DKK 31.2 million.

*vi. Rent concessions*

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

The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is DKK 0 thousand (2020: DKK 72 thousand).

## 24 Changes in liabilities from financing activities

### Group

DKK'000	Shareholder Loan	Secured bank loans	Lease liabilities	TOTAL
<b>Balance at 1 January 2020</b>	<b>101 540</b>	<b>672 083</b>	<b>468 195</b>	<b>1 241 818</b>
Proceeds from loans and borrowings	0	0	0	0
Transaction costs related to loans and borrowings	0	0	0	0
Repayment of loans and borrowings	(11 169)	(48 499)	0	(59 668)
Payment of lease liabilities (principal portion)	0	0	(23 881)	(23 881)
<b>Total changes from financing cash flows</b>	<b>(11 169)</b>	<b>(48 499)</b>	<b>(23 881)</b>	<b>(83 549)</b>
<b>The effect of changes in foreign exchange rates</b>	<b>(408)</b>	<b>0</b>	<b>0</b>	<b>(408)</b>
New leases and other changes	0	0	34 739	34 739
Capitalized borrowing costs	0	7 692	0	7 692
Interest expense	0	15 254	12 830	28 084
Payment of lease liabilities (interest portion)	0	0	(12 820)	(12 820)
Interest paid	0	(15 254)	0	(15 254)
<b>Total liability related other changes</b>	<b>0</b>	<b>7 692</b>	<b>34 749</b>	<b>42 441</b>
<b>Balance at 31 December 2020</b>	<b>89 963</b>	<b>631 276</b>	<b>479 063</b>	<b>1 200 302</b>
<b>Balance at 1 January 2021</b>	<b>89 963</b>	<b>631 276</b>	<b>479 063</b>	<b>1 200 302</b>
Proceeds from loans and borrowings	0	749 303	0	749 303
Transaction costs related to loans and borrowings	0	(2 138)	0	(2 138)
Repayment of loans and borrowings	(90 064)	(740 551)	0	(830 615)
Payment of lease liabilities (principal portion)	0	0	(24 745)	(24 745)
<b>Total changes from financing cash flows</b>	<b>(90 064)</b>	<b>6 614</b>	<b>(24 745)</b>	<b>(108 195)</b>
<b>The effect of changes in foreign exchange rates</b>	<b>101</b>	<b>0</b>	<b>0</b>	<b>101</b>
New leases and other changes	0	0	54 355	54 355
Capitalized borrowing costs	0	(9 306)	0	(9 306)
Interest expense	0	15 104	11 884	26 988
Payment of lease liabilities (interest portion)	0	0	(12 745)	(12 745)
Interest paid	0	(15 104)	0	(15 104)
<b>Total liability related other changes</b>	<b>0</b>	<b>(9 306)</b>	<b>53 494</b>	<b>44 188</b>
<b>Balance at 31 December 2021</b>	<b>0</b>	<b>628 584</b>	<b>507 812</b>	<b>1 136 396</b>

## 25 Subsequent events

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

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

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## Anders Torbjörn Hägg

### Undertecknare

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### Undertecknare

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## Henrik Y. Jensen

### Undertecknare

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