NOTICE TO BONDHOLDERS

of

FOODCO BONDCO, S.A.U.'s

6¼% Senior Secured Notes due 2026

Common code: Reg S: 199073389; Rule 144A: 199073435

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Telepizza publishes 2020 results and bondholder report

Madrid, Spain — April 30, 2021, 14 p.m.

Foodco Bondco, S.A.U., a subsidiary of Food Delivery Brands Group, S.A. (together with its subsidiaries, the "Group"), announced today that it has published the Group's 2020 results and related bondholder report on its website:

https://www.fooddeliverybrands.com/inversores/informacion-trimestral

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This announcement may constitute a public disclosure of inside information by the Group for the purposes of Article 7 under Regulation (EU) 596/2014 (16 April 2014).

The material contained in this announcement is presented solely for information purposes and is not to be construed as providing investment advice. As such, it has no regard to the specific investment objectives, financial situation or particular needs of any recipient. No representation or warranty, either express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness, correctness or reliability of the information contained herein. It should not be regarded by recipients as a substitute for the exercise of their own judgment. Neither the Group, nor any of its directors, officers, employees, affiliates, direct or indirect shareholders, advisors or agents, accepts any liability for any direct, indirect, consequential or other loss or damage suffered by any person as a result of relying on all or any part of this information, and any liability is expressly disclaimed.

This announcement may include projections and other "forward-looking" statements within the meaning of applicable securities laws. You should not place undue reliance on forward-looking statements and we do not undertake publicly to update or revise any forward-looking statement that may be made herein, whether as a result of new information, future events or otherwise.

FOODCO BONDCO, S.A.U.'S
ANNUAL BONDHOLDER REPORT

Financial Year 2020

Period ended December 31, 2020

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Important note regarding this report

This report has been prepared exclusively for use by any holder of the 6¼ Senior Secured Notes due 2026 (the "Notes") of Foodco Bondco, S.A.U. (the "Issuer") or any prospective investor, securities analyst, broker-dealer or any market maker in the Notes in accordance with Section 4.02 of the indenture governing the Notes (the "Indenture"). Neither the delivery of nor access to this report implies that any information set forth in this report is correct as at any date after the date of this report. You may not reproduce or distribute this report, in whole or in part, and you may not disclose any of the contents of this report or use any information herein for any purpose other than the evaluation of your investment in, or considering the purchase of, the Notes. You agree to the foregoing by accepting delivery of, or access to, this report.

As permitted by the Indenture, the Issuer has elected to provide in this report consolidated financial information of Tasty Bidco, S.L. in lieu of consolidated financial information of the Issuer.

This report contains certain measures and ratios, including Adjusted EBITDA and *Pro forma* EBITDA, and other measures and ratios that are not required by, or presented in accordance with, International Financial Reporting Standards, as adopted by the European Union ("IFRS"), nor in accordance with any accounting standards. Such measures and ratios may not reflect accurately our performance, our liquidity or our ability to incur debt and should not be considered as a substitute to net profit/(loss) or any other performance measures derived from or in accordance with IFRS, SEC requirements or any other generally accepted accounting principles or as a substitute for net cash from/(used in) operating activities or any other IFRS measure. These measures have not been audited or reviewed by our auditors nor by independent experts and should not be considered in isolation.

Disclosure regarding forward-looking statements

This report contains and refers to certain forward-looking statements with respect to our financial condition, results of operations and business. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among others, statements concerning the potential exposure to market risks and statements expressing management's expectations, beliefs, plans, objectives, intentions, estimates, forecasts, projections and assumptions. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements.

Forward-looking statements are typically identified by words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "objectives," "outlook," "probably," "project," "will," "seek," "target" and other words of similar meaning in connection with a discussion of future operating or financial performance. All of these forward-looking statements are based on estimates and assumptions made by such entities that, although believed to be reasonable, are inherently uncertain. Therefore, undue reliance should not be placed upon any forward-looking statements. There are important factors that could cause actual results to differ materially from those contemplated by such forward-looking statements. In addition, even if our actual results are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods. For example, factors that could cause our actual results to vary from projected future results include, but are not limited to, those described under the caption "*Risk Factors*" below.

You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All forward-looking statements are expressly qualified in their entirety by the cautionary statements referred to in this section and contained elsewhere in this report, including those set forth under "*Risk Factors*." In light of these risks, our results could differ materially from the forward-looking statements contained in this report.

BUSINESS DESCRIPTION

Overview

Corporate history – The Food Delivery Brands Group

Telepizza was created in 1987 as a family business. Since opening its very first outlet in Madrid in 1988, the Group has gradually ramped up its activities and expanded internationally. In 1992, Telepizza opened its first pizza dough production plant in Guadalajara (Spain) and its first outlets in Poland, Portugal and Chile. Telepizza was listed on Spain's stock exchanges in 1996 via initial public offering. In 2004, Telepizza began its digital expansion in Spain and, four years later, in 2008, Telepizza relaunched its telepizza.es website to improve home delivery.

In 2007, the Company suspended trading in Spain's stock exchanges. Telepizza continued its international expansion, entering into master franchise agreements in Guatemala, El Salvador and the United Arab Emirates in 2009. In 2010, the Group acquired the Colombian pizza chain Jeno's Pizza, the country's biggest pizza chain with 80 outlets, and in the subsequent years the Group opened its first outlet in Peru and entered the airline catering sector. In 2012, Telepizza established a presence in Ecuador. In 2013, Telepizza expanded its network of franchises in Panama, Russia and Bolivia. In 2014, the Group gained a foothold in Angola. After observing a greater reliance on technology among its customer base, in 2015 Telepizza developed "Click & Pizza," an online delivery service, and started creating smartphone applications.

In April 2016, Telepizza was again listed in the Spanish stock market and continued its international expansion, announcing its entry into new markets in EMEA and Latin America, under the Telepizza brand, and Ireland, under the Apache brand. In December 2018, Telepizza signed a strategic agreement with Yum! Brands, making it the largest master franchisee of Pizza Hut in the world. In the context of the strategic agreement with Yum! Brands, during 2019 and 2020, we have acquired the Pizza Hut operations in Ecuador, Chile and Mexico, and at the same time we have divested our Telepizza business in Peru.

The alliance with Yum! (Pizza Hut)

In June 2018, the shareholders at the Telepizza Group's General Meeting approved a strategic alliance and a multi-country master franchise agreement between Telepizza Group (now Food Delivery Brands Group and Pizza Hut to accelerate their joint growth in Latin America (excluding Brazil), the Caribbean, Spain, Portugal and Switzerland.

Following the approval of the transaction by the European Commission's competition authorities on 3 December 2018, the global alliance and master franchise agreement with Pizza Hut was signed and came into force on 30 December 2018.

Pizza Hut, a division of Yum! Brands, Inc. ("Yum! Brands"), is the world's largest pizzerias company with nearly 17,000 restaurants in over 100 countries. As a result of the transaction, on 30 December 2018 Telepizza operated a total of 1,011 Pizza Hut outlets (in addition to its current 1,620 network outlets and including the 38 outlets in Ecuador acquired prior to formalization of the agreement), thus making it the largest Pizza Hut master franchisee in the world by number of outlets and a leading pizza operator worldwide with an ambitious growth plan in the coming years.

On the back of this alliance, the Food Delivery Brands Group has the opportunity to develop and improve its capacity to manage networks and supply pizza dough and ingredients while fostering its international growth (taking advantage of the synergies existing between both groups).

In Spain and Portugal, the Group will continue to operate the Telepizza brand along with the Pizza Hut brand, given its leadership and privileged knowledge of the brand. Conversely, the current brands in Latin America ("Telepizza" and "Jeno's Pizza") will be gradually changed so as to operate solely under the "Pizza Hut" brand in the coming years, thereby taking advantage of Pizza Hut's greater brand recognition in Latin America.

In January 2020 the acquisition of the Pizza Hut business in Mexico was formalised, by establishing a joint venture 75%-owned by Food Delivery Brands, S.A. and 25%-owned by the previous Pizza Hut investor group in Mexico. This acquisition represents an excellent opportunity to invest in the largest restaurant market in Latin America.

For a description of the Yum! Alliance agreement, please see the Offering Memorandum issued in connection with the Notes.

Coronavirus pandemic (Covid-19)

On 11 March 2020, the World Health Organization declared the outbreak of coronavirus disease (Covid-19) a pandemic, due to its rapid global spread, affecting more than 150 countries on that date. Most governments have taken restrictive measures to curb the spread, which include: isolation, lockdowns, quarantine and restrictions on the free movement of people, closure of public and private premises except those considered essential or relating to healthcare, border closures and drastic reductions in air, sea, rail and road transport.

In the wake of the health emergency triggered by the Covid-19 pandemic, the Group has developed a "Covid-19 Prevention Protocol", which outlines the security measures implemented to tackle the situation with the best safeguards for health to ensure the health and welfare of its employees and customers at all times. The Group has set up a Covid-19 Crisis Committee to monitor the situation closely and to advise Group on the adoption of new safety measures in the event of changes in the situation or new guidelines that have been issued by health authorities or the government.

In 2020, the Group drew its €45 million revolving credit facility and drew on a €10 million ICO loan, which have helped the Group to ensure adequate liquidity for its needs.

In 2020, the Group also analyzed potential options for optimizing the current capital structure, in order to (i) adapt it to the new business circumstances and the economic and competitive environment resulting from Covid-19, and (ii) to obtain the necessary financial resources to fully implement the business plan devised for the next few years, including in connection with the Yum! alliance.

We are currently finalizing an amendment and addendum to the terms of the Yum! alliance to reflect the impact of the Covid-19 pandemic on the goals, incentives and timeframes specified in the original terms of the Yum! alliance. We also expect Pizza Hut to exercise its call option over the Telepizza brand, with FDB continuing to maintain a usufruct over its use in Spain and Portugal and the rest of the MF territories in Europe and Latam. While we expect negotiations to complete in the very near term, as of the date of this report, the amendment and addendum have not been finalized, so we cannot ensure that it ultimately will be agreed.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with our audited consolidated financial statements and the related notes to those audited consolidated financial statements contained elsewhere in this report. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in these forward-looking statements as a result of various factors, including, without limitation, those set forth in "*Forward-Looking Statements*" and "*Risk Factors*."

Results of operations

Year Ended December 31, 2020 Compared with Year Ended December 31, 2019

The following table sets forth consolidated financial information for the years ended December 31, 2019 and 2020. The comparative balances in the consolidated income statement and consolidated statement of cash flows for 2019 correspond to the consolidated financial statements Telepizza Group, S.A. (now Food Delivery Brands Group, S.A.) and its subsidiaries which were previously reported.

	For the year ended December 31,				
	Including the effects of IFRS 16		Excluding the effects of IFRS 16		
(in € millions)	2019 (1)	2020	2019 (1)	2020	% change
Revenues	**384.4**	**347.3**	**395.2**	**355.8**	**-10,0%**
Merchandise and raw materials used	(102.0)	(104.2)	(102.0)	(104.2)	2,2%
Personnel expenses	(94.8)	(95.6)	(94.8)	(95.6)	0,8%
Amortization and depreciation	(36.8)	(43.7)	(19.2)	(26.6)	38,5%
Other expenses	(132.7)	(114.3)	(163.8)	(143.4)	-12,5%
Impairment of non-current assets	(17.7)	(120.7)	(17.7)	(120.7)	581,9%
Other profit (losses)	(2.8)	2.2	(0.7)	(1.0)	42,9%
Operating profit / (loss)	**(2.4)**	**(129.0)**	**(3.0)**	**(135.7)**	**4423,3%**
Finance income	3.7	1.9	1.2	0.4	-66,7%
Finance costs	(31.1)	(33.4)	(22.6)	(27.8)	23,0%
Loss before tax from continuing operations	**(29.8)**	**(160.5)**	**(24.4)**	**(163.1)**	**568,4%**
Income tax income/(expense)	(18.2)	3.4	(18.7)	4.7	-125,1%
Loss for the year from continuing operations	**(48.0)**	**(157.1)**	**(43.1)**	**(158.4)**	**267,5%**
Post-tax loss on discontinued operations	(6.9)	(3.3)	(6.7)	(3.1)	-53,7%
Loss for the year	**(54.9)**	**(160.4)**	**(49.8)**	**(161.5)**	**224,3%**

(1) Telepizza Group, S.A. (now Food Delivery Brands Group, S.A.) Consolidated Financial Statements.

Revenues

Our revenues decreased by 9.7%, to €347.3 million in 2020 from €384.4 million in 2019 due to reduced demand as a result of the COVID-19 pandemic and government measures enacted to address it, which since mid-March has affected and still affects the various regions in which we operate.

Merchandise and Raw Materials Used

Merchandise and raw materials used increased by 2.2%, to €104.2 million in 2020 from €102.0 million in 2019, primarily resulting from the increased sales in equity stores due to the wider perimeter resulting from the Mexico acquisition, as well as the increase in the price of some raw materials, particularly proteins and cheese.

Personnel Expenses

Personnel expenses increased by 0.8%, to €95.6 million in 2019 from €94.8 million in 2019, primarily as a result of the acquisition of Pizza Hut's Mexico business in January 2020.

Amortization and Depreciation

Consolidated amortization and depreciation increased to €43.7 million in 2020 from €36.8 million in 2019, primarily as a result of depreciation of the right of use (IFRS 16) of Pizza Hut's Mexico Business acquired in January 2020 and the incremental investment in previous periods.

Other Expenses

Other expenses decreased by 13.9%, to €114.3 million in 2020 from €132.7 million in 2019, primarily as a result of extraordinary expenses incurred in 2019 in connection with the implementation of the Yum! Alliance, and extraordinary expenses in connection with the new corporate and financing structure. This was somewhat offset by other extraordinary expenses incurred in 2020 related to Covid-19, costs associated with store closures, restructuring costs and other non-recurring expenses as a result of the Group's refinancing and the renegotiation process with Yum.

Impairment of Non-Current Assets

Impairment of non-current assets increased to an impairment loss of €120.7 million in 2020 from €17.7 million in 2019. This is primarily due to a goodwill impairment loss related to the impact of the Covid-19 pandemic on the global economy, which required the Group to revise its business plan to assess the foreseeable effects of the pandemic on the Group's cash flow forecasts for the next few years.

Other Losses

Our other profits increased to €2.2 million in 2020 from a loss of 2.8 million in 2019, primarily due to the effect of IFRS 16.

Operating Profit/(Loss)

Our operating profit/(loss) decreased to a loss of €129.0 million in 2020 from a loss of €2.4 million in 2019. This was primarily due to the impairment of non-current assets detailed above.

Finance Income

Our finance income decreased to €1.9 million in 2020 from €3.7 million in 2019, primarily due to the effect of IFRS 16.

Finance Costs

Finance costs increased to €33.4 million in 2020 from €31.1 million in 2019, primarily due to the full-year effect of the financial debt incurred in 2019, including the full draw down of the available €45m revolving credit facility and the €10m ICO loan borrowed in June 2020.

Income Tax Income/(Expense)

Our income tax income increased to €3.4 million in 2020 from an income tax expense of €18.2 million in 2019, primarily due to a write-off in 2019 of deferred tax assets associated to the interests carried forward.

Post-Tax Loss on Discontinued Operations

Our post-tax loss on discontinued operations decreased to a loss of €3.3 million in 2020 from a loss of €6.9 million in 2019, primarily due to the losses in our businesses in Poland and Czech Republic which were considered as discontinued operations in both years.

Profit/(Loss) for the Year

Loss for the year increased to a loss of €160.3 million in 2020 from a loss of €54.9 million in 2019, primarily due to the impairment losses on non-current assets and the decrease in revenues resulting from the COVID-19 pandemic.

Results and Other Information by Segment

For the year ended December 31, 2019 (in € millions)	Spain	Other Europe	Latin America	Rest of the world	Total
Own outlet sales	71.6	36.0	64.3	-	171.9
Factory sales to franchisees	94.3	14.3	11.4	-	120.0
Royalties	47.6	10.2	12.2	0.6	70.6
Revenue from franchising activity	5.1	-	0.4	-	5.5
Other services rendered to franchisees	4.8	1.4	1.1	0.2	7.5
Revenue from initial fees	7.6	-	-	-	7.6
Sublease income	1.1	-	0.2	-	1.3
Total revenues	**232.1**	**61.9**	**89.6**	**0.8**	**384.4**
Amortization	(21.2)	(3.6)	(12.0)	-	(36.8)
Impairment/(Reversal) of non-current assets	(11.6)	-	(6.1)	-	(17.7)
Other net gains/(losses)	(3.9)	0.0	1.1	-	(2.8)
Operating profit/(loss)	**(3.5)**	**9.1**	**(8.3)**	**0.3**	**(2.4)**

For the year ended December 31, 2020

(in € millions)	Spain	Other Europe	Latin America	Rest of the world	Total
Outlet sales to customers	49.9	33.0	85.0	-	167.9
Factory sales to franchisees and other sales	88.2	14.1	5.7	-	108.0
Royalties	47.6	9.6	4.1	-	61.3
Revenue from franchising activity	4.0	-	0.0	-	4.0
Other services rendered to franchisees	0.7	0.7	2.3	-	3.7
Revenue from initial fees	2.4	0.1	0.0	-	2.5
Total revenues	**192.8**	**57.5**	**97.1**	**-**	**347.4**
Amortization	(24.3)	(3.3)	(16.1)	-	(43.7)
Impairment/(Reversal) of non-current assets	(90.2)	(14.6)	(15.9)	-	(120.7)
Other net gains/(losses)	7.2	(0.3)	(4.7)	-	2.2
Operating profit/(loss)	**(84.8)**	**(5.9)**	**(38.3)**	**-**	**(129.0)**

Total Revenues by Segment

Spain

Total revenues from our Spain segment decreased to €192.8 million in 2020 from €232.1 million in 2019, primarily due to the impact due to the forced closure of part of the store network and the restrictions on delivery and sales of our services and products to our customers as a result of Covid-19 from mid-March 2020 onwards.

Rest of Europe

Total revenues from our Rest of Europe segment decreased to €57.5 million in 2020 from €61.9 million in 2019, also due to the impact of the COVID-19 pandemic.

Latin America

Total revenues from our Latin America segment increased to €97.1 million in 2020 from €89.6 million in 2019, as a result of the effects from the acquisition of the Pizza Hut business in Mexico, previously reported as franchised, partially offset by the impact of COVID-19 pandemic.

Rest of World

Total revenues from our Rest of World segment decreased to €0.0 million in 2020 from €0.8 million in 2019.

Operating Profit by Segment

Spain

Operating losses from our Spain segment increased to a loss of €84.7 million in 2020 from a loss of €3.5 million in 2019, primarily due to the impairment losses of non-recurring assets and the decrease in revenues as a consequence of the COVID-19 pandemic.

Rest of Europe

Operating losses from our Rest of Europe segment increased to €5.9 million in 2020 from a profit of €9.1 million in 2019, as a result of the higher impairment losses.

Latin America

Operating losses from our Latin America segment increased to a loss of €38.3 million in 2020 from a loss of €8.3 million in 2019, as a result of the impact of COVID-19 pandemic.

Rest of the World

Operating profit from our Master Franchise and Rest of World segment increased to a profit of €0.3 million in 2020 from a loss of €0.0 million in 2019.

Adjusted EBITDA

The following table is a reconciliation of total revenue to Adjusted EBITDA for the periods indicated:

	For the year ended December 31,				
	Including the effects of IFRS 16		Excluding the effects of IFRS 16		
(in € millions)	**2019 (1)**	**2020**	**2019 (2)**	**2020**	**% change**
Own outlet sales	171.9	167.9	171.9	167.9	-2.3%
Supply, chain, royalties, marketing and other revenue	212.5	179.5	223.3	187.9	-15.9%
Total Revenue	**384.4**	**347.4**	**395.2**	**355.8**	**-10.0%**
Product cost	(102.0)	(103.2)	(102.0)	(103.2)	1.2%
Other operating expenses including royalties and fees paid to Yum![3]	(164.0)	(193.9)	(195.2)	(223.0)	-1.6%
Adjusted EBITDA[4]	**86.9**	**50.3**	**66.6**	**29.6**	**-55.6%**

(1) Telepizza Group, S.A. Consolidated Financial Statements including the effects of IFRS 16.
(2) Telepizza Group, S.A. Consolidated Financial Statements excluding the effects of IFRS 16.
(3) Including personnel costs, leases, advertising, logistics and other expenses.
(4) This measure is not a measurement of financial performance under IFRS and should not be considered as a substitute to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS.

For further details, please see our Director's Report included in the 2020 Financial Statements.

Liquidity and Capital Resources

Overview

Our principal cash requirements consist of the following:

- capital expenditures related to investments in our operations and maintenance and upgrades of our existing facilities;
- servicing our indebtedness;
- paying taxes; and

- working capital requirements, including buybacks of our stores.

Our principal sources of liquidity are expected to be cash flows from our operating activities, capital contributions and shareholder contributions, and short-term and long-term loans and financing, including drawings under our revolving credit facility (the "Revolving Credit Facility"), which provides for borrowings of up to €45 million. The availability of the Revolving Credit Facility is subject to certain conditions. During 2020 our Revolving Credit Facility was fully drawn, and the Group also arranged a new loan amounting to €10m pursuant to ICO guarantees.

Additionally, on 22 December 2020, Food Delivery Brands, S.A., as the borrower, and Banco Santander, S.A. and Instituto de Crédito Oficial E.P.E., as lenders, signed a framework agreement to grant bilateral loans, and entered into agreements in respect of loans amounting to €30 million and €10 million, respectively, to be used to tackle working capital requirements of the Group in relation to needs arising from the Covid-19 health crisis and to repay the €10 million under the ICO Santander loan borrowed in June 2020 in its entirety. The arrangement of this framework agreement and of these bilateral loans was subject to certain conditions which, most notably, included the condition that the controlling shareholder of Food Delivery Brands Group, S.A., would lend one a subordinated basis €43.3 million in loans to Food Delivery Brands Group, S.A., proceeds from which would be further contributed to the Issuer and/or its subsidiaries. All conditions included in the framework agreement were fulfilled and on 2 February 2021 the loans entered into force and the proceeds were received.

On 22 December 2020, Food Delivery Brands Group, S.A., as borrower, and its main shareholders Tasty Bidco, S.L. and BG Select Investments (Ireland) Limited, as lenders, signed a subordinated loan agreement undertaking to finance the Group's liquidity requirements up to a maximum amount of €36.7 million and €6.6 million, respectively, by means of two funding tranches:

- one tranche, totaling €20.6 million, to be disbursed prior to the effective availability date of the financing, by payment into the deposit account where it will remain restricted until the financing has been drawn down as per the contract; and
- a second tranche, totaling €22.7 million, to be disbursed if or when the amount of cash falls below a certain threshold.

Disbursement of these loans was subject to the ICO's approval of the aforementioned bilateral loans. The funds for the first tranche were released on 29 January 2021, the loans became effective and the net proceeds therefrom were contributed to the Group.

Our ability to generate operating cash flows depends on our operating performance, which in turn depends to some extent on general economic, financial, industry, regulatory and other factors, many of which are beyond our control, as well as other factors discussed in "*Risk Factors*." The ability of our subsidiaries to pay dividends and make other payments to us may be restricted by, among other things, legal prohibitions on such payments or otherwise distributing funds to us, including for the purpose of servicing debt. Losses or other events could further reduce the net equity and distributable reserves of our subsidiaries.

We anticipate that we will be highly leveraged for the foreseeable future and our ability to generate future financing cash flows will be limited by the terms defined by the Indenture and the Revolving Credit Facility. For a description of our material commitments, contingencies and debt instruments, please see our 2020 Financial Statements.

We or our affiliates may from time to time seek to retire, repurchase or sell our outstanding debt through cash purchases, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or sales will depend on market conditions, our liquidity requirements, contractual restrictions and other factors, and the amounts involved may be material.

Cash Flows

The following table sets forth our consolidated statements of cash flows for the years presented, including cash from discontinued operations:

(in € millions)	For the year ended December 31 2019 [(1)]	2020
Net cash from operating activities	58.7	(6.6)
Net cash used in investing activities	(46.9)	(25.1)
Net cash from (used in) financing activities	(28.8)	29.4
Net increase (decrease) in cash and cash equivalents	(17.0)	(2.3)

(1) Telepizza Group, S.A. Consolidated Figures.

Cash Flows Provided by Operating Activities

Our cash flows from operating activities decreased to €-6.6 million in 2020 from €58.7 million in 2019 (as restated). This decrease is due to lower operating cash due to the Covid pandemic and the decrease in the working capital.

Cash Flows (Used in) Investing Activities

Our cash flows used in investing activities decreased to €25.1 million in 2020 from €46.9 million in 2019. This decrease was primarily due to the lower investment in store openings, conversions and industrial infrastructure due to COVID-19 pandemic.

Cash Flows Provided by Financing Activities

Our cash flows used in financing activities increased to €29.4 million in 2020 from -€28.8 million in 2019, primarily as a result of the additional financing received.

Working Capital

The following table shows our working capital as of December 31, 2019 and 2020:

(in € millions)	For the year ended December 31 2019[(1)]	2020
Current assets[(2)]	151.2	118.9
Current liabilities	177.1	142.1
Working capital[(3)]	(26.0)	(23.2)

(1) Telepizza Group, S.A. consolidated figures.

(2) Current assets include cash and cash equivalents of €39.8 million and €45.1 million in 2019 and 2020, respectively.

(3) This measure is not a measure of financial performance under IFRS and should not be considered as a substitute for other indicators of our operating performance, cash flows or any other measure of performance and liquidity derived in accordance with IFRS.

Working capital decreased to a - €23.2 million in 2020 from €26.0 million in 2019.

Capital Expenditures

We generally require capital expenditures for the maintenance of our existing store portfolio to remain competitive and maintain the value of our brand. Our capital expenditures are mainly related to the opening of new stores and the refurbishment and, in some cases, the relocation of our existing stores. In 2020, due to the COVID-19 pandemic, we have continued investing in the expansion and upgrading of the existing network but at a slower pace as well as in information services and new developments, digital services and factories' efficiency and expansion.

The following table shows our recurring capital expenditures for the periods presented for the maintenance of existing assets and for investment in expanded capacity, excluding transaction related capital expenditures:

	For the year ended December 31	
(in € millions)	**2019**	**2020**
Openings	9.4	3.2
Relocations and conversions	6.7	3.8
Buybacks	1.7	-
Maintenance	4.9	4.6
Total Stores	22.8	11.6
IT + Digital	11.8	6.7
Factory	6.2	5.7
Others	1.5	0.9
Total Group excluding M&A	**42.3**[2]	**24.9**[3]

(1) Does not include €23.8 million in capital expenditures in 2019 related to acquisitions of Pizza Hut operations.

(2) Does not include €6.5 million in capital expenditures in 2020 related to acquisitions of Pizza Hut operations.

As part of our general strategy and in connection with the Yum! Alliance, we intend to undertake capital expenditures during the next few years to open new stores and convert Telepizza stores to Pizza Hut stores, particularly in Latin America, as well as to invest in our dough factories, although the pace of the expansion might be adapted to the evolution of the pandemic to ensure an optimal return for our investments.

We expect to finance our future capital expenditures through either cash from operations, equity contributions and, if necessary, from bank loans or issuances of debt in the capital markets.

Off-Balance Sheet Arrangements

With the exception of bank and other guarantees provided in the ordinary course of business amounting to €3.5 million as of December 31, 2020, we do not currently engage in off-balance sheet financing arrangements. In addition, we do not have any interest in entities referred to as special purpose entities, which include special purposes entities and other structured finance entities.

Quantitative and Qualitative Disclosures About Market Risk

In the ordinary course of business, we are exposed to a variety of financial risks, including interest rate risk, currency risk, liquidity risk and credit risk. Our global risk management focuses on uncertainty in the financial markets and aims to minimize potential adverse effect on our profits.

Risks are managed by our finance department in accordance with policies approved by our board of directors. The finance department identifies, evaluates and mitigates financial risks in close collaboration with our operational units. Our Board of Directors issues global risk management policies, as well as policies for specific issues such as currency risk, interest rate risk, liquidity risk, the use of derivatives and non-derivative instruments and investments of cash surpluses.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our exposure to the risk of changes in market interest rates relate primarily to our Revolving Credit Facility, which bears interest at a variable rate (interest on the ICO loan and the Notes accrue at a fixed rate).

While we may enter into hedging agreements in the future, we may also elect not to do so or the terms on which we hedge may not be satisfactory or may fail to adequately protect us from changes in market interest rates.

Foreign Currency Risk

Since we operate internationally, we are exposed to variations in exchange rates for commercial transactions in foreign currency, intragroup payables in foreign currency and net assets deriving from net investments in foreign operations with functional currencies other than the euro. There are no significant group balances or commercial transactions denominated in foreign currencies other than the functional currencies of each country where we operate.

We currently do not hedge our foreign currency risk. We expect that possible fluctuations in the exchange rates of the Chilean peso and the Colombian peso will not have a significant impact on our consolidated equity.

The Notes and the Revolving Credit Facility are denominated in euro, and changes in foreign exchange rates will therefore give rise to foreign exchange exposure. While we may enter into hedging agreements in the future, we may also elect not to do so or the terms on which we hedge may not be satisfactory or may fail to adequately protect us from changes in foreign exchange rates.

As of December 31, 2020, had the euro weakened/strengthened by 10% against the Chilean peso and the Colombian peso, with the other variables remaining constant, consolidated post-tax loss would have been €1.9 million lower (€2.7 million in 2019), mainly as a result of translating trade receivables, debt instruments classified as available-for-sale financial assets and payables to group companies that are eliminated on consolidation. The translation differences recognized under other comprehensive income would have increased by €1.7 million, mainly due to translation differences on foreign operations.

Liquidity Risk

Liquidity risk is the risk of not being able to fulfill present or future obligations if we do not have sufficient funds available to meet such obligations at the time they become due. Liquidity risk arises mostly in relation to cash flows generated and used in working capital and from financing activities, particularly by servicing our debt, in terms of both interest and capital, and our payment obligations relating to our ordinary business activities. We manage liquidity risk by continuously monitoring our expected cash flows and working capital levels and ensuring that adequate borrowing facilities are maintained.

The Group's liquidity policy consists of arranging credit facilities and holding marketable securities for a sufficient amount to cover forecast requirements, making financing available and enabling it to settle market positions relating to short-term investments immediately, thus ensuring that this financial risk is minimized.

Credit Risk

Credit risk is the risk of financial loss resulting from counterparty failure to repay or service debt owed to us according to the contractual terms or obligations. We are not exposed to significant credit risk since our credit risk is not significantly concentrated, our cash placements and derivative contracts are with highly solvent entities, the average collection period for trade receivables is very short, and customers have adequate credit records, which significantly reduces the likelihood of bad debts.

Critical Accounting Policies

The preparation of our consolidated annual accounts and related disclosures in accordance with IFRS-EU requires our management to make estimates, judgments and assumptions that affect the amounts reported in our consolidated annual accounts and accompanying notes.

Our management must judge and develop estimates for the carrying values of assets and liabilities which are not easily obtainable from other sources. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results could differ from those estimates.

We periodically review these estimates and underlying assumptions. We recognize the effects of revisions to accounting estimates in the period that estimates are revised if the revision affects only that period, or also in later periods if the revision affects both current and future periods.

A summary of the items requiring a greater degree of judgment or which are more complex, or where the assumptions and estimates are significant to the preparation of the audited financial statements, is as follows:

- We determine the useful life of certain intangible assets acquired in a business combination based on assumptions relating to brand positioning, estimated future market share, investments in the brand and the projected cash flows to be generated by these assets.

- Calculation of the recoverable amount: We test goodwill and the brands for impairment on an annual basis. Calculation of the recoverable amount requires us to use estimates. The recoverable amount is the higher of fair value less costs to sell and value in use. We generally use discounting cash flow methods to calculate these values, based on projections of the budgets we approve. The cash flows take into consideration past experience and represent our best estimate of future market performance. The key assumptions employed when determining fair value less costs to sell include growth rates, the weighted average cost of capital, and tax rates. The estimates, including the methodology used, could have a significant impact on values and impairment.

- Valuation allowances for bad debts require a high degree of judgment by us and a review of individual balances based on customers' credit ratings, current market trends and historical analysis of bad debts at an aggregated level. Any decrease in the volume of outstanding balances entails a reduction in impairment resulting from an aggregate analysis of historical bad debts, including an analysis of expected loss, and vice versa.

- We capitalize the tax credits we consider likely to be offset in the foreseeable future based on our business plan for each tax jurisdiction in which we operate.

- The effects of the Yum! Alliance in our consolidated annual accounts are considered critical due to the different accounting assumptions and impacts associated with the agreement, as it substantially modifies the prior business model.

- We are subject to regulatory and legal processes and inspections by government bodies in various jurisdictions. We use significant judgment when determining the provisions for these legal processes.

Although estimates are calculated by our directors based on the best information available at the closing date of the consolidated annual accounts, future events may require changes to these estimates in subsequent years. Any effect on the financial statements of adjustments to be made in subsequent years would be recognized prospectively.

For a description of these critical accounting policies and estimates, see our 2020 Financial Statements.

RISK FACTORS

The following are certain risk factors that could affect our business, financial condition and results of operations. You should carefully consider the risks described below as well as the other information contained in the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*." Additional risks and uncertainties that are not presently known to us or are currently deemed to be immaterial also may materially adversely affect our business, financial condition, and results of operations in the future. If any of the risks actually occur, the trading price of our securities may be negatively affected and as a result you may lose all or part of your original investment. The risk factors described below, as well as any additional risks and uncertainties, may cause the forward-looking statements described under the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" to differ from our actual results.

- our inability to integrate Telepizza and Pizza Hut effectively and realize the potential and anticipated benefits from the alliance with Yum! Brands;
- the risk of harmful economic and political conditions;
- the impact of competition in the quick service restaurants market, and in particular the pizza delivery sector;
- the risk of any outbreak of severe communicable diseases, including the novel strain of coronavirus (COVID-19);
- the effect of increasing costs of food, utilities or sales taxes on our operating margins and product variety;
- the impact of impairments to goodwill and other intangible assets;
- the loss of certain clients or franchisees and master franchisees;
- the risk of shortages or interruptions in the supply or delivery of raw materials, ingredients and complementary products;
- exposure to price and volume fluctuations under certain of our supply contracts;
- a potential loss of our rights to use Telepizza trademarks in certain jurisdiction if we materially breach our obligations under the Yum! Alliance;
- failure to successfully implement our growth strategy;
- unsuccessful marketing initiatives and advertising campaigns;
- failure of our franchises and master franchises to develop their business;
- our reliance on capital investments;
- our exposure to additional risks through our international operations;
- failure to comply with anti-bribery or anti-corruption laws;
- failure to deliver our products to our customers;
- the risk of labor shortages or increased labor costs;

- our inability to attract and retain qualified employees;
- our inability to protect our intellectual property or the value of our brand;
- our reliance on the strength and reputation of both the Telepizza and Pizza Hut brands;
- the risk of the termination of our leasing contracts;
- the risk of foodborne illness;
- the departure of key executive management and senior management members;
- disruption of our information technology systems and exposure to security breaches;
- our failure to comply with applicable data protection laws and regulations;
- failure to successfully integrate acquired businesses;
- insufficient level of insurance;
- unanticipated fluctuations in exchange rates;
- the impact of changes in laws and regulations;
- the impact of Spanish tax legislation;
- the impact of changes in tax laws or our tax position;
- the risk that the Issuer and the guarantors of the Notes are members of a tax consolidated group and are exposed to additional tax liabilities;
- the risks from legal and arbitration proceedings;
- the risk associated with unforeseen events, such as terrorist attacks, natural disasters or catastrophic events; and
- other risks associated with our financing, the Notes and our structure.

The risks mentioned above are not exhaustive. Moreover, we operate in a highly competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors to our business.

MANAGEMENT

Foodco Bondco S.A.U. (the "Issuer")

The Post-Settlement Merger between Tasty Bondco 1, S.A.U. and Foodco Bondco, S.L.U. — which was identified as "Tasty Bondco 2, S.A." in the Indenture and the Offering Memorandum — was approved on December 12, 2019, by the relevant corporate bodies of the merging entities and, on February 25, 2020, the registration was completed with the Commercial Registry of Madrid. Accordingly, Foodco Bondco S.A.U. has assumed all obligations of Tasty Bondco 1, S.A.U. as Issuer in respect of the Notes, the Indenture, the Intercreditor Agreement and any relevant Security Documents in accordance with Spanish law on corporate reorganizations (*Ley 3/2009, de 3 de abril, sobre modificaciones estructurales de las sociedades mercantiles*) and the provisions of the Indenture.

Foodco Bondco S.A.U. is a public limited liability company (*sociedad anónima unipersonal*) incorporated under the laws of Spain and registered with the Commercial Registry of Madrid with registration number (*Número de Identificación Fiscal*) A88398532. Its registered business address is Calle Isla Graciosa 7, San Sebastián de los Reyes, 28073, Madrid, Spain.

As of the date of this report, the sole administrator of Foodco Bondco S.A.U. is Food Delivery Brands Group, S.A. (Jacobo Caller Celestino is its legal representative).

Tasty Bidco, S.L.

Tasty Bidco, S.L. ("Telepizza") is a limited liability company (*sociedad limitada*) incorporated under the laws of Spain and registered with the Commercial Registry of Madrid with registration number B88208848. Tasty Bidco's registered business address is Avenida Isla Graciosa, 7, Parque Empresarial La Marina, 28703 San Sebastián de los Reyes, Madrid, Spain.

The following table sets forth the names and positions of the key members of the executive management team at Telepizza as of the date of this report:

Name	**Position**
Pablo Juantegui	Non-Executive Chairman
Jacobo Caller	Chief Executive Officer
Jose Luis Renedo	Chief Financial Officer
Ana Diogo	COO Iberia
Laura García	Chief Growth Officer
Antonio Casal	Chief Human Resource Officer
Ignacio Martín	Chief Supply Chain Officer

Tasty Bidco S.L. is managed by a board of directors comprised of 10 members. Set forth below are the names and positions of the current members of the board of directors.

Name	**Position**
Pablo Juantegui Azpilicueta	Non-Executive Chairman
Jacobo Caller Celestino	Chief Executive Officer
Nathaniel M. Zilkha	Director
Gabriele Questa	Director
Miguel Carlos Abelló as representative of Nueva Compañía de Inversiones, S.A.	Director
Stella Esther Rachel Amar-Cohen	Director
Nicolás Jimenez-Ugarte as representative of Artá Capital, S.G.E.I.C., S.A	Director

Óscar Salazar Gaitán	Director
Jorge Lluch Pauner	Director
Victor Culebras Yábar	Director
Javier Gaspar Pardo de Andrade	Secretary of the Board

KPMG

Auditor's Report on Tasty Bidco, S.L. and subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Tasty Bidco, S.L. and subsidiaries for the year ended 31 December 2020)

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

To the Sole Shareholder of Tasty Bidco, S.L.

Opinion

We have audited the consolidated annual accounts of Tasty Bidco, S.L. (the "Parent") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 December 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2020 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most Relevant Aspects of the Audit

The most relevant aspects of the audit are those that, in our professional judgement, have been considered as the most significant risks of material misstatement in the audit of the consolidated annual accounts of the current period. These risks were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Recoverable amount of non-current non-financial assets subject to amortisation and/or impairment (see notes 4 (h), 8, 9 and 10 to the consolidated annual accounts)

At 31 December 2020 the Group has property plant and equipment amounting to Euros 60,699 thousand, goodwill of Euros 240,254 thousand, trademarks of Euros 264,691 thousand, other intangible assets totalling Euros 188,733 thousand and right-of-use assets for an amount of Euros 60,591 thousand generated on the application of IFRS 16.

At each reporting date the Group estimates the recoverable amount of goodwill and of the intangible assets with indefinite useful lives and, when there are indications of impairment, of property, plant and equipment, other intangible assets and right-of-use assets. To estimate the recoverable amount, the Group used valuation techniques that require the Directors to exercise judgement and make assumptions and estimates.

There is a risk that the carrying amount of the assets allocated to the cash-generating units (CGUs) individually or grouped, depending on each case, may exceed the recoverable amount in stores, factories or countries where there could be a temporary decline in the performance of the businesses.

Due to the significance of the carrying amounts of these assets, the high level of judgement and the uncertainty associated with the assumptions and estimates used by the Directors for their analysis, this has been considered a key audit matter.

Our audit procedures included the following:

- evaluating the design and implementation of the controls associated with the process of valuing these assets.
- analysing the indications of impairment of the assets allocated to the stores, factories or countries, as well as the other assets with finite useful lives identified by the Directors and Group management.
- assessing the reasonableness of the methodology used to calculate the recoverable amount and the main assumptions, with the involvement of our valuation specialists.
- contrasting the consistency of the growth estimates used to calculate the recoverable amount with the budgets approved by the Board of Directors.
- contrasting, for a sample of selected stores, the cash flow forecasts estimated in prior years with the actual cash flows obtained.
- assessing the sensitivity of certain assumptions to changes that are considered reasonable.

- assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Recoverability of deferred tax assets (see notes 4 (g), 15 and 25 to the consolidated annual accounts)

At 31 December 2020 the Group recognised deferred tax assets amounting to Euros 29,713 thousand mainly in respect of tax losses pending offset by the Spanish tax group.

The recognition of deferred tax assets entails a high level of judgement by the Directors in assessing the amount, probability and sufficiency of future taxable profits against which they may be offset, future reversals of existing taxable temporary differences and the tax planning opportunities considered by the Group.

Due to the uncertainty associated with the recoverability of the amounts recognised as deferred tax assets and the expected recovery period, we consider this to be a key matter in our audit.

Our audit procedures included the following:

- evaluating the design and implementation of the controls associated with the process of estimating the recoverability of deferred tax assets.
- assessing the reasonableness of the criteria and the main assumptions considered by the Group in estimating the future taxable profits necessary for offset.
- bringing in our tax specialists to evaluate the tax planning strategies and to assess the appropriateness of the criteria adopted by the Group in cases where the tax treatment may be uncertain or complex.
- contrasting of the profit and loss forecasts used as a basis for recognising deferred tax assets with the actual results obtained in the current year, and evaluating the reasonableness of the time period in which the Group expects to offset these assets.
- assessing whether the disclosures in the consolidated annual accounts in relation to the aforementioned deferred tax assets meet the requirements of the financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2020 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the consolidated non-financial information statement has been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2020, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts 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 prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' 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 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 consolidated annual accounts 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors of the Parent 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.

From the significant risks communicated to the Directors of Tasty Bidco, S.L., we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

Carlos Peregrina García
On the Spanish Official Register of Auditors ("ROAC") with No. 15,765

15 April 2021

AUDITORES
INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

KPMG AUDITORES, S.L.

2021 Núm. 01/21/04244

Informe de auditoría de cuentas sujeto a la normativa de auditoría de cuentas española o internacional

TASTY BIDCO, S.L. AND SUBSIDIARIES

Consolidated Statement of Financial Position
31 December 2020

(Expressed in thousands of Euros)

Assets	2020	2019
Property, plant and equipment (note 8)	60,699	59,668
Rights-of-use assets (note 9)	60,591	77,623
Goodwill (note 10)	240,254	349,683
Other intangible assets (note 10)	453,424	459,141
Net investment in subleases (note 9)	33,071	54,338
Deferred tax assets (note 15)	29,713	21,240
Non-current financial assets (note 11)	15,655	26,182
Total non-current assets	893,407	1,048,649
Inventories (note 12)	14,861	13,097
Trade and other receivables (note 13)	43,035	57,917
Net investment in subleases (note 9)	8,168	12,200
Other current financial assets	5,640	2,312
Other current assets	2,104	4,006
Cash and cash equivalents (note 14)	45,134	47,857
Subtotal current assets	118,942	137,389
Non-current assets held for sale (note 6)	13,949	20,814
Total current assets	132,891	158,203
Total assets	1,026,298	1,206,078

The accompanying notes form an integral part of the consolidated annual accounts for 2020.

TASTY BIDCO, S.L. AND SUBSIDIARIES

Consolidated Statement of Financial Position
31 December 2020

(Expressed in thousands of Euros)

Equity and Liabilities	2020	2019
Share capital (note 16)	2,662	2,662
Share premium	248,942	248,942
Retained earnings	(169,825)	(31,049)
Shareholder contributions	165,108	165,108
Translation differences	(5,940)	(1,191)
Equity attributable to equity holders of the Parent company and total equity (note 16)	240,947	384,472
Non-controlling interests	48,149	72,062
Equity	289,096	456,534
Debentures and bonds (note 18(a))	320,467	317,778
Loans and borrowings (note 18(a))	55,000	-
Other financial liabilities (note 17)	6,790	10,436
Lease liabilities (note 9)	89,813	118,886
Deferred tax liabilities (note 15)	102,166	103,876
Provisions (note 19)	1,569	734
Other non-current liabilities (note 1)	13,478	14,100
Total non-current liabilities	589,283	565,810
Debentures and bonds (note 18(b))	9,611	13,798
Loans and borrowings (note 18 (b))	6,319	2,500
Other financial liabilities (note 17)	1,883	1,973
Lease liabilities (note 9)	28,930	44,224
Trade and other payables (note 20)	90,238	110,628
Provisions (note 19)	3,004	-
Other current liabilities	2,147	2,414
Subtotal current liabilities	142,132	175,537
Liabilities directly associated with non-current assets held for sale (note 6)	5,787	8,197
Total current liabilities	147,919	183,734
Total equity and liabilities	1,026,298	1,206,078

The accompanying notes form an integral part of the consolidated annual accounts for 2020.

TASTY BIDCO, S.L. AND SUBSIDIARIES

Consolidated Income Statement
for the year ended
31 December 2020

(Expressed in thousands of Euros)

	2020	2019
Revenues (note 21)	347,357	251,274
Merchandise and raw materials used (note 12)	(104,220)	(67,041)
Personnel expenses (note 22)	(95,620)	(60,883)
Amortisation and depreciation expenses (notes 8, 9 and 10)	(43,725)	(26,554)
Other expenses (note 23)	(114,299)	(104,147)
Impairment/(Reversal) of non-current assets (note 24)	(120,695)	(3,886)
Other losses	2,226	(1,191)
Loss from operating activities	(128,976)	(12,428)
Finance income	2,640	1,374
Finance expenses (note 18)	(33,367)	(24,018)
Translation differences	(762)	(325)
Loss before tax of continuing operations	(160,465)	(35,397)
Income tax revenue (note 25)	3,417	4,260
Loss for the year from continuing operations	(157,048)	(31,137)
Post-tax loss of discontinued operations	(3,334)	(2,296)
Loss for the year	(160,382)	(33,433)
Profit/(loss) attributable to non-controlling interests	(23,550)	2,351
Loss in the year attributable to equity holders of the Parent Company		
Continuing operations	(133,498)	(28,912)
Discontinued operations	(3,334)	(2,170)
	(136,832)	(31,082)

The accompanying notes form an integral part of the consolidated annual accounts for 2020.

TASTY BIDCO, S.L. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income
for the year ended
31 December 2020

(Expressed in thousands of Euros)

	2020	2019
Loss for the year	(160,382)	(33,433)
Other comprehensive income:		
Items that will be reclassified to profit/loss		
Translation differences of financial statements of foreign operations	(4,749)	(1,191)
Total comprehensive income for the year	(165,131)	(34,624)
Profit/(loss) attributable to non-controlling interests	23,550	2,351
Total comprehensive income/loss for the year attributable to equity holders of the Parent Company	(141,581)	(32,273)

The accompanying notes form an integral part of the consolidated annual accounts for 2020.

TASTY BIDCO, S.L. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity
for the year ended
31 December 2020

(Expressed in thousands of Euros)

	Share capital	Share premium	Cumulative profit/ (Losses) accumulated	Shareholder contributions	Translation differences	Non-controlling interests	Total equity
Balance at 01/01/2019	4	-	-	-	-	-	4
Transactions with shareholders and owners							
Capital increase on 10 May 2019	1,726	170,899	-	-	-	-	172,625
Capital increase on 13 May 2019	932	92,243	-	-	-	-	93,175
Initial business combination (note 7 (i))	-	-	-	-	-	264,125	264,125
Changes in shareholdings in companies (note 7 (i))	-	-	-	-	-	(161,912)	(161,912)
Dividends paid to external shareholders (note 1)	-	-	-	-	-	(27,800)	(27,800)
Shareholder contributions (note 16 c))	-	-	-	165,108	-	-	165,108
Dividends (note 16 (b))	-	(14,200)	-	-	-	-	(14,200)
Profit/(loss) for the year	-	-	(31,049)	-	(1,191)	(2,351)	(34,591)
Balance at 31/12/2019	2,662	248,942	(31,049)	165,108	(1,191)	72,062	456,534
Prior years corrections	-	-	(1,944)	-	-	(363)	(2,307)
Balance at 01/01/2020	2,662	248,942	(32,993)	165,108	(1,191)	71,699	454,227
Profit/(loss) for the year	-	-	(136,832)	-	(4,749)	(23,550)	(165,131)
Balance at 31/12/2020	2,662	248,942	(169,825)	165,108	(5,940)	48,149	289,096

The accompanying notes form an integral part of the consolidated annual accounts for 2020.

TASTY BIDCO, S.L. AND SUBSIDIARIES

Consolidated Statement of Cash Flows
for the year ended
31 December 2020

(Expressed in thousands of Euros)

	2020	2019
Cash flows from operating activities		
Post-tax profit/(loss) of discontinued operations	(3,429)	(2,300)
Profit/(loss) for the year from continuing operations	(160,465)	(35,397)
Adjustments for:		
Amortisation and depreciation (notes 8, 9 and 10)	43,725	26,279
Finance income	(2,640)	(1,374)
Finance expenses	33,367	24,343
Translation differences	762	-
Impairment/(Reversal) of non-current assets	120,695	-
Losses on disposal of property, plant and equipment and other losses	(2,226)	1,351
Impairment of inventories	647	
Provisions	4,213	-
Impairment of trade receivables (note 13)	198	12,567
	34,847	25,469
Change in working capital		
(Increase)/decrease in inventories (note 12)	(2,411)	(2,087)
(Increase)/decrease in trade and other receivables	18,680	(14,114)
(Increase)/decrease in other current and non-current asset	5,105	5,837
Increase/(decrease) in trade and other payables	(20,390)	16,876
Increase/(decrease) in provisions	(470)	(3,685)
(Increase)/decrease in other current and non-current liabilities	(4,625)	3,532
Cash flows from discontinued operations	(1,635)	11,533
Cash from operations	(5,746)	17,892
Interest received	2,640	-
Interest paid	(34,418)	(5,350)
Income tax paid	(3,978)	(3,938)
Net cash from operating activities	(6,655)	34,073
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	4,857	4,684
Acquisition of property, plant and equipment	(16,943)	(22,940)
Acquisition of intangible assets	(8,788)	(29,918)
Acquisition of subsidiaries, net of cash and cash equivalents	(18,689)	(333,575)
Cash flows from (used in) discontinued operations	6,090	(7,366)
Income from sub-leases	8,408	7,597
Net cash used in investing activities	(25,065)	(381,518)
Cash flows from financing activities		
Issuance of debentures and bonds, net of issue costs	-	316,265
Cancellation of borrowings from credit institutions	-	(200,000)
Issuance of debt with credit institutions	58,372	1,442
Shareholder contributions	-	165,108
Issuance of equity instruments	-	93,175
Dividends paid	-	(42,000)
Lease liability payments	(28,990)	(22,614)
Financing from discontinued operations	-	(198)
Net cash used in financing activities	29,382	311,178
Net increase/(decrease) in cash and cash equivalents	(2,338)	(36,267)
Cash and cash equivalents at 1 January	47,857	4
Cash received in business combinations	-	84,120
Effect of exchange differences	(385)	-
Cash and cash equivalents at 31 December	45,134	47,857

The accompanying notes form an integral part of the consolidated annual accounts for 2020.

(1) Nature, Activities and Composition of the Group

Tasty Bidco, S.L. (hereinafter, "the Company" or "the Parent Company") was incorporated as a limited liability company in Spain on 4 October 2018 with the registered name Global Mastodon, S.L. for an indefinite period, and on 12 December 2018 it changed its registered name to the current one. The Company's registered office is located at Calle Isla Graciosa, 7, San Sebastián de los Reyes, (Madrid, Spain).

On 21 December 2018, the main shareholder of Food Delivery Brands Group, S.A. (previously Telepizza Group, S.A.), KKR Credit Advisors (US) LLC, announced its intention to acquire the shares in Food Delivery Brands Group, S.A., so as to delist the Company from the Spanish stock market. The price offered was Euros 6 per share. The takeover was approved by the Spanish National Securities Market Commission (CNMV) on 28 April 2019, the results were made public on 9 May 2019, and the process concluded on 13 May 2019. As a result of the takeover, Tasty Bidco, S.L. became the main shareholder of Food Delivery Brands Group, S.A. and therefore Grupo Tasty Bidco, S.L. and subsidiaries (hereinafter, the Group, the Tasty Group or the Food Delivery Brands Group) was incorporated on 13 May 2019.

The statutory activity of the Company consists of carrying out economic studies, promoting sales of all types of products on behalf of the Company or third parties, including door-to-door advertising, import and export of all types of products and raw materials, manufacturing, distributing and commercialising products for human consumption and leasing machinery and equipment. The aforementioned statutory activities can be entirely or partially carried out, directly or indirectly, through the holding of shares or interests in companies that perform these activities either in Spain or abroad. The Company shall not carry out any activities that are subject to specific legal conditions or requirements without complying in full therewith.

The core activity of the Parent Company is its ownership interest in Food Delivery Brands Group, S.A. and the provision of corporate and strategic management-related services on behalf of Food Delivery Brands Group, S.A. and other group companies.

The principal activity of its subsidiaries consists of the management and operation of retail outlets under the brand names of "Telepizza", "Pizza Hut", "Pizza World", "Jeno's Pizza" and "Apache", which sell food for consumption at home and on the premises. At 31 December 2020, this activity was carried out through 539 own outlets and 1,977 franchises (439 own outlets and 2,159 franchises in 2019), located mainly in Spain, Portugal, Poland, Chile, Colombia, Ecuador, Mexico, Switzerland, Ireland, Guatemala and El Salvador. Furthermore, the Group also conducts its business via the master franchises located in Guatemala, El Salvador, Costa Rica, Peru, Honduras, Puerto Rico and Panama, among other countries.

(Cont.)

The Group purchases cheese in Spain through a supplier with whom it has signed a long-term exclusivity agreement and agreed a minimum annual volume. This agreement offers flexibility and enables optimum inventory management. Through its factory and logistics centre in Daganzo (Madrid), Food Delivery Brands, S.A. (formerly Tele Pizza, S.A.) supplies all the outlets in Spain and Portugal that are directly operated by the Group or through its franchises. The Group also owns another 4 plants in countries where it manufactures dough and it operates through more than 20 logistics platforms. The high volume of purchases gives rise to economies of scale and facilitates the uniformity of the products purchased.

The franchise activity consists mainly of advising on the management of third parties' outlets that operate under the "Telepizza", "Pizza Hut", "Pizza World", "Jeno's Pizza" and "Apache" brand names. The Food Delivery Brands Group receives a percentage of its franchisees' sales (royalties) for these services. The Group centralises the promotional and advertising activities for all the outlets operating in certain territories under the aforementioned brand names and receives a percentage of its franchisees' sales as advertising revenues. In addition, the Group subleases some of the premises in which its franchisees carry out their activity and provides personnel management services, such as preparing the payroll for some of its franchisees.

The master franchise activity includes the operations carried out in those countries in which the Group does not operate directly because it has signed a contract licensing the "Pizza Hut" brand to a local operator. Master franchise contracts entitle the master franchisee to operate in a specific market, enabling them to open their own outlets or to establish outlets under franchise agreements.

In May 2018, the Group announced it would enter into a long-term strategic alliance with Pizza Hut, a Yum! Brands company. Once approval had been obtained from the European anti-trust authorities, the agreement entered into force on 30 December 2018 through a master franchise contract. Some of the most relevant aspects of the master franchise contract between the Group and Pizza Hut are as follows:

- The Group has become the exclusive master franchisee of Pizza Hut for the Iberian Peninsula, Latin America (including the Caribbean, with the sole exception of Brazil) and Switzerland.

- The master franchise contracts have a term of 30 years, with two 10-year extensions (30+10+10) in Spain, Portugal and Chile, and a term of 10 years plus extensions of 10 years and 5 years, respectively, (10+10+5) in the other markets.

- The Group receives a royalty from the Pizza Hut franchisees and pays Pizza Hut a royalty of the Pizza Hut chain's sales within the territories covered by the contract and an alliance fee by the "telepizza" chain.

- The Group is required to convert the outlets under the "telepizza" name in Latin America to "Pizza Hut" within a period of 5 to 10 years. The Group is not required to convert these outlets in Spain and Portugal and as such, both brands will continue to co-exist.

(Cont.)

- The Group undertakes to open a determined number of new outlets within a period of 10 years, with annual targets agreed by the parties and in each of the first three years the Group will receive an incentive fee with annual targets subject to achieving.

- In countries where the Group operates under the "telepizza" brand but which are not covered by the master franchise contract, a period has been established for carrying out divestments (Poland, the Czech Republic and other minor countries where the Group operates through a master franchisee) (see note 6). Proceedings commenced in 2020 to wind down the Group's subsidiary in the Czech Republic.

- As part of the agreement, Food Delivery Brands, S.A. contributed the bare ownership of the "Telepizza" brand to a newly-created Group company TDS Telepizza, S.L. in which Pizza Hut holds a non-controlling interest. Food Delivery Brands, S.A. reserves the right to use and avail itself of the benefits of the brand through a 30-year usufruct agreement with the aforementioned new company, which has not led to any change in the brand in these consolidated annual accounts.

The Group granted a call option for the aforementioned bare ownership to Pizza Hut for Euros 1,750 thousand, which may be exercised once, 3 years after signing the agreements for the agreed price. The price agreed is equal to the fair value of this asset at that time, which reflects the residual value of the "Telepizza" brand at the end of the master franchise contract indicated above (30+10+10 years) and amounted to Euros 10,100 thousand. Exercise of this option by Pizza Hut will not affect the Group's rights to the exclusive use of the brand (see note 4 (f)). This call option may only be settled through the physical delivery of non-financial consideration; consequently, it is not accounted for as a derivative financial instrument.

The subsidiaries and sub-groups composing the Food Delivery Brands Group (the Group), and the percentage ownership and details of the respective shareholders' equities at 31 December 2020 and 2019, are included in Appendix I attached hereto, which forms an integral part of these notes. The Group does not hold interests in other entities or in jointly controlled entities, assets or operations.

In accordance with legislation in force, the Parent Company is a sole shareholder company as its only shareholder is Tasty Debtco S.à. r.l, as recognised in the Companies Register. The Company has not entered into any contracts with its Sole Shareholder.

(a) Significant events in 2020 and 2019

(i) Coronavirus pandemic (Covid-19)

On 11 March 2020, the World Health Organization declared the outbreak of coronavirus disease (Covid-19) a pandemic, due to its rapid global spread, affecting more than 150 countries on that date. Most governments have taken restrictive measures to curb the spread, which include: isolation, lockdowns, quarantine and restrictions on the free movement of people, closure of public and private premises except those considered essential or relating to healthcare, border closures and drastic reductions in air, sea, rail and road transport.

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In Spain, the government approved Royal Decree 463/2020, of 14 March, declaring a state of emergency in order to manage the healthcare crisis unleashed by the Covid-19 outbreak.

This situation has had a significant impact on the global economy, due to the disruption or slowing of supply chains and the sizeable increase in economic uncertainty, evidenced by an increase in the volatility of asset prices, exchange rates and cuts in long-term interest rates.

Governments have approved various extraordinary emergency measures to mitigate the economic and social impact of the Covid-19 outbreak.

In the wake of the health emergency triggered by the Covid-19 pandemic, the Group has developed a "Covid-19 Prevention Protocol", which outlines the security measures implemented to tackle the situation with the best safeguards for health, and always in compliance with strict procedures and to ensure the health and welfare of its employees and customers at all times. The Group has set up a Covid-19 Crisis Committee to monitor the situation closely and to advise all the teams to adopt new safety measures in the event of changes in the situation or new guidelines that have been issued by health authorities or the government.

The Group is working, coordinating with and at the disposal of the authorities to ensure the health and welfare of employees and customers alike, and to meet any needs we can by contributing our resources.

Likewise, many of the health measures implemented by governments to curb the spread of the pandemic consisted of imposing bans or restrictions on opening hours for store operations. Nevertheless, the Group has managed to adapt to these circumstances, continuing with its activity and increasing primarily home delivery and takeaway services. However, due to the decline in activity, in order to streamline efforts and optimise resources the Group has implemented various furlough schemes which in Spain affected 1,520 employees (see note 3), and the Group's executives have agreed to temporary pay cuts.

In 2020, the Group drew down a (revolving) credit facility and an ICO loan was arranged amounting to Euros 45,000 thousand and Euros 10,000 thousand, respectively, in addition to the existing funding (see note 18), which has helped the Group to address the health emergency and continue with its activities.

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In 2020, the Group also analysed potential options for optimising the current capital structure, in order to (i) adapt it to the new business circumstances and the economic and competitive environment resulting from Covid-19, and (ii) to obtain the necessary financial resources to fully implement the business plan devised for the next few years.

In this line, the Group held contacts with various commercial banks in Spain to explore access to new ICO-guaranteed loans designed to cover the temporary impacts of Covid, and also examined other funding alternatives, including the possibility of additional shareholder contributions, renegotiating the conditions of current financing or trading new financial instruments.

As a result of the foregoing, in January 2021 the following arrangements were made:

- The sole shareholder of Tasty Bidco, S.L. increased capital by Euros 16,974 thousand and undertook, if necessary, to raise an additional Euros 18,671 thousand (see note 30).

- Moreover, one of the minority shareholders has granted the Group a subordinated loan amounting to Euros 3,120 thousand, maturing in 2026, and has undertaken, if necessary, to increase the amount of said loan by another Euros 3,432 thousand.

- Bank loans have been arranged for an additional amount of Euros 30,000 thousand, maturing in November 2025 (see note 30).

The Group is reviewing the conditions of its alliance with Yum! (Pizza Hut), the terms of which, negotiated before the pandemic, must be adapted to the new social and economic reality in which the business is expected to be developed over the next few years.

As a result of the impact on the global economy of the Covid-19 pandemic and based on a new business plan that factors in the estimated effects of the pandemic on cash flow forecasts for the coming fiscal years, the Group has recognised an impairment on non-current assets for a total of Euros 120,695 miles (see notes 8, 10 and 24).

On the date of issuing these consolidated annual accounts, the Group does not expect any additional impacts other than the events mentioned above on its cash flows, equity and financial position and operating earnings. However, there is currently still some uncertainty regarding the vaccine rollout and the duration of the effects of Covid-19 on the economies of countries where we operate, and regarding the behaviour of consumers in this new environment.

(ii) Takeover bid (2019)

On 21 December 2018, Food Delivery Brands Group, S.A.'s main shareholder, KKR Credit Advisors (US), LLC announced its intention to acquire all the shares in Food Delivery Brands Group, S.A., so as to delist the Parent Company from the Spanish stock market. The price offered was Euros 6 per share. The takeover was approved by the Spanish National Securities Market Commission (CNMV) on 28 April 2019, with the results made public on 9 May 2019, and the process concluded on 13 May 2019, in accordance with Article 226 of the consolidated text of the Securities Market Act, approved by Royal Decree 4/2015 of 23 October.

As a result of the takeover, Tasty Bidco, S.L., an investment vehicle wholly-owned by funds and accounts managed or advised by KKR Credit Advisors (US) LLC and with affiliated entities of Torreal, Safra, Artá and Altamar as co-investors, became the main shareholder of Food Delivery Brands Group, S.A.

As a result of the takeover, on 10 June 2019, the Group completed the refinancing of its existing financial debt by means of the following transactions:

- The acquisition of all shares representing the share capital of Tasty Bondco 1, S.A. from Tasty DebtCo S.à.r.l., an affiliate of Tasty Bidco, S.L.U., which completed a Euros 335,000 thousand bond issuance (see note 18) at a fixed interest rate of 6.25%, maturing in 2026. These bonds are listed in the Luxembourg Stock Exchange's Euro MTF market.

- Early repayment of the Euros 200,000 thousand syndicated loan arranged by the Group with certain banks on 8 April 2016 and, simultaneously, the syndicated loan guarantees were released and guarantees were provided to bondholders (see note 18).

Furthermore, as part of this process, the General Meeting of Shareholders of Food Delivery Brands Group, S.A., held on 17 June 2019, approved the distribution of an extraordinary dividend against reserves amounting to Euros 130,936 thousand, of which Euros 103,137 thousand corresponded to the Parent Company.

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That General Meeting of Shareholders also approved the delisting of shares traded in the Madrid, Barcelona, Bilbao and Valencia stock exchanges and, as a result, in the electronic market, in accordance with the exemption provided in Article 11.d) of Royal Decree 1066/2007. Trading in Food Delivery Brands Group, S.A. shares was suspended on 9 July 2019, and the shares were effectively delisted on 26 July 2019. From 10 July 2019, after the expiry of the sustained order for the purchase of shares in Food Delivery Brands Group, S.A., the Parent Company held 84,566,689 shares in Telepizza, representing 83.96% of the share capital of the Company.

(iii) Acquisition of Pizza Hut's Mexico business

In January 2020, the Group acquired control of Pizza Hut's Mexico business by means of a subsidiary in Mexico 75%-owned by Food Delivery Brands, S.A. and 25%-owned by the sellers (see notes 2(d) and 7).

(2) Basis of Presentation

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Tasty Bidco, S.L. and of the consolidated companies. The consolidated annual accounts for 2020 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of Tasty Bidco, S.L. and subsidiaries at 31 December 2020 and of the consolidated results of operations and changes in consolidated equity and cash flows for the year then ended.

The Group adopted IFRS-EU from the date of first consolidation on 13 May 2019 and applied IFRS 1, "First-time Adoption of International Financial Reporting Standards".

The Directors of the Parent Company consider that the consolidated annual accounts for 2020, authorised for issue on 25 March 2021, will be approved with no changes by the Sole Shareholder.

(a) Basis of preparation of the annual accounts

These consolidated annual accounts have been prepared on a historical cost basis, except for the following:

- Non-current assets and disposal groups classified as held for sale, which are measured at the lower of their carrying amount and fair value less costs to sell.

(b) Comparative information

The consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the notes for 2020 include comparative figures for the previous year, which were part of the consolidated annual accounts for 2019, approved by the Sole Shareholder at the general meeting held on 30 September 2020.

As detailed in note 1, the date of the first business combination was 13 May 2019, so that the figures in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of net equity, consolidated statement of cash flows and notes for 2019 are not directly comparable as they correspond to different periods.

(c) Relevant accounting estimates, assumptions and judgements used when applying accounting policies

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Group's accounting policies to prepare the consolidated annual accounts in conformity with IFRS-EU.

A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the consolidated annual accounts, is as follows:

- The Group determines the useful life of certain intangible assets acquired in a business combination based on assumptions relating to brand positioning, estimated future market share, investments in the brand and the projected cash flows to be generated by these assets (see note 4 (f)).
- The Group tests goodwill and brands for impairment on an annual basis. Calculation of the recoverable amount requires the use of estimates by management. The recoverable amount is the higher of fair value less costs to sell and value in use. The Group generally uses discounted cash flow methods to calculate these values, based on projections of the budgets approved by management. The cash flows take into consideration past experience and represent management's best estimate of future market performance. The key assumptions used when determining fair value less costs to sell include growth rates, the weighted average cost of capital, and tax rates. The estimates, including the methodology used, could have a significant impact on the values and the impairment loss (see notes 4(h) and 10).

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- Valuation adjustments for bad debts require a high degree of judgement by management and a review of individual balances based on customers' credit ratings, current market trends and historical analysis of bad debts at an aggregated level. Any decrease in the volume of outstanding balances entails a reduction in impairment resulting from an aggregate analysis of historical bad debts, including an analysis of expected loss, and vice-versa (see note 13).

- The Group capitalises tax credits when they are likely to be offset in the foreseeable future based on the business plans for each tax jurisdiction in which it operates (see note 25). The calculation of the recoverable amount of these deferred tax assets requires the use of estimates by management. The calculations regarding their recoverability are based on the projections for coming years in the budgets approved by the Board of Directors, considering past experience and represent the best estimate of future market performance.

- The Group is subject to regulatory and legal processes and inspections by government bodies in various jurisdictions. If it is probable that there is an obligation at year-end that will give rise to an outflow of resources, a provision is recognised if the amount can be reliably estimated. Legal processes usually involve complex issues and are subject to substantial uncertainties. As a result, the Directors use significant judgement when determining whether it is probable that the process will result in an outflow of resources and when estimating the amount.

Although estimates are calculated by the Company's Directors based on the best information available at 31 December 2020, future events may require changes to these estimates in subsequent years. Any effect on the consolidated annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

(d) Consolidation scope

In January 2020, the Group acquired control of Pizza Hut's Mexico business by means of a subsidiary in Mexico 75%-owned by Food Delivery Brands, S.A. and 25%-owned by the sellers (see notes 1(d) and 7).

In 2019, Tasty Bondco 1, S.A. was acquired (see note 1(a)) and Telepizza Andina, S.C.A. and Compañía de Negocios de Paraguay, S.A. were divested.

(e) Standards and interpretations issued

Standards and interpretations effective since 2020

The amendments to standards and interpretations or new standards introduced since 1 January 2020 have not led to changes in the Group's accounting policies and had no material impacts.

Standards and interpretations issued but not applied

New standards introduced since 1 January 2020 and those scheduled for introduction in subsequent years have a negligible or zero impact on the consolidated annual accounts in 2020 and, accordingly, did not lead to a material change in the Group's accounting policies.

- Amendment to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets: Provisions for onerous contracts. The Company must apply this standard in its first IFRS financial statements for periods beginning on or after 1 January 2022. Pending adoption by the UE.

- Amendment to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use. The Company must apply this standard in its first IFRS financial statements for periods beginning on or after 1 January 2022. Pending adoption by the UE.

(f) Functional and presentation currency

The figures disclosed in the consolidated annual accounts are expressed in thousands of Euros, the functional and presentation currency of the Parent, rounded off to the nearest thousand.

(3) Appropriation of profit/loss of the Parent Company

The Parent's Board of Directors has proposed that the Euros 85,921,400 loss of Tasty Bidco, S.L. be transferred in full to prior years' losses in 2020. This proposal is pending approval by the Sole Shareholder.

The proposed appropriation of Tasty Bidco, S.L.'s Euros 15,777,609 loss in 2019, approved by the Sole Shareholder on 30 September 2020, was that it be fully transferred to prior years' losses.

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In accordance with note 1(a), some companies belonging to the Group in Spain have made use of furlough schemes regulated by article 1 of Royal Decree-Law 18/2020, dated 12 May, concerning measures to safeguard employment, articles 1 and 2 of Royal Decree-Law 24/2020, dated 26 June, concerning social measures to reactivate employment and protect the self-employed and competitiveness in the industrial sector, extended by Royal Decree-Law 30/2020, dated 29 September, concerning social measures to safeguard employment, using the public resources earmarked for that purpose and by Royal Decree-Law 2/2021, dated 26 January, concerning additional support and consolidation of measures to safeguard employment. As a consequence of this, and in accordance with the provisions of articles 5 of said Royal Decrees, article 4 of Royal Decree-Law 30/2020 and article 3 of Royal Decree-Law 2/2021, the subsidiaries that have made use of these schemes and that comply with certain requirements are prohibited from distributing dividends for the fiscal year in which the furlough schemes are in force, unless they previously reimburse the amount corresponding to the exemption applied to Social Security contributions and they have waived said exemption.

(4) Accounting Principles

(a) Subsidiaries

Subsidiaries are entities over which the Parent, either directly or indirectly, exercises control. The Company controls a subsidiary when it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from the date of acquisition, which is when the Group takes control. Subsidiaries are excluded from consolidation from the date that control ceases.

Transactions and balances with Group companies and significant unrealised gains or losses have been eliminated on consolidation. Nevertheless, unrealised losses have been considered as an indicator of impairment of the assets transferred.

The subsidiaries' accounting policies have been adapted to the Group's accounting policies for like transactions and events in similar circumstances.

(Cont.)

The annual accounts or financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Parent.

Information on the subsidiaries included in the consolidated Group is presented in Appendix I to note 1.

(b) Business combinations

The Group applies the acquisition method for business combinations.

The acquisition date is the date on which the Group obtains control of the acquiree.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

The consideration transferred excludes any payment that does not form part of the exchange for the acquired business. Acquisition costs are recognised as an expense when incurred.

With the exception of lease and insurance contracts, the assets acquired and liabilities assumed are classified and designated for subsequent measurement based on contractual agreements, economic terms, accounting and operating policies and any other conditions existing at the acquisition date.

The business acquired has a number of associated asset lease contracts with third parties. On the acquisition date, the Group assessed whether the conditions of said contracts are favourable or unfavourable as compared with market conditions. The Group measures the lease liability at the present value of the residual lease payments, as though the contract acquired were a new lease on the acquisition date. The Group measures the rights-of-use asset for the same amount as the liability, adjusted to reflect the favourable or unfavourable conditions as compared with market conditions.

If the business combination can only be determined provisionally the identifiable net assets are initially recognised at their provisional values and adjustments made during the measurement period are recognised as if they had been known at the acquisition date. Comparative figures for the previous year are restated where applicable. In any event, adjustments to provisional amounts only reflect information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date. After this period, the initial measurement is only adjusted when correcting errors.

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The potential benefit of the acquiree's income tax loss carryforwards and other deferred tax assets, which are not recognised as they did not qualify for recognition at the acquisition date, is accounted for as income tax income provided that it does not arise from an adjustment of the measurement period.

If the Group has no previously held interest in the acquiree, the excess between the amount allocated to non-controlling interests, and the net assets acquired and liabilities assumed is recognised as goodwill. Any shortfall is recognised in profit/loss, after assessing the value assigned to non-controlling interests, and the identification and measurement of net assets acquired.

Contingent consideration is classified in accordance with the underlying contractual terms as a financial asset, financial liability, equity instrument or provision. Subsequent changes in the fair value of a financial asset or financial liability are recognised in profit/loss, provided that they do not arise from a measurement period adjustment. Contingent consideration classified as equity is not remeasured, and subsequent settlement is accounted for in equity. Contingent consideration classified as a provision is subsequently recognised at fair value through profit/loss.

(c) Foreign currency transactions and balances

(i) Foreign currency transactions, balances and cash flows

Transactions in foreign currency are translated at the spot exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date. Non-monetary assets measured at fair value have been translated into Euros at the exchange rate at the date that the fair value was recognised.

In the consolidated statement of cash flows, cash flows from foreign currency transactions have been translated into Euros at the exchange rates prevailing at the dates the cash flows occur. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as "Effect of exchange rate fluctuations on cash and cash equivalents held".

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit/loss. However, exchange gains or losses arising on monetary items forming part of the net investment in foreign operations are recognised as translation differences in other comprehensive income.

Monetary financial assets denominated in foreign currencies classified as available for sale are measured at amortised cost in the foreign currency. Consequently, the exchange differences associated with changes in amortised cost are recognised in profit/loss.

Unrealised foreign exchange gains or losses relating to non-monetary assets and liabilities are recognised in conjunction with the change in fair value. Nevertheless, the foreign exchange risk component of non-monetary financial assets denominated in foreign currencies, classified as available-for-sale and as hedged items in fair value hedges of the component, are recognised in profit/loss.

(ii) *Translation of foreign operations*

Foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate at the reporting date.

- Income and expenses, including comparative amounts, are translated at the exchange rates that approximate those prevailing at each transaction date.

- All resulting exchange differences are recognised as translation differences in other comprehensive income.

For presentation of the consolidated statement of cash flows, cash flows of the subsidiaries and foreign joint ventures, including comparative balances, are translated into Euros applying exchange rates that approximate those prevailing at the transaction date.

Translation differences recognised in other comprehensive income are accounted for in profit/loss as an adjustment to the gain or loss on the sale using the same criteria as for subsidiaries.

(Cont.)

(d) Property, plant and equipment

Property, plant and equipment are recognised at cost, less accumulated depreciation and any accumulated impairment losses.

Non-current investments in properties contracted from third parties under operating leases are measured based on the same criteria used for property, plant and equipment. Investments are depreciated over the shorter of the lease term and their useful life. The term of the lease contract is determined consistently with the classification thereof.

Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life.

Property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	33
Technical installations and machinery	3 - 15
Other installations, equipment and furniture	10
IT equipment	4
Other	4 - 6

The depreciable amount is the cost of an asset.

The Group reviews residual values, useful lives and depreciation methods at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates, where applicable. In the subsequent reviews, the depreciation period is determined in accordance with the best estimate on the date the investments are made.

The Group determines the depreciation charge separately for each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and with a useful life that differs from the remainder of the asset.

Subsequent to initial recognition of the asset, only those costs incurred which will generate probable future profits and for which the amount may reliably be measured are capitalised. Costs of day-to-day servicing are recognised in profit/loss as incurred.

The Group measures and determines impairment to be recognised or reversed based on the criteria in section (h) of this note.

(e) Right-of-use assets

(i) *Identification of a lease*

At inception of a contract, the Group assesses whether the contract 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. The period in which a Group uses an asset includes consecutive and non-consecutive periods. The Group only reassesses the conditions when there is a modification to the contract.

(ii) *Lessee accounting*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The payments made by the Group that do not imply the transfer of goods or services thereto by the lessor do not constitute a separate lease component, but form part of the total contractual consideration.

The Group has opted not to apply the accounting policies shown below for short-term leases and those with a value of less than Euros 5 thousand.

The Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payment made at or before the commencement date, less any lease incentives received, any initial direct costs incurred.

The Group measures the lease liability at the present value of the lease payments that are not paid at that date. The Group discounts lease payments at the appropriate incremental interest rate, unless it can readily determine the lessor’s implicit interest rate.

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Lease payments pending comprise fixed payments less any incentives receivable, variable payments that depend on an index or rate, initially measured using the index or rate as at the commencement date, the amounts expected to be payable under residual value guarantees, the exercise price of the purchase option if the lessee is reasonably certain to exercise that option, and the payment of penalties terminating the lease, provided that the lease term reflects the lessee exercising an option to terminate the lease.

The Group measures right-of-use assets at cost, less any accumulated depreciation and impairment, adjusted for any re-measurement of the lease liability.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Group depreciates the right-of- use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies to the right-of-use asset the impairment of non-current assets criteria set forth in section (h) of this note.

The Group measures lease liabilities by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

The Group recognises the amount of remeasurement of the liability as an adjustment to the right-of-use asset until this is reduced to zero and subsequently in profit/loss.

The Group remeasures lease liabilities by discounting the revised lease payments using a revised discount rate, if there is a change in the lease term or a change in assessment of an option to purchase the underlying asset.

The Group accounts for a lease modification as a separate lease if it increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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If the modification does not result in a separate lease, on the effective lease modification date the Group allocates the consideration in the modified contract in accordance with the above, it re-determines the modified lease term and it remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The Group decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, in those modifications that diminish the lease scope, and it recognises any gain or loss in profit/loss. For all other lease modifications, the Group adjusts the carrying amount of the right-of-use asset.

In 2020, the Group did not apply the new optional practical simplification established in the standard on whether the evaluation of concessions in lease payments resulting from the COVID-19 coronavirus are a lease modification.

(iii) *Lessor accounting*

In contracts containing a lease component and one or more additional lease or non-lease components, the Group allocates the contractual consideration as indicated in the accounting policy on revenue from contracts with customers.

The Group classifies as financial leases those contracts whose terms transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. Otherwise, they are classified as operating leases.

- Finance leases

The Group recognises a receivable in the amount equal to the current value of lease income, plus the unguaranteed residual value, discounted at the interest rate implicit in the lease (net lease investment). Initial direct costs are included in the initial measurement of the net investment in the lease and reduce the amount of income recognised over the lease term. Finance income is charged to profit/loss using the effective interest method.

At the commencement of the lease, the Group recognises in the lease receivable the payments pending relating to fixed payments less any incentives receivable, variable payments that depend on an index or rate, initially measured using the index or rate as at the commencement date, any amounts paid to the lessor under residual value guarantees by the lessee, a party related thereto or an unrelated third party with the financial capacity to meet the obligation, the exercise price of any purchase option if the lessee is reasonably certain to exercise that option, and the payment of penalties terminating the lease, provided that the lease term reflects the lessee exercising an option to terminate the lease.

The Group accounts for a modification to a finance lease as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

(Cont.)

If the modification does not result in a separate lease and the lease had been classified as an operating lease, if the modification took place at the commencement of the lease term, the Group accounts for the modification as a new lease from the effective date of modification and measures the carrying amount of the underlying asset as the net lease investment immediately before the effective modification date. Otherwise, the Group applies the modification requirements indicated in the accounting policy for financial instruments.

The Group periodically assesses unguaranteed residual values. If there is a reduction, the recognition of income in the residual period is reviewed and any decrease relating to the accrued amounts is immediately recognised in profit/loss.

The finance lease assets that meet the criteria to be classified as non-current assets held for sale are recognised and measured in accordance with the provisions of section (g) of this note.

- Operating leases

The Group presents assets leased to third parties under operating lease contracts according to their nature, applying the accounting policies set out in section (i) of this note.

The Group recognises operating lease income, net of incentives granted, as income on a straight-line basis over the lease term, unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Initial direct costs are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group recognises variable payments as income when they are likely to be received, which is generally when the events triggering their payment take place.

The Group recognises modifications to operating leases as a new lease from the effective date of modification, considering any early or deferred payment for the original lease as a part of the lease payments for the new lease.

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- Subleases

The Group classifies a sub-lease as an operating lease if the head lease is a short-term lease. Otherwise, the Group classifies the sub-lease as an operating or finance lease by reference to the right-of-use asset of the head lease and not by reference to the underlying asset.

(iv) *Other considerations*

Permanent investments in buildings leased by the Group are classified as property, plant and equipment. Investments made at the lease commencement are depreciated over the shorter of the lease term and their useful life, consistent with the determination of the lease term. In the subsequent reviews, the depreciation period is determined in accordance with the best estimate on the date the investments are made.

(f) Intangible assets

(i) Goodwill

Goodwill on business combinations reflects the excess of the cost of the business combination (see note 4(b)) over the acquisition-date fair value of the assets acquired and contingent liabilities assumed from the entity or acquiree. Gains and losses on the sale of an entity include the carrying amount of goodwill from the sold entity.

Goodwill is not amortised but is tested for impairment annually or more frequently where events or circumstances indicate that an asset may be impaired. Goodwill on business combinations is allocated to the cash-generating units (CGUs) or groups of CGUs which are expected to benefit from the synergies of the business combination. The Food Delivery Brands Group has defined each of the outlets in which it operates and the factories owned by the Group as the main CGUs. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Internally generated goodwill is not recognised as an asset.

(ii) Intangible assets acquired in business combinations

The cost of identifiable intangible assets acquired in business combinations is their acquisition-date fair value, provided that this can be measured reliably. Subsequent costs relating to research and development projects are recognised in accordance with the criteria for internally generated intangible assets.

(iii) Other intangible assets

Other intangible assets acquired by the Group are carried at cost, less any accumulated amortisation and impairment losses in the consolidated statement of financial position.

- *Concessions, patents and licences*

Concessions, patents and licences are measured at their cost of acquisition.

- *Computer software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software to use.

Computer software maintenance costs are recognised as expenses when incurred.

(iv) Useful life and amortisation rates

The Group assesses whether the useful life of each intangible asset acquired is finite or indefinite. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset will generate net cash inflows.

Due to their market leadership and potential as umbrella brands for new sales concepts through the extension of their range of products, the “telepizza” and “Apache” brands have an indefinite useful life, which is in line with sector practice for brands with similar characteristics. Although an option call on Pizza Hut has been granted that may or may not be exercised after the third year of the agreement (see note 1), the Parent’s Directors consider that the “telepizza” and “Apache” brands continue to have an indefinite useful life. In the event that the aforementioned option is exercised by the “telepizza” brand after the third year, the use of the brand will have a finite useful life, whereupon it will begin to be amortised over its remaining useful life.

Intangible assets with indefinite useful lives are not amortised, but are instead tested for impairment on an annual basis or whenever there is an indication that the intangible asset may be impaired.

(Cont.)

Intangible assets with finite useful lives are amortised by allocating the depreciable amount of an asset on a straight-line basis over the following useful lives:

Patents and licences	4
Contractual rights	25
Computer software	4
Other intangible assets	4 - 10
Administrative concessions	Operating term

The depreciable amount is the cost of an asset.

Contractual rights arising from the franchise agreements and the remaining intangible assets are amortised over the period in which they are expected to contribute to generating revenues (see note 10).

The Group reviews the residual value, useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates. In the subsequent reviews, the depreciation period is determined in accordance with the best estimate on the date the investments are made.

The Group measures and determines impairment to be recognised or reversed based on the criteria in section (h) of this note.

(g) Non-current assets held for sale and discontinued operations

(i) *Non-current assets held for sale*

Non-current assets or disposal groups are classified as non-current assets held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. Non-current assets or disposal groups are classified as held for sale, provided that they are available for sale in their present condition subject to terms that are usual and customary for sales of such assets and that the transaction is highly probable.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less the costs of disposal and are not depreciated.

The Group classifies as a disposal group held for sale or distribution, or as a discontinued operation, subsidiaries that comply with the above conditions and over which the Group will lose control, irrespective of whether it continues to maintain an investment subsequently that grants significant influence or joint control over them.

Impairment losses on initial classification and subsequent remeasurement of assets classified as held-for-sale are recognised under profit/loss from continuing operations in the consolidated income statement (consolidated statement of comprehensive income), unless it is a discontinued operation. Impairment losses on a cash generating unit (CGU) are allocated first to reduce the carrying amount of goodwill and then to reduce pro rata the carrying amounts of other assets in the unit.

Gains due to increases in the fair value less costs of disposal are recognised in the income statement to the extent of the cumulative impairment previously recognised due to measurement at fair value less costs of disposal or to impairment of non-current assets.

A non-current asset or disposal group, including subsidiaries and all or part of investments in associates and joint ventures acquired exclusively for resale or swap, is classified at the date of acquisition as held for sale if the transaction is expected to be realised within 12 months after the reporting date and the sale is considered highly probable within a short period subsequent to acquisition. On initial classification as held-for-sale, non-current assets are recognised at the lower of the carrying amount of the asset had it not been classified as held-for-sale and fair value less costs of disposal.

The Group measures a non-current asset that ceases to be classified as held-for-sale or to form part of a disposal group at the lower of the carrying amount before the asset was classified as held-for-sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held-for-sale, and its recoverable amount at the date of reclassification. Any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is included in profit or loss from continuing operations or other comprehensive profit/loss.

The consolidated annual accounts for prior periods since the classification of a subsidiary, associate or joint venture as a disposal group or non-current asset held for sale are restated as if they had never been classified as such. As a result, the assets and liabilities of subsidiaries are presented according to their nature, and any amortisation, depreciation or revaluations that would have been recognised had they not been classified as disposal groups held for sale are recognised.

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(ii) *Discontinued operations*

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held-for-sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

A component of the Group comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group.

The Group discloses the post-tax profit/loss of discontinued operations and the post-tax gain or loss recognised on the measurement at fair value less disposal or distribution costs or on the disposal of the assets or disposal groups constituting the discontinued operation on the face of the consolidated income statement.

(h) Impairment of non-financial assets subject to amortisation or depreciation

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

The Group tests goodwill and the brand, which has an indefinite useful life, for impairment at least annually, irrespective of whether there is any indication that the assets may be impaired.

In 2019, said goodwill was not impairment tested, since the business combination due to the acquisition of Food Delivery Brands Group, S.A. was conducted on 13 May 2019 and no potential impairments were observed between that date and year end date.

The recoverable amount of the assets is the higher of its fair value less costs to sell and its value in use. An asset's value in use is measured based on the future cash flows the Group expects to derive from use of the asset, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows the Group expects to derive from the asset.

Negative differences resulting from comparison of the carrying amounts of the assets with their recoverable amount are recognised in profit/loss.

The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit or group of cash-generating assets to which the asset belongs.

If there is an indication of impairment of a CGU to which goodwill has been unable to be allocated, the Group tests the CGU for impairment first, excluding any goodwill and recognises, where applicable, any impairment loss at CGU level. The Group then tests the group of CGUs to which goodwill has been allocated for impairment and recognises, where applicable, any impairment loss at CGU group level.

In testing a CGU for impairment, the Group identifies all the corporate assets that relate to the CGU. If a portion of the corporate assets can be allocated on a reasonable and consistent basis to the CGU, the Group compares the carrying amount of the CGU, including the corporate asset, with its recoverable amount and, where applicable, recognises any impairment loss at CGU level. If the Group cannot allocate a portion of the corporate assets on a reasonable and consistent basis to the CGU, it compares the carrying amount of the unit, excluding the corporate asset, with its recoverable amount and recognises, where applicable, any impairment loss at CGU level. The Group identifies the smallest group of CGUs to which the carrying amount of the corporate asset can be allocated on a reasonable and consistent basis and compares the carrying amount of the group of CGUs, including the corporate assets, with the recoverable amount and recognises, where applicable, the impairment loss at CGU group level.

Impairment losses for CGUs are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other non-current assets of the unit pro rata with their carrying amounts. The carrying amount of each asset may not be reduced below the highest of its fair value less costs to sell, its value in use and zero.

At the end of each reporting period the Group assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset.

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A reversal of an impairment loss is recognised in the consolidated income statement. The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

A reversal of an impairment loss for a CGU is allocated to the assets of each unit, except goodwill, pro rata with the carrying amounts of those assets. The carrying amount of an asset may not be increased above the lower of its recoverable amount and the carrying amount that would have been disclosed, net of amortisation or depreciation, had no impairment loss been recognised.

However, if the specific circumstances of the assets indicate an irreversible loss, this is recognised directly in losses on the disposal of fixed assets in the consolidated income statement.

(i) Financial instruments

(i) Recognition and classification of instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 “Financial Instruments: Presentation”.

The Group recognises financial instruments when it becomes party to the contract or legal transaction, in accordance with the terms set out therein.

The Group classifies a financial asset at amortised cost when it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The Group classifies financial liabilities held for trading as at fair value through profit or loss.

The Group designates a financial liability at initial recognition as measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases or when a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group’s key management personnel.

(Cont.)

The Group classifies other financial liabilities as financial liabilities at amortised cost, except for financial guarantee contracts, commitments to provide a loan at a below-market interest rate or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

(ii) *Offsetting principles*

A financial asset and a financial liability are offset only when the Group currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. In order for the Group to currently have a legally enforceable right, it must not be contingent on a future event and must be legally enforceable in the normal course of business, or in the event of default, or in the event of insolvency or bankruptcy.

(iii) *Financial assets and financial liabilities at amortised cost*

Financial assets and financial liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs, and are subsequently measured at amortised cost using the effective interest method.

(iv) *Reclassifications of financial instruments*

The Group reclassifies financial assets when it changes its business model for managing them. The Group does not reclassify financial liabilities.

If the Group reclassifies a financial asset out of the amortised cost measurement category and into the fair value through profit or loss measurement category, the difference between the fair value and the carrying amount is recognised in profit or loss. From the reclassification date, the Group does not recognise the interest separately from the financial asset.

If the Group reclassifies a financial asset out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category, the difference between the fair value and the carrying amount is recognised in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification. However, the cumulative gain or loss on expected credit losses is recognised in other comprehensive income and disclosed in the notes.

(v) Impairment

The Group recognises in profit or loss a loss allowance for expected credit losses on financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, finance lease receivables, contract assets, loan commitments and financial guarantees.

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The Group assesses prospectively the expected credit losses associated with its debt instruments measured at amortised cost. The Group uses the practical expedients provided for in IFRS 9 to measure expected credit losses on trade receivables through a simplified approach, thereby eliminating the need for an assessment when there has been a significant increase in credit risk. Under the simplified approach, expected losses must be recognised upon initial recognition of the accounts receivable, such that the Group determines the expected credit losses as a probability-weighted estimate of these losses over the expected life of the financial instrument.

The practical expedient used consists of the use of a provision matrix, based on segmentation into groups of homogeneous assets, applying historical information on default rates for those groups and reasonable information on future economic conditions.

The default rates are calculated based on actual experience of defaults in the prior year, as this is a highly dynamic market, and adjusted for differences between current and historical economic conditions and considering projected information that is reasonably available.

The Group recognises expected credit losses over the life of the instrument for trade receivables, contract assets and finance lease receivables.

Expected credit losses represent the difference between contractual and expected flows, both with regard to amount and term.

The Group has determined the impairment of cash and cash equivalents for the 12-month expected credit losses. The Group considers that cash and cash equivalents have low credit risk based on the credit risk ratings of financial institutions where the cash or deposits are deposited.

(vi) Derecognition, modification and cancellation of financial assets

The Group applies the criteria for derecognition of financial assets to part of a financial asset or part of a group of similar financial assets or to a financial asset or group of similar financial assets.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(vii) Derecognition of financial liabilities

The Group derecognises all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

(j) Distributions to shareholders

Dividends, whether in cash or in kind, are recognised as a reduction in equity when approved by the General Meeting of Shareholders.

(k) Inventories

Inventories mainly comprise food products, packaging, promotional material and smaller quantities of other materials, and are recognised at the lower of acquisition or production cost and net realisable value.

The purchase price comprises the amount invoiced by the seller, after deduction of any discounts, rebates or other similar items, plus any additional costs incurred to bring the goods to a saleable condition and other costs directly attributable to the acquisition.

Trade discounts are recognised as a reduction in cost of inventories when it is probable that the conditions for discounts to be received will be met. Unallocated discounts are recognised in the consolidated income statement as a decrease in the purchase. Purchase returns are recognised as a reduction in the carrying amount of inventories returned.

The production cost of inventories comprises the purchase price of raw materials and consumables, costs directly related to the units of production and systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed indirect overheads is based on the higher of normal production capacity or actual production.

The cost of raw materials and other supplies, the cost of goods for resale and costs of conversion are allocated to each inventory unit on a weighted average cost basis.

The cost of inventories is written down against profit/loss when it exceeds net realisable value. Net realisable value is considered as the following:

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- Raw materials and other supplies: their replacement cost. Nevertheless, raw materials and other supplies are not written down below cost if the finished goods into which they will be incorporated are expected to be sold at or above cost of production.

- Merchandise and finished goods: their estimated selling price less costs to sell.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in credit institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

(m) Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them, and that the grants will be received. Government grants may comprise the following:

- Capital grants: Capital grants awarded as monetary assets are recognised under government grants and allocated to other income in line with the amortisation or depreciation of the assets for which the grants have been received. Government grants in the form of transfers of a non-monetary asset are recognised at fair value under government grants and are allocated to other income in line with the amortisation or depreciation of the assets for which the grants have been received.

- Operating grants: operating grants are recognised as a reduction in the expenses that they are used to finance.

(n) Employee benefits

(i) Termination benefits

Termination benefits are recognised 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 that involves the payment of termination benefits.

For termination benefits payable as a result of an employee’s decision to accept an offer, the time when the Group can no longer withdraw the offer of termination benefits is the earlier of when the employee accepts the offer and when a restriction on the Group’s ability to withdraw the offer takes effect.

In the case of involuntary termination benefits, the Group can no longer withdraw the offer when it has communicated to the affected employees or trade union representatives the plan; the actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made; the plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations and the expected completion date; the plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

If the termination benefits are not expected to be settled wholly before 12 months after the end of the annual reporting period, the liability is discounted by reference to market yields on high quality corporate bonds.

(ii) *Short-term employee benefits*

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees provide the related service.

The Group recognises the expected cost of short-term employee benefits in the form of accumulating compensated absences when the employees render services that increase their entitlement to future compensated absences. In the case of non-accumulating compensated absences, the expense is recognised when the absences occur.

The Group recognises the expected cost of profit-sharing and bonus plans when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which associated future cash flows have not been adjusted at each reporting date.

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The financial effect of provisions is recognised as finance expenses in profit/loss. The tax effect and gains on the expected disposal of assets are not taken into account in measuring a provision.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed. The provision is reversed against the income statement caption in which the related expense was recognised.

(p) Revenue recognition

The Group operates a chain of outlets engaged in the retail sale of food. The Group recognises the sales of goods when it sells products to the customer. The transaction price is collected in cash, and there is no policy for sales returns.

The Group also sells products to its franchisees, and sales are recognised when control of the products is transferred, i.e., when the goods are delivered to the wholesaler, and there is no unfulfilled obligation that could affect wholesaler acceptance of the product. Delivery is made when the products are sent to the destination indicated by the franchisee, the risk of loss and obsolescence have been transferred thereto and the franchisee has accepted the products in accordance with the sale contract, the acceptance clauses have expired or the Group has objective evidence that all the acceptance criteria have been met.

Once the product has been delivered to the customer, an account receivable is recognised to the extent that an unconditional right to receive payment arises at that time.

Income from royalties and amounts invoiced for advertising, given that consideration takes the form of royalties based on sales of rights-of-use, are recognised as and when the sales take place. Amounts invoiced for advertising are not considered distinct goods or services that are separable from the rights-of-use of the intellectual property licence.

Initial franchise fee/transfer fees and renewal fees that are invoiced to franchisees and master franchisees are considered as an access licence and are recognised gradually over the term stipulated in the franchise contract, considering the renewal periods that entail a significant right for the customer.

(q) Income tax

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax is the amount of income taxes payable or recoverable in respect of the consolidated taxable profit or tax loss for the period. Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

(Cont.)

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits. Temporary differences are differences between the carrying amount of an asset or liability and its tax base.

Current and deferred tax are recognised as income or an expense and included in profit/loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

Since 1 January 2020, Tasty Bidco, S.L. has been the Parent of a tax group in Spain, as defined by the consolidated tax regime, which at 31 December 2020 comprised Food Delivery Brands Group, S.A., Food Delivery Brands, S.A., Mixor, S.A., Telepizza Gestión, S.A., Luxtor, S.A. and Procusto, S.L.

(i) *Recognition of deferred tax liabilities*

The Group recognises deferred tax liabilities in all cases except where:

- they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

- they are associated with investments in subsidiaries and joint ventures for which the Group is able to control the timing of the reversal of the temporary difference and it is not probable that the difference will reverse in the foreseeable future.

(ii) *Recognition of deductible temporary differences*

The Group recognises deferred tax assets provided that:

- it is probable that taxable profit will be available against which the deductible temporary difference can be utilised or when tax legislation allows the future conversion of deferred tax assets into a receivable from public entities. However, assets arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that at the time of the transaction affect neither accounting profit nor taxable income, are not recognised;

- the temporary differences are associated with investments in subsidiaries and joint ventures that will reverse in the foreseeable future and sufficient tax gains are expected to be generated against which the temporary differences can be offset;

(Cont.)

Tax planning opportunities are only considered when assessing the recoverability of deferred tax assets if the Group intends to use these opportunities or it is probable that they will be utilised.

(iii) *Measurement of deferred tax assets and liabilities*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted. The tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

The Group reviews the carrying amount of deferred tax assets at the reporting date and reduces this amount to the extent that it is not probable that sufficient taxable profit will be available against which to recover them.

Deferred tax assets that do not comply with the above conditions are not recognised in the consolidated statement of financial position. At year end the Group reassesses whether conditions are met for recognising previously unrecognised deferred tax assets.

(iv) *Offset and classification*

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group only offsets deferred tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts, and they relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

(Cont.)

(r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(s) Classification of assets and liabilities as current and non-current

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. Current assets and liabilities are determined as follows:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within 12 months after the reporting date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least 12 months after the reporting date.

- Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within 12 months after the reporting date or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

- Financial liabilities are classified as current when they are due to be settled within 12 months after the reporting date, even if the original term was for a period longer than 12 months, and an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting date and before the consolidated annual accounts are authorised for issue.

(t) Environment

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

Items of property, plant and equipment acquired by the Group for consistent use in its activity and whose main purpose is to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Group's activities, are recognised as assets, applying the measurement, presentation and disclosure criteria described in note 4 (d).

(Cont.)

(5) Segment reporting

As described below, the Group is organised internally into operating segments, which are strategic business units. The strategic business units operate under different market conditions and are managed separately because they require different strategies.

At 31 December 2020 and 2019, the Group comprises the following operating segments:

- Spain
- Rest of Europe
- Latin America
- Master franchise and rest of the world

Segment performance is measured based on the profit generated by each segment. The profit generated by each segment is used as a measure of its performance because the Group considers that this is the most relevant information in the assessment of the profits generated by specific segments in relation to other groups which operate in these businesses.

Inter-segment transaction prices are established based on the normal commercial terms and conditions with unrelated third parties.

(Cont.)

TASTY BIDCO, S.L.
AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

	2020				
	Thousands of Euros				
	Spain	Rest of Europe	Latin America	Rest of world	Total
Revenue					
Own outlet sales	49,875	33,058	84,988	-	167,921
Factory sales to franchisees	88,177	14,055	5,729	-	107,961
Royalties	47,512	9,604	4,066	-	61,182
Revenue from franchising activity	4,039	-	4	-	4,043
Other services provided to franchisees	739	663	2,331	-	3,733
Revenue from initial fees	2,376	112	29	-	2,517
Total revenues	192,718	57,492	97,147	-	347,357
Amortisation and depreciation	(24,321)	(3,317)	(16,083)	(4)	(43,725)
Impairment/(Reversal) of non-current assets	(90,164)	(14,593)	(15,938)	-	(120,695)
Other net gains / losses	7,236	(349)	(4,661)	-	2,226
Operating loss	(84,712)	(5,981)	(38,305)	22	(128,976)
Net finance income/(cost)	(23,093)	(2,254)	(6,143)	1	(31,489)
Income tax	(2,307)	(672)	6,397	(1)	3,417
Profit/(loss) from continuing operations	(110,110)	(8,906)	(38,053)	21	(157,048)
Profit/(loss) from discontinued operations	6	(3,340)	-	-	(3,334)
Non-controlling interests	(17,105)	(469)	(5,979)	4	(23,550)
Profit/loss attributable to the Parent Company	(93,004)	(8,439)	(32,074)	18	(133,498)
Segment assets	777,046	80,631	153,235	1,437	1,012,349
Assets from discontinued operations or held-for-sale assets	6,374	7,575	-	-	13,949
Group assets	783,420	88,206	153,235	1,437	1,026,298
Segment liabilities	534,221	57,100	139,205	889	731,415
Liabilities from discontinued operations or held-for-sale liabilities	-	5,787	-	-	5,787
Group liabilities	534,221	62,887	139,205	889	737,202
Investments in property, plant and equipment and intangible assets	17,265	1,415	23,131	-	41,811

(Cont.)

TASTY BIDCO, S.L.
AND SUBSIDIARIES

Notes to the Consolidated Annual Accounts

	2019				
	Thousands of Euros				
	Spain	Rest of Europe	Latin America	Master franchise and rest of world	Total
Revenue					
Own outlet sales	44,501	23,091	45,481	-	113,073
Factory sales to franchisees	59,723	9,775	7,318	-	76,816
Royalties	35,393	6,843	3,583	381	46,200
Revenue from franchising activity	2,937	-	253	-	3,190
Other services provided to franchisees	3,524	776	-	114	4,414
Revenue from initial fees	4,771	-	-	-	4,771
Sublease income	2,617	-	193	-	2,810
Total revenues	115,466	40,485	56,828	495	251,274
Amortisation and depreciation	(14,774)	(3,000)	(8,771)	(9)	(26,554)
Impairment/(Reversal) of non-current assets	(3,886)	-	-	-	(3,886)
Other net gain / losses	2,347	38	(3,576)	-	(1,191)
Operating profit/(loss)	(11,291)	6,211	(7,501)	153	(12,428)
Net finance income/(cost)	(14,116)	(1,649)	(7,235)	31	(22,969)
Income tax	(1,235)	3,141	2,382	(28)	4,260
Profit/(loss) from continuing operations	(30,219)	7,704	(8,778)	156	(31,137)
Profit/(loss) from discontinued operations	(2,168)	-	(128)	-	(2,296)
Non-controlling interests	1,555	2,149	(1,378)	25	2,351
Profit/loss attributable to the Parent Company	(32,387)	10,055	(8,906)	156	(31,082)
Segment assets	845,461	121,951	217,047	1,579	1,186,038
Assets from discontinued operations or held-for-sale assets	-	20,814	-	-	20,814
Group assets	845,461	142,765	217,047	1,579	1,206,852
Segment liabilities	560,866	57,054	123,762	439	742,121
Liabilities from discontinued operations or held-for-sale liabilities	-	8,197	-	-	8,197
Group liabilities	560,866	65,251	123,762	439	750,318
Investments in property, plant and equipment and intangible assets	17,183	1,696	33,979	-	52,858

(Cont.)

(6) Non-current Assets Held for Sale and Discontinued Operations

In 2018, the global agreement between the Group and Pizza Hut (see note 1) set forth the obligation for the Telepizza Group to make its best efforts to sell its assets in Poland and the Czech Republic. In 2019 and in the first quarter of 2020 the Group held talks with various groups interested in acquiring the Poland and Czech Republic businesses. However, these talks were stalled as a result of the Covid-19 pandemic and the Group decided in April 2020 to wind down its Czech operations. On the date of authorising for issue the annual consolidated accounts, the Group is looking for new buyers for the Polish business, and plans to resume talks with the groups previously interested. In view of the foregoing, the Group's businesses in Poland and the Czech Republic have been classified as held for sale in the consolidated statement of financial position and as profit/loss from discontinued operations in the consolidated income statement, as required by the applicable standards. The sales and liquidation transactions are expected to be effective in 2021.

Moreover, in 2019 the Group classified as assets held for sale and discontinued operations its subsidiaries in Peru and Paraguay, which were sold in August and October 2019, respectively.

In addition, at 31 December 2020 and 2019 the Group presents as non-current assets held for sale a group of outlets in Spain under the "Telepizza" and "Pizza Hut" trademarks. The non-current assets held for sale of the Polish subsidiary are measured at their estimated fair value in the last sale negotiation, which is not higher than the previous carrying amount.

Details of assets and liabilities held for sale relating to the aforementioned operations are as follows:

	Thousands of Euros	
	2020	2019
Assets held for sale:		
Technical installations and machinery	5,678	9,871
Right-of-use	1,132	2,237
Goodwill	2,167	2,167
Other intangible assets	75	211
Net investment in subleases	872	656
Other non-current assets	303	364
Inventories	82	153
Other current assets	3,311	4,220
Cash	329	935
Total assets	13,949	20,814
Liabilities directly associated with non-current assets held for sale:		
Non-current lease liabilities	1,904	1,429
Trade and other payables	3,883	6,768
Total liabilities	5,787	8,197

Details of profit/loss from discontinued operations presented in the consolidated income statement relating to the discontinued operation are as follows:

	Thousands of Euros	
	2020	2019
Revenue	11,942	17,526
Merchandise and raw materials used	(4,093)	(6,188)
Employee benefits expense	(3,043)	(4,308)
Depreciation and amortisation expenses	(1,422)	(2,007)
Other expenses	(5,998)	(6,477)
Other losses	(569)	(570)
Loss from operating activities	(3,183)	(2,024)
Finance income	71	101
Finance expenses	(317)	(377)
Pre-tax loss	(3,429)	(2,300)
Income tax expense	95	4
Post-tax loss of discontinued operations	(3,334)	(2,296)

(7) Business Combinations

(i) Acquisition of Pizza Hut's Mexico business

As detailed in note 1, on 1 January 2020, the Group acquired the control of Pizza Hut's business in Mexico through a subsidiary in Mexico 75%-owned by Food Delivery Brands, S.A. and 25%-owned by the sellers, on which the Group and the sellers had call and put options, respectively, unilaterally exercisable in 2022 (see note 17).

Details of the consideration paid, the fair value of the net assets acquired and the goodwill are as follows:

	Thousands of Euros
Consideration paid	
Cash paid	10,712
Total consideration paid	10,712
Non-controlling interests	-
Fair value of the net assets acquired	(7,872)
Goodwill (excess of net assets acquired over the acquisition cost) (note 10)	2,840

(Cont.)

Goodwill generated in business combinations is due to the stores acquired and the franchise network having a good market position.

No tax-deductible goodwill was generated in the business combination.

The acquisition cost of the business combinations carried out amounts to Euros 508 thousand and was recorded under "Other expenses" in the consolidated income statement.

The amounts recognised in 2020 by significant class of asset and liability at the acquisition date are as follows:

	Thousands of Euros
	Fair value
	2020
Intangible assets (note 10)	1,057
Property, plant and equipment (note 8)	4,661
Right-of-use assets (note 9)	10,398
Deferred tax assets	919
Other non-current assets	406
Inventories	886
Trade and other receivables	4,838
Other current assets	237
Cash and cash equivalents	3,255
Total assets	26,657
Lease liabilities	(10,398)
Provisions	(156)
Trade and other payables	(8,231)
Total liabilities	(18,785)
Total net assets acquired	7,872
Cash paid	10,712
Cash and cash equivalents of the acquiree	(3,255)
Cash outflow for the acquisition	7,457

The fair value of the assets and liabilities acquired in business combinations does not differ from their carrying amount; neither do the contractual gross amounts receivable differ from the carrying amount.

The businesses acquired in 2020 generated consolidated losses and revenues of Euros 38,999 thousand and Euros 2,947 thousand, respectively, for the Group in the period from the acquisition date to the reporting date.

(Cont.)

(ii) Rest of business combinations in 2020

In addition to the foregoing, in relation to the acquisition of the business in Mexico in 2020 the Group acquired 37 operating stores from franchisees in Chile.

Aggregate details of the cost of the business combinations, the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cost of the combinations, cash paid	7,977
Less, fair value of net assets acquired	(1,017)
Goodwill (note 10)	6,960

The goodwill generated on the business combinations is due to the outlets acquired having a good market position. This goodwill was considered tax deductible in its entirety.

The amounts recognised in 2020 by significant class of asset and liability at the acquisition date are as follows:

	Thousands of Euros
	Fair value
	2020
Property, plant and equipment (note 8)	1,017
Total net assets acquired	1,017
Cash paid	7,977
Cash and cash equivalents of the acquiree	-
Cash outflow for the acquisition	7,977

The fair value of the assets and liabilities acquired in business combinations does not differ from their carrying amount; neither do the contractual gross amounts receivable differ from the carrying amount.

The businesses acquired in 2020 generated ordinary revenue and consolidated profit of Euros 2,185 thousand and Euros 6 thousand, respectively, for the Group for the period from the acquisition date to the reporting date.

Had the 2020 acquisition taken place at 1 January 2020, the Group would have posted ordinary revenue and consolidated profit for the year ended 31 December 2020 of Euros 4,701 thousand and Euros 14 thousand, respectively.

(iii) Acquisition of Food Delivery Brands Group, S.A. (formerly Telepizza Group, S.A) in 2019

As detailed in note 1, on 21 December 2018, the main shareholder of Food Delivery Brands Group, S.A. (formerly Telepizza Group, S.A.) and subsidiaries, KKR Creditor Advisors (US) LLC, announced its intention to acquire all the shares in Food Delivery Brands Group, S.A., so as to delist the Company from the Spanish stock market. The price offered was Euros 6 per share. The takeover was approved by the Spanish National Securities Market Commission (CNMV) on 28 April 2019, the results were made public on 9 May 2019, and the process concluded on 13 May 2019. As a result of the takeover, Tasty Bidco, S.L., an investment vehicle wholly-owned by funds and accounts managed or advised by KKR Credit Advisors (US) LLC and with affiliated entities of Torreal, Safra, Artá and Altamar as co-investors, became the main shareholder of Food Delivery Brands Group, S.A.

On 10 May 2019, a capital increase with share premium was performed at the Parent Company by the companies Tasty Aggregator S.À. R.L. and Tasty Topco, S.C.A. by means of a non-monetary contribution consisting of 28,528,165 shares and 242,697 shares in Food Delivery Brands Group, S.A., respectively, each worth Euros 6. Moreover, as part of the takeover bid for Food Delivery Brands Group, S.A. (see note 1), on 13 May 2019 the Parent Company acquired a total of 27,928,965 shares at a price of Euros 6 each, making Tasty Bidco, S.L. the main shareholder of Food Delivery Brands Group, S.A.

Details of the consideration paid, the fair value of the net assets acquired and the goodwill are as follows:

	Thousands of Euros
Consideration paid	
Cash paid	340,199
Total consideration paid	340,199
Non-controlling interests	264,125
Fair value of the net assets acquired	(582,779)
Goodwill (excess of net assets acquired over the acquisition cost)	21,545

Goodwill generated in business combinations is due to the stores and brands acquired, and the franchise network having a good market position.

No tax-deductible goodwill was generated in the business combination.

The acquisition cost of the business combinations carried out in 2019 amounted to Euros 14,911 thousand and was recorded under “Other expenses” in the consolidated income statement.

The amounts recognised in 2019 by significant class of asset and liability at the acquisition date are as follows:

	Thousands of Euros		
	Cost cost	Fair value adjustments	Fair value
Prior goodwill	397,989	(397,989)	-
Property, plant and equipment (note 8)	55,696	-	55,696
Rights-of-use assets (note 9)	87,798	(4,554)	83,244
Goodwill (note 10)	-	331,515	331,515
Brands (note 10)	239,278	25,928	265,206
Other intangible assets (note 10)	101,684	91,952	193,636
Net investment in subleases (note 9 (b))	64,698	-	64,698
Deferred tax assets	17,104	1,138	18,242
Non-current financial assets	33,962	-	33,962
Inventories	11,010	-	11,010
Trade and other receivables	50,480	-	50,480
Other current assets	5,894	-	5,894
Cash and cash equivalents	84,120	-	84,120
Non-current assets held for sale	14,162	-	14,162
Total assets	1,163,875	47,990	1,211,865
Non-current bank loans and borrowings	198,152	-	198,152
Other non-current financial liabilities	9,366	-	9,366
Non-current lease liabilities	130,158	-	130,158
Deferred tax liabilities	78,346	26,446	104,792
Non-current provisions	4,086	-	4,086
Other non-current liabilities	17,132	-	17,132
Loans and borrowings	1,058	-	1,058
Current lease liabilities	34,805	-	34,805
Trade and other payables	96,646	-	96,646
Current provisions	4,166	-	4,166
Other current liabilities	2,254	-	2,254
Liabilities associated with non-current assets held for sale	4,927	-	4,927
Total liabilities	581,096	26,446	607,542
Total net assets	582,779	21,544	604,323
Non-controlling interests	(264,125)		
Total net assets acquired	318,654		
Cash paid	340,199		
Cash and cash equivalents of the acquiree	(84,120)		
Cash outflow for the acquisition	256,079		

(Cont.)

The fair value of the rest of assets and liabilities acquired in business combinations does not differ from their carrying amount; neither do the contractual gross amounts receivable differ from the carrying amount.

Had the 2019 acquisition taken place at 1 January 2019, the Group would have posted ordinary revenue and a consolidated profit for the year ended 31 December 2019 of Euros 384,361 thousand and Euros 30,235 thousand, respectively.

Moreover, in 2019, by means of various acquisitions, the Company acquired 22,636,402 shares in Food Delivery Brands Group, S.A. at a price of Euros 6 each and a total of 5,551.959 shares in Food Delivery Brands Group, S.A. at a price of Euros 4.70 each, giving a total at 31 December 2019 of 84,888,188 shares, which represent 84.3% of the share capital of Food Delivery Brands Group, S.A.

The share purchases at Euros 4.70 correspond to those performed subsequent to the distribution of the dividend by Food Delivery Brands Group, S.A., of Euros 1.30 per share, of which Euros 103,137 thousand corresponded to the Parent Company and Euros 27,800 thousand corresponded to non-controlling interests.

Furthermore, as previously stated, the Parent Company acquired 28,188,361 shares from external shareholders to reach its current percentage shareholding.

(iv) Rest of business combinations in 2019

In addition to the aforementioned in connection with the acquisition of shares in Food Delivery Brands Group, S.A., in 2019, the Group acquired a franchise business with 43 outlets in Chile and various outlets in Colombia under the "Pizza Hut" brand, as well as several operating outlets, primarily in Spain and Portugal.

Aggregate details of the cost of the business combinations, the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cost of the combinations, cash paid	27,531
Less, fair value of net assets acquired	(6,647)
Goodwill (note 10)	20,884

The goodwill generated on the business combinations is due to the outlets acquired having a good market position. This goodwill was considered tax deductible in its entirety.

(Cont.)

The acquisition costs of the business combinations carried out in 2019, other than the acquisition of shares in Food Delivery Brands Group, S.A. (Telepizza Group, S.A.), amounted to Euros 30 thousand, recognised under "Other expenses" in the consolidated income statement.

The amounts recognised in 2019 by significant class of asset and liability at the acquisition date are as follows:

	Thousands of Euros
	Fair value
	2019
Property, plant and equipment (note 8)	6,647
Total net assets acquired	6,647
Cash paid	27,531
Cash and cash equivalents of the acquiree	-
Cash outflow for the acquisition	27,531

The fair value of the assets and liabilities acquired in business combinations does not differ from their carrying amount; neither do the contractual gross amounts receivable differ from the carrying amount.

The businesses acquired in 2019 generated consolidated revenues of Euros 18,998 thousand and Euros 2,703 thousand for the Group for the period from the acquisition date to the reporting date.

Had the 2019 acquisition taken place at 1 January 2019, the Group would have posted revenue and a consolidated profit for the year ended 31 December 2019 of Euros 14,111 thousand and Euros 1,211 thousand, respectively.

(Cont.)

(8) Property, Plant and Equipment

Details and movements under this heading are as follows:

	Thousands of Euros					
Details	Land and Buildings	Technical installations and machinery	Other installations, equipment and furniture	Advances and property, plant and equipment under construction	Other property, plant and equipment	Total
Cost						
Balance at 01/01/2019	-	-	-	-	-	-
Additions due to initial business combination	5,309	101,045	12,843	264	13,576	133,037
Additions	24	8,644	2,093	1,917	3,615	16,293
Additions due to business combinations	-	6,410	189	-	48	6,647
Derecognitions	(3)	(6,206)	(656)	-	(1,130)	(7,995)
Transfers from held for sale	(29)	(8,723)	(955)	-	(1,088)	(10,795)
Other transfers	(24)	1,396	5	(1,199)	(277)	(99)
Translation differences	(239)	(989)	(124)	6	(77)	(1,423)
Balance at 31/12/2019	5,038	101,577	13,395	988	14,667	135,665
Additions	1	10,955	1,220	3,520	1,247	16,943
Additions due to business combinations	-	20,452	161	161	84	20,858
Derecognitions	(297)	(8,842)	(600)	(1,012)	(778)	(11,529)
Transfers from held for sale	1	(1,000)	(206)	-	(227)	(1,432)
Other transfers	1	3,261	76	(683)	(2,618)	37
Translation differences	(83)	(4,801)	(412)	(81)	(328)	(5,705)
Balance at 31/12/2020	4,661	121,602	13,634	2,893	12,047	154,837
Amortisation or impairment						
Amortisation at 01/01/2019	-	-	-	-	-	-
Impairment at 01/01/2019	-	-	-	-	-	-
Additions to cumulative amortisation and depreciation due to initial business combination	(3,169)	(54,901)	(7,440)	-	(10,035)	(75,545)
Additions to impairments due to initial business combination	-	(1,796)	-	-	-	(1,796)
Depreciation in the year	(93)	(4,025)	(681)	-	(991)	(5,790)
Derecognitions	2	3,161	340	-	975	4,478
Transfers from held for sale	23	1,690	169	-	447	2,329
Translation differences	212	471	59	-	26	768
Impairment	-	(441)	-	-	-	(441)
Amortisation at 31/12/2019	(3,025)	(53,604)	(7,553)	-	(9,578)	(73,760)
Impairment at 31/12/2019	-	(2,237)	-	-	-	(2,237)
Depreciation in the year	(106)	(9,158)	(1,011)	-	(1,468)	(11,743)
Depreciation due to business combinations	-	(15,176)	(1)	-	(2)	(15,179)
Derecognitions	248	4,903	226	-	588	5,965
Transfers from held for sale	-	431	132	-	202	765
Translation differences	57	2,768	193	-	310	3,328
Other transfers	1,212	(6,858)	2,173	-	3,396	(77)
Impairment	-	(1,200)	-	-	-	(1,200)
Amortisation at 31/12/2020	(1,614)	(76,694)	(5,841)	-	(6,552)	(90,701)
Impairment at 31/12/2020	-	(3,437)	-	-	-	(3,437)
Carrying amount						
At 31/12/2019	2,013	45,736	5,842	988	5,089	59,668
At 31/12/2020	3,047	41,471	7,793	2,893	5,495	60,699

(Cont.)

In 2020 and 2019, additions were made to technical installations and machinery, mainly reflecting the investments related to new outlets opened, the purchase of franchised outlets, improvements to existing outlets and to plants, and also reflecting the conversion of outlets to the “Pizza Hut” brand.

“Other installations, equipment and furniture” mainly reflect the acquisition of motorcycles, furnishings and IT equipment for outlets.

Disposals in 2020 and 2019 primarily include property, plant and equipment used in outlets which have been franchised, closed or sold, and items relating to the termination of rental contracts for certain outlets.

At 31 December 2020 and 2019 the Group had no commitments to acquire items of property, plant and equipment. PPE totalling Euros 1,040 thousand have been pledged as security. The Group does not have any unused property, plant and equipment for significant amounts.

In 2020 and 2019, the Group recognised impairment losses of Euros 1,200 thousand and Euros 123 thousand, respectively (see note 24). Said impairment loss is basically due to the impairment of assets used in the Group’s outlets. Impairment losses have been determined based on value in use. The impaired assets are primarily outlet fixtures and right-of-use.

The Group has taken out sufficient insurance policies to cover the risk of damage to its property, plant and equipment.

Details of the cost of fully depreciated property, plant and equipment at 31 December 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Technical installations and machinery	54,206	50,702
Other	15,342	11,548
	69,548	62,250

(Cont.)

(9) Leases

(a) Right-of-use assets and lease liabilities

The details and movements by class of right-of-use assets in 2020 and 2019 were as follows:

	Thousands of Euros
Carrying amount at 01 January 2019	-
Additions due to initial business combinations (note 7)	83,244
Additions	5,544
Derecognitions	(674)
Transfers to assets held for sale	(2,311)
Amortisation and depreciation	(12,545)
Derecognitions from accumulated depreciation	674
Translation differences	42
Other movements	3,649
Cost, attributed cost or revalued cost	89,494
Cumulative depreciation and impairment losses	(11,871)
Carrying amount at 31 December 2019	77,623
Additions	2,353
Transfers (franchise repurchases) (note 9 (b))	8,208
Rental updates	(3,565)
Derecognitions	(19,855)
Additions due to business combinations	10,398
Amortisation and depreciation	(17,116)
Derecognitions from accumulated depreciation	4,177
Translation differences	(1,579)
Cost, attributed cost or revalued cost	87,088
Cumulative depreciation and impairment losses	(26,497)
Carrying amount at 31 December 2020	60,591

Most of the right-of-use assets correspond to leased premises where the Group conducts its activities as well as the plants and headquarters. Derecognitions in 2020 correspond mainly to store closures or the sale of stores to franchisees.

(Cont.)

(i) *Nature and exposure to lease contract risk*

The Group leases most of the buildings in which it conducts its activity. These include its own outlets and the plants and offices. Most lease contracts for outlets stipulate payment of a fixed rent that is revised annually in line with the consumer price index. The exception are outlets located in shopping centres, for which both a fixed rent and a sales-based variable rent are paid.

Property lease contracts also have various renewal and cancellation options. Renewal options are granted to be able to take best advantage of the area in those cases in which the business responds appropriately.

The initial lease period of each contract is usually 10 years but generally, with few exceptions, the Group has the option of ending the lease contract early without having to pay any kind of penalty, giving due notice as provided for in the contract. Leases on premises located in shopping centres are subject to a mandatory period of 5 years during which the Group cannot cancel the contract.

In any case, from a legal standpoint, the lease contracts can generally be cancelled with prior notice of three months, on average.

In addition, sometimes, when the Group goes from operating an outlet as an owner to its operation as a franchise, it maintains the original lease contract, which it subsequently sub-leases to the franchisee.

The Group has no obligations in respect of lease contracts that the franchisees enter into directly with the lessor or in respect of properties owned by franchisees.

(ii) *Details and material amounts in lease contracts*

The details and material amounts in lease contracts by asset class at 31 December 2020 in 2019 are as follows:

	Thousands of Euros	
	2020	2019
Fixed lease payments	28,990	22,614
Finance expenses from lease liabilities	5,504	5,195
Income from sub-leases	8,408	7,597
Lease liabilities	118,743	163,110

As previously mentioned, the initial lease term of each contract is usually 10 years, with few exceptions, and contracts may be cancelled with notice, which is usually three months. In these cases, the Group has assessed two aspects:

(Cont.)

- The possibility that the option to cancel is exercised at some time during the contract lifetime, and
- Establishing a period in which it is considered reasonably certain that said cancellation may be executed.

The following factors were identified that affect the assessment of whether it is reasonably certain that the early cancellation option will not be exercised:

- Possible future relocation for demographic reasons: delivery zone coverage, socio-demographic changes and others.
- Possible future relocation due to business reasons: high sensitivity to the weighting of the lease price on the restaurant’s profit and loss (<7% sales).
- High volatility and uncertainty in the real estate market in the long term
- Forecast relocations underway and historical information as a reference

The Group considers that these factors may imply that, during the contract lifetime, it may be cancelled early. This possibility increases the longer the time frame considered (higher probability of cancellation in the last few years of the contract than at the start), considering that in terms of 10 years it is determined that there is a higher probability of cancellation of the contract.

In conclusion, the Group has determined that, for lease contracts pertaining to commercial premises used as restaurants, if the initial duration is equal to or longer than 10 years and there is an early cancellation option without penalty, the contract duration is of 10 years.

(iii) *Details of lease payments and liabilities*

The analysis of the contractual maturity of lease liabilities, including future interest payable, is as follows:

	Thousands of Euros	
	2020	2019
Six months	15,289	17,057
Six months to one year	13,641	16,514
One to two years	24,494	31,101
Two to three years	21,623	28,651
Three to four years	18,551	26,086
Four to five years	13,332	23,371
More than five years	24,685	53,056
	131,615	195,836

(Cont.)

(b) Finance leases – Lessor (Net investment in subleases)

(i) Nature and exposure to finance lease contract risk

The Group has entered into sublease contracts with some of its franchisees in respect of the premises where the latter operate the brand. These sublease contracts are arranged for the same period of time as the franchise contract entered into with the franchisee (10 years). This is a mandatory period and the contracts cannot be cancelled early. The rent is generally a fixed amount, reviewed annually in line with the consumer price index.

(ii) Movement of net investment and valuation adjustment for impairment of finance lease contracts

Movement in net investment in finance lease contracts in 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Balance at 1 January	66,538	-
Additions	2,103	8,702
Additions due to business combinations (note 7)	-	64,698
Derecognitions	(7,830)	-
Transfers for franchise repurchases (note 9 (b))	(8,208)	-
Finance income	1,429	1,709
Rental updates	(2,853)	-
Receipts	(8,408)	(7,597)
Derecognitions of subsidiaries	-	(291)
Transfers to non-current assets held for sale	-	(683)
Translation differences	(1,531)	-
Balance at 31 December	41,239	66,538

Transfers in 2020 correspond to lease contracts for franchisee stores that have been acquired.

Derecognitions in 2020 correspond mainly to the transfer of the head lease pursuant to lease contracts to the sub-lessees of the premises.

(iii) Reconciliation of the gross amount receivable and the net investment in finance lease contracts

The reconciliation between the total gross amount of finance leases and the current value of the minimum amounts receivable is as follows:

	Thousands of Euros 2020 Non-current	Thousands of Euros 2020 Current
Gross amount receivable	38,498	8,168
Unaccrued finance income	(5,427)	-
Current value of finance leases receivable	33,071	8,168

	Thousands of Euros 2019 Non-current	Thousands of Euros 2019 Current
Gross amount receivable	79,823	12,200
Unaccrued finance income	(25,485)	-
Current value of finance leases receivable	54,338	12,200

(iv) Breakdown of the gross amount receivable by maturity of finance lease contracts

The gross amounts receivable for finance lease contracts, broken down by maturities, is as follows:

	Thousands of Euros 2020	Thousands of Euros 2019
Up to one year	8,168	12,200
One to two years	7,765	11,438
Two to three years	7,399	11,043
Three to four years	6,826	10,544
Four to five years	5,589	9,878
More than five years	10,919	11,435
Less current part	(8,168)	(12,200)
Total non-current	38,498	66,538

(Cont.)

(10) Intangible Assets and Goodwill

Details of “Goodwill” and movement during the year are as follows:

	Thousands of Euros
Balance at 01/01/2019	-
Goodwill on initial business combinations (note 7)	331,515
Goodwill on business combinations for the year (note 7)	20,884
Translation differences	266
Derecognitions	(2,401)
Transfers to assets held for sale (note 6)	(581)
Balance at 31/12/2019	349,683
Goodwill on business combinations for the year (note 7)	9,800
Translation differences	388
Derecognitions	(122)
Impairment losses for the year (note 24)	(119,495)
Balance at 31/12/2020	240,254

In order to conduct impairment tests, goodwill and intangible assets with indefinite useful lives were assigned to the Group’s cash-generating units (CGU) in accordance with the country of the operation and the business segment to which it belongs.

Below is a summary of goodwill assignment by CGU (or groups of CGUs):

	Thousands of Euros
	2020
Spain	174,239
Portugal	32,723
Chile	24,919
Mexico (note 7 (i))	2,840
Ireland	5,533
	240,254

As a result, a goodwill impairment loss of Euros 119,495 thousand was recognised.

As a consequence of the impact of the Covid-19 pandemic on the global economy (see note 1), the Group devised a new 5-year business plan which factors the foreseen effects of the pandemic into the cash flow forecasts for the next few years.

The recoverable amount of goodwill is determined on the basis of fair value calculations, less costs to sell or otherwise dispose of the item. These calculations are based on cash flow projections from the financial budgets approved by the Directors of the Parent Company for a period of five years for each of the CGU groups. Cash flows subsequent to this five-year period are extrapolated using the estimated sector growth rates, which do not exceed the average long-term growth rates for the home delivery business for each country in which the Group operates.

The pre-tax discount rate assumptions and growth rates used in the impairment tests in the year 2020 are as follows:

	2020			
	Spain	Portugal	Chile	Ireland
Discount rate (WACC)	8.40%	8.70%	8.85%	7.51%
Growth rate of income in perpetuity (g)	1.50%	2.00%	2.00%	1.85%

These assumptions were used for the analysis of each CGU in the business segment.

To calculate the fair value of the different groups of CGUs over the 5-year budget periods, the Directors' business operating assumptions were for net annual revenue growth rates of between 2.5% and 10%, in accordance with the features of each market and estimated inflation. These annual sales growth rates have an almost proportionate impact on the other operating assumptions of the business, such as gross margin and EBITDA. Growth rates of income in perpetuity have been determined based on the Economist Intelligence Unit (EIU) estimates of the GDP deflator and the CPI of the different countries.

The income and expense growth rates have been determined based on past performance and expectations for future market development. The discount rates used reflect specific risks related to the relevant segments.

According to a sensitivity analysis of goodwill impairment per CGU group, reasonably possible negative variations of between 50 and 25 basis points in the discount rate, between 50 and 25 basis points in the growth rate of income in perpetuity, would have had the following negative impact on the consolidated annual accounts at 31 December 2020:

	Thousands of Euros		
	2020		
	Growth rate of income in perpetuity (g)		
Discount rate (WACC)	0.00	0.25	0.50
0.00	-	23,222	44,812
0.25	27,303	48,767	68,770
0.50	52,721	72,606	91,179

(Cont.)

Likewise, considering some reasonably negative variations of between 50 and 25 points in the business operation assumptions, would be an additional goodwill impairment amounting to Euros 29,963 thousand and Euros 59,926 thousand, respectively.

Details of "Other intangible assets" and movement in the consolidated statement of financial position are as follows:

	Thousands of Euros					
	Concessions patents, licences	Trademarks	Contractual and other rights	Other intangible assets	Software Applications	Total
Cost						
Balances at 01.01.2019	-	-	-	-	-	-
Additions due to initial business combinations (note 7)	14,539	265,206	167,499	6	36,458	483,708
Additions	1,474	-	-	-	7,560	9,034
Derecognitions	(22)	-	-	-	(177)	(199)
Transfers from/to held for sale (note 6)	(45)	-	-	-	(116)	(161)
Other transfers	-	-	-	-	9	9
Translation differences	167	-	-	-	(180)	(13)
Balance at 31/12/2019	16,113	265,206	167,499	6	43,554	492,378
Additions	1,735	58	-	-	6,539	8,332
Derecognitions	(164)	-	(33)	(6)	(115)	(318)
Transfers from/to held for sale (note 6)	(46)	-	-	-	(12)	(58)
Additions due to business combinations (note 7)	1,102	-	-	-	37	1,139
Translation differences	(503)	-	(2)	-	485	(20)
Balance at 31/12/2020	18,237	265,264	167,464	-	50,488	501,453
Amortisation or impairment						
Amortisation at 01/01/2019	-	-	-	-	-	-
Impairment at 01/01/2019	-	-	-	-	-	-
Additions due to initial business combinations (note 7)	(970)	-	-	-	(23,896)	(24,866)
Depreciation in the year	(346)	(148)	(4,392)	-	(3,057)	(7,943)
Derecognitions	-	-	-	-	82	82
Translation differences	(96)	-	-	-	449	353
Impairment	8	-	-	-	(871)	(863)
Amortisation at 31/12/2019	(1,412)	(148)	(4,392)	-	(26,422)	(32,374)
Impairment at 31/12/2019	8	-	-	-	(871)	(863)
Depreciation in the year	(1,417)	(425)	(6,699)	-	(6,508)	(15,049)
Additions due to business combinations (note 7)	(82)	-	-	-	-	(82)
Translation differences	137	-	(2)	-	167	339
Amortisation at 31/12/2020	(2,774)	(573)	(11,056)	-	(32,763)	(47,166)
Impairment at 31/12/2020	8	-	-	-	(871)	(863)
Carrying amount						
At 31 December 2019	14,709	265,058	163,107	6	16,261	459,141
At 31/12/2020	15,471	264,691	156,408	-	16,854	453,424

(Cont.)

Concessions, patents and licences mainly reflect the Euros 11,850 thousand entry fee under the agreement with Pizza Hut signed in 2018.

In the process of allocating the purchase price of shares in Food Delivery Brands Group, S.A. (see note 7 (i)), which owns the "Telepizza", "Jeno's pizza" and "Apache" brands, theses were measured at their fair value for the amounts of Euros 236,030 thousand, Euros 998 thousand and Euros 28,178 thousand, respectively. Moreover, in the aforementioned business combination, the rights arising from the franchise contracts were also recognised at their fair value, which originally totalled Euros 167,485 thousand.

The "Telepizza" brand and the "Apache" brand are both considered to be intangible assets with indefinite lifetimes, as is the "Jeno's Pizza" brand (see note 1) inasmuch as one of the obligations included in the agreements reached with Pizza Hut was that all of the Group's outlets in Colombia be converted to the "Pizza Hut" brand within a maximum period of 3 years.

The recoverable amount of "Telepizza" and "Apache" brand intangible assets with an indefinite useful life is determined by calculating the fair value less costs to sell. These calculations are based on cash flow projections from the budget and business plan approved by the Directors of the Parent Company and prepared by the management of the Parent Company. Beyond the forecast period, cash flows are extrapolated using specific industry growth rates in each country that do not exceed the average long-term growth rate for the business. As in 2019, and as a result of the agreement with Pizza Hut, in 2020 most of the value of the "Telepizza" brand resides in the businesses in Spain and Portugal.

Based on the estimates and projections available to the Parent's directors, the forecast net cash flows fully justify the carrying amount of the intangible assets with an indefinite useful life that have been recognised. The main discount rate assumptions used when calculating fair value in 2020 for intangible assets with an indefinite useful life, and the perpetuity growth rates, are as follows:

	Telepizza	Apache
Discount rate (WACC)	8.46%	7.51%
Growth rate of income in perpetuity (g)	1.50%	1.85%

To calculate fair value over budget periods, the Directors' operating assumptions for the business consider 6.5% average growth of net revenues. These annual sales growth rates have an almost proportionate impact on the other operating assumptions of the business, such as gross margin and EBITDA. Growth rates of income in perpetuity have been determined based on the Economist Intelligence Unit (EIU) estimates of the GDP deflator and the CPI of the different countries.

According to a sensitivity analysis of impairment of intangible assets with an indefinite useful life, reasonably possible variations of between 50 and 25 basis points in the discount rate, between 50 and 25 basis points in the growth rate of income in perpetuity and between 50 and 25 basis points in the business operating assumptions, would have no impact on the consolidated annual accounts at 31 December 2020.

(Cont.)

As regards contractual rights with franchisees subject to amortisation, there are no indications of the potential impairment of these intangible assets.

Details of remaining useful life, amortisation for the year, accumulated amortisation and the carrying amount of individually significant intangible assets at 31 December are as follows:

	Thousands of Euros			
Description of the asset	Remaining useful life	Amortisation for the year	Accumulated amortisation	Carrying amount
2020				
"Telepizza" brand	Indefinite	-	-	236,030
"Jeno's Pizza" brand	1	425	573	425
"Apache" brand	Indefinite	-	-	28,178
Contractual rights	24	6,699	11,091	156,408
		7,124	11,664	421,041

	Thousands of Euros			
Description of the asset	Remaining useful life	Amortisation for the year	Accumulated amortisation	Carrying amount
2019				
"Telepizza" brand	Indefinite	-	-	236,030
"Jeno's Pizza" brand	2	148	148	850
"Apache" brand	Indefinite	-	-	28,178
Contractual rights	25	4,392	4,392	163,093
		4,540	4,540	428,151

At 31 December 2020 and 2019 the Group has no commitments to purchase intangible assets.

Details of the cost of fully amortised intangible assets at 31 December 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Computer software	22,102	19,098
Other	5	40
	22,107	19,138

(Cont.)

(11) Non-current Financial Assets

Details of other non-current financial assets at 31 December 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Security and other deposits	5,354	6,741
Non-current trade receivables	10,205	20,322
Other loans and receivables	96	2,944
Impairment losses (note 13)	-	(3,825)
	15,655	26,182

These non-current financial assets are measured at amortised cost and their carrying amount does not differ significantly from their fair value.

Non-current trade receivables mainly reflect revenue receivable from franchising activities. The payment method for these sales transactions depends on what is contractually agreed with each franchisee. Deferred collection is usually agreed, with due dates falling between one and ten years, secured by the franchisees' operating businesses.

The average maturity of non-current trade receivables at 31 December 2020 and 2019 is 2.27 years and 4.24 years, respectively.

Since 2016, various Group companies have granted loans to the Directors and personnel amounting, at 31 December 2020 and 2019, to Euros 3,794 thousand, which are due in 2021 and accrue interest at a market rate and are classified as current financial assets at 31 December 2020. The Group recognised a valuation adjustment due to the impairment of these loans amounting to Euros 520 thousand and Euros 956 thousand in 2020 and 2019, respectively.

(12) Inventories

Details at 31 December 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Merchandise	15,639	12,980
Raw materials	894	886
Finished goods	82	82
Impairment	(1,754)	(851)
Total inventories	14,861	13,097

The cost of inventories recognised as an expense and included in the cost of goods sold is as follows:

	Thousands of Euros	
	2020	2019
Net purchases	106,631	68,491
Change in inventories	(2,411)	(1,450)
	104,220	67,041

The Group has long-term commitments to purchase certain inventories, which if breached would give rise to penalties with a negative effect of approximately Euros 2 million on the consolidated income statement. This circumstance is not expected to arise (Euros 2 million in 2019).

At 31 December 2020 and 2019 the Group has no inventories pledged as collateral to secure repayment of debts and commitments with third parties. The Group has taken out sufficient insurance policies to cover the risk of damage to its inventories.

(13) Trade and Other Receivables

Details are as follows:

	Thousands of Euros	
	2020	2019
Trade receivables	41,698	59,077
Other receivables	3,451	4,206
Public entities	8,690	11,306
Impairment losses	(10,804)	(16,672)
Trade and other receivables	43,035	57,917

Trade and other receivables comprise financial assets at amortised cost and their carrying amount does not differ significantly from their fair value.

Trade receivables mainly comprise uncollected amounts in respect of the normal billings to franchisees.

(Cont.)

An analysis of impairment losses due to the credit risk associated with financial assets is as follows:

	Thousands of Euros	
	Assets at amortised cost	
	2020	
	Non-current	Current
Current		
Additions due to initial business combination	(3,825)	(16,672)
Charge	-	(292)
Application	-	9,325
Transfers	3,825	(3,825)
Reversal	-	94
Translation differences	-	566
Balance at 31 December	-	(10,804)
	(note 11)	

	Thousands of Euros	
	Assets at amortised cost	
	2019	
	Non-current	Current
Current		
Additions due to initial business combination	(2,216)	(11,401)
Charge	(1,609)	(10,637)
Application	-	5,302
Transfers to assets held for sale	-	64
Balance at 31 December	(3,825)	(16,672)
	(note 11)	

(14) Cash and Cash Equivalents

Details at 31 December 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Cash in hand and at banks	45,134	47,857
Cash and cash equivalents	45,134	47,857

Cash and cash equivalents recognised in the consolidated statement of financial position are the same as those reported in the statement of cash flows as the Group does not have any overdrafts.

(Cont.)

(15) Deferred Tax

Details of deferred tax assets are as follows:

	Thousands of Euros				
Deferred tax assets	Non-deductible amortisation and depreciation	Tax credit and deductions	Leases	Other	Total
Balance at 01/01/2019	-	-	-	-	-
Additions due to business combinations	2,037	7,506	3,898	4,801	18,242
Taken to the income statement (note 25)	-	542	(918)	3,374	2,998
Balance at 31/12/2019	2,037	8,048	2,980	8,175	21,240
Additions due to business combinations	-	-	-	919	919
Transfers	-	2,976	-	(2,976)	-
Taken to the income statement (note 25)	778	4,533	(241)	2,484	7,554
Balance at 31/12/2020	2,815	15,557	2,759	8,601	29,713

The deferred tax assets recognised in the consolidated statement of financial position at 31 December 2020 and 2019 mainly correspond to tax loss carryforwards generated by the Group companies Food Delivery Brands Group, S.A., Food Delivery Brands, S.A., Mixor, S.A. and Telepizza Chile, S.A. (see note 25).

Other deferred tax assets in 2020 and 2019 include the tax effect of the impairment of trade receivables and other temporary differences in Chile amounting to Euros 4,137 thousand (3,150 thousand in 2019).

The Group has recognised deferred tax assets in respect of tax credits for loss carryforwards available for offset because the Directors consider these credits to be recoverable. This assumption is based on the business plans approved by the Directors. Due to the restrictions established in tax regulations on the deductibility of finance expenses, the tax group in Spain has been generating positive taxable income and will continue to do so in the next few years, other than 2019 and 2020 due to non-recurring expenses.

Based on estimated profit and loss for the coming years, the budgets approved by the Board of Directors, and considering the estimated tax adjustments to be applied to accounting profit/loss, the deferred tax assets recognised are expected to be recovered in 2026.

In the case of Spanish companies and under Royal Decree-Law 3/2018, the limits for the offset of tax loss carryforwards have been amended to 25% of the taxable income. Nevertheless, and in any event, tax loss carryforwards up to a maximum of Euros 1 million may be offset in each tax period.

(Cont.)

Details of deferred tax liabilities by item are as follows:

	Thousands of Euros			
Deferred tax liabilities	Accelerated depreciation/amortisation	Intangible assets	Other	Total
Balance at 01/01/2019	-	-	-	-
Additions due to business combinations	24	103,783	985	104,792
Credit/(charge) to the income statement (note 25)	(12)	(1,041)	137	(916)
Balance at 31/12/2019	12	102,742	1,122	103,876
Credit/(charge) to the income statement (note 25)	(8)	(1,781)	79	(1,710)
Balance at 31/12/2020	4	100,961	1,201	102,166

The deferred tax liability related to intangible assets is due to the tax effect of various intangible assets, primarily trademarks, and the contractual rights that arose as a result of the business combinations in prior years, as explained in note 10. In the case of intangible assets with a definite useful life, this deferred tax is reduced every year as the intangible assets are amortised and will not generate any cash outflow from the Group.

(16) Equity

(a) Capital

On 4 October 2018, the Company was incorporated by means of the issuance of 3,600 ordinary shares, each with a par value of Euro 1, which were fully subscribed and paid in and which grant their holders the same economic and voting rights.

On 10 May 2019, the share capital was increased by Euros 1,726,250 by means of the issuance of 1,726,250 new shares, each with a par value of Euro 1, with a share premium of Euros 170,898,750, i.e., Euros 99 per new share created. This increase was subscribed with a charge to non-monetary contributions performed by the companies Tasty Aggregator S.À. R.L. and Tasty Topco, S.C.A. and consisting of 28,528,165 shares and 242,697 shares in Food Delivery Brands Group, S.A., respectively, each worth Euros 6.

On 13 May 2019, the share capital was increased by Euros 931,752 by means of the issuance of 931,752 new shares, each with a par value of Euro 1, with a share premium of Euros 92,243,534, i.e., Euros 99 per new share created. This capital increase was fully subscribed and paid in by Tasty Debtco S.à. r.l.

At 31 December 2020 and 2019, Tasty Bidco, S.L.'s share capital is represented by 2,661,602 ordinary shares, each with a par value of Euro 1, and Tasty Debtco S.à. r.l. is the Sole Shareholder.

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(b) Share premium

On 21 June 2019, the Sole Shareholder approved payment of an extraordinary dividend charged to the Company's share premium amounting to Euros 14,200 thousand.

At 31 December 2020 and 2019, this reserve is freely distributable.

(c) Retained earnings

- Legal reserve

The Parent is obliged to transfer 10% of each year's profits to a legal reserve until this reserve reaches an amount equal to 20% of share capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available. Under certain conditions it may be used to increase share capital provided that the balance left on the reserve is at least equal to 10% of total share capital after the increase. At 31 December 2019, the Parent Company does not have a legal reserve since it has incurred losses since its incorporation in 2018.

- Shareholder contributions

In June and July 2019, the Company's Sole Shareholder made various monetary contributions to the Company's equity amounting to a total of Euros 165,108 thousand.

(d) Translation differences

Translation differences are mainly those generated by subsidiaries with currencies other than the euro since the Food Delivery Brands Group sub-group joined the Group in May 2019.

(17) Other Current and Non-current Financial Liabilities

The breakdown of current and non-current financial liabilities is as follows:

	Thousands of Euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Deposits and guarantees	1,261	-	2,661	-
Other payables	5,529	1,883	7,775	1,973
	6,790	1,883	10,436	1,973

(Cont.)

Other payables at 31 December 2020 correspond to an amount payable to the former shareholder of the company acquired in Ireland in 2017 by The Good Food Company, Ltd. for Euros 3,116 thousand (Euros 6,149 thousand in 2019) and due in 2025 and an amount payable for the companies acquired in Mexico and amounting to Euros 1,717 thousand (see note 7 (i)).

(18) Debentures, Bonds, Loans and Other Remunerated Liabilities with credit institutions

(a) Debentures and bonds

As a result of the takeover of the Food Delivery Brands Group, S.A. (see note 1), on 12 June 2019 it completed the refinancing of the Group's financial debt by means of the following transactions:

- The acquisition of all shares representing the share capital of Tasty Bondco 1, S.A. from Tasty DebtCo S.à.r.l., an affiliate of Tasty Bidco, S.L., which completed a Euro 335,000 thousand bond issue at a fixed interest rate of 6.25%, maturing in 2026. This bond is listed in the Luxembourg Stock Exchange's Euro MTF market.

- Early repayment of the Euros 200,000 thousand syndicated loan arranged by the Group with certain banks on 8 April 2016 and, simultaneously, the loan guarantees were released.

Moreover, linked to the financing obtained through issuance of the bond, the Group has a revolving credit facility syndicated by four banks for a maximum drawdown amount of Euros 45,000 thousand, at an interest rate of 3.25% and maturing in 2026. At 31 December 2020 this credit facility was fully drawn down by Food Delivery Brands, S.A., whereas at 31 December 2019 no amount of this credit facility had been drawn down (see note 18 (b)).

The costs incurred by the issuance of the aforementioned bond amounted to Euros 18,207 thousand, which are included in the measurement at amortised cost of said debt.

The breakdown of bonds and obligations at 31 December 2020 and 2019 as follows:

		Thousands of Euros			
Category	Final maturity	Limit	Balance 31/12/2020	Balance 31/12/2019	Interest rate
Senior					
Bond	2026	335,000	335,000	335,000	6.25%
Arrangement costs			(14,532)	(17,222)	
Balance at 31 December			320,468	317,778	

Interest accrued in 2020 and 2019 totalled Euros 20,938 thousand and Euros 11,590 thousand, respectively. At 31 December 2020 and 2019, outstanding unpaid interest on these payables amounted to Euros 9,611 thousand and Euros 13,798 thousand, respectively. Likewise, Euros 2,122 thousand and Euros 1,541 thousand were recognised in 2020 and 2019, respectively, under interest finance expenses relating to the measurement of the bond issuance costs at amortised cost. Furthermore, in 2019 this bond generated interest before the Food Delivery Brands Group took control of Tasty Bondco 1, S.A., for Euros 2,208 thousand.

The Group has pledged the shares of Food Delivery Brands, S.A., Telepizza Chile, S.A., Luxtor, S.A. and Telepizza Portugal Comercio de Productos Alimentares, S.A. to secure the above-mentioned bond. The aforementioned shares directly or indirectly make up practically all of the assets and liabilities pledged as collateral.

There are also obligations relating to shareholder information and the verification of compliance with certain ratios, including, in the case of significant investments, increases in indebtedness, dividend payment or the sale of material assets. At 31 December 2020 and 2019, all the obligations were fulfilled.

(b) Non-current loans and borrowings

Details of current financial debt in the consolidated statement of financial position at 31 December 2020 and 2019 are as follows:

	Thousands of Euros		
	2020		2019
	Non-current	Current	Current
Revolving credit facility (note 18 (a))	45,000	-	-
ICO loan	10,000	-	-
Unpaid accrued interest	-	447	-
Reverse factoring lines	-	3,565	-
Credit facility	-	2,307	2,374
Other payables	-	-	126
	55,000	6,319	2,500

On 5 June 2020, Food Delivery Brands, S.A. and Banco Santander, S.A, arranged a loan amounting to Euros 10,000 thousand pursuant to ICO guarantees. This loan accrues interest at a rate of 3.61% and matures on 31 December 2025.

The credit facility corresponds to Telepizza Chile, S.A. to tackle various local payment obligations.

Reverse factoring lines correspond to the 90-day extension of payment granted by financial institutions in reverse factoring operations with suppliers.

At 13 May 2019, the fair value of the syndicated loan held by the Group was Euros 198,152 thousand and the nominal amount at that date was Euros 200,000 thousand. Moreover, in 2019 as a result of the aforementioned cancellation, the amount of Euros 1,848 thousand was recognised relating to loan origination and arrangement fees pending recognition in the consolidated income statement.

In 2019, as a result of the cancellation of the syndicated loan the interest rate hedge was also early cancelled, generating income of Euros 572 thousand.

Liability balances classified under financing activities are reconciled as follows:

	Thousands of Euros		
	Long-term financial debt	Short-term financial debt	Total
Balance at 01 January 2020	317,778	16,298	334,076
Accrued interest	-	25,180	25,180
Interest paid	-	(34,418)	(34,418)
Finance expense due to the updating of rental rates	-	5,498	5,498
(Redemption)/issuance of debt	55,000	3,372	58,372
Amortised cost (arrangement costs)	2,689	-	2,689
Balance at 31 December 2020	375,467	15,930	391,397

	Thousands of Euros		
	Long-term financial debt	Short-term financial debt	Total
Balance at 01 January 2019	-	-	-
Additions due to business combinations (note 7)	198,152	1,052	199,204
Accrued interest	-	24,343	24,343
Interest paid	-	(5,350)	(5,350)
Finance expense due to the updating of rental rates	-	(6,090)	(6,090)
(Redemption)/issuance of debt	(200,000)	2,343	(197,657)
Issuance of bonds and debentures	335,000	-	335,000
Bond and debenture issuance expenses	(18,763)	-	(18,763)
Amortised cost (arrangement costs)	3,389	-	3,389
Balance at 31 December 2019	317,778	16,298	334,076

(Cont.)

(19) Provisions

Details of other provisions and their classification as current or non-current are as follows:

	Thousands of Euros		
	2020		2019
	Non-current	Current	Non-current
Litigation, claims and inspections	558	-	700
Obligations to employees	1,011	2,953	-
Other provisions	-	51	34
Total	1,569	3,004	734

Details and movement of provisions in 2020 and 2019 are as follows:

	Thousands of Euros			
	Litigation, claims and inspections	Obligations to employees	Other provisions	Total
At 01 January 2019	-	-	-	-
Additions due to business combinations	3,885	-	201	4,086
Allowances	500	-	-	500
Derecognitions	(3,685)	-	(167)	(3,852)
At 31 December 2019	700	-	34	734
Additions due to business combinations	-	136	-	136
Allowances	-	4,196	17	4,213
Payments	(142)	(328)	-	(470)
Translation differences	-	(40)	-	(40)
At 31 December 2020	558	3,964	51	4,573

(a) Litigation, claims and inspections

Additions to provisions for business combinations in 2019 corresponded to the balance of provisions for litigation, claims and inspections and included primarily the liability as a result of a tax inspection performed at a foreign subsidiary which in 2019 was satisfactorily resolved in the Group's favour and the provision was fully reversed for Euros 3,685 thousand. Moreover, the Group has certain administrative claims ongoing, which it estimates could give rise to a payable of approximately Euros 500 thousand.

(b) Obligations to Employees

Provisions for obligations to employees correspond mainly to an employment commitment with the Group's workers in certain countries, as well as certain severance agreements with employees.

(c) Contingencies

The Group has contingent liabilities for bank and other guarantees related to its normal business operations amounting to Euros 3,479 thousand and Euros 10,065 thousand at 31 December 2020 and 2019, respectively. No significant liabilities are expected to arise from these guarantees.

(20) Trade and Other Payables

Details are as follows:

	Thousands of Euros	
	2020	2019
Trade payables and other payables	76,244	95,180
Public entities	6,497	9,153
Salaries payable	7,497	6,295
	90,238	110,628

At 31 December 2020 and 2019, trade payables include Euros 12,846 thousand and Euros 12,888 thousand, respectively, payable to financial institutions for reverse factoring transactions.

The balance of remuneration pending payment at 31 December 2020 and 2019 respectively includes Euros 2,215 thousand and Euros 1,983 thousand for adjustments pending payment in connection with the increase in the minimum wage in Spain.

Trade and other payables comprise financial liabilities at amortised cost and their carrying amount does not differ significantly from their fair value.

Average supplier payment period. Additional Provision Three. "Duty of Information" pursuant to Law 15/2010 of 5 July."

Details of late payments to suppliers by Spanish consolidated companies are as follows:

	2020	2019
	Days	Days
Average supplier payment period	94	96
Transactions paid ratio	112	116
Transactions payable ratio	65	53
	Thousands of Euros	Thousands of Euros
Total payments made	112,701	81,030
Total payments outstanding	28,526	32,201

(Cont.)

(21) Ordinary revenue from contracts with customers

Details are as follows:

	Thousands of Euros	
	2020	2019
Outlet sales to customers	167,921	113,073
Wholesale factory sales to franchisees and other sales	107,961	76,816
Royalties	61,182	46,200
Revenue from franchising activity	4,043	3,190
Other services provided to franchisees	3,733	4,414
Income from incentives	-	4,771
Revenue from initial fees	2,517	2,810
	347,357	251,274

All of the revenue indicated above is generated at a specific point in time, except revenue from initial fees and royalties, which is generated over time.

Details of revenue by geographical segment are provided in note 5.

(22) Employee Benefits Expense

Details of personnel expenses are as follows:

	Thousands of Euros	
	2020	2019
Salaries, wages and similar	79,584	51,080
Social Security	11,034	8,059
Termination benefits	4,533	1,359
Other employee benefits expenses	469	385
Total personnel expenses	95,620	60,883

The average number of full-time equivalent employees in the Group during 2020 and 2019, distributed by category, is as follows:

	Number	
	2020	2019
Management personnel	45	46
Outlet managers	503	426
Other personnel	6,380	5,950
	6,928	6,422

At year end the distribution by gender of the Group's personnel and the Parent's Directors is as follows:

	Number			
	2020		2019	
	Male	Female	Male	Female
Directors	7	1	6	3
Management personnel	11	3	34	8
Outlet managers	139	153	181	241
Other personnel	2,156	1,366	3,376	2,369
	2,313	1,523	3,597	2,621

The average number of Company employees with a minimum disability rating of 33% (or local equivalent) in 2020 and 2019, distributed by category, is as follows:

	Number	
	2020	2019
Technicians	1	1
Other personnel	58	91
	59	92

(23) Other Expenses

Details of other expenses are as follows:

	Thousands of Euros	
	2020	2019
Fees and royalties	26,449	19,585
Transport	14,679	11,135
Advertising and publicity	19,251	11,598
Utilities	13,606	7,852
Other expenses	40,314	53,977
	114,299	104,147

Fees and royalties include mainly the royalties paid to the Yum! Group for use of the "Pizza Hut" trademark and the partnership fee (see note 1).

Other expenses in 2019 include an amount of Euros 24,190 thousand relating to the takeover process and other costs linked thereto, and an amount of Euros 12,246 thousand corresponding to an impairment of accounts receivable (see note 13).

(Cont.)

(24) Impairment of Non-current Assets

Details at 31 December 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Impairment of other intangible assets	-	(863)
Impairment of goodwill (note 10)	(119,495)	-
Impairment of assets held for sale	-	(2,900)
Impairments of property, plant and equipment (note 8)	(1,200)	(123)
	(120,695)	(3,886)

(25) Income Tax

A reconciliation of income tax, resulting from applying the standard tax rate in Spain to the pre-tax profit/loss, with the income tax expense recognised in the consolidated income statement for 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Pre-tax loss from continuing operations	(160,465)	(35,397)
Consolidation goodwill impairment	116,410	
Tax losses not recognised as tax credits	14,719	40,234
	(29,088)	4,837
Expected tax expense/(income) at the tax rate applicable to the Parent Company (25%)	(7,272)	1,209
No deductible expenses at the tax rate	456	202
Withholdings for payments to non-residents	3,263	(748)
Recognition (adjustment) of deferred taxes	-	(4,605)
Expense/(income) due to different tax rates	136	(318)
Tax income	(3,417)	(4,260)

(Cont.)

Income tax payable/(recoverable) for 2020 and 2019 is calculated as follows:

	Thousands of Euros	
	2020	2019
Tax income	(3,417)	(4,260)
Deductible temporary differences and tax credits (note 15)	7,554	2,998
Taxable temporary differences (note 15)	1,710	916
Payments on account and withholdings	(5,508)	(2,149)
Other movements	-	(269)
Income tax payable/(receivable)	339	(2,764)

In accordance with prevailing legislation in each country, losses declared may be carried forward to be offset against profits of the subsequent accounting periods, the amount being distributed as considered appropriate. Losses are offset when the tax declarations are filed, without prejudice to the taxation authorities' power of inspection within the periods and limits established by applicable legislation.

At 31 December 2020 and 2019, the Group has recognised the following deferred tax assets (see note 15) in respect of tax loss carryforwards from the tax group in Spain and from Telepizza Chile, S.A. for the following amounts:

	Thousands of Euros		
	2020		2019
Year	Spain	Chile	Spain
2009	4,234	-	5,234
2010	628	-	628
2011	14,366	-	14,366
2012	4,343	-	4,343
2013	1,182	-	1,182
2014	491	-	491
2018	3,293	-	3,293
2019	-	11,024	-
2020 (estimated)	9,596	12,807	-
Total	38,132	23,831	29,537

Furthermore, a tax loss carryforward was generated at Tasty Bidco, S.L. in 2019 for Euros 15,778 thousand prior to its inclusion in the tax group in Spain which is not recognised as deferred tax assets.

(Cont.)

At 31 December 2020 and 2019 the Group has the following unrecognised deferred tax assets in respect of tax loss carryforwards of companies in Switzerland, Czech Republic, Colombia and Poland:

Year	Thousands of Euros 2020	Thousands of Euros 2019
2013	178	202
2014	4,529	5,448
2015	4,100	4,631
2016	1,765	1,572
2017	1,510	3,581
2018	1,467	2,165
2019	1,875	1,531
2020 (estimated)	4,424	-
Total	19,848	19,130

At 31 December 2020, the Group has non-deductible interest arising from the Group companies in Spain and Portugal for Euros 169,697 thousand Euros (147,702 thousand in 2019) and Euros 13,217 thousand (Euros 13,217 thousand in 2019), available for future offset indefinitely. Details are as follows:

Year	Thousands of Euros 2020	Thousands of Euros 2019
2012	33,042	33,042
2013	38,045	38,045
2014	53,296	53,296
2015	20,153	20,153
2016	11,356	11,356
2017	2,000	2,000
2019	8,249	3,027
2020 (estimated)	16,774	-
	182,914	160,919

Based on the tax returns filed by the Group companies in 2020 and prior years, the Group has no available deductions.

(Cont.)

In 2020, the following inspections were commenced at Group companies:

- The subsidiary Telepizza Chile, S.A. is currently in the midst of a general tax inspection with respect to income tax and transfer prices in relation to the fiscal year 2017. To date, the only step has been to present the documentation requested by the inspection team.

- The consolidated tax group in Spain: In October 2020, notification was received of the start of partial tax inspection proceedings in respect of corporate income tax relating to the 2014-2019 period. These proceedings refer to the consolidated tax group in force in that period, which was headed by Food Delivery Brands Group, S.A., and whose composition was different to the current one. To date, the only step has been to present the documentation requested by the inspection team.

Due to these inspection proceedings being in a preliminary phase and to date essentially only the documentation having been presented to the inspection team.

In addition, pursuant to current legislation, taxes cannot be considered definitive until they have been inspected and agreed by the taxation authorities or before the inspection period of four years has elapsed. In addition to those mentioned above, at the date on which these consolidated annual accounts were authorised for issue, the principal Group companies have open to inspection by the taxation authorities all main applicable taxes and income tax since 1 January 2016.

Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of inspection. In any case, the Parent’s Directors do not consider that any such liabilities that could arise would have a significant effect on the annual accounts.

(26) Commitments

As stated in notes 8 and 10, at 31 December 2020 and 2019 the Group has no commitments relating to investing activities.

(Cont.)

(27) Information on the Parent's Directors and Senior Management Personnel

In 2020 and 2019 the Parent's Directors received remuneration amounting to Euros 880 thousand and Euros 1,580 thousand, respectively. Moreover, at 31 December 2020 and 2019, the Group has extended loans or advances to the Directors totalling Euros 1,392 thousand and Euros 1,381 thousand, respectively. These loans are secured by the Directors with certain shares of the Parent Company. The main conditions and characteristics of the loans to the Directors are described in note 11. Life insurance premiums of Euros 6 thousand and Euros 4 thousand were paid on behalf of the Directors in 2020 and 2019, respectively, and the savings plan contributions made amounted to Euros 191 thousand and Euros 111 thousand, respectively.

Public liability insurance premiums paid on behalf of the Directors in 2020 and 2019 amounted to Euros 38 thousand and Euros 94 thousand, respectively.

The members of the Group's Senior Management received remuneration amounting to Euros 1,479 thousand in 2020 and Euros 1,866 thousand in 2019. Moreover, at 31 December 2020 and 2019, the Group has extended loans or advances to Senior Management totalling Euros 1,216 thousand and Euros 2,414 thousand, respectively. These loans are secured with certain shares of the Parent Company. The main conditions and characteristics of the loans to senior management are described in note 11. Life insurance premiums of Euros 6 thousand and Euros 48 thousand were paid on behalf of Senior Management in 2020 and 2019, respectively, and the savings plan contributions made amounted to Euros 53 thousand and Euros 9 thousand, respectively.

At 31 December 2020, the Group has recognised provisions to tackle severance agreements with Directors amounting to Euros 2,388 thousand (see note 19).

In 2020 and 2019 the Parent's directors did not carry out any transactions other than ordinary business or applying terms that differ from market conditions with the Company or Group companies.

Conflicts of interest concerning the Directors

In 2020 and 2019 the directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

(28) Environmental Information

The Group's operations are subject to legislation governing environmental protection and health and safety in the workplace (environmental protection and safety-in-the-workplace laws). The Group complies substantially with these laws and has established procedures designed to encourage and ensure compliance.

The Group has adopted the appropriate measures aimed at protecting the environment and minimising any environmental impact, in accordance with prevailing legislation. No provision for environment-related liabilities and charges was recognised during the year, as no contingencies exist in this regard.

The Group considers that the environmental risks deriving from its activity are minimal and adequately covered and that no additional liabilities will arise therefrom. The Group did not make any investments, incur any expenses or receive any significant grants related with these risks during the year ended 31 December 2019.

(29) Audit Fees

The fees corresponding to the services provided by the auditing company (KPMG Auditores, S.L.) of the Group's annual accounts for the years ended 31 December 2020 and 2019, regardless of the time of their invoicing, are as follows:

	Thousands of Euros	
	2020	2019
Audit services	215	275
Other accounting verification services	3	306
	218	581

The amounts detailed in the above table include the total fees for services provided in 2020 and 2019, irrespective of the date of invoice.

Other accounting verification services relating to the 2019 audit mainly include work to issue a comfort letter for the bond prospectus.

Other entities affiliated with KPMG International invoiced the Group the following fees and expenses for professional services during the years ended 31 December 2020 and 2019:

	Thousands of Euros	
	2020	2019
Audit services	90	83
Other services	19	37
	109	120

(30) Events after the Reporting Period

On 22 December 2020, Food Delivery Brands, S.A., as the borrower, Banco Santander, S.A. and Instituto de Crédito Oficial E.P.E., as lenders, signed a framework agreement to grant bilateral loans, and signed the contracts for said loans amounting to Euros 30,000 thousand and Euro 10,000 thousand, respectively, to be used to tackle working capital requirements arising from the Covid-19 health crisis and to repay the Euros 10,000 relating to an ICO Santander loan in its entirety. These bilateral loans accrue interest at an annual rate of 3.75% and their final maturity date is 1 November 2025.

The arrangement of this framework agreement and of the bilateral loans was subject to prior or simultaneous compliance with conditions which, most notably, include the main shareholder of Food Delivery Brands Group, S.A. granting subordinated loans amounting to a total of Euros 43,299 thousand. All suspensive conditions included in the framework agreement were fulfilled and on 2 February 2021 the loans entered into force.

On 22 December 2020, Food Delivery Brands Group, S.A., as borrower, and its main shareholders Tasty Bidco, S.L. and BG Select Investments (Ireland) Limited, as lenders, signed a subordinated loan agreement undertaking to finance the Group's liquidity requirements up to a maximum amount of Euros 36,747 thousand and Euros 6,552 thousand, respectively, by means of two funding tranches:

a) one tranche, totalling Euros 20,619 thousand, to be disbursed prior to the effective availability date of the financing, by payment into the deposit account where it will remain restricted until the financing has been drawn down as per the contract; and

b) a second tranche, totalling Euros 22,680 thousand, to be disbursed when the amount of cash falls below a certain threshold.

These loans accrue interest capitalizable quarterly and mature on 16 November 2026.

Disbursement of these loans was subject to the ICO's approval of the aforementioned bilateral loans. The funds for the first tranche were released on 29 January 2021 and the loans became effective.

(Cont.)

On 29 January 2021, the share capital was increased by Euros 169,735 by means of the issuance of 169,735 new shares, each with a par value of Euro 1, with a share premium of Euros 16,803,843, i.e., Euros 99 per new share created (see note 1). This capital increase was subscribed and fully paid in by Tasty Debtco S.à.r.l. and its purpose was to grant the aforementioned subordinated loan.

(31) Risk Management Policy

Financial risk factors

The Group's activities are exposed to various financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Group's profits. The Group therefore uses derivatives to mitigate certain risks.

Risks are managed by the Group's Finance Department in accordance with policies approved by the Board of Directors of the Parent. This department identifies, evaluates and mitigates financial risks in close collaboration with the Group's operational units. The Board of Directors issues global risk management policies, as well as policies for specific issues such as currency risk, interest rate risk, liquidity risk, the use of derivative and non-derivative instruments, and investments of cash surpluses.

Interest rate risk

Variations in interest rates affect the fair value of assets and liabilities that accrue interest at fixed rates, as well as the future cash flows of assets and liabilities indexed to a variable interest rate. Such variations could have a significant impact on the cost of debt and the return on investments.

The objective of interest rate risk management is to achieve a balanced debt structure that minimises the cost of the debt over several years with reduced income statement volatility. Exhaustive monitoring of trends in benchmark interest rates is essential to ensure that any substantial fluctuations identified are evaluated and that optimum hedging is arranged, where necessary, to minimise the risk, assuring a reasonable interest rate.

(Cont.)

The structure of financial risk at 31 December 2020 and 2019 is as follows:

		Thousands of Euros	
Type of financing	Interest rate	2020	2019
Bond	Fixed (6.25%)	320,468	317,798
Revolving facility	Fixed (3.25%)	45,000	-
ICO loan	Fixed (3.61%)	10,000	-
Total		375,468	317,798

The benchmark interest rates for the debt undertaken by Group companies are primarily a fixed rate of 6.25%, and interest on the revolving credit facility is charged at 3.25%.

At 31 December 2020 and 2019, had interest rates been 25 basis points higher or lower, with the other variables remaining constant, this would not have affected income for the year, because almost all of the Group's indebtedness is at a fixed rate.

Currency risk

As the Food Delivery Brands Group operates internationally, fluctuations in exchange rates for financial or commercial transactions in foreign currencies represent another fundamental financial risk to which the Group is exposed.

Currency risk mainly arises from three types of transactions:

- Commercial transactions in foreign currency.
- Intragroup payables in foreign currency.
- Net assets deriving from net investments in foreign operations with functional currencies other than the Euro (risk of exchange rate fluctuations on translation of the financial statements of these companies in the consolidation process).

The Group has no significant balances or commercial transactions denominated in foreign currencies other than the functional currencies of each country where the Group operates.

At 31 December 2020, had the Euro weakened/strengthened by 10% against the Chilean Peso and the Colombian Peso, with the other variables remaining constant, consolidated post-tax loss would have been Euros 1,946 thousand lower (Euros 2,746 thousand in 2019), mainly as a result of translating trade receivables, debt instruments classified as available-for-sale financial assets and payables to Group companies that are eliminated on consolidation. Translation differences recognised under "Other comprehensive income" would have increased by Euros 1,718 thousand, mainly due to translation differences on foreign operations.

(Cont.)

Liquidity risk

The Group's liquidity policy consists of arranging credit facilities and holding marketable securities for a sufficient amount to cover forecast requirements, making financing available and enabling it to settle market positions relating to short-term investments immediately, thus ensuring that this financial risk is minimised.

The Group's exposure to liquidity risk at 31 December 2020 and 2019 is shown below. These tables present an analysis of financial liabilities by remaining contractual maturity dates.

	Thousands of Euros					
	Amount at 31/12/2020	Future cash flow maturities	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Bonds and loans from credit institutions						
Principal	381,786	395,872	5,872	-	55,000	335,000
Interest	9,611	91,602	10,469	10,469	83,750	6,979
Trade and other accounts payable	90,238	90,238	90,238	-	-	-
Total	481,635	577,712	106,579	10,469	138,750	341,979

	Thousands of Euros					
	Amount at 31/12/2019	Future cash flow maturities	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Bonds and loans from credit institutions						
Principal	320,278	337,500	2,500	-	-	335,000
Interest	13,798	147,260	14,656	10,469	93,346	21,810
Trade and other accounts payable	110,628	110,628	110,628	-	-	-
Total	444,704	595,388	127,784	10,469	93,346	356,810

Lease payment maturities are detailed in note 9.

Payables to public entities are not included in trade and other payables.

Future cash flow maturities include the loan principal plus interest based on contractual interest rates at year end.

(Cont.)

Approved investments not recognised as property, plant and equipment under construction at the reporting date are not included.

Credit risk

Credit risk is the risk of financial loss for the Group in the event that a customer or counterparty to a financial instrument fails to discharge a contractual obligation, and mainly arises on the Group's trade receivables and its investments in debt instruments.

The financial instruments that are particularly exposed to credit risk mainly include net investment in subleases, trade and other receivables and cash and cash equivalents. The Group does not have significant concentrations of credit risk. This risk is distributed across a number of banks whose services the Group uses and the customers with which it operates.

Maximum exposure to credit risk through net investment in subleases, trade and other receivables and cash and cash equivalents is as follows:

	Thousands of Euros	
	2020	2019
Non-current financial assets	15,655	26,182
Net investment in subleases	41,239	66,538
Trade and other receivables	43,035	57,917
Cash and cash equivalents	45,134	47,587
	145,063	198,224

(i) Trade receivables

The Group analyses receivables by type of customer. The Group operates proprietary outlets and also acts as a franchiser, organising marketing activities for the brands and the supply chain. As such, the Group has receivables associated with the franchising activity.

The Group's receivables arising from sales at its own restaurants are minimal and subject to a low level of credit risk in view of the short settlement period and the nature of the settlement, inasmuch as customers generally pay in cash or by credit card in restaurants.

Receivables arising from the franchising activity include those from franchises under proprietary brands. For these receivables, the Group performs a detailed analysis of the expected credit losses.

The Group’s exposure to credit risk is influenced primarily by the individual characteristics of each customer. However, the Group also considers the factors that could affect the credit risk of its customer base, including default risk associated with the sector and the country in which the customers operate, and even the external rating of a particular country.

For trade receivables, the Group applies the simplified approach permitted under IFRS 9, which requires expected credit losses to be recognised at initial recognition of the accounts receivable. The Group determines lifetime expected credit losses of the financial assets on a collective basis, grouped by geographical area. The Group has established a provision matrix based on its historical credit loss experience, adjusted for factors that are specific to the borrowers and economic conditions:

	Thousands of Euros					
	Europe			Latin America		
Maturity	%	Amount	Impairment	%	Amount	Impairment
Current	0.00%	20,467	-	7.60%	5,442	(413)
Less than 3 months	0.00%	2,620	-	56.25%	456	(257)
3 to 6 months	27.14%	814	(221)	74.70%	781	(583)
6 months to 1 year	0.00%	546	-	76.60%	1,244	(953)
More than 1 year	88.99%	8,290	(7,377)	96.42%	1,036	(999)
	23.21%	32,738	(7,598)	35.78%	8,960	(3,206)

	Thousands of Euros					
	Europe			Latin America		
Maturity	%	Amount	Impairment	%	Amount	Impairment
Current	7.3%	39,021	(2,841)	17.1%	15,042	(2,570)
Less than 3 months	4.0%	2,332	(92)	29.1%	217	(63)
3 to 6 months	9.9%	708	(70)	43.5%	8	(3)
6 months to 1 year	32.6%	466	(152)	64.7%	2	(1)
More than 1 year	90.3%	7,799	(7,043)	55.5%	13,796	(7,661)
	20.3%	50,326	(10,198)	35.4%	29,065	(10,298)

Nevertheless, for trade receivables that are more than 360 days overdue, the Group determines expected credit losses on an individual basis. In 2020, the Group recognised an impairment of Euros 292 thousand (Euros 12,246 thousand in 2019) in respect of receivables exposed to credit risk.

(Cont.)

(ii) Cash and cash equivalents

Credit risk related to financial instruments in the form of cash held at banks is minimal insofar as the parties to the transaction are banks that have been awarded a high rating by international rating agencies.

TASTY BIDCO, S.L. AND SUBSIDIARIES
Details of Shareholdings in Group Companies

31 December 2020

(Expressed in thousands of Euros)

	Registered office	Percentage shareholding Direct	Indirect	Capital	Reserves	Profit/loss	Total equity
Food Delivery Brands Group, S.A. (1)	Madrid	84.3%	-	25,180	441,515	(72,294)	394,401
Food Delivery Brands, S.A. (1)	Madrid	-	100%	16,380	47,822	(3,056)	61,146
Mixor, S.A. (3)	Madrid	-	100%	3,215	(5,515)	(7,095)	(9,394)
Telepizza Gestión, S.A. (3)	Madrid	-	100%	1,085	(533)	785	1,336
Foodco Bondco, S.A. (1)	Madrid	-	100%	5,214	436,813	(70,153)	371,874
Telepizza Chile, S.A. (2)	Santiago de Chile	-	100%	2,462	23,317	(10,720)	15,060
Telepizza Portugal Comercio de Produtos Alimentares, S.A (1)	Lisbon	-	100%	1,900	63,552	2,990	68,442
Telepizza Poland Sp. Z o.o. (1)	Warsaw	-	100%	13,101	(10,404)	(1,635)	68
Telepizza Guatemala, S.A (3)	Guatemala	-	100%	1	408	(3)	406
Luxtor, S.A. (1)	Avila	-	100%	6,128	(3,374)	4,636	7,389
Telepizza Ecuador, S.A. (3)	Quito	-	100%	3,015	(2,588)	(1,075)	(648)
Alimentos de la Costa Costahut, S.A. (3)	Ecuador	-	100%	1	17	(47)	(29)
Sociedad de Turismo Sodetur, S.A. (3)	Ecuador	-	100%	1,621	2,240	(2,394)	1,466
Telepizza Industries International Telepizzainter, S.A.	Ecuador	-	100%	1	(125)	156	32
Inverjenos S.A.S. (1)	Bogota	-	100%	669	9,036	(6,412)	3,293
Telepizza Shanghai S.L. (3)	Shanghai	-	100%	104	13	24	141
Procusto Activos, S.L.U (4)	Madrid	-	100%	3	(2)	-	1
Telepizza Switzerland GmbH (3)	Berne	-	100%	18	(2,213)	(630)	(2,825)
Fortys Pizza SRO (3)	Czech Republic	-	100%	1,039	(1,591)	(1,341)	(1,893)
The Good Food Company Ltd (3)	Ireland	-	51%	-	4,332	2,179	6,511
Mooncharm Limited (3)	Ireland	-	51%	-	567	1,128	1,695
TDS Telepizza, S.L. (3)	Spain	-	100%	4	10,198	94	10,296
Insular Procurement & Services, S.L. (3)	Spain	-	100%	3	(975)	840	(132)
IBERIFOOD, SAP.I. SA de C.V.	Mexico	-	100%	2,045	3,887	(324)	5,608
Desarrolladora Inmobiliaria de Restaurantes, S. de R. L. de C. V.	Mexico	-	75%	6,134	(20)	(2,556)	3,558
Expertos en Repartos a Domicilio, S. de R.L. de C.V.	Mexico	-	75%	-	112	41	153
Expertos en Restaurantes, S. de R.L. de C.V.	Mexico	-	75%	-	478	39	439

(1) Statutory accounts audited
(2) Statutory accounts of main companies of the subgroup audited
(3) Statutory accounts not audited
(4) Dormant companies

This appendix forms an integral part of note 1 to the consolidated annual accounts for 2020, in conjunction with which it should be read.

TASTY BIDCO, S.L. AND SUBSIDIARIES
Details of Shareholdings in Group Companies

31 December 2019

(Expressed in thousands of Euros)

	Registered office	Percentage shareholding Direct	Indirect	Capital	Reserves	Profit/loss	Total equity
Telepizza Group, S.A.	Madrid	84.3%	-	25,180	461,990	(20,475)	466,695
Tele Pizza, S.A. (1)	Madrid	-	100%	16,380	57,000	(33,678)	39,702
Mixor, S.A. (3)	Madrid	-	100%	3,215	3,715	(9,230)	(2,300)
Circol, S.A. (3)	Madrid	-	100%	1,085	843	751	2,679
Foodco Bondco, S.A. (1)	Madrid	-	100%	5,214	412,850	(4,677)	413,387
Telepizza Chile, S.A. (2)	Santiago de Chile	-	100%	3,050	46,508	(20,315)	29,243
Telepizza Portugal Comercio de Produtos Alimentares, S.A (1)	Lisbon	-	100%	1,900	67,897	7,339	77,136
Telepizza Poland Sp. Z o.o. (1)	Warsaw	-	100%	13,708	(10,672)	(1,250)	1,786
Telepizza Guatemala, S.A (3)	Guatemala	-	100%	-	262	188	450
Luxtor, S.A. (1)	Avila	-	100%	6,128	1,435	9,546	17,109
Telepizza Ecuador, S.A. (3)	Quito	-	100%	3,057	(2,873)	219	403
Alimentos de la Costa Costahut, S.A. (3)	Ecuador	-	100%	1	10	7	18
Sociedad de Turismo Sodetur, S.A. (3)	Ecuador	-	100%	1,369	116	369	1,854
Telepizza Industries International Telepizzainter, S.A.	Ecuador	-	100%	1	-	(127)	(126)
Inverjenos S.A.S. (1)	Bogota	-	100%	1,594	(3,726)	4,201	2,069
Telepizza Shanghai, S.A. (3)	Shanghai	-	100%	-	-	-	-
Procusto Activos, S.L.U (4)	Madrid	-	100%	3	(2)	1	2
Telepizza Switzerland GmbH (3)	Berne	-	100%	17	(1,932)	(346)	(2,261)
Fortys Pizza SRO (3)	Czech Republic	-	100%	1,034	(1,175)	(533)	(674)
The Good Food Company Ltd (3)	Ireland	-	51%	-	2,497	1,796	4,293
Mooncharm Limited (3)	Ireland	-	51%	-	125	492	617
TDS Telepizza, S.L. (3)	Spain	-	100%	3	10,100	99	10,202
Insular Procurement & Services, S.L. (3)	Spain	-	100%	-	-	(145)	(145)

(1) Statutory accounts audited
(2) Statutory accounts of main companies of the subgroup audited
(3) Statutory accounts not audited
(4) Dormant companies

This appendix forms an integral part of note 1 to the consolidated annual accounts for 2020, in conjunction with which it should be read.

Corporate background – The Food Delivery Brands Group

Telepizza was created in 1987 as a family business. Since opening its very first outlet in Madrid in 1988, the Group has gradually ramped up its activities and expanded internationally. In 1992, Telepizza opened its first pizza dough production plant in Guadalajara (Spain) and its first outlets in Poland, Portugal and Chile. Telepizza was listed on Spain's stock exchanges in 1996 via initial public offering. In 2004, Telepizza began its digital expansion in Spain and, four years later, in 2008, Telepizza relaunched its telepizza.es website to improve home delivery.

In 2007, the Company suspended trading in Spain's stock exchanges. Telepizza continued its international expansion, entering into master franchise agreements in Guatemala, El Salvador and the United Arab Emirates in 2009. In 2010, the Group acquired the Colombian pizza chain Jeno's Pizza, the country's biggest pizza chain with 80 outlets, and in the subsequent years the Group opened its first outlet in Peru and entered the airline catering sector. In 2012, Telepizza established its presence in Ecuador. In 2013, Telepizza expanded its network of franchises in Panama, Russia and Bolivia. In 2014, the Group gained a foothold in Angola. After observing a greater reliance on technology among its customer base, in 2015 Telepizza developed "Click & Pizza", an online delivery service, and started creating smartphone applications.

In April 2016, Telepizza was again listed in the Spanish stock market and continued its international expansion, announcing its entry into new markets in EMEA and Latin America, under the Telepizza brand, and Ireland, under the Apache brand. In December 2018, Telepizza signed a strategic agreement with Yum! Brands, making it the largest master franchisee of Pizza Hut in the world.

The alliance with Yum! (Pizza Hut)

In June 2018, the Group signed a strategic partnership and multi-country master franchise agreement between Telepizza Group (now Food Delivery Brands) and Pizza Hut to accelerate their joint growth in Latin America (excluding Brazil), the Caribbean, Spain, Portugal and Switzerland.

Following the approval of the transaction by the European Commission's competition authorities on 3 December 2018, the global alliance and master franchise agreement with Pizza Hut was signed and came into force on 30 December 2018.

Pizza Hut, a division of Yum! Brands, Inc. ("Yum! Brands"), is the world's largest pizzerias company with nearly 17,000 restaurants in over 100 countries. As a result of the transaction, on 30 December 2018 Telepizza operated a total of 1,011 Pizza Hut stores (in addition to its current 1,620 network stores and including the 38 stores in Ecuador acquired prior to formalisation of the agreement), thus making it the largest Pizza Hut master franchisee in the world by number of stores and a leading pizza operator worldwide with an ambitious growth plan in the coming years.

With this alliance, the Group Food Delivery Brands would be able to develop and improve its capacity to manage networks and supply pizza dough and ingredients while fostering its international growth (taking advantage of the synergies existing between both groups).

In Spain and Portugal, the Group will continue to operate the Telepizza brand along with the Pizza Hut brand, given its leadership and privileged knowledge of the brand. Conversely, the current brands in Latin America ("Telepizza" and "Jeno's Pizza") will be gradually changed so as to operate solely under the "Pizza Hut" brand in the coming years, thereby taking advantage of its greater brand recognition in Latin America.

Recent changes in the corporate and capital structures

On 21 January 2019, Tasty Bidco, S.L., an investment vehicle wholly-owned by funds and accounts managed or advised by KKR Credit Advisors (US) LLC or affiliated entities Torreal, Safra, Artá and Altamar as co-investors, filed with the Spanish National Securities Market Commission (CNMV) a voluntary takeover bid of Euros 6.00 per share for all the shares of Telepizza Group, S.A. (currently Food Delivery Brands Group, S.A.). The result of the voluntary takeover process was published on 8 May 2019 and it was resolved on 13 May 2019. The takeover resulted in Tasty Bidco owning 56,699,827 shares in Telepizza, representing 56.29% of its share capital. Subsequently, Tasty Bidco S.L. approved a sustained order to acquire shares in the Telepizza Group.

As a result of the takeover, on 10 June 2019, the Group completed the refinancing of its existing financial debt by means of the following transactions:

- The acquisition of all shares representing the share capital of Tasty Bondco 1, S.A. from Tasty DebtCo S.à.r.l., an affiliate of Tasty Bidco, S.L. which completed a Euro 335,000 thousand bond issue at a fixed interest rate of 6.25%, maturing in 2026. These bonds are listed in the Luxembourg Stock Exchange's Euro MTF market.

- Early repayment of the Euros 200,000 thousand syndicated loan arranged by the Group with certain banks on 8 April 2016 and, simultaneously, the syndicated loan guarantees were released and guarantees were provided to bondholders.

As part of the recapitalisation of the Group, the Company's General Meeting of Shareholders, held on 17 June 2019, approved the distribution of an extraordinary dividend charged to unrestricted reserves amounting to Euros 130,936,882.70, which was used by certain investors to partially repay their acquisition loans.

Furthermore, on the same date, the General Meeting of Shareholders of Telepizza Group, S.A. also approved the delisting of the shares from the Madrid, Barcelona and Bilbao stock exchanges. Trading in Telepizza Group, S.A. shares was suspended on 9 July 2019, and the shares were effectively delisted on 26 July 2019.

As previously stated, Tasty Bondco 1, S.A.U. is a limited liability company incorporated in accordance with the laws of Spain, which on 3 May 2019 issued a Euros 335,000 thousand senior secured bond maturing in 2026.

On 12 December 2019, a merger was approved between the issuer Tasty Bondco 1, S.A.U. and Foodco Bondco, S.L., identified as "Tasty Bondco 2, S.A." in the Indenture and Merger Memorandum, which was approved by the competent bodies of the merged entities. On 26 February 2020 the merger deed was filed with the Madrid Companies Register and, as a result, Foodco Bondco, SAU (transformed into a corporation – *sociedad anónima*) assumed all the Issuer's obligation in connection with the bonds, the Indenture, the Intercreditor agreement and any other document relating to the issue, in accordance with Spanish law.

The bonds accrue interest at an annual rate of 6.25%. The bonds will mature on 15 May 2026 and the Issuer will pay interest on the bonds half-yearly every 15 January and 15 July, from 15 January 2020.

On 21 July 2020 the General Meeting of Shareholders of Telepizza Group, S.A. agreed to change the Company's name to Food Delivery Brands Group, S.A. and to change the corporate name of the Group. Accordingly, the corporate identity and image will boost our international positioning recognition as a multi-brand group. The Group, which operates the "Telepizza", "Pizza Hut", "Jeno's Pizza" and "Apache Pizza" concepts, thereby takes another step forward in its strategy to position itself as the world's largest pizza delivery group.

This change is aimed at boosting and reinforcing the development of each of its brands, affording them greater personality and differentiation in the various markets in which they operate. The change will also shore up the individual 'Telepizza' concept, a brand with more than 30 years of history which, following its performance during the Covid-19 crisis, has strengthened its recognition and renown even more, to its highest ever levels.

The Group's position and business performance

Coronavirus pandemic (Covid-19)

On 11 March 2020, the World Health Organization declared the outbreak of coronavirus disease (Covid-19) a pandemic, due to its rapid global spread, affecting more than 150 countries on that date. Most governments have taken restrictive measures to curb the spread, which include: isolation, lockdowns, quarantine and restrictions on the free movement of people, closure of public and private premises except those considered essential or relating to healthcare, border closures and drastic reductions in air, sea, rail and road transport.

In Spain, the government approved Royal Decree 463/2020, of 14 March, declaring a state of emergency in order to manage the healthcare crisis unleashed by the Covid-19 outbreak.

This situation has had a significant impact on the global economy, due to the disruption or slowing of supply chains and the sizeable increase in economic uncertainty, evidenced by an increase in the volatility of asset prices, exchange rates and cuts in long-term interest rates.

Governments have approved various extraordinary emergency measures to mitigate the economic and social impact of the Covid-19 outbreak.

In the wake of the health emergency triggered by the Covid-19 pandemic, the Group has developed a “Covid-19 Prevention Protocol”, which outlines the security measures implemented to tackle the situation with the best safeguards for health, and always in compliance with strict procedures and to ensure the health and welfare of its employees and customers at all times. The Group has set up a Covid-19 Crisis Committee to monitor the situation closely and to advise the teams to adopt new safety measures in the event of changes in the situation or new guidelines that have been issued by health authorities or the government.

The Group is working, coordinating with and at the disposal of the authorities to ensure the health and welfare of employees and customers alike, and to meet any needs we could by contributing our resources.

Likewise, many of the health measures implemented by governments to curb the spread of the pandemic consisted of imposing bans or restrictions on opening hours for store operations. Nevertheless, the Group has managed to adapt to these circumstances, continuing with its activity and reinforce home delivery and takeaway services under zero-contact. Nevertheless, due to the decline in activity and in order to streamline efforts and optimise resources, the Group has implemented various furlough schemes which in Spain have affected 1,520 employees. Furthermore the Group’s executives have agreed to a temporary pay cut.

In 2020, the Group drew down a (revolving) credit facility and an ICO loan was arranged amounting to Euros 45,000 thousand and Euros 10,000 thousand, respectively, in addition to the existing funding, which has helped the Group to address the health emergency and continue with its activities.

In 2020, the Group also analysed potential options for optimising the current capital structure, in order to (i) adapt it to the new business circumstances and the economic and competitive environment resulting from Covid-19, and (ii) to obtain the necessary financial resources to fully implement the business plan devised for the next few years.

The reconciliation between the consolidated income statement for 2020 and 2019, and the same excluding the effects of IFRS 16, is shown below

	Thousands of Euros		
	2020	IFRS 16	2020 ex IFRS 16
Revenues	347,357	8,415	355,772
Merchandise and raw materials used	(104,220)	-	(104,220)
Employee benefits expense	(95,620)	-	(95,620)
Depreciation and amortisation expenses	(43,725)	17,116	(26,609)
Other expenses	(114,299)	(29,038)	(143,337)
Impairment/(Reversal) of non-current assets	(120,695)	-	(120,695)
Other losses	2,226	(3,252)	(1,026)
Loss from operating activities	(128,976)	(6,759)	(135,735)
Finance income	1,878	(1,436)	442
Finance expenses	(33,367)	5,521	(27,846)
Loss before tax from continuing operations	(160,465)	(2,674)	(163,139)
Income tax expense	3,417	1,251	4,668
Loss for the year from continuing operations	(157,048)	(1,423)	(158,471)
Post-tax loss from discontinued operations	(3,334)	(255)	(3,079)
Loss for the year	(160,382)	(1,168)	(161,550)
Profit/(loss) attributable to non-controlling interests	(23,550)	(223)	(23,773)

	Thousands of Euros		
	2019	IFRS 16	2019 ex IFRS 16
Revenues	384,361	10,861	395,222
Merchandise and raw materials used	(102,007)	-	(102,007)
Employee benefits expense	(94,763)	-	(94,763)
Depreciation and amortisation expenses	(36,349)	17,603	(19,178)
Other expenses	(132,674)	(31,182)	(163,856)
Impairment/(Reversal) of non-current assets	(17,740)	-	(17,740)
Other losses	(2,209)	2,155	(689)
Loss from operating activities	(1,381)	(563)	(3,012)
Finance income	3,777	(2,552)	1,225
Finance expenses	(31,126)	8,544	(22,582)
Loss before tax from continuing operations	(28,730)	5,429	(24,369)
Income tax expense	(18,238)	(459)	(18,697)
Loss for the year from continuing operations	(46,968)	4,970	(43,066)
Post-tax loss from discontinued operations	(6,851)	78	(6,773)
Loss for the year	(53,819)	5,048	(49,839)
Profit/(loss) attributable to non-controlling interests	(1,121)	-	(1,121)

Food Delivery Brands Group chain sales in the 12-month reporting period ended on 31 December 2020

	EMEA	LatAm	Total
Chain sales[1] growth	**-9.9%**	**-30.6%**	**-20.4%**
Growth in chain sales [1] in constant currency (%)	-9.8%	-26.2%	-17.8%
Growth in chain sales [1] in constant currency - Telepizza (%)	-6.8%	-42.0%	-11.8%
Growth in chain sales [1] in constant currency - Pizza Hut (%)	-26.2%	-23.5%	-23.9%

[1] Excluding the discontinued operations in Poland and the Czech Republic
[2] Including personnel costs, leases, advertising, logistics and other expenses
[3] Detailed in the section “Alternative performance measures”

Summary of the income statement for the year ended on 31 December 2020 (excluding discontinued operations)

Below are the Group's revenues from 1 January 2020 to 31 December 2020, and its adjusted and reported EBITDA:

(millions of Euros)	2019 (With effect of IFRS 16)	2020 (Without effect of IFRS 16)	% change
Own outlet sales	171.9	167.9	-2.3%
Supply chain, royalties, marketing fee and other revenue	223.3	187.9	-15.9%
Revenues	**395.2**	**355.8**	**-10.0%**
Product cost	-102.0	-103.2	1.2%
% Gross margin	**74.2%**	***71.0%***	***-3.2p.p***
Other operating expenses	226.6	-223.0	-1.6%
Adjusted EBITDA	**66.6**	**29.6**	**-55.6%**
% adjusted EBITDA margin	*16.9%*	**8.3%**	**-8.5p.p**
Non-operating and recurring costs[3]	32.0	17.0	-15.0
EBITDA reported	**34.6**	**12.6**	**-63.6%**

In the 2020 period, the Food Delivery Brands Group reported a decline in chain sales (which includes the total sales of own stores, franchisees and master franchisees) of -17.8%% at constant currency to Euros 997.5 million, compared with Euros 1,253.7 in the same period of 2019 (excluding discontinued operations in Poland and the Czech Republic). This led to a -10.0% reduction in revenues to Euros 355.8 million, compared with Euros 395.2 million in the same period of 2019, due to the Covid-19 outbreak which since mid-March has affected and still affects the various regions in which we operate. However, it is worth noting that the comparison by revenue type is not altogether homogeneous, since part of the increase in sales at own store is explained by the acquisition of Pizza Hut's Mexico business in January. 2020.

EBITDA reported in 2020 amounted to Euros 12.6 million, compared with Euros 34.6 million in the same period of 2019 (-63.6%). Adjusted EBITDA, excluding non-operating costs and non-recurring costs, amounted to Euros 29.6 million, compared with Euros 66.6 million in the same period of 2019 (-55.6%).

The decrease in adjusted EBITDA is mainly due to the forced closure of part of the store network and the restrictions on delivering and selling our services and products normally to our customers as a result of Covid-19 from mid-March 2020 onwards, especially in-store consumption, hampering our results in 2020 as it was not possible to fully adapt the company's structure to such a sudden slump in revenues; but it is also motivated, although to a lesser extent, by the impact on the minimum wage in Spain and in other countries where we are present and whose transfer to the consumer in this pandemic scenario is potentially limited; the impact of the process to update Pizza Hut outlets in Spain and other markets; the poor performance in the Chilean market due to the macroeconomic disruption and the worsening of consumer confidence from July 2018 onwards, as well as the riots and protests which began in October 2019 and were reignited in February 2020, and the entry into new markets such as Mexico, with enormous development potential.

EMEA

Chain sales in EMEA fell by -9.8% in the year to Euros 556.1 million, compared with Euros 617.3 million in the same period of 2019 (excluding the discontinued operations in Poland and the Czech Republic).

In Spain and Portugal, after the abrupt slump in revenues in March and April, sales recovered constantly from May onwards, Although they continued to be affected by the mobility restriction measures and curfews throughout the year, without fully recovering the 2019 sales levels. Thus, the quarter by quarter and 2020 vs. 2019 was: Q1 (-6.3%); Q2 (-20.%); Q3 (-9.1%); Q4 (-12.1%).. At 31 December 2020, 99% of the stores are open and operating, although subject to time and service restrictions established by the different Governments.

Rest of Europe: Sales in Ireland and Switzerland have been growing month-on-month since May 2020 compared with the previous year, benefiting from the easing of restrictions.

LatAm

Chain sales in LatAm fell by 26.2% in the year to Euros 441.4 million, compared with Euros 636.4 million in the same period of 2019.

Reopening after lockdowns in LatAm took longer than in EMEA, with strict lockdown measures still in place in the last few quarters delaying the expected rebound in sales in the region. At 31 December 2020, 96% of the stores in the region are open and operating, although, as in EMEA, they are subject to time and service restrictions relevant to the activity.

M&A

After talks in 2019, in January 2020 the acquisition of the Pizza Hut business in Mexico was formalised, by establishing a joint venture 75%-owned by Food Delivery Brands, S.A. and 25%-owned by the previous Pizza Hut investor group in Mexico. This acquisition represents an excellent opportunity to invest in the largest restaurant market in Latin America.

Expansion of the store network (continued operations)

At 31 December 2020, the consolidation scope of the Telepizza outlets and Pizza Hut master franchise (Spain, Portugal, Switzerland and Latin America ex-Brazil) included 2,446 stores stores belonging to the Telepizza and Pizza Hut brands, of which 1,190 were located in EMEA and 1,256 in LatAm. This figure compares with a total of 2,598 stores on 31 December 2019.

19 stores have converted from the Telepizza to the Pizza Hut brand, 3 in EMEA and 16 in LatAm.

Discontinued operations in Poland and the Czech Republic, classified as available for sale, had a total of 70 stores at 31 December 2020.

Outlook for 2021

The evolution of the business will be strongly conditioned by the speed and efficiency of the global vaccination process started in January 2021 and which is being developed in all the countries where the Food Delivery Brands Group is present.

Although the first half of the year will still be largely affected by the mobility restriction measures, which will continue to limit the possibilities of providing all of our services with full normality, especially with regard to dine-in our stores and take away, the Group estimates that these restrictions will be lowered gradually during the second semester, as the percentages of immunized population advance, with the forecast that the sales levels of the last quarter are very close to those achieved in that period in 2019.

Meanwhile, the Group will continue to work on optimizing its operating processes and on the search for new growth and expansion opportunities to take advantage of the foreseeable recovery of activity in the second half of the year.

Risks and uncertainties

The main risks to which the Group is exposed are derived from the level of consumer spending and the status of the restaurant market in each country in which we operate.

The Group's activities are exposed to various financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Group's profits. The Group therefore uses derivatives to mitigate certain risks.

Liquidity risk

The Group's liquidity policy consists of arranging credit facilities and holding marketable securities for a sufficient amount to cover forecast requirements, making financing available and enabling it to settle market positions relating to short-term investments immediately, thus ensuring that this financial risk is minimised.

Credit risk

The Group is not exposed to significant credit risk because this risk is not heavily concentrated, both cash placements and derivative contracts are with highly solvent entities, the average collection period for trade receivables is very short and customers have adequate credit records, which reduces the possibility of bad debts.

Innovation

The Group works constantly to create, develop and improve all its products, taking consumer preferences into consideration at all times and working with optimum ingredients that enable us to provide balanced products in terms of taste and nutritional composition. Quality is a key factor in this process and rigorous control measures are followed when approving new suppliers, thereby guaranteeing maximum product and service quality to outlets.

Acceptance tests are another decisive factor in research, development and innovation work. These tests are carried out with market research companies and aim mainly to gauge customer opinion and ensure product acceptance. They also incorporate the opinions and experience of personnel from other departments in the Company, such as operations and marketing. The entire testing process is based on suggestions regarding product preparation and the names, ingredients and presentation of different products.

The international area benefits from research, development and innovation work performed in Spain, and also receives support in the local development and testing of products.

Transactions with own shares

No transactions were performed with own shares

Average supplier payment period

The average supplier payment period of the consolidated Spanish companies is 94 days, and actions are being implemented to facilitate reverse factoring lines in order to reduce this average payment period.

Non-financial Information Statement

The non-financial information required pursuant to Spain's Law 11/2018, of 28 December 2018, concerning non-financial reporting and diversity, is presented separate from this Consolidated Directors' Report, in the "2020 Non-Financial Information Statement", a document which is available on the website www.fooddeliverybrands.com.

Events after the reporting period

On 22 December 2020, Food Delivery Brands, S.A., as the borrower, Banco Santander, S.A. and Instituto de Crédito Oficial E.P.E., as lenders, signed a framework agreement to grant bilateral loans, and signed the contracts for said loans amounting to Euros 30,000 thousand and Euro 10,000 thousand, respectively, to be used to tackle working capital requirements arising from the Covid-19 health crisis and to repay the Euros 10,000 relating to an ICO Santander loan in its entirety. These bilateral loans accrue interest at an annual rate of 3.75% and their final maturity date is 1 November 2025.

The arrangement of this framework agreement and of the bilateral loans was subject to prior or simultaneous compliance with conditions which, most notably, include the main shareholder of Food Delivery Brands Group, S.A. granting subordinated loans amounting to a total of Euros 43,299 thousand. All suspensive conditions included in the framework agreement were fulfilled and on 2 February 2021 the loans entered into force.

On 22 December 2020, Food Delivery Brands Group, S.A., as borrower, and its main shareholders Tasty Bidco, S.L. and BG Select Investments (Ireland) Limited, as lenders, signed a subordinated loan agreement undertaking to finance the Group's liquidity requirements up to a maximum amount of Euros 36,747 thousand and Euros 6,552 thousand, respectively, by means of two funding tranches:

a) one tranche, totalling Euros 20,619 thousand, to be disbursed prior to the effective availability date of the financing, by payment into the deposit account where it will remain restricted until the financing has been drawn down as per the contract; and

b) a second tranche, totalling Euros 22,680 thousand, to be disbursed when the amount of cash falls below a certain threshold.

These subordinated loans accrue interest capitalizable quarterly and mature on 16 November 2026.

Disbursement of these loans was subject to the ICO's approval of the aforementioned bilateral loans. The funds for the first tranche were released on 29 January 2021 and the loans became effective.

On 29 January 2021, the share capital was increased by Euros 169,735 by means of the issuance of 169,735 new shares, each with a par value of Euro 1, with a share premium of Euros 16,803,843, i.e., Euros 99 per new share created. This capital increase was subscribed and fully paid in by Tasty Debtco S.à.r.l. and its purpose was to grant the aforementioned participatory loan.

Alternative performance measures

This report includes various financial and non-financial metrics used to better explain the performance of the Food Delivery Brands Group's business.

- **Chain sales:** Chain sales are the retail sales of our own stores, plus those of the franchised stores and master franchisees.

- **LFL sales growth:** LFL growth is chain sales growth after adjustments for openings and closures and the constant currency.

    - Adjustment. If a store has been open for the entire month, we consider it to be an "operating month" for the store in question; if not, that month is not an "operating month" for that store. LFL sales growth only takes into account the change in a store's sales for a given month if that month was an "operating month" for the store in the two periods being compared. The scope adjustment is the percentage variation between two periods resulting from dividing (i) the variation between system sales excluded in each of these periods ("chain sales excluded") because they were obtained in operating months that were not operating months in the comparable period by (ii) the chain sales for the prior period as adjusted to deduct chain sales excluded from such period ("adjusted chain sales"). This gives the actual changes in chain sales between operating stores, eliminating the impact of changes between periods due to store openings and closings.

    - Constant exchange rate. We calculate the system's LFL sales growth on a constant currency basis to eliminate the impact of changes between the Euro and the currencies in certain countries where the Group operates. To make this adjustment, we apply the average monthly exchange rate in Euros for the most recent operating month in the period to the comparable operating month of the previous period.

- **EBITDA:** EBITDA is earnings before interest, tax, depreciation and amortisation.

- **Adjusted EBITDA:** Adjusted EBITDA is EBITDA adjusted for non-operating costs, non-cash adjustments, and non-recurring costs linked to restructuration cost, Covid-19, the partnership with Pizza Hut and the new corporate structure and refinancing.

- **Non-operating costs:** Expenses, linked mainly to onerous leases, which are not operating leases.

- **Non-recurring costs.** Extraordinary expenses linked to the establishment and development of the alliance with Pizza Hut (strategic consultancy, legal expenses and others), also including extraordinary expenses linked to setting up the new corporate structure (financial consultancy, legal expenses and others), extraordinary expenses relating to Covid-19, costs associated with store closures in mergers and acquisitions, restructuration cost and extraordinary expenses as a result of the Group’s refinancing and new financial debt.

SIGNATURE PAGE

The Board of Directors of the Company TASTY BIDCO, S.L.U. in the meeting held on 25 March 2021 and in compliance with the requirements set out in article 253.2 of the Spanish Companies Act and in article 37 of the Code of Commerce, draw up the consolidated annual accounts and the management report of TASTY BIDCO, S.L.U. and its dependent companies corresponding to fiscal year beginning on 1 January 2020 and ending on 31 December 2020. The annual accounts are formed by the annexed documents preceding to this page.

For the purposes of complying with the provisions of article 253.2 of the Spanish Companies Act, each and every one of the members of the Board of Directors of the Company sign this document:

Pablo Juantegui Azpilicueta
Board Chairman

D. Nicolás Jiménez-Ugarte Luelmo
Natural person representing
ARTÁ CAPITAL SGEIC, S.A.U.

Jacobo Caller Celestino
Chief Executive Officer

D. Víctor Culebras Yábar
Board Member

D. Miguel Carlos Abelló Gamazo
Natural person representing
NUEVA COMPAÑÍA DE INVERSIONES, S.A.

D. Gabriele Questa
Board Member

Dª. Stella Esther Rachel Amar-Cohen
Board Member

D. Nathaniel M. Zilkha
Board Member

Javier Gaspar Pardo de Andrade
Secretary

Javier Gaspar Pardo de Andrade, in my condition of Secretary non-director of the Board of Directors, hereby certify that the signatures which are above the names are authentic and corresponds to the members of the Board of Directors of the Company.

I, Mr Javier Gaspar Pardo de Andrade, Secretary, non-director, to the Board of Directors of Tasty Bidco, S.L.U., domiciled in Isla Graciosa, 7, San Sebastián de los Reyes (Madrid), with tax ID code B-88208848,

HEREBY CERTIFY:

That the Directors of Tasty Bidco, S.L.U. and subsidiaries, on March, 25, 2021 have reauthorized for issue the Consolidated Annual Accounts and Consolidated Directors' Report for 2020.

That said consolidated annual accounts were approved by all the directors.

That one of the directors was unable to sign the consolidated annual accounts by hand or by means of recognised electronic signature because of the material impossibility of doing so as a result of the health alert due to the coronavirus pandemic (Covid-19) in Spain.

And in witness of their authenticity, I issue this Certification in Madrid, on March 25, 2021.

Mr Pablo Juantegui Azpilicueta
Chairman

Mr Javier Gaspar Pardo de Andrade
Secretary