TASTY BIDCO, S.L.
and Subsidiaries

Condensed Consolidated Interim Financial Statements
30 June 2023

Consolidated Directors' Report for the six-month period ended at 30 June 2023 (un-audited)

TASTY BIDCO, S.L. AND SUBSIDIARIES

Condensed Consolidated Statement of Financial Position
30 June 2023 and 31 December 2022

(Expressed in thousands of Euros)

Assets	30.06.2023	31.12.2022
Property, plant and equipment (note 6)	64,588	64,435
Rights-of-use assets (note 7)	52,219	49,700
Goodwill (note 8)	73,444	73,360
Other intangible assets (note 8)	361,232	369,178
Net investment in subleases (note 7)	10,788	11,416
Deferred tax assets (note 19)	32,965	28,566
Non-current financial assets (note 9)	10,794	9,586
Total non-current assets	606,030	606,241
Inventories	12,960	12,500
Trade and other receivables (note 10)	66,696	68,638
Net investment in subleases (note 7)	4,213	3,919
Other current financial assets	421	357
Other current assets	3,227	2,245
Cash and cash equivalents (note 11)	29,161	19,589
Total current assets	116,678	107,248
Total assets	722,708	713,489

The accompanying notes form an integral part of the condensed consolidated interim financial statements for the six-month period ended 30 June 2023.

TASTY BIDCO, S.L. AND SUBSIDIARIES

Condensed Consolidated Statement of Financial Position
30 June 2023 and 31 December 2022

(Expressed in thousands of Euros)

Equity and Liabilities	30.06.2023	31.12.2022
Share capital (note 12)	2,864	2,864
Share premium	268,853	268,853
Retained earnings	(490,857)	(452,475)
Other shareholder contributions	165,108	165,108
Translation differences	961	(5,448)
Equity attributable to equity holders of the Parent and total equity (note 12)	(53,071)	(21,098)
Non-controlling interests	19,293	25,514
Equity	(33,778)	4,416
Debentures and bonds (note 13(a))	326,512	325,280
Loans and borrowings (note 13 (b))	86,739	87,106
Other financial liabilities	620	419
Lease liabilities (note 7)	52,824	52,173
Deferred tax liabilities (note 19)	79,621	81,190
Provisions	2,031	2,549
Other non-current liabilities	1,596	1,820
Total non-current liabilities	549,943	550,537
Debentures and bonds (note 13(a))	20,079	9,611
Loans and borrowings (note 13 (b))	53,110	16,912
Other financial liabilities	1,606	58
Lease liabilities (note 7)	23,524	23,748
Trade and other payables (note 14)	103,970	102,805
Provisions	271	829
Other current liabilities	3,983	4,573
Total current liabilities	206,543	158,536
Total equity and liabilities	722,708	713,489

The accompanying notes form an integral part of the condensed consolidated interim financial statements for the six-month period ended 30 June 2023.

TASTY BIDCO, S.L. AND SUBSIDIARIES

Condensed Consolidated Income Statements
for the six-month period ended at 30 June 2023 and 2022

(Expressed in thousands of Euros)

	30.06.2023	30.06.2022
Revenues (note 15)	206,174	197,785
Merchandise and raw materials used	(69,589)	(64,074)
Personnel expenses (note 16)	(47,427)	(43,565)
Amortisation and depreciation expenses (notes 6, 7 and 8)	(26,626)	(26,564)
Other expenses (note 17)	(89,188)	(66,180)
Other losses (note 18)	(248)	38
Operating profit/(loss) for the period	(26,904)	(2,560)
Finance income	1,341	1,106
Finance costs	(22,292)	(17,896)
Exchange differences	895	978
Profit / (Loss) before tax from continuing operations	(46,960)	(18,372)
Income tax expense (note 19)	2,357	(3,085)
Profit / (Loss) for the period from continuing operations	(44,603)	(21,457)
Post-tax loss of discontinued operations (note 4)	-	(7,347)
Profit / (Loss) for the period	(44,603)	(28,804)
Profit /(Loss) attributable to non-controlling interests	(6,221)	(3,817)
Profit / (Loss) for the period attributable to equity holders of the Parent		
Continuing operations	(38,382)	(18,795)
Discontinued operations	-	(6,192)
	(38,382)	(24,987)

The accompanying notes form an integral part of the condensed consolidated interim financial statements for the six-month period ended 30 June 2023.

TASTY BIDCO, S.L. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income
for the six-month period ended at 30 June 2023 and 2022

(Expressed in thousands of Euros)

	30.06.2023	30.06.2022
Profit / (Loss) for the period	(44,603)	(28,804)
Other comprehensive income:		
Items that will be reclassified to profit or loss		
Translation differences of financial statements of foreign operations	6,409	3,309
Total comprehensive income / (loss) for the period	(38,194)	(25,495)
Loss attributable to non-controlling interests	6,221	3,817
Total comprehensive income / (loss) for the period attributable to equity holders of the Parent	(31,973)	(21,678)

The accompanying notes form an integral part of the condensed consolidated interim financial statements for the six-month period ended 30 June 2023.

(*) Figures restated

TASTY BIDCO, S.L. AND SUBSIDIARIES

Condensed Consolidated Statement of Changes in Equity
for the six-month period ended at 30 June 2023 and for the year ended 31 December 2022

(Expressed in thousands of Euros)

	Share capital	Share premium	Retained earnings	Shareholder contributions	Translation differences	Non-controlling interests	Total Equity
Balance at 31/12/2021	2,864	268,853	(194,791)	165,108	(7,752)	46,055	280,337
Profit/(loss) for the year	-	-	(257,684)	-	2,304	(20,541)	(275,921)
Balance at 31/12/2022	2,864	268,853	(452,475)	165,108	(5,448)	25,514	4,416
Loss for the six-month period ended 30 June 2023	-	-	(38,382)	-	6,409	(6,221)	(38,194)
Balance at 30/06/2023	2,864	268,853	(490,857)	165,108	961	19,293	(33,778)

The accompanying notes form an integral part of the condensed consolidated interim financial statements for the six-month period ended at 30 June 2023.

TASTY BIDCO, S.L. AND SUBSIDIARIES

Condensed Consolidated Statement of Cash Flows
for the six-month period ended at 30 June 2023 and 2022
(Expressed in thousands of Euros)

	2023	2022
Cash flows from operating activities		
Profit/(loss) of discontinued operations	-	(7,347)
Profit/(loss) before tax from continuing operations	(46,960)	(18,372)
Adjustments for:		
Amortisation and depreciation (notes 6, 7 (a) and 8)	26,626	26,564
Finance income	(1,341)	(1,106)
Finance costs	22,292	17,896
Translation differences	(895)	(978)
	(278)	16,657
Change in working capital		
(Increase)/decrease in inventories	(460)	(307)
(Increase)/decrease in trade and other receivables	1,942	6,508
(Increase)/decrease in other current and non-current asset	(2,254)	(3,644)
Increase/(decrease) in trade and other payables	1,165	(7,070)
Increase/(decrease) in provisions	(1,076)	2,440
Increase/(decrease) in other current and non-current liabilities	935	499
Cash generated from operations	252	(1,574)
Interest received	982	737
Interest paid	(4,007)	(13,873)
Income tax paid	(1,652)	(378)
Net cash from operating activities	(4,703)	1,569
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	722	1,469
Acquisition of property, plant and equipment	(2,265)	(12,241)
Acquisition of intangible assets	(3,068)	(3,932)
Sub-leases collections	2,181	2,255
Net cash used in investing activities	(2,430)	(12,449)
Cash flows from financing activities		
Issuance of debt with credit institutions, net of issue costs	38,574	3,911
Cancellation of borrowings from credit institutions	(6,603)	(800)
Lease liability payments	(15,266)	(14,463)
Net cash from (used in) financing activities	16,705	(11,352)
Net increase/(decrease) in cash and cash equivalents	9,572	(22,232)
Cash and cash equivalents at 1 January	19,589	58,162
Effect of exchange differences	-	432
Cash and cash equivalents at 30 June	29,161	36,362

The accompanying notes form an integral part of the condensed consolidated interim financial statements for the six-month period ended 30 June 2023.

(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, KKR Creditor Advisors (US) LLC, the main shareholder of Food Delivery Brands Group, S.A. (formerly, Telepizza Group, S.A.), through Tasty Bidco, S.L., announced its intention to acquire all the shares in Food Delivery Brands Group, S.A., in order 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 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", "Jeno's Pizza" and "Apache", which sell food for consumption at home and on the premises. At 30 June 2023, this activity was carried out through 493 own outlets and 1,883 franchises (528 own outlets and 1,840 franchises at 31 December 2022), located mainly in Spain, Portugal, Chile, Colombia, Ecuador, Mexico and Ireland. Furthermore, the Group also conducts its business via the master franchises located in Guatemala, El Salvador, Costa Rica, Peru, Honduras and Puerto Rico, among other countries.

As part of the revised agreement with YUM Pizza Hut International, at 1 January 2024 the Group will relinquish its master franchise rights for Latin America and the Caribbean (excluding Brazil, Colombia, Ecuador, Mexico and Chile) and therefore will transfer the direct management of Pizza Hut franchisee operations in the aforementioned territories.

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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. supplies all the outlets in Spain and Portugal that are directly operated by the Group or through its franchises. The Group also owns another 5 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", "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 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.

(a) Relevant events in 2023 and 2022

In June 2022, the Group implemented a restructuring plan for the Pizza Hut business in Spain, which involved the closure of all its proprietary stores in Spain. However, the Pizza Hut brand continues to have a presence in Spain through the existing network of franchised stores (see Note 4).

At the end of November 2022 the Group launched a strategic review to analyse potential financing alternatives with its creditors in order to address the impact of adverse market conditions and boost the Group's future growth. To perform this review the Food Delivery Brands Group hired Kirkland & Ellis and Uría Menéndez, as legal advisors, and Houlihan Lokey, as financial advisor.

In February 2023, the Group entered into a framework agreement establishing the essential elements for the restructuring of the Group's financial indebtedness (the Framework Agreement), as well as an Interim Financing Agreement, with a group of holders of the Group's senior secured bonds (the AHG), which then represented 67% of the bonds, for the execution of the restructuring of the existing debt. (see Notes 13 (a) and 23).

The terms of the Framework and Interim Financing Agreement in February 2023, included the AHG's commitment to provide interim financing of up to Euros 31 million to cover the Group's liquidity needs meanwhile the restructuring process was carried out, as well as the temporary suspension, granted on 16 January, on the obligation to pay the interest on the senior bonds due on that date until 15 April 2023. The interim financing were fully drawn down by the Group.

In April 2023, the Group agreed on the main commercial terms of the restructuring of the existing debt with the AHG, to which additional holders of the Group's senior secured bonds joined to reach 81.7% of the bonds, through a modification of the Framework Agreement. The commercial terms of the debt restructuring foresaw, among other things, a partial capitalization of the bonds and a 100% dilution of the current shareholders, as well as the establishment of a new financing loan for an amount of Euros 60 million that will replace the Interim Financing provided in February 2023. The financial restructuring is expected to be formally ratified by the Courts during the second half of 2023.

In addition to having the support of bondholders, that represented 81.7% of the total bonds, and the two main shareholders of the Group, that represent near to 100% of the capital, the Group continued having productive discussions towards an agreement with the creditors of the revolving credit facility line, the entities providing other working capital financing and the main lender of the ICO loans, with the objective that other creditors voluntarily join to the Framework Agreement.

Once the necessary agreements have been reached with the Group's financial creditors, the restructuring plan will be signed, and the Group's current debt will be reduced by an amount to close to 250 million euros (approximately 50%) and will benefit from an extension of the amortisation deadlines until 2028.

The new financing committed for an amount of Euros 60 million will be available to the Group on the restructuring effective date of the refinancing and will be used partially to repay the Interim Financing already provided. A contribution of the current main shareholders of the Group will be also added to such amount.

Furthermore, the creditors agreed to an additional extension, until 16 October 2023, of the temporary suspension granted last 16 January in relation with the interest payment on the senior bonds payable on that date and 17 July 2023, as well as an extension of the deadline for the release of the 2022 financial results and the Q1 interim results unaudited until 31 July 2023.

On 26 June 2023 the Group have obtained an additional commitment of interim financing up to an amount of Euros 8,532 thousand to pay professional fees to Lender Advisors and Group. At 30 June 2023 the amount drawn of this new commitment is Euros 7,574 thousand.

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On 14 July 2023 the Group has approved its restructuring plan after an agreement reached with its current shareholders and more than 90% of the bondholders. The plan, validated by the expert appointed by Madrid Commercial Court no. 5, have been submitted for court sanction by that court. The restructuring plan approved involves a simplification of the Group's corporate and operating structure, in addition to a reduction of its net debt by almost 250 million euros, and the extension of the maturity of its remaining financial debt to December 2028. The creditors affected will be able to capitalise their claims and acquire control of the entire share capital of the Group, which the current shareholders have agreed to exit. Those creditors who opt not to capitalise their debt will receive consideration in terms materially equal to the shares that they would have received in such case and that would permit them to benefit from a potential future divestiture.

(i) Agreements with YUM!

On 31 December 2022, the Group reached an agreement with Pizza Hut International, LLC ("PHI") to amend certain key aspects of their strategic partnership and master franchise agreements entered into in 2018. As part of the revised agreement, PHI has initiated a process to regain direct management of Pizza Hut franchisee operations in Latin America and the Caribbean (excluding Brazil, Colombia, Ecuador, Mexico and Chile), while the Group will strengthen its presence in its core markets. Upon completion of this transfer, which is expected to occur on 31 December 2023, the Group will relinquish its master franchise rights in the aforementioned territories (Latin America and the Caribbean, subject to the aforementioned exclusions). In addition, the Group and PHI agreed to make certain adjustments to its opening targets per market, as well as the royalty streams that will materialise gradually over the term of the partnership. The Group will continue to operate its network of stores in Spain, Andorra, Gibraltar, Portugal and Chile, and will evaluate its strategic options in Mexico, Colombia and Ecuador – including the possible transfer of its operations in some of these territories.

(2) Basis of Presentation

These condensed consolidated financial statements for the six-month period ended 30 June 2023, have been prepared from the accounting records of Tasty Bidco, S.L. and its consolidated entities. They have also been prepared in conformity with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other applicable provisions of the financial reporting regulatory framework. Accordingly, they present fairly the consolidated equity and the consolidated financial position of Tasty Bidco, S.L. and Subsidiaries at 30 June 2023, and the consolidated financial results, the consolidated cash flows and the changes in consolidated equity for the period ended as of that date.

The Group adopted IFRS-EU at 1 January 2019, and applied IFRS 1 "First-time Adoption of International Financial Reporting Standards" as of that date.

These interim condensed consolidated financial statements were approved by the Parent's Board of Directors at its meeting held on 27 July 2023.

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These condensed consolidated financial statements for the six-month period ended 30 June 2023 have been prepared on a historical cost basis.

(a) Comparative information

In accordance with paragraph 20 of IAS 34, and in order to obtain comparative information, these condensed consolidated interim financial statements include the condensed consolidated statements of financial position at 30 June 2023 and 31 December 2022 of Tasty Bidco, S.L., the condensed consolidated income statements for the six-month period ended 30 June 2023 and 2022, the condensed consolidated statements of comprehensive income for the six-month period ended 30 June 2023 and 2022, the condensed consolidated statements of changes in equity for the six-month period ended 30 June 2023 and for the year ended 31 December 2022, the condensed consolidated cash flow statements for the six-month period ended 30 June 2023 and 2022, together with the explanatory notes to the condensed consolidated interim financial statements for the six-month period ended 30 June 2023 and 2022.

(b) Responsibility for the information provided and estimates made

The information contained in these condensed consolidated interim financial statements is the responsibility of the Parent's directors, who are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the applicable financial reporting regulatory framework (see section a) above), together with the internal control required to enable the preparation of the interim condensed consolidated financial statements free from material errors.

Likewise, although the estimates performed by the Parent Company's directors were calculated based on the best available information at 30 June 2023, it is possible that events that may take place in the future may force them to be amended in the coming years. The effect on the consolidated financial statements of the amendments which, where appropriate, arise from the adjustments to be performed in the coming years would be recognized prospectively.

(c) Accounting policies and measurement bases

The accounting policies and measurement bases used in these condensed consolidated interim financial statements at 30 June 2023, are the same as those used in the consolidated annual accounts for the year ended 31 December 2022.

(d) Standards and interpretations issued

At the date of authorisation for issue of these consolidated annual accounts, no regulations have been adopted by the EU to be applied to the condensed consolidated interim financial statements for the six-month period ended at 30 June 2023 and subsequent periods and having a material impact on the Group.

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(e) 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) 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 30 June 2023 and 2022, the Group comprises the following operating segments:

- Spain
- Rest of Europe
- Latin America

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.

	H1 2023			
	Thousands of Euros			
	Spain	Rest of Europe	Latin America	Total
Total revenues	96,702	26,579	82,893	206,174
Operating profit / (loss)	(17,597)	3,379	(12,686)	(26,904)
Profit/(loss) from continuing operations	(29,076)	2,645	(18,172)	(44,603)
Profit/(loss) from discontinued operations	-	-	-	-
Group assets	454,806	120,095	147,807	722,708
Group liabilities	578,175	35,580	142,731	756,486
Investments in property, plant and equipment and intangible assets	2,686	847	1,960	5,493

(Continued)

	H1 2022			
	Thousands of Euros			
	Spain	Rest of Europe	Latin America	Total
Total revenues	99,190	28,696	69,899	197,785
Operating profit / (loss)	5,650	3,445	(11,655)	(2,560)
Profit/(loss) from continuing operations	(7,673)	2,701	(16,485)	(21,457)
Profit/(loss) from discontinued operations	(7,347)	-	-	(7,347)
Group assets (31/12/2022)	453.706	115.403	144.380	713.489
Group liabilities (31/12/2022)	485.550	33.974	189.549	709.073
Investments in property, plant and equipment and intangible assets	4,760	458	10,954	16,172

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

On 30 June 2023 and 31 December 2022, the Group has no assets classified as held-for-sale.

In June 2022 the Group made a restructuring plan for the Pizza Hut business in Spain, that implied the closure of all its equity outlets in Spain. The Pizza Hut brand will continue having presence in Spain throughout the existing network of franchised stores (see note 1(a)).

In view of the foregoing, the Pizza Hut equity outlets business in Spain were classified in 2022 as profit/loss from discontinued operations in the condensed consolidated income statement, as required by the applicable standards (see note 2 (a)).

(5) Business Combinations

In March 2023, the Group has acquired 1 operating store from franchisees in Spain. No business combinations took place during 2022.

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

	Thousands of Euros	
	30.06.23	31.12.22
Cost of the combinations, cash paid	160	-
Less, fair value of net assets acquired	(76)	-
Goodwill (note 8)	84	-

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

The amounts recognised in 2023 by significant class of asset and liability at the acquisition date are as follows:

	Thousands of Euros
	Fair value
	2023
Property, plant and equipment (note 8)	76
Total net assets acquired	76
Cash paid	160
Cash and cash equivalents of the acquiree	-
Cash outflow for the acquisition	160

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.

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(6) Property, Plant and Equipment

Details and consolidated statement of financial position movements are as follows:

	Thousands of Euros					
Details	Land and buildings	Technical installations and machinery	Other install., equipment and furniture,	Advances and tangible assets under construction	Other PPE	Total
Cost						
Balance at 31/12/2021	3,369	134,874	14,207	13,736	13,117	179,303
Additions	-	5,037	489	14,862	807	21,195
Derecognitions	(706)	(14,739)	(2,547)	(9)	(1,801)	(19,802)
Other transfers	15,198	(3,196)	12,369	(28,089)	3,718	-
Translation differences	(607)	6,107	(546)	1,761	46	6,761
Balance at 31/12/2022	17,254	128,083	23,972	2,261	15,887	187,457
Additions	57	1,443	99	392	274	2,265
Additions due to business combinations	-	67	6	-	3	76
Derecognitions	(383)	(6,023)	(1,570)	(19)	(1,332)	(9,327)
Other transfers	-	73	(17)	(178)	122	-
Translation differences	1,744	3,728	1,790	60	568	7,890
Balance at 30/06/2023	18,672	127,371	24,280	2,516	15,522	188,361
Amortisation or impairment						
Amortisation at 31/12/2021	(1,481)	(81,329)	(6,043)	-	(7,240)	(96,093)
Impairment at 31/12/2021	-	(6,136)	(496)	-	(26)	(6,658)
Amortisation for the year	(972)	(9,495)	(1,595)	-	(1,733)	(13,795)
Derecognitions	589	7,056	1,816	-	1,418	10,879
Other transfers	17	(74)	50	-	7	-
Translation differences	(68)	(2,462)	(231)	-	(154)	(2,915)
Impairment	(134)	(17,839)	(3,201)	(5)	(644)	(21,823)
Derecognitions (impairment)	-	4,612	361	-	111	5,084
Reversal (impairment)	-	2,021	259	-	19	2,299
Amortisation at 31/12/2022	(1,914)	(86,110)	(6,001)	-	(7,703)	(101,728)
Impairment at 31/12/2022	(135)	(17,536)	(3,079)	(5)	(539)	(21,294)
Amortisation for the period	(512)	(3,795)	(836)	-	(725)	(5,868)
Derecognitions	381	3,376	967	-	1,169	5,893
Other transfers	(5,074)	14,484	(5,859)	-	(3,551)	-
Translation differences	(623)	(1,796)	(802)	-	(315)	(3,536)
Derecognitions (impairments)	-	2,249	489	-	22	2,760
Amortisation at 30/06/2023	(7,742)	(72,938)	(12,378)	-	(11,094)	(104,152)
Impairment at 30/06/2023	(135)	(16,190)	(2,743)	(5)	(548)	(19,621)
Carrying amount						
At 31/12/2022	15,205	24,437	14,892	2,256	7,645	64,435
At 30/06/2023	10,795	38,243	9,159	2,511	3,880	64,588

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

In 2023 and 2022 additions were made to technical installations and machinery, mainly reflecting the investments related to new outlets opened, the purchase of franchised outlets, and improvements to existing outlets and to plants, and also reflecting the conversion of outlets to the "Pizza Hut" brand.

Disposals in 2023 and 2022 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 30 June 2023 the Group had no commitments to acquire items of property, plant and equipment. The Group has taken out sufficient insurance policies to cover the risk of damage to its property, plant and equipment.

(7) Leases

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

The details and movements by class of right-of-use assets in 2023 and 2022 were as follows:

	Thousands of Euros
Carrying amount at 1 January 2022	58,555
Additions	9,201
Transfers (franchise repurchases) (note 7 (b))	(660)
Rental updates	(3,550)
Derecognitions	(6,671)
Amortisation and depreciation	(17,859)
Derecognitions from accumulative depreciation	6,667
Translation differences	(4,017)
Cost, attributed cost or revalued cost	91,019
Cumulative depreciation and impairment losses	(41,319)
Carrying amount at 31 December 2022	49,700
Additions	2,980
Rental updates	7,699
Derecognitions	(2,596)
Amortisation and depreciation	(10,260)
Derecognitions from accumulative depreciation	2,596
Translation differences	2,448
Cost, attributed cost or revalued cost	102,518
Cumulative depreciation and impairment losses	(50,299)
Carrying amount at 30 June 2023	52,219

(Continued)

Details of Leases liabilities at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of Euros	
	30.06.23	31.12.22
Long term	52,824	52,173
Short term	23,524	23,748
Lease liabilities	76,348	75,921

Most of the right-of-use assets correspond to leased premises where the Group conducts its activities as well as the plants and headquarters.

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

Movement in net investment in finance lease contracts in 2023 and 2022 is as follows:

	Thousands of Euros
Balance at 1 January 2022	16,661
Derecognitions	(1,323)
Transfers for franchise repurchases (note 7 (a))	660
Finance income	783
Rental updates	2,817
Receipts	(4,383)
Translation differences	120
Balance at 31 December 2022	15,335
Transfers for franchise repurchases (note 7 (a))	345
Finance income	359
Rental updates	633
Receipts	(2,181)
Translation differences	510
Balance at 30 June 2023	15,001

Details of net investment in subleases at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of Euros	
	30.06.23	31.12.22
Long term	10,788	11,416
Short term	4,213	3,919
Lease liabilities	15,001	15,335

(Continued)

(8) Intangible Assets and Goodwill

Details of goodwill and movement during the year/period are as follows:

	Thousands of Euros
Balance at 1/01/2022	238,840
Impairment losses for the period	(165,254)
Derecognitions	(199)
Translation differences	(27)
Balance at 31/12/2022	73,360
Business combinations (note 5)	84
Balance at 30/06/2023	73,444

The effects on the global economy of the Covid-19 pandemic and the geopolitical uncertainty in Europe led to significant increases in commodity and energy prices and distortions in supply chains, which have significantly affected the Group's business. The duration and intensity of the pandemic and the inflationary spiral that began in the first half of 2022 limited the Group's ability to pass on to its franchisees and end consumers the increase in the Group's operating costs resulting from these factors.

As a result, and on the basis of the strategic review implemented by the Group, in 2022 a new business plan were drawn up which includes the effects described above in the cash flow projections for the coming years. The Company recognised in 2022 an impairment of goodwill of Euros 165,254 thousand.

(Continued)

Details of "Other intangible assets" and movement are as follows:

	Thousands of Euros				
	Concession, patents, licences	Trademarks	Contractual and other rights	Software applications	Total
Cost					
Balance at 31/12/2021	18,069	258,059	167,421	48,370	491,919
Additions	1,893	-	-	6,620	8,513
Derecognitions	(749)	-	-	(81)	(830)
Transfers	(1,203)	-	-	1,203	-
Translation differences	386	-	-	41	427
Balance at 31/12/2022	18,396	258,059	167,421	56,153	500,029
Additions	930	-	-	2,138	3,068
Derecognitions	(1,587)	-	-	(3)	(1,590)
Other transfers	16	-	-	(16)	-
Translation differences	294	-	-	279	573
Balance at 30/06/2023	18,049	258,059	167,421	58,551	502,080
Amortisation or impairment					
Amortisation at 31/12/2021	(2,323)	(6,175)	(17,712)	(30,950)	(57,160)
Impairment at 31/12/2021	(34)	-	(931)	(6)	(971)
Amortisation for the year	(971)	(8,283)	(6,699)	(7,021)	(22,974)
Derecognitions	250	-	-	66	316
Translation differences	139	-	-	53	192
Derecognitions (impairment)	224	-	-	34	258
Impairment	(4,164)	(36,565)	(9,462)	(321)	(50,512)
Amortisation at 31/12/2022	(2,919)	(14,458)	(24,411)	(37,852)	(79,640)
Impairment at 31/12/2022	(3,960)	(36,565)	(10,393)	(293)	(51,211)
Amortisation for the period	(200)	(3,439)	(2,953)	(3,906)	(10,498)
Derecognitions	813	-	-	3	816
Translation differences	(114)	-	-	(237)	(351)
Impairment	36	-	-	-	36
Amortisation at 30/06/2023	(2,331)	(17,897)	(27,364)	(41,732)	(89,324)
Impairment at 30/06/2023	(4,013)	(36,565)	(10,393)	(553)	(51,524)
Carrying amount					
At 31 December 2022	11,517	207,036	132,617	18,008	369,178
At 30 June 2023	11,705	203,597	129,664	16,266	361,232

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 the shares of Telepizza Group, S.A, owner of the brands "Telepizza", "Jeno's pizza" and "Apache", these were valued at their fair value amounting Euros 236,030 thousand, Euros 998 thousand and Euros 28,178 thousand, respectively. Likewise, in the aforementioned business combination, the contractual rights arising from franchise contracts amounting Euros 167,421 thousand were recorded at fair value.

The “Telepizza” brand and the “Apache” brand were both deemed intangible assets with indefinite lifetimes, while the “Jeno’s Pizza” brand was finite lifetime 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. However, as a result of the early exercise of the purchase option by Yum! Brands on the bare ownership of the “Telepizza” brand, the usufruct of the brand has become finite and therefore has started to be amortised over its remaining useful life, which coincides with the usufruct period.

At 30 June 2023 and 31 December 2022, the Group has no commitments to purchase intangible assets.

(9) Non-current Financial Assets

Details of other non-current financial assets are as follows:

	Thousands of Euros	
	30.06.23	31.12.22
Security and other deposits	4,158	3,780
Non-current trade receivables	9,265	8,167
Other loans and receivables	1,095	1,080
Impairments	(3,724)	(3,441)
	10,794	9,586

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.

(10) Trade and Other Receivables

Details are as follows:

	Thousands of Euros	
	30.06.23	31.12.22
Trade receivables	61,758	62,231
Other receivables	2,131	3,676
Public entities	12,199	12,064
Impairment losses	(9,392)	(9,333)
Trade and other receivables	66,696	68,638

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.

(Continued)

(11) Cash and Cash Equivalents

Details at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of Euros	
	30.06.23	31.12.22
Cash in hand and at banks	29,161	19,589
Cash and cash equivalents	29,161	19,589

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.

(12) 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 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.

On 28 December 2021, the share capital was increased by Euros 32,201 by means of the issuance of 32,201 new shares, each with a par value of Euro 1, with a share premium of Euros 3,107,408, i.e. Euros 96.50 per new share created (see note 1). This capital increase was fully subscribed and paid in by certain employees of the Group.

At 30 June 2023 and 31 December 2022, Tasty Bidco, S.L.'s share capital is represented by 2,863,538 shares, each with a par value of Euro 1, with the only company that has a percentage equal to or greater than 10% at 30 June 2023 being Tasty Debtco S.à.r.l. with 99.99%

(b) Share premium

At 30 June 2023, this reserve is freely distributable, provided that, as a result of its distribution, the shareholders' equity does not fall below the share capital.

(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.

As of 30 June 2023, the Parent Company has no legal reserve since, since its incorporation in 2018, it has incurred losses.

- Shareholder contributions

At 30 June 2023, this reserve is freely distributable, as a result of its distribution, the shareholders' equity does not fall below the share capital.

(d) Translation differences

These are mainly those generated by the subsidiaries using currencies other than the Euro, since the inclusion in the Group of the Telepizza sub-group in May 2019, and those generated by business combinations subsequent to that date.

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

(a) Debentures and bonds

As a result of the public offering for shares (see note 1), on 12 June 2019 the subsidiary the Food Delivery Brands Group, S.A. completed the refinancing of its financial debt by means of the following transactions:

- The acquisition of all shares representing the share capital of Tasty Bondco 1, S.A. (Currently Foodco Bondco, S.A) from Tasty DebtCo S.à.r.l., an affiliate of Tasty Bidco, S.L. which completed a Euros 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 for a maximum drawdown amount of Euros 45,000 thousand, at an interest rate of 3.25% and maturing in 2026. At 30 June 2023 and 31 December 2022 this credit facility is fully drawn down by the investee Food Delivery Brands, S.A.

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.

(Continued)

Details of non-current loans and borrowings at 30 June 2023 and 31 December 2022 are as follows:

	Thousand of Euros				
Type	Final maturity date	Deadline	Balance 30/06/2023	Balance 31/12/2022	Interest rate
Senior					
Bond	2026	335,000	335,000	335,000	6.25%
Arrangement costs			(8,488)	(9,720)	
Balance at			326,512	325,280	

At 30 June 2023 and 31 December 2022, outstanding unpaid interest on these payables amounted Euros 20,079 thousand and Euros 9,611 thousand, respectively. Interest expense accrued during six-month period ended 30 June 2023 and 2022 totalled Euros 10,469 thousand. Likewise, Euros 1,232 thousand and Euros 1,142 thousand were recognised in 2023 and 2022, respectively, under interest finance expenses relating to the measurement of the bond issuance costs at amortised cost.

The Group has pledged the shares of Food Delivery Brands, S.A., Telepizza Chile, S.A., Luxtor, S.A., merged with Food Delivery Brands S.A in 2022, 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 30 June 2023 and 31 December 2022, all the obligations were fulfilled.

(b) Non-current and current loans and borrowings

Details of current financial debt in the consolidated statement of financial position at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of Euros			
	30/06/2023		31/12/2022	
	Non-current	Current	Non-current	Current
Revolving credit facility (note 13 (a))	45,000	-	45,000	-
ICO loan	37,141	800	37,853	800
Interim financing facility	-	41,442	-	-
Loans to related parties	4,462	-	4,069	214
Unpaid accrued interest	-	1,424	-	699
Reverse factoring lines	-	7,916	-	11,995
Credit facility	-	857	-	2,204
Other debts	136	671	184	1,000
	86,739	53,110	87,106	16,912

(Continued)

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 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 the ICO Santander loan mentioned above 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. 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 BG Select Investments (Ireland) Limited, as lender, signed a subordinated loan agreement undertaking to finance the Group's liquidity requirements up to a maximum amount of Euros 6,552 thousand by means of two funding tranches. This loan accrues interest payable quarterly and matures on 16 November 2026. At 30 June 2023 the amount of this loan with capitalised interest amounts to Euros 4,462 thousand.

Disbursement of this loan 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 1 February 2023, in the context of the restructuring of the Group's financial indebtedness (see notes 1(a) and 23), the Group has signed an Interim Financing Agreement with a group of holders of the Group's senior secured bonds (the AHG), up to a maximum amount of Euros 31 million to cover the Group's liquidity needs meanwhile this restructuring process is carried out. At 30 June 2023 the interim financing has been fully drawn by the Group and the maturing is in 2023. This interim financing will be replaced for a new financing loan for an amount of Euros 60 million once the restructuring process is ended.

On 26 June 2023 the Group have obtained an additional commitment of interim financing up to an amount of Euros 8,532 thousand to pay professional fees to Lender Advisors and Group. At 30 June 2023 the amount drawn of this new commitment is Euros 7,574 thousand.

At 30 June 2023 the Interim financing facility also include interest accrued of Euros 2,868 thousand.

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.

(Continued)

(14) Trade and Other Payables

Details are as follows:

	Thousands of Euros	
	30.06.23	31.12.22
Trade payables and other payables	90,759	89,495
Public entities	9,092	10,589
Salaries payable	4,119	2,721
	103,970	102,805

At 30 June 2023 trade payables include Euros 7,006 thousand payable to financial institutions for reverse factoring transactions (Euros 18,160 thousand at 31 December 2022).

(15) Revenue from contracts with customers

Details are as follows:

	Thousands of Euros	
	30.06.23	30.06.22
Outlet sales to customers	92,007	91,361
Wholesale factory sales to franchisees and other sales	67,078	63,667
Royalty and marketing fees	40,405	38,836
Other services rendered to franchisees	6,684	3,921
	206,174	197,785

(16) Employee Benefits Expense

Details of personnel expenses in 2023 and 2022 are as follows:

	Thousands of Euros	
	30.06.23	30.06.22
Salaries, wages and similar	39,478	38,851
Social Security	5,639	4,187
Termination benefits	2,268	508
Other employee benefits expenses	42	19
Total personnel expenses	47,427	43,565

(Continued)

(17) Other Expenses

Details of other expenses are as follows:

	Thousands of Euros	
	30.06.23	30.06.22
Fees and royalties	18,231	17,274
Transport	8,173	8,003
Advertising and publicity	16,549	12,346
Utilities	7,883	8,341
Other expenses	38,352	20,216
	89,188	66,180

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 for the six-month period ended 30 June 2023 includes fees and other advisor cost related to the restructuring process (see note 1(a) and 23) of Euros 16,902 thousand.

(18) Other gain and losses

Details of other gain and losses are as follows:

	Thousands of Euros	
	30.06.23	30.06.22
Results for net investment in subleases	(275)	(34)
Reversal of impairment of other intangible assets (Note 8)	36	-
Net gain/(losses) on sale tangible assets	(9)	72
	(248)	38

(Continued)

(19) Income Tax

Details of deferred tax assets are as follows:

	Thousands of Euros				
Deferred tax assets	Non-deductible amortisation /depreciation	Tax credits and deductions	Leases	Other	Total
Balance at 31/12/2022	1,119	12,858	2,323	12,266	28,566
Translation differences	-	329	-	454	783
Taken/(Charge) to the income statement	(121)	3,943	(28)	(178)	3,616
Balance at 30/06/2023	998	17,130	2,295	12,542	32,965

The deferred tax assets recognised in the consolidated statement of financial position at 30 June 2023 and 31 December 2022 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.

Other deferred tax assets mainly relate to non-deductible provisions and impairments of trade receivables.

The Group has recognised deferred tax assets in respect of tax credits for loss carryforwards and deductions 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 years.

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 or loss, the deferred tax assets recognised are expected to be recovered in 2027.

In the case of Spanish companies and under Royal Decree-Law 3/2018, the limits for the offset of tax loss carryforwards were amended to 25% on 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.

(Continued)

Details of deferred tax liabilities by item are as follows:

Deferred tax liabilities	Thousands of Euros			
	Accelerated depreciation/amortisation	Intangible assets	Other	Total
Balance at 31/12/2022	-	80,776	414	81,190
Taken to the income statement	-	(1,569)	-	(1,569)
Balance at 30/06/2023	-	79,207	414	79,621

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 8. 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.

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 condensed interim financial consolidated statements.

(20) Commitments

At 30 June 2023 and 31 December 2022, the Group has no commitments relating to investing activities.

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

During the six-months period ended 30 June 2023, the Parent's directors received remuneration of Euros 300 thousand (Euros 882 thousand in 2022). Moreover, the Group has extended loans or advances to the directors totalling Euros 347 thousand (Euros 347 thousand at 31 December 2022). These loans are secured by the directors with certain shares of the Parent. The savings plan contributions made amounted to Euros 0 thousand (Euros 50 thousand in 2022).

During the six-months period ended 30 June 2023, the members of the Group's senior management received remuneration of Euros 1,060 thousand (Euros 1,932 thousand in 2022). Moreover, the Group has extended loans or advances to senior management totalling Euros 532 thousand (Euros 532 thousand at 31 December 2022). These loans are secured by the senior management personnel with certain shares of the Parent. The savings plan contributions made amounted to Euros 36 thousand (Euros 0 thousand in 2022)

In 2023 and 2022 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.

(22) 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 years ended 30 June 2023 and 31 December 2022.

(23) Event after the reporting period

In April 2023, the Group agreed on the main commercial terms of the restructuring of the existing debt with the AHG, to which additional holders of the Group's senior secured bonds joined to reach 81.7% of the bonds, through a modification of the Framework Agreement. The commercial terms of the debt restructuring foresaw, among other things, a partial capitalization of the bonds and a 100% dilution of the current shareholders, as well as the establishment of a new financing loan for an amount of Euros 60 million that will replace the Interim Financing provided in February 2023. The financial restructuring is expected to be formally ratified by the Courts during the second half of 2023.

In addition to having the support of bondholders, that represented 81.7% of the total bonds, and the two main shareholders of the Group, that represent near to 100% of the capital, the Group continued having productive discussions towards an agreement with the creditors of the revolving credit facility line, the entities providing other working capital financing and the main lender of the ICO loans, with the objective that other creditors voluntarily join to the Framework Agreement.

(Continued)

On 26 June 2023 the Group have obtained an additional commitment of interim financing up to an amount of Euros 8,532 thousand to pay professional fees to Lender Advisors and Group. At 30 June 2023 the amount drawn of this new commitment is Euros 7,574 thousand.

On 14 July 2023 the Group has approved its restructuring plan after an agreement reached with its current shareholders and more than 90% of the bondholders. The plan, validated by the expert appointed by Madrid Commercial Court no. 5, have been submitted for court sanction by that court. The restructuring plan approved involves a simplification of the Group's corporate and operating structure, in addition to a reduction of its net debt by almost 250 million euros, and the extension of the maturity of its remaining financial debt to December 2028. The creditors affected will be able to capitalise their claims and acquire control of the entire share capital of the Group, which the current shareholders have agreed to exit. Those creditors who opt not to capitalise their debt will receive consideration in terms materially equal to the shares that they would have received in such case and that would permit them to benefit from a potential future divestiture.

(Continued)

TASTY BIDCO, S.L.
AND SUBSIDIARIES

Directors report

30 June 2023

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 was delisted from the Spanish stock exchange following a delisting tender offer launched by the private equity fund Permira and other partners. 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 on 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 partnership 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 pizzeria company with more than 18,000 restaurants in over 100 countries. As a result of the partnership, 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 formalisation 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.

As part of the agreement, Telepizza granted a purchase option on the bare ownership of the "telepizza" brand, which would be exercisable 3 years after the signature of the agreement. In financial year 2021, Pizza Hut International exercised the aforementioned purchase option and, as originally agreed, the Food Delivery Brands Group retains the usufruct of the "telepizza" trademark and its exclusive right to use it.

On 31 December 2022, the Group reached an agreement with Pizza Hut International, LLC ("PHI") to amend certain key aspects of their strategic partnership and master franchise agreements entered into in 2018. As part of the revised agreement, PHI has initiated a process to regain direct management of Pizza Hut franchisee operations in Latin America and the Caribbean (excluding Brazil, Colombia, Ecuador, Mexico and Chile), while the Group will strengthen its presence in its core markets. Upon completion of this process, which is expected to occur on 31 December 2023, the Group will relinquish its master franchise rights in the above territories (Latin America and the Caribbean, subject to the aforementioned exclusions). In addition, the Group and PHI agreed to make certain adjustments to its opening targets per market, as well as the royalty streams that will materialise gradually over the term of the partnership. The Group will continue to operate its network of stores in Spain, Andorra, Gibraltar, Portugal and Chile, and will evaluate its strategic options in Mexico, Colombia and Ecuador – including the possible transfer of its operations in some of these territories.

Changes in the corporate and capital structures

On 21 January 2019, Tasty Bidco, S.L. –an investment vehicle controlled by various funds and accounts that are managed or advised by KKR Credit Advisors (US) LLC or its affiliates, with entities affiliated with Torreal, Safra, Artá and Altamar as co-investors–, filed with the Spanish National Securities Market Commission (CNMV) a voluntary tender offer with a public offer of Euros 6.00 per share for the acquisition of all the shares of Telepizza Group, S.A. (currently called 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. which completed a Euros 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 allocated by certain investors to the partial repayment of their purchase loans.

Furthermore, on that same date, the General Meeting of Shareholders of Telepizza Group, S.A., approved the delisting of the shares from the Madrid, Barcelona and Bilbao stock exchanges.

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Trading in Telepizza Group, S.A. shares was suspended on 9 July 2019, and the shares were effectively delisted on 26 July 2019.

On 21 July 2019, 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.

The Group's position and business performance

Reconciliation of the statement of profit or loss (IFRS 16) for the 6-month period ended 30 June 2023 and 2022

	Thousands of Euros		
	30/06/2023	IFRS 16	30/06/2023 without IFRS 16
Revenues	206,174	1,955	208,129
Merchandise and raw materials used	(69,589)	-	(69,589)
Employee benefits expense	(47,427)	-	(47,427)
Depreciation and amortisation	(26,626)	10,187	(16,439)
Other expenses	(89,188)	(14,532)	(103,720)
Other losses	(248)	268	20
Loss from operating activities	(26,904)	(2,122)	(29,026)
Finance income	1,341	(359)	982
Finance costs	(21,397)	2,600	(18,797)
Loss before tax from continuing operations	(46,960)	119	(46,841)
Income tax expense	2,357	214	2,571
Loss for the year from continuing operations	(44,603)	333	(44,270)
Loss of discontinued operations	-	-	-
Loss for the period	(44,603)	333	(44,270)
Profit/(loss) attributable to non-controlling interests	(6,221)	52	(6,169)

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	Thousands of Euros		
	30/06/2022	IFRS 16	30/06/2022 without IFRS 16
Revenues	197,785	2,255	200,040
Merchandise and raw materials used	(64,074)	-	(64,074)
Employee benefits expense	(43,565)	-	(43,565)
Depreciation and amortisation	(26,564)	8,625	(17,939)
Other expenses	(66,180)	(13,504)	(79,684)
Other losses	38	34	72
Loss from operating activities	(2,560)	(2,590)	(5,150)
Finance income	1,106	(376)	730
Finance costs	(16,918)	2,413	(14,505)
Loss before tax from continuing operations	(18,372)	(553)	(18,925)
Income tax expense	(3,085)	101	(2,984)
Loss for the year from continuing operations	(21,457)	(452)	(21,909)
Loss of discontinued operations	(7,347)	109	(7,238)
Loss for the period	(28,804)	(343)	(29,147)
Profit/(loss) attributable to non-controlling interests	(3,817)	(52)	(3,869)

System sales 6-month period ended 30 June 2023 and 2022

H1 23 vs H1 22	**EMEA**	**LATAM**	**TOTAL**
System Sales Growth **(%)**	-0.6%	6.9%	3.2%
System Sales Growth **constant currency (%)**	-0.6%	3.4%	1.5%
System Sales Growth **constant currency (%) - Telepizza**	-1.6%	-48.8%	-6.4%
System Sales Growth **constant currency (%) - Pizza Hut**	5.9%	8.7%	8.3%
Telepizza System Sales weight (%)	85.8%	4.5%	43.2%
Pizza Hut System Sales weight (%)	14.2%	95.5%	56.8%
TOTAL SALES €m	**303.9**	**334.9**	**638.8**

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Summary of the income statement for 6-month period ended 30 June 2023 and 2022 (excluding discontinued operations)

Below are the Group's revenues from 1 January 2023 to 30 June 2023, and its adjusted and reported EBITDA:

€m	6M FY22	6M FY23	*% change*
Own Store Sales	91.4	92.0	*0.7%*
Supply Chain, Royalties, Marketing & Other income	108.5	115.9	*6.9%*
Total Revenues	**199.8**	**207.9**	**4.0%**
COGS	-64.1	-69.6	*-8.6%*
% Gross Margin	67.9%	66.5%	*-1.4 p.p*
Operating expenses	-119.9	-128.9	*-7.5%*
Adjusted EBITDA	**15.9**	**9.4**	**-40.6%**
% Adjusted EBITDA margin	8.0%	4.5%	*-3.4 p.p*
Non recurring / operating expenses	-3.2	-22.1	*-592.4%*
Reported EBITDA	**12.7**	**-12.6**	**-199.1%**
Adjusted EBITDA under IFRS16	**27.2**	**22.0**	**-18.9%**
% Adjusted EBITDA margin	13.6%	10.6%	*-3.0 p.p*

In the first 6 months of 2023, the Group reported an increase in system sales (which includes the total sales of own stores, franchises and master franchises) of 3.2% to Euros 639 million, compared with Euros 619 million in the same period of 2022. This translated into an increase of 4% in revenues, to Euros 207.9 million, compared with c. Euros 199.8 million in the same period of 2022.

The increase in sales shows a recovery over the level of 2019 resulting in a +5.1% vs. 1H19 at constant.

Adjusted EBITDA in 6M 2023 amounted to c. Euros 9.4 million, -40.6% vs. the same period of 2022. Adjusted EBITDA excludes non-recurring and non-operating costs that amounted to Euros 22.1 million, compared with Euros -3.2m million in the same period of 2022. The increase is mostly due to the accrual of advisor and other costs related with the capital structure restructuring.

System sales in EMEA slightly decreased by 0.6% in this first 6 months, to Euros 304 million, compared with Euros 306 million in the same period of 2022. We are seeing recovery signs with June improving the sales trend vs. 2022 vs. May.

System sales growth in Latam of +3.4% during 6m FY23 vs. PY

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Group sales have continue growing although profitability continues impacted by inflation and the difficulty to fully pass on to consumers and franchisees

On 30 June 2023, the total number of stores in the countries where the group operates is 2,376: 1,220 TPZ, 1,156 PH and 1,217 in EMEA and 1,159 in Latam. 2,180 are the stores located in countries within the perimeter of the YUM master franchise (Spain, Portugal and Latin America, except Brazil).

Alternative performance measures

This report includes various financial and non-financial metrics used to better explain the performance of the Group's business.

- **Chain sales:** Chain sales are the retail sales of our own outlets, plus those of the franchised outlets and master franchisees.

- **LFL sales growth:** LFL growth is chain sales growth after adjustments for openings and closures of outlets and at fixed exchange rate.
    - Adjustment. If an outlet has been open for the entire month, we consider it to be an "operating month" for the outlet in question; if not, that month is not an "operating month" for that outlet. LFL sales growth only takes into account the change in an outlet's sales for a given month if that month was an "operating month" for the outlet 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 outlets, eliminating the impact of changes between periods due to outlet openings and closings.

    - Fixed 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, other adjustments that have no impact on cash flow, non-recurring costs relating to severance pay linked to restructuring, non-recurring costs related to the restructuring and refinancing process, and the partnership with Pizza Hut.

- **Non-operating costs:** Expenses, linked mainly to onerous leases, which are not operating leases.

- **Non-recurring costs:** Extraordinary expenses associated with outlet closures, the revised agreement with Pizza Hut, severance payments relating to restructuring, and extraordinary expenses as a result of the Group's restructuring plan and the new financial structure (financial advisory cost, legal expenses and others).