TASTY BIDCO, S.L.
and Subsidiaries

Condensed Consolidated Interim Financial Statements
31 March 2021

Consolidated Directors' Report for the Three month period ended at 31 March 2021 (un-audited)

TASTY BIDCO, S.L. AND SUBSIDIARIES

Condensed Consolidated Statement of Financial Position
31 March 2021 and 31 December 2020

(Expressed in thousands of Euros)

Assets	31.03.2021	31.12.2020
Property, plant and equipment (note 6)	60,348	60,699
Rights-of-use assets (note 7)	61,965	60,591
Goodwill (note 8)	240,542	240,254
Other intangible assets (note 8)	452,078	453,424
Net investment in subleases (note 7)	19,903	33,071
Deferred tax assets (note 18)	29,947	29,713
Non-current financial assets (note 9)	15,890	15,655
Total non-current assets	880,673	893,407
Inventories	15,061	14,861
Trade and other receivables (note 10)	43,747	43,035
Net investment in subleases (note 7)	3,962	8,168
Other current financial assets	3,662	5,640
Other current assets	2,727	2,104
Cash and cash equivalents (note 11)	71,468	45,134
Subtotal current assets	140,627	118,942
Non-current assets held for sale (note 4)	13,177	13,949
Total current assets	153,804	132,891
Total assets	1,034,477	1,026,298

The accompanying notes form an integral part of the condensed consolidated financial statements for the three-month period ended 31 March 2021.

TASTY BIDCO, S.L. AND SUBSIDIARIES

Condensed Consolidated Statement of Financial Position
31 March 2021 and 31 December 2020

(Expressed in thousands of Euros)

Equity and Liabilities	31.03.2021	31.12.2020
Share capital (note 12)	2,831	2,662
Share premium	265,746	248,942
Retained earnings	(180,716)	(169,825)
Other shareholder contributions	165,108	165,108
Translation differences	(5,395)	(5,940)
Equity attributable to equity holders of the Parent and total equity (note 12)	247,574	240,947
Non-controlling interests	47,201	48,149
Equity	294,775	289,096
Debentures and bonds (note 13(a))	320,967	320,467
Loans and borrowings (note 13 (b))	87,228	55,000
Other financial liabilities	6,425	6,790
Lease liabilities (note 7)	76,058	89,813
Deferred tax liabilities (note 18)	101,741	102,166
Provisions	1,655	1,569
Other non-current liabilities	13,469	13,478
Total non-current liabilities	607,543	589,283
Debentures and bonds (note 13(a))	4,484	9,611
Loans and borrowings (note 13 (b))	5,965	6,319
Other financial liabilities	1,950	1,883
Lease liabilities (note 7)	24,626	28,930
Trade and other payables (note 14)	80,189	90,238
Provisions	6,369	3,004
Other current liabilities	3,320	2,147
Subtotal current liabilities	126,903	142,132
Liabilities directly associated with non-current assets held for sale (note 4)	5,256	5,787
Total current liabilities	132.159	147,919
Total equity and liabilities	1,034,477	1,026,298

The accompanying notes form an integral part of the condensed consolidated financial statements for the three-month period three-month period ended 31 March 2021.

TASTY BIDCO, S.L. AND SUBSIDIARIES

Condensed Consolidated Income Statements
for the three-month period ended at 31 March 2021 and 2020

(Expressed in thousands of Euros)

	31.03.2021	31.03.2020
Revenues (note 15)	87,654	93,244
Merchandise and raw materials used	(26,602)	(27,251)
Personnel expenses (note 16)	(26,737)	(27,590)
Amortisation and depreciation expenses (notes 6, 7 and 8)	(10,987)	(11,325)
Other expenses (note 17)	(27,443)	(32,511)
Other losses	968	(1,877)
Operating profit/(loss) for the period	(3,147)	(7,310)
Finance income	699	933
Finance costs	(8,785)	(8,665)
Exchange differences	469	(4,748)
Profit / (Loss) before tax from continuing operations	(10,764)	(19,790)
Income tax expense (note 18)	(835)	(141)
Profit / (Loss) for the period from continuing operations	(11,599)	(19,931)
Post-tax loss of discontinued operations (note 4)	(240)	(786)
Profit / (Loss) for the period	(11,839)	(20,717)
Profit /(Loss) attributable to non-controlling interests	(948)	(2,744)
Profit / (Loss) for the period attributable to equity holders of the Parent		
Continuing operations	(10,651)	(17,187)
Discontinued operations	(240)	(786)
	(10,891)	(17,973)

The accompanying notes form an integral part of the condensed consolidated financial statements for the three-month period ended 31 March 2021.

TASTY BIDCO, S.L. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income
for the three-month period ended at 31 March 2021 and 2020

(Expressed in thousands of Euros)

	31.03.2021	31.03.2020
Profit / (Loss) for the period	(11,839)	(20,717)
Other comprehensive income:		
Items that will be reclassified to profit or loss		
Translation differences of financial statements of foreign operations	545	(4,749)
Total comprehensive income / (loss) for the period	(11,294)	(25,466)
Profit / (loss) attributable to non-controlling interests	948	2,744
Total comprehensive income / (loss) for the year attributable to equity holders of the Parent	(10,346)	(22,722)

The accompanying notes form an integral part of the condensed consolidated financial statements for the three-month period ended 31 March 2021.

TASTY BIDCO, S.L. AND SUBSIDIARIES

Condensed Consolidated Statement of Changes in Equity
for the three-month period ended at 31 March 2021 and for the year ended 31 December 2020

(Expressed in thousands of Euros)

	Share capital	Share premium	Retained earnings	Shareholder contributions	Translation differences	Non-controlling interests	Total Equity
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
Capital increase	169	16,804	-		-	-	16,973
Loss for the three-month period ended 31 March 2021	-	-	(10,891)	-	545	(948)	(11,294)
Balance at 31/03/2021	2,831	265,746	(180,716)	165,108	(5,395)	47,201	294,775

The accompanying notes form an integral part of the condensed consolidated financial statements for the three-month period ended 31 March 2021.

TASTY BIDCO, S.L. AND SUBSIDIARIES

Condensed Consolidated Statement of Cash Flows
for the three-month period ended at 31 March 2021 and 2020
(Expressed in thousands of Euros)

	2021	2020
Cash flows from operating activities		
Profit/(loss) of discontinued operations	(240)	(786)
Profit/(loss) before tax from continuing operations	(10,764)	(19,790)
Adjustments for:		
Amortisation and depreciation (notes 6, 7 and 8)	10,987	11,325
Finance income	(699)	(933)
Finance costs	8,785	8,665
Exchanges differences	(469)	-
	7,600	(1,519)
Change in working capital		
(Increase)/decrease in inventories	(200)	(856)
(Increase)/decrease in trade and other receivables	(712)	2,517
(Increase)/decrease in other current and non-current asset	1,120	693
Increase/(decrease) in trade and other payables	(10,049)	19,890
Increase/(decrease) in provisions	3,451	945
Increase/(decrease) in other current and non-current liabilities	324	(3,321)
Cash generated from operations	(6,066)	19,868
Interest received	391	213
Interest paid	(13,782)	(8,327)
	(875)	-
Net cash from operating activities	(12,732)	10,235
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	420	821
Acquisition of property, plant and equipment	(2,180)	(4,793)
Acquisition of intangible assets	(2,514)	(3,577)
Acquisition of subsidiaries, net of cash and cash equivalents	-	(10,712)
Cash flows from (used in) discontinued operations	241	2,081
Income from sub-leases	1,866	3,086
Net cash used in investing activities	(2,167)	(13,094)
Cash flows from financing activities		
Shareholder contribution	16,973	-
Issuance of debt with credit institutions, net of issue costs	39,216	46,240
Issuance of debt with minority shareholders, net of issue costs	3,026	-
Cancellation of debt with credit institutions	(10,000)	-
Lease liability payments	(7,982)	(8,402)
Net cash from (used in) financing activities	41,233	37,838
Net increase/(decrease) in cash and cash equivalents	26,334	34,979
Cash and cash equivalents at 1 January	45,134	47,857
Effect of exchange differences	-	-
Cash and cash equivalents at 31 March	71,468	82,836

TASTY BIDCO, S.L.
AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements

Three-month period ended at 31 March 2021

(1) Nature, Activities and Composition of the Group

Tasty Bidco, S.L. (the Company or the Parent, and together with its subsidiaries, the "Group") was incorporated with limited liability under Spanish law on 4 October 2018 under the name of Global Mastodon, S.L. On 12 December 2018 the Company changed its 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 March 2021, this activity was carried out through 533 own outlets and 1,992 franchises (539 own outlets and 1,977 franchises at 31 December 2020), 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.

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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. (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 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) Relevant events in 2021 and 2020

(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.

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 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 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 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 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 implemented various furlough schemes which in Spain affected 1,520 employees, and the Group’s executives 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 13), which 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.

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.

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

- The sole shareholder of Tasty Bidco, S.L. has increased capital by Euros 16,974 thousand and undertook, if necessary, to raise an additional Euros 18,671 thousand (see note 12(a)).

- 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 (see note 13(b)).

- Bank loans have been arranged for an additional amount of Euros 30,000 thousand, maturing in November 2025 (see note 13(b)).

Food Delivery Brands (FDB) and Yum! Brands Inc. (Yum!) have agreed to amend certain terms and targets of their strategic alliance to better address the new reality. Amongst others, the key changes apply to (i) Openings, extending the ten-year target by an additional year and revising the net new unit splits by market; (ii) Conversions, slowing the conversion schedule for Telepizza stores in Chile, Colombia and the Rest of World; (iii) Shortfall fees, postponing the period and increasing the threshold under which shortfall fees would apply; and (iv) Incentive fees, revising the terms and targets for earning incentive fees.

In addition to the foregoing, as part of the agreement Yum! has exercised its call option over the Telepizza brand. As originally agreed, FDB will retain the usufruct over the Telepizza brand, and will continue to operate with the brand as otherwise permitted by the strategic alliance agreement.

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, in 2020 the Group recognised an impairment on non-current assets for a total of Euros 120,695 miles (see notes 6 and 8).

On the date of issuing these condensed consolidated interim financial statements, 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) Acquisition of Pizza Hut business in Mexico

In January 2020, the Group acquired control of Pizza Hut's Mexico business by means of a subsidiary in Mexico 75%-owned by Tele Pizza, S.A. and 25%-owned by the former owners of the Pizza Hut business in Mexico (see note 5).

(2) Basis of Presentation

These condensed consolidated financial statements for the three-month period ended 31 March 2021, 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 31 March 2021, 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 26 May 2021.

These condensed consolidated financial statements for the three-month period ended 31 March 2021 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.

(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 31 March 2021 and 31 December 2020 of Tasty Bidco, S.L., the condensed consolidated income statements for the three-month period ended 31 March 2021 and 2020, the condensed consolidated statements of comprehensive income for the three-month period ended 31 March 2021 and 2020, the condensed consolidated statements of changes in equity for the three-month period ended 31 March 2021 and for the year ended 31 December 2020, the condensed consolidated cash flow statements for the three-month period ended 31 March 2021 and 2020, together with the explanatory notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2021 and 2020.

(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.

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Likewise, although the estimates performed by the Parent Company's directors were calculated based on the best available information at 31 March 2021, 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 31 March 2021, are the same as those used in the consolidated annual accounts for the year ended 31 December 2020.

(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 three-month period ended at 31 March 2021 and subsequent periods and having a material impact on the Group.

(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 31 March 2021 and 31 December 2020, the Group comprises the following operating segments:

- Spain
- Rest of Europe
- Latin America
- 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.

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

	2021				
	Thousands of Euros				
	Spain	Other Europe	Latin America	Rest of world	Total
Total revenues	45,689	14,490	27,475	-	87,654
Operating profit / (loss)	(2,764)	2,394	(2,765)	(12)	(3,147)
Profit/(loss) from continuing operations	(8,613)	1,417	(4,391)	(12)	(11,599)
Profit/(loss) from discontinued operations	-	(240)	-	-	(240)
Segment assets	802,177	77,773	139,854	1,496	1,021,300
Assets from discontinued operations or held-for-sale assets	6,013	7,164	-	-	13,177
Group assets	808,190	84,937	139,854	1,496	1,034,477
Segment liabilities	533,152	52,754	147,607	933	734,446
Liabilities from discontinued operations or held-for-sale liabilities	-	5,256	-	-	5,256
Group liabilities	533,152	58,010	147,607	933	739,702
Investments in property, plant and equipment and intangible assets	3,002	191	1,497	-	4,690

	2020				
	Thousands of Euros				
	Spain	Other Europe	Latin America	Rest of world	Total
Total revenues	46,575	14,464	32,177	28	93,244
Operating profit / (loss)	(2.749)	2.556	(7.105)	(12)	(7,310)
Profit/(loss) from continuing operations	(8,268)	1,577	(13,228)	(12)	(19,931)
Profit/(loss) from discontinued operations	4	(790)	-	-	(786)
Segment assets	985.333	56.400	181.647	1.587	1.224.967
Assets from discontinued operations or held-for-sale assets	7.782	10.457	-	-	18.239
Group assets	993.115	66.857	181.647	1.587	1,243,206
Segment liabilities	995.766	56.400	181.647	1.587	1,235,400
Liabilities from discontinued operations or held-for-sale liabilities	-	7,806	-	-	7,806
Group liabilities	995.766	64.206	181.647	1.587	1,243,206
Investments in property, plant and equipment and intangible assets	22,665	635	6,205	-	29,505

(Continued)

(4) 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 this condensed consolidated interim financial statements, 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 condensed consolidated statement of financial position and as profit/loss from discontinued operations in the condensed consolidated income statement, as required by the applicable standards. The sales and liquidation transactions are expected to be effective in 2021.

In addition, at 31 March 2021 and 31 December 2020 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.

(5) Business Combinations

In January 2021, the Group has acquired 1 operating store from franchisees in Chile.

In January 2020, the Group acquired control of Pizza Hut's Mexico business by means of a subsidiary in Mexico 75%-owned by Tele Pizza, S.A. and 25%-owned by the former owners of the Pizza Hut business in Mexico (see note 1 (a) (ii)). In addition, 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	
	31.03.21	31.12.20
Cost of the combinations, cash paid	143	18,689
Less, fair value of net assets acquired	(40)	(8,889)
Goodwill (note 8)	103	9,800

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

(Continued)

(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 installations, equipment and furniture	Advances and property, plant and equipment under construction	Other property, plant and equipment	Total
Cost						
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 (note 5)	-	20,452	161	161	84	20,858
Derecognitions	(297)	(8,842)	(600)	(1,012)	(778)	(11,529)
Transfers from held for sale (note 4)	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
Additions	-	963	77	809	291	2,140
Additions due to business combinations (note 5)	-	40	-	-	-	40
Disposals	(102)	(919)	(63)	(57)	(42)	(1,183)
Transfers from held for sale (note 4)	-	(44)	(2)	-	(5)	(51)
Other transfers	-	2,473	-	(2,466)	(7)	-
Translation differences	48	1,297	79	16	139	1,579
Balance at 31/03/2021	4,607	125,412	13,725	1,195	12,423	157,362
Depreciation or impairment						
Depreciation 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)
Depreciation for the period	(25)	(2,255)	(207)	-	(198)	(2,685)
Disposals	102	593	33	-	35	763
Transfers from held for sale	-	(21)	3	-	49	31
Translation differences	(38)	(668)	(53)	-	(232)	(991)
Impairment	-	6	-	-	-	6
Depreciation at 31/03/2021	(1,575)	(79,045)	(6,065)	-	(6,898)	(93,583)
Impairment at 31/03/2021	-	(3,431)	-	-	-	(3,431)
Carrying amount						
At 31/12/2020	3,047	41,471	7,793	2,893	5,495	60,699
At 31/03/2021	3,032	42,936	7,660	1,195	5,525	60,348

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

(Continued)

In 2021 and 2020 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 2021 and 2020 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 March 2021 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 2021 and 2020 were as follows:

	Thousands of Euros
Net carrying amount at 1 January 2020	77,623
Additions	2,353
Transfers (franchise repurchases) (note 7 (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
Additions	2,583
Transfers (franchise repurchases) (note 7 (b))	3,828
Derecognitions	(2,357)
Amortisation and depreciation	(4,683)
Derecognition from accumulated depreciation	1,759
Translation differences	244
Cost, attributed cost or revalued cost	91,386
Cumulative depreciation and impairment losses	(29,421)
Carrying amount at 31 March 2021	61,965

(Continued)

Details of Leases liabilities at 31 March 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	31.03.21	31.12.20
Long term	76,058	89,813
Short term	24,626	28,930
Lease liabilities	100,684	118,743

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 2021 and 2020 is as follows:

	Thousands of Euros
Balance at 1 January 2020	66,538
Additions	2,103
Derecognitions	(7,830)
Transfers for franchise repurchases (note 7 (a))	(8,208)
Finance income	1,429
Rental updates	(2,853)
Receipts	(8,408)
Translation differences	(1,531)
Balance at 31 December 2020	41,239
Finance income	308
Derecognitions	(11,024)
Transfers for franchise repurchases (note 7 (a))	(3,828)
Rental updates	(1,358)
Receipts	(1,866)
Translation differences	394
Balance at 31 March 2021	23,865

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

(8) Intangible Assets and Goodwill

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

	Thousands of Euros
Cost	
Balance at 31 December 2019	349,683
Goodwill on business combinations for the year (note 5)	9,800
Translation differences	388
Derecognitions	(122)
Impairment losses for the year (note 1 (a) (i))	(119,495)
Balance at 31 December 2020	240,254
Goodwill on business combinations for the period (note 5)	103
Translation differences	185
Balance at 31 March 2021	240,542

As a consequence of the impact of the Covid-19 pandemic on the global economy (see note 1(a)(i)), 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.

As a result, in 2020 a goodwill impairment loss of Euros 119,495 thousand was recognised.

Details of “Other intangible assets” and movement are as follows:

	Thousands of Euros				
	Concessions, patents and licences	Trademarks	Contractual and other rights	Computer software	Total
Cost					
Balance at 31/12/2019	16,113	265,206	167,499	43,554	492,378
Additions	1,735	58	-	6,539	8,332
Derecognitions	(164)	-	(33)	(115)	(318)
Transfers from/to held for sale (note 4)	(46)	-	-	(12)	(58)
Additions due to business combinations (note 5)	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
Additions	120	5	-	2,101	2,226
Disposals	-	-	(28)	(13)	(41)
Transfers	(187)	-	-	187	-
Translation differences	112	-	-	33	145
Balance at 31/03/2021	18,282	265,269	167,436	52,796	503,783
Amortisation or impairment					
Amortisation at 01/01/2019	(1,412)	(148)	(4,392)	(26,422)	(32,374)
Impairment at 01/01/2019	8	-	-	(871)	(863)
Depreciation in the year	(1,417)	(425)	(6,699)	(6,508)	(15,049)
Additions due to business combinations (note 5)	(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)
Depreciation for the year	(204)	(103)	(1,690)	(1,622)	(3,619)
Disposals	-	-	28	7	35
Translation differences	(61)	-	-	(31)	(92)
Impairment	-	-	-	-	-
Amortisation at 31/03/2021	(3,039)	(676)	(12,718)	(34,409)	(50,842)
Impairment at 31/03/2021	8	-	-	(871)	(863)
Carrying amount					
At 31/12/2020	15,471	264,691	156,408	16,854	453,424
At 31/03/2021	15,251	264,593	154,718	17,516	452,078

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

(Continued)

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 167,485 thousand were recorded at fair value.

Both the "telepizza" and "Apache" brands are considered an intangible asset with an indefinite useful life, and "Jeno's pizza" brand due to, among the obligations included in the agreements reached with Pizza Hut, it is established that all the Group's stores in Colombia are converted to "Pizza Hut" in a period not exceeding five years has an estimated useful life of 3 years.

At 31 March 2021 and 31 December 2020, 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	
	31.03.21	31.12.20
Security and other deposits	5,142	5,354
Non-current trade receivables	10,646	10,205
Other loans and receivables	102	96
	15,890	15,655

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	
	31.03.21	31.12.20
Trade receivables	42,310	41,698
Other receivables	3,746	3,451
Public entities	8,607	8,690
Impairment losses	(10,916)	(10,804)
Trade and other receivables	43,747	43,035

(Continued)

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.

(11) Cash and Cash Equivalents

Details at 31 March 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	31.03.21	31.12.20
Cash in hand and at banks	71,468	45,134
Cash and cash equivalents	71,468	45,134

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 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. (see note 1 (a) (i)).

At 31 March 2021 the share capital of Tasty Bidco, S.L. was represented by 2,831,337 ordinary shares, each with a par value of Euros 1, of a single class and series and represented by book entries. All the shares are fully subscribed and paid up by the sole shareholder Tasty Debtco S.à. r.l.

(b) Share premium

At 31 March 2021, the share premium 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.

(Continued)

As of 31 March 2021, the Parent Company has no legal reserve since, since its incorporation in 2018, it has incurred losses.

- Shareholder contributions

During 2021, no additional contributions have been made by the sole shareholder of the Company. 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

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. 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 per annum 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 syndicated loan guarantees were released and guarantees were provided to bondholders.

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 March this credit facility was fully drawn down by 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.

Details of non-current loans and borrowings at 31 March 2021 and 31 December 2020 are as follows:

	Thousand of Euros				
Type	Final maturity date	Deadline	Balance 31/03/2021	Balance 31/12/2020	Interest rate
Senior					
Bond	2026	335,000	335,000	335,000	6.25%
Arrangement costs			(14,033)	(14,533)	
Balance at			320,967	320,467	

Interest accrued during three-month period ended 31 March 2021 and 2020 totalled Euros 5,234 thousand. At 31 March 2021 and 31 December 2020, outstanding unpaid interest on these payables amounted to Euros 4,484 thousand and Euros 9,611 thousand, respectively. Likewise, Euros 500 thousand and Euros 491 thousand were recognised in 2021 and 2020, 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. 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 March 2021 and 31 December 2020, 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 31 December are as follows:

	Thousands of Euros			
	31/03/2021		31/12/2020	
	Non-current	Current	Non-current	Current
Revolving credit facility (note 18 (a))	45,000	-	45,000	-
ICO loan	39,200		10,000	-
Shareholders loan	3,028	-		
Accrued interest	-	77	-	447
Reverse factoring lines	-	3,521	-	3,565
Credit facility	-	2,367	-	2,307
	87,228	5,965	55,000	6,319

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. 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.

Credit facility corresponds to a credit facility borrowed to Telepizza Chile to tackle various local payment obligations.

(Continued)

(14) Trade and Other Payables

Details are as follows:

	Thousands of Euros	
	31.03.21	31.12.20
Trade payables and other payables	65,868	76,244
Public entities	6,564	6,497
Salaries payable	7,757	7,497
	80,189	90,238

At 31 March 2021 trade payables include Euros 14,580 thousand payable to financial institutions for reverse factoring transactions (Euros 12,846 thousand at 31 December 2020).

(15) Income

Revenue from contracts with customers

Details are as follows:

	Thousands of Euros	
	31.03.21	31.03.20
Outlet sales to customers	42,772	49,152
Wholesale factory sales to franchisees and other sales	27,897	25,842
Royalty and marketing fees	15,628	16,165
Revenue from franchising activity	263	551
Other services rendered to franchisees	1,094	1,534
	87,654	93,244

(16) Employee Benefits Expense

Details of personnel expenses in 2021 and 2020 are as follows:

	Thousands of Euros	
	31.03.21	31.03.20
Salaries, wages and similar	19,841	23,868
Social Security	2,513	3,203
Termination benefits	4,206	430
Other employee benefits expenses	177	89
Total personnel expenses	26,737	27,590

(Continued)

(17) Other Expenses

Details of other expenses are as follows:

	Thousands of Euros	
	31.03.21	31.03.20
Fees and royalties	5,922	6,221
Transport	3,786	3,855
Advertising and publicity	6,437	5,014
Utilities	3,108	3,967
Other expenses	8,190	13,454
	27,443	32,511

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).

(18) 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 31/12/2020	2,815	15,557	2,759	8,601	29,713
Taken/(Charge) to the income statement	-	-	(106)	340	234
Balance at 31/03/2021	2,815	15,557	2.653	8.922	29,947

The deferred tax assets recognised in the consolidated statement of financial position at 31 December 2020 and 31 March 2021 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 include the tax effect of impairment of trade debts in Chile in the amount of 4,137 thousand euros.

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.

(Continued)

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.

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 31/12/2020	4	100,961	1,201	102,166
Taken to the income statement	-	(425)	-	(425)
Balance at 31/03/2021	4	100,536	1,201	101,741

The deferred tax liability related to intangible assets corresponds to the tax effect of various intangibles, mainly brands, and contractual rights arising from business combinations of previous year, as detailed in note 8. This deferred tax is reduced each year. as the intangibles with a defined useful life are amortized and will not generate any cash outflow from the Group.

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.

(Continued)

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 March 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.

(19) Commitments

At 31 March 2021 and 31 December 2020, the Group has no commitments relating to investing activities.

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

During the three-months period ended 31 March 2021, the Parent's directors received remuneration of Euros 200 thousand (Euros 338 thousand in 2020). Moreover, the Group has extended loans or advances to the directors totalling Euros 1.394 thousand (Euros 1,383 thousand at 31 December 2020). These loans are secured by the directors with certain shares of the Parent. The savings plan contributions made amounted to Euros 32thousand (Euros 2 thousand in 2019).

During the three-months period ended 31 March 2021, the members of the Group's senior management received remuneration of Euros 346 thousand (Euros 421 thousand in 2020). Moreover, the Group has extended loans or advances to senior management totalling Euros 1,217 thousand (Euros 1,209 thousand in 2020). These loans are secured by the senior management personnel with certain shares of the Parent. The savings plan contributions made amounted to Euros 0 thousand (Euros 2 thousand in 2019)

In 2021 and 2020 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.

(21) 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 31 March 2021 and 31 December 2020.

(22) Event after the reporting period

Food Delivery Brands (FDB) and Yum! Brands Inc. (Yum!) have agreed to amend certain terms and targets of their strategic alliance to better address the new reality. Amongst others, the key changes apply to (i) Openings, extending the ten-year target by an additional year and revising the net new unit splits by market; (ii) Conversions, slowing the conversion schedule for Telepizza stores in Chile, Colombia and the Rest of World; (iii) Shortfall fees, postponing the period and increasing the threshold under which shortfall fees would apply; and (iv) Incentive fees, revising the terms and targets for earning incentive fees.

In addition to the foregoing, as part of the agreement Yum! has exercised its call option over the Telepizza brand. As originally agreed, FDB will retain the usufruct over the Telepizza brand, and will continue to operate with the brand as otherwise permitted by the strategic alliance agreement.

Corporate history – Telepizza 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

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.

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.

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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.

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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.

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: 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.

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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.

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Reconciliation of the statement of profit or loss (IFRS 16) for the 3-month period ended 31 March 2020 and 2019

	Thousands of Euros		
	31/03/2021	IFRS 16	31/03/2021 without IFRS 16
Revenues	87.654	1.866	89.520
Merchandise and raw materials used	(26.602)	-	(26.602)
Employee benefits expense	(26.737)	-	(26.737)
Depreciation and amortisation	(10.987)	4.683	(6.304)
Other expenses	(27.443)	(7.982)	(35.425)
Other losses	968	(1,436)	(474)
Loss from operating activities	(3.147)	(2.869)	(6.016)
Finance income	1.168	(308)	860
Finance costs	(8.785)	1.520	(7.265)
Loss before tax from continuing operations	(10.764)	(1.657)	(12.421)
Income tax expense	(835)	106	(729)
Loss for the year from continuing operations	(11.599)	(1.551)	(13.150)
Loss of discontinued operations	(240)	29	(211)
Loss for the period	(11.839)	(1.522)	(13.361)
Profit/(loss) attributable to non-controlling interests	(948)	(244)	(1.192)

	Thousands of Euros		
	31/03/2020	IFRS 16	31/03/2020 without IFRS 16
Revenues	93,244	3,106	96,350
Merchandise and raw materials used	(27,251)	-	(27,251)
Employee benefits expense	(27,590)	-	(27,590)
Depreciation and amortisation	(11,325)	4,653	(6.672)
Other expenses	(32,511)	(8,484)	(40,995)
Other losses	(1,877)	1,824	(53)
Loss from operating activities	(7,310)	1,099	(6,211)
Finance income	933	(720)	213
Finance costs	(13,413)	1,923	(11,490)
Loss before tax from continuing operations	(19,790)	2,302	(17,488)
Income tax expense	(141)	(336)	(477)
Loss for the year from continuing operations	(19,931)	1,966	(17,686)
Loss of discontinued operations	(786)	65	(721)
Loss for the period	(20,717)	2,031	(16,261)
Profit/(loss) attributable to non-controlling Interests	(2,744)	319	(2,425)

System sales 3-month period ended 31 March 2021

vs 2020 € in millons	EMEA	LATAM	*TOTAL*
System Sales Growth (1) constant currency (%)	-3.4%	-6.5%	*-4.9%*
System Sales Growth (1) constant currency (%) - Telepizza	1.4%	-16.1%	*-0.6%*
System Sales Growth (1) constant currency (%) - Pizza Hut	-32.1%	-5.2%	*-9.4%*

(1) Excluding discontinued operations in Poland and Czeck Republic

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Summary of the income statement for 3-month period ended 31 March 2021 (excluding discontinued operations)

Below are the Group's revenues from 1 January 2021 to 31 March 2021, and its adjusted and reported EBITDA:

	Without the effec of IFRS 16	Without the effec of IFRS 16	
€m (unless otherwise stated)	**3M FY20**	**3M FY21**	***% change***
Own Store Sales	49.2	42.8	*-13.0%*
Supply chain, royalties, marketing & other income	47.1	46.5	*-1.2%*
Total revenue	**96.2**	**89.3**	***-7.2%***
COGS	-27.2	-26.6	*-2.2%*
% Gross margin	71.7%	70.2%	*1.5 p.p*
Operating expenses	-65.2	-56.7	*-13.0%*
Adjusted EBITDA	**3.8**	**6.0**	***56.3%***
% Adjusted EBITDA margin	4.0%	6.7%	*-2.7 p.p*
Non recurring /operating expenses	-3.3	-5.2	*n.m.*
Reported EBITDA	**0.5**	**0.8**	***54.9%***

In the first 3 months of 2021, the Group reported a decline in system sales (which includes the total sales of own stores, franchisees and master franchisees) of 10% to Euros 254 million, compared with Euros 281 million in the same period of 2020 (excluding discontinued operations in Poland and the Czech Republic). This translated into a decrease of -7% in revenues, to Euros 89 million, compared with Euros 96 million in the same period of 2020, due to the decrease in sales.

The decrease in system sales is a result of the still in place restrictions from the pandemic impacting the different regions in which we operate.

EBITDA reported in Q1 2021 amounted to Euros 0.8 million, compared with Euros 0.5 million in the same period of 2020 (+54.9%). Adjusted EBITDA excludes non-recurring and non-operating costs amounted to Euros 6 million, compared with Euros 3.8 million in the same period of 2020, showing a relevant increase of +56.3%.

The increase in the adjusted EBITDA was the result of the cost cutting actions to adapt the overhead structure and other operational savings, that offset the effect of the decrease in sales coming from the still in place restrictions from the pandemic situation

During this quarter sales and EBITDA are showing the gradual recovery of the business thanks to the progressive release of the restrictions and the success of the management actions deployed to cope with the pandemic.

The completion on the new financing and the revised terms of our alliance with YUM!' provide FDB with a stable and sound financial and commercial framework to capture the opportunities that this new environment will bring to our Group.

EMEA

System sales in EMEA decreased by -3.7% in this quarter, to Euros 137.1 million, compared with Euros 142.3 million in the same period of 2020 (excluding discontinued operations in Poland and the Czech Republic) reflecting the impact of the restrictions to dine in, and to a certain extent, for takeaway and delivery

Spain and Portugal: Good performance vs. PY with only single digits system sales drop (-6.5%) with Telepizza stores already growing vs. Q1 2020, pushed by strong Delivery sales with +18% increase vs. PY, meanwhile Pizza Hut sales still decreasing due to its wider presence in shopping malls and other high traffic locations now severely impacted by the restrictions (-32% vs. PY). The company expects a gradual release of the measures during H2 2021. As of March 31st 2021, 96% of stores were opened but subject to opening limitations.

Rest of Europe: Sales are substantially less impacted by the pandemic with Ireland growing double digits in Q1 2021

Latam

System sales in LatAm decreased by -15.5% in this quarter, to Euros 117.3 million, compared with Euros 138.8 million in the same period of 2020.

- As seen during Q4 FY20, the deconfinement process is taKing longer, relative to EMEA. Also, as seen in Europe, performance by country and brand varies materially as result of the diversity of measures applied and the different exposure to dine in and take away

- Q1 FY21 system sales decreased by c.6.5% (at constant FX), with Telepizza stores heavily impacted (-16%) due to its mayor presence in Chile, one of the countries with the tougher restriction during this quarter

- As of March 31st 2021, 92% of stores in the region were opened, also subject to opening limitations

Expansion of the store network (continued operations)

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On 31 March 2021, the total number of stores in the countries where the group operates is 2,457: 1,350 TPZ, 1,107 PH and 1,193 in EMEA and 1,264 in Latam. 2,270 are the stores located in countries within the perimeter of the YUM master franchise (Spain, Portugal, Switzerland and Latin America, except Brazil). Total number of stores in 2020 were 2,446. The decrease is mostly due to closing of stores allowed under the YUM agreement to reorganise the store network.

We rebranded 3 stores from Telepizza to Pizza Hut, 2 in EMEA and 1 in Latam.

Discontinued operations in Poland and the Czech Republic, classified as available for sale, had a total of 70 outlets at 31 March 2021 not included in above store count number.

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.