KPMG

AmRest Holdings, S.E. and subsidiaries

Condensed Consolidated Financial Statements and
Condensed Interim Consolidated directors' report

30 June 2019

(Included Limited Review Report)

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

Limited Review on the Interim Condensed Consolidated Financial Statements

To the Shareholders of AmRest Holdings, S.E. as requested by the by Company´s Directors

LIMITED REVIEW ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying condensed consolidated financial statements (the "interim financial statements") of AmRest Holdings, S.E. (the "Company") and subsidiaries (the "Group"), which comprise the income statement at 30 June 2019, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the explanatory notes for the six-month period then ended, all condensed and consolidated. Pursuant to article 12 of Royal Decree 1362/2007 the Directors of the Company are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

KPMG Auditores S.L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Confidential

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Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2019 have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007.

Emphasis of Matter

We draw your attention to the accompanying note 3, which states that these interim financial statements do not include all the information required in complete consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2018. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying consolidated interim directors' report for the six-month period ended 30 June 2019 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim directors' report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2019. Our work is limited to the verification of the consolidated interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of AmRest Holdings, S.E. and subsidiaries.

Paragraph on Other Matters

This report has been prepared at the request of Management regarding the publication of the half-yearly financial report required by Article 119 of Royal Legislative Decree 4/2015 of 23 October 2015, approving the revised Spanish Securities Market Law implemented by Royal Decree 1362/2007 of 19 October 2007.

KPMG Auditores, S.L.

Carlos Peregrina García

28 August 2019

INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

KPMG AUDITORES, S.L.

2019 Núm. 01/19/13311
30,00 EUR

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Condensed Consolidated Financial Statements for 6 months ended 30 June 2019

AmRest Holdings SE

28 AUGUST 2019

AmRest

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(all figures in EUR millions unless stated otherwise)

Condensed consolidated income statement for 6 months ended 30 June 2019

	Note	6 months ended 30 June 2019	6 months ended 30 June 2018 (restated*)
Continuing operations			
Restaurant sales		878.9	671.7
Franchise and other sales		48.8	39.9
Total revenue	5,7	**927.7**	**711.6**
Restaurant expenses			
Food and merchandise		(249.3)	(193.3)
Payroll, social security and employee benefits		(242.3)	(173.3)
Royalties		(41.3)	(34.8)
Occupancy, depreciation and other operating expenses		(249.7)	(201.2)
Franchise and other expenses		(32.7)	(29.3)
General and administrative expenses		(72.2)	(53.1)
Total operating costs and losses	8	**(887.5)**	**(685.0)**
Net impairment losses on financial assets	5	(0.3)	(0.8)
Net impairment losses on other assets	5, 15	(8.6)	(5.0)
Other operating income/(expenses)		3.9	4.6
Profit from operations		**35.2**	**25.4**
Finance income	9	2.2	0.3
Finance costs	9	(22.1)	(7.3)
Profit before tax		**15.3**	**18.4**
Income tax	10	(4.3)	(5.3)
Profit for the period		**11.0**	**13.1**
Attributable to:			
Shareholders of the parent		10.4	14.3
Non-controlling interests		0.6	(1.2)
Profit for the period		**11.0**	**13.1**
Basic earnings per ordinary share in EUR	20	0.05	0.07**
Diluted earnings per ordinary share in EUR	20	0.05	0.07**

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.
The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.
**The comparative data were adjusted for the effect of final PPA accounting of Pizza Hut Russia described in note 6.*
***The comparative data were adjusted to include the effect of the share split as described in the note 20.*

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of comprehensive income for 6 months ended 30 June 2019

	Note	6 months ended	
		30 June 2019	**30 June 2018 (restated*)**
Profit for the period		**11.0**	**13.1**
Other comprehensive income	19		
Exchange differences on translation of foreign operations		8.3	(0.8)
Net investment hedges		1.9	(6.8)
Income tax related to net investment hedges		(0.3)	1.3
Total items that may be reclassified to the income statement		*9.9*	*(6.3)*
Other comprehensive income/(loss) for the period		**9.9**	**(6.3)**
Total comprehensive income for the period		**20.9**	**6.8**
Attributable to:			
Shareholders of the parent		20.3	7.9
Non-controlling interests		0.6	(1.1)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.
The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.
**The comparative data were adjusted for the effect of final PPA accounting of Pizza Hut Russia described in note 6.*

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of financial position as at 30 June 2019

	Note	30 June 2019	31 December 2018
Assets			
Property, plant and equipment	11	528.4	500.9
Right-of-use assets	12	786.2	-
Goodwill	6,14	374.0	368.7
Intangible assets	13	238.7	240.8
Investment properties		5.2	5.2
Financial assets measured at fair value	26	26.9	26.9
Other non-current assets		25.3	26.4
Deferred tax assets	10	28.4	22.1
Total non-current assets		**2 013.1**	**1 191.0**
Inventories		26.9	25.7
Trade and other receivables	16,26	80.4	61.9
Corporate income tax receivables		2.5	8.0
Other current assets	17	23.1	36.3
Cash and cash equivalents	18	101.3	118.4
Total current assets		**234.2**	**250.3**
Total assets		**2 247.3**	**1 441.3**
Equity			
Share capital		22.0	22.0
Reserves		191.0	206.1
Retained earnings		241.9	231.5
Translation reserve		(30.6)	(38.9)
Equity attributable to shareholders of the parent		**424.3**	**420.7**
Non-controlling interests	19	10.0	9.9
Total equity	19	**434.3**	**430.6**
Liabilities			
Interest-bearing loans and borrowings	21,26	688.4	655.8
Lease liabilities	12	658.1	1.8
Employee benefits liability	22	1.1	1.7
Provisions		15.9	14.8
Deferred tax liability	10	45.1	46.2
Other non-current liabilities		7.6	25.1
Total non-current liabilities		**1 416.2**	**745.4**
Interest-bearing loans and borrowings	21, 26	6.8	6.0
Lease liabilities	12	131.4	0.6
Trade and other accounts payable	23	250.2	246.9
Corporate income tax liabilities		8.4	11.8
Total current liabilities		**396.8**	**265.3**
Total liabilities		**1 813.0**	**1 010.7**
Total equity and liabilities		**2 247.3**	**1 441.3**

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.
The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of cash flows for 6 months ended 30 June 2019

	Note	6 months ended 30 June 2019	6 months ended 30 June 2018 (restated*)
Cash flows from operating activities			
Profit before tax from continued operations		15.3	18.4
Adjustments for:			
Amortisation and depreciation	8	121.7	43.8
Net interest expense		20.2	5.5
Foreign exchange result	9	(1.9)	0.1
Result on non-current assets disposal	8	0.3	(0.1)
Impairment of non-financial assets	15	8.6	5.0
Share-based payments		2.5	3.6
Other		(0.1)	(0.8)
Working capital changes:	18		
Change in trade and other receivables		(18.4)	(0.5)
Change in inventories		(0.9)	(0.3)
Change in other assets		(3.9)	(6.6)
Change in payables and other liabilities		12.5	(4.0)
Change in provisions and employee benefits		0.4	(0.7)
Income tax paid		(8.6)	(7.2)
Net cash from operating activities		**147.7**	**54.2**
Cash flows from investing activities			
Net cash outflows on acquisition	6	(22.7)	(5.1)
Proceeds from the sale of property, plant and equipment		0.4	-
Purchase of property, plant and equipment		(83.3)	(58.6)
Purchase of intangible assets		(4.6)	(3.7)
Net cash used in investing activities		**(110.2)**	**(67.4)**
Cash flows from financing activities			
Proceeds from share transfers (employees options)	19	0.5	0.5
Purchase of treasury shares	19	(0.5)	(0.8)
Payments on settlement of employee stock options in cash		-	(0.8)
Proceeds from loans and borrowings	21	46.2	2.2
Repayment of loans and borrowings	21	(15.5)	(1.6)
Payments of lease liabilities including interests paid	12	(72.0)	(0.2)
Interest paid	21	(7.5)	(5.4)
Interest received		0.3	0.3
Transactions with non-controlling interest	19	(5.3)	1.9
Net cash from financing activities		**(53.8)**	**(3.9)**
Net change in cash and cash equivalents		**(16.3)**	**(17.1)**
Effect of foreign exchange rate movements		(0.8)	3.7
Balance sheet change of cash and cash equivalents		(17.1)	(13.4)
Cash and cash equivalents, beginning of period		118.4	131.2
Cash and cash equivalents, end of period	18	**101.3**	**117.8**

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.
The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.
**The comparative data were adjusted for the effect of final PPA accounting of Pizza Hut Russia described in note 6.*

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of changes in equity for 6 months ended 30 June 2019

	Note	Attributable to the shareholders of the parent						
		Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As at 1 January 2019		**22.0**	**206.1**	**231.5**	**(38.9)**	**420.7**	**9.9**	**430.6**
Profit for the period		-	-	10.4	-	**10.4**	0.6	**11.0**
Other comprehensive income		-	1.6	-	8.3	**9.9**	-	**9.9**
Total comprehensive income		-	**1.6**	**10.4**	**8.3**	**20.3**	**0.6**	**20.9**
Transaction with non-controlling interests		-	(4.8)	-	-	**(4.8)**	(0.5)	**(5.3)**
Total transactions with non-controlling interests	19	**-**	**(4.8)**	**-**	**-**	**(4.8)**	**(0.5)**	**(5.3)**
Deferred payment in shares	19	-	(13.0)	-	-	**(13.0)**	**-**	**(13.0)**
Purchases of treasury shares		-	(0.5)	**-**	**-**	**(0.5)**	-	**(0.5)**
Share based payments	19	-	1.6	-	-	**1.6**	**-**	**1.6**
Total distributions and contributions		**-**	**(11.9)**	**-**	**-**	**(11.9)**	-	**(11.9)**
As at 30 June 2019		**22.0**	**191.0**	**241.9**	**(30.6)**	**424.3**	**10.0**	**434.3**

	Note	Attributable to the shareholders of the parent						
		Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As at 1 January 2018		**0.2**	**152.3**	**188.5**	**(29.6)**	**311.4**	**8.9**	**320.3**
Net profit for the period		-	-	14.3	-	**14.3**	(1.2)	**13.1**
Other comprehensive income		-	(5.5)	-	(0.9)	**(6.4)**	0.1	**(6.3)**
Total comprehensive Income		**-**	**(5.5)**	**14.3**	**(0.9)**	**7.9**	**(1.1)**	**6.8**
Non-controlling interest arising on business combinations		-	-	-	-	-	-	-
Transaction with non-controlling interests		-	-	-	-	-	1.9	1.9
Total transactions with non-controlling interests	19	**-**	**-**	**-**	**-**	**-**	**1.9**	**1.9**
Share capital increase from share premium		21.0	(21.0)	-	-	**-**	-	-
Purchases of treasury shares		**-**	(0.8)	-	-	**(0.8)**	-	**(0.8)**
Share based payments	19	**-**	4.1	-	-	**4.1**	-	**4.1**
Total distributions and contributions		**21.0**	**(17.7)**	**-**	**-**	**3.3**	**-**	**3.3**
As at 30 June 2018 *(restated*)*		**21.2**	**129.1**	**202.8**	**(30.5)**	**322.6**	**9.7**	**332.3**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.
The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.
**The comparative data were adjusted for the effect of final PPA accounting of Pizza Hut Russia described in note 6.*

Notes to the Condensed Consolidated Financial Statements

1. General information on the Group

AmRest Holdings SE ("The Company", "AmRest") was incorporated in the Netherlands in October 2000. On 19 September 2008 the Commercial Chamber in Amsterdam registered the change in the legal status of the Company to a European Company (Societas Europaea, SE) and of its name to AmRest Holdings SE. Since 12 March 2018 the Company's registered office has been Enrique Granados 6, 28224 Pozuelo de Alarcón (Madrid), Spain. Previously, the Company had a registered office in Wroclaw, Poland.

Hereinafter the Company and its subsidiaries shall be referred to as the "Group".

On 27 April 2005, the shares of AmRest Holdings SE were quoted for the first time on the Warsaw Stock Exchange ("WSE") and on 21 November 2018 were quoted on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Spanish Automated Quotation System (Sistema de Interconexión Bursátil - SIBE). Since 21 November 2018 AmRest's shares have been quoted simultaneously on both the above stock exchanges (dual listing).

The Group operates Kentucky Fried Chicken ("KFC"), Pizza Hut ("PH"), Burger King ("BK") and Starbucks ("SBX") restaurants through its subsidiaries in Poland, the Czech Republic (hereinafter Czechia), Hungary, Slovakia, Russia, Serbia, Croatia, Bulgaria, Romania, Germany, France, Austria, Slovenia and Spain, on the basis of franchise rights granted. Starting from 1 October 2016 the Group as a master-franchisee has the right to grant a license to third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise) in countries of Central and Eastern Europe, while ensuring a certain share of restaurants operated directly by AmRest. Pizza Hut restaurants acquired in France in May 2017, in Germany in July 2017 and in Russia in June 2018 are operated both by AmRest and its sub-franchisees based on master-franchise agreements.

In Spain, France, Germany and Portugal the Group operates its own brands La Tagliatella, Trastevere and Pastificio. This business is based on own restaurants and the franchise agreements signed with non-related companies. It is supported by the central kitchen located in Spain which produces and delivers products to the whole network of the mentioned own brands. The Group also operates its own brands Blue Frog (in China, Spain and Poland) and KABB (in China).

In 2018 the Group acquired the Bacoa and Sushi Shop brands, as a result of which it operates own and franchise restaurants in Spain (Bacoa) and own and franchise restaurants among the others in France, Belgium, Spain, United Arab Emirates, Switzerland, United Kingdom. Bacoa is a Spanish premium burger chain, and Sushi Shop is the operator of the leading European chain of Japanese cuisine restaurants. At acquisition date Sushi Shop group comprised of over 170 shops of which about one third were run by franchisees.

As at 30 June 2019 the Group operates 2 179 restaurants (own and franchise).

(all figures in EUR millions unless stated otherwise)

The Group operates its restaurants mainly on a franchise basis. However being master-franchisee and performing business through own brands has become more important. The table below shows the terms and conditions of cooperation with franchisors and franchisees of particular brands operated by AmRest.

Activity where AmRest is a franchisee					
Brand	**KFC**	**Pizza Hut Dine-In**	**Pizza Hut Express, Delivery**	**Burger King**	**Starbucks** [1)]
Franchisor/ Partner	KFC Europe Sarl (US Branch)	PH Europe Sarl (US Branch)	PH Europe Sarl (US Branch)	Burger King Europe GmbH	Starbucks Coffee International, Inc/Starbucks EMEA Ltd., Starbucks Manufacturing EMEA B.V.
Area covered by the agreement	Poland, Czechia, Hungary, Bulgaria, Serbia, Croatia, Russia, Spain, Germany, France, Austria, Slovenia	Poland	Poland, Czechia, Hungary, France, Russia, Germany, Slovakia. Possibility of opening in: Bulgaria, Serbia, Croatia, Slovenia	Poland, Czechia, Bulgaria, Slovakia. Possibility of opening in Romania	Poland, Czechia, Hungary, Romania, Bulgaria, Germany, Slovakia, Serbia
Term of agreement	10 years with possibility of extension for a further 10 years	10 years with possibility of extension for a further 10 years	10 years with possibility of extension for a further 10 years and 5 years	Poland, Czechia, Bulgaria – 20 years or 10 years [4)] Since 20 November 2018: 10 years for restaurants opened during the agreed development period.	15 years, possibility of extension for a further 5 years; in Romania till 10 October 2023 16 years, in Bulgaria till 1 October 2027 20 years
Preliminary fee	up to USD 51.2 thousand [2)]	up to USD 51.2 thousand [2)]	USD 25.6 thousand [2)]	USD 50 thousand or USD 25 thousand, in Czechia USD 60 thousand [4)] Since 20 November 2018: USD 30 thousand for restaurants opened during the agreed development period.	USD 25 thousand
Franchise fee	6% of sales revenues [3)]	6% of sales revenues [3)]	6% of sales revenues [3)]	5% of sales revenues, in Czechia (for 5 restaurants) 3% of sales revenues for first 5 years, then 5% Since 20 November 2018 for restaurants opened during the agreed development period: 3,5% of revenues in first 2 years growing to 4%, 4,5% and 5% in next years.	6% of sales revenues
Marketing costs	5% of sales revenues	5% of sales revenues	6% of sales revenues to 31 December 2021; 5% of sales revenues from 1 January 2022 to 31 December 2026 [3)]	5% of sales revenues, in Czechia 3% of sales revenues for first 3 years, then 5%. Since 20 November 2018 for restaurants opened during the agreed development period 4% or 5% of sales revenues (depending on the country) and 3% for flagships.	amount agreed each year

(all figures in EUR millions unless stated otherwise)

Activity performed through own brands					
Brand	**La Tagliatella**	**Blue Frog**	**KABB**	**Bacoa**	**Sushi Shop**
Area of the activity	Spain, France, Germany, Portugal	China, Spain, Poland	China	Spain	France, Spain, Belgium, Italy, Switzerland, Luxemburg, UK

Activity where AmRest is a franchisor (own brand or based on master-franchise agreements)						
Brand	**Pizza Hut Dine-In**	**Pizza Hut Express, Delivery**	**La Tagliatella**	**Blue Frog**	**BACOA**	**Sushi Shop**
Partner	Yum Restaurants International Holdings LLC	PH Europe S.à.r.l., (US Branch), Yum Restaurants International Holdings LLC	Own brand	Own brand	Own brand	Own brand
Area covered by the agreement	Germany, Russia, Armenia and Azerbaijan	Germany, France, CEE (Bulgaria, Hungary, Czechia, Poland, Slovakia, Slovenia, Serbia, Croatia), Russia, Armenia and Azerbaijan	Spain, France	Spain	Spain	France, Spain, Germany, Portugal, Belgium, Italy, UAE, Saudi Arabia, Iran [5]), Switzerland, Luxemburg, United Kingdom, the Netherlands
Term of agreement	10 years with possibility of extension	10 years with possibility of extension	10 years with possibility of extension	10 years with possibility of extension	10 years with possibility of extension	Franchise agreements: 5 years with a limited territorial exclusivity and EADA i.e. "master franchise": exclusivity for specific territories granted to from 2 up to 14 years.

1) AmRest Group took up 82% and Starbucks 18% of the share capital of the newly-established companies in Poland, Czechia and Hungary. In the event of disputed take-over or change of control over AmRest Holdings SE and/or its shareholders, Starbucks will be entitled to increase its share to 100% by purchasing shares from the Group. According to Group assessment as at the day of this report issuance there are no indicators making the mentioned above options realizable. The Group acquired 100% of shares in Romanian and Bulgarian entities, being the sole operators in these markets. In Germany the Group acquired 100% of shares in a key operator in this market.

2) The fee is updated at the beginning of each calendar year for inflation.

3) Preliminary franchise fees and marketing costs might be changed if certain conditions set in the agreement are met.

4) Validity period of franchisee agreement, therefore licenses for Burger King restaurants opened in Poland in the period from 1 March 2009 till 30 June 2010, and also for newly-opened restaurants in Poland was extended from 10 to 20 years since the date of restaurant opening, however, without the option of prolongation for the next 10 years, which was provided in the original development agreement with AmRest Sp. z o.o. In relation to restaurants opened in Poland in the period from 1 March 2009 to 30 June 2010 and in relation to restaurants opened after this period (for franchise agreements for 20 years) the initial franchise payment was increased from USD 25,000 to USD 50,000. On 20 November 2018 a new Development Agreement was signed.

5) In July 2019, Group terminated the contract with the master franchisee for Iran.

(all figures in EUR millions unless stated otherwise)

2. Group Structure

As at 30 June 2019, the Group comprised the following subsidiaries:

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
		Holding activity		
AmRest Acquisition Subsidiary Ltd.	Birkirkara, Malta	AmRest Holdings SE	100.00%	May 2007
AmRest TAG S.L.U.	Madrid, Spain	AmRest Sp. z o.o.	100.00%	March 2011
AmRestavia S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
Restauravia Grupo Empresarial S.L.	Madrid, Spain	AmRestavia S.L.U. AmRest TAG S.L.U.	16.52% 83.48%	April 2011
AmRest HK Ltd	Hong Kong, China	AmRest Holdings SE	100.00%	September 2011
AmRest China Group PTE Ltd	Singapore	AmRest Holdings SE	100.00%	December 2012
Bigsky Hospitality Group Ltd	Hong Kong, China	AmRest China Group PTE Ltd	100.00%	December 2012
New Precision Ltd	Apia, Samoa	AmRest China Group PTE Ltd	100.00%	December 2012
Horizon Group Consultants	Road Town, British Virgin Islands	AmRest China Group PTE Ltd	100.00%	December 2012
AmRest Management Kft	Budapest, Hungary	AmRest Kft AmRest Capital Zrt	99.00% 1.00%	August 2018
GM Invest SRL	Bruxelles, Belgium	AmRest Capital Zrt	100.00%	October 2018
Sushi Shop Group SAS	Paris, France	GM Invest SRL AmRest Capital Zrt	9.47% 90.53%	October 2018
AmRest France SAS	Paris, France	AmRest Holding SE	100.00%	December 2018
Sushi Shop Management SAS	Paris, France	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Belgique SA	Bruxelles, Belgium	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Holding USA LLC	Dover Kent, USA	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Luxembourg SARL	Luxembourg	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Switzerland SA	Fribourg, Switzerland	Sushi Shop Management SAS	100.00%	October 2018
		Restaurant, franchise and master-franchise activity		
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czechia	AmRest Holdings SE	100.00%	December 2000
AmRest Kft	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	March 2007
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd. AmRest Sp. z o.o.	44.72% 55.28%	July 2007
AmRest Coffee s.r.o.	Prague, Czechia	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	August 2007
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	August 2007
AmRest d.o.o.	Belgrade, Serbia	AmRest Sp. z o.o. ProFood Invest GmbH	60.00% 40.00%	October 2007
Restauravia Food S.L.U.	Madrid, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Service S.L.U.	Madrid, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
AmRest Adria d.o.o.	Zagreb, Croatia	AmRest Sp. z o.o.	100.00%	October 2011
AmRest GmbH i.L.[1]	Cologne, Germany	AmRestavia S.L.U.	100.00%	March 2012
AmRest SAS	Lyon, France	AmRestavia S.L.U.	100.00%	April 2012
AmRest Adria 2 d.o.o.	Ljubljana, Slovenia	AmRest Sp. z o.o	100.00%	August 2012
Frog King Food&Beverage Management Ltd	Shanghai, China	Bigsky Hospitality Group Ltd	100.00%	December 2012
Blue Frog Food&Beverage Management Ltd	Shanghai, China	New Precision Ltd	100.00%	December 2012

(all figures in EUR millions unless stated otherwise)

Shanghai Kabb Western Restaurant Ltd	Shanghai, China	Horizon Group Consultants	100.00%	December 2012
AmRest Skyline GMBH	Cologne, Germany	AmRestavia S.L.U.	100.00%	October 2013
Kai Zhen Food and Beverage Management (Shanghai) Ltd	Shanghai, China	BlueFrog Food&Beverage Management Ltd	100.00%	March 2014
AmRest Coffee EOOD	Sofia, Bulgaria	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee S.r.l.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	December 2015
		AmRest Sp. z o.o.	1.00%	
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	77.00%	May 2016
		AmRest Capital Zrt	23.00%	
AmRest DE Sp. z o.o. & Co. KG	Berlin, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
The Grill Concept S.L.U.	Madrid, Spain	Pastificio Service S.L.U.	100.00%	December 2016
Kai Fu Restaurant Management (Shanghai) Co., Ltd	Shanghai, China	Blue Frog Food&Beverage Management Ltd	100.00%	December 2016
LTP La Tagliatella Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	74.00%	February 2017
		AmRestavia S.L.U.	26.00%	
LTP La Tagliatella Franchise II Portugal, Lda [6]	Lisbon, Portugal	AmRest TAG S.L.U.	74.00%	April 2019
		AmRestavia S.L.U.	26.00%	
AmRest AT GmbH	Vienna, Austria	AmRest Sp. z o.o.	100.00%	March 2017
AmRest Topco France SAS	Paris, France	AmRest France SAS	100.00%	May 2017
AmRest Delco France SAS	Paris, France	AmRest Topco France SAS	100.00%	May 2017
AmRest Opco SAS [3]	Paris, France	AmRest France SAS	100.00%	July 2017
OOO Chicken Yug	Saint Petersburg, Russia	OOO AmRest	100.00%	October 2017
OOO AmRest Pizza [5]	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	99,999996%	November 2017
		OOO AmRest	0,000004%	
AmRest Coffee SRB d.o.o.	Belgrade, Serbia	AmRest Holdings SE	100.00%	November 2017
AmRest Chamnord SAS	Paris, France	AmRest Opco SAS	100.00%	March 2018
AmRest SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	April 2018
		AmRest Sp. z o.o.	1.00%	
AmRest Pizza GmbH	Munich, Germany	AmRest DE Sp. z o.o. & Co. KG	100.00%	June 2018
Black Rice S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100,00%	July 2018
Bacoa Holding S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100,00%	July 2018
Sushi Shop Restauration SAS **	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Orphus SARL [8]	Paris, France	Sushi Shop Management SAS	85.00%	October 2018
		Eloise CAZAL	15.00%	
Sushiga SARL	Paris France	Sushi Shop Management SAS	50.00%	October 2018
		Emmanuel GARFIN	50.00%	
SSW 1 SPRL	Waterloo, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
SSW 2 SPRL	Wavre, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi House SA	Luxembourg	Midicapital	14.00%	October 2018
		Sushi Shop Luxembourg SARL	86.00%	
Sushi Sablon SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop London Pvt LTD	London, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Louise SA	Bruxelles, Belgium	Sushi Shop Belgique SA	54,80%	October 2018
		Midicapital	45,20%	
Sushi Shop UK Pvt LTD	Charing, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Uccle SA	Uccle, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Anvers SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Geneve SA	Geneva, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Lausanne SARL	Lasanne, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Madrid S.L.[7]	Madrid, Spain	Sushi Shop Management SAS	77.00%	October 2018
		Carlos Santin	23.00%	
Sushi Shop Milan SRL	Milan, Italy	Sushi Shop Management SAS	70.00%	October 2018
		Vanray SRL	30.00%	
Sushi Shop NE USA LLC	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop NY1	New York, USA	Sushi Shop Holding USA LLC	64.00%	October 2018
		Sushi Shop NE USA LLC	36.00%	
Sushi Shop NY2	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop International SA	Bruxelles, Belgium	Sushi Shop Group SAS	99.90%	October 2018

(all figures in EUR millions unless stated otherwise)

		Sushi Shop Belgique SA	0.10%	
Sushi Shop Zurich GMBH	Zurich, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Nyon SARL	Nyon, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop NL B.V.	Amsterdam, Netherlands	Sushi Shop Group SAS	100.00%	October 2018
Financial services and others for the Group				
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
AmRest Capital Zrt	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	November 2011
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2012
La Tagliatella International Kft	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella Financing Kft [2]	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella SAS	Lyon, France	AmRestavia S.L.U.	100.00%	March 2014
AmRest FSVC LLC	Wilmington, USA	AmRest Holdings SE	100.00%	November 2014
AmRest Kaffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2016
Restaurant Partner Polska Sp. z o.o. [4]	Łódź, Poland	AmRest Holdings SE	100.00%	August 2017
AmRest Estate SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Leasing SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
OOO RusCo Food	Saint Petersburg, Russia	AmRest Management Kft	100.00%	August 2018
AmRest Trademark Kft	Budapest, Hungary	AmRest Management Kft	100.00%	September 2018
AmRest Franchise Sp. z o.o.	Wrocław, Poland	AmRest Sp. z o.o.	99,00%	December 2018
		Michał Lewandowski	1.00%	
Supply services for restaurants operated by the Group				
SCM Czech s.r.o.	Prague, Czechia	SCM Sp. z o.o.	90.00%	March 2007
		Ondrej Razga	10.00%	
SCM Sp. z o.o.	Warsaw, Poland	AmRest Sp. z o.o.	51.00%	October 2008
		R&D Sp. z o.o.	43.80%	
		Beata Szafarczyk-Cylny	5.00%	
		Zbigniew Cylny	0.20%	
SCM Due Sp. z o.o.	Warsaw, Poland	SCM Sp. z o.o.	100.00%	October 2014

[1] On 25 November 2016 Amrestavia, S.L.U., the sole shareholder of AmRest GmbH, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.

[2] On 5 September 2017 Amrestavia, S.L.U., the sole shareholder of La Tagliatella Financing Kft, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.

[3] On 1 January 2019 Versaillies Resto SAS was merged into AmRest Opco SAS.

[4] On 13 March 2019 AmRest Holding SE has acquired 49% of shares of Restaurant Partner Polska Sp. z o.o. On this day AmRest Holdings SE has became sole shareholder of Restaurant Partner Polska Sp. z o.o.

[5] On 16 April 2019 OOO Pizza Company has changed the company name for OOO AmRest Pizza.

[6] On 16 April 2019 was registered new company LTP La Tagliatella II Franchise Portugal Lda.

[7] On 12 July 2019 Sushi Shop Management SAS has acquired 23% of shares of Sushi Shop Madrid S.L.

[8] On 16 July 2019 Sushi Shop Management SAS has acquired 15% of shares of Orphus SARL.

** On 31 January 2019 Sushi Shop Management SAS sold 100% of shares of Sushi Shop Amiens SARL to RM RESTAURANTES SAS. Effective date of transaction is 1 February 2019.*

*** During first half year of 2019 Sushi Shop Group made reorganization with the purpose of simplifying the operational structure. Within the reorganization some stores within restaurant activity were bought out by Sushi Shop Management SAS and Sushi Shop Restauration SAS and merged into Sushi Shop Management SAS and Sushi Shop Restauration SAS. On 28 June 2019, after the publication of the prospected merger for opposition purposes with the official publication, registration of merger was proceeded. The following entities were merged into Sushi Shop Restauration SAS and ceased operation as a separate companies: Sushi Courbevoie Developpement SARL, Sushi Shop Villers SARL, Sushi Antibes Developpement SAS, Sushi Shop Corner SAS, Bottega Romana Boetie SARL, Sushi Shop ST Dominique SARL, Sushi Shop Traiteur SARL, Sushi Shop Secretan SARL, Sushi Shop Vincennes SARL, Sushi Shop Martyrs SARL, Sushi Shop Lepic SARL, Sushi Shop Courcelles SARL, Sushi Shop Levallois SARL, Sushi Toulouse Developpement SARL, Sushi Shop Toulouse 3 SARL, Sushi Nice Developpement SAS, Sushi Nice 2 SARL, Sushi Shop Vieux Lille SAS, Sushi Shop Lille Centre SAS, SSC – Sushi Shop Cauderan SAS, SSBC – Sushi Shop Bordeaux Chartrons SAS, SSB Sushi Shop Bordeaux SAS, SSM – Sushi Shop Merignac SAS, Art Sushi Marseille SAS, ART Sushi Delibes SARL, ART Sushi ST Barnabe SARL, Sushi Marseille Developpement SARL, Altana SAS, Tomemma SAS, Gelau SAS, Sushinantes SAS, AIX Sushi House SAS, Sushi Grand Ouest SAS, Sushi Shop Tours SARL, Sushi Shop Angers SARL, Sushi Shop Caen SARL, Sushi Shop La Rochelle SARL, Sushi Shop Le Mans SARL, HP2L SAS, Sushi Corner Saint Gregoire SARL, Sushi Shop Rennes Nemours SARL, Sushi Shop Rouen SAS, Black Box SAS, Sauboget SARL, RCP SARL, Bontor SAS, Zen'itude SAS, Sushi 54 SAS, Sushi 21 SAS, CR Developpement SAS, Sushi Lyon 64 SAS.*

**** On 2 July 2019 Sushi Shop Management SAS finalized acquisition of 100% shares of CMLC Troyes.*
***** On 17 July 2019 was registered AmRest Food Srl. Registered office is Bucharest, Romania. Company has two shareholders: AmRest Sp. z o.o. owns 99% of shares, AmRest Holdings SE owns 1% of shares.*

3. Basis of preparation

These condensed consolidated financial statements for 6 months ended 30 June 2019 have been prepared in accordance the IAS 34 Interim Financial Reporting.

These condensed consolidated financial statements were authorised for issue by the Company's Board of Directors on 28 August 2019.

These condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read with conjunction with the consolidated annual financial statements for the year ended 31 December 2018.

Amounts in these consolidated financial statements are presented in euro (EUR), rounded off to full millions with one decimal place.

The preparation of this condensed consolidated financial statements requires to make certain assumptions and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgments are continually verified, and are based on professional experience and various factors, including expectations of future events, that are deemed to be justified in given circumstances. The results of the estimates and the respective assumptions are the basis for assessing the values of assets or liabilities which do not result directly from other sources. . Actual results may differ from these estimates.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standard, interpretations and amendments to standards effective as of 1 January 2019.

Since 1 January 2019 Group applied for the first time IFRS 16 Leases. Application of this standard has a material impact on Group's consolidated statement of financial position, as well consolidated income statements and consolidated cash flows statement. Disclosures on the impact of IFRS 16 on the Group's financial information as at 1 January 2019 as well as other adjustments of standard adoption are disclosed in note 4.

Group applied IFRS 16 Leases using the modified retrospective approach. Under this approach, on initial recognition, the Group recognise the same balance of the right-of-use assets and lease liabilities, and implementation of standard does not have impact on Group's equity. Comparative data were not restated.

As a consequence comparative data presented in this condensed consolidated interim report are not fully comparable to prior reporting period.

Several other amendments and interpretations apply for the first time in 2019, but do not have any material impact on the interim report of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. Adoption of IFRS 16

The Group has adopted IFRS 16 "Leases" (IFRS 16) from 1 January 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

AmRest as a lessee

In current business model the Group leases properties in order to operate brand restaurants. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In general the Group's rental agreements may include:

- fixed monthly charge for rented space (fixed lease payments),
- rent calculated as a percentage of restaurant's turnover (variable lease payments),
- higher of above two, i.e. minimal base rent and turnover rent.

For individual stores there is a wide range of sales turnover rent ratios applied.

As AmRest Group operates restaurants in various countries, different practices in rental contracts exist:

- for some contracts, apart from fixed fee, an amount representing percentage of sales is charged, if exceeds fixed fee (variable lease payments); the ratio generally varies from 3-13%,
- lease term varies depending on the country and business environment,
- lease contracts may have extension options, that are available for different periods of time,
- currency of the rental agreement may be different then functional currency of the subsidiary, as lessors charge the rent not only in local currency, but also based on EUR or USD.

Significant accounting policies and judgements

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Generally, the Group uses the incremental borrowing rates as the discount rates.
The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is:

- a change in future lease payments arising from a change in an index or rate,
- a change in the estimate of the amount expected to be payable under a residual value guarantee, or
- changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group incurs expenses on maintenance, security and promotion in the shopping malls (so called "common area charges"). These items are separate services (non-lease components) and are recognised as an operating expense.

IFRS 16 requires using significant judgements in setting a variety of assumptions. The key areas of judgement were as follows:

- Assessing whether the contract contains a lease

The Group applied the identification scheme published in Application Guidance to IFRS 16 (B31), and analyzed mainly the conditions of asset identification and directing the use of the assets. The Group concluded that all significant contracts containing leases under IFRS 16 had been recognised as operating or finance leases under IAS 17.

- Discount rate determination

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. The Group concluded that due to the nature of property rental contracts that rate cannot be determined, and therefore it uses the incremental borrowing rate. The incremental borrowing rate in 5-year horizon was determined considering conditions for the Group's financing. For contracts exceeding the current financing period (longer than 5 years), the Group applies an average long-term IRS quotation, differentiated by currencies used by the Group, added to the maximum margin available for the Group.

- Determination of the lease term, considering "reasonable certainty" for assessment of extension/early termination options

For certain contracts (mostly in Central Europe) the Group holds options for extension/termination of the lease period, on a specified conditions. The Group's practice is to assess the reasonableness of exercising options one year before the decision deadline, because in that time all relevant facts and circumstances to make such a decision can be generally available. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

<u>Transition</u>

Previously, operating leases were off-balance sheet. The Group used to recognise operating lease expenses on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there is a timing difference between actual lease payments and the expense recognised.

Under IFRS 16 the Group has recognised new assets and liabilities for its operating leases. The Group used the modified retrospective approach, meaning that comparatives were not restated.

At transition, for leases classified as operating leases under IAS 17 lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term,
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application,
- relied on its assessment of whether leases are onerous, applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application.

The Group leases a number of cars that were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

<u>Impact on financial statements</u>

<u>Impact on reported income statements items:</u>

From the transition, the nature of expenses related to the leases has changed. Each lease payment (accounted as operating expense before 1 January 2019) is allocated between the liability reduction and finance cost. The finance cost is charged to profit or loss over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Under IFRS 16 only fixed lease payments are accounted through IFRS 16 lease model. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs. Turnover rent therefore is accounted as operating expenses.

Consequently, after implementation of IFRS 16 Group recognizes:

(all figures in EUR millions unless stated otherwise)

- Lower operating occupancy and rent costs (as fixed rental costs are recognized within lease accounting model, and only variable lease payments, short term leases and low value leases remain an EBITDA type operating costs)
- Higher depreciation charge (additional deprecation of right-of-use assets)
- Higher impairment losses (additional impairment losses on of right-of-use assets)
- Higher interest cost (on lease liabilities)
- Additional foreign exchange valuation effect on lease denominated in foreign currencies
- Respective impact on deferred taxes

Impact on transition

The change in accounting policy due to adoption of IFRS 16 affected the following items in the balance sheet on 1 January 2019:

	1 January 2019
Right-of use assets	799.5
Property, plant and equipment	(2.7)
Other intangible assets	(0.4)
Other current assets (prepayments)	(9.0)
Lease liabilities – non-current	664.0
Lease liabilities – current	124.3
Other non-current liabilities	(0.6)
Provisions	(0.3)

Impacts for the reporting period is presented in the note 12.

Cash flows relating to leases is presented as follows:
- cash payments for variable lease payment as cash from operating activities,
- cash payments for the principal and interests portion of the lease liabilities as cash from financing activities.

Deferred tax impact

Deferred tax is calculated based on a difference between carrying amount of lease asset and lease liability which is equal to difference between depreciation increased by interests and tax deductions (lease invoices values). Deferred tax is calculated using each country applicable income tax rate.

5. Segment reporting

AmRest as a group of dynamic developing entities running operations in many markets and various restaurant business segments is under constant analysis of the Board of Directors. The Board is also constantly reviewing the way business is analysed and adjusts it accordingly to changes in the Group's structure as a consequence of strategic decisions.

Group produces various reports, in which its business activities are presented in a variety of ways. Operating segments are set on the basis of management reports used by the Board when making strategic decisions. The Board of Directors analyses the Group's performance by geographical breakdown in divisions described in the table below.

Own restaurant and franchise business is analyzed for four operating segments presenting Group's performance in geographic breakdown. Geographical areas are identified based on the similarity of products and services, similar characteristics of the production process and of the customer base and economic similarities (i.e. exposure to the same market risks). Fifth segment includes in general non-restaurant business. Details of the operations presented in each segment are presented below:

(all figures in EUR millions unless stated otherwise)

Segment	Description
Central and Eastern Europe (CEE)	Restaurant operations and franchise activity in: ■ Poland - KFC, Pizza Hut, Starbucks, Burger King, Blue Frog, ■ Czechia - KFC, Pizza Hut, Starbucks, Burger King, ■ Hungary - KFC, Pizza Hut, Starbucks, ■ Bulgaria - KFC, Starbucks, Burger King, ■ Croatia, Austria and Slovenia - KFC, ■ Slovakia – Starbucks, Pizza Hut, Burger King, ■ Romania – Starbucks, ■ Serbia – KFC, Starbucks.
Western Europe	Restaurant operations together with supply chain and franchise activity in: ■ Spain - KFC, La Tagliatella, Blue Frog, Bacoa, Sushi Shop, ■ France - KFC, Pizza Hut, La Tagliatella, Sushi Shop, ■ Germany - Starbucks, KFC, Pizza Hut, La Tagliatella, Sushi Shop, ■ Portugal - La Tagliatella, Sushi Shop, ■ Belgium, Italy, Switzerland, Luxemburg, United Kingdom and other countries with activities of Sushi Shop.
China	Blue Frog and KABB restaurant operations in China.
Russia	KFC and Pizza Hut restaurant operations and franchise activity in Russia, Armenia and Azerbaijan.
Other	Other support functions rendered by the subsidiaries for the Group such as e.g. Executive Team, Controlling, Treasury, Investors Relations, Mergers & Acquisitions. Other also includes expenses related to M&A transactions not finalized during the period, whereas expenses related to finalized merger and acquisition are allocated to applicable segments. Additionally, Other includes non-restaurant businesses performed by AmRest Holdings SE, SCM sp. z o.o. and its subsidiaries, Restaurant Partner Polska Sp. z o.o. (restaurant aggregator) and other minor entities performing holding and/or financing services.

Segment measures and the reconciliation to profit/loss from operations for the 6 months ended 30 June 2019 and for the comparative 6 months ended 30 June 2018 is presented below. The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.

6 months ended 30 June 2019	CEE	Western Europe	Russia	China	Other	Total
Restaurant sales	388.7	351.1	95.1	44.0	-	878.9
Franchise and other sales	0.4	35.3	0.8	-	12.3	48.8
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**389.1**	**386.4**	**95.9**	**44.0**	**12.3**	**927.7**
EBITDA	**83.7**	**59.7**	**19.5**	**12.3**	**(9.4)**	**165.8**
Depreciation and amortisation	51.6	44.5	15.4	9.6	0.6	121.7
Net impairment losses on financial assets	-	0.3	-	-	-	0.3
Net impairment losses on other assets	2.2	5.4	0.6	0.4	-	8.6
Profit/loss from operations	**29.9**	**9.5**	**3.5**	**2.3**	**(10.0)**	**35.2**
Finance income and costs	(5.1)	(4.6)	(0.4)	(0.6)	(9.2)	(19.9)
Profit before tax	**26.8**	**7.1**	**3.1**	**2.0**	**(23.7)**	**15.3**
Capital investment*	**34.7**	**32.9**	**9.0**	**2.8**	**0.1**	**79.5**

**Capital investment comprises additions and acquisition in property, plant and equipment and intangible assets.*

As mentioned above segment data include effect of application of IFRS 16 in 2019.

(all figures in EUR millions unless stated otherwise)

For comparative purposes Group presents key measures for 6 months ended 30 June 2019 results, as if IFRS 16 was not implemented.

6 months ended 30 June 2019	CEE	Western Europe	Russia	China	Other	Total
EBITDA without IFRS 16 effect	55.0	32.3	10.9	5.8	(9.5)	94.5
Profit/loss from operations without IFRS 16 effect	28.5	10.5	4.0	3.0	(9.9)	36.1

Segment reporting data in prior periods were not restated to reflect the implementation of IFRS 16.

6 months ended 30 June 2018	CEE	Western Europe	Russia (restated*)	China	Other	Total
Restaurant sales	335.5	219.2	81.6	35.4	-	671.7
Franchise and other sales	0.4	31.1	0.1	-	8.3	39.9
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**335.9**	**250.3**	**81.7**	**35.4**	**8.3**	**711.6**
EBITDA	**46.6**	**22.2**	**11.4**	**4.4**	**(9.6)**	**75.0**
Depreciation and amortisation	22.6	13.4	4.9	2.5	0.4	43.8
Net impairment losses on financial assets	-	0.8	-	-	-	0.8
Net impairment losses on other assets	1.0	3.7	0.5	-0.2	-	5.0
Profit/loss from operations	**23.0**	**4.3**	**6.0**	**2.1**	**(10.0)**	**25.4**
Capital investment**	**31.3**	**23.1**	**8.4**	**2.8**	**0.3**	**65.9**

**The comparative data were adjusted for the effect of final PPA accounting of Pizza Hut Russia described in note 6.*

***Capital investment comprises additions and acquisition in property, plant and equipment and intangible assets.*

The segment information has been prepared in accordance with the accounting policies applied in these Consolidated interim report.

6. Business combinations

There were no material business combinations in H1 2019. Group acquired 2 KFC restaurants in Spain for EUR 1.7 million. This acquisition resulted in increase of goodwill by EUR 1.3 million.

In the first half of 2019 AmRest Group has not performed any final reconciliation of purchase price accounting for past acquisitions, therefore no data were restated in that respect.

In particular acquisition of Sushi Shop Group from October 2018 remains provisional and Group is still working on determination fair values of assets and liabilities acquired. On 7 June 2019 Group signed the settlement agreement with Sellers of Sushi Shop Group based on which parties agreed final purchase price. The Parties agreed that from the deferred payment of EUR 18 million initially scheduled to be made by AmRest in two years after acquisition, EUR 8 million to be deposited on the escrow account by AmRest, and EUR 10 million to be compensated with the final determination of purchase price (downward adjustment in favor of AmRest). Parties also agreed that EUR 13 million payments expected to be settled in a fixed number of AmRest's shares will be paid in cash.

Following this agreements Group has deposited EUR 8 million on escrow account, as well repaid EUR 13 million and also made respective compensation of EUR 10 million, as agreed above. Both of those amounts were presented as investing activities in cash flows statement for the 6 months period ended 30 June 2019.

Total impact on goodwill value determination and final purchase price determination is not material, therefore Group decided not to adjust provisional purchase price accounting in this respect.

Several acquisitions including KFC France, KFC Russia, Pizza Hut in Russia and Pizza Portal have been finalised in the period of Q3-Q4 2018. Adjustments introduced during final purchase price accounting impacted comparative data presented in these condensed consolidated financial statements. Data reported as comparative data as at 1 January 2018 and 30 June 2018 may differ from data reported in prior half year reporting as at 30 June 2018. Property plant and equipment increased by EUR 2 million due to final purchase price allocation of KFC France. Intangible asset increased by EUR 2.1 million due to final purchase price accounting of KFC France and Pizza Portal. Goodwill decreased by EUR 3.2 million as a result of final purchase price accounting of KFC France and Pizza Portal. Final purchase price accounting of 51% shares of Restaurant Partner Polska Sp. z o.o. (operator of Pizza Portal) increased NCI by EUR 0.5 million presented as comparative data as at 1 January 2018 in condensed consolidated statement of changes in equity.

(all figures in EUR millions unless stated otherwise)

Final purchase price accounting of Pizza Hut in Russia increased other operating income by EUR 1 million due to recognition of gain on bargain purchase with an impact on earnings per share. Adjustment introduced to condensed consolidated income statement for 6 months ended 30 June 2018 is presented in below table:

		6 months ended	
	30 June 2018	**Adjustment 1**	**30 June 2018**
	Published		**Restated**
Total revenue	**711.6**		**711.6**
Total operating costs and losses	**(685.0)**		**(685.0)**
Net impairment losses on financial assets	(0.8)		(0.8)
Net impairment losses on other assets	(5.0)		(5.0)
Other operating income/expenses	3.6	1.0	4.6
Profit from operations	**24.4**	**1.0**	**25.4**
Finance income	0.3		0.3
Finance costs	(7.3)		(7.3)
Profit before tax	**17.4**	**1.0**	**18.4**
Income tax	(5.3)		(5.3)
Profit for the period	**12.1**	**1.0**	**13.1**
Attributable to:			
Shareholders of the parent	13.2	1.0	14.2
Non-controlling interests	(1.2)		(1.2)
Profit for the period	**12.1**	**1.0**	**13.1**
Basic earnings per ordinary share in EUR	0.06	0.01	0.07
Diluted earnings per ordinary share in EUR	0.06	0.01	0.07

Adjustment 1: effect on final PPA of Pizza Hut Russia described also in consolidated financial statements for the year ended 31 December 2018 in note 6.

Final purchase price accounting of Pizza Hut in Russia has changed cash flows within operating activities but not changed total amount of net cash from operating activities. Comparative data in condensed consolidated statement of cash flow has been restated as presented in table below:

		6 months ended	
	30 June 2018	**Adjustment 1**	**30 June 2018**
	Published		**Restated**
Cash flows from operating activities			
Profit before tax from continued operations	17.4	**1.0**	18.4
Adjustments for:			
Amortisation/ Depreciation	43.8		43.8
Net interest expense	5.5		5.5
Foreign exchange result	0.1		0.1
Result on disposal of property, plant and equipment and intangibles	(0.1)		(0.1)
Impairment of non-financial assets	5.0		5.0
Share-based payments	3.6		3.6
Other	(1.8)	1.0	(0.8)
Working capital changes:			
Change in trade and other receivables	(0.5)		(0.5)
Change in inventories	(0.3)		(0.3)
Change in other assets	(6.6)		(6.6)
Change in payables and other liabilities	(4.0)		(4.0)
Change in provisions and employee benefits	(0.7)		(0.7)
Income tax paid	(7.2)		(7.2)
Net cash from operating activities	**54.2**		**54.2**

(all figures in EUR millions unless stated otherwise)

Adjustment 1: effect on final PPA of Pizza Hut Russia described also in consolidated financial statements for the year ended 31 December 2018 in note 6.

Details of final purchase price allocation of KFC France, KFC Russia, Pizza Hut in Russia and Pizza Portal have been described in consolidated annual financial statements for the year ended 31 December 2018. Respective balances as at 1 January 2018 and 30 June 2018 were adjusted, comparing to the data reported in the condensed consolidated financial statements for the 6 months ended 30 June 2018.

7. Revenues

The Group analyzes revenues disaggregated by type of customer. The Group operates chains of own restaurants under own brands as well as under franchise license agreements. Additionally, the Group operates as franchisor (for own brands) and master-franchisee (for some franchised brand) and develops chains of franchisee businesses, organizing marketing activities for the brands and supply chain. Consequently, the Group analyses two streams of revenue:

- Restaurant sales,
- Franchise and other sales.

This is reflected in the format of Group's consolidated income statement. Additional disaggregation by geographical market is included in the note 5.

Restaurant sales

Restaurant revenues are the most significant source of revenues representing over 90% of total revenues.

Revenues from the sale of food items by Group - owned restaurants are recognised as Restaurant revenues when a customer purchases the food, which is when our obligation to perform is satisfied. Groups' customer base is widely spread and Group does not have significant dependency to any group of customers.

Diversified individuals are Group's customers. Payments for the restaurant sales are settled immediately in cash or by credit, debit and other cards. There are no material credit risks related to this type of operations.

Franchise and other sales

Franchisees and sub-franchisees are our main customers with regards to Revenues from franchise and other sales. Franchise rights may be granted through a store-level franchise agreement. Franchisee of Group's own brands pay royalty fees as a percentage of the applicable restaurant's sales. Group may also receive revenues from the re-sale of franchise rights under Master-Franchise Agreements signed for certain brands, as well as remuneration for services performed for development of the market.

Other sales include mainly sales of foods within supply-chain services organized by Group or sales of foods from central kitchens operated by Group.

The number of Group customers under franchise and other revenues is limited and characterized by higher level of credit risk then in restaurant sales.

8. Operating costs and losses

Analysis of operating expenses by nature:

	6 months ended	
	30 June 2019	**30 June 2018**
Food, merchandise and other materials	279.8	220.5
Payroll	243.8	173.4
Social security and employee benefits	58.0	42.7
Royalties	43.9	35.8
Utilities	37.0	29.1
External services - marketing	37.4	31.2
External services – other	37.4	29.6
Rental and occupancy costs/ operating leases (2018)	13.0	67.9
Depreciation of right-of-use assets	68.0	-
Depreciation of property, plant and equipment	47.2	38.1
Amortisation of intangibles	6.5	5.7

(all figures in EUR millions unless stated otherwise)

	6 months ended	
	30 June 2019	30 June 2018
Insurance	1.1	0.5
Business travel	5.5	4.5
Other	8.6	6.1
Total cost by nature	**887.2**	**685.1**
Result on restaurants and non-current assets disposal	0.3	(0.1)
Total operating costs and losses	**887.5**	**685.0**

Summary of operating expenses by functions:

	6 months ended	
	30 June 2019	30 June 2018
Restaurant expenses	782.6	602.5
Franchise and other expenses	32.7	29.3
Total cost of sales	**815.3**	**631.8**
General and administrative expenses	72.2	53.2
Total operating costs and losses	**887.5**	**685.0**

9. Financial income and costs

Finance income

	6 months ended	
	30 June 2019	30 June 2018
Income from bank interest	0.3	0.3
Net income from foreign exchange differences	0.2	-
Net income from foreign exchange differences on lease liabilities	1.7	-
Total finance income	**2.2**	**0.3**

Finance costs

	6 months ended	
	30 June 2019	30 June 2018
Interest expense	(8.7)	(6.4)
Interest expense on lease liabilities	(12.6)	-
Other	(0.8)	(0.9)
Total finance cost	**(22.1)**	**(7.3)**

10. Taxes

Income taxes

	6 months ended	
	30 June 2019	30 June 2018
Current tax	(11.4)	(8.2)
Deferred income tax	7.1	2.9
Income tax recognised in the income statement	**(4.3)**	**(5.3)**

Movements in deferred tax balances are presented as follows:

	6 months ended	
	30 June 2019	30 June 2018
Deferred tax asset		
Opening balance	22.1	16.7
Closing balance	28.4	18.1
Deferred tax liability		
Opening balance	46.2	27.3

(all figures in EUR millions unless stated otherwise)

Closing balance	45.1	26.0
Change in deferred tax assets/liabilities	**7.4**	**2.8**
of which:		
Deferred taxes recognised in the income statement	7.1	2.9
Deferred taxes recognised in goodwill	-	(0.1)
Deferred taxes recognised in other comprehensive income – net investment hedges	0.3	(1.3)
Deferred taxes recognised in equity-valuation of employee options	0.6	0.1
Foreign exchange differences	(0.6)	1.3

Tax related risks description

A tax authority may control the tax returns (if they have not already been controlled) of Group companies from 3 to 5 years as of the date of their filing.

Tax settlements of AmRest entities are subject to several tax inspections which were widely described in the note "Taxes" to the consolidated annual financial statements for 2018. Below is the update of tax related risks till the date of approval of this condensed consolidated financial statements.

a) On 18 February 2019 AmRest Sp. z o.o. received the information from the Tax Administration Chamber that the proceedings aimed at annulment of the final decision regarding VAT returns for 2014 issued by Tax Administration Chamber has been opened due to the severe breach of law done by the Chamber in the decision. On 25 June 2019 AmRest Sp. z o.o. received the notification that the proceedings related to the annulment of the final decision covering VAT for 2014 have been suspended.

b) On 8 February 2019 AmRest Sp. z o.o. received the final decision issued by Tax Administration Chamber regarding VAT returns for the period January – September 2013, which confirmed the decision of the first instance. Due to the fact that the decision was enforceable the Company has effectively paid the value of approx. PLN 4.2 million (approx. EUR 1.0 million) as a principal amount of tax liability (plus interest). The Company does not agree with the decision received and on 11 March 2019 filed the complaint to the Local Administrative Court. On 22 July 2019 the court of first instance ruled in favour of the Company and cancelled the decisions of the tax office (first and second instance). Tax Administration Chamber has a right to appeal to Supreme Administrative Court.

c) On 8 February 2019 AmRest Sp. z o.o. received the final decision issued by Tax Administration Chamber regarding VAT returns for 2012 which confirmed the decision of the first instance. Due to the fact that the decision is enforceable the Company has effectively paid the value of approx. PLN 14.3 million (approx. EUR 3.3 million) as a a principal amount of tax liability (plus interest). The Company does not agree with the decision received and on 11 March 2019 filed the complaint to the Local Administrative Court. On 22 July 2019 the court of first instance ruled in favour of the Company and cancelled the decisions of the tax office (first and second instance). Tax chamber has a right to appeal to Supreme Administrative Court.

   Total payments, resulted from the proceedings mentioned above in point (b) and (c) included tax liability PLN 18.5 million (EUR 4.3 million) together with interests PLN 10.0 million (EUR 2.3 million). The amount PLN 28.5 million (EUR 6.6 million) was recognised as assets (receivables from tax authorities).

d) On 12 December 2018 a tax inspection started at AmRest Sp. z o.o. regarding VAT returns for the period April – September 2018. On 28 February 2019 AmRest Sp. z o.o. received the tax protocol issued by the Head of the Lower Silesia Tax Office which questioning that VAT settlements for the period. On 14 March 2019 the company filed the reservations to this protocol. On 25 March 2019 the company received the response to the submitted reservations. The Head of the Lower Silesia Tax Office upheld the allegations described in the protocol. On 1 August 2019 AmRest Sp. z o.o. received the notification that the proceedings are suspended due to request for preliminary ruling submitted by Polish Supreme Administrative Court to Court of Justice of European Union.

e) In respect to tax proceedings related to VAT settlements for the period from December 2017 until March 2018 which were initiated in 2018, on 23 July 2019 AmRest Sp. z o.o. received the notification that the proceedings are suspended due to request for preliminary ruling submitted by Polish Supreme Administrative Court to Court of Justice of European Union.

f) On 17 May 2019 AmRest Sp. z o.o. received the notification that tax inspections have been initiated regarding the VAT settlements for the periods: October 2018, November 2018, December 2018, January 2019, February 2019, March 2019 (six separate tax inspections). As at the date of publication of this Report, tax inspections have not been finished.

g) On 25 February 2019 AmRest Coffee Sp. z o.o. received the decision issued by the Lesser Poland Customs and Tax Office in Cracow (second instance) regarding VAT returns for December 2012 – March 2013 confirming correctness of declared VAT for this period and cancelling the tax proceedings.

h) In respect to the tax inspection in AmRest Sp. z o.o. regarding CIT for 2016, on 23 April 2019 AmRest Sp. z o.o. received the notification about the conversion of the tax inspection into tax proceedings. As at the date of publication of this Report, no decision has been issued.

i) In respect to the tax inspection in AmRest Sp. z o.o. regarding CIT for 2013, on 29 May 2019 AmRest Sp. z o.o. received the tax result, which concluded the tax inspection. The resolution to initiate the tax proceedings has been received on 9 July 2019. As at the date of publication of this Report, no decision has been issued.

j) In respect to tax inspection in AmRest Sp. z o.o. regarding CIT for 2014 on 27 May 2019 AmRest Sp. z o.o. received the tax result, which concluded the tax inspection. The resolution to initiate the tax proceedings has been received on 9 July 2019. As at the date of publication of this Report, no decision has been issued.

The documents and decisions described above does not change the Group's risk assessment. Therefore, the Group maintains the judgement that as at 30 June 2019 and as at the date of publication of this Report, there are no obligating events, so there are no grounds for booking the additional provisions for the aforementioned risk.

In Group's opinion, there are no other material contingent liabilities concerning pending audits and tax proceedings, other than those stated above.

(all figures in EUR millions unless stated otherwise)

11. Property, plant and equipment

The table below presents changes in the value of property, plant and equipment in 6 months ended 30 June 2019 and 2018:

2019	Land	Buildings and expenditure on development of restaurants	Machinery & equipment	Vehicles	Other tangible assets	Assets under construction	Total
Gross value							
As at 1 January 2019	**14.5**	**506.5**	**304.8**	**2.4**	**63.1**	**43.2**	**934.5**
Application of IFRS 16	(0.2)	(2.7)	(0.7)	(1.0)	-	-	(4.6)
Acquisitions	-	-	0.4	-	-	-	0.4
Additions	-	32.5	29.0	0.2	7.2	5.7	74.6
Decreases	-	(4.2)	(3.7)	-	(0.8)	(0.3)	(9.0)
Foreign exchange differences	0.3	8.4	4.6	-	1.6	0.5	15.4
As at 30 June 2019	**14.6**	**540.5**	**334.4**	**1.6**	**71.1**	**49.1**	**1011.3**
Accumulated depreciation							
As at 1 January 2019	**-**	**215.8**	**142.4**	**1.1**	**33.2**	**-**	**392.5**
Application of IFRS 16	-	(1.3)	(0.1)	(0.6)	-	-	(2.0)
Additions	-	20.8	20.0	0.3	6.1	-	47.2
Decreases	-	(2.3)	(2.5)	-	(0.7)	-	(5.5)
Foreign exchange differences	-	3.6	2.5	-	0.6	-	6.7
As at 30 June 2019	**-**	**236.6**	**162.3**	**0.8**	**39.2**	**-**	**438.9**
Impairment write-downs							
As at 1 January 2019	**0.1**	**31.0**	**6.8**	**-**	**1.3**	**1.9**	**41.1**
Additions	-	1.6	1.4	-	0.5	-	3.5
Decreases	-	(0.9)	(0.1)	-	(0.1)	-	(1.1)
Foreign exchange differences	-	0.4	0.1	-	-	-	0.5
As at 30 June 2019	**0.1**	**32.1**	**8.2**	**-**	**1.7**	**1.9**	**44.0**
Net book value							
As at 1 January 2019	**14.4**	**259.7**	**155.6**	**1.3**	**28.6**	**41.3**	**500.9**
As at 30 June 2019	**14.5**	**271.8**	**163.9**	**0.8**	**30.2**	**47.2**	**528.4**

2018	Land	Buildings and expenditure on development of restaurants	Machinery & equipment	Vehicles	Other tangible assets	Assets under construction	Total
As at 1 January 2018	**16.3**	**432.1**	**235.7**	**2.0**	**47.9**	**40.9**	**774.9**
Acquisitions	-	2.1	3.3	-	0.2	-	5.6
Additions	-	25.0	15.7	0.2	6.5	8.7	56.1
Decreases	-	(2.1)	(1.0)	(0.3)	(0.1)	-	(3.5)
Foreign exchange differences	(0.2)	(12.0)	(7.0)	(0.1)	(1.6)	(1.4)	(22.3)
As at 30 June 2018*	**16.1**	**445.1**	**246.7**	**1.8**	**52.9**	**48.2**	**810.8**
Accumulated depreciation							
As at 1 January 2018	**-**	**187.1**	**120.4**	**1.0**	**24.7**	**-**	**333.2**
Additions	-	18.7	14.2	0.2	5.0	-	38.1
Decreases	-	(0.5)	(0.2)	(0.2)	(0.1)	-	(1.0)
Foreign exchange differences	-	(5.9)	(4.2)	(0.1)	(0.9)	-	(11.1)
As at 30 June 2018*	**-**	**199.4**	**130.2**	**0.9**	**28.7**	**-**	**359.2**
Impairment write-downs							
As at 1 January 2018	**0.1**	**25.9**	**7.1**	**-**	**0.9**	**1.7**	**35.7**
Additions	-	2.9	1.8	-	0.1	-	4.8
Decreases	-	(0.3)	(0.8)	-	-	-	(1.1)
Foreign exchange differences	-	(0.3)	-	-	-	-	(0.3)
As at 30 June 2018*	**0.1**	**28.2**	**8.1**	**-**	**1.0**	**1.7**	**39.1**
Net book value							
As at 1 January 2018	**16.2**	**219.1**	**108.2**	**1.0**	**22.3**	**39.2**	**406.0**
As at 30 June 2018*	**16.0**	**217.5**	**108.4**	**0.9**	**23.2**	**46.5**	**412.5**

**Including effect of final PPA`s accounting described in consolidated annual financial statements for the year ended 31 December 2018*

(all figures in EUR millions unless stated otherwise)

Depreciation was charged as follows:

	6 months ended	
	30 June 2019	30 June 2018
Costs of restaurant operations	45.2	36.4
Franchise expenses and other	0.7	0.7
Administrative expense	1.3	1.0
Total depreciation	**47.2**	**38.1**

12. Leases

The table below presents the reconciliation of the right-of-use assets and lease liabilities for 6 months ended 30 June 2019:

	Right-of-use asset			Lease liabilities
	Restaurant property	Other	Total right-of-use asset	Total liabilities
As at 1 January 2019	790.8	8.7	799.5	790.8
Additions – new contracts	40.6	1.0	41.6	41.6
Changes and modifications	2.8	2.8	5.6	5.6
Amortisation expense	(65.7)	(2.3)	(68.0)	-
Impairment	(5.0)		(5.0)	-
Interest expense	-	-	-	12.6
Payments	-	-	-	(72.0)
FX valuation	12.3	0.2	12.5	10.9
As at 30 June 2019	**775.8**	**10.4**	**786.2**	**789.5**

Amortisation was charged as follows:

	6 months ended	
	30 June 2019	30 June 2018
Costs of restaurant operations	66.1	-
Franchise expenses and other	0.1	-
Administrative expense	1.8	-
Total amortisation	**68.0**	**-**

The Group recognised rent expense from short-term leases of EUR 1.2 million, leases of low-value assets of EUR 4.2 million and variable lease payments of EUR 8.3 million for the six months ended 30 June 2019.

The maturity of long- and short-term lease liabilities is presented in the table below:

	30 June 2019	31 December 2018
Up to 1 year	131.4	0.6
Between 1 and 5 years	381.1	1.1
More than 5 years	277.0	0.7
Total	**789.5**	**2.4**

13. Intangible assets

The table below presents changes in the value of intangible assets in 6 months ended 30 June 2019 and 2018:

2019	Proprietary brands	Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	Other intangible assets	Relations with franchisees	Total
Gross value					
As at 1 January 2019	**165.1**	**39.2**	**55.8**	**43.0**	**303.1**
Application of IFRS 16	**-**	**-**	**(1.6)**	**-**	**(1.6)**
Acquisition	-	-	-	-	-

2019	Proprietary brands	Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	Other intangible assets	Relations with franchisees	Total
Additions	-	2.9	1.6	-	4.5
Decreases	-	(1.8)	(0.5)	-	(2.3)
Foreign exchange differences	-	0.6	0.5	-	1.1
As at 30 June 2019	**165.1**	**40.9**	**55.8**	**43.0**	**304.8**
Accumulated amortisation					
As at 1 January 2019	**1.4**	**16.0**	**29.1**	**13.7**	**60.2**
Application of IFRS 16	-	-	(1.2)	-	(1.2)
Additions	0.1	1.8	3.7	0.9	6.5
Decreases	-	(1.7)	(0.3)	-	(2.0)
Foreign exchange differences	-	0.3	0.2	-	0.5
As at 30 June 2019	**1.5**	**16.4**	**31.5**	**14.6**	**64.0**
Impairment write-downs					
As at 1 January 2019	-	**1.1**	**1.0**	-	**2.1**
Additions	-	0.1	-	-	0.1
Decreases	-	-	(0.1)	-	(0.1)
Foreign exchange differences	-	-	-	-	-
As at 30 June 2019	**-**	**1.2**	**0.9**	**-**	**2.1**
Net book value					
As at 1 January 2019	**163.7**	**22.1**	**25.7**	**29.3**	**240.8**
As at 30 June 2019	**163.6**	**23.3**	**23.4**	**28.4**	**238.7**

2018	Proprietary brands	Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	Other intangible assets	Relations with franchisees	Total
Gross value					
As at 1 January 2018	**70.6**	**34.9**	**51.6**	**43.0**	**200.1**
Acquisition	-	0.2	0.3	-	**0.5**
Additions	-	1.6	2.2	-	**3.8**
Decreases	-	-	(0.8)	-	**(0.8)**
Foreign exchange differences	0.1	(1.1)	(1.1)	-	**(2.1)**
As at 30 June 2018*	**70.7**	**35.6**	**52.2**	**43.0**	**201.5**
Accumulated amortisation					
As at 1 January 2018	**1.2**	**13.5**	**22.5**	**11.9**	**49.1**
Additions	0.1	1.5	3.2	0.9	**5.7**
Decreases	-	-	(0.7)	-	**(0.7)**
Foreign exchange differences	-	(0.5)	(0.6)	-	**(1.1)**
As at 30 June 2018*	**1.3**	**14.5**	**24.4**	**12.8**	**53.0**
Impairment write-downs					
As at 1 January 2018	**-**	**1.0**	**1.1**	**-**	**2.1**
Additions	-	0.2	-	-	**0.2**
Decreases	-	-	-	-	**-**
Foreign exchange differences	-	-	-	-	**-**
As at 30 June 2018	**-**	**1.2**	**1.1**	**-**	**2.3**
Net book value					
As at 1 January 2018	**69.4**	**20.4**	**28.0**	**31.1**	**148.9**
As at 30 June 2018*	**69.4**	**19.9**	**26.7**	**30.2**	**146.2**

**Including effect of final PPA`s accounting described in consolidated annual financial statements for the year ended 31 December 2018*

(all figures in EUR millions unless stated otherwise)

Amortisation was charged as follows:

	6 months ended	
	30 June 2019	**30 June 2018**
Costs of restaurant operations	2.5	1.9
Franchise expenses and other	1.2	1.5
Administrative expense	2.8	2.3
Total amortisation	**6.5**	**5.7**

Other intangible assets cover mainly exclusivity rights including master-franchise rights in the amount of EUR 11.8 million (EUR 13.1 million as at 31 December 2018) and computer software.

14. Goodwill

Goodwill recognised on business combinations is allocated to the group of CGUs that is expected to benefit from the synergies of the business combination.

The table below presents goodwill allocated to particular levels on which is monitored by the Group, which is not higher than the operating segment level:

2019	**1 January 2019**	**Increases**	**Foreign exchange differences**	**30 June 2019**
Czechia	1.5	-	-	1.5
Hungary	3.8	-	-	3.8
Russia - KFC	35.7	-	3.9	39.6
Poland – Pizza Portal	0.7	-	-	0.7
Poland – Other	0.6	-	-	0.6
Spain	89.6	1.3	-	90.9
Spain - Bacoa (provisional)	1.2	-	-	1.2
China	19.7	-	0.2	19.9
Romania	2.7	-	(0.1)	2.6
Germany - KFC	4.6	-	-	4.6
Germany - Starbucks	35.0	-	-	35.0
France - KFC	15.9	-	-	15.9
France - PH	8.8	-	-	8.8
Sushi Shop (provisional)	148.9	-	-	148.9
Total	**368.7**	**1.3**	**4.0**	**374.0**

2018	**1 January 2018**	**Increases**	**Foreign exchange differences**	**30 June 2018***
Czechia	1.5	-	-	1.5
Hungary	4.0	-	(0.3)	3.7
Russia - KFC	40.6	-	(2.0)	38.6
Poland – Pizza Portal	0.7	-	-	0.7
Poland – Other	0.6	-	(0.1)	0.5
Spain	89.6	-	-	89.6
China	19.9	-	0.1	20.0
Romania	2.7	-	-	2.7
Germany - KFC	4.6	-	-	4.6
Germany - Starbucks	35.0	-	-	35.0
France - KFC	7.1	0.2		7.3
France – PH	8.8	-	-	8.8
Total	**215.1**	**0.2**	**(2.3)**	**213.0**

**Including effect of final PPA`s recognition described in consolidated annual financial statements for the year ended 31 December 2018*

Goodwill recognised on the acquisition of Bacoa and Sushi Shop Group remains unallocated as at 30 June 2019, as the Group is still analysing where the synergies arose.

(all figures in EUR millions unless stated otherwise)

15. Impairment of non-current assets

<u>Goodwill and intangibles with undefined useful lives level</u>

Group performs annual impairment tests at year ends.

During 6 month period ended 30 June 2019 Group analyzed impairment indicators and concluded that there is no need for impairment tests for goodwill or intangible assets with indefinite lives.

<u>Restaurant level</u>

The Group periodically reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated for the purpose of impairment testing. The recoverable amount of an asset is determined at the level of a single restaurant as the smallest unit (or set of assets) generating cash flows that are largely independent of the cash inflows generated by other assets /groups of assets. Restaurant assts include amongst others property, plant and equipment, intangible assets and right of use assets.

Impairment indicators are reviewed twice a year and respective impairments test for restaurants are performed twice a year (June 30 and December 31). Recent available financial data is used to determine if impairment indictors exists.

The recoverable amount of the cash-generating unit (CGU) is determined based on value in use calculation for the remaining useful life determined by lease expiry date or restaurant closure date (if confirmed), using the discount rate for each individual country.

Upon the adoption of IFRS 16, Group recorded a right-of-use asset and a lease liability for most lease arrangements in their statement of financial position. Those right-of-use assets are subject to the impairment requirements of IAS 36. Right of use assets are tested together with other assets on the level of restaurants as identified cash generating units.

The adoption of IFRS 16 had significant impact on the amount of assets recorded in the statement of financial position of Group and, consequently on the carrying value of assets tested for impairment. As a result, the carrying amount of the CGU increased (by including right of use assets) and the value in use of the CGU increased (by excluding lease payments (base rent payments) from cash flow projections). These two effects may not be fully offsetting as generally discount rate for impairment test may differ from discount rate for valuation of lease assets and liabilities under IFRS 16. That may result in higher impairment losses.

As presented below it can be observed that discount rates used for the impairment test have decreased comparing to year end 2018 tests. This is the expected effect of implementation of IFRS 16 and assuring consistency in impairment tests. Generally the decrease of discount rate results from the fact that composition of assets tested has changed (new right of use asset is included in carrying amount of unit tested comparing to prior tests) and also cash flow variability has decreased (as operating lease payments are no longer part of free cash flows used in value in use determination, the gross free cash flows increased and relative volatility decreased). As discount rate should reflect the risk of the cash flow, the corresponding decrease of discount rates is observed. Discounts rates applied are shown in the table below.

	Pre-tax discount rate 30 June 2019	**Pre-tax discount rate 30 June 2018**
Poland	5.41%	8.85%
Czechia	5.05%	7.51%
Hungary	5.83%	8.35%
Russia	8.19%	17.91%
Serbia	7.30%	12.34%
Bulgaria	4.99%	7.12%
Spain	5.18%	8.47%
Germany	4.25%	6.28%
France	4.66%	7.30%
Croatia	5.95%	9.50%
China	5.90%	10.88%
Romania	6.68%	11.30%
Slovakia	4.68%	n/a-
Portugal	5.71%	n/a
Austria	4.45%	n/a
Slovenia	4.98%	n/a

(all figures in EUR millions unless stated otherwise)

Details of impairments losses recognised:

	Note	6 months ended 30 June 2019	30 June 2018
Net impairment of property, plant and equipment	11	3.5	4.8
Net impairment of intangible assets	13	0.1	0.2
Net impairment of right of use assets	12	5.0	-
Net impairment losses of non- current other assets		**8.6**	**5.0**

Recognized impairment losses do not relate to any individual significant items, but to numerous restaurants tested during the year. This reflects the specifics of Group's operations, were business is conducted through multiple, individually small operating units.

During 6 months period ended 30 June 2019 Group has tested 283 restaurants as separate cash generating units.

Impairment loss or partial impairment loss was recognized for 71 restaurants. Reversal of impairment or partial reversal of impairment was accounted for 30 restaurants.

As a result of tests performed, impairment in the amount of EUR 11.0 million (EUR 6.0 million for property, plant and equipment and intangible assets, EUR 5.0 million for right of use assets) was recognized. Five highest individual impairment losses amounted in total EUR 2.9 million. An average impairment loss per restaurant was less then EUR 0.2 million.

Reversal of impairment losses in amount of EUR 2.4 million. Five highest individual reversals of impairment losses amounted in total EUR 0.9 million. An average reversal of impairment per restaurants was less then EUR 0.1 million.

During 6 months period ended 30 June 2018 Group has tested 199 restaurants as separate cash generating units. As a result of tests performed, impairment in the amount of 6.0 million for property, plant and equipment and intangible assets was recognized. Reversal of impairment losses in amount of EUR 1.0 million.

16. Trade and other receivables

	30 June 2019	31 December 2018
Trade receivables from non-related entities	32.4	32.6
Other tax receivables	29.8	23.9
Credit cards, coupons and food aggregators receivables	13.2	4.6
Other	9.5	5.0
Write-downs of receivables	(4.5)	(4.2)
	80.4	**61.9**

Information about the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 26.

During half year 2019 the Group recognized a net impairment of the Group's receivables exposed to credit risk in an amount of EUR 0.3 million.

The ageing break-down of receivables and receivable allowance as at 30 June 2019 is presented in the table below.

	Current	Overdue in days				Total
	current	less than 90	91 - 180	181 - 365	more than 365	
Trade and other receivables	72.9	5.7	1.3	1.5	3.5	**84.9**
Loss allowance	-	-	(0.2)	(0.8)	(3.5)	**(4.5)**
Total	**72.9**	**5.7**	**1.1**	**0.7**	**-**	**80.4**

Value of loss allowance for receivables as at 30 June 2019 and 31 December 2018 is presented in table below:

(all figures in EUR millions unless stated otherwise)

	6 months ended	
	30 June 2019	30 June 2019
Value at the beginning of the period	4.2	3.2
Allowance created	0.5	2.8
Allowance released	(0.2)	(1.3)
Other	-	(0.5)
Value at the end of the period	**4.5**	**4.2**

17. Other current assets

	30 June 2019	31 December 2018
Prepaid costs of utilities	10.7	4.2
Prepaid lease costs	-	9.4
Prepaid tax costs	2.7	2.9
Assets related to purchase price adjustment	-	10.3
Assets related to a right to compensation resulting from the acquisition agreement	2.7	2.3
Other	7.2	7.4
Write-downs of other current assets	(0.2)	(0.2)
Total	**23.1**	**36.3**

In 2019 year prepaid lease costs are currently accounted within IFRS 16 model and are effectively reflected in right of use asset.

The decrease in assets related to purchase price adjustment relates to acquisition of Sushi Shop Group. As disclosed in note 6 of these condensed consolidated financial statements Group signed in June 2019 the settlement agreement on purchase price adjustment of EUR 10 million in favor of AmRest.

18. Cash and cash equivalents

	30 June 2019	31 December 2018
Cash at bank	84.4	103.9
Cash in hand	16.9	14.5
Total	**101.3**	**118.4**

Reconciliation of working capital changes as at 30 June 2019 and 31 December 2018 is presented in the table below:

H1 2019	Balance sheet change	Acquisition settlements (note 6)	Adoption of IFRS 16	Change in investment liabilities	Foreign exchange differences	Working capital changes
Change in trade and other receivables	(18.5)	0.4	-	-	(0.3)	(18.4)
Change in inventories	(1.2)	-	-	-	0.3	(0.9)
Change in other assets	14.3	(10.0)	(9.0)		0.8	(3.9)
Change in payables and other liabilities	(14.2)	18.0	-	8.8	(0.1)	12.5
Change in other provisions and employee benefits	0.5	-	-	-	(0.1)	0.4

H1 2018	Balance sheet change	Increase from acquisition	Recognition of capital elements in the employee share option plan	Change in investment liabilities	Foreign exchange differences	Working capital changes
Change in trade and other receivables	0.8	-	-	-	(1.3)	(0.5)
Change in inventories	0.1	-	-	-	(0.4)	(0.3)
Change in other assets	(8.6)	2.2	-	-	(0.2)	(6.6)
Change in payables and other liabilities	(4.4)	(3.3)	-	2.5	1.2	(4.0)
Change in other provisions and employee benefits	(1.5)	-	0.9	-	(0.1)	(0.7)

(all figures in EUR millions unless stated otherwise)

19. Equity

Restatement of comparative data for statements of changes in equity

Equity balance presented in the comparative condensed consolidated statement of changes in equity as at 1 January 2018 and as at 30 June 2018 have been restated comparing to the data reported in condensed interim report for 6 months ended 30 June 2018.

The above restatement refers to the change in the recognition accounting for the initial fees paid by franchisees and is a result of IFRS 15 adoption in the amount of EUR 2.3 million. Details have been described in note 41 to the consolidated annual financial statements for the year ended 31 December 2018. The second restatement refers to the adjustment of final recognition of non-controlling interest on acquisition of Pizza Portal in amount of EUR 0.5 million, also accounted finally in annual consolidated financial statements for the year ended 31 December 2018.

Share capital

Share capital consists of ordinary shares. All shares issued are subscribed and fully paid. The par value of each share is 0.1 EUR.

As at 30 June 2019 and 31 December 2018 the Company has 219 554 183 shares issued.

On 27 March 2019 Gosha Holdings S.à.r.l. and FCapital Dutch B. V. have executed a share sale agreement pursuant to which the FCapital Dutch B.V. acquires from the Gosha Holdings S.à.r.l. their entire shareholding in AmRest Holdings SE consisting on 23 426 313 shares, representing 10.67% of AmRest's share capital. Transaction price has been agreed at EUR 13.22 per share, amounting an aggregate of EUR 309.7 million. On 9 May 2019 FCapital has completed the purchase of the entire shareholding in AmRest of Gosha Holdings S.à.r.l. After this purchase, Grupo Finaccess controls 67.047% of AmRest.

Mr. Henry McGovern and Mr. Steven Kent Winegar, Board members resigned from their positions upon execution of the transaction according to article 11 of AmRest's Board of Directors' Regulations, and effective as of the Annual General Shareholders' Meeting of AmRest held on 14 May 2019.

To the best of AmRest's knowledge, as at 30 June 2019 AmRest Holdings had the following shareholder structure:

Shareholder	Number of shares and votes at the Shareholders' meeting	% of shares and votes at the Shareholders' meeting
FCapital Dutch B. V.*	147 203 760	67.05%
Nationale-Nederlanden OFE	10 718 700	4.88%
Artal International S.C.A.	10 500 000	4.78%
Aviva OFE	7 013 700	3.19%
Other Shareholders	44 118 023	20.10%

** FCapital Dutch B. V. is the majority shareholder of FCapital Lux (holding directly 56 509 547 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finacces SAPI de CV is the direct majority shareholder of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The direct majority shareholder of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is a member of AmRest's Board of Directors*

(all figures in EUR millions unless stated otherwise)

Reserves

The structure of Reserves is as follows:

	Share premium	Put option	Payments in shares	Employee options	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As at 1 January 2019	**236.3**	**(40.7)**	**13.0**	**(6.3)**	**(15.2)**	**(0.5)**	**19.5**	**206.1**
Net investment hedges	-	-	-	-	-	1.9	-	**1.9**
Income tax related to net investment hedges	-	-	-	-	-	(0.3)	-	**(0.3)**
Total comprehensive income	**-**	**-**	-	**-**	**-**	**1.6**	**-**	**1.6**
Transaction with non-controlling interests	-	-	-	-	-	-	(4.8)	**(4.8)**
Total transactions with non-controlling interests	**-**	**-**	-	**-**	**-**	**-**	**(4.8)**	**(4.8)**
Deferred payment in shares	-	-	(13.0)	-	-	-	-	**(13.0)**
Purchases of treasury shares	-	-	-	-	(0.5)	-	-	**(0.5)**
Share based payments								
Value of disposed treasury shares	-	-	-	(5.3)	5.3	-	-	**-**
Employee stock option plan – value of employee benefits exercised in the period	-	-	-	(2.4)	-	-	-	**(2.4)**
Employee stock option plan – proceeds from employees for transferred shares	**-**	**-**	-	0.5	**-**	**-**	**-**	**0.5**
Employee stock option plan – change in unexercised options	-	-	-	4.1	-	-	-	**4.1**
Change of deferred tax related to unexercised employee benefits	-	-	-	(0.6)	-	-	-	**(0.6)**
Total share based payments	-	-	-	*(3.7)*	*5.3*	-	-	***1.6***
Total distributions and contributions	**-**	**-**	**(13.0)**	**(3.7)**	**4.8**	**-**	**-**	**(11.9)**
As at 30 June 2019	**236.3**	**(40.7)**	**-**	**(10.0)**	**(10.4)**	**1.0**	**14.7**	**191.0**

(all figures in EUR millions unless stated otherwise)

	Share premium	Put option	Payments in shares	Employee options	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As at 1 January 2018	**189.1**	**(40.7)**	-	**(7.8)**	**(10.6)**	**2.8**	**19.5**	**152.3**
Net investment hedges	-	-	-	-	-	(6.8)	-	(6.8)
Income tax related to net investment hedges	-	-	-	-	-	1.3	-	1.3
Total comprehensive income	**-**	**-**	-	**-**	**-**	**(5.5)**	**-**	**(5.5)**
Share capital increase from share premium	(21.0)	-	-	-	-	-	-	(21.0)
Purchases of treasury shares	-	-	-	-	(0.8)	-	-	(0.8)
Share based payments								
Value of disposed treasury shares	-	-	-	(3.5)	3.5	-	-	-
Employee stock option plan – value of employee benefits exercised in the period	-	-	-	2.2	-	-	-	2.2
Employee stock option plan – proceeds from employees for transferred shares	-	-	-	0.5	-	-	-	0.5
Employee stock option plan – change in unexercised options	-	-	-	1.5	-	-	-	1.5
Change of deferred tax related to unexercised employee benefits	-	-	-	(0.1)	-	-	-	(0.1)
Total share based payments	-	-	-	*0.6*	*3.5*	-	-	*4.1*
Total distributions and contributions	**(21.0)**	**-**	**-**	**0.6**	**2.7**	**-**	**-**	**(17.7)**
As at 30 June 2018	**168.1**	**(40.7)**	**-**	**(7.2)**	**(7.9)**	**(2.7)**	**19.5**	**129.1**

(all figures in EUR millions unless stated otherwise)

Share premium

This item reflects the surplus over the nominal value of the share capital increase and additional contributions to equity without issue of shares made by shareholders prior to becoming a public entity.

There were no transactions within share premium in 6 months period ended 30 June 2019.

Put option

This item reflects the impact of recognizing the put option in 2011 for the business combination of La Tagliatella Spain. On settlement, the Group accounted for the decrease in non-controlling business of EUR 31.8 million under "Transaction with NCI". The initially recognised amount of the put option was not transferred to another equity item. The balance does not change since 2013.

Also, the Group currently does not have any open put option contracts.

Payments in shares

This item reflects the impact of payments in a fixed number of shares. In 2018 the Group acquired Sushi Shop Group, where part of acquisition price is to be deferred and settled in a fixed number of Company shares. Taking into account both the legal form and substance of agreed payments, the Group concluded that this represents an equity instrument, and consequently accounted for the transaction under equity.

As described in note 6 to these condensed consolidated financial statements in June 2019 Group signed a settlement with Sellers of Sushi Shop Group. Parties agreed that EUR 13 million payment expected to be initially settled in a fixed number of AmRest's shares will be paid in cash. Consequently Group has reclassified the balance from equity to financial liabilities and repaid the balance in June 2019, as agreed in settlement.

Hedges valuation

The Group is exposed to foreign currency risk associated with the investment in its foreign subsidiaries, which is managed by applying net hedge investment strategies.

In 2018 AmRest Holdings assigned its PLN 280 million external borrowing as a hedging instrument in a net hedge for its Polish subsidiaries.

AmRest Sp. z o.o., a Polish subsidiary, with PLN as functional currency, is a borrower of external EUR financing. A bank loan of EUR 220 million has been hedging the net investment in its EUR subsidiaries both in 2018 and 2019. Following a change in presentation currency of the Group from PLN to EUR, AmRest Sp. z o.o. remains exposed to the foreign currency risk between the functional currency of its net investment in its EUR investments and its own functional currency (PLN). These different functional currencies create a genuine economic exposure to changes in fair values in the consolidated financial statements of the Group.

For all net investment hedges, exchange gains or losses arising from the translation of liabilities that are hedging net investments are charged to equity in order to offset gains or losses on translation of the net investment in subsidiaries.

During the period of 6 months ended 30 June 2019 hedges were fully effective.

As at 30 June 2019 the accumulated value of currency revaluation recognised in reserve capital (resulting from net investment hedges) amounted to EUR 1.9 million, and deferred tax concerning this revaluation EUR 0.3 million.

Transactions with NCI

This item reflects the impact of accounting for transactions with non-controlling interests (NCI).The following key transactions were recognised in H1 2019:

	Transactions with NCI	Non-controlling interest	Total Equity
Acquisition of non-controlling interests of Pizza Portal	(4.8)	(0.5)	(5.3)
Total transactions with non-controlling interests	**(4.8)**	**(0.5)**	**(5.3)**

On 25 February 2019 share purchase agreement was signed between AmRest Holding SE and Delivery Hero SE. Based on the agreement AmRest Holdings SE purchased 340 844 shares, becoming 100% owner of Restaurant Partner Polska Sp. z o.o. company. The total purchase price for shares amounted to EUR 5.3 million. Purchase price was paid on 13 March 2019.

20. Earnings per share

On 20 September 2018 the reduction of the nominal value of shares from 1 EUR to 0.1 EUR with exchange ratio 1:10 without any change in share capital was registered by the Commercial Registry (Registro Mercantil) in Madrid.

On 27 September 2018 Krajowy Depozyt Papierów Wartościowych (KDPW) passed a resolution on registration in KDPW of the reduction of the nominal value of the shares from 1 EUR to 0.1 EUR by dividing the total number of AmRest shares (split) in a ratio 1:10. The effective date of split was scheduled for 3 October 2018, when the share split was executed. As result the total number of Company shares traded on the Warsaw Stock Exchange (the "WSE") increased to 212 138 930, each with a nominal value of 0.1 EUR.

On 15 October 2018 under the share capital increase, the Company issued 7 415 253 new shares, of the same class and series as the outstanding shares in the Company.

As at 31 December 2018 and 30 June 2019 the Company has 219 554 183 shares issued.

IAS 33 "Earnings per share" contains requirements to restate prior periods' earnings per share (EPS) for events that change the number of shares outstanding without a corresponding change in resources, such as the share split in AmRest. Consequently comparative data restated to reflect the effect of share split.

Table below presents calculation of basic and diluted earnings per ordinary share for the 6 months ended 30 June 2019 and 2018:

EPS calculation with the effect of share split	**2019**	**2018** *(restated*)*
Net profit attributable to shareholders of the parent (EUR millions)	10.4	14.3
Weighted average number of ordinary shares in issue	219 554 183	212 138 930
Weighted average number of ordinary shares for diluted earnings per share	219 554 183	212 138 930
Basic earnings per ordinary share (EUR)	0.05	0.07
Diluted earnings per ordinary share (EUR)	0.05	0.07

**includes split effect and final PPA accounting adjustment described in note 6*

21. Borrowings

Long-term	**30 June 2019**	**31 December 2018**
Bank loans	587.4	554.8
SSD	101.0	101.0
Total	**688.4**	**655.8**

Short-term	**30 June 2019**	**31 December 2018**
Bank loans	5.1	4.7
SSD	1.7	1.3
Total	**6.8**	**6.0**

Bank loans and bonds

Currency	**Loans/Bonds**	**Effective interest rate**	**30 June 2019**	**31 December 2018**
PLN	Syndicated bank loan	3M WIBOR+margin	136.0	134.2
EUR	Syndicated bank loan	3M EURIBOR/fixed +margin	450.8	408.3
CZK	Syndicated bank loan	3M PRIBOR+margin	-	11.7
EUR	Schuldscheinedarlehen Bonds	6M EURIBOR/fixed +margin	102.7	102.3
EUR	Bank loans Germany	EURIBOR+margin	3.1	2.8
CNY	Bank loan – China	Fixed	2.6	2.5
			695.2	**661.8**

As at 30 June 2019, syndicated bank financing secured in 2017, with further amendments, accounts for the majority of AmRest debt. Details of bank financing are as follows:

- Signing date: 5 October 2017,
- Final repayment date: 30 September 2022,
- Joint Borrowers: AmRest Holdings SE, AmRest Sp. z o.o. and AmRest s.r.o (the "Borrowers"; AmRest Sp. z o.o. and AmRest s.r.o are fully owned by AmRest Holdings SE),
- Lenders: Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski Polska S.A. and Česká spořitelna, a.s.

The available tranches:

Tranche(*)	Maximum amount (million)	Date added	Purpose
A	EUR 250	October 2017	Refinancing of bank debt, general corporate purposes
B	PLN 300	October 2017	
C (fully repaid in Q1 2019)	CZK 0	October 2017	
D	PLN 450	October 2017	
E	PLN 280	June 2018	Refinancing of Polish bonds
F	EUR 190	October 2018	M&A, general corporate purposes

** Approximate total amount: EUR 682m*

- Interest rates: Approximately half of the available facility is provided at variable interest rates (3M Euribor/Wibor/Pribor increased by a margin) and parts of tranches A and F are provided at a fixed rate,
- Securities: submissions to execution from the Borrowers, guarantees from Group companies, pledge on shares of Sushi Shop Group,
- Other information: AmRest is required to maintain certain ratios at agreed levels. In particular, net debt/adjusted consolidated EBITDA is to be held below 3.5 and consolidated EBITDA/interest charge is to stay above 3.5. For both ratios EBITDA is calculated without effect of IFRS 16.

The effective interest rates are similar to the market rates for specific borrowings. Therefore, the fair value of the liabilities presented above does not differ significantly from their carrying amounts.

In April 2017 AmRest entered the Schuldscheinedarlehen ("SSD" – debt instrument under German law) market for the first time to diversify financing sources and interest rate structure of debt and has executed several issues since then. The table below presents all SSD issues and their maturities:

Issue date	Amount (EUR million)	Interest rate	Maturity date	Purpose
7 April 2017	17.0	Fixed	7 April 2022	Refinancing, general corporate purposes
7 April 2017	9.0	Fixed	5 April 2024	
3 July 2017	45.5	Fixed	1 July 2022	
3 July 2017	20.0	Fixed	3 July 2024	
3 July 2017	9.5	Variable	3 July 2024	

The role of the Lead Arranger and Paying Agent on all issues was entrusted to Erste Group Bank AG.

As at 30 June 2019, payables concerning SSD issued amount to EUR 102.7 million.

The maturity of long- and short-term loans and bonds as at 30 June 2019 and 31 December 2018 is presented in the table below:

	30 June 2019	31 December 2018
Up to 1 year	6.8	6.0
Between 1 and 2 years	58.9	55.4
Between 2 and 5 years	591.0	561.4
More than 5 years	38.5	39.0
Total	**695.2**	**661.8**

The Group has the following unused, awarded credit limits as at 30 June 2019 and 31 December 2018:

	30 June 2019	31 December 2018
With floating interest rate		
- expiring within one year	-	30.0
- expiring beyond one year	93.9	104.6
Total	**93.9**	**134.6**

(all figures in EUR millions unless stated otherwise)

The table below presents the reconciliation of the debt for 6 months ended 30 June 2019 and 2018 :

H1 2019	Bank loans	SSD	Total
As at 1 January 2019	**559.5**	**102.3**	**661.8**
Payment	(15.5)	-	(15.5)
Loan taken/ new contracts	46.2	-	46.2
Accrued interests	6.8	1.1	7.9
Payment of interests	(6.8)	(0.7)	(7.5)
FX valuation	2.3	-	2.3
As at 30 June 2019	**592.5**	**102.7**	**695.2**

H1 2018	Bank loans	Bonds and SSD	Total
As at 1 January 2018	**301.2**	**170.5**	**471.7**
Payment	(1.4)	-	(1.4)
Loan taken/ new contracts	2.2	-	2.2
Accrued interests	3.2	2.5	5.7
Payment of interests	(3.2)	(2.1)	(5.3)
FX valuation	(3.3)	(3.1)	(6.4)
Other	(0.3)	-	(0.3)
As at 30 June 2018	**298.4**	**167.8**	**466.2**

22. Employee benefits and share based payments

During 6 months ended 30 June 2019, the Group granted additional 4.9 million options under existing programs 4 and 5. There were no new employee share options plans introduced.

The fair value of the options granted during the period, as at the grant date, amounted as described below:

Plan*	Average fair value of option as at grant date	Average share price at the grant date	Average exercise price	Expected volatility	Expected term to exercise of options	Expected dividend	Risk-free interest rate
2019							
Plan 4 (SOP)	EUR 2.90	EUR 9.62	EUR 9.62	30%	5 years	-	2%
Plan 5 (MIP)	EUR 3.01	EUR 10.60	EUR 11.25	30%	5 years	-	2%

The Group recognises accrual for equity-settled options in reserve capital. The amounts as at 30 June 2019 and 31 December 2018 are presented in a table below:

	30 June 2019	31 December 2018
Reserve capital - Plan 2	2.1	3.4
Reserve capital - Plan 3	1.1	1.1
Reserve capital - Plan 4	3.2	2.0
Reserve capital - Plan 5	6.3	4.2
	12.7	**10.7**

The Group recognises liability for cash settled options. The amounts as at 30 June 2019 and 31 December 2018 are presented in a table below:

	30 June 2019	31 December 2018
Liability for Plan 2	0.7	1.3
Other employee benefits liabilities	0.4	0.4
	1.1	**1.7**

(all figures in EUR millions unless stated otherwise)

The costs recognised in connection with the plans relating to incentive programs for the 6 months ended 30 June 2019 and 30 June 2018 are presented below:

	6 months ended	
	30 June 2019	**30 June 2018**
Employee stock option plan 2	1.1	1.7
Employee stock option plan 4	1.1	0.6
Employee stock option plan 5	2.2	1.3
	4.4	**3.6**

23. Trade and other accounts payables

Trade and other accounts payables as at 30 June 2019 and 31 December 2018 cover the following items:

	30 June 2019	**31 December 2018**
Payables to non-related entities, including:	**171.3**	**184.3**
Trade payables	89.6	91.0
Payables in respect of uninvoiced deliveries of food	11.4	9.3
Employee payables	12.0	17.3
Social insurance payables	13.8	15.0
Pre-acquisition tax settlements liability	2.7	2.3
Other tax payables	11.1	14.8
Investment payables	8.6	14.3
Other payables	22.1	20.3
Contract liabilities - loyalty programs	**0.6**	**0.7**
Contract liabilities - gift cards	**4.3**	**5.3**
Contract liabilities – initial fees	**2.2**	**2.3**
Accruals, including:	**68.1**	**52.3**
Employee bonuses	15.0	13.0
Marketing services	9.1	4.2
Holiday pay accrual	13.1	11.1
Professional services	11.7	4.9
Franchise fees	9.1	5.4
Lease cost provisions	4.8	5.5
Investment payables accrual	3.1	6.3
Other	2.2	1.9
Deferred income – short-term portion	**3.2**	**1.5**
Social fund	**0.5**	**0.5**
Total trade and other accounts payables	**250.2**	**246.9**

24. Future commitments and contingent liabilities

In accordance with the franchise agreements signed, the Group is obliged to periodically improve the standard, modify, renovate and replace all or parts of its restaurants or their installations, marking or any other equipment, systems or inventories used in restaurants to make them compliant with the current standards. The agreements require no more than one thorough renovation of all installations, markings, equipment, systems and inventories stored in the back of each restaurant to comply with the current standards, as well as no more than two thorough renovations of all installations, markings, equipment, systems and inventories stored in the dining rooms of each of the restaurants during the period of a given franchise agreement or the period of potential extension of the agreement.

Other future commitments resulting from the agreements with Burger King, Starbucks and the current and future franchise agreements were described in note 1.

According to the Group the above-mentioned requirements are fulfilled and any discrepancies are communicated to third parties, mitigating any potential risks affecting business and financial performance of the Group.

In regards to credit agreement described in note 21 the following Group entities provided surety: AmRest Kaffee sp. z o.o., AmRest Coffee Deutschland Sp. z o.o. & Co.KG, AmRest DE Sp. z o.o. & Co.KG, AmRest Capital

ZRT., AmRest KFT, OOO AmRest, OOO Chicken Yug, AmRest Coffee SRL, AmRest Tag S.L.U., Amrestavia S.L.U., Restauravia Grupo Empresarial S.L., Restauravia Food, S.L.U., Pastificio Service S.L.U. for the following banks Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Česka Sporitelna A.S., ING Bank Śląski S.A. in amount of EUR 660 million, PLN 1.545 million, CZK 660 million till the date of debt payment however not later than 5 October 2025. Additionally, shares of Sushi Shop Group SAS have been pledged as security for the bank financing.

25. Transactions with related entities

Transactions with related parties are carried out in accordance with market regulations.

Group shareholders

As at 30 June 2019, FCapital Dutch B.V. was the largest shareholder of AmRest and held 67.05% of its shares and voting rights, and as such was its related entity. No transactions with FCapital Dutch B.V. related parties were noted.

Transactions with key management personnel

The remuneration of the Board of Directors and Senior Management Personnel (key management personnel) paid by the Group was as follows:

	6 months ended	
	30 June 2019	**30 June 2018**
Remuneration of the members of the Board of Directors and Senior Management Personnel paid directly by the Group	1.7	1.7
Gain on share-based renumeration systems	5.8	1.0
Total compensation paid to key management personnel	**7.5**	**1.7**

The Group's key management personnel participates in the employee share option plans (note 22). The costs relating to the options amounted to EUR 2.2 million and EUR 1.1 million respectively in 6 months ended 30 June 2019 and 30 June 2018.

	6 months ended	
	30 June 2019	**30 June 2018**
Number of options outstanding (pcs, after split)	8 624 039	8 762 660
Number of available options (pcs, after split)	1 972 439	2 507 660
Fair value of outstanding options as at grant date (EUR millions)	16.8	16.1

As at 30 June 2019 and 31 December 2018, the Company had no outstanding balances with the key management personnel, apart from accruals for annual bonuses payable in first quarter of the following year. As at 30 June 2019 and 31 December 2018 the Company has not extended any advances to the Board of Directors or senior management personnel and had no pension fund, life insurance or other such commitments with these parties, except for the share option plans detailed above and in note 20. As at 30 June 2019 and 31 December 2018 there were no liabilities to former employees.

Conflicts of interest concerning the Board Directors

The Board Directors and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

Other related entities

Metropolitan Properties Investment sp. z o.o (previously Metropolitan Properties International sp. z o.o) is a closely related company to Mr Henry McGovern, who was a member of the Board of Directors of AmRest Holdings SE till May 2019.

(all figures in EUR millions unless stated otherwise)

The Group leases three restaurants from Metropolitan Properties Investment sp. z o.o. on conditions similar to those lease agreements concluded with third parties.

Metropolitan Properties Investment met the definition of closely related company to Mr Henry McGovern and related party to AmRest Group till May 2019.

Rental fees and other charges paid to Metropolitan Properties Investment sp. z o.o. amounted to EUR 0.2 million in a period from 1 January 2019 to 10 May 2019 and EUR 0.2 million in 6 month ended 30 June 2018.

There were no material receivables and payables from Metropolitan Properties Investment sp. z o.o. as at 30 June 2019 and 31 December 2018.

26. Financial instruments

Key risk description

Market risk is defined as a risk of unexpected price fluctuations, the liquidity of a financial instrument measured as the ability to sell or purchase it at a stated price, and economic conditions that a financial instrument operates in or is exposed to.

The business plan of the investee assumes a need for additional funding in order to finance further expansion plans. Fair value estimation of financial assets is based on the assumption that the investee business will be funded as it consistently increases its revenue base and operates in very attractive markets in terms of growth prospects. In the event of not receiving funding, the investee would need to revise its strategy.

Additionally, a liquidity discount has been applied in the fair value estimation to reflect the fact that the valuation concerns a minority stake and a disposal of shares by the strategic investor in a business that still does not generate positive cash flows.

The risks of price fluctuations and change in economic conditions are indirectly incorporated in the discount rate, projections performed and the multiple applied in the estimations.

The following table shows the carrying amounts of financial assets and financial liabilities. The Group assessed that the fair values of cash and cash equivalents, rental deposits, trade and other receivables, trade and other payables, as well as current loans and borrowings and finance lease liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Fair values of non-current rental deposits, loans and borrowings and financial liabilities immaterially differs from their carrying values.

As at 30 June 2019 the Group did not recognise the transfers between levels of fair value valuations.

Classification of key classes of financial assets and liabilities with their carrying amounts is presented in note below:

30 June 2019	**Note**	**FVTPL**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**
Financial assets measured at fair value				
Equity instruments		26.9	-	-
Financial assets not measured at fair value				
Rental deposits		-	22.4	-
Trade and other receivables	16	-	50.6	-
Cash and cash equivalents	18	-	101.3	-
Financial liabilities not measured at fair value				
Loans and borrowings	21	-	-	592.5
SSD	21	-	-	102.7
Trade and other liabilities	23	-	-	171.7

(all figures in EUR millions unless stated otherwise)

31 December 2018	Note	FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets measured at fair value				
Equity instruments		26.9	-	-
Financial assets not measured at fair value				
Rental deposits		-	20.9	-
Trade and other receivables	16	-	38.0	-
Cash and cash equivalents	18	-	118.4	-
Financial liabilities not measured at fair value				
Deferred payment of Sushi Shop acquisition		-	-	17.1
Loans and borrowings	21	-	-	559.5
SSD	21	-	-	102.3
Finance lease liabilities		-	-	2.4
Trade and other liabilities	23	-	-	163.1

27. Seasonality of sales

In the case of the AmRest Group, the seasonality of sales and inventories is not significant, which is typical to the restaurant business. The restaurants record the lowest sales in the first quarter of the year, which is attributable primarily to fewer people dining out. The highest sales are achieved in the fourth quarter mostly because of the pre-Christmas period, when particularly high sales are reported by the restaurants situated in shopping malls.

28. Events after the reporting period

On 13 August 2019 AmRest Holdings SE ("AmRest") signed an agreement with Glovoapp23 S.L. ("Glovo") for the transfer from AmRest to Glovo of 100% shares of Restaurant Partner Polska Sp. z o.o. Total sale price is EUR 30 million plus a EUR 5 million earn-out. In consideration AmRest will receive a combination of cash and new issued shares of Glovo. The transaction is subject to certain conditions precedent customary in M&A deals.

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Carlos Fernández González
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mustafa Ogretici
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 28 August 2019

Wszystko jest możliwe!

Consolidated Directors' Report for 6 months ended 30 June 2019

AmRest Holdings SE

28 AUGUST 2019

AmRest

CONTENTS

(all figures in EUR millions unless stated otherwise)

Financial highlights (consolidated data)

	6 months ended			3 months ended		
	30 June 2019 (with IFRS 16)	**30 June 2019 (w/o IFRS 16)**	**30 June 2018 (restated*)**	**30 June 2019 (with IFRS 16)**	**30 June 2019 (w/o IFRS 16)**	**30 June 2018 (restated*)**
Revenue	927.7	927.7	711.6	482.8	482.8	364.3
EBITDA**	165.8	94.5	75.0	89.0	52.4	41.3
EBITDA margin	17.9%	10.2%	10.5%	18.4%	10.9%	11.3%
Adjusted EBITDA***	169.9	99.1	80.8	91.5	55.1	45.1
Adjusted EBITDA margin	18.3%	10.7%	11.4%	19.0%	11.4%	12.4%
Profit from operations (EBIT)	35.2	36.1	25.4	17.8	21.6	13.7
Margin from operations (EBIT margin)	3.8%	3.9%	3.6%	3.7%	4.5%	3.8%
Profit before tax	15.3	26.9	18.4	8.2	16.6	11.2
Net profit	11.0	19.8	13.1	7.2	13.40	8.6
Net margin	1.2%	2.1%	1.8%	1.5%	2.8%	2.4%
Net profit attributable to non-controlling interests	0.6	0.8	(1.2)	0.5	0.6	(0.6)
Net profit attributable to equity holders of the parent	10.4	19.0	14.3	6.7	12.8	9.2
Cash flows from operating activities	147.7	75.7	54.2	91.2	54.4	31.2
Cash flows from investing activities	(110.2)	(110.2)	(67.4)	(65.4)	(65.4)	(34.0)
Cash flows from financing activities	(53.8)	18.2	(3.9)	(31.3)	5.5	(1.1)
Total cash flows, net	(16.3)	(16.3)	(17.1)	(5.5)	(5.5)	(3.9)
Equity (as at 30 June 2019 and 2018 respectively)	434.3	443.0	332.3	434.3	443.0	332.3
Total assets (as at 30 June 2019 and 2018 respectively)	2 247.3	1 472.7	1 038.2	2 247.3	1 472.7	1 038.2
Average weighted number of ordinary shares in issue	219 554 183	219 554 183	212 138 930	219 554 183	219 554 183	212 138 930
Average weighted number of ordinary shares for diluted earnings per shares	219 554 183	219 554 183	212 138 930	219 554 183	219 554 183	212 138 930
Basic earnings per share (EUR)	0.05	0.09	0.07	0.03	0.06	0.04
Diluted earnings per share (EUR)	0.05	0.09	0.07	0.03	0.06	0.04
Declared or paid dividend per share (EUR)	0.00	0.00	0.00	0.00	0.00	0.00

**The restatement was described in note 6 to the Condensed Consolidated Financial Statements for 6 months ended 30 June 2019.*

*** EBITDA – Profit from operations before depreciation, amortization and impairment losses*

**** Adjusted EBITDA – EBITDA adjusted for new openings expenses (Start-up costs), M&A expenses (all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with transaction) and effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).*

	As at 30 June 2019	**As at 31 December 2018**
Total assets	2 247.3	1 441.3
Total liabilities	1 813.0	1 010.7
Non-current liabilities	1 416.2	745.4
Current liabilities	396.8	265.3
Equity attributable to shareholders of the parent	424.3	420.7

(all figures in EUR millions unless stated otherwise)

Non-controlling interests	10.0	9.9
Total equity	434.3	430.6
Share capital	22.0	22.0
Number of restaurants	2 179	2 121
-of which equity	1 712	1 664
-of which franchise	467	457

EBITDA calculated with IFRS 16 impact is higher than non-IFRS16 EBITDA due to the elimination of fixed lease payments from rent cost (they reduce lease liability). Turnover based rent, short term and low value lease rent cost remain accounted as operating expenses.

Consequently, after implementation of IFRS 16 Group recognizes:

- Lower operating occupancy and rent costs (as fixed rental costs are recognized within lease accounting model, and only variable lease payments, short term leases and low value leases remain an EBITDA type operating costs)
- Higher depreciation charge (additional deprecation of right-of-use assets)
- Higher impairment losses (additional impairment losses on of right-of-use assets)
- Higher interest cost (on lease liabilities)
- Additional foreign exchange valuation effect on lease denominated in foreign currencies
- Respective impact on deferred taxes.

Group Business Overview

Basic services provided by the Group

AmRest Holdings SE ("AmRest", "Company") with its subsidiaries (the "Group") is one of the leading publicly listed European restaurant operators, present in 26 countries of Europe and Asia. The portfolio of the Group consists of four franchised brands (KFC, Pizza Hut, Starbucks, Burger King) and five proprietary brands (La Tagliatella, Blue Frog, Kabb, Bacoa, Sushi Shop).

As at 30 June 2019, AmRest managed the network of 2 179 restaurants. Given the current scale of the business, every day almost 50 thousand AmRest employees deliver delicious taste and exceptional service at affordable prices, in accordance with the "Wszystko Jest Możliwe!" ("Anything Is Possible!") culture.

Currently, the Group manages the network of restaurants across four segments, which are aligned with the main geographical regions of its operations:

1) Central and Eastern Europe ("CEE"), where historically the Company was founded and opened its first restaurant under the name of Pizza Hut; today CEE division covers the region of 10 countries (Poland, Czech Republic, Hungary, Bulgaria, Serbia, Croatia, Romania, Austria, Slovenia and Slovakia) and with 873 restaurants under umbrella it accounts for ca. 42% of revenues of the Group;

2) Russia, where AmRest manages the network of KFC and Pizza Hut restaurants. The segment includes also Pizza Hut restaurants located in Armenia and Azerbaijan;

3) Western Europe ("WE"), a segment which primarily consists of Spain, France and Germany, where both franchised and proprietary brands are operated; as a result of dynamic organic expansion supported by recent acquisitions, division of Western Europe has become a significant operating segment of the Group consisting of 12 countries and generating ca. 42% of AmRest's revenues;

4) China, where the networks of two proprietary brands are operated: Blue Frog and Kabb.

One additional segment which is "Other" does not include any network of owned or franchised restaurants and accounts for the results of SCM Sp. z o.o. along with its subsidiaries, Restaurant Partner Polska (PizzaPortal), and other support costs and functions rendered for the Group or not allocated to applicable segments such as, for instance, Executive Team, Controlling, Treasury, Investor Relations, Mergers & Acquisitions, The detailed description of the segments is included in Note 5 of the Condensed Consolidated Financial Statements.

The operations of AmRest are well-diversified across four main categories of restaurant industry:

1) Quick Service Restaurants ("QSR"), represented by KFC and Burger King,

2) Fast Casual Restaurants ("FCR"), represented by Pizza Hut Delivery and Express, Bacoa and Sushi Shop,
3) Casual Dining Restaurants ("CDR"), represented by Pizza Hut Dine-in, La Tagliatella, Blue Frog and KABB
4) Coffee category, represented by Starbucks.

Within the current business model of the Group, AmRest operates its network of restaurants as a franchisee (for the brands of KFC, Pizza Hut, Starbucks and Burger King), as well as a brand owner and franchisor (for the brands of La Tagliatella, Blue Frog, Sushi Shop and Bacoa). In addition, within the concepts of Pizza Hut Delivery and Pizza Hut Express the Company acts as a master-franchisee, having the rights to sub-license these brands to third parties.

AmRest restaurants provide on-site catering services, take-away services, drive-in services at special sales points ("Drive Thru"), as well as deliveries of orders placed online or by telephone. Nowadays, food delivery is the fastest growing segment of AmRest operations.

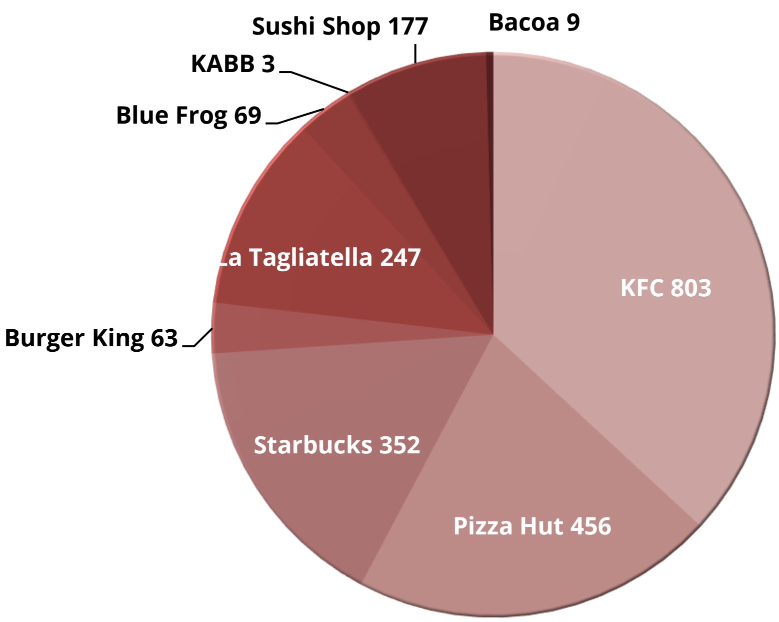
Activity in aggregator area

On 31 August 2017 AmRest acquired from Delivery Hero GmbH 51% of shares in Restaurant Partner Polska ("RPP"), becoming its majority shareholder. RPP operates a platform of PizzaPortal.pl – an aggregator collecting offers from almost 4 000 different restaurants in ca. 400 cities in Poland and enabling online ordering and subsequent delivery of the meals to the customers. On 13 March 2019 AmRest acquired the remaining stake in RPP, becoming the sole owner of the company.

On 23 July 2018 AmRest become co-lead investor in Glovoapp23, S.L., based in Barcelona, Spain by acquiring 10% of total number of Glovo shares. Glovo is one of the key players in digital food delivery on the Spanish market. It is an application that allows to buy, collect and send any product within the same city at a time. The company operates in 202 cities across 26 countries in EEMEA, LATAM, and most recently, sub-Saharan Africa. It currently employs over 1,200 people worldwide, with over 400 at the Barcelona HQ. More than 36,000 active Glovers make money from the platform.

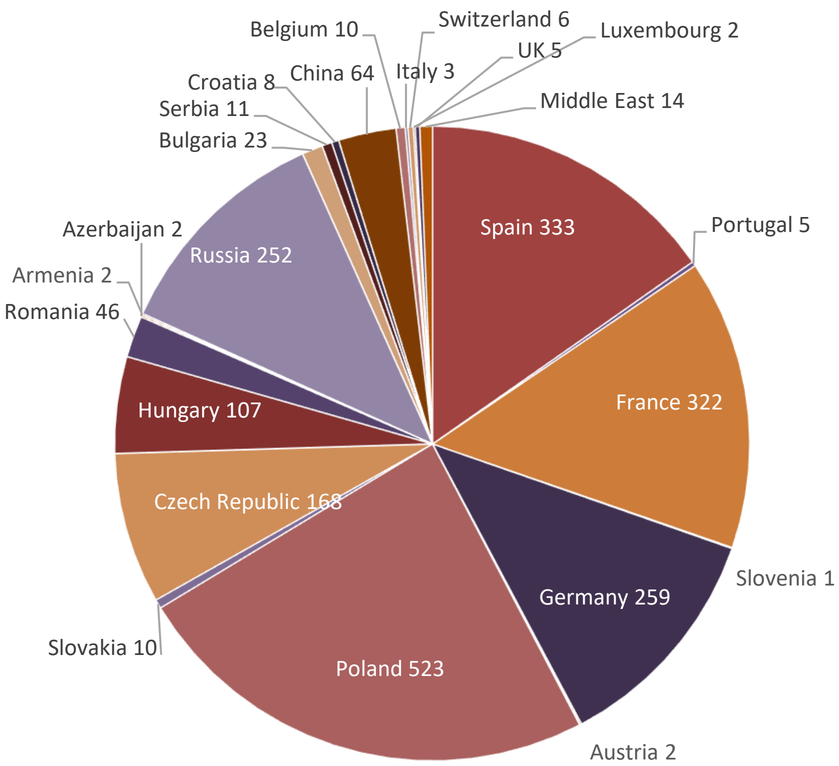
Since the acquisition there has been changes in Glovo's equity, including most recent round of financing in May 2019. As a result, at the end of H1 2019 AmRest had a 5.6% stake in the company, on a fully diluted basis and still holds a board seat.

Number of AmRest restaurants broken down by brands as at 30 June 2019*



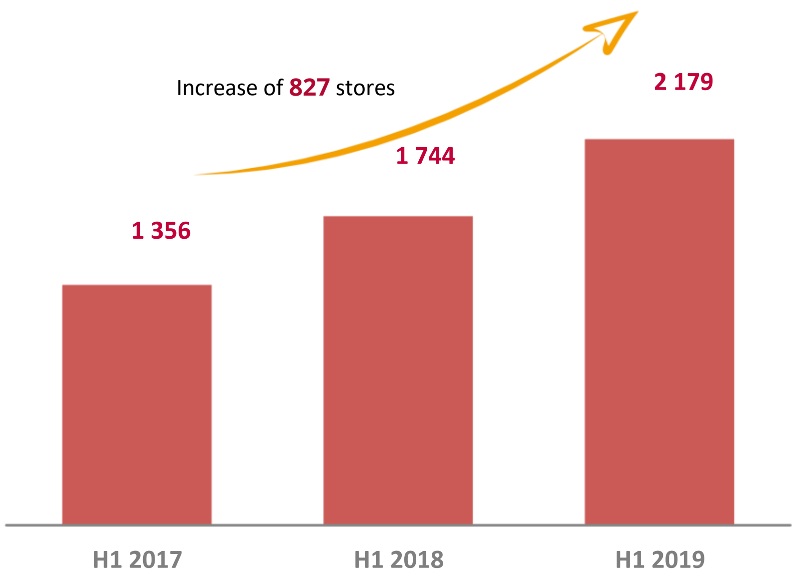
* Including restaurants operated by franchisees of La Tagliatella, Pizza Hut, Bacoa and Sushi Shop brands

Number of AmRest restaurants broken down by countries as at 30 June 2019*



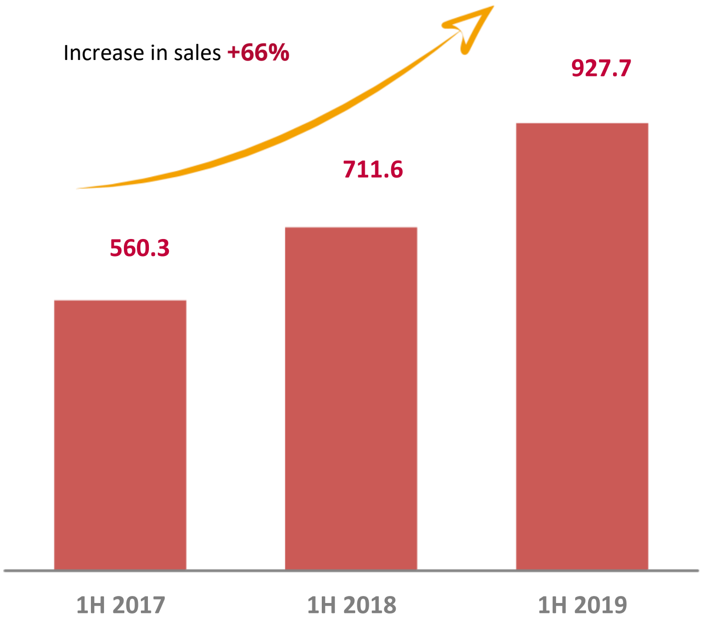
* Including restaurants operated by franchisees of La Tagliatella, Pizza Hut, Bacoa and Sushi Shop brands

Number of AmRest Group restaurants as at 30 June 2017 - 2019

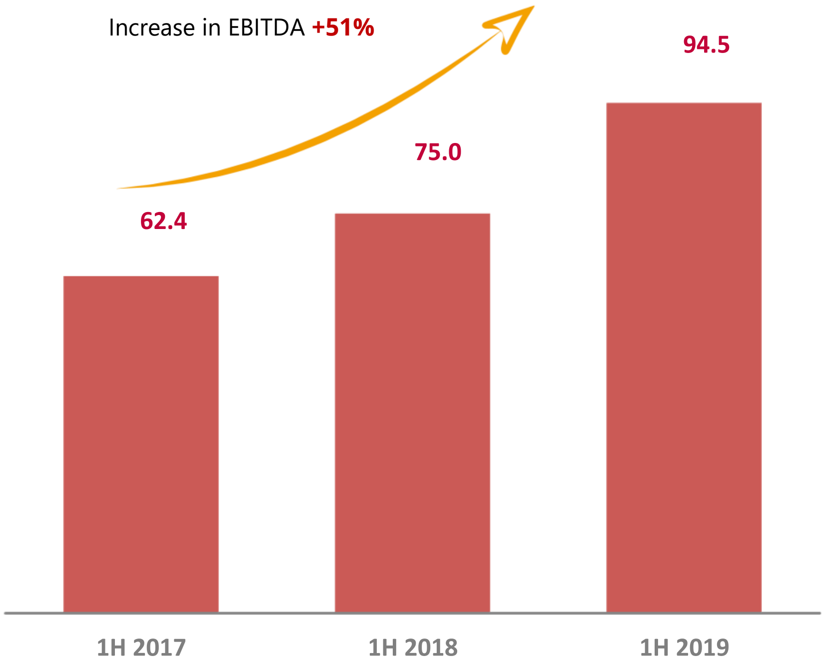


* Including restaurants operated by franchisees of La Tagliatella, Pizza Hut, Bacoa and Sushi Shop brands

The AmRest Group revenue for 6 months ended 30 June 2017 - 2019



The AmRest Group EBITDA (non-IFRS16) for 6 months ended 30 June 2017 - 2019



Financial performance of the Group

Revenue

Consolidated revenue of AmRest Group reached EUR 927.7 million in H1 2019 and were 30.4% higher compared to the previous year. As for Q2 2019 sales increased by 32.5% year-over-year to EUR 482.8 million. Such a solid growth was mainly driven by strong sales trends in comparable restaurants ("like-for-like", "LFL") across all the major markets, high pace of new organic openings in the last 12 months (+244 net organic additions) as well as recent M&A activities (addition of Sushi Shop Group, second part of KFC France, Pizza Hut in Russia and Bacoa). Total revenues adjusted for the transactions performed in the last 12 months ("Core sales") reached EUR 822.0 million in H1 2019 and EUR 430.4 million in Q2 2019, representing 15.6% and 18.3% increase over the year, respectively.

The revenues in Central and Eastern Europe segment (CEE) in H1 2019 grew by 15.8% over the year and reached EUR 389.1 million. In Q2 2019 sales were 18.0% higher year-over-year and hit EUR 203.3 million. The increase was driven by mid to high single-digit LFL in all CEE markets and further solid restaurants rollout (+132 net additions in the last 12 months).

Russian division generated revenues of EUR 95.9 million in H1 2019 which represented a 17.3% increase over the year. In Q2 2019 sales were 22.6% higher compared to the previous year and reached EUR 52.0 million. Improvement was mainly driven by high single-digit LFL in KFC Russia, organic store-count growth (+36 net restaurants added in the last 12 months), consolidation of Pizza Hut Russia and positive FX impact.

Western Europe reported the highest dynamic in sales mostly due to most recent M&A initiatives (Sushi Shop Group, 16 KFC France and Bacoa). In H1 2019 sales increased by 54.4% over the year and reached EUR 386.4 million. In Q2 2019 revenue was higher by 56.5% compared to the same period last year and hit EUR 195.7 million. There were +254 net additions in the last 12 months, including M&A. Adjusted for the most recent acquisitions in Western Europe, Core sales grew at 13.0% in H1 2019 and 15.4% in Q2 2019 vs. analogous periods last year. The increase mainly came from above single-digit LFL growth in KFC Spain, improvement in Starbucks Germany in the second quarter and further store-count development (+63 net organic additions in the last 12 months).

Significant increase in the revenues in Other Western Europe region in the reported period was a result of consolidation of Sushi Shop Group sales attributed to countries other than explicitly listed, along with development of new restaurants under that brand and solid performance of La Tagliatella in Portugal.

China continued positive trends in top-line growth as revenue grew in H1 2019 by 24.4% over the year and reached EUR 44.0 million. Sales in Q2 2019 increased by 21.2% vs. last year to EUR 24.3 million. Blue Frog continued to post mid-single digit growth in LFL, while net new additions reached +13 in the last 12 months.

Other segment posted 47.9% growth in H1 2019 to EUR 12.3 million and 68.7% growth in Q2 2019 to EUR 7.5 million compared to the previous year mainly due to significant increase in SCM top-line figure and further increase of scale in PizzaPortal.

Profitability

Group's consolidated and reported EBITDA (including IFRS 16 effect) reached EUR 165.8 million or 17.9% margin in H1 2019 and EUR 89.0 million or 18.4% in Q2 2019. Excluding the impact from IFRS 16, EBITDA for the Group amounted to EUR 94.5 million in H1 2019 and EUR 52.4 million in Q2 2019, representing a 26.0% and 26.9% increase over the year, respectively. Non-IFRS 16 EBITDA margin stood at 10.2% in H1 2019 and 10.9% in Q2 2019. In Q4 2018 AmRest made final purchase price accounting and recognized non-cash gain on bargain purchase on Pizza Hut Russia business of ca. EUR 1.0 million. The comparative data for H1 2018 was restated to reflect the effect of this transaction at the date of the acquisition. Adjusting for this settlement, Group's EBITDA margin was 0.2pp lower vs. last year in both H1 2019 and Q2 2019.

Core EBITDA (excluding M&A activity from the last 12 months and IFRS 16 impact) reached EUR 85.6 million in H1 2019 which translated into a flat margin vs. last year at 10.4%. In Q2 2019 Core EBITDA margin increased by 0.2pp to 11.3% over the year and resulted in EBITDA at EUR 48.4 million.

Reported net profit attributable to AmRest shareholders amounted to EUR 10.4 million in H1 2019 and EUR 6.7 million in Q2 2019. Without the impact of IFRS 16 the result was EUR 19.0 million in H1 2019 and EUR 12.8

(all figures in EUR millions unless stated otherwise)

million in Q2 2019. Consequently, comparable net profit margin (excluding IFRS 16 and bargain gain in Russia) in H1 2019 increased by 0.2pp over the year to 2.1% and by 0.4pp in Q2 2019 to 2.7% primarily on the back of higher profit margin from operations.

After improvement of profitability in Central and Eastern Europe in Q1 2019 the upward trend remained in place. Reported EBITDA reached EUR 83.7 million or 21.5% margin in H1 2019 and EUR 45.7 million or 22.5% margin in Q2 2019. Non-IFRS 16 EBITDA in H1 2019 grew by 17.9% over the year to EUR 55.0 million while margin increased by 0.2pp to 14.1%. In Q2 2019 non-IFRS 16 EBITDA margin improved by 0.3pp vs. last year to 15.2% or EUR 30.9 million. The increase was primarily driven by higher food cost margin and positive impact from sales leverage. This was partially offset by payroll inflation.

Reported EBITDA of Russian division amounted to EUR 19.5 million in H1 2019 with margin at 20.3% while in Q2 2019 reached EUR 11.3 million or 21.7% margin. Adjusted for IFRS 16 impact and one-off item of Pizza Hut bargain purchase of EUR 1.0 million that after final purchase price accounting hit Q2 2018, EBITDA in H1 2019 increased by 4.9% over the year to EUR 10.9 million and margin stood at 11.4%, lower by 1.4pp vs. last year. In Q2 2019 EBITDA adjusted for IFRS 16 and bargain purchase grew by 15.0% over the year to EUR 6.9 million, while margin declined by 0.9pp to 13.3%. The segment faced temporary dilutive impact on profitability from most recent M&A activity and slight pressure from higher payroll which were partially offset by higher margin on food.

Western Europe reported EBITDA amounted to EUR 59.7 million in H1 2019 and EUR 30.6 million in Q2 2019 which resulted in margins at 15.5% and 15.6%, respectively. Second quarter of the year almost caught up with profitability compared to the previous year. Excluding the impact from IFRS 16, EBITDA in H1 2019 stood at EUR 32.3 million or 8.3% (-0.6pp lower vs. last year) while in Q2 2019 reached EUR 16.4 million which translated into a margin of 8.4%. (-0.1pp vs. last year). Adjusting for M&A projects from the last 12 months and IFRS 16 effect, core EBITDA margin in H1 2019 decreased by 0.7pp to 8.2% while in Q2 2019 remained flat over the year at 8.5%. This was primarily driven by better results in Starbucks Germany and KFC France, offset mainly by a softness in general casual dining segment and labor cost increase in Spain as well as ongoing team restructuring, integration and franchise clean-up costs in Sushi Shop Group.

China business maintained its upward trend in profitability with reported EBITDA in H1 2019 at EUR 12.3 million or 27.8% margin, while in Q2 2019 reported EBITDA reached EUR 7.5 million or 30.9%. Adjusting for IFRS 16 effect, in H1 2019 EBITDA hit EUR 5.8 million or 13.2% margin which was 0.8pp higher than last year. In Q2 2019 non-IFRS 16 EBITDA reached EUR 4.4 million which translated into margin increase of 0.2pp vs. last year to 18.0%. Better results were driven by strong LFL increase and positive impact from sales leverage which were partially offset by slightly higher payroll and food cost.

Revenues and margins generated in the particular markets for 6 months ended 30 June 2019 and 2018

	6 months ended 30 June 2019				6 months ended 30 June 2018 (restated*)	
	with IFRS16 impact		IFRS16 impact excluded			
	Amount	% of sales	Amount	% of sales	Amount	% of sales
Revenue	**927.7**		**927.7**		**711.6**	
Poland	217.5	23.4%	217.5	23.4%	193.5	27.2%
Czechia	92.1	9.9%	92.1	9.9%	78.5	11.0%
Hungary	51.5	5.6%	51.5	5.6%	41.4	5.8%
Other CEE	28.0	3.0%	28.0	3.0%	22.5	3.0%
Total CEE	**389.1**	**41.9%**	**389.1**	**41.9%**	**335.9**	**47.2%**
Russia	**95.9**	**10.3%**	**95.9**	**10.3%**	**81.7**	**11.5%**
Spain	133.0	14.3%	133.0	14.3%	112.0	15.7%
Germany	84.7	9.1%	84.7	9.1%	81.1	11.4%
France	148.4	16.0%	148.4	16.0%	56.8	8.0%
Other Western Europe	20.3	2.2%	20.3	2.2%	0.4	0.1%
Western Europe	**386.4**	**41.7%**	**386.4**	**41.7%**	**250.3**	**35.2%**
China	**44.0**	**4.7%**	**44.0**	**4.7%**	**35.4**	**5.0%**
Other	**12.3**	**1.3%**	**12.3**	**1.3%**	**8.3**	**1.2%**
	Amount	Margin	Amount	Margin	Amount	Margin
EBITDA	**165.8**	**17.9%**	**94.5**	**10.2%**	**75.0**	**10.5%**
Poland	41.9	19.3%	25.8	11.8%	21.1	10.9%
Czechia	24.1	26.2%	17.7	19.2%	16.2	20.6%
Hungary	11.9	23.0%	8.6	16.7%	7.1	17.0%

(all figures in EUR millions unless stated otherwise)

	6 months ended 30 June 2019				6 months ended	
	with IFRS16 impact		IFRS16 impact excluded		30 June 2018 (restated*)	
	Amount	% of sales	Amount	% of sales	Amount	% of sales
Other CEE	5.8	20.9%	2.9	10.5%	2.2	10.3%
Total CEE	**83.7**	**21.5%**	**55.0**	**14.1%**	**46.6**	**13.9%**
Russia	**19.5**	**20.3%**	**10.9**	**11.4%**	**11.4**	**14.0%**
Spain	33.6	25.3%	24.5	18.4%	24.1	21.5%
Germany	8.6	10.2%	(2.3)	(2.7%)	(2.7)	(3.4%)
France	14.2	9.6%	7.8	5.2%	1.1	1.9%
Other Western Europe	3.3	16.1%	2.3	11.6%	(0.3)	(49.5%)
Western Europe	**59.7**	**15.5%**	**32.3**	**8.3%**	**22.2**	**8.9%**
China	**12.3**	**27.8%**	**5.8**	**13.2%**	**4.4**	**12.4%**
Other	**(9.4)**	**-**	**(9.5)**	**-**	**(9.6)**	**-**
Adjusted EBITDA**	**169.9**	**18.3%**	**99.1**	**10.7%**	**80.8**	**11.4%**
Poland	42.6	19.6%	26.6	12.2%	21.9	11.3%
Czechia	24.5	26.6%	18.2	19.8%	16.5	21.0%
Hungary	12.3	23.9%	9.1	17.6%	7.4	17.9%
Other CEE	6.3	22.5%	3.4	12.4%	2.5	11.5%
Total CEE	**85.7**	**22.0%**	**57.3**	**14.7%**	**48.3**	**14.4%**
Russia	**19.8**	**20.6%**	**11.3**	**11.8%**	**11.9**	**14.5%**
Spain	34.3	25.8%	25.1	18.9%	24.8	22.1%
Germany	9.1	10.8%	(1.8)	(2.1%)	(2.0)	(2.5%)
France	14.4	9.7%	8.0	5.4%	2.0	3.5%
Other Western Europe	3.3	16.1%	2.4	11.6%	(0.3)	(49.8%)
Western Europe	**61.1**	**15.8%**	**33.7**	**8.7%**	**24.5**	**9.8%**
China	**12.5**	**28.5%**	**6.1**	**13.9%**	**4.7**	**13.2%**
Other	**(9.2)**	**-**	**(9.3)**	**-**	**(8.6)**	**-**
EBIT	**35.2**	**3.8%**	**36.1**	**3.9%**	**25.4**	**3.6%**
Poland	11.7	5.4%	11.5	5.3%	7.2	3.7%
Czechia	13.2	14.3%	12.5	13.5%	11.4	14.5%
Hungary	5.3	10.2%	5.0	9.7%	4.4	10.5%
Other CEE	(0.3)	(0.8%)	(0.5)	(1.6%)	0.0	-
Total CEE	**29.9**	**7.7%**	**28.5**	**7.3%**	**23.0**	**6.8%**
Russia	**3.5**	**3.7%**	**4.0**	**4.1%**	**6.0**	**7.3%**
Spain	16.6	12.5%	16.0	12.1%	15.4	13.8%
Germany	(9.5)	(11.2%)	(8.0)	(9.4%)	(7.7)	(9.4%)
France	(0.2)	(0.1%)	0.1	0.1%	(3.2)	(5.6%)
Other Western Europe	2.6	12.4%	2.4	12.0%	(0.2)	(59.7%)
Western Europe	**9.5**	**2.5%**	**10.5**	**2.7%**	**4.3**	**1.7%**
China	**2.3**	**5.1%**	**3.0**	**6.7%**	**2.1**	**6.0%**
Other	**(10.0)**	**-**	**(9.9)**	**-**	**(10.0)**	**-**

** Restated for EUR 1.0 million of gain on bargain purchase of Pizza Hut Russia described in note 6 of condensed consolidated financial statement for 6 months ended 2019*

***Adjusted EBITDA – EBITDA adjusted for new openings expenses (Start-up costs), M&A expenses (all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with transaction), effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).*

Revenues and margins generated in the particular markets a for 3 months ended 30 June 2019 and 2018

	3 months ended 30 June 2019				3 months ended	
	with IFRS16 impact		IFRS16 impact excluded		30 June 2018 (restated*)	
	Amount	% of sales	Amount	% of sales	Amount	% of sales
Revenue	**482.8**		**482.8**		**364.3**	
Poland	112.9	23.4%	112.9	23.4%	98.2	27.0%
Czechia	48.3	10.0%	48.3	10.0%	41.0	11.2%
Hungary	27.0	5.6%	27.0	5.6%	21.5	5.9%
Other CEE	15.1	3.1%	15.1	3.1%	11.6	3.2%
Total CEE	**203.3**	**42.1%**	**203.3**	**42.1%**	**172.3**	**47.3%**
Russia	**52.0**	**10.8%**	**52.0**	**10.8%**	**42.4**	**11.6%**
Spain	68.0	14.1%	68.0	14.1%	56.7	15.6%
Germany	44.2	9.1%	44.2	9.1%	40.3	11.0%
France	73.4	15.2%	73.4	15.2%	27.8	7.6%
Other Western Europe	10.1	2.1%	10.1	2.1%	0.3	0.1%
Western Europe	**195.7**	**40.5%**	**195.7**	**40.5%**	**125.1**	**34.3%**

(all figures in EUR millions unless stated otherwise)

	3 months ended 30 June 2019				3 months ended 30 June 2018 (restated*)	
	with IFRS16 impact		IFRS16 impact excluded			
	Amount	% of sales	Amount	% of sales	Amount	% of sales
China	**24.3**	**5.0%**	**24.3**	**5.0%**	**20.1**	**5.5%**
Other	**7.5**	**1.5%**	**7.5**	**1.5%**	**4.4**	**1.2%**
	Amount	Margin	Amount	Margin	Amount	Margin
EBITDA	**89.0**	**18.4%**	**52.4**	**10.9%**	**41.3**	**11.3%**
Poland	22.9	20.3%	14.8	13.2%	11.7	11.9%
Czechia	12.7	26.3%	9.3	19.3%	8.8	21.5%
Hungary	6.5	24.1%	4.8	17.8%	3.8	17.6%
Other CEE	3.6	23.4%	2.0	12.8%	1.3	11.0%
Total CEE	**45.7**	**22.5%**	**30.9**	**15.2%**	**25.6**	**14.9%**
Russia	**11.3**	**21.7%**	**6.9**	**13.3%**	**7.0**	**16.5%**
Spain	17.1	25.1%	12.5	18.3%	12.5	22.0%
Germany	5.0	11.3%	(0.7)	(1.7%)	(1.7)	(4.1%)
France	6.5	8.9%	3.2	4.3%	(0.1)	(0.3%)
Other Western Europe	2.0	20.0%	1.4	15.0%	(0.1)	(60.3%)
Western Europe	**30.6**	**15.6%**	**16.4**	**8.4%**	**10.6**	**8.5%**
China	**7.5**	**30.9%**	**4.4**	**18.0%**	**3.6**	**17.8%**
Other	**(6.1)**	**-**	**(6.2)**	**-**	**(5.5)**	**-**
Adjusted EBITDA**	**91.5**	**19.0%**	**55.1**	**11.4%**	**45.1**	**12.4%**
Poland	23.2	20.6%	15.2	13.5%	12.2	12.5%
Czechia	13.0	26.9%	9.6	19.9%	9.1	22.1%
Hungary	6.7	24.8%	5.0	18.4%	4.0	18.6%
Other CEE	3.8	25.4%	2.3	15.2%	1.4	12.5%
Total CEE	**46.7**	**23.0%**	**32.1**	**15.8%**	**26.7**	**15.5%**
Russia	**11.5**	**22.1%**	**7.1**	**13.7%**	**7.3**	**17.1%**
Spain	17.6	25.9%	12.9	18.9%	12.9	22.8%
Germany	5.2	11.8%	(0.5)	(1.1%)	(1.3)	(3.2%)
France	6.6	9.0%	3.4	4.6%	0.3	1.0%
Other Western Europe	2.1	20.1%	1.5	15.0%	(0.1)	(61.0%)
Western Europe	**31.5**	**16.1%**	**17.3**	**8.8%**	**11.8**	**9.4%**
China	**7.7**	**31.8%**	**4.6**	**18.8%**	**3.8**	**18.8%**
Other	**(5.9)**	**-**	**(6.0)**	**-**	**(4.5)**	**-**
EBIT	**17.8**	**3.7%**	**21.6**	**4.5%**	**13.8**	**3.8%**
Poland	6.5	5.8%	7.2	6.4%	4.0	4.1%
Czechia	7.0	14.6%	6.6	13.7%	6.4	15.7%
Hungary	3.2	11.7%	3.0	11.1%	2.5	11.4%
Other CEE	0.2	1.0%	0.1	0.2%	0.1	0.7%
Total CEE	**16.9**	**8.3%**	**16.9**	**8.3%**	**13.0**	**7.5%**
Russia	**2.5**	**4.8%**	**3.2**	**6.1%**	**4.0**	**9.5%**
Spain	8.5	12.5%	8.4	12.3%	7.4	13.0%
Germany	(6.1)	(13.8%)	(4.2)	(9.5%)	(4.5)	(11.1%)
France	(1.9)	(2.6%)	(1.3)	(1.8%)	(2.9)	(10.2%)
Other Western Europe	2.0	19.9%	2.0	19.4%	(0.1)	(62.2%)
Western Europe	**2.5**	**1.3%**	**4.9**	**2.5%**	**(0.1)**	**(0.1%)**
China	**2.3**	**9.6%**	**3.0**	**12.3%**	**2.5**	**12.5%**
Other	**(6.4)**	**-**	**(6.4)**	**-**	**(5.6)**	**-**

** Restated for EUR 1.0 million of gain on bargain purchase of Pizza Hut Russia described in note 6 of condensed consolidated financial statement for 6 months ended 2019*
***Adjusted EBITDA – EBITDA adjusted for new openings expenses (Start-up costs), M&A expenses (all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with transaction), effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).*

Reconciliation of the net profit and adjusted EBITDA for 6 months ended 30 June 2019 and 2018

	6 months ended 30 June 2019				6 months ended 30 June 2018 (restated*)		Year-over-year	
	with IFRS16 impact		IFRS16 impact excluded				with IFRS 16 impact	IFRS16 impact excluded
	Amount	% of sales	Amount	% of sales	Amount	% of sales	% of change	% of change
Profit/(loss) for the period	**11.0**	**1.2%**	**19.8**	**2.1%**	**13.1**	**1.8%**	**(16.0%)**	**51.1%**
+ Finance costs	20.2	2.2%	9.5	1.0%	7.3	1.0%	176.7%	30.1%
– Finance income	(0.3)	0.0%	(0.3)	0.0%	(0.3)	0.0%	0.0%	0.0%
+ Income tax expense	4.3	0.5%	7.1	0.8%	5.3	0.7%	(18.9%)	34.0%

(all figures in EUR millions unless stated otherwise)

+ Depreciation and Amortisation	121.7	13.1%	54.6	5.9%	43.8	6.2%	177.9%	24.7%
+ Impairment losses	8.9	1.0%	3.8	0.4%	5.8	0.8%	53.4%	(34.5%)
EBITDA	**165.8**	**17.9%**	**94.5**	**10.2%**	**75.0**	**10.5%**	**121.1%**	**26.0%**
+ Start-up expenses**	3.9	0.4%	4.4	0.5%	4.3	0.6%	(9.3%)	2.3%
+ M&A related expenses	0.1	0.0%	0.1	0.0%	0.5	0.1%	(80.0%)	(80.0%)
+/- Effect of SOP exercise method modification	0.1	0.0%	0.1	0.0%	1.0	0.1%	(90.0%)	(90.0%)
Adjusted EBITDA	**169.9**	**18.3%**	**99.1**	**10.7%**	**80.8**	**11.4%**	**110.3%**	**22.6%**

** Restated for EUR 1.0 million of gain on bargain purchase of Pizza Hut Russia described in note 6 of condensed consolidated financial statements for 6 months ended 2019*

*** Start-up expenses – all material operating expenses incurred in connection with new restaurants opening and prior to the opening.*

Reconciliation of the net profit and adjusted EBITDA for 3 months ended 30 June 2019 and 2018

	3 months ended 30 June 2019				3 months ended		Year-over-year	
	with IFRS16 impact		IFRS16 impact excluded		30 June 2018 (restated*)		with IFRS 16 impact	IFRS16 impact excluded
	Amount	% of sales	Amount	% of sales	Amount	% of sales	% of change	% of change
Profit/(loss) for the period	**7.2**	**1.5%**	**13.4**	**2.8%**	**8.6**	**2.4%**	**(16.3%)**	**55.8%**
+ Finance costs	9.7	2.0%	5.1	1.1%	2.6	0.7%	273.1%	96.2%
– Finance income	(0.1)	0.0%	(0.1)	0.0%	(0.1)	0.0%	0.0%	0.0%
+ Income tax expense	1.0	0.2%	3.1	0.6%	2.6	0.7%	(60.0%)	24.0%
+ Depreciation and Amortisation	62.9	13.0%	27.7	5.7%	22.3	6.1%	182.1%	24.2%
+ Impairment losses	8.3	1.7%	3.2	0.7%	5.3	1.5%	56.6%	(39.6%)
EBITDA	**89.0**	**18.4%**	**52.4**	**10.9%**	**41.3**	**11.3%**	**116.0%**	**27.2%**
+ Start-up expenses*	2.3	0.5%	2.5	0.5%	2.3	0.6%	0.0%	8.7%
+ M&A related expenses	0.1	0.0%	0.1	0.0%	0.5	0.1%	(80.0%)	(80.0%)
+/- Effect of SOP exercise method modification	0.1	0.0%	0.1	0.0%	1.0	0.3%	(90.0%)	(90.0%)
Adjusted EBITDA	**91.5**	**19.0%**	**55.1**	**11.4%**	**45.1**	**12.4%**	**102.9%**	**22.2%**

** Restated for EUR 1.0 million of gain on bargain purchase of Pizza Hut Russia described in note 6 of condensed consolidated financial statements for 6 months ended 2019*

*** Start-up expenses – all material operating expenses incurred in connection with new restaurants opening and prior to the opening.*

Liquidity analysis

	30 June 2019 (IFRS16)	30 June 2019 (non-IFRS16)	31 December 2018	30 June 2018 (restated*)
Current assets	234.2	242.5	250.3	215.5
Inventories	26.9	26.9	25.7	22.3
Current liabilities	396.8	267.4	265.3	259.8
Quick ratio**	0.52	0.81	0.85	0.74
Current ratio**	0.59	0.91	0.94	0.83
Cash and cash equivalents	101.3	101.3	118.4	117.8
Cash ratio**	0.26	0.38	0.45	0.45
Inventory turnover (in days)**	5.05	5.05	5.27	5.49
Trade and other receivables	80.4	80.4	61.9	37.8
Trade receivables turnover (in days)**	12.87	12.87	9.95	9.28
Operating ratio (cycle) (in days)**	17.92	17.92	15.22	14.77
Trade and other accounts payable	250.2	250.2	246.9	182.4
Trade payables turnover (in days)**	47.31	47.31	46.24	44.05
Cash conversion ratio (in days)**	(29.39)	(29.39)	(31.02)	(29.28)

* Restated for EUR 1.0 million of bargain purchase of Pizza Hut Russia described in note 6 of condensed consolidated financial statements for 6 months ended 2019

*** Please see Definitions below*

(all figures in EUR millions unless stated otherwise)

Definitions:

- *Quick ratio – current assets net of inventories to current liabilities*
- *Current ratio – current assets to current liabilities*
- *Cash ratio – cash and cash equivalents to current liabilities*
- *Inventory turnover ratio – average inventories to revenue multiplied by the number of days in the period*
- *Trade receivables turnover ratio – average trade and other receivables to revenue multiplied by the number of days in the period*
- *Operating ratio (cycle) – total of inventories turnover and receivables turnover*
- *Trade payables turnover ratio – average trade and other accounts payable to revenue multiplied by the number of days in the period*
- *Cash conversion ratio – difference between the operating ratio and the trade payables turnover ratio*

Leverage analysis

	30 June 2019 (IFRS16)	30 June 2019 (non-IFRS16)	31 December 2018	30 June 2018 (restated*)
Non-current assets	2,013.1	1,230.1	1,191.0	822.7
Liabilities	1,813.2	1,029.7	1,010.7	706.0
Non-current liabilities	1,416.2	762.3	745.4	446.2
Debt	1,484.7	697.2	664.2	468.6
Share of inventories in current assets (%)	11.5%	11.1%	10.3%	10.3%
Share of trade and other receivables in current assets (%)	34.3%	33.2%	24.7%	17.5%
Share of cash and cash equivalents in current assets (%)	43.3%	41.8%	47.3%	54.7%
Equity to non-current assets ratio**	0.22	0.36	0.36	0.40
Gearing ratio**	0.19	0.30	0.30	0.32
Long-term liabilities to equity ratio**	3.26	1.72	1.73	1.34
Liabilities to equity ratio**	4.18	2.32	2.35	2.13
Debt/equity**	3.42	1.57	1.54	1.41

** Restated for EUR 1.0 million of bargain purchase of Pizza Hut Russia described in note 6 of condensed consolidated financial statement for 6 months ended 2019*

*** Please see Definitions below*

Definitions:

- *Equity to non-current assets ratio – equity to non-current assets;*
- *Gearing – liabilities and provisions to total assets;*
- *Long-term liabilities to equity – non-current liabilities to equity;*
- *Liabilities to equity – liabilities and provisions to equity;*
- *Debt/equity – total non-current and current interest bearing loans and borrowings, and lease to equity*

Debt ratios

The liquidity ratios of the Group were at the levels ensuring smooth operating activities. Net cash outlay was mainly driven by sustained strong store-count development, settlement of the most recent M&A transactions as well as tax payments regarding VAT.

The Group's equity increased by EUR 3.7 million compared to the balance at the end of 2018 and amounted to EUR 434.2 million at the end of H1 2019. The change in equity resulted mainly from the increase of retained earnings (EUR +10.4 million in H1 2019) and translation reserves partially offset by a decrease in Reserves primarily due to final settlement of Sushi Shop Group transaction and recent buyout of non-controlling interest in PizzaPortal.

Net debt at the end of H1 2019, excluding the impact from the IFRS 16, equaled EUR 595.8 million which resulted in a comparable leverage level at 3.0.

Brands operated by the Group

As at the date of publication of the Report, the portfolio of AmRest consisted of nine brands: KFC, Pizza Hut, Starbucks, Burger King, La Tagliatella, Blue Frog, Kabb, Bacoa and Sushi Shop.

AmRest is a franchisee of Yum! Brands Inc. for the KFC and Pizza Hut brands. Starting from 1 October 2016 the Group as a master-franchisee has the right to grant a license to third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise) in countries of Central and Eastern Europe, while ensuring a certain share of restaurants operated directly by AmRest. Pizza Hut restaurants acquired in France in May 2017, in Germany in July 2017 and in Russia in June 2018 are operated both by AmRest and its sub-franchisees.

Burger King restaurants are operated on a franchise basis following an agreement concluded with Burger King Europe GmbH.

Starbucks restaurants in Poland, the Czech Republic and Hungary are opened by the companies AmRest Coffee (owned in 82% by AmRest and in 18% by Starbucks). These companies have the rights and licenses to develop and manage Starbucks restaurants in respective countries. Starbucks restaurants in Romania, Bulgaria, Germany and Slovakia are operated by the Group on a franchise basis.

La Tagliatella is the proprietary brand of AmRest and became a part of its portfolio in April 2011. La Tagliatella restaurants are operated directly by AmRest as well as by third party entities which operate restaurants on a franchise basis.

Blue Frog and KABB brands became the property of AmRest in December 2012 as a result of acquisition of majority stake in Blue Horizon Hospitality Group LTD.

Bacoa brand was acquired by AmRest on 31 July 2018 from Bloom Motion, S.L. and Mr. Johann Spielthenner, The chain represents seven premium burger restaurants operated in Spain through equity and franchise model.

Sushi Shop, a leading European sushi concept, is a proprietary brand of AmRest and became a part of its portfolio through the acquisition of Sushi Shop Group SAS finalized on 31 October 2018. Sushi Shop restaurants are operated by both AmRest (equity stores) and AmRest's franchisees. Sushi Shop network is present in 12 countries and reported within the Western Europe segment.

Quick Service Restaurants (QSR)

Established in 1952, the KFC brand is the biggest, fastest growing and most popular chain of quick service restaurants serving chicken meals. There are currently more than 22 000 KFC restaurants in over 135 countries worldwide.

As at 30 June 2019 the Group operated 803 KFC restaurants: 267 in Poland, 97 in the Czech Republic, 61 in Hungary, 184 in Russia, 71 in Spain, 27 in Germany, 67 in France, 10 in Serbia, 8 in Bulgaria, 8 in Croatia, 2 in Austria and 1 in Slovenia.

The beginnings of Burger King date back to 1954. Today, Burger King ("Home of the Whopper") operates about 17 800 restaurants, serving about 11 million customers in over 100 countries every day. Almost 100% of Burger King restaurants are run by independent franchisees and many of them have been managed for decades as family businesses. Burger King brand is owned by 3G Capital.

As at 30 June 2019 AmRest ran the total of 63 Burger King restaurants – 42 in Poland, 17 in the Czech Republic, 1 in Bulgaria and 3 in Slovakia.

Casual Dining and Fast Casual Restaurants (CDR, FCR)

La Tagliatella arose from the experience of more than two decades of specialization in the traditional cuisine of the regions of El Piemonte, La Liguria and La Reggio Emilia. Over the past year the brand has entertained more than 9 million customers, who delighted in the most authentic flavours of Italian cuisine.

As at 30 June 2019 AmRest's portfolio included 247 La Tagliatella restaurants — 237 in Spain, 6 in France, 2 in Germany and 2 in Portugal.

Pizza Hut is one of the largest casual dining restaurant chains in Europe. Inspired by the Mediterranean cuisine, it promotes the idea of having a good time while enjoying a meal together with family and friends. It is also the biggest brand in the Polish casual dining segment in terms of sales and the number of transactions. Pizza Hut's strong position results from consistently implemented "Pizza and much more!" strategy which assumes extending the brand's offer by adding new categories such as pastas, salads, desserts and starters while retaining the position of a leader and "pizza expert".

In addition to the well-established Casual Dining format, AmRest focuses now on creating new concepts within the Pizza Hut family. Meeting guests' expectations the Fast Casual Pizza Hut Express and Delivery restaurants have been created. Pizza Hut's exceptional taste is now being leveraged with speed, convenience and ease, creating an unique customer experience.

As at 30 June 2019 AmRest's portfolio included 456 Pizza Hut restaurants – 142 in Poland, 68 in Russia, 19 in Hungary, 9 in Czech Republic, 128 in France, 84 in Germany, 2 in Armenia, 2 in Azerbaijan and 2 in Slovakia.

Inclusion of the Blue Horizon Hospitality Group to AmRest structure in 2012 enriched the CDR segment brand portfolio with two new positions operating in the Chinese market.

- Blue Frog Bar & Grill — restaurants serving grilled dishes from the American cuisine in a nice atmosphere.
- KABB Bistro Bar — premium segment restaurant, serving "western cuisine" dishes and a wide selection of wines and drinks.

As at 30 June 2019 AmRest's portfolio included 69 Blue Frog (61 in China, 7 in Spain and 1 in Poland) and 3 KABB restaurants.

Bacoa is a popular premium burger concept in Spain. Since 2010, it has been bringing high quality, freshly cooked burgers and chips to their loyal fans. Bacoa is passionate about using premium ingredients and preparing everything by hand, proving every day that fast food can also be good food with the right approach.

As 30 June 2019, AmRest's portfolio included 9 Bacoa restaurants in Spain.

Founded in 1998 by Grégory Marciano and Adrien de Schompré, Sushi Shop is the leading European chain of restaurants for sushi, sashimi and other Japanese specialties. It is positioned as a premium brand offering food prepared fresh with highest quality ingredients.

Sushi Shop has successfully established an international network of company-operated and franchises stores across 12 countries.

As at 30 June 2019, AmRest's portfolio included 177 Sushi Shop restaurants (121 in France, 9 in Spain, 3 in Germany, 3 in Portugal, 10 in Belgium, 3 in Italy, 2 in Luxemburg, 5 in UK, 6 in Switzerland, 1 in Netherlands and 14 in the Middle East countries).

Coffee category

STARBUCKS®

Starbucks is the world leader in the coffee sector with about 30 000 stores in 80 countries. It offers a broad selection of coffees from different parts of the world, as well as teas, soft drinks and a wide range of fresh snacks and desserts. The store designs and their atmosphere refer to the coffee heritage and reflect the culture of the neighborhood.

As at 30 June 2019 AmRest Coffee operated 352 stores (71 in Poland, 45 in the Czech Republic, 27 in Hungary, 46 in Romania, 14 in Bulgaria, 139 in Germany, 5 in Slovakia and 1 in Serbia).

(all figures in EUR millions unless stated otherwise)

Key investments

The capital expenditure incurred by AmRest relates mainly to a development of restaurant network. The Group increases the scale of the business through construction of new restaurants, acquisition of restaurant chains from third parties as well as reconstruction and replacement of assets in the existing stores. The Group's capital expenditure depends mainly on the number and type of restaurants opened and scale of M&A activity.

In H1 2019 AmRest's capital expenditure was financed from cash flows from operating activities and debt financing.

The table below presents purchases of non-current assets in 6 months ended 30 June 2019 and 30 June 2018.

	6 months ended 30 June 2019	6 months ended 30 June 2018
Intangible assets:	**4.5**	**4.3**
Trademarks	-	-
Favourable leases and licence agreements	-	-
Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	2.9	1.8
Other intangible assets	1.6	2.5
Goodwill	**1.3**	**0.2**
Property, plant and equipment:	**75.0**	**61.7**
Land	-	-
Buildings and expenditure on development of restaurants	32.5	27.1
Machinery & equipment	29.4	19.0
Vehicles	0.2	0.2
Other tangible assets (including assets under construction)	12.9	15.4
Total	**80.8**	**66.2**

Capital investment* for 3 and 6 months ended 30 June 2019

	6 months ended		3 months ended	
	30 June 2019	**30 June 2018**	**30 June 2019**	**30 June 2018**
CEE	34.7	31.3	19.3	21.1
Western Europe	32.9	23.1	15.1	10.5
Russia	9.0	8.4	6.1	5.6
China	2.8	2.8	2.2	2.0
Other	0.1	0.4	0.0	0.1
Total	79.5	66.0	42.7	39.5

**Capital investment comprises increases and acquisition in property, plant and equipment, intangible assets, without goodwill increases*

AmRest's New Restaurants

	AmRest equity restaurants	AmRest franchisee restaurants	Total
31.12.2018	1 664	457	2 121
New Openings	65	19	84
Acquisitions	0	0	0
Closings	17	9	26
30.06.2019	**1 712**	**467**	**2 179**

As at 30 June 2019, AmRest operated 2 179 restaurants, including 467 restaurants which are managed by franchisees (165 La Tagliatella, 228 Pizza Hut, 2 Blue Frog, 5 Bacoa and 67 Sushi Shop). Compared with 31 December 2018, the Group runs 58 more restaurants. 84 new restaurants were opened: 29 restaurants in Central and Eastern Europe, 18 in Russia, 33 in Western Europe and 4 in China.

Planned investment activities

AmRest's strategy is to leverage its unique "Wszystko Jest Możliwe" culture, international capability and superior brand portfolio to grow scalable and highly profitable (min. 20% IRR) restaurants globally.

The Group intends to continue its strategic directions of development, with the main focus on further expansion of the network in the regions of continental Europe, increase of scale in supply chain management and leadership in digital and delivery trends. Existing potential in the markets where AmRest is present allows to accelerate the pace of organic expansion. The roll-out of lighter restaurant formats (i.e. Pizza Hut Express, Pizza Hut Delivery, Sushi Shop Corners) increased availability of new locations across the Europe and widened the white space for new openings. Obtained master-franchise rights within the brand of Pizza Hut and acquisition of Sushi Shop Group additionally support the future growth.

Potential acquisitions of European restaurant chains remain important area of AmRest's growth. AmRest's Management believes that in a long-term perspective expanding portfolio with exceptional proprietary brands shall also strengthen the value of the Group.

Similar to previous years, further improvement of ROIC and building the long-term growth platform will define the main criteria of shaping the structure of new launches and acquisitions. AmRest's investment activities will be financed both from the own sources and through debt financing.

Significant events and transactions in H1 2019

Termination of Share Purchase Agreement – TELE PIZZA, S.A.U.

On July 26, 2018 AmRest Sp. z o.o. („AmRest Poland") and TELE PIZZA, S.A.U. ("Seller") signed a Share Purchase Agreement ("SPA"), pursuant to which AmRest Poland would acquire 100% shares of TELEPIZZA POLAND Sp. z o.o. ("Telepizza Poland") at an estimated price of ca. EUR 8 million.

The completion of the transaction was contingent upon a number of conditions, including obtaining antitrust approvals, conclusion of a license agreement with the Seller authorizing Telepizza Polska to continue operation of its business and lack of the material adverse change events ("MAC").

On March 7th, 2019 AmRest informed that the SPA was automatically terminated due to failure to meet the conditions precedent specified in the SPA before the Long Stop Date (i.e. failure to obtain the consent for the concentration from the Office of Competition and Customer Protection before the Long Stop Date).

Share sale agreement between Gosha Holdings, S.à.r.l. and FCapital Dutch, B.V.

On March 27, 2019 AmRest was notified by its controlling shareholder, FCapital Dutch, B.V. (Grupo Finaccess subsidiary; "FCapital", the "Purchaser"), and one of its significant shareholders, Gosha Holdings, S.à.r.l. ("Gosha", the "Seller"), that FCapital and Gosha have executed a share sale agreement pursuant to which the Purchaser would acquire from the Seller its entire shareholding in AmRest (the "Transaction").

On May 9, 2019 FCapital has completed the purchase of the entire shareholding in AmRest of Gosha, consisting of 23 426 313 shares representing 10.67% of the Company's share capital, for a price per share of EUR 13.22, amounting an aggregate of EUR 309 695 857.86. After this purchase, Grupo Finaccess controls 67.047% of AmRest.

As a consequence, Mr. Henry McGovern and Mr. Steven Kent Winegar, members of the Board of Directors resigned from their positions upon execution of the Transaction, according to article 11 of AmRest's Board of Directors' Regulations, and effective as of the Annual General Shareholders' Meeting of AmRest held on May 14, 2019.

(all figures in EUR millions unless stated otherwise)

External Debt

In the reporting period covered by this report the Company did not enter in any significant agreements concerning external debt nor issue any debt instruments.

Shareholders of AmRest Holdings SE

To the best of AmRest's knowledge as at 30 June 2019 AmRest Holdings had the following shareholder structure:

Shareholder	Number of shares and votes at the Shareholders' meeting	% of shares and votes at the Shareholders' meeting
FCapital Dutch B. V.*	147 203 760	67.05%
Nationale-Nederlanden OFE	10 718 700	4.88%
Artal International S.C.A.	10 500 000	4.78%
Aviva OFE	7 013 700	3.19%
Other Shareholders	44 118 023	20.10%

** FCapital Dutch B. V. is the majority shareholder of FCapital Lux (holding directly 56 509 547 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finacces SAPI de CV is the direct majority shareholder of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The direct majority shareholder of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is a member of AmRest's Board of Directors.*

Changes in the Parent Company's Governing Bodies

According to the resolution adopted by the Extraordinary General Meeting of AmRest Holdings SE on 5 October 2017, that came into force on 12 March 2018 (date of the registration of the Comapany's registered office in Pozuelo de Alarcón, Madrid, Spain), the composition of the Board of Directors was as follows:

- Mr. José Parés Gutiérrez
- Mr. Carlos Fernández González
- Mr. Luis Miguel Álvarez Pérez
- Mr. Henry McGovern
- Mr. Steven Kent Winegar Clark
- Mr. Pablo Castilla Reparaz
- Mr. Mustafa Ogretici

- Eduardo Rodríguez-Rovira Rodríguez (Secretary, non-Board member)
- Jaime Tarrero Martos (Deputy Secretary, non-Board member)

According to the share sale agreement between Gosha Holdings, S.à.r.l. and FCapital Dutch, B.V. as described in "Significant events and transactions in H1 2019" section of this report, Mr. Henry McGovern and Mr. Steven Kent Winegar, members of the Board of Directors, resigned from their positions upon execution of the respective transaction, and effective as of the Annual General Shareholders' Meeting of AmRest for the year 2019, i.e. May 14, 2019.

On May 14, 2019 the Board of Directors has resolved to accept the resignation of Directors Mr. Henry J. McGovern and Mr. Steven K. Winegar Clark to fill said vacancies co-opting Ms. Romana Sadurska and Mr. Emilio Fullaondo Botella, as independent Directors, following the proposal of the Appointments and Remuneration Committee and with the justifying report of the Board of Directors.

As per article 529 point 2.b) of the Spanish Capital Companies Act, both appointments shall be submitted for ratification to the next General Shareholders Meeting.

In addition, on this date, following the recommendation of the Compensations and Remuneration Committee, the Board has also resolved to appoint Mr. Mark Chandler as CEO of AmRest, and Mr. Eduardo Zamarripa as new Chief Financial Officer of AmRest.

As at June 30, 2019 the composition of the Board of Directors was as follows:

- Mr. José Parés Gutiérrez
- Mr. Carlos Fernández González
- Mr. Luis Miguel Álvarez Pérez
- Mr. Emilio Fullaondo Botella
- Ms. Romana Sadurska
- Mr. Pablo Castilla Reparaz
- Mr. Mustafa Ogretici

- Eduardo Rodríguez-Rovira Rodríguez (Secretary, non-Board member)
- Jaime Tarrero Martos (Deputy Secretary, non-Board member)

Changes in the number of shares held by members of the Board of Directors

During the period since 1 January 2019 the following changes occurred with respect to AmRest shares and stock options held by the members of the Board of Directors of AmRest.

According to the best knowledge of AmRest, following members of the Board of Directors owned in this reporting period the Issuer's shares: Mr. Henry McGovern, Mr. Carlos Fernández González and Mr. Steven Kent Winegar Clark.

As at 31 December 2018 Mr. Henry McGovern held directly 172 340 AmRest's shares with a total nominal value of EUR 17 234. On 14 May 2019 (being the last day of his term of office on the Board) he held 302 340 shares of the Company with a total nominal value of EUR 30 234.

As at 31 December 2018 Gosha Holdings S.a.r.l. - the closely associated person of Mr. Henry McGovern and Mr. Steven Kent Winegar (the Company's Board of Directors members) held 23 426 313 shares of the Company with a total nominal value of EUR 2 342 631.3. On 30 June 2019, as a result of execution of the share sale agreement with FCapital Dutch, B.V. settled on 9 May 2019, Gosha Holdings S.a.r.l. didn't hold any AmRest's shares.

As at 31 December 2018 FCapital Dutch B.V. – the closely associated person of Mr. Carlos Fernández González (member of the Company's Board of Directors) held 123 777 447 shares of the Company with a total nominal value of EUR 12 377 744.7. On 30 June 2019, as a result of execution of the share sale agreement with Gosha Holdings S.a.r.l. settled on 9 May 2019, FCapital Dutch B.V. held 147 203 760 AmRest's shares with a total nominal value of EUR 14 720 376.

Transactions on own shares concluded by AmRest

The commencement of the purchase of treasury shares occurred on the basis of Resolution No. 7 of the General Meeting of the Company of 19 May 2015 concerning the authorization for the Management Board to acquire treasury shares in the Company and the establishment of reserve capital and (replacing it) Resolution No. 9 of the General Meeting of the Company of 6 June 2018 concerning the authorization to the Board of Directors for the derivative acquisition of the Company's own shares made directly by the Company or indirectly through its subsidiaries as well as for the sale of the own shares.

The Company was acquiring the own shares for the purposes of execution of stock option programs: Employee Stock Option Plan and Management Incentive Plan.

In the period between 1 January 2019 and 30 June, 2019, AmRest purchased a total of 46 500 own shares with a total nominal value of EUR 4 650 and representing 0.0212% of the share capital for a total price of approx. PLN 2 million (EUR 0.5 million). During the same period, the Company disposed a total of 622 634 own shares with a total nominal value of EUR 62 263.4 and representing 0.2836% of the share capital to entitled participants of the stock options plans. Disposal transactions under these plans were executed in three settlement methods, which impacted the sale price. Major part of the shares was transferred to the participants free of charge. As at 30 June 2019 AmRest held 1 010 604 own shares with a total nominal value of EUR 101 060.4 and representing 0.4603% of the share capital.

The subsidiaries of AmRest Holdings SE do not hold any Company's shares.

Dividends paid and received

In the period covered by these Consolidated Financial Statements the Group didn't pay any dividends to non-controlling interest.

Subsequent events

On 13 August 2019 AmRest Holdings SE ("AmRest") signed an agreement with Glovoapp23 S.L. ("Glovo") for the transfer from AmRest to Glovo of 100% shares of Restaurant Partner Polska Sp. z o.o. Total sale price is EUR 30 million plus a EUR 5 million earn-out. In consideration AmRest will receive a combination of cash and new issued shares of Glovo. The transaction is subject to certain conditions precedent customary in M&A deals.

Factors impacting the Group's development

The Board of Directors of AmRest believes that the following factors will have a significant effect on the Group's future development and results.

External factors

- competitiveness – in terms of prices, quality of service, location and quality of food,
- demographic changes,
- consumer habits and trends as to the number of people using the restaurants,
- number and location of the competitors' restaurants,
- changes in the law and regulations which have a direct effect on the functioning of the restaurants and the employees employed therein,
- change in real estate rental costs and related costs,
- changes in the prices of ingredients used to prepare meals and changes in the prices of packaging materials,
- changes in the general economic condition in all countries where the business is run,
- changes in consumer trust, the amount of disposable income and individual spending patterns,
- changes in legal and tax determinants,
- adverse changes on the financial markets.

Internal factors

- gaining and training the human resources necessary for the development of the existing and new restaurant networks,
- obtaining attractive locations,
- effective launching of new brands and products,
- building an integrated information system.

Basic risks and threats the Group is exposed to

The Board of Directors of AmRest is responsible for the risk management system and the internal control system as well as for reviewing these systems for operating efficiency. These systems help to identify and manage risks which may prevent the execution of the long-term objectives of AmRest. However, having these systems in place does not ensure complete elimination of the risk of fraud and violation of the law. The Board of Directors of AmRest is permanently analyzing and reviewing risks to which the Group is exposed. The main current risks and threats have been summarized in this section. AmRest reviews and improves its risk management and internal control systems on an on-going basis.

Factors remaining outside the Group's control

This risk is related to the effect of factors remaining outside the Group's control on AmRest's development strategy which is based on opening new restaurants. Such factors include: opportunities for finding and securing available and appropriate locations for restaurants, the ability to obtain the permits required by relevant bodies, the possibility of delays in opening new restaurants.

Dependency on the franchisor

AmRest manages KFC, Pizza Hut, Burger King and Starbucks (in Romania, Bulgaria, Germany and Slovakia) as a franchisee, and therefore a number of factors and decisions related to the business activities conducted by AmRest depend on the limitations or specifications imposed by the franchisors or on their consent.

The duration of the franchising agreements related to the KFC, Pizza Hut and Burger King brands is 10 years. AmRest has the option of extending this period for the next 10 years provided that it meets the conditions specified in the franchising agreements and other requirements, including the payment of the related continuation fee.

Despite meeting the above-mentioned terms, there is no guarantee that after the expiry of these periods a given franchising agreement will be prolonged to the next period. In the case of KFC and Pizza Hut restaurants, the first period commenced in 2000. AmRest and Yum are constantly in touch with respect to current and further cooperation. In the case of Burger King, the first period commenced in 2007 with the opening of the first restaurant of this brand.

Franchise agreements for Starbucks stores in Romania are valid till 2023, in Bulgaria until 2027 and in Germany and Slovakia until 2031.

Dependency on cooperation with minority shareholders

AmRest opens Starbucks restaurants in Poland, the Czech Republic and Hungary based on a partnership agreements with Starbucks Coffee International, Inc. The partnership assumes Starbucks Coffee International, Inc. is the minority shareholder of companies operating Starbucks stores in mentioned countries. Therefore, some decisions as part of the joint business activities are dependent on the partners' consent.

The agreements with Starbucks were concluded for a period of 15 years with a possibility of their extension for the next 5 years upon meeting the specified conditions. First agreements were signed in 2007. If AmRest fails to comply with the obligation to open and run the minimum specified number of cafés, Starbucks Coffee International, Inc. shall have the right to increase its share in these companies by acquiring shares from AmRest Sp. z o.o. at a price agreed between the parties based on the valuation of the companies.

No exclusivity rights

The franchising agreements concerning running of KFC, Pizza Hut Dine-In (excluding Russia and Germany) and Burger King (excluding Czech Republic and Slovakia) brands do not contain provisions on granting AmRest any exclusivity rights on a given territory, protection or any other rights on the territory, in the area or on the market surrounding AmRest restaurants. However, in practice, due to the scale of AmRest's operations (including a well-developed distribution network), the possibility that a competitive operator (to the brands currently operated by the Group) should appear who would be able to effectively compete with the AmRest Group restaurants is relatively limited.

In the case of Starbucks restaurants, AmRest subsidiaries are the only entities authorized to develop and run Starbucks cafés in Poland, the Czech Republic and Hungary, without exclusivity rights to some institutional locations. The exclusive rights apply also to restaurants operated in Romania, Bulgaria, Germany and Slovakia.

Rental agreements and continuation options

Almost all AmRest restaurants operate in rented facilities. The majority of the rental contracts are long-term and they are usually concluded for at least 10 years from the date of commencing the rental (assuming that all continuation options are exercised, on specified terms, and not including contracts which are subject to periodic renewal, unless they are terminated, and contracts concluded for an indefinite period). AmRest possess in many contracts continuation options, usually to exercise after 5 years of operations. These options give to the Group possibility to manage its businesses flexibly and secure long-term operations.

In the case of restaurants in China, the average term of the rental contracts is relatively shorter compared with AmRest restaurants in the remaining countries. This results from the specific nature of this market.

A number of rental contracts grant AmRest the right to prolong the contract provided that the Company complies with the terms of rental. Regardless of whether the terms are complied with or not, there is no guarantee that AmRest will be able to prolong a rental contract on terms satisfactory from the point of view of business practice. If this is not possible a potential loss of important restaurant locations may have an unfavorable effect on AmRest's operating results and its business activities.

Moreover, in certain circumstances AmRest may make a decision to close a given restaurant and terminating the relevant rental contract on cost effective terms may prove impossible. This situation may also have an adverse effect on the business activities and operating results of the Group. Closing any of the restaurants is subject to approval by the franchisor and it is not certain that such approval will be obtained.

In the case of restaurants acquired by AmRest in Russia and China accordingly in July 2007 and December 2012, the average term of the rental contracts is relatively shorter compared with AmRest restaurants in the remaining countries. This results from the specific nature of these markets.

Risk related to the consumption of food products

Consumer preferences may change in connection with doubts arising as to the healthful properties of chicken which is the main ingredient in KFC menu, or as a result of unfavorable information being circulated by the mass media concerning the quality of the products, diseases caused by them and damages to health as a result of eating in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog, KABB, Bacoa and Sushi Shop, and as a result of revealing unfavorable data prepared by the government or a given market sector concerning the products served in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog, KABB, Bacoa and Sushi Shop, health-related issues and issues related to the functioning patterns of one or more restaurants run both by AmRest and the competition. The above-mentioned risk is limited by using the highest quality ingredients in AmRest restaurants, which come from reliable and reputable suppliers, compliance with strict quality control and hygiene standards and the use of top modern equipment and processes which ensure the absolute safety of the meals.

Risk related to keeping key personnel in the Group

The Issuer's success depends to some extent on the individual effort of selected employees and key members of management. The methods of remunerating and managing human resources developed by the Issuer help ensure a low rotation of the key personnel. Additionally, the career planning system supports preparing successors ready to execute tasks in key positions. The Issuer believes it will be able to replace its key personnel. Regardless of that, their loss may have a short-term adverse effect on the business activities and operating results of the Issuer.

Risk related to labour costs of restaurant employees and employing and keeping professional staff

Running catering activities on such a large scale as the Issuer does requires employing a large number of professionals. Excessive outflow of employees and too frequent changes in managerial positions may pose a significant risk to the stability and quality of the business activities. Due to the fact that salaries in Poland, the Czech Republic and Hungary (including in the catering sector) are still decidedly lower than in other European Union countries, there is a risk of outflow of qualified staff and thus a risk of the Group being able to ensure the appropriate staff necessary for providing the highest quality catering services. In order to avoid the risk of losing qualified staff it may be necessary to gradually increase the salary rates, which may have an adverse effect on the financial standing of the Issuer. Additional risk in employment area may be caused by fluctuations in unemployment rate.

Risk related to limited access to foodstuffs and the variability of their cost

The Issuer's situation is also affected by the need to ensure frequent deliveries of fresh agricultural products and foodstuffs and anticipating and responding to changes in supplies costs. The Group cannot rule out the risk related to delivery deficits or interruptions caused by factors such as unfavorable weather conditions, changes in legal regulations or withdrawing some foodstuffs from trading. Also the increased demand for certain products accompanied by limited supply may lead to difficulties in obtaining them by the Group or to price increases for those products. Both the deficits and product price increases may have an adverse effect on the Group's results, operations and financial standing. In order to mitigate this risk (among others) AmRest Sp. z o.o. concluded a contract with SCM Sp. z o.o. for the provisions of services comprising intermediation and negotiating terms of delivery to restaurants, including negotiating terms of distribution agreements.

Risk related to developing new brands

AmRest has operated Blue Frog, KABB, Bacoa and Sushi Shop brands for a relatively short time. As these are new concepts for AmRest, there is a risk related to demand for the products offered and their acceptance by customers.

Risk related to opening restaurants in new countries

Opening or taking over restaurants operating in a new geographical and political area involves the risk of varying consumer preferences, a risk of insufficient knowledge of the market, the risk of legal restrictions arising from local regulations and the political risk of these countries.

Currency risk

The results of AmRest are exposed to currency risk related to transactions and translations into currencies other than the currency in which business transactions are measured in the individual Capital Group companies. The Group adjusts its currency portfolio of debt to the geographical structure of its profile of activities. Additionally, AmRest uses forward contracts to secure transaction risks on a short term basis.

Risk related to the current geopolitical situation

The Company conducts its business in countries where political situation is uncertain, e.g. Russia. Russia is one of the largest markets for AmRest. The recent geopolitical and economic turmoil witnessed in the region, have had and may continue to have a negative impact on the Russian economy, including weakening of the Russian Ruble, higher interest rates, reduced liquidity and consumer confidence. These events, including current and future international sanctions against Russian companies and individuals and the related uncertainty and volatility of the supply chain, may have a significant impact on the Group's operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation may differ from the Management's expectations however it is being monitored in order to adjusts strategic intentions and operational decisions, which will minimize business risks.

Risk related to the pending exit of the UK from the European Union

It is difficult to predict how the possible exit of the United Kingdom from the European Union may affect the financial markets. Despite the fact that AmRest runs only few restaurants in the UK, the risk of adverse effects of Brexit on economy of different UE countries (where the Company operates its business) cannot be entirely excluded.

Risk of increased financial costs

AmRest Holdings SE is exposed to the significant adverse impact of interest rate fluctuations in connection with obtaining financing which bears floating interest rates and investing in assets bearing floating and fixed interest rates. The interest rates of bank loans and borrowings and issued bonds is frequently based on floating reference rates which are updated over periods shorter than one year. Interest on financial assets with fixed interest rates is fixed over the entire period to maturity of these instruments. Additionally, AmRest Holdings SE and its subsidiaries may, as part of the interest rate hedging strategy, enter into derivative and other financial contracts the valuation of which is significantly affected by the level of reference rates.

Liquidity risk

The Group is exposed to the risk of lack of financing at the moment of maturity of bank loans and bonds. As at 30 June 2019, the Group had enough short-term assets, including cash and promised credit limits, to fulfil is liabilities due in the next 12 months.

Tax risk

In the process of managing and making strategic decisions, which can affect the tax settlements, AmRest is exposed to tax risk. All irregularities occurring in tax settlements increase of the risk of dispute in the case of a potential tax control. As part of these risks' minimalization, AmRest takes care of deepening the knowledge of its employees in the area of tax risk management and compliance with respective legal requirements. The

Company implements adequate procedures to facilitate the identification and subsequent reduction or elimination of risks in the area of tax settlements.

Moreover, in connection with frequent legislative changes, inconsistency of regulations, as well as differences in interpretation of legal regulations, AmRest uses professional tax advisory services and applies for binding interpretations of the tax law provisions.

Current fiscal supervisions are presented in Note 10 to the Consolidated Financial Statements as at June 30, 2019.

Credit risk

Exposure to credit risk include cash and cash equivalents and trade and other receivables. With the development of franchise business, AmRest is getting exposed more to credit risk. Therefore the quality of franchisees portfolio is key priority.

Risk of economic slowdowns

Economic slowdown in the countries where AmRest runs its restaurants may affect the level of consumption expenditure on these markets, which in turn may affect the results of the AmRest restaurants operating on these markets.

Risk related to seasonality of sales

The seasonality of sales and inventories of AmRest is not significant, which is typical for the restaurant industry. On the European market restaurants record lower sales in the first half of the year, mainly due to the lower number of sale days in February and the relatively less frequent visits to restaurants.

Risk of computer system breakdowns and temporary breaks in serving customers in network restaurants

A potential partial or complete loss of data in connection with computer system breakdowns or damage or loss of key tangible fixed assets of the Group might result in temporary interruptions in serving customers in restaurants, which might have an adverse effect on the Group's financial results. In order to minimize this risk, the Issuer has implemented appropriate procedures in order to ensure the stability and reliability of IT systems.

Cyberattack risk

Group's operations are supported by wide variety of IT systems, including point-of-sale systems, electronic ordering platforms, supply-chain management systems and finance and controlling tools. Consequently, the Group is exposed to the risk of temporary operational disruption, data integrity risk and/or unauthorized access to confidential data, which may be a result of both intentional cyberattack or an unintentional event. In order to mitigate these risks, the Group established specialized IT-security unit and implemented appropriate cybersecurity risk mitigation tools, including security polices, personnel training and technical prevention countermeasures.

Activity in Research and Development area

AmRest does not perform any significant activity in the research and development area.

Nevertheless, the Group wants to serve to its customers the highest quality products that are balanced in terms of taste and nutritional composition. Following business trends and customer needs all brands operated by the Group have established departments focusing on new product development, as well as improvement of the existing products.

Activities in that area include for example: market researches, careful selection of ingredients, packaging, creation and preparation of new products, tastings followed by collection of customers feedbacks and launch of the final products.

(all figures in EUR millions unless stated otherwise)

Financial data of AmRest for 3 and 6 months ended 30 July 2019

Condensed consolidated income statement for 3 and 6 months ended 30 July 2019

	6 months ended		3 months ended	
Continuing operations	**30 June 2019**	**30 June 2018 (*restated***)**	**30 June 2019**	**30 June 2018 (*restated***)**
Restaurant sales	878.9	671.7	456.4	343.5
Franchise and other sales	48.8	39.9	26.5	20.7
Total revenue	**927.7**	**711.6**	**482.8**	**364.3**
Restaurant expenses:				
Food and merchandise	(249.3)	(193.3)	(128.4)	(97.9)
Payroll, social security and employee benefits	(242.3)	(173.3)	(123.4)	(87.5)
Royalties	(41.3)	(34.8)	(21.5)	(17.8)
Occupancy and other operating expenses	(249.7)	(201.2)	(129.0)	(102.2)
Franchise and other expenses	(32.7)	(29.3)	(18.0)	(14.9)
General and administrative expenses	(72.2)	(53.1)	(38.7)	(27.6)
Total operating costs and losses	**(887.5)**	**(685.0)**	**(459.0)**	**(347.9)**
Net impairment losses on financial assets	(0.3)	(0.8)	(0.2)	(0.4)
Net impairment losses on other assets	(8.6)	(5.0)	(8.1)	(4.9)
Other operating income/expenses	3.9	4.6	2.3	2.7
Profit from operations	**35.2**	**25.4**	**17.8**	**13.7**
Finance income	2.2	0.3	1.7	0.1
Finance costs	(22.1)	(7.3)	(11.3)	(2.6)
Profit before tax	**15.3**	**18.4**	**8.3**	**11.2**
Income tax	(4.3)	(5.3)	(1.1)	(2.6)
Profit for the period	**11.0**	**13.1**	**7.2**	**8.6**
Profit attributable to:				
Shareholders of the parent	10.4	14.3	6.7	9.2
Non-controlling interests	0.6	(1.2)	0.5	(0.6)
Profit for the period	**11.0**	**13.1**	**7.2**	**8.6**
Basic earnings per ordinary share in EUR	0.05	0.07	0.03	0.04
Diluted earnings per ordinary share in EUR	0.05	0.07	0.03	0.04

The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.
**The comparative data were adjusted for the effect of final PPA accounting of Pizza Hut Russia described in note 6 of condensed consolidated financial statements.*

(all figures in EUR millions unless stated otherwise)

Number of AmRest restaurants (as at 30 June 2019)

Countries	Brands	31.12.2017	30.06.2018	31.12.2018	30.06.2019
Poland	**Total**	454	470	515	523
	KFC	243	248	264	267
	BK	41	42	40	42
	SBX	64	65	70	71
	PH	105	114	140	142
	BF	1	1	1	1
Czech Republic	**Total**	133	137	162	168
	KFC	85	88	97	97
	BK	12	12	17	17
	SBX	34	35	41	45
	PH	2	2	7	9
Hungary	**Total**	82	85	104	107
	KFC	50	51	58	61
	SBX	20	21	27	27
	PH	12	13	19	19
Russia	**Total**	165	216	242	252
	KFC	154	160	178	184
	PH equity	11	32	39	37
	PH franchised	-	24	25	31
Bulgaria	**Total**	13	15	19	23
	KFC	5	5	5	8
	BK	1	1	1	1
	SBX	7	9	13	14
Serbia	**Total**	7	7	8	11
	KFC	7	7	8	10
	SBX	-	-	-	1
Croatia	**KFC**	7	7	8	8
Romania	**SBX**	36	40	46	46
Slovakia	**Total**	4	4	9	10
	SBX	4	4	5	5
	PH	-	-	2	2
	BK	-	-	2	3
Armenia	**PH franchised**	-	2	2	2
Azerbaijan	**PH franchised**	-	2	2	2
Spain	**Total**	278	287	326	333
	TAG equity	72	69	73	73
	TAG franchised	152	159	164	164
	KFC	53	57	67	71
	Blue Frog equity	1	2	4	5
	Blue Frog franchised	-	-	2	2
	Bacoa equity	-	-	3	4
	Bacoa franchised	-	-	4	5
	Sushi Shop equity	-	-	2	2
	Sushi Shop franchised	-	-	7	7
France	**Total**	176	181	320	322
	TAG equity	5	5	5	5
	TAG franchised	4	4	3	1
	KFC	8	8	10	11
	PH equity	118	119	117	117
	PH franchised	41	45	65	67
	Sushi Shop equity	-	-	86	88
	Sushi Shop franchised	-	-	34	33
Germany	**Total**	234	237	252	259
	SBX	136	133	139	143
	TAG equity	2	2	2	2
	KFC	22	24	27	27
	PH equity	3	4	7	8
	PH franchised	71	74	74	76

(all figures in EUR millions unless stated otherwise)

	Sushi Shop franchised	-	-	3	3
Austria	**KFC**	1	1	1	2
Slovenia	**KFC**	1	1	1	1
Portugal	**Total**	1	1	5	5
	TAG equity	1	1	2	2
	Sushi Shop franchised	-	-	3	3
China	**Total**	47	51	63	64
	Blue Frog	43	47	60	61
	KABB	4	4	3	3
Belgium	**Total**	-	-	8	10
	Sushi Shop equity	-	-	5	5
	Sushi Shop franchised	-	-	3	5
Italy	**Total**	-	-	3	3
	Sushi Shop equity	-	-	1	1
	Sushi Shop franchised	-	-	2	2
Switzerland	Sushi Shop equity	-	-	6	6
Luxembourg	Sushi Shop equity	-	-	2	2
Netherlands	Sushi Shop equity	-	-	-	1
UK	Sushi Shop equity	-	-	5	5
UAE	Sushi Shop franchised	-	-	8	10
Saudi Arabia	Sushi Shop franchised	-	-	3	3
Iran*	Sushi Shop franchised	-	-	1	1
Total AmRest		**1 639**	**1 744**	**2 121**	**2 179**

** In July 2019, Group terminated the contract with the master franchisee for Iran*

The statements contained in this Director's Report may contain certain forward-looking statements relating to the Group that are based on the beliefs of the Group's management as well as assumptions made by and information currently available to the Group's management and are not a guarantee of future performance or developments. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. The Group does not intend to update or otherwise revise such forward-looking statements, whether as a result of new information, future events or otherwise.

Reliance on any forward-looking statements involves known and unknown risks and uncertainties and, accordingly, readers are strongly cautioned to not place reliance on any forward-looking information or statements.

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Carlos Fernández González
Member of the Board

Romana Sadurska
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mustafa Ogretici
Member of the Board

Madrid, 28 August 2019

Liability statement of Directors

The Directors of AmRest Holdings, SE (the "**Company**") state that, to the best of their knowledge, the Condensed Consolidated Financial Statements for 6 months ended 30 June 2019 formulated at the Board meeting held on 28 August 2019, prepared in accordance with the applicable international accounting standards, offer a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and the interim consolidated management report includes a fair review of the required information.

Signatures:

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Carlos Fernández González
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mustafa Ogretici
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 28 August 2019

Wszystko jest możliwe!

Condensed Separate Financial Statements for 6 months ended 30 June 2019

AmRest Holdings SE

28 August 2019

AmRest

Contents

(all figures in EUR millions unless stated otherwise)

Condensed separate balance sheet as at 30 June 2019

Assets	Notes	30 June 2019	31 December 2018
Intangible assets		0.1	0.1
Non-current investment in group companies		**625.9**	**591.4**
Equity instruments	6	395.9	391.7
Loans to group companies	6,13	230.0	199.7
Non-current investments	6, 8	26.9	26.9
Total non-current assets		**652.9**	**618.4**
Trade and other receivables		**2.6**	**1.5**
Receivables from group companies	6,13	2.2	1.3
Other receivables	6	0.2	0.2
Current tax assets	10	0.2	-
Current investments in group companies		**10.8**	**6.0**
Loans to group companies	6,13	6.5	4.6
Other financial assets	6,10	4.3	1.4
Prepaid expenses		0.1	-
Cash and cash equivalents	7	10.0	22.9
Total current assets		**23.5**	**30.4**
TOTAL ASSETS		**676.4**	**648.8**
Capital and Reserves without valuation adjustments			
Share capital	8	22.0	22.0
Share premium	8	237.3	237.3
Reserves	8	35.1	31.0
Treasury shares	8	(10.4)	(15.2)
Profit for the period	8	(3.7)	4.1
Other equity instruments	8	(9.6)	(6.2)
Adjustments for changes in value	8	**(4.9)**	**(4.9)**
TOTAL EQUITY		**265.8**	**268.1**
Liabilities			
Non-current provisions	9	0.7	1.3
Non-current financial liabilities	6	**398.3**	**355.3**
Loans and borrowings from financial institutions	6	297.3	254.3
Other financial debt	6	101.0	101.0
Debts with group companies, non-current	6,13	2.8	17.7
Total non-current liabilities		**401.8**	**374.3**
Current financial liabilities	6	**1.8**	**1.3**
Debts with group companies, current	6,10,13	**0.7**	**0.6**
Trade and other payables		**6.3**	**4.5**
Trade and other payables to third parties	6	0.3	0.9
Trade and other payables to group companies	6,13	2.0	1.7
Personnel (salaries payable)		0.1	0.1
Income tax payable		3.1	1.5
Other payables with tax administration	10	0.8	0.3
Total current liabilities	10	**8.8**	**6.4**
TOTAL LIABILITIES		**410.6**	**380.7**
TOTAL EQUITY AND TOTAL LIABILITIES		**676.4**	**648.8**

The accompanying notes 1-15 are an integral part of these condensed financial statements for 6 months ended 30 June 2019.

(all figures in EUR millions unless stated otherwise)

Condensed separate income statement for 6 months ended 30 June 2019

	Notes	6 months ended 30 June 2019	30 June 2018 (*restated)
Revenues		9.0	2.1
Dividends received from subsidiaries		-	-
Net income from the stock option plan	11	6.1	1.7
Finance income from group companies	11	2.9	0.4
Personnel expenses	11	(0.4)	(0.3)
Other operating expenses	11	(1.1)	(0.7)
Intangible assets amortization		-	-
Impairments for credits and receivables with group companies		(3.7)	(0.8)
Impairments in investments in group companies		(2.9)	(0.5)
Results from operating activities		**0.9**	**(0.2)**
Finance income		-	-
Finance expenses	12	(4.8)	(2.6)
Exchange rates gains and losses		(0.8)	3.0
Net finance income (expense)		**(5.6)**	**0.4**
Profit before income tax		**(4.7)**	**0.2**
Income tax expense	10	1.0	(0.3)
Profit for the period		(3.7)	(0.1)
Profit for the period		**(3.7)**	**(0.1)**

**The restatement is described in the section modifications of the information presented for comparative purposes.*

The accompanying notes 1-15 are an integral part of these condensed financial statements for 6 months ended 30 June 2019.

Condensed separated statement of recognised income and expense for 6 months ended 30 June 2019

	Notes	6 months ended 30 June 2019	30 June 2018
Profit for the period		(3.7)	**(0.1)**
Currency translation adjustment		-	0.1
Total recognised income and expenses for the period		**(3.7)**	**-**

The accompanying notes 1-15 are an integral part of these condensed financial statements for 6 months ended 30 June 2019.

(all figures in EUR millions unless stated otherwise)

Condensed separate statement of cash flows for 6 months ended 30 June 2019

		6 months ended	
		30 June 2019	30 June 2018
Cash flows from operating activities			
Profit before tax		**(4.7)**	**0.2**
Adjustments:		**3.2**	**(1.2)**
Impairment losses	13	6.6	1.3
Share based payments adjustment	11	(6.1)	(1.7)
Finance income	11	(2.9)	(0.4)
Finance expenses	12	4.8	2.6
Exchange gains/losses	12	0.8	(3.0)
Changes in operating assets and liabilities		**1**	**1.2**
Trade and other receivables		2.2	1.4
Trade and other payables		(1.2)	(0.2)
Other cash flows from operating activities		**(5.8)**	**(3.6)**
Interest paid		(4.3)	(2.1)
Income tax payment		(1.5)	(1.5)
Net cash provided by operating activities		**(6.3)**	**(3.4)**
Cash flows from investing activities			
Increase in investments loans and borrowings with group companies		(53.4)	(11.1)
Proceeds from investment loans and borrowings with group companies		19.7	2.0
Net cash used in investing activities		**(33.7)**	**(9.1)**
Cash flows from financing activities			
Proceeds from disposals of own shares (employees options)		0.5	0.5
Acquisition of own shares (employees option)		(0.5)	(0.8)
Proceeds from debt with financial institutions		42.0	-
Repayment of debt with group companies		(14.9)	-
Net cash provided by/(used in) financing activities		**27.1**	**(0.3)**
Net change in cash and cash equivalents		**(12.9)**	**(12.8)**
Balance sheet change of cash and cash equivalents”		(12.9)	(12.8)
Cash and cash equivalents at the beginning of the period		**22.9**	**24.4**
Cash and cash equivalents as at the end of the period	7	**10.0**	**11.6**

The accompanying notes 1-15 are an integral part of these condensed financial statements for 6 months ended 30 June 2019.

(all figures in EUR millions unless stated otherwise)

Condensed separate statement of changes in equity for 6 months ended 30 June 2019

	Share capital	Share premium	Legal Reserve	Voluntary Reserves	Treasury shares	Profit or loss for the period	Other equity instru-ments	Adjustment for changes in value	Total Equity
As at 1 January 2018	**0.2**	**189.1**	**-**	**21.4**	**(10.6)**	**10.6**	**(8.8)**	**(6.8)**	**195.1**
Total recognised income and expense	-	-	-	-	-	(0.1)	-	0.1	**-**
Share capital increase from share premium	21.0	(21.0)	-	-	-	-	-	-	**-**
Transactions on own shares and equity holdings (net)	-	-	-	-	2.7	-	0.7	-	3.4
Transfer of profit or loss to reserves	-	-	-	10.6	-	(10.6)	-	-	-
As at 30 June 2018	**21.2**	**168.1**	**-**	**32.0**	**(7.9)**	**(0.1)**	**(8.1)**	**(6.7)**	**198.5**
As at 1 January 2019	**22.0**	**237.3**	**1.1**	**29.9**	**(15.2)**	**4.1**	**(6.2)**	**(4.9)**	**268.1**
Total recognised income and expense	-	-	-	-	-	(3.7)	-	-	**(3.7)**
Transactions on own shares and equity holdings (net)	-	-	-	-	4.8		(3.4)	-	1.4
Transfer of profit or loss to reserves	-	-	0.4	3.7		(4.1)	-	-	**-**
As at 30 June 2019	**22.0**	**237.3**	**1.5**	**33.6**	**(10.4)**	**(3.7)**	**(9.6)**	**(4.9)**	**265.8**

The accompanying notes 1-15 are an integral part of these condensed financial statements for June 2019.

Notes to the Condense separate financial statements

1. General information

AmRest Holdings SE ("the Company") was incorporated in the Netherlands in October 2000. On 19 September 2008 the Commercial Chamber in Amsterdam registered the change in the legal status of the Company to a European Company (Societas Europaea) and of its name to AmRest Holdings SE. Since March 2018 the Company's registered office has been Enrique Granados 6, 28224 Pozuelo de Alarcón (Madrid), Spain. Previously, the Company had its registered office in Wroclaw, Poland.

The main activity of the Company is the subscription, possession, exploitation, management and transfer of securities and shares of other companies, with the exemption of those subject to specific regulations.

The Company is the parent of a group in the terms established in article 42 section 2 of the Commercial Code and prepares its consolidated financial statements under IFRS. The Group operates Kentucky Fried Chicken ("KFC"), Pizza Hut, Burger King and Starbucks restaurants through its subsidiaries in Poland, the Czech Republic (hereinafter Czechia), Hungary, Slovakia, Russia, Serbia, Croatia, Bulgaria, Romania, Germany, France, Austria, Slovenia and Spain, on the basis of franchises granted. Starting from 1 October 2016 the Group, as a master-franchisee, has the right to grant a license to third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise) in countries of Central and Eastern Europe, while ensuring a certain share of restaurants operated directly by AmRest. Pizza Hut restaurants acquired in France in May 2017, in Germany in July 2017 and in Russia in June 2018 are operated both by AmRest and its sub-franchisees based on master-franchise agreements.

Additionally, in Spain, France, Germany and Portugal the Group operates its own brands La Tagliatella, Trastevere and il Pastificio. This business is based on own restaurants and the franchise agreements signed with non-related companies. It is supported by a central kitchen which produces and delivers products to the whole network of own brands. Also, the Group operates its own brands Blue Frog (in China, Spain and Poland) and KABB (in China).

In 2018 the Group acquired the Bacoa and Sushi Shop brands, as a result of which it operates own and franchise restaurants in Spain (Bacoa) and own and franchise restaurants in amongst others France, Germany, Spain, Belgium, Italy, Switzerland, Luxemburg, UK, UAE.

On 27 April 2005, the shares of AmRest Holdings SE were quoted for the first time on the Warsaw Stock Exchange ("WSE") and on 21 November 2018 were quoted on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Spanish Automated Quotation System (Sistema de Interconexión Bursátil - SIBE). Since 21 November 2018 AmRest's shares have been quoted simultaneously on both above stock exchanges (dual listing).

As at 30 June 2019, FCapital Dutch B.V. is the largest shareholder of AmRest and held 67,05% of its shares and voting rights. The parent entity of the Group on the top level is Grupo Finaccess.

These Condensed Separate Financial Statements have not been reviewed nor audited by independent auditor.

These condensed separated financial statements have been prepared voluntarily and approved by the Company's Board of Directors on 28 August 2019.

2. Basis of preparation

True and fair view

These condensed separated financial statements have been prepared on the basis of the accounting records of AmRest Holdings SE by the Company's Board of Directors in accordance with the accounting principles and standards contained in the Spanish General Chart of Accounts, and other prevailing legislation, to give a true and fair view of the Company's equity and financial position as of 30 June 2019 and results of operations, changes in equity and cash flows for the 6 months ended on that date.

Aggregation of items

To facilitate the understanding of the balance sheet and profit and loss account, some items of these statements are presented in a grouped manner, with the required analyses presented in the corresponding notes of the report.

Modification of the information presented for comparative purposes

The modifications of the information presented for comparatives purposes are presented below:

	6 months ended 30 June 2018		
	Published	**Adjustment 1**	**Restated**
	EUR millions	EUR millions	EUR millions
Revenues	**1.7**	**0.4**	**2.1**
Dividends received from subsidiaries	1.7	(1.7)	-
Net income from the stock option plan	-	1.7	1.7
Finance income from group companies	-	0.4	0.4
Personnel Expenses	(0.3)	-	(0.3)
Other Operating expenses	(0.6)	(0.1)	(0.7)
Impairments for credits and receivables with group companies	-	(0.8)	(0.8)
Impairment in investments of groups companies	-	(0.5)	(0.5)
Results from operating activities	**0.8**	**(1.0)**	**(0.2)**
Finance Income	0.4	(0.4)	-
Finance Expenses	(2.6)	-	(2.6)
Exchange rates gains and losses	3.0	-	3.0
Impairment and gains/(losses) on disposal of financial instruments	(1.4)	1.4	-
Net finance income (expense)	**(0.6)**	**1.0**	**0.4**
Profit/(loss) before income tax	**0.2**	**-**	**0.2**
Income tax expense	(0.3)	-	(0.3)
Profit/(loss) for the period	**(0.1)**	**-**	**(0.1)**

As it is explained in the BOICAC 79 Consultation nº 2 considering the closeness or similarities that might exists between the activity of a Financial Institution and a Holding company, it should be concluded that the revenues proceed from its financial activities, (as long as this activity is considered as an ordinary activity), should be classified as revenues. Taking into consideration the increase in the amount of loans granted to subsidiaries during the year 2018, the Company has decided to reclassify the financial income with group companies to the line revenues.

The company has also reclassified the impairment losses with group companies to results from operating activities.

(all figures in EUR millions unless stated otherwise)

3. Distribution of profit

On the Annual General meeting held on 14 May 2019 was approved the proposal made by the Board Directors in respect to the allocation of the individual result of the Company for the financial year ended on 31 December 2018:

Expressed in Euros	2018	2017 *(restated)*
Basis of Distribution		
Profit and loss for the period	4 076 128.9	10 568 205.6
Distribution		
Legal Reserve	407 612.9	1 056 820.6
Voluntary Reserves	3 668 516.0	9 511 385.1
	4 076 128.9	**10 568 205.6**

Dividends have not been distributed during the 6 months ended on 30 June 2019.

4. Recognition and measurement accounting policies

4.1. FINANCIAL INSTRUMENTS

4.1.1. CLASSIFICATION AND SEPARATION OF FINANCIAL INSTRUMENTS

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

The Company classifies financial instruments into different categories based on the nature of the instruments and the Company's intentions on initial recognition.

4.1.2. TRADE AND OTHER NON-TRADE RECEIVABLES

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months from the balance sheet date that are classified as non-current assets. These financial assets are initially valued at their fair value, including transaction costs that are directly attributable to them, and subsequently at amortised cost, recognising the accrued interest based on their effective interest rate and the discount rate that equals the value in books of the instrument with all its estimated cash flows until maturity. Notwithstanding the foregoing, loans for commercial transactions with maturity not exceeding one year are valued, both at the time of initial recognition and subsequently at their nominal value, provided that the effect of not updating the flows is not significant.

At least at the end of the year the necessary adjustments are made for impairment of value if there is evidence that the amounts owed will not be collected.

The amount of the impairment loss is the difference between the book value of the asset and the present value of the estimated future cash flows discounted at the effective interest rate at the time of initial recognition. The value of adjustments as well as, where appropriate, their reversal is recognised in the profit and loss account.

4.1.3. INVESTMENTS IN THE EQUITY OF GROUP COMPANIES

Group companies are those over which the Company, either directly or indirectly, through subsidiaries exercises control as defined in article 42 of the Spanish Code of Commerce or which the companies are controlled by one or more individuals or entities acting jointly or under the same management through agreements or statutory clauses. Control is the power to govern the financial and operating policies of an entity or business to obtain benefits from its activities. In assessing control, potential voting rights held by the Group or other entities that are exercisable or convertible at the end of each reporting period are considered.

Investments in group companies are valued at their cost, which is equivalent to the fair value of the consideration given, minus, where applicable, the accumulated amount of the adjustments for impairment of value. However, when there is an investment prior to qualification as a group, multi-group or associate company, the carrying amount of the investment is considered as investment cost before having that qualification. The previous valuation adjustments recorded directly in Equity are transferred to the income statement when the investment is disposed or when there is a loss or reversal of the impairment.

If an investment no longer qualifies for classification under this category, it is reclassified as available-for-sale and is measured as such from the reclassification date.

If there is objective evidence that the book value is not recoverable, the appropriate valuation adjustments are made for the difference between their book value and the recoverable amount, defined as the greater amount between their fair value less costs to sell and the value in use of the investment. Unless there is better evidence of the recoverable amount, in estimating the impairment of these investments, the net equity of the investee company is taken into account, adjusted for the capital gains existing on the valuation date. The value adjustment and, if applicable, its reversal is recorded in the profit and loss account for the year in which it occurs and presented in results from operating activities (as the possession of investments activities is considered part of the ordinary activity of a Holdings company).

Value in use is calculated based on the Company's share of the present value of future cash flows expected to be derived from ordinary activities and from the disposal of the asset, or the estimated cash flows expected to be received from the distribution of dividends and the final disposal of the investment.

Nonetheless, and in certain cases, unless better evidence of the recoverable amount of the investment is available, when estimating impairment of these types of assets, the investee's equity is taken into consideration, adjusted, where appropriate, to generally accepted accounting principles and standards in Spain, corrected for any net unrealised gains existing at the measurement date.

The carrying amount of the investment includes any monetary item that is receivable or payable for which settlement is neither planned nor likely to occur in the foreseeable future, excluding trade receivables or trade payables.

4.1.4. NON-MONETARY CONTRIBUTIONS IN EXCHANGE FOR INVESTMENTS IN THE EQUITY OF OTHER GROUP COMPANIES

The equity instruments received in exchange of non-monetary contributions of investments in group companies, are valued at the book value of the assets delivered in the individual annual accounts of the contributor, on the date the transaction is carried out, or at the amount representative of the equity percentage of the business contributed, if this is greater.

4.1.5. FINANCIAL ASSETS AVAILABLE-FOR-SALE

The company classify Financial Investments in equity instruments that intends to hold for an unspecified period and that do not comply with the requirements to be classified in other categories of financial assets as financial assets available-for-sale. These investments are recorded under "Non-current assets," unless it is probable and feasible that they will be sold within 12 months.

They are initially measured at fair value; which in the absence of evidence to the contrary is the transaction price plus directly attributable transaction cost.

Financial assets available-for-sale are subsequently measured at fair value, without deducting any transaction costs incurred on disposal. Changes in fair value are accounted for directly in equity until the financial asset is derecognised or impaired, and subsequently recognized in the income statement.

4.1.6. INTEREST AND DIVIDENDS FROM FINANCIAL ASSETS

Interest and dividends accrued on financial assets after acquisition shall be recognised as revenue. Interest shall be accounted for using the effective interest rate method, while dividends shall be recognised when the equity holder's right to receive payment is established.

Upon initial measurement of financial assets, accrued explicit interest receivable at the measurement date shall be recognised separately, based on maturity. Dividends declared by the pertinent body at the acquisition date shall also be accounted for separately. "Explicit interest" is the interest obtained by applying the financial instrument's contractual interest rate.

If distributed dividends are clearly derived from profits generated prior to the acquisition date because the amounts that have been distributed are higher than the profits generated by the investment since acquisition, the difference shall be accounted for as a deduction in the carrying amount of the investment and shall not be recognised as income.

4.1.7. DEBT AND TRADE AND OTHER PAYABLES

Financial liabilities included in this category shall initially be measured at fair value. In the absence of evidence to the contrary, this shall be the transaction price, which is equivalent to the fair value of the consideration received, adjusted for directly attributable transaction costs. Nonetheless, trade payables falling due within one year for which there is no contractual interest rate and called-up equity holdings expected to be settled in the short term can be measured at their nominal amount provided that the effect of not discounting the cash flows is immaterial.

The financial liabilities included in this category shall subsequently be measured at amortised cost. Accrued interest shall be recognised in the income statement using the effective interest rate method.

Payables falling due within one year initially measured at the nominal amount, in accordance with the preceding section, shall continue to be measured at that amount.

4.1.8. OWN EQUITY INSTRUMENTS

In transactions carried out by the Company with its own equity instruments, the amount of these instruments shall be recognised in equity as a change in capital and reserves without valuation adjustments. Under no circumstances may it be accounted for as a financial asset of the Company and no profit or loss may be recognised in the income statement. Expenses arising on these transactions, including costs incurred on issuing the instruments such as lawyer, notary and registrar fees, printing of prospectuses, bulletins and securities, taxes, advertising, commissions and other placement expenses – shall be accounted for directly in equity as a reduction in reserves.

4.1.9. OFFSETTING PRINCIPLES

A financial asset and a financial liability are offset only when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.1.10. DERECOGNITION OF FINANCIAL ASSETS

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

Debt or equity instruments that form part of portfolios of similar instruments that have the same rights are measured and derecognised at weighted average cost.

4.1.11. CASH AND CASH AND EQUIVALENTS

Cash and cash equivalents include cash in hand and sight bank deposits in credit institutions. Under this heading are also included under other highly liquid short-term investments provided that are easily convertible into cash and are subject to an insignificant risk of changes in value. For this purpose, investments with maturities of less than three months from the date of acquisition are included.

The Company recognises cash payments and receipts for financial assets and financial liabilities in which turnover is quick on a net basis in the statement of cash flows. Turnover is considered to be quick when the period between the date of acquisition and maturity does not exceed six months.

In the statement of cash flows. bank overdrafts which are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents. Bank overdrafts are recognised in the balance sheet as financial liabilities arising from loans and borrowings.

4.2. <u>FOREIGN CURRENCY TRANSACTIONS</u>

Foreign currency transactions have been translated to the functional currency using the spot exchange rate applicable at the transaction date.

Monetary assets and liabilities denominated in foreign currencies have been translated to the functional currency at the closing rate. while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date.

Non-monetary assets measured at fair value have been translated to the functional currency at the spot exchange rate at the date that the fair value was determined.

In the statement of cash flows. cash flows from foreign currency transactions have been translated to Euros at the average exchange rate for the year.

The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognized separately in the statement of cash flows as effect of exchange rate fluctuations.

Exchange gains and losses arising on the settlement of foreign currency transactions and on translation to the functional currency of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

4.3. INCOME TAX

The income tax comprises the current income tax and the income deferred tax.

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

Current tax assets and liabilities are valued for the amounts that are expected to be paid or recovered by the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

The Company as the representative of the tax group, and the Spanish subsidiaries file consolidated tax return.

In addition to the factors to be considered for individual taxation, set out previously, the following factors are taken into account when determining the accrued income tax expense for the companies forming the consolidated tax group:

- Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.
- Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

Temporary differences arising from the elimination of profits and losses on transactions between tax group companies are allocated to the company which recognised the profit/loss and are valued using the tax rate of that company.

A reciprocal credit and debit arises between the companies that contribute tax losses to the consolidated Group and the rest of the companies that offset those losses. Where a tax loss cannot be offset by the other consolidated group companies, these tax credits for loss carryforwards are recognised as deferred tax assets using the applicable recognition criteria, considering the tax group as a taxable entity.

The Company records the total consolidated income tax payable (recoverable) with a debit (credit) to receivables (payables) from/to group companies and associates.

The amount of the debt (credit) relating to the subsidiaries is recognised with a credit (debit) to payables (receivables) to/from group companies and associates.

Deferred tax liabilities are calculated according to the liability method, on the temporary differences that arise between the tax bases of the assets and liabilities and their book values. However, if the deferred tax liabilities arise from the initial recognition of a goodwill or an asset or a liability in a transaction other than a business combination that at the time of the transaction does not affect either the accounting result or the taxable basis of the tax, they are not recognised.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available to offset the temporary differences. Deferred tax assets are recognised on temporary differences that arise in investments in subsidiaries. associates and joint ventures, except in those cases in which the Company can control the timing of the reversal of the temporary differences and it is also probable that these will not reverse in a foreseeable future.

The deferred tax assets and liabilities are determined by applying the regulations and tax rates approved or about to be approved on the date of the balance sheet and which is expected to be applied when the corresponding deferred tax asset is realized, or the deferred tax liability is settled.

4.4. REVENUES RECOGNITION

The amounts related to income derived from equity investments in group companies are an integral part of the net amount of the turnover of a holding company. Based on the provisions of consultation B79C02 of the Institute of Auditors and Censors of September 2009, therefore the result on the execution of stock option plan by employees, interest and dividends received from subsidiaries are presented in the revenue of the Company.

4.5. PROVISIONS AND CONTINGENCIES

Provisions are recognised when the Company has a present obligation, whether legal, contractual implicit or tacit, as a result of past events, and it is probable that an outflow of resources will be necessary to settle the obligation and the amount can be estimated reliably. Restructuring provisions include penalties for cancellation of the lease and payments for dismissal to employees. No provisions are recognised for future operating losses.

Provisions are valued at the present value of the disbursements that are expected to be necessary to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. The adjustments in the provision due to its update are recognised as a financial expense as they are accrued.

Provisions with maturity less than or equal to one year, with a non-significant financial effect, are not discounted.

When it is expected that part of the disbursement necessary to settle the provision is reimbursed by a third party, the reimbursement is recognised as an independent asset, provided that its reception is practically certain. The reimbursement is recognised as income in the income statement of the nature of the expenditure up to the amount of the provision.

On the other hand, contingent liabilities are those possible obligations arising because of past events, the materialization of which is conditional on the occurrence or non-occurrence of one or more future events independent of the Company’s will.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

4.6. SHARE BASE PAYMENTS TRANSACTION

The fair value of work performed by the employees for a consideration payable in options increases costs. The total amount which must be taken to the income statements over the vesting period is based on the fair value of options received. As at each balance-sheet date entity verifies its estimates connected with number of options expected to vest. The impact of the potential verification of initial estimates is recognised by the Group in the income statement in correspondence with equity. The proceeds from the exercise of options (net of transaction costs directly related to the exercise) are recognised in share capital (at nominal value) and in supplementary capital, in share premium.

For share-based payment transactions in which the terms of the arrangement provide either the entity/the Company or the counterparty with the choice of whether the entity settles the transaction in cash or by issuing equity instruments, the entity/the Company shall account for that transaction, or the components of that transaction, as a cash-settled share-based payment transaction if, and to the extent that, the entity has incurred a liability to settle in cash or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

The subsequent settlement of the liability follows the requirements for a cash-settled share-based payment.

The Company incurred a liability measured at fair value, taking into account the period of service/vesting period and any changes in value are recognised in investments at the end of the period.

At the date of settlement, the Company shall remeasure the liability to its fair value. The actual settlement method selected by the employees will dictate the accounting treatment:

If cash settlement is chosen, the payment will reduce the entirely recognised liability. Any equity component previously recognised will remain within equity, but it could be reclassified to other components of equity;

If the settlement is in shares, the balance of the liability is transferred to equity being consideration for the shares granted. Any equity component previously recognised shall remain within equity.

In the parent company books the operation represents a contribution to the subsidiary that is made effective through the personnel service it receives in exchange for the equity instruments of the parent company the options delivered represents in general a greater value of the investment that the parent company has in the equity of the subsidiary.

When there is compensation agreement from the parent to subsidiary, the difference between the value of the recharge and the cost of the options granted to employees represents a separated corporate operation of distribution/recuperation of the investment instrumented through the share base payment plan, which is reported in the line revenues.

4.7. TRANSACTIONS BETWEEN RELATED PARTIES

In general, transactions between group companies are initially accounted for at their fair value. If the agreed price differs from its fair value, the difference is recorded according to the economic reality of the operation. The subsequent evaluation is carried out in accordance with the provisions of the corresponding regulations.

The Company carries out all its operations with Group companies, entities and parties linked to market values. In addition, the transfer prices are adequately supported, which is why the Company’s Board of Directors consider that there are no significant risks in this respect from which future liabilities could arise.

5. Financial Risk Management

5.1. FINANCIAL RISK FACTORS

The Company's activities are exposed to various financial risks. The Company's global risk management program focuses on the uncertainty of the financial markets and tries to minimize the potential adverse effects on its financial profitability.

- Currency risk

The results of the company are exposed to currency risk related to transactions and translations into currencies other than Euro (Polish Zloty (PLN) and US Dollar (USD), mostly). The exposure to foreign currency cash flow risk is not hedged as there is no significant impact on cash flows.

- Risk of increased financial costs

The Company is exposed to a certain extent to adverse impact of interest rate fluctuations in connection with obtaining financing which bears floating interest rates and investing in assets bearing floating interest rates. The interest rates of bank loans and borrowings and issued bonds are based on a combination of fixed and floating reference rates which are updated over periods shorter than one year. Additionally, the Company and its subsidiaries may, as part of the interest rate hedging strategy, enter into derivative and other financial contracts the valuation of which is significantly affected by the level of reference rates.

- Liquidity risk

The Company is exposed to the risk of lack of financing at the moment of maturity of bank loans and bonds. The Company's approach in managing liquidity risk is to guarantee as far as possible that liquidity will always be available to pay its debts before they mature, in normal conditions and during financial difficulties, without incurring unacceptable losses or compromising the Company's reputation. As at 31 December 2018, the company had enough short-term assets, including cash and promised credit limits, to fulfil liabilities due in the next 12 months.

- Credit Risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions and balances with the Group, including pending receivables and committed transactions.

In general, the Company maintains its treasury and equivalent liquid assets in financial entities with a high credit rating and of recognized prestige.

(all figures in EUR millions unless stated otherwise)

6. Financial instruments

6.1. GROUP EQUITY INSTRUMENTS

The value of the shares owned by the Company in its subsidiaries as at 30 June 2019 and as at 31 December 2018 is as follow:

	30 June 2019		31 December 2018 *(restated)*	
	Interest ownership	**Value of Shares**	**Interest ownership**	**Value of Shares**
AmRest Sp. z o.o. (Poland)	100%	215.5	100%	216.9
AmRest s.r.o. (Czech Republic)	100%	6.5	100%	6.5
AmRest Acquisition Subsidiary (Malta)	100%	60.8	100%	60.8
AmRest EOOD (Bulgaria)	100%	3.5	100%	3.5
AmRest France SAS (France)	100%	58.5	100%	58.2
Restaurant Partner Polska Sp. z.o.o.	100%	10.6	51%	5.4
AmRest China Group PTE Ltd. (China)	100%	40.4	100%	40.4
AmRest Food SRL	100%	0.1	100%	-
		395.9		**391.7**

During the 6 months ended on 30 June 2019 the company made the following transactions:

-The value of investment in AmRest Sp. z o.o and AmRest S.R.O varied due to adjustments, related to capitalized cost of the stock option plan and the cost of the exercise options that took place during the 6 months period ended on 30 June 2019. The balance at the beginning of the period was restated due to some reclassifications of the adjustment of the stock option plan, the total balance remains the same.

-On May 23th 2019, the company paid to the previous owners of Pizza Topco France (fully owned by AmRest France SAS) TOP Brands NV, the amount of EUR 0,3 million related to the receivable and set-off clause established in the Share Purchase Agreement dated on January 24, 2017, these amounts were deposited in the Escrow account agreed between the parties.

-On 25 February 2019 was signed the Share Purchase Agreement to acquire the remaining 49% stake of Restaurant Partner Polska Sp.z o.o. shares for a total price of EUR 5,2 million, after this transaction AmRest Holdings SE became the sole owner of PizzaPortal.pl.

-During the 6 months period ended 30 June 2019 the company passed several capital increases resolutions in the entity AmRest FSVC LLC. The total amount of these capital increases was impaired as at 30 June 2019.

As at 30 June 2019 the company have fully impaired its investments in the entities AmRest HK and AmRest FSVC LLC by EUR 5.2 million and EUR 6.6 million respectively, because of negative cash flows generated by both entities.

6.2. CURRENT AND NON-CURRENT FINANCIAL INVESTMENTS (EXCLUDING GROUP EQUITY INVESTMENTS)

The net book value of each one of the categories of financial instruments established in the registration and valuation rule for “Financial Instruments”, except for investments in the equity of group, is as follows:

(all figures in EUR millions unless stated otherwise)

Financial Assets

Classes	Non-current Financial assets		Current Financial assets	
	Other credits and derivatives		Other credits and derivatives	
Categories	**June 2019**	**December 2018**	**June 2019**	**December 2018**
Loans to group companies	230.0	199.7	6.5	4.6
Other financial assets with group companies	-	-	4.3	1.4
Trade and other receivables	-	-	2.6	1.5
Available-for-sale financial assets at fair value	26.9	26.9	-	-
Total	**256.9**	**226.6**	**13.4**	**7.5**

The company grants loans to group companies at variable interest rates in the range of 2,3%-4,5% plus 3M Euribor/Libor margin, with maturities starting in 2021.

Available-for-sale financial assets

Available-for-sale financial assets comprise the equity investment in Glovoapp23, S.L., based in Barcelona, Spain ("Glovo"), acquired on 18 July 2018. Based on the agreements signed, AmRest acquired a tranche of newly-issued shares in Glovo and purchased a portion of existing shares from certain shareholders of Glovo. As a result of the investment, which totaled EUR 25 million, AmRest became a co-lead investor holding Glovo shares giving it a 10% stake at shareholders' meetings. As there are some dilutive instruments such as employee options and phantom shares, for the purpose of the fair valuation exercise, a diluted stake of 8.15% was used (percentage of Glovo shares on a fully-diluted basis value). As at 30 June 2019 AmRest's stake in Glovo on diluted basis is 5.6%

6.3. TRADE AND OTHER RECEIVABLES

As at 30 June 2019 and 31 December 2018 the trade and other receivables were composed as follows:

	30 June 2019	31 December 2018
Trade and other receivables with third parties	0.2	0.2
Trade and other receivables with group companies	2.2	1.3
Income tax and other credits with the tax administration	0.2	-
Total Trade and other receivables	**2.6**	**1.5**

6.4. FINANCIAL LIABILITES

Classes	Non-current Financial liabilities			
	Bonds and other marketable securities		Other Financial Liabilities	
Categories	**June 2019**	**December 2018**	**June 2019**	**December 2018**
Other Debts and payables	-	-	101.0	101.0
Debts with Financial Institutions	-	-	297.3	254.3
Debts with group companies	-	-	2.8	17.7
Total	**-**	**-**	**401.1**	**373.0**

Classes	Current Financial liablities			
	Bonds and other marketable securities		Other Financial Liabilities	
Categories	**June 2019**	**December 2018**	**June 2019**	**December 2018**
Other Debts and payables	-	-	1.8	1.3
Debts with group companies	-	-	0.7	0.6
Trade and Other payables	-	-	6.3	4.5
Total	**-**	**-**	**8.8**	**6.4**

In April 2017 AmRest entered the Schuldscheinedarlehen ("SSD" – debt instrument under German law) market for the first time to diversify financing sources and interest rate structure of debt and has executed several issues since then.The role of the Lead Arranger and Paying Agent on all issues was entrusted to Erste Group Bank AG.

The table below presents all SSD issues and their maturities:

Issue date	Amount (EUR million)	Interest rate	Maturity date	Purpose
7 April 2017	17.0	Fixed	7 April 2022	Repayment, general corporate purposes
7 April 2017	9.0	Fixed	5 April 2024	
3 July 2017	45.5	Fixed	1 July 2022	
3 July 2017	20.0	Fixed	3 July 2024	
3 July 2017	9.5	Variable	3 July 2024	

As at 30 June 2019 the debt amounts to EUR 101.0 million and its corresponding interest amounting to EUR 1.7 million that are presented in the current liabilities.

As at 30 June 2019 syndicated bank financing secured in 2017, with further amendments, accounts for majority of AmRest debt. The details of bank financing are as follows:

- Signing date: 5 October 2017
- Final repayment date: September 30, 2022
- Joint Borrowers: AmRest Holdings SE, AmRest Sp. z o.o. and AmRest s.r.o (the "Borrowers"); AmRest Sp. z o.o. and AmRest s.r.o are fully owned by AmRest Holdings SE.
- Lenders: Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski Polska S.A. and Česká spořitelna. a.s.
- Available tranches:

Tranche(*)	Maximum amount (million)	Date added	Purpose
A	EUR 250	October 2017	Repayment of bank debt, general corporate purposes
B	PLN 300	October 2017	
C (fully repaid in Q1 2019)	CZK 300	October 2017	
D	PLN 450	October 2017	
E	PLN 280	June 2018	Repayment of Polish bonds
F	EUR 190	October 2018	M&A, general corporate purposes

** Approximate total amount: EUR 682m*

- Tranches E and F were executed directly by AmRest Holdings and are presented in the financial debt with financial institutions of these condensed financial statement (amounting to EUR 297.3 millions) the rest of the tranches are excuted from AmRest Sp z.o.o and AmRest s.r.o.
- Interest rates: Approximately half of the available facility is provided at variable interest rates (3M Euribor/Wibor/Pribor increased by margin) and parts of tranches A and F are provided on fixed rate

(all figures in EUR millions unless stated otherwise)

- Securities: submissions to execution from the Borrowers, guarantees from Group companies, pledge on shares of Sushi Shop Group.
- Other information: AmRest is required to maintain certain ratios at agreed levels, in particular, net debt/EBITDA is to be held below 3.5 and EBITDA/interest charge is to stay above 3.5.

The effective interest rates are similar to the market rates for specific borrowings. Therefore, the fair value of the liabilities and presented above does not differ significantly from their carrying amounts.

On 30 July 2018 a Loan Agreement was signed between AmRest Sp. z o.o. and AmRest Holdings SE with a maximum amount of EUR 15 million. Subsequently, the maximum amount was increase to EUR 25 million. 50% of the loan will be repaid on August 2022 and the other 50% on August 2023. As at 30 June 2019 the debt amounts to EUR 2,8 million (EUR 14,9 million were repaid).

During the 6 months period ended on 30 June 2019 were received EUR 42 million corresponding to tranches of facilities A EUR 30 million and D EUR 12 million which increased the value of debt with financial institutions.

Short term debt with group companies is composed mostly by current accounts originated because of the consolidation tax regime for income tax (EUR 0,7 million).

6.5. TRADE AND OTHER PAYABLES

As at 30 June 2019 and 31 December 2018 the trade and other payables were composed as follows:

	30 June 2019	31 December 2018
Trade and other payables with third parities	0.3	0.9
Trade and other payables with group companies	2.0	1.7
Remunerations of the board of Directors	0.1	0.1
Income tax payable	3.1	1.5
Other payables with tax administration	0.8	0.3
Total trade and other payables	**6.3**	**4.5**

7. Cash and cash and equivalents

Cash and cash equivalents as at 30 June 2019 and 31 December 2018 are presented in the table below:

	30 June 2019	31 December 2018
Cash at bank	10.0	22.9
	10.0	**22.9**

8. Equity

8.1. SHARE CAPITAL

Since 27 April 2005, the shares of AmRest Holdings SE were listed on the Warsaw Stock Exchange ("WSE"). On 6 June 2018 at the Annual General Shareholders Meeting it was agreed that AmRest Holdings SE be allowed to start a process of application for stock market listing of its shares on the Spanish Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia. The referred shares were listed and trading commenced on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges on 21 November 2018. Since that date, AmRest's shares have been quoted simultaneously on both the above stock exchanges (dual listing).

At the Annual General Shareholders Meeting held on 6 June 2018 it was approved to increase the share capital up to EUR 1.0 for each share. The total increase amounted to EUR 21 001 754.07, was exercised by offsetting the share premium reserve. The capital increase was registered on 20 September 2018 at the Commercial Registry (Registro Mercantil) in Madrid.

At the Annual General Shareholders Meeting held on 6 June 2018 it was also approved to perform a share split by reducing the nominal value of the Company's shares from EUR 1.0 to EUR 0.1 each without any impact on the total share capital. The decrease in share value was approved to be done by dividing the number of outstanding shares - for each old share 10 new were declared (split). On 20 September 2018 the reduction of the nominal value of shares from 1 EUR to 0.1 EUR with an exchange ratio of 1:10 without any change in share capital was registered at the Commercial Registry (Registro Mercantil) in Madrid.

On 27 September 2018 Krajowy Depozyt Papierów Wartościowych (KDPW) (the Central Securities Depository of Poland) passed a resolution to register at KDPW the reduction of the nominal value of the shares from 1 EUR to 0.1 EUR by dividing the total number of AmRest shares (split) in a ratio of 1:10. On 3 October 2018 the share split was executed. As result, the total number of Company shares traded increased to 212 138 930, each with a nominal value of 0.1 EUR as at that date.

On 11 October 2018 AmRest announced that the Board of Directors of the Company has resolved to carry out a share capital increase excluding pre-emption rights in an effective amount (including nominal amount and share issue premium) of EUR 70 million. The effective date of the share capital increase is 15 October 2018, when all funds were received, and the deed granted before a public notary. Under the share capital increase, the Company issued 7 415 253 new shares, of the same class and series as the Company's outstanding shares.

As at 30 June 2019 and 31 December 2018 the Company has 219 554 183 shares issued.

Share capital consists of ordinary shares. All shares issued are subscribed and fully paid. The par value of each share is 0.1 EUR.

Holders of ordinary shares are authorized to receive dividends and have voting rights at the Group's General Shareholders' Meetings proportionate to their holdings.

There are no shares committed to be issued under options, employee share schemes and contracts for the sale of shares.

On 6 June 2018, the shareholders at the Annual General Meeting adopted resolution no 13 authorizing the Board of Directors of the Company to increase share capital in compliance with the provisions of article 297.1.b) of the Spanish Companies Act, within a period of no more than five years, with the power to exclude the pre-emption rights on subscription in the terms of article 506 of the Companies Act, up to a maximum amount of the equivalent of 20% of the share capital at the time the increase is authorized. Increases in share capital under this authorization shall be carried out through the issuance and quotation of new shares (with or without a premium), the consideration for which shall be cash contributions. In each increase, the Board of Directors shall decide whether the new shares to be issued are ordinary, preferred, redeemable, non-voting or any other kind of shares among those permitted by law. Furthermore, as for all matters not otherwise contemplated, the Board of Directors may establish the terms and conditions of the share capital increases and the characteristics of the shares and may also freely offer the new shares that are not subscribed within the period or periods for the exercise of pre-emption rights.

On March 27, 2019 AmRest was notified by its controlling shareholder, FCapital Dutch, B.V. (Grupo Finaccess subsidiary; "FCapital", the "Purchaser"), and one of its significant shareholders, Gosha Holdings, S.à.r.l. ("Gosha", the "Seller"), that FCapital and Gosha have executed a share sale agreement pursuant to which the

(all figures in EUR millions unless stated otherwise)

Purchaser would acquire from the Seller its entire shareholding in AmRest (the "Transaction"). The Transaction was expected to be settled on 10 May 2019.

On May 9, 2019 FCapital has completed the purchase of the entire shareholding in AmRest of Gosha, consisting of 23 426 313 shares representing 10.67% of the Company's share capital, for a price per share of EUR 13.22, amounting an aggregate of EUR 309 695 857.86. After this purchase, Grupo Finaccess controls 67.05% of AmRest.

To the best of AmRest's knowledge, as at 30 June 2019 AmRest Holdings had the following shareholder structure:

Shareholder	Number of shares and votes at the Shareholders' meeting	% of shares and votes at the Shareholders' meeting
FCapital Dutch B. V.*	147 203 760	67.05%
Nationale-Nederlanden OFE	10 718 700	4.88%
Artal International S.C.A.	10 500 000	4.78%
Aviva OFE	7 013 700	3.19%
Other Shareholders	44 118 023	20.10%

** FCapital Dutch B. V. is the majority shareholder of FCapital Lux (holding directly 56 509 547 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finacces SAPI de CV is the direct majority shareholder of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The direct majority shareholder of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is a member of AmRest's Board of Directors.*

8.2. RESERVES

The composition of reserves as at 30 June 2019 and 31 December 2018 is as follows:

	30 June 2019	31 December 2018
Voluntary Reserves	33.6	29.9
Legal reserves	1.5	1.1
	35.1	**31.0**

The expenses incurred in the capital increased carry out on October 2018 (EUR 1 million) were registered decreasing the company reserves.

8.3. TREASURY SHARES

The Company has acquired treasury shares for the purpose of the execution of the stock option plan of the employees. As AmRest Holdings shares are also trading in the Warsaw Stock Exchange in Poland the price of the share is denominated in PLN.

In the period between 1 January 2019 and 30 June 2019, AmRest purchased a total of 46 500 own shares with a total nominal value of EUR 4 650 and representing 0.0212% of the share capital for a total price of approx. PLN 2 million (EUR 0.5 million). During the same period, the Company disposed a total of 622 634 own shares with a total nominal value of EUR 62 263.4 and representing 0.2836% of the share capital to entitled participants of the stock options plans.

As at 30 June 2019 the Company held 1 010 604 treasury shares by a total value of EUR 10.4 million of (PLN 44.09 million) that were acquired at an average purchase price of PLN 43.30 (1 586 738 treasury shares by a total value of EUR 15.2 million (PLN 64.7 million) as at 31 December 2018 that were acquired at an average purchase price of PLN 40.89).

(all figures in EUR millions unless stated otherwise)

The movement of treasury shares for the stock option plan is as follows:

	30 June 2019	31 December 2018
Initial Balance	**(15.2)**	**(10.6)**
Adquisition of own Shares	(0.5)	(9.5)
Delivery of shares for the stock option plan	5.3	4.9
Ending Balance	**(10.4)**	**(15.2)**

8.4. OTHER EQUITY INSTRUMENTS

In the item of the balance sheet other equity instruments it is registered the provision of the stock option plan for the employees recognised under the equity settlement method:

	30 June 2019	31 December 2018
Provision of the stock option plan under Equity settlement method net of cost	(9.6)	(6.2)
Other Equity instruments	**(9.6)**	**(6.2)**

The movement of the accrual for the equity instruments of the stock option plan during the 6 months ended on 30 June 2019 is as follow:

	30 June 2019
Initial Balance	**(6.2)**
Equity share base plans accrual	4.0
Settlement of cash-settled plans in shares (accrued costs)	0.5
Reclassification of options exercised in cash	(2.3)
Delivery of shares for the stock option plan	(5.3)
Exercise of option under gross settlement method	0.5
Settlements of WHT paid by the entity	(0.8)
Ending Balance	**(9.6)**

8.5. ADJUSTMENTS FOR CHANGES IN VALUE

The balance of the adjustments for changes in value is as follow:

	30 June 2019	31 December 2018
Currency translation reserve	(6.8)	(6.8)
Fair value adjustments of assets available-for-sale	1.9	1.9
Adjustments for changes in value	**(4.9)**	**(4.9)**

In the item currency translation reserve is registered the result of the change of the functional and presentation currency from PLN to EUR that was made during the year 2018.

In the item fair value adjustments of assets available-for-sale is registered the revenue resulting from the valuation at fair value of Glovoapp 23, S.L. investment (EUR 1.9 million).

(all figures in EUR millions unless stated otherwise)

9. Provisions

In the item of the balance sheet other provisions is registered the provision of the stock option plan for the employees recognised under the cash settlement method:

	30 June 2019	31 December 2018
Provision of the stock option plan under cash settlement method	0.7	1.3
Provisions	**0.7**	**1.3**

The movement of the accrual for the 6 months ended on 30 June 2019 is as follow:

	30 June 2019
Initial Balance	**1.3**
Revaluation	(0.2)
Reclassification of options exercise in shares	(0.4)
Reclassification of options exercised in cash	2.3
Options exercised in cash	(2.3)
Ending Balance	**0.7**

10. Taxation

The composition of the balances with the public administrations is as follow:

	30 June 2019	31 December 2018
Assets		
Income tax receivable	0.2	-
Total	**0.2**	**-**
Liabilities		
Income tax payable	3.1	1.5
VAT payable	-	0.2
Personal income tax and other withholding taxes	0.8	0.1
Total	**3.9**	**1.8**

Income tax

As at 30 June 2019 and since 1 January 2018, the Company is under the consolidation tax regime set forth in Chapter VI of Title VII of Corporate Income Tax Law 27/2014 of 27 November 2014, being the head of the tax group composed by the Company itself and the rest of the Spanish subsidiaries:

- AmRestag, S.L.U.
- AmRestavia, S.L.U.
- Restauravia Grupo Empresarial, S.L.
- Restauravia Food, S.L.U.
- Pastificio, S.L.U.*
- Pastificio Service, S.L.U.*
- Pastificio Restaurantes, S.L.U.*
- The Grill Concept, S.L.

(all figures in EUR millions unless stated otherwise)

- Black Rice S.L.U
- Bacoa Holding S.L.U
- Shushi Shop Madrid S.L.U

* On 26 September 2018 was granted the public deed of the merger by absorption of Pastificio, S.L.U. and Pastificio Restaurantes, S.L.U with Pastificio Service, S.L.U.

The composition of the income tax expense of the individual company is as follows:

	6 months ended	
	June 2019	**June 2018**
Corporate income tax	1.0	-
Changes in deferred taxes and liabilities		(0.3)
Total income tax recognised in the income statement	**1.0**	**(0.3)**

The amounts reported in change in deferred taxes and liabilities during the 6 months ended 30 June 2018 corresponded to the write down of deferred taxes recognised as of 31 December 2017 based on the provisions established in the Polish tax regime when the company was domiciled in Poland, as these temporary differences will be not utilised following the regulations of the Spanish law they have been reversed.

The reconciliation between the net result and the tax base of the individual entity for the 6 months period ended on 30 June 2019 is as follow:

	Income statement		
	Additions	Decreases	Total
Profit and loss for the period	**-**	**-**	**(3.7)**
Income tax expense	-	-	(1.0)
Permanent differences	**-**	**(6.1)**	**(6.1)**
Temporary differences	**6.6**	**-**	**6.6**
- With origin in the current year	6.6	-	6.6
- With origin in previous years	-	-	-
Tax base	**-**	**-**	**(4.1)**
Corporate income tax 25%			**(1.0)**

The reconciliation between the net result and the tax base of the individual entity for the 6 months period ended on 30 June 2018 is as follow:

	Income statement		
	Additions	Decreases	Total
Profit and loss for the period	**-**	**-**	**(0.1)**
Income tax expense	-	-	(0,3)
Permanent differences	**-**	**(1.7)**	**(1.7)**
Temporary differences	**1.4**	**-**	**1.4**
- With origin in the current year	1.4	-	1.4
- With origin in previous years	-	-	-
Tax base	**-**	**-**	**(0.1)**
Corporate income tax 25%			**-**

In permanent differences are adjusted the revenues from Dividends and the stock option plan that are considered exempt for income tax purposes.

(all figures in EUR millions unless stated otherwise)

In temporary differences are adjusted mostly the impairments for receivables and investments with group companies, that will be deductible once the companies are liquidated.

The reconciliation between the consolidated tax base and the individual tax base of the subsidiaries of the tax group is detailed below:

	6 months ended	
	30 June 2019	**30 June 2018**
Tax base AmRest Holdings	**(4.1)**	**(0.1)**
Tax base contributed by subsidiaries of the tax group:	**16.7**	**15.0**
AmRestag, S.L.U.	(0.5)	(0.7)
Amrestavia, S.L.U.	(1.9)	(2.4)
Restauravia Grupo Empresarial, S.L.U.	(0.1)	(0.1)
Restauravia Food, S.L.U.	2.4	1.1
Pastificio Service, S.L.U.	17.9	17.1
Pastificio, S.L.U.	-	0.1
Pastificio Restaurantes, S.L.U.	-	0.3
The Grill Concept, S.L.U.	(1.0)	(0.4)
Bacoa Holding S.L.U.	-	-
Black Rice, S.L.U.	(0.1)	-
Tax base of the consolidated tax group	**12.6**	**14.9**
Current income tax of the consolidated tax group (25%)	**3.2**	**3.7**
Withholding taxes and CIT advances	(1.5)	(1.5)
Income tax payable for the 6 months ended 30 June	**1.7**	**2.2**
Income tax accrual as at December 2018 to be liquidated in July 2019	**1.5**	-
Total income tax payable in the balance sheet	**3.1**	**2.1**

AmRest Holdings SE has the following balances related to current accounts with group entities resulted from the Consolidated tax regimen:

	30 June 2019	**31 December 2018**
Receivables:		
Restauravia Food, S.L.U.	1.1	0.6
Pastificio Service, S.L.U.	3.2	0.4
AmRestavia S.L.U.	-	0.5
Total receivables from the Consolidated tax regime	**4.3**	**1.5**
Payables		
The Grill Concept S.L.U.	(0.6)	(0.4)
AmRestag S.L.U.	(0.1)	-
Total payables from the Consolidated tax regime	**(0.7)**	**(0.4)**

(all figures in EUR millions unless stated otherwise)

11. Income and expenses

11.1. REVENUES

In the item Revenues of the separate income statement for the 6 months ended on 30 June 2019 and 2018 were recognised the result of the execution of stock option plan for employees and the interest and dividends received from subsidiaries:

	6 months ended	
	30 June 2019	**30 June 2018**
Stock option plan re-charged to subsidiaries	8.7	3.9
Cost of the options granted to employees	(2.6)	(2.2)
Financial income from group companies	2.9	0.4
Total Revenues	**9.0**	**2.1**

The breakdown of revenues from the stock option plan for the employees by geographical area is as follow:

	6 months ended	
	30 June 2019	**30 June 2018**
Domestic market	**2.3**	**0.9**
Exports:	**3.8**	**0.8**
a) European Union	1.0	-
a1) Euro Zone	-	-
a2) No Euro Zone	1.0	-
b) Other countries	2.8	0.8
Net income from the stock option plan	**6.1**	**1.7**

The breakdown of finance income from group companies by geographical area is as follow:

	6 months ended	
	30 June 2019	**30 June 2018**
Domestic market	**1.2**	-
Exports:	**1.7**	**0.2**
a) European Union	1.4	0.2
a1) Euro Zone	0.8	0.2
a2) No Euro Zone	0.6	-
b) Other countries	0.3	0.2
Finance income from group companies	**2.9**	**0.4**

11.2. PERSONNEL EXPENSES:

The detail of personnel expenses is as follow:

	6 months ended	
	30 June 2019	**30 June 2018**
Salaries	(0.3)	(0.3)
Social charges	(0.1)	-
Total other operating expenses	**(0.4)**	**(0.3)**

(all figures in EUR millions unless stated otherwise)

11.3. OTHER OPERATING EXPENSES

The composition of the other operating expenses is as follows:

	6 months ended	
	30 June 2019	**30 June 2018**
Profesional Services	(0.9)	(0.7)
Business travel	(0.1)	-
Other expenses	(0.1)	-
Total other operating expenses	**(1.1)**	**(0.7)**

12. Financial result

	6 months ended	
	30 June 2019	**30 June 2018**
Financial Expenses		
With group companies	(0.1)	-
With third parties	(4.7)	(2.6)
Total Financial Expenses	**(4.8)**	**(2.6)**

13. Related parties balances and transactions

As at 30 June 2019 the AmRest Group comprised the following subsidiaries:

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
		Holding activity		
AmRest Acquisition Subsidiary Ltd.	Birkirkara, Malta	AmRest Holdings SE	100.00%	May 2007
AmRest TAG S.L.U.	Madrid, Spain	AmRest Sp. z o.o.	100.00%	March 2011
AmRestavia S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
Restauravia Grupo Empresarial S.L.	Madrid, Spain	AmRestavia S.L.U.	16.52%	April 2011
		AmRest TAG S.L.U.	83.48%	
AmRest HK Ltd	Hong Kong, China	AmRest Holdings SE	100.00%	September 2011
AmRest China Group PTE Ltd	Singapore	AmRest Holdings SE	100.00%	December 2012
Bigsky Hospitality Group Ltd	Hong Kong, China	AmRest China Group PTE Ltd	100.00%	December 2012
New Precision Ltd	Apia, Samoa	AmRest China Group PTE Ltd	100.00%	December 2012
Horizon Group Consultants	Road Town, British Virgin Islands	AmRest China Group PTE Ltd	100.00%	December 2012
AmRest Management Kft	Budapest, Hungary	AmRest Kft	99.00%	August 2018
		AmRest Capital Zrt	1.00%	
GM Invest SRL	Bruxelles, Belgium	AmRest Capital Zrt	100.00%	October 2018
Sushi Shop Group SAS	Paris, France	GM Invest SRL	9.47%	October 2018
		AmRest Capital Zrt	90.53%	
AmRest France SAS	Paris, France	AmRest Holding SE	100.00%	December 2018
Sushi Shop Management SAS	Paris, France	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Belgique SA	Bruxelles, Belgium	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Holding USA LLC	Dover Kent, USA	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Luxembourg SARL	Luxembourg	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Switzerland SA	Fribourg, Switzerland	Sushi Shop Management SAS	100.00%	October 2018
		Restaurant, franchise and master-franchise activity		
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czechia	AmRest Holdings SE	100.00%	December 2000
AmRest Kft	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	82.00%	March 2007
		Starbucks Coffee International,Inc.	18.00%	
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	44.72%	July 2007

(all figures in EUR millions unless stated otherwise)

		AmRest Sp. z o.o.	55.28%	
AmRest Coffee s.r.o.	Prague, Czechia	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International,Inc.	18.00%	
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International,Inc.	18.00%	
AmRest d.o.o.	Belgrade, Serbia	AmRest Sp. z o.o.	60.00%	October 2007
		ProFood Invest GmbH	40.00%	
Restauravia Food S.L.U.	Madrid, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Service S.L.U.	Madrid, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
AmRest Adria d.o.o.	Zagreb, Croatia	AmRest Sp. z o.o.	100.00%	October 2011
AmRest GmbH i.L.[1]	Cologne, Germany	AmRestavia S.L.U.	100.00%	March 2012
AmRest SAS	Lyon, France	AmRestavia S.L.U.	100.00%	April 2012
AmRest Adria 2 d.o.o.	Ljubljana, Slovenia	AmRest Sp. z o.o	100.00%	August 2012
Frog King Food&Beverage Management Ltd	Shanghai, China	Bigsky Hospitality Group Ltd	100.00%	December 2012
Blue Frog Food&Beverage Management Ltd	Shanghai, China	New Precision Ltd	100.00%	December 2012
Shanghai Kabb Western Restaurant Ltd	Shanghai, China	Horizon Group Consultants	100.00%	December 2012
AmRest Skyline GMBH	Cologne, Germany	AmRestavia S.L.U.	100.00%	October 2013
Kai Zhen Food and Beverage Management (Shanghai) Ltd	Shanghai, China	BlueFrog Food&Beverage Management Ltd	100.00%	March 2014
AmRest Coffee EOOD	Sofia, Bulgaria	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee S.r.l.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	December 2015
		AmRest Sp. z o.o.	1.00%	
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	77.00%	May 2016
		AmRest Capital Zrt	23.00%	
AmRest DE Sp. z o.o. & Co. KG	Berlin, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
The Grill Concept S.L.U.	Madrid, Spain	Pastificio Service S.L.U.	100.00%	December 2016
Kai Fu Restaurant Management (Shanghai) Co., Ltd	Shanghai, China	Blue Frog Food&Beverage Management Ltd	100.00%	December 2016
LTP La Tagliatella Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	74.00%	February 2017
		AmRestavia S.L.U.	26.00%	
LTP La Tagliatella Franchise II Portugal, Lda [6]	Lisbon, Portugal	AmRest TAG S.L.U.	74.00%	April 2019
		AmRestavia S.L.U.	26.00%	
AmRest AT GmbH	Vienna, Austria	AmRest Sp. z o.o.	100.00%	March 2017
AmRest Topco France SAS	Paris, France	AmRest France SAS	100.00%	May 2017
AmRest Delco France SAS	Paris, France	AmRest Topco France SAS	100.00%	May 2017
AmRest Opco SAS [3]	Paris, France	AmRest France SAS	100.00%	July 2017
OOO Chicken Yug	Saint Petersburg, Russia	OOO AmRest	100.00%	October 2017
OOO AmRest Pizza [5]	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	99,999996%	November 2017
		OOO AmRest	0,000004%	
AmRest Coffee SRB d.o.o.	Belgrade, Serbia	AmRest Holdings SE	100.00%	November 2017
AmRest Chamnord SAS	Paris, France	AmRest Opco SAS	100.00%	March 2018
AmRest SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	April 2018
		AmRest Sp. z o.o.	1.00%	
AmRest Pizza GmbH	Munich, Germany	AmRest DE Sp. z o.o. & Co. KG	100.00%	June 2018
Black Rice S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100,00%	July 2018
Bacoa Holding S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100,00%	July 2018
Sushi Shop Restauration SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Orphus SARL [8]	Paris, France	Sushi Shop Management SAS	85.00%	October 2018
		Eloise CAZAL	15.00%	
Sushiga SARL	Paris France	Sushi Shop Management SAS	50.00%	October 2018
		Emmanuel GARFIN	50.00%	
SSW 1 SPRL	Waterloo, Belgium	Sushi Shop Belgique SA	100.00%	October 2018

(all figures in EUR millions unless stated otherwise)

SSW 2 SPRL	Wavre, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi House SA	Luxembourg	Midicapital Sushi Shop Luxembourg SARL	14.00% 86.00%	October 2018
Sushi Sablon SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop London Pvt LTD	London, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Louise SA	Bruxelles, Belgium	Sushi Shop Belgique SA Midicapital	54,80% 45,20%	October 2018
Sushi Shop UK Pvt LTD	Charing, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Uccle SA	Uccle, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Anvers SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Geneve SA	Geneva, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Lausanne SARL	Lasanne, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Madrid S.L.[7]	Madrid, Spain	Sushi Shop Management SAS Carlos Santin	77.00% 23.00%	October 2018
Sushi Shop Milan SRL	Milan, Italy	Sushi Shop Management SAS Vanray SRL	70.00% 30.00%	October 2018
Sushi Shop NE USA LLC	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop NY1	New York, USA	Sushi Shop Holding USA LLC Sushi Shop NE USA LLC	64.00% 36.00%	October 2018
Sushi Shop NY2	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop International SA	Bruxelles, Belgium	Sushi Shop Group SAS Sushi Shop Belgique SA	99.90% 0.10%	October 2018
Sushi Shop Zurich GMBH	Zurich, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Nyon SARL	Nyon, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop NL B.V.	Amsterdam, Netherlands	Sushi Shop Group SAS	100.00%	October 2018
Financial services and others for the Group				
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
AmRest Capital Zrt	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	November 2011
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2012
La Tagliatella International Kft	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella Financing Kft [2]	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella SAS	Lyon, France	AmRestavia S.L.U.	100.00%	March 2014
AmRest FSVC LLC	Wilmington, USA	AmRest Holdings SE	100.00%	November 2014
AmRest Kaffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2016
Restaurant Partner Polska Sp. z o.o. [4]	Łódź, Poland	AmRest Holdings SE	100.00%	August 2017
AmRest Estate SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Leasing SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
OOO RusCo Food	Saint Petersburg, Russia	AmRest Management Kft	100.00%	August 2018
AmRest Trademark Kft	Budapest, Hungary	AmRest Management Kft	100.00%	September 2018
AmRest Franchise Sp. z o.o.	Wrocław, Poland	AmRest Sp. z o.o. Michał Lewandowski	99,00% 1.00%	December 2018
Supply services for restaurants operated by the Group				
SCM Czech s.r.o.	Prague, Czechia	SCM Sp. z o.o. Ondrej Razga	90.00% 10.00%	March 2007
SCM Sp. z o.o.	Warsaw, Poland	AmRest Sp. z o.o. R&D Sp. z o.o. Beata Szafarczyk-Cylny Zbigniew Cylny	51.00% 43.80% 5.00% 0.20%	October 2008
SCM Due Sp. z o.o.	Warsaw, Poland	SCM Sp. z o.o.	100.00%	October 2014

[1]On 25 November 2016 Amrestavia, S.L.U., the sole shareholder of AmRest GmbH, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.

[2] On 5 September 2017 Amrestavia, S.L.U., the sole shareholder of La Tagliatella Financing Kft, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.

[3] On 1 January 2019 Versaillies Resto SAS was merged into AmRest Opco SAS.

[4] On 13 March 2019 AmRest Holding SE has acquired 49% of shares of Restaurant Partner Polska Sp. z o.o. On this day AmRest Holdings SE has became sole shareholder of Restaurant Partner Polska Sp. z o.o.

[5] On 16 April 2019 OOO Pizza Company has changed the company name for OOO AmRest Pizza.

[6] On 16 April 2019 was registered new company LTP La Tagliatella II Franchise Portugal Lda.

(all figures in EUR millions unless stated otherwise)

[7] *On 12 July 2019 Sushi Shop Management SAS has acquired 23% of shares of Sushi Shop Madrid S.L.*

[8] *On 16 July 2019 Sushi Shop Management SAS has acquired 15% of shares of Orphus SARL.*

** On 31 January 2019 Sushi Shop Management SAS sold 100% of shares of Sushi Shop Amiens SARL to RM RESTAURANTES SAS. Effective date of transaction is 1 February 2019.*

*** During first half year of 2019 Sushi Shop Group made reorganization with the purpose of simplifying the operational structure. Within the reorganization some stores within restaurant activity were sold between Sushi Shop Management SAS and Sushi Shop Restauration SAS and later on merged into Sushi Shop Restauration SAS. On 28 June 2019 registration of merger was finalized. The following entities were merged into Sushi Shop Restauration SAS and ceased operation as a separate companies: Sushi Courbevoie Developpement SARL, Sushi Shop Villers SARL, Sushi Antibes Developpement SAS, Sushi Shop Corner SAS, Bottega Romana Boetie SARL, Sushi Shop ST Dominique SARL, Sushi Shop Traiteur SARL, Sushi Shop Secretan SARL, Sushi Shop Vincennes SARL, Sushi Shop Martyrs SARL, Sushi Shop Lepic SARL, Sushi Shop Courcelles SARL, Sushi Shop Levallois SARL, Sushi Toulouse Developpement SARL, Sushi Shop Toulouse 3 SARL, Sushi Nice Developpement SAS, Sushi Nice 2 SARL, Sushi Shop Vieux Lille SAS, Sushi Shop Lille Centre SAS, SSC – Sushi Shop Cauderan SAS, SSBC – Sushi Shop Bordeaux Chartrons SAS, SSB Sushi Shop Bordeaux SAS, SSM – Sushi Shop Merignac SAS, Art Sushi Marseille SAS, ART Sushi Delibes SARL, ART Sushi ST Barnabe SARL, Sushi Marseille Developpement SARL, Altana SAS, Tomemma SAS, Gelau SAS, Sushinantes SAS, AIX Sushi House SAS, Sushi Grand Ouest SAS, Sushi Shop Tours SARL, Sushi Shop Angers SARL, Sushi Shop Caen SARL, Sushi Shop La Rochelle SARL, Sushi Shop Le Mans SARL, HP2L SAS, Sushi Corner Saint Gregoire SARL, Sushi Shop Rennes Nemours SARL, Sushi Shop Rouen SAS, Black Box SAS, Sauboget SARL, RCP SARL, Bontor SAS, Zen'itude SAS, Sushi 54 SAS, Sushi 21 SAS, CR Developpement SAS, Sushi Lyon 64 SAS.*

**** On 2 July 2019 Sushi Shop Management SAS finalized acquisition of 100% shares of CMLC Troyes.*

***** On 17 July 2019 was registered AmRest Food Srl. Registered office is Bucharest, Romania. Company has two shareholders: AmRest Sp. z o.o. owns 99% of shares, AmRest Holdings SE owns 1% of shares.*

The balances with the Group entities are as follows:

	30 June 2019	31 December 2018
Assets		
Long term loans granted to group companies	230.0	199.7
Short term loans granted to group companies	6.5	4.6
Total loans granted to group companies	**236.5**	**204.3**
AmRest TopCo	8.4	7.8
AmRest Opco SAS	30.6	25.9
AmRest China	7.0	6.8
AmRest Coffee Deutschland Sp. z o.o.	8.7	1.5
AmRest DE Sp. z o.o. & Co. KG	23.7	12.2
AmRest HK Limited	-	0.1
AmRest AT GmbH	3.5	1.7
AmRest Kaffee Sp. z o.o.	37.9	37.4
AmRest TAG S.L.U.	51.8	62.9
Blue Frog Food & Beverage Management	4.5	1.8
Pastificio Service. S.L.U.	27.0	26.6
Restauravia Food. S.L.U.	11.2	11
Restauravia Grupo Empresarial. S.L.	8.6	8.6
AmRest Adria d.o.o.	0.7	-
AmRest Capital Zrt	8.0	-
AmRest MFA Sp. z o.o.	0.9	-
AmRest SK s.r.o.	0.7	-
OOO AmRest	1.8	-
Sushi Shop SAS	1.5	-
Other financial assets with group companies	**4.3**	**1.4**
Restauravia Food. S.L.U.	1.1	0.5
Pastificio Service S.L.U.	3.2	0.4
AmRestavia S.L.U.	-	0.5
Trade and other receivables with group companies	**2.2**	**1.3**
AmRest Sp. z o.o.	0.4	0.7
Restauravia Food. S.L.U.	0.1	0.1
OOO AmRest	0.2	0.1
AmRestavia. S.L.U.	1.2	0.2
AmRest Kft	0.1	0.1
AmRest SRO	0.1	0.1
AmRest Coffee Sp. z o.o.	0.1	-

(all figures in EUR millions unless stated otherwise)

Liabilities		
Other financial liabilities with group companies	**2.8**	**17.7**
AmRest Sp. z o.o.	2.8	17.7
Short term debt and other current financial liabilities	**0.7**	**0.6**
AmRest Sp. z o.o.	-	0.2
AmRest TAG S.L.U.	0.1	
The Grill Concept S.L.U.	0.6	0.4
Trade payables with group companies	**2.0**	**1.7**
AmRestavia. S.L.U.	1.9	1.1
AmRest Sp. z o.o.	-	0.4
Other related parties	0.1	0.2

The transactions with group entities are as follows:

	30 June 2019	**30 June 2018**
Revenues		
Revenues from the result of the stock option plan	**(6.1)**	**1.7**
AmRest Sp. z o.o.	(0.6)	(0.5)
AmRest Coffee Sp. z o.o.	0.1	0.1
AmRest SRO	0.1	0.1
AmRest FSVC LLC	3.7	0.9
Restauravia Food S.L.U.	0.1	0.1
Pastficio Service S.L.U.	0.1	0.1
AmRestavia S.L.U.	2.1	0.5
AmRest Kft	0.1	0.1
AmRest Coffee SRO	0.1	-
OOO AmRest	0.1	0.3
SCM	0.2	-
Financial Income from group companies	**2.9**	**0.4**
AmRest China Group PTE Ltd.	0.2	0.2
AmRest Coffee Deutschland Sp Zoo	0.1	-
AmRest Topco France	0.1	-
AmRest Opco SAS	0.3	0.2
AmRest DE Sp. z o.o. & Co. KG	0.3	-
AmRest Kaffee Sp. z o.o.	0.6	-
AmRest TAG S.L.U.	0.7	-
Pastificio Service S.L.U.	0.3	-
Restauravia Food S.L.U.	0.1	-
Restauravia Grupo Empresarial	0.1	-
Blue Frog Food & Beverage Mana	0.1	-
Expenses		
Impairments for credits and receivables with group companies	**(3.7)**	**(0.8)**
AmRest FSVC LLC	(3.7)	(0.8)
AmRest HK Limited	-	-
Impairment in investments of groups companies	**(2.9)**	**(0.5)**
AmRest FSVC LLC	(2.9)	(0.5)

14. Remuneration of the board of directors and senior executives

(a) Below are described the remunerations of the board of Directors and Management Board (Senior Executives) following the regulations of the CNMV Circular 5/2015 from 28 October:

The remuneration of Board of Directors paid by AmRest Holdings SE for all the retribution concepts is the following:

	6 months ended	
	30 June 2019	**30 June 2018**
Board of Directors Remunerations		
Fixed Remuneration	(0.3)	(0.3)
Operations with shares and/or other financial instruments	(3.7)	(1.0)
Total Board of Director remunerations	**(4.0)**	**(1.3)**

The remuneration of the Board of Directors paid by other subsidiaries of the group for all the retribution concepts are as follows:

	6 months ended	
	30 June 2019	**30 June 2018**
Board of Directors Remunerations		
Salaries	(0.1)	(0.2)
Variable Remuneration	(0.1)	(0.2)
Total Board of Director remunerations	**(0.2)**	**(0.4)**

The remuneration of the Senior Executives paid by the Company is as follow:

	6 months ended	
	30 June 2019	**30 June 2018**
Total remuneration received by the Senior Executives	(2.3)	-
Total remuneration received by the Senior Executives	**(2.3)**	-

The remuneration of the Senior Executives paid by other subsidiaries of the group is as follows:

	6 months ended	
	30 June 2019	**30 June 2018**
Total remuneration received by the Senior Executives	(1.0)	(1.0)
Total remuneration received by the Senior Executives	**(1.0)**	**(1.0)**

(b) Information about conflict of interest situations of the Board of Directors:

In the duty to avoid situations of conflict with the interest of the Company, during the year the directors who have held positions on the Board of Directors have complied with the obligations set forth in article 228 of the consolidated text of the Capital Companies Law. Likewise, both they and the persons related to them, have refrained from incurring in the cases of conflict of interest foreseen in article 229 of said law, except in the cases in which the corresponding authorization has been obtained.

(all figures in EUR millions unless stated otherwise)

(c) Transactions other than ordinary business or under terms differing from market conditions carried out by the Board of Directors or Audit Committee:

In 2019 and 2018 the members of the Board of Directors of the Company or of the Audit Committee have not carried out any transactions other than ordinary business with the Company or applied terms that differ from market conditions.

15. Other information

15.1. AVERAGE NUMBER OF EMPLOYEES

The average number of employees, distributed by categories, for the 6 months ended on 30 June 2019 and 30 June 2018 are as follow:

Categories	June 2019	June 2018
Executive Managers	2	-
Other Managers	1	-
Other employees	1	-
Total	**4**	-

The number of employees and members of the board of directors, distributed by gender, as at 30 June 2019 and 30 June 2018 is a follow:

Categories/Gender	June 2019		June 2018
	Males	**Females**	**Males**
Board members	6	1	7
Executive Managers	2	-	-
Other Managers	1	-	-
Other employees	-	1	-
	9	**2**	**7**

There are no employees with a disability rating of 33% or higher.

15.2. TAX INSPECTIONS

On 16 November 2017 at AmRest Holdings SE a tax inspection began regarding CIT for 2012. On 12 February 2018 the Company received a tax inspection result regarding the tax inspection based on which the Company submitted on 22 February 2018 a corrective tax return increasing the taxable income. The corrected amount was immaterial.

On 11 January 2018 at AmRest Holdings SE a tax inspection began regarding CIT for 2013. On 21 January 2019 the Company has received the tax inspection result, based on which the Company submitted a corrective tax return. The correction increased the taxable base for 2013, but it has not resulted in obligation to pay additional tax.

15.3. Information about the environment

Given the activity to which the Company is dedicated, it has no liabilities, expenses, assets, provisions or environmental contingencies that could be significant in relation to the assets, financial situation and results of the same. For this reason, the specific disclosures of information are not included in this report.

15.4. Subsequent events

On 13 August 2019 AmRest Holdings SE ("AmRest") signed an agreement with Glovoapp23 S.L. ("Glovo") for the transfer from AmRest to Glovo of 100% shares of Restaurant Partner Polska Sp. z o.o. Total sale price is EUR 30 million plus a EUR 5 million earn-out. In consideration AmRest will receive a combination of cash and new issued shares of Glovo. The transaction is subject to certain conditions precedent customary in M&A deals.

Signatures of the Board of Directors

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Chairman of the Board

Luis Miguel Álvarez Pérez
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Carlos Fernández González
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mustafa Ogretici
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 28 August 2019

Directors's Report 30 June 2019

CONTENT

(all figures in EUR millions unless stated otherwise)

1. Financial highlights

	6 months ended		3 months ended	
	30 June 2019	30 June 2018 (*restated)	30 June 2019	30 June 2018 (*restated)
Revenues	**9.0**	2.1	**4.2**	1.1
Results from operating activities	**0.9**	(0.2)	**(1.7)**	0.3
Financial Cost	**(5.6)**	0.4	**(3.4)**	1.3
Income tax expense	**1.0**	(0.3)	**0.6**	(0.4)
Profit/(loss) for the period	**(3.7)**	(0.1)	**(4.5)**	1.2

**The restatement is described in the section modifications of the information presented for comparative purposes in the Condensed Separate Financial Statements*

	30 June 2019	31 December 2018
Total Assets	**676.4**	**648.8**
Total liabilities and provisions	**410.6**	**380.7**
Non-current liabilities	**401.8**	**374.3**
Current liabilities	**8.8**	**6.4**
Share capital	**22.0**	**22.0**

2. Significant events and transactions in H1 2019

Termination of Share Purchase Agreement – TELE PIZZA, S.A.U.

On July 26, 2018 AmRest Sp. z o.o. („AmRest Poland") and TELE PIZZA, S.A.U. ("Seller") signed a Share Purchase Agreement ("SPA"), pursuant to which AmRest Poland would acquire 100% shares of TELEPIZZA POLAND Sp. z o.o. ("Telepizza Poland") at an estimated price of ca. EUR 8 million.

The completion of the transaction was contingent upon a number of conditions, including obtaining antitrust approvals, conclusion of a license agreement with the Seller authorizing Telepizza Polska to continue operation of its business and lack of the material adverse change events ("MAC").

On March 7th, 2019 AmRest informed that the SPA was automatically terminated due to failure to meet the conditions precedent specified in the SPA before the Long Stop Date (i.e. failure to obtain the consent for the concentration from the Office of Competition and Customer Protection before the Long Stop Date).

Share sale agreement between Gosha Holdings, S.à.r.l. and FCapital Dutch, B.V.

On March 27, 2019 AmRest was notified by its controlling shareholder, FCapital Dutch, B.V. (Grupo Finaccess subsidiary; "FCapital", the "Purchaser"), and one of its significant shareholders, Gosha Holdings, S.à.r.l. ("Gosha", the "Seller"), that FCapital and Gosha have executed a share sale agreement pursuant to which the Purchaser would acquire from the Seller its entire shareholding in AmRest (the "Transaction"). The Transaction was expected to be settled on 10 May 2019.

On May 9, 2019 FCapital has completed the purchase of the entire shareholding in AmRest of Gosha, consisting of 23 426 313 shares representing 10.67% of the Company's share capital, for a price per share of EUR 13.22, amounting an aggregate of EUR 309 695 857.86. After this purchase, Grupo Finaccess controls 67.05% of AmRest.

(all figures in EUR millions unless stated otherwise)

As a consequence, Mr. Henry McGovern and Mr. Steven Kent Winegar, members of the Board of Directors appointed at the request of the Seller and representing it at the Board, resigned from their positions upon execution of the Transaction, according to article 11 of AmRest's Board of Directors' Regulations, and effective as of the Annual General Shareholders' Meeting of AmRest held on May 14, 2019.

3. Shareholders of AmRest Holdings SE

To the best of AmRest's knowledge as at 30 June 2019 AmRest Holdings had the following shareholder structure:

Shareholder	Number of shares and votes at the Shareholders' meeting	% of shares and votes at the Shareholders' meeting
FCapital Dutch B. V.*	147 203 760	67.05%
Nationale-Nederlanden OFE	10 718 700	4.88%
Artal International S.C.A.	10 500 000	4.78%
Aviva OFE	7 013 700	3.19%
Other Shareholders	44 118 023	20.10%

** FCapital Dutch B. V. is the majority shareholder of FCapital Lux (holding directly 56 509 547 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finacces SAPI de CV is the direct majority shareholder of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The direct majority shareholder of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is a member of AmRest's Board of Directors.*

4. External debt

In the reporting period covered by this report the Company did not enter in any significant agreements concerning external debt nor issue any debt instruments.

5. Information on dividends paid

Dividends have not been distributed during the 6 months ended 30 June 2019.

6. Changes in the Company's Governing Bodies

According to the resolution adopted by the Extraordinary General Meeting of AmRest Holdings SE on 5 October 2017, that came into force on 12 March 2018 (date of the registration of the Comapany's registered office in Pozuelo de Alarcón, Madrid, Spain), the composition of the Board of Directors was as follows:

- Mr. José Parés Gutiérrez
- Mr. Carlos Fernández González
- Mr. Luis Miguel Álvarez Pérez
- Mr. Henry McGovern
- Mr. Steven Kent Winegar Clark
- Mr. Pablo Castilla Reparaz
- Mr. Mustafa Ogretici

- Eduardo Rodríguez-Rovira Rodríguez (Secretary, non-Board member)
- Jaime Tarrero Martos (Deputy Secretary, non-Board member)

According to the share sale agreement between Gosha Holdings, S.à.r.l. and FCapital Dutch, B.V. described in "Significant events and transactions in H1 2019" section of this report, Mr. Henry McGovern and Mr. Steven Kent Winegar, members of the Board of Directors, resigned from their positions upon execution of the respective transaction, and effective as of the Annual General Shareholders' Meeting of AmRest for the year 2019, i.e. May 14, 2019.

On May 14, 2019 the Board of Directors has resolved to accept the resignation of Directors Mr. Henry J. McGovern and Mr. Steven K. Winegar Clark to fill said vacancies co-opting Ms. Romana Sadurska and Mr. Emilio Fullaondo Botella, as independent Directors, following the proposal of the Appointments and Remuneration Committee and with the justifying report of the Board of Directors.

As per article 529 point 2.b) of the Spanish Capital Companies Act, both appointments shall be submitted for ratification to the next General Shareholders Meeting.

In addition, on this date, following the recommendation of the Compensations and Remuneration Committee, the Board has also resolved to appoint Mr. Mark Chandler as CEO of AmRest, and Mr. Eduardo Zamarripa as new Chief Financial Officer of AmRest.

As at June 30, 2019 the composition of the Board of Directors was as follows:

- Mr. José Parés Gutiérrez
- Mr. Carlos Fernández González
- Mr. Luis Miguel Álvarez Pérez
- Mr. Emilio Fullaondo Botella
- Ms. Romana Sadurska
- Mr. Pablo Castilla Reparaz
- Mr. Mustafa Ogretici

- Eduardo Rodríguez-Rovira Rodríguez (Secretary, non-Board member)
- Jaime Tarrero Martos (Deputy Secretary, non-Board member)

7. Changes in the number of shares held by members of the Board of Directors

During the period since 1 January 2019 the following changes occurred with respect to AmRest shares and stock options held by the members of the Board of Directors of AmRest.

According to the best knowledge of AmRest, following members of the Board of Directors owned in this reporting period the Issuer's shares: Mr. Henry McGovern, Mr. Carlos Fernández González and Mr. Steven Kent Winegar Clark.

As at 31 December 2018 Mr. Henry McGovern held directly 172 340 AmRest's shares with a total nominal value of EUR 17 234. On 14 May 2019 (being the last day of his term of office on the Board) he held 302 340 shares of the Company with a total nominal value of EUR 30 234.

As at 31 December 2018 Gosha Holdings S.a.r.l. - the closely associated person of Mr. Henry McGovern and Mr. Steven Kent Winegar (the Company's Board of Directors members) held 23 426 313 shares of the Company with a total nominal value of EUR 2 342 631.3. On 30 June 2019, as a result of execution of the share sale agreement with FCapital Dutch, B.V. settled on 9 May 2019, Gosha Holdings S.a.r.l. didn't hold any AmRest's shares.

As at 31 December 2018 FCapital Dutch B.V. – the closely associated person of Mr. Carlos Fernández González (member of the Company's Board of Directors) held 123 777 447 shares of the Company with a total nominal value of EUR 12 377 744.7. On 30 June 2019, as a result of execution of the share sale agreement with Gosha Holdings S.a.r.l. settled on 9 May 2019, FCapital Dutch B.V. held 147 203 760 AmRest's shares with a total nominal value of EUR 14 720 376.

8. Transactions on own shares concluded by AmRest

The commencement of the purchase of treasury shares occurred on the basis of Resolution No. 7 of the General Meeting of the Company of 19 May 2015 concerning the authorization for the Management Board to acquire treasury shares in the Company and the establishment of reserve capital and (replacing it) Resolution No. 9 of the General Meeting of the Company of 6 June 2018 concerning the authorization to the Board of Directors for the derivative acquisition of the Company's own shares made directly by the Company or indirectly through its subsidiaries as well as for the sale of the own shares.

The Company was acquiring the own shares for the purposes of execution of stock option programs: Employee Stock Option Plan and Management Incentive Plan

In the period between 1 January 2019 and 30 June, 2019, AmRest purchased a total of 46 500 own shares with a total nominal value of EUR 4 650 and representing 0.0212% of the share capital for a total price of approx. PLN 2 million (EUR 0.5 million). During the same period, the Company disposed a total of 622 634 own shares with a total nominal value of EUR 62 263.4 and representing 0.2836% of the share capital to entitled participants of the stock options plans. Disposal transactions under these plans were executed in three settlement methods, which impacted the sale price. Major part of the shares was transferred to the participants free of charge. As at 30 June 2019 AmRest held 1 010 604 own shares with a total nominal value of EUR 101 060.4 and representing 0.4603% of the share capital.

The subsidiaries of AmRest Holdings SE do not hold any Company's shares.

9. Basic risks and threats the company is exposed to

The Board of Directors of AmRest is responsible for the risk management system and the internal control system as well as for reviewing these systems for operating efficiency. These systems help identify and manage risks which may prevent the execution of the long-term objectives of AmRest. However, having these systems in place does not ensure complete elimination of the risk of fraud and violation of the law. The Board of Directors of AmRest performed a review, an analysis and a ranking of risks to which the Group is exposed. The main current risks that affects AmRest Holdings SE entity and threats have been summarized in this section. AmRest Holdings SE reviews and improves its risk management and internal control systems on an on-going basis.

Risk related to keeping key personnel in the Group

The Issuer's success depends to some extent on the individual effort of selected employees and key members of management. The methods of remunerating and managing human resources developed by the Issuer help ensure a low rotation of the key personnel. Additionally, the career planning system supports preparing successors ready to execute tasks in key positions. The Issuer believes it will be able to replace its key personnel. Regardless of that, their loss may have a short-term adverse effect on the business activities and operating results of the Issuer.

Currency risk

The results of AmRest Holdings are exposed to currency risk related to transactions and translations into currencies other than the currency in which business transactions are measured in its subsidiaries companies.

AmRest Holdings SE adjusts its currency portfolio of debt to the geographical structure of its profile of activities. Additionally, AmRest uses forward contracts to secure transaction risks on a short-term basis.

Dependency on cooperation with minority shareholders

AmRest opens Starbucks restaurants in Poland, the Czech Republic and Hungary based on a partnership agreement with Starbucks Coffee International, Inc. The partnership assumes Starbucks Coffee International, Inc. is the minority shareholder of companies operating Starbucks stores in mentioned countries. Therefore, some decisions as part of the joint business activities are dependent on the partners' consent.

The agreements with Starbucks were concluded for a period of 15 years with a possibility of their extension for the next 5 years upon meeting the specified conditions. If AmRest fails to comply with the obligation to open and run the minimum specified number of cafés, Starbucks Coffee International, Inc. shall have the right to increase its share in these companies by acquiring shares from AmRest Sp. z o.o. at a price agreed between the parties based on the valuation of the companies.

Risk of increased financial costs

AmRest Holdings SE is exposed to the significant adverse impact of interest rate fluctuations in connection with obtaining financing which bears floating interest rates and investing in assets bearing floating and fixed interest rates. The interest rates of bank loans and borrowings and issued bonds is based on floating reference rates which are updated over periods shorter than one year. Interest on financial assets with fixed interest rates is fixed over the entire period to maturity of these instruments. Additionally, AmRest Holdings SE and its subsidiaries may, as part of the interest rate hedging strategy, enter into derivative and other financial contracts the valuation of which is significantly affected by the level of reference rates.

Liquidity risk

AmRest Holdings SE is exposed to the risk of lack of financing now of maturity of bank loans and bonds. As at 30 June 2019, AmRest Holdings SE has enough short-term assets, including cash and promised credit limits, to fulfil liabilities due in the next 12 months.

Tax risk

In the process of managing and making strategic decisions, which can affect the tax settlements, AmRest is exposed to tax risk. All irregularities occurring in tax settlements increase of the risk of dispute in the case of a potential tax control. As part of these risks' minimalization, AmRest takes care of deepening the knowledge of its employees in the area of tax risk management and compliance with respective legal requirements. The Company implements adequate procedures to facilitate the identification and subsequent reduction or elimination of risks in the area of tax settlements.

Moreover, in connection with frequent legislative changes, inconsistency of regulations, as well as differences in interpretation of legal regulations, AmRest uses professional tax advisory services and applies for binding interpretations of the tax law provisions.

Cyberattack risk

Group's operations are supported by wide variety of IT systems, including point-of-sale systems, electronic ordering platforms, supply-chain management systems and finance and controlling tools. Consequently, the Group is exposed to the risk of temporary operational disruption, data integrity risk and/or unauthorized access to confidential data, which may be a result of both intentional cyberattack or an unintentional event. In order to mitigate these risks, the Group established specialized IT-security unit and implemented appropriate cybersecurity risk mitigation tools, including security polices, personnel training and technical prevention countermeasures.

(all figures in EUR millions unless stated otherwise)

10. Average number of employees

The average number of employees, distributed by categories, for the 6 months ended on 30 June 2019 and 30 June 2018 are as follow:

Categories	**June 2019**	**June 2018**
Executive Managers	2	**-**
Other Managers	1	**-**
Other employees	1	**-**
Total	**4**	**-**

The number of employees and members of the board of directors, distributed by gender, as at 30 June 2019 and 30 June 2018 is a follow:

Gender	**June 2019**		**June 2018**
	Males	**Females**	**Males**
Board members	6	1	7
Executive Managers	2	-	-
Other Managers	1	-	-
Other employees	-	1	-
	9	**2**	**7**

There are no employees with a disability rating of 33% or higher.

11. Subsequent Events

On 13 August 2019 AmRest Holdings SE ("AmRest") signed an agreement with Glovoapp23 S.L. ("Glovo") for the transfer from AmRest to Glovo of 100% shares of Restaurant Partner Polska Sp. z o.o. Total sale price is EUR 30 million plus a EUR 5 million earn-out. In consideration AmRest will receive a combination of cash and new issued shares of Glovo. The transaction is subject to certain conditions precedent customary in M&A deals.

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Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 28 August 2019

Liability statement of Directors

The Directors of AmRest Holdings, SE (the "**Company**") state that, to the best of their knowledge, the Condensed Separate Financial Statements for 6 months ended 30 June 2019 formulated at the Board meeting held on 28 August 2019, prepared in accordance with the applicable Spanish accounting standards, offer a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and the interim consolidated management report includes a fair review of the required information.

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Madrid, 28 August 2019