AmRest Holdings, SE and subsidiaries

Report on limited review
Condensed consolidated interim financial statements
for the six-month period ended June 30, 2022
Consolidated interim management report

Report on limited review of condensed consolidated interim financial statements

To the shareholders of AmRest Holdings, SE

Introduction

We have performed a limited review of the accompanying condensed consolidated interim financial statements (hereinafter, the interim financial statements) of AmRest Holdings, SE (hereinafter, the Parent company) and its subsidiaries (hereinafter, the Group), which comprise the statement of financial position as at 30 June 2022, and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all condensed and consolidated, for the six-month period then ended. The Parent company's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standards (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007. 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 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 legislation governing the Audit practice 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 these interim financial statements.

Conclusion

Based on our limited review, that cannot be considered as 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 2022 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, as provided in Article 12 of Royal Decree 1362/2007, for the preparation of condensed interim financial statements.

Emphasis of matter

We draw attention to note 3, in which it is mentioned that these interim financial statements do not include all the information required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and therefore the accompanying condensed consolidated interim financial statements should be read together with the consolidated annual accounts of the Group for the year ended 31 December 2021. Our conclusion is not modified in respect of this matter.

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Other matters

Consolidated interim management report

The accompanying consolidated interim management report for the six-month period ended 30 June 2022 contains the explanations which the Parent company's directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this management report is in agreement with that of the interim financial statements for the six-month period ended 30 June 2022. Our work as auditors is limited to checking the consolidated interim management report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from AmRest Holdings, SE and its subsidiaries' accounting records.

Preparation of this review report

This report has been prepared at the request of management in relation to the publication of the half-yearly financial report required by Article 119 of Royal Legislative Decree 4/2015 of 23 October, approving the revised text of the Securities Market Law developed by Royal Decree 1362/2007, of 19 October.

PricewaterhouseCoopers Auditores, S.L.

Álvaro Moral Atienza

1 September 2022

INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

2022 Núm. 01/22/19661
30,00 EUR
SELLO CORPORATIVO:

Sello distintivo de otras actuaciones

Condensed Consolidated Financial Statements
for 6 months ended 30 June 2022

AmRest Holdings SE capital group
1 SEPTEMBER 2022

AmRest

AmRest Holding SE

Condensed Consolidated Financial Statements
for 6 months ended 30 June 2022

Contents

(all figures in EUR millions unless stated otherwise)

Condensed consolidated income statement for 6 months ended 30 June 2022

		6 MONTHS ENDED	
	Note	**30 June 2022**	**30 June 2021**
Continuing operations			
Restaurant sales		1 045.5	806.4
Franchise and other sales		67.2	37.9
Total revenue	4	**1 112.7**	**844.3**
Restaurant expenses	5		
Food and merchandise		(307.3)	(224.9)
Payroll, social security and employee benefits		(257.9)	(212.3)
Royalties		(51.8)	(37.0)
Occupancy, depreciation and other operating expenses		(329.1)	(275.7)
Franchise and other expenses	5	(51.8)	(27.6)
Gross Profit		**114.8**	**66.8**
General and administrative expenses	5	(74.2)	(66.3)
Net impairment losses on financial assets	4	(1.0)	(1.0)
Net impairment losses on other assets	4, 12	(50.6)	(7.2)
Other operating income/expenses	5	11.1	35.6
Profit/(loss) from operations		**0.1**	**27.9**
Finance income	6	1.6	2.7
Finance costs	6	(23.9)	(22.1)
Profit/(loss) before tax		**(22.2)**	**8.5**
Income tax expense	7	(10.8)	(6.1)
Profit/(loss) for the period		**(33.0)**	**2.4**
Attributable to:			
Shareholders of the parent		(35.5)	1.9
Non-controlling interests		2.5	0.5
Profit/(loss) for the period		**(33.0)**	**2.4**
Basic earnings per ordinary share in EUR	16	(0.16)	0.01
Diluted earnings per ordinary share in EUR	16	(0.16)	0.01

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of comprehensive income for 6 months ended 30 June 2022

	Note	6 MONTHS ENDED	
		30 June 2022	30 June 2021
Profit/(loss) for the period		**(33.0)**	**2.4**
Other comprehensive income/ (loss)	15		
Exchange differences on translation of foreign operations		45.1	6.4
Net investment hedges		(2.7)	1.2
Income tax related to net investment hedges		0.4	(0.2)
Other comprehensive income/(loss) for the period		**42.8**	**7.4**
Total comprehensive income/(loss) for the period		**9.8**	**9.8**
Attributable to:			
Shareholders of the parent		7.4	9.3
Non-controlling interests		2.4	0.5

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of financial position as at 30 June 2022

	Note	30 June 2022	31 December 2021
Assets			
Property, plant and equipment	8	470.3	460.9
Right-of-use assets	9	813.4	771.0
Goodwill	11	284.9	316.6
Intangible assets	10	235.9	236.9
Investment properties		4.7	4.8
Other non-current assets		25.6	23.1
Deferred tax assets	7	45.6	45.7
Total non-current assets		**1 880.4**	**1 859.0**
Inventories		37.0	33.1
Trade and other receivables	13	72.5	67.9
Income tax receivables		3.8	4.9
Other current assets		17.5	11.3
Cash and cash equivalents	14	240.5	198.7
Total current assets		**371.3**	**315.9**
Total assets		**2 251.7**	**2 174.9**
Equity			
Share capital		22.0	22.0
Reserves	15	164.0	165.6
Retained earnings		112.0	147.5
Translation reserve	15	8.8	(36.4)
Equity attributable to shareholders of the parent		**306.8**	**298.7**
Non-controlling interests	15	10.8	8.8
Total equity	**15**	**317.6**	**307.5**
Liabilities			
Interest-bearing loans and borrowings	17	541.3	541.9
Lease liabilities	9	700.6	663.8
Provisions		18.0	33.4
Deferred tax liability	7	46.3	45.4
Other non-current liabilities and employee benefits	19	2.5	3.6
Total non-current liabilities		**1 308.7**	**1 288.1**
Interest-bearing loans and borrowings	17	131.6	122.7
Lease liabilities	9	170.0	159.1
Provisions		8.0	-
Trade payables and other liabilities	19	307.7	287.2
Income tax liabilities		8.1	10.3
Total current liabilities		**625.4**	**579.3**
Total liabilities		**1 934.1**	**1 867.4**
Total equity and liabilities		**2 251.7**	**2 174.9**

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of cash flows for 6 months ended 30 June 2022

		6 MONTHS ENDED	
	Note	30 June 2022	30 June 2021
Cash flows from operating activities			
Profit/loss for the period		(33.0)	2.4
Adjustments for:			
Amortisation and depreciation	5	124.4	117.6
Net interest expense		21.2	20.6
Foreign exchange result	6	1.9	(2.1)
Result on disposal of property, plant and equipment and intangibles	5	(2.4)	(0.7)
Impairment of non-financial assets	4	50.6	7.2
Share-based payments		1.4	(0.4)
Tax expenses		10.8	6.1
Rent concessions		(2.0)	(7.9)
Loan forgiven	17	-	(2.7)
Other		(0.2)	(0.7)
Working capital changes:	14		
Change in trade and other receivables		(5.6)	(9.8)
Change in inventories		(2.7)	(1.0)
Change in other assets		(7.7)	(3.1)
Change in payables and other liabilities		19.2	14.6
Change in provisions and employee benefits		(7.3)	(3.8)
Cash generated from operations		168.6	136.3
Income tax paid		(14.2)	(5.0)
Net cash from operating activities		**154.4**	**131.3**
Cash flows from investing activities			
Net cash outflows on acquisition		(1.1)	-
Proceeds from the sale of property, plant and equipment		0.5	0.3
Purchase of property, plant and equipment		(43.3)	(30.8)
Purchase of intangible assets		(3.9)	(3.1)
Net cash used in investing activities		**(47.8)**	**(33.6)**
Cash flows from financing activities			
Proceeds from share transfers (employees options)		-	-
Purchase of treasury shares		-	-
Proceeds from loans and borrowings	17	27.7	1.0
Repayment of loans and borrowings	17	(16.2)	(47.4)
Payments of lease liabilities including interests paid	9	(80.7)	(66.2)
Interest paid	17	(11.6)	(8.9)
Interest received		1.5	0.4
Dividends paid to non-controlling interest owners		(0.5)	(0.5)
Transactions with non-controlling interest	15	0.1	-
Net cash from financing activities		**(79.7)**	**(121.6)**
Net change in cash and cash equivalents		**26.9**	**(23.9)**
Effect of exchange rates movements		14.9	2.4
Balance sheet change of cash and cash equivalents		41.8	(21.5)
Cash and cash equivalents, beginning of period		198.7	204.8
Cash and cash equivalents, end of period	14	**240.5**	**183.3**

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of changes in equity for 6 months ended 30 June 2022

	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 2022		**22.0**	**165.6**	**147.5**	**(36.4)**	**298.7**	**8.8**	**307.5**
Profit/(loss) for the period		-	-	(35.5)	-	(35.5)	2.5	(33.0)
Other comprehensive income		-	(2.3)	-	45.2	42.9	(0.1)	42.8
Total comprehensive income		**-**	**(2.3)**	**(35.5)**	**45.2**	**7.4**	**2.4**	**9.8**
Transaction with non-controlling interests		-	-	-	-	-	0.1	0.1
Dividends to non-controlling interests		-	-	-	-	-	(0.5)	(0.5)
Total transactions with non-controlling interests	15	**-**	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**
Transactions on treasury shares		-	0.2	-	-	0.2	-	0.2
Share based payments	15	-	0.5	-	-	0.5	-	0.5
Total distributions and contributions		**-**	**0.7**	**-**	**-**	**0.7**	**-**	**0.7**
As at 30 June 2022		**22.0**	**164.0**	**112.0**	**8.8**	**306.8**	**10.8**	**317.6**

	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 2021		**22.0**	**170.1**	**114.6**	**(48.9)**	**257.8**	**6.9**	**264.7**
Profit for the period		-	-	1.9	-	1.9	0.5	2.4
Other comprehensive income		-	1.0	-	6.4	7.4	-	7.4
Total comprehensive Income		**-**	**1.0**	**1.9**	**6.4**	**9.3**	**0.5**	**9.8**
Dividends to non-controlling interests		-	-	-	-	-	(0.5)	(0.5)
Total transactions with non-controlling interests	15	**-**	**-**	**-**	**-**	**-**	**(0.5)**	**(0.5)**
Purchases of treasury shares		-	-	-	-	-	-	-
Share based payments	15	-	0.4	-	-	0.4	-	0.4
Total distributions and contributions		**-**	**0.4**	**-**	**-**	**0.4**	**-**	**0.4**
As at 30 June 2021		**22.0**	**171.5**	**116.5**	**(42.5)**	**267.5**	**6.9**	**274.4**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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. Since 2008 the Company operates a European Company (Societas Europaea, SE). The company is domiciled in Spain.

There was no change in name of reporting entity during the reporting period.

Paseo de la Castellana 163, 28046 (Madrid), Spain is the Company's registered office as of 30 June 2022 and has not changed during the reporting period.

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

In 2005 the shares of AmRest Holdings SE were quoted for the first time on the Warsaw Stock Exchange ("WSE") and in 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).

Grupo Finaccess S.A.P.I. de C.V. is the ultimate parent of the Group.

The Group is the largest independent chain restaurant operator in Central and Eastern Europe. The Group is also conducting its operations in Western Europe, Russia and China. The Group's principal place of business is Europe.

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 and in Germany in July 2017 are operated both by AmRest and its sub-franchisees under master-franchise agreements. In May 2022, as previously agreed, Russia MFA agreement was terminated as part of the transfer of the Pizza Hut outlets to a third party designated by the brand owner.

In Spain, Germany and Portugal the Group operates its own brand La Tagliatella. This business is based on owning 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 proprietary brands. In China the Group operates its own brand called Blue Frog.

In 2018 the Group acquired the Bacoa and Sushi Shop brands, as a result of which it operates proprietary and franchise restaurants in Spain (Bacoa) and proprietary and franchise Sushi Shop restaurants among the others in France, Belgium, Spain, Switzerland, United Kingdom, Luxembourg, Italy, United Arab Emirates and Saudi Arabia. Bacoa is a Spanish premium burger chain, and Sushi Shop is the operator of the leading European chain of Japanese cuisine restaurants.

Additionally, among own brands the Group operates virtual brands.

(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 as at 30 June 2022:

ACTIVITY WHERE AMREST IS A FRANCHISEE					
Brand	**KFC**	**Pizza Hut Dine-In**	**Pizza Hut Express, Delivery**	**Burger King**	**Starbucks** [1]
Franchisor/ Partner	YUM! Restaurants Europe Limited and its affiliates	Pizza Hut Europe Limited	Pizza Hut Europe Limited	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, Germany, Slovakia	Poland, Czechia, Bulgaria, Slovakia, 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	Poland, Czechia, Bulgaria, Slovakia, Romania – 20 years or 10 years [5] Since 20 November 2018: 10 years for restaurants opened	15 years, possibility of extension for a further 5 years[2]; in Romania till 10 October 2023 16 years; in Bulgaria till 1 October 2027 20 years
Preliminary fee	up to USD 57.9 thousand [3]	up to USD 57.9 thousand [3]	USD 29.0 thousand [3]	USD 50 thousand or USD 25 thousand, in Czechia USD 60 thousand [5] Since 20 November 2018: USD 30 thousand for restaurants.	USD 25 thousand
Franchise fee	6% of sales revenues	6% of sales revenues	6% of sales revenues	5% of sales revenues	6% of sales revenues
Marketing costs	5% of sales revenues[4]	5% of sales revenues	6% or 5% of sales revenues depending on the concept	5% of sales revenues	amount agreed each year

ACTIVITY PERFORMED THROUGH OWN BRANDS				
Brand	**La Tagliatella**	**Blue Frog**	**Bacoa**	**Sushi Shop**
Area of the activity	Spain, Germany, Portugal	China	Spain	France, Spain, Belgium, Italy, Switzerland, Luxembourg, UK

ACTIVITY WHERE AMREST IS A FRANCHISOR (BRAND OWNER 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	Pizza Hut Europe Limited, Yum Restaurants International Holdings LLC, Pizza Hut Europe S.a.r.l	Own brand	Own brand	Own brand	Own brand
Area covered by the agreement	Germany	Germany, France, CEE (Hungary, Czechia, Poland, Slovakia, Slovenia)	Spain	China	Spain	France, Belgium, United Arab Emirates, Saudi Arabia, UK
Term of agreement	10 years with possibility of extension[6)]	10 years with possibility of extension[6)]	10 years with possibility of extension	5 years with possibility of extension	10 years with possibility of extension	Franchise agreements: from 3 years (corners) to 10 years with a limited territorial exclusivity 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 default, deadlock, or 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. Option upon termination in the event of default or deadlock are symmetric for both parties, so that AmRest will also be entitled to exercise the option to purchase all of the Shares of Starbucks. According to Group assessment as of 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 license agreements entered into by and between AmRest's affiliates and Starbucks EMEA Limited for Poland, Hungary and Czech Republic, which are set to expire on 30 September 2022 are subject to a five year extension. Consistent with AmRest's long-term commitment to its brand portfolio, AmRest and Starbucks EMEA Limited are currently negotiating the terms of such extension.
3) The fee is updated yearly for inflation.
4) Marketing costs might be changed if certain conditions set in the agreement are met.
5)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 of the Burger King brand in Bulgaria, Czech Republic, Romania, Slovakia and Poland was signed, amended on 15 September 2020. This Development Agreement was terminated by Burger King Europe GMBH effective 1 February 2022.
6) In case of Germany MFA, which was set to terminate on May 31, the parties agreed to extend such termination until December 23, 2022, in order to allow for Yum! to take over the business, for itself, on or prior to such date. In case of Russia MFA, this agreement was terminated on 31 May 2022 as previously agreed and as part of AmRest's transfer of the Pizza Hut outlets to a third party designated by Yum!

(all figures in EUR millions unless stated otherwise)

2. Group structure

As at 30 June 2022, 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
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	Mriehel, Malta	AmRest China Group PTE Ltd	100.00%	December 2012
Horizon Consultants Ltd.	Mriehel, Malta	AmRest China Group PTE Ltd	100.00%	December 2012
AmRest Management Kft	Budapest, Hungary	AmRest Kft AmRest TAG S.L.U.	99.00% 1.00%	August 2018
GM Invest SRL	Brussels, Belgium	AmRest TAG S.L.U.	100.00%	October 2018
Sushi Shop Group SAS	Paris, France	GM Invest SRL AmRest TAG S.L.U.	9.47% 90.53%	October 2018
AmRest France SAS	Paris, France	AmRest Holdings SE	100.00%	December 2018
Sushi Shop Management SAS	Paris, France	Sushi Shop Group 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. [2]	Belgrade, Serbia	AmRest Sp. z o.o. ProFood Invest GmbH	60.00% 40.00%	October 2007
Restauravia Food S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
Pastificio Service S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	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	AmRest TAG S.L.U.	100.00%	March 2012
AmRest SAS.	Paris, France	AmRest TAG 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 Consultants Ltd.	100.00%	December 2012
AmRest Skyline GMBH	Cologne, Germany	AmRest TAG S.L.U.	100.00%	October 2013
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 Food Srl.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	July 2019
AmRest Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o. AmRest Sp. z o.o.	99.00% 1.00%	December 2015
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o. AmRest TAG S.L.U.	23.00% 77.00%	May 2016
AmRest DE Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
The Grill Concept S.L.U. .[3]	Madrid, Spain	Pastificio Service S.L.U.	100.00%	December 2016
Kai Fu Food and Beverage 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.	100.00%	February 2017
LTP La Tagliatella Franchise II Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	100.00%	April 2019
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	Paris, France	AmRest France SAS	100.00%	July 2017
OOO Chicken Yug	Saint Petersburg, Russia	OOO AmRest	100.00%	October 2017
OOO AmRest Pizza	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd. OOO AmRest	99.999996% 0.000004%	November 2017
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. AmRest Sp. z o.o.	99.00% 1.00%	April 2018
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
Sushi House SA	Luxembourg	Sushi Shop Luxembourg SARL	100.00%	October 2018
Sushi Shop London Pvt LTD	London, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Belgique SA	Bruxelles, Belgium	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Louise SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop UK Pvt LTD	Charing, UK	Sushi Shop Group SAS	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

(all figures in EUR millions unless stated otherwise)

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
Sushi Shop Lausanne SARL	Lasanne, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Madrid S.L.U.	Madrid, Spain	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Milan SARL	Milan, Italy	Sushi Shop Management SAS	70.00%	October 2018
		Vanray SRL	30.00%	
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 Vevey SARL	Vevey, Switzerland	Sushi Shop Switzerland SA	100.00%	November 2019
Sushi Shop Fribourg SARL	Fribourg, Switzerland	Sushi Shop Switzerland SA	100.00%	November 2019
Sushi Shop Yverdon SARL	Yverdon, Switzerland	Sushi Shop Switzerland SA	100.00%	Novemner 2019
Sushi Shop Morges SARL	Moudon, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2020
Financial services and others for the Group				
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2012
La Tagliatella International Kft	Budapest, Hungary	AmRest TAG S.L.U.	100.00%	November 2012
La Tagliatella SAS	Paris, France	AmRest TAG S.L.U.	100.00%	March 2014
AmRest Kaffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2016
AmRest Estate SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Leasing SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Franchise Sp. z o.o.	Wrocław, Poland	AmRest Sp. z o.o.	100.00%	December 2018
AmRest Global S.L.U.	Madrid, Spain	AmRest Holdings SE	100.00%	September 2020
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.	33.80%	
		Beata Szafarczyk-Cylny	5.00%	
		Zbigniew Cylny	10.20%	

[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 7 April 2022 the Share Purchase Agreement (the "SPA") was concluded to sale and transfer of the 40% of the shares in AmRest d.o.o. from ProFood Invest GmbH to AmRest Sp. z o.o.. The transaction is subject to certain conditions precedent specified in SPA.

[3]On 12 July 2022 Pastificio Service S.L.U, the sole shareholder of The Grill Concept S.L.U., decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.

3. Basis of preparation

These condensed consolidated financial statements for 6 months ended 30 June 2022 have been prepared in accordance the IAS 34 Interim Financial Reporting and were authorized for issue by the Company's Board of Directors on 1 September 2022.

This interim report does not include all the information and disclosures required in the annual financial report. Accordingly, this report should be read with conjunction with the consolidated financial statements for the year ended 31 December 2021. 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 consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standard, interpretations, and amendments to standards effective as of 1 January 2022, which do not have 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.

Unless otherwise indicated, amounts in this consolidated interim report are presented in euro (EUR), rounded off to full millions with one decimal place.

The preparation of these condensed consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. Estimates and judgments are continually verified, and are based on professional experience and on various factors, including expectations of future events, which are deemed to be justified in given circumstances. Revisions to estimates are recognised prospectively. Actual results may differ from these estimates.
Based on the available information, facts and current circumstances, and taking into consideration uncertainties about the future macroeconomic conditions, which is at least, but is not limited to, twelve months from the end of the reporting period, the going concern assumption applies in the foreseeable future. Consequently, these interim condensed consolidated financial statements have been prepared under going concern principle.

COVID-19 update
The COVID-19 pandemic continues, and its intensity and accompanied uncertainties varies between markets. During year 2022, in the main economies where the Group operates, many restrictions imposed by the governments were relaxed and lifted, as the vaccination levels increased, and mortality rates decreased. This facilitates greater mobility and social interaction that may positively impact the revenues level for Group. However, impact of COVID-19 remains uneven between geographical markets. Strict lockdowns were imposed on some areas of China during first quarter of 2022 and extended into the second quarter. The severity of potential new mutations or variants in coming months, and its potential impact on Group's operations cannot be predicted and remains an issue closely monitored by the Group.

(all figures in EUR millions unless stated otherwise)

War in Ukraine

The war in Ukraine in late February 2022 has led to increased market volatility and higher economic uncertainty, as reflected in the widespread deterioration of the consumer confidence indicators, which has impacted on financial and commodity markets.

Even if the conflict remains localized, it has broad implications for economies across the world. While Russia and Ukraine together represent a relatively small part of the world economy, they account for a large share of global energy exports, as well as exports of a range of metals, food staples and agricultural inputs. As such, the main consequences to economies derived from the conflict are inflation, due to the increased price of energy and non-energy commodities. In this regard, the significant inflationary pressures that were generated by the strong economic recovery following the gradual lifting of COVID-19-related restrictions have been exacerbated by the war.

The escalation of the conflict between Russia and Ukraine, resulted in a number of commercial and economic sanctions to Russia. The Group is closely monitoring their potential impact on Group's current and future operations. Additionally, the Group stopped investments in that country and in May 2022 transferred its Pizza Hut operations in Russia to a local operator.

Finally, European Central Bank (whose exchange rates the Group is using for conversion of foreign operations to Euro) has suspended its publication of a euro reference rate for the Russian rouble from 1 March 2022. As such the Group has started using euro-rouble exchange rate as published by National Bank of Russia for preparation of condensed consolidated interim reports. During 6 months period ended 30 June 2022 rouble appreciated significantly versus EUR. As of 31 December 2021 1 EUR = 85.47 RUB, whereas as at 30 June 2022 1 EUR = 53.76 RUB.

The war in Ukraine and subsequent sanctions pose significant challenges to business activities and introduce a high degree of uncertainty. Moreover, as an element to sanctions imposed since March 2022, the European Union banned top credit rating firms from rating Russia. Later in June 2022 a technical default of Russia was declared after missing a bond payment in foreign currency. Such events have additionally increased uncertainty in making judgements and estimates when assessing the value of assets and liabilities as of the reporting date.

The Group has performed the impairment tests for its Russian business as of 30 June 2022 and accounted for EUR 52.9 million impairment loss as a result. The details of judgments and estimates made are presented in note 12 of those condensed consolidated financial statements.

4. Segment reporting

AmRest as a group of dynamic developing entities running operations in many markets and various restaurant business segments is under constant analysis by 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:

Segment	Description
Central and Eastern Europe (CEE)	Restaurant operations and franchise activity in: ■ Poland – KFC, Pizza Hut, Starbucks, Burger King, virtual brands, ■ Czechia – KFC, Pizza Hut, Starbucks, Burger King, ■ Hungary – KFC, Pizza Hut, Starbucks, ■ Bulgaria – KFC, Starbucks, Burger King, ■ Croatia, Austria, Slovenia – KFC, ■ Slovakia – Starbucks, Pizza Hut, Burger King, ■ Romania – Starbucks, Burger King, ■ 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, ■ Portugal – La Tagliatella. ■ Belgium, Italy, Switzerland, Luxemburg, United Kingdom and other countries with activities of Sushi Shop.
China	Blue Frog restaurant operations in China.
Russia	KFC and until May 2022 Pizza Hut restaurant operations and franchise activity in Russia, Armenia and Azerbaijan (transferred to local operator in May 2022).

Segment	Description
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 and other minor entities performing holding and/or financing services.

When analyzing the results of particular business segments the Board of Directors draws attention primarily to EBITDA reached, which is not an IFRS measure.

Segment measures and the reconciliation to profit/loss from operations for the 6 months ended 30 June 2022 and for the comparative 6 months ended 30 June 2021 is presented below.

6 months ended 30 June 2022	**CEE**	**Western Europe**	**Russia**	**China**	**Other**	**Total**
Restaurant sales	522.8	358.4	128.8	35.5	-	1 045.5
Franchise and other sales	0.3	33.0	0.2	0.2	33.5	67.2
Segment revenue	**523.1**	**391.4**	**129.0**	**35.7**	**33.5**	**1 112.7**
EBITDA	**99.7**	**50.2**	**27.1**	**5.0**	**(5.9)**	**176.1**
Depreciation and amortisation	56.6	43.8	13.9	9.7	0.4	124.4
Net impairment losses on financial assets	(0.1)	1.0	-	0.1	-	1.0
Net impairment losses on other assets	(3.9)	(0.4)	54.7	0.2	-	50.6
Profit/loss from operations	**47.1**	**5.8**	**(41.5)**	**(5.0)**	**(6.3)**	**0.1**
Finance income and costs	(11.6)	(4.0)	0.7	(0.4)	(7.0)	(22.3)
Profit before tax	**35.5**	**1.8**	**(40.8)**	**(5.4)**	**(13.3)**	**(22.2)**
Capital investment*	**22.4**	**15.4**	**2.7**	**2.2**	**0.4**	**43.1**
6 months ended 30 June 2021	**CEE**	**Western Europe**	**Russia**	**China**	**Other**	**Total**
Restaurant sales	370.0	304.8	84.0	47.6	-	806.4
Franchise and other sales	0.3	21.7	0.2	0.3	15.4	37.9
Segment revenue	**370.3**	**326.5**	**84.2**	**47.9**	**15.4**	**844.3**
EBITDA	**76.1**	**44.8**	**21.1**	**14.3**	**(2.6)**	**153.7**
Depreciation and amortisation	54.7	41.5	12.5	8.6	0.3	117.6
Net impairment losses on financial assets	0.3	0.1	-	-	0.6	1.0
Net impairment losses on other assets	4.9	2.6	(0.3)	-	-	7.2
Profit/loss from operations	**16.2**	**0.6**	**8.9**	**5.7**	**(3.5)**	**27.9**
Finance income and costs	(4.6)	(3.6)	(0.8)	(0.4)	(10.0)	(19.4)
Profit/loss before tax	**11.6**	**(3.0)**	**8.1**	**5.3**	**(13.5)**	**8.5**
Capital investment*	**13.6**	**14.0**	**3.4**	**1.5**	**0.1**	**32.6**

**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 condensed consolidated financial statements.

5. Operating and other income/costs

Operating costs

Analysis of operating expenses by nature:

	6 MONTHS ENDED	
	30 June 2022	**30 June 2021**
Food, merchandise and other materials	358.4	255.5
Payroll	251.4	212.4
Social security and employee benefits	60.2	51.2
Royalties	54.0	38.8
Utilities	53.6	36.2
External services - marketing	45.2	35.2
Delivery fee	44.1	41.7
External services – other	57.0	43.3
Rental and occupancy costs	13.2	4.4
Depreciation of right-of-use assets	72.0	65.9
Depreciation of property, plant and equipment	46.3	45.9
Amortisation of intangibles	6.1	5.8
Other	10.6	7.5
Total cost by nature	**1 072.1**	**843.8**

(all figures in EUR millions unless stated otherwise)

Summary of operating expenses by functions:

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
Restaurant expenses	946.1	749.9
Franchise and other expenses	51.8	27.6
General and administrative expenses	74.2	66.3
Total cost by function	**1 072.1**	**843.8**

Other operating income/expenses

Other income for H1 2022 consists mostly of contributions for Store Network Restructuring program in Starbucks stores, income from insurance and gains on right of use disposed.

Other operating income and expenses section for H1 2021 consisted mainly of accounted government assistance programs that amounted to EUR 28.4 million, out of that EUR 10.3 million income was recognised for government assistance programs for payroll and employee benefits (payroll costs EUR 8.7 million and social contribution EUR 1.6 million), whereas EUR 18.1 million was recognised for government support programs for rent and other.

6. Financial income and costs

Finance income

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
Income from bank interest	1.5	0.4
Net income from exchange differences	**-**	**2.1**
Net income from exchange differences on lease liabilities	-	2.3
Net income from exchange differences - other	-	(0.2)
Other	0.1	0.2
Total finance income	**1.6**	**2.7**

Finance costs

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
Interest expense	(10.5)	(9.1)
Interest expense on lease liabilities	(12.2)	(11.9)
Net cost from exchange differences	**(1.9)**	**-**
Net cost from exchange differences on lease liabilities	(3.3)	-
Net cost from exchange differences - other	1.4	-
Other	0.7	(1.1)
Total finance cost	**(23.9)**	**(22.1)**

7. Taxes

Income taxes

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
Current tax	(12.2)	(7.7)
Deferred income tax	2.0	1.6
Income tax recognised in the income statement	**(10.2)**	**(6.1)**
Deferred tax asset		
Opening balance	45.7	37.6
Closing balance	45.6	43.6
Deferred tax liability		
Opening balance	45.4	39.0
Closing balance	46.3	43.6
Change in deferred tax assets/ liabilities	**(1.0)**	**1.4**

(all figures in EUR millions unless stated otherwise)

Changes in deferred tax asset and liabilities are recognised as follow:

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
Change in deferred tax assets/liabilities	**(1.0)**	**1.4**
of which:		
Deferred taxes recognised in the income statement	2.0	1.6
Deferred taxes recognised in other comprehensive income – net investment hedges	(0.4)	(0.2)
Deferred taxes recognised in equity - valuation of employee options	0.7	0.4
Exchange differences	(3.3)	(0.4)

Income tax calculated according to domestic tax rates applicable to income in particular countries as of 30 June 2022 would amount to EUR 6.5 million. Main position affecting effective tax rate for 6 months ended 30 June 2022 are expenses permanently not deductible for tax purposes (EUR 11.5 million), tax losses for the current period for which no deferred tax asset was recognized (EUR 2.9 million), income tax corrections (EUR 2.5 million), changes in assessment of deferred taxes from tax losses related to previous years (EUR 1.8 million) and local taxes reported as income taxes (EUR 1.1 million).

Tax risks and uncertain tax positions

Tax settlements may be subject of the tax control for the period of 3-5 years from the date of their filing.

Tax settlements of AmRest entities are subject to several tax inspections which were widely described in the note "Tax risks and uncertain tax position" to the consolidated financial statements for 2021 ("the Note").

In respect to tax inspections of AmRest sp. z o.o. regarding VAT returns for the periods:

- from April 2018 to September 2018 (described in point (c) of the Note),
- from October 2018 to March 2019 (described in point (d) of the Note)

the Company received the information about the prolongation of the proceedings and these proceedings have not concluded as of the date of publication of this Report.

In respect to tax inspection in AmRest sp. z o.o. regarding CIT settlements for 2013 (described in point (f) of the Note), the Company's complaint to Local Administrative Court filed on 26 April 2021 was upheld on 6 April 2022. As of the date of publication of this Report the proceedings have not concluded as the verdict of the court is not legally binding yet and could be subject to Ministry of Finance's appeal to Supreme Administrative Court.

In respect to tax inspection in AmRest sp. z o.o. regarding CIT settlements for the period from December 2017 to March 2018 (described in point (b) of the Note), on 7 July 2022 AmRest Sp. z o.o. received the final decision issued by the Head of the Lower Silesia Tax Office ("Head") which questioned the correctness of the output VAT settlement for a part of operational sales revenues. The Head claimed the tax liability amounting to PLN 11.3 million (EUR 2.3 million). The decision concluded however that the Company has not been obliged to pay any additional tax liability for this period due to the binding power of the individual ruling of the Ministry of Finance held by the Company.

On 22 March 2021 Pastificio Service S.L.U. (as the taxpayer), AmRest Tag S.L.U. (as head of the Tax Group during the tax audit period) and AmRest Holdings SE (as the current head of the Tax Group) received the settlement agreement from the tax office indicating the additional tax liability amounting to EUR 1.1 million, which was paid by the taxpayer on 14 June 2021. However, the Company disagree with the tax authorities and on 22 April 2021 submitted the economic-administrative claim and the allegations has been filed on 26 July 2021. On 5 July 2022 the Company received the resolution which rejected the allegations submitted by the company. This resolution is currently analyzed, the company has 60 working days to appeal against it.

On 23 June 2021 Pastificio Service S.L.U. received notification of the start of an inspection relating to a municipal tax (business activity tax) for the fiscal years 2018-2021. The tax inspection is related to the Pastificio's activity in the Central Kitchen (Lleida). In July 2022 the company received the final decision, in which the tax authorities claimed an additional tax liability amounting to EUR 70k. The company agreed with the final tax assessment. This amount was paid on 29 July 2022.

On 4 July 2022 tax inspection in AmRest DOO started covering all tax obligations for 2020. As at the date of publication of this Report, no conclusion has been obtained.

On 9 June 2022 the Sushi Shop Group has received a new tax reassessment for 2018 and 2019, resulting in an additional tax liability of EUR 1 million. The company paid the amount of EUR 0.7 million on 1 August 2022 and asked for a deferment of the remaining amount. This remaining amount was the subject of a claim filed by the company on 5 August 2022.

(all figures in EUR millions unless stated otherwise)

On 9 June 2022, the Sushi Shop Group, due to the failure to file a 2020 tax return, received a tax assessment based on the 2019 tax result, resulting in an additional tax liability of EUR 2.8 million. The company filed an application for deferment of payment and claims that the tax result for this year should be 0. The company filed a relevant application on 2 August 2022.

On 9 June 2021 AmRest Kft and on 14 June 2021 AmRest Kávézó Kft have received the notification letters in respect to planned initiation of tax proceedings. Tax proceeding in AmRest Kft relates to all tax settlements for the period 2018-2019 and in AmRest Kávézó Kft for the year 2019. Tax audits in AmRest Kft and in AmRest Kávézó Kft have been concluded in April 2022 without any relevant assessment.

Since 31 December 2021 till the date of approval of these condensed consolidated financial statements the status of other reported tax related risks has not changed. The Group did not receive any other new decisions except the ones described above and no new tax inspections took place.

The Group's risk assessment regarding tax risks and uncertainties has not changed since the publication of the consolidated financial statements for 2021. Therefore, as of 30 June 2022 and as at the date of publication of this Report, no provisions other than the one stated above were created.

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

8. Property, plant and equipment

The table below presents changes in the value of property, plant and equipment in 6 months ended 30 June 2022 and 2021:

2022	Leasehold improvements, land, buildings	Restaurants equipment and vehicles	Furniture and other assets	Assets under construction	Total
PPE as at 1 January	**259.5**	**139.9**	**35.5**	**26.0**	**460.9**
Acquisition	-	0.1	0.1	-	0.2
Additions	2.1	6.0	0.6	30.3	39.0
Depreciation	(21.3)	(18.8)	(6.2)	-	(46.3)
Net impairment losses	(1.0)	(1.0)	0.5	-	(1.5)
Disposals and deconsolidation	(0.1)	(0.3)	(0.2)	-	(0.6)
Transfers between categories	4.0	12.6	3.3	(20.0)	(0.1)
Exchange differences	13.2	4.1	1.1	0.3	18.7
PPE as at 30 June	**256.4**	**142.6**	**34.7**	**36.6**	**470.3**
Gross book value	651.8	405.5	108.4	37.3	1 203.0
Accumulated depreciation and impairments	(395.4)	(262.9)	(73.7)	(0.7)	(732.7)
Net book value	**256.4**	**142.6**	**34.7**	**36.6**	**470.3**

2021	Leasehold improvements, land, buildings	Restaurants equipment and vehicles	Furniture and other assets	Assets under construction	Total
PPE as at 1 January	**277.2**	**146.6**	**32.9**	**18.3**	**475.0**
Additions	3.1	4.5	0.6	21.3	29.5
Depreciation	(20.0)	(19.1)	(6.8)	-	(45.9)
Net impairment losses	(4.0)	(1.7)	-	0.1	(5.6)
Disposals and deconsolidation	0.1	(0.5)	-	(1.3)	(1.7)
Transfers between categories	4.6	4.1	10.6	(19.5)	(0.2)
Exchange differences	3.8	1.9	0.3	0.4	6.4
PPE as at 30 June	**264.8**	**135.8**	**37.6**	**19.3**	**457.5**
Gross book value	598.1	372.9	101.0	20.6	1 092.6
Accumulated depreciation and impairments	(333.3)	(237.1)	(63.4)	(1.3)	(635.1)
Net book value	**264.8**	**135.8**	**37.6**	**19.3**	**457.5**

Depreciation was charged as follows:

	6 MONTHS ENDED	
	30 June 2022	**30 June 2021**
Costs of restaurant operations	44.7	44.6
Franchise expenses and other	0.9	0.6
General and administrative expenses	0.7	0.7
Total depreciation	**46.3**	**45.9**

(all figures in EUR millions unless stated otherwise)

9. Leases

The table below presents the reconciliation of the right-of-use assets and lease liabilities for 6 months ended 30 June 2022 and 2021:

	Right-of-use asset			Lease liabilities
	Restaurant properties	Other	Total right-of-use asset	Total liabilities
As at 1 January 2022	**756.8**	**14.2**	**771.0**	**822.9**
Additions – new contracts	13.8	1.9	15.7	15.5
Remeasurements and modifications	69.8	(0.1)	69.7	66.2
Depreciation	(68.8)	(3.2)	(72.0)	-
Net impairment losses	(2.0)		(2.0)	-
Interest expense				12.2
Payments				(80.7)
Exchange differences	31.7	0.9	32.6	37.1
Disposals	(1.6)	-	(1.6)	(2.6)
As at 30 June 2022	**799.7**	**13.7**	**813.4**	**870.6**

	Right-of-use asset			Lease liabilities
	Restaurant properties	Other	Total right-of-use asset	Total liabilities
As at 1 January 2021	**693.9**	**15.7**	**709.6**	**761.4**
Additions – new contracts	23.1	1.4	24.5	24.5
Remeasurements and modifications	28.5	0.1	28.6	20.7
Depreciation	(63.4)	(2.6)	(65.9)	-
Net impairment losses	(1.6)		(1.6)	-
Interest expense				11.9
Payments				(66.2)
Exchange differences	10.4	0.2	10.6	9.2
Disposals	-	(0.1)	(0.1)	(0.2)
As at 30 June 2021	**690.9**	**14.8**	**705.7**	**761.3**

Depreciation was charged as follows:

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
Costs of restaurant operations	69.3	64.0
Franchise expenses and other	-	-
General and administrative expenses	2.6	1.9
Total depreciation	**71.9**	**65.9**

For the six months ended 30 June 2022 the Group recognised rent expense from short-term leases of EUR 0.3 million, leases of low-value assets of EUR 2.7 million and variable lease payments of EUR 9.8 million (including negative amount of EUR 2.0 million COVID-19-related rent concessions).

For the six months ended 30 June 2021 the Group recognised rent expense from short-term leases of EUR 0.4 million, leases of low-value assets of EUR 2.2 million and variable lease payments of EUR 1.8 million (including negative amount of EUR 6.8 million COVID-19-related rent concessions).

The following are the remaining contractual maturities of lease payments at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

	30 June 2022	31 December 2021
Up to 1 year	177.4	163.0
Between 1 and 3 years	277.4	254.9
Between 3 and 5 years	192.4	176.4
Between 5 and 10 years	232.7	218.7
More than 10 years	151.6	142.3
Total contractual lease payments	**1 031.5**	**955.3**
Future finance costs of leases	160.9	132.4
Total lease liabilities	**870.6**	**822.9**

(all figures in EUR millions unless stated otherwise)

10. Intangible assets

The table below presents changes in the value of intangible assets in 6 months ended 30 June 2022 and 2021:

2022	Own brands	Licenses for franchise brands	Relations with franchisees and customers	Other intangible assets	Total
IA as at 1 January	**154.1**	**23.1**	**28.9**	**30.8**	**236.9**
Additions	-	0.2	-	3.7	3.9
Depreciation	(0.1)	(1.9)	(1.5)	(2.6)	(6.1)
Net impairment losses	-	0.1	-	(0.3)	(0.2)
Disposals and derecognition	-	-	-	(0.2)	(0.2)
Transfers between categories	-	0.8	-	(0.7)	0.1
Exchange differences	-	1.5	-	-	1.5
IA as at 30 June	**154.0**	**23.8**	**27.4**	**30.7**	**235.9**
Gross book value	159.0	49.9	51.9	80.4	341.2
Accumulated amortisation and impairm	(5.0)	(26.1)	(24.5)	(49.7)	(105.3)
Net book value	**154.0**	**23.8**	**27.4**	**30.7**	**235.9**

2021	Own brands	Licenses for franchise brands	Relations with franchisees and customers	Other intangible assets	Total
IA as at 1 January	**153.8**	**22.6**	**32.0**	**32.3**	**240.7**
Additions	-	2.0	-	1.1	3.1
Depreciation	(0.1)	(2.1)	(1.5)	(2.1)	(5.8)
Net impairment losses	-	(0.1)	-	-	(0.1)
Disposals and derecognition	-	-	-	0.2	0.2
Exchange differences	0.1	0.4	-	0.1	0.6
IA as at 30 June	**153.8**	**22.9**	**30.5**	**31.5**	**238.7**
Gross book value	158.6	46.8	51.9	76.2	333.5
Accumulated amortisation and impairments	(4.8)	(24.0)	(21.4)	(44.6)	(94.8)
Net book value	**153.8**	**22.8**	**30.5**	**31.6**	**238.7**

Depreciation was charged as follows:

	6 MONTHS ENDED	
	30 June 2022	**30 June 2021**
Costs of restaurant operations	2.3	2.5
Franchise expenses and other	0.9	0.9
General and administrative expenses	2.9	2.4
Total depreciation	**6.1**	**5.8**

Other intangible assets cover mainly exclusivity rights including master-franchise rights in the amount of EUR 1.8 million (EUR 2.4 million as at 31 December 2021), key monies in the amount of EUR 18.1 million (EUR 18.1 million as at 31 December 2021) and computer software.

11. 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:

2022	1 January	Increases	Impairment	Exchange differences	30 June
Sushi Shop	140.5	0.9	-	-	141.4
Spain- La Tagiatella and KFC	90.9	-	-	-	90.9
Russia - KFC	33.1	-	(46.9)	13.8	-
Germany - Starbucks	8.6	-	-	-	8.6
China- Blue Frog	21.5	-	-	0.7	22.2
France - KFC	14.0	-	-	-	14.0
Hungary-KFC	3.4	-	-	(0.2)	3.2
Romania	2.5	-	-	-	2.5
Czechia-KFC	1.5	-	-	-	1.5

(all figures in EUR millions unless stated otherwise)

2022	1 January	Increases	Impairment	Exchange differences	30 June
Poland – Other	0.6	-	-	-	0.6
Total	**316.6**	**0.9**	**(46.9)**	**14.3**	**284.9**

2021	1 January	Impairment	Exchange differences	30 June
Sushi Shop	140.5	-	-	140.5
Spain- La Tagiatella and KFC	90.9	-	-	90.9
Russia - KFC	30.8	-	1.8	32.6
Germany - Starbucks	8.6	-	-	8.6
China- Blue Frog	19.3	-	0.9	20.2
France - KFC	14.0	-	-	14.0
Hungary-KFC	3.4	-	0.1	3.5
Romania	2.6	-	-	2.6
Czechia-KFC	1.4	-	-	1.4
Poland – Other	0.6	-	-	0.6
Total	**312.1**	**-**	**2.8**	**314.9**

Details of impairment test performed for unit that include goodwill are presented in note 12.

12. Impairment of non-current assets

Details of net impairments losses recognised for restaurant and goodwill impairment tests :

		6 MONTHS ENDED	
	Note	30 June 2022	30 June 2021
Net impairment of property, plant and equipment	8	1.5	5.6
Net impairment of intangible assets	10	0.2	-
Net impairment of right of use assets	9	2.0	1.6
Net impairment of goodwill	11	46.9	-
Net impairment losses of non- current other assets		**50.6**	**7.2**

Restaurant level tests

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 assets include amongst others property, plant and equipment, intangible assets and right of use assets. Impairment indicators defined by the Group are described in note 38 of consolidated financial statements for the year 2021.

Impairment indicators are reviewed twice a year and respective impairments test for restaurants are performed twice a year.

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.

For recoverable value calculations of value in use, Group uses cash flow projections based on financial budgets that require relevant judgments and estimates. Cash flow projections are prepared for individual restaurants. The Group uses most recently approved budgets and forecasts prepared on the level of countries or activities of brands in certain countries. Next those assumptions are verified in terms of situation of individual restaurants. Base assumptions may be enhanced or worsen, to reflect the best estimate for expected cash projections of analysed restaurant, if needed. Individual projections for sales and costs may depend on restaurant's main streams of revenues and its recovery path from pandemic (different for take-away business, dine-in, food courts), cost pressure in various markets, supply chain related issues and other. The restaurant tests are also prepared with diversified projection periods that are correlated to restaurant's rental agreements.
The main assumptions used to determine the value in use were:
- sales growth projections dependent on sales mix and sales channels for a given restaurant
- impact of changes in revenue on direct costs
- costs structure development
- the amount of investment expenditure
- a discount rate based on the weighted average cost of capital and reflecting the current market assessment of the time value of money and the business risk of the cash generating unit.

(all figures in EUR millions unless stated otherwise)

As such, Group does not disclose quantitative ranges for the main assumptions used for restaurant test. The amounts assigned to each of these parameters reflect the Group's experience adjusted for expected changes in the forecast period and corrected by local specifics and characteristics of a given restaurant. This reflects the specifics of Group's operations, where business is conducted through multiple, individually small operating units.
In the event that the fair value less costs of sale is used as a reference, market references are used that take into account, among others, location and updated market information.

Carrying amount of each CGU consists of carrying amount of above-described assets decreased by balance of lease liabilities assigned to the restaurants (net assets of CGU). To determine the recoverable amount of CGU the lease liabilities balance is also deducted from total discounted cash flows (without the base rental charge). Carrying amount of CGU is compared with recoverable amount and impairment loss is accounted up to total balance of net assets of CGU.

Discounts rates applied are shown in the table below.

	Post-tax discount rate 30 June 2022	**Implied pre-tax discount rate 30 June 2022**	**Implied pre-tax discount rate 31 December 2021**	**Implied pre-tax discount rate 30 June 2021**
Poland	9.5%	11.7%	9.1%	8.4%
Czechia	7.6%	9.3%	7.8%	7.7%
Hungary	11.1%	12.2%	10.0%	11.0%
Russia	32.6%	40.8%	12.1%	12.8%
Serbia	11.7%	13.8%	10.6%	13.0%
Bulgaria	8.8%	9.8%	8.2%	9.8%
Spain	7.8%	10.4%	8.6%	9.1%
Germany	6.6%	9.4%	7.2%	6.6%
France	6.9%	9.2%	7.1%	6.8%
Croatia	9.3%	11.4%	9.4%	11.3%
China	7.4%	9.9%	8.2%	9.0%
Romania	10.0%	11.9%	9.9%	10.9%
Slovakia	7.7%	9.7%	8.1%	8.2%
Portugal	7.9%	10.0%	8.5%	9.4%
Austria	7.2%	9.5%	7.9%	7.4%
Slovenia	9.7%	12.0%	8.6%	9.0%
Belgium	7.0%	9.4%	8.2%	7.4%
Italy	8.8%	11.6%	8.7%	9.3%
Switzerland	6.2%	7.3%	5.8%	5.0%
Luxemburg	6.8%	9.1%	7.4%	6.9%
Netherland	6.8%	9.1%	7.3%	6.5%
United Kingdom	7.9%	9.7%	7.8%	7.4%

Recognised impairment losses and reversals of 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, where business is conducted through multiple, individually small operating units.

Summary of impairment tests results on the level of restaurants for the 6 months period ended 30 June 2022 is presented in the table below.

	Impairment loss	Impairment reversals	Net/Total
Number of units tested			394
Units with impairment/reversal recognised	84	121	
Impairment of property, plant and equipment and intangible assets	(5.6)	6.4	0.8
Impairment of right of use assets	(1.7)	3.2	1.5
Five highest individual impairment loss/ reversals totaled	(1.7)	1.5	
Average impairment loss/ reversal per restaurant	(0.1)	0.1	

Summary of impairment tests results on the level of restaurants for the 6 months period ended 30 June 2021 is presented in the table below.

	Net/Total
Number of units tested	832
Units with impairment/reversal recognised	120/89
Net impairment of property, plant and equipment and intangible assets	(5.6)
Net impairment of right of use assets	(1.6)
Five highest individual impairment loss/ reversals totaled	(3.8)/3.8
Average impairment loss/ reversal per restaurant	(0.2) /0.1

(all figures in EUR millions unless stated otherwise)

Business (goodwill) level tests

Additionally Group recognised impairment loss on intangible assets and goodwill as a result of goodwill impairment tests as disclosed in next section.

Goodwill and intangibles with undefined useful lives level

The Group performs impairment test for goodwill together with any intangible assets with indefinite useful lives, other intangibles, property plant and equipment, right of use assets, as well any other non-current assets that operate on the group of CGUs where goodwill is allocated.

Mandatory impairment tests are performed at year ends. For 6 months period ended 30 June 2022 Group has identified impairment indicators and performed impairment tests for following businesses: China market, KFC France, Sushi Shop (all markets) and KFC Russia. Impairment losses were recognised for KFC Russia. In all remaining tests the recoverable amount exceeds the carrying amount of the tested group of CGUs.

The Group has not identified impairment indicators for goodwill impairment test for 6 months ended 30 June 2021.

Goodwill impairment test for KFC Russia

The war in Ukraine has introduced uncertainty in the conduct of businesses and, as a result, a significant risk of material adjustment to the carrying amounts of assets and liabilities may have arisen. Determining the recoverable amount in the current uncertain environment requires a careful assessment of the cash-flow projections.

The impairment test performed for KFC Russia business resulted in recognition of impairment losses in total value of EUR 52.9 million (RUB 3 179.8 million retranslated by average forex RUB/EUR exchange rate from June 2022). Impairment loss included impairment for goodwill EUR 46.9 million, impairment of property, plant, and equipment of EUR 2.5 million and impairment of right of use of assets in amount of EUR 3.5 million.

Test were performed in local currency, and the recoverable value of tested unit amounted RUB 8 713.1 million whereas the carrying amount of tested non-current assets including goodwill amounted RUB 11 892.9 million. That resulted in impairment loss of RUB 3 179.8 million, representing 42% of net assets of Russian business.

The Group has performed impairment test taking into account most recent budgets, forecast and expectations towards operating business in Russia. Cash flow projections reflect current central scenario of continuing business operations in Russia and there is no new restaurant development in the country.

The war has impacted the interest rates and inflation trends. Consequently, the discount rate and growth rate for residual period used to determine the recoverable amount were updated to reflect these developments.

The most relevant factor for updating Russia business discount rate, in the current situation, was the country risk premium input. In the past the Group was using Moody’s country ratings, however, on 15 March 2022 the European Union banned top credit rating firms from rating Russia and the Russian companies as part of its sanctions package. Additionally, on 27 June 2022 a technical default of Russia was declared after missing a bond payment in foreign currency as Russian central bank’s reserves were frozen and the local banks did not have access to the global financial system. Nonetheless, holders of Russian government Eurobonds were offered a special account to receive the payment in roubles in accordance with Russian central bank’s exchange rate. The complexity of this scenario increases with the strong appreciation showed by the rouble. This movement is contradictory to what would be implied by a sovereign default due to a lack of resources.

This technical default merits a substantial increase in the country risk premium of Russia. Even though, the country's ability to repay in an appreciating local currency remains in place, the Group considers it reasonable to make the assumption that the country's equivalent credit rating would be in the default threshold “C” (no ability to pay in USD). This scenario implies a country risk premium of 20.34% and a discount rate of 32.62% for Russia market.

Following key assumption were used when performing impairment test:

HY 2022	Post-tax discount rate	Implied pre-tax discount rate	Growth rate for residual value	Weighted average budgeted EBITDA margin	Average total sales growth
Russia – KFC	32.6%	38.7%	5.9%	21.2%	6.6%

The Group carried out a sensitivity analysis for the impairment tests performed as of 30 June 2022. The sensitivity analysis examined the impact of changes in:

- discount rate applied,
- weighted average budgeted EBITDA margin,
- growth rate for residual value,
- sales revenues increases,

all of the above assuming other factors remain unchanged.

The objective of such a sensitivity analysis is to determine if reasonable possible changes in the main financial assumptions would lead to an impairment loss being recognised.

For discount rate, growth rate, weighted average budgeted EBITDA margin, a reasonable possible change was determined as 10% of the input data, applicable for particular unit. Consequently, each impairment test has a different level of a reasonable change in inputs, which can be determined by multiplying the base input data used in the impairment test as presented in table above by 10%.

Additionally, Group performed sensitivity analysis on the expected changes in sales revenues recognition. In that case Group determines reasonable change individually for each business tested. Usually this is in a range of 3-5% decrease of estimated sales revenues in each year of projection.

The following table presents what change in impairment loss would be accounted if respective input data were changed by tested percentage, assuming remaining parameters remain stable.

Input/ change in input	**(Increase)/ decrease in impairment loss (EUR million)**
Discount rate - in model (post-tax discount rate (32.6%))	
-10% of base value	15.7
-5% of base value	7.4
+5% of base value	(6.6)
+10% of base value	(12.5)
Growth rate for residual value - in model (5.9%)	
-10% of base value	(0.9)
-5% of base value	(0.4)
+5% of base value	0.4
+10% of base value	0.9
Weighted average budgeted EBITDA margin value - in model (21.2%)	
-10% of base value	(22.2)
-5% of base value	(11.1)
+5% of base value	11.1
+10% of base value	22.2
Restaurant Sales	
-5% in each year of projection	(10.7)
-3% in each year of projection	(6.4)
+3% in each year of projection	6.4
+5% in each year of projection	10.7

The following table shows the values to discount rate and growth rate under which recoverable amount in the model would equal to carrying amount of tested unit (assuming remaining input in model unchanged).

Input value	Post tax discount rate	Growth rate
Applied in model	32.6%	5.9%
When carrying amount of CGU equals to recoverable amount	24.0%	21.2%

The table below shows total split of net assets of Russian operations of the Group as of 30 June 2022 after the impairment losses accounted and translated based on 30 June 2022 forex exchange rate into EUR. The comparative figures for 31 December 2021 presented in second column reflect data reported in consolidated financial statements for the year ended 31 December 2021, i.e., using forex exchange EUR/RUB as of 31 December 2021. For illustrative purposes Group presents also, in the third column, the estimate of 31 December 2021 data in EUR if 30 June 2022 forex exchange rate was used at that time.

EUR millions	30 June 2022	31 December 2021	31 December 2021 @June 2022 forex rate
Non-current assets	165.0	151.9	241.4
Lease liabilities	106.4	75.8	120.4
Current assets	59.5	19.5	30.9
Other liabilities	37.6	16.4	26.1
Net assets	80.5	79.2	125.8

Goodwill impairment test for other units

The Group has additionally tested three units, for which impairment tests did not revealed any impairment loss. Following key assumption were used when performing impairment test:

HY 2022	Post-tax discount rate	Implied pre-tax discount rate	Growth rate for residual value	Weighted average budgeted EBITDA margin	Average total sales growth
China – BF	7.4%	9.1%	2.2%	25.0%	8.2%
France – KFC	6.9%	8.3%	1.8%	10.5%	5.4%
Sushi Shop (all markets)	6.9%	8.3%	1.8%	14.8%	6.9%

The Group carried out a sensitivity analysis in the same scope as described for the KFC Russia tests, above.

(all figures in EUR millions unless stated otherwise)

Based on the sensitivity analysis performed for KFC France a 10% drop in a weighted average budgeted EBITDA margin would result in impairment loss of EUR 5.8 million, whereas the other reasonably possible changes in any of the key assumptions tested would not lead to recognition of impairment losses i.e. carrying amount would not exceed the recoverable amount.

Based on the sensitivity analysis performed for China and Sushi Shop market the reasonably possible changes in any of the key assumptions used would not lead to recognition of impairment losses i.e. carrying amount would not exceed the recoverable amount.

13. Trade and other receivables

	30 June 2022	31 December 2021
Trade receivables	42.8	37.3
Other tax receivables	18.0	22.1
Credit cards, coupons and food aggregators receivables	21.1	17.3
Loans and borrowings	1.3	1.3
Government grants	0.6	1.2
Other	1.5	1.6
Allowances for receivables (note 22)	(12.8)	(12.9)
	72.5	**67.9**

Information about the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 22.

14. Cash and cash equivalents

	30 June 2022	31 December 2021
Cash at bank	230.3	189.8
Cash in hand	10.2	8.9
Total	**240.5**	**198.7**

Reconciliation of working capital changes as at 30 June 2022 and 31 December 2021 is presented in the table below:

H1 2022	Balance sheet change	Change in investment liabilities	Exchange differences	Working capital changes
Change in trade and other receivables	(4.6)	-	(1.0)	(5.6)
Change in inventories	(3.9)	-	1.2	(2.7)
Change in other assets	(8.7)	-	1.0	(7.7)
Change in payables and other liabilities	19.4	(4.4)	4.2	19.2
Change in other provisions and employee benefits	(7.4)	-	0.1	(7.3)

H1 2021	Balance sheet change	Change in investment liabilities	Exchange differences	Working capital changes
Change in trade and other receivables	(10.3)	-	0.5	(9.8)
Change in inventories	(1.3)	-	0.3	(1.0)
Change in other assets	(4.0)	-	0.9	(3.1)
Change in payables and other liabilities	15.5	(1.3)	0.4	14.6
Change in other provisions and employee benefits	(3.7)	-	(0.1)	(3.8)

15. Equity

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 of 30 June 2022 and 31 December 2021 the Company has 219 554 183 shares issued.

(all figures in EUR millions unless stated otherwise)

Reserves

The structure of Reserves is as follows:

	Share premium	Employee options unexercised	Employee options exercised	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As at 1 January 2022	**236.3**	**14.1**	**(40.7)**	**(4.0)**	**(9.5)**	**(30.6)**	**165.6**
Net investment hedges	-	-	-	-	(2.7)	-	**(2.7)**
Income tax related to net investment hedges	-	-	-	-	0.4	-	**0.4**
Total comprehensive income	**-**	**-**	**-**	**-**	**(2.3)**	**-**	**(2.3)**
Share based payments							
Value of disposed treasury shares	-	-	(0.2)	0.2	-	-	**-**
Employee stock option plan – proceeds from employees for transferred shares	**-**	-	0.1	**-**	**-**	**-**	**0.1**
Employee stock option plan – reclassification of exercised options	-	-	-	-	-	-	**-**
Employee stock option plan – change in unexercised options	-	1.3	-	-	-	-	**1.3**
Change of deferred tax related to unexercised employee benefits	-	(0.7)	-	-	-	-	**(0.7)**
Total share based payments	-	*0.6*	*(0.1)*	*0.2*	-	-	***0.7***
Total distributions and contributions	**-**	**0.6**	**(0.1)**	**0.2**	**-**	**-**	**0.7**
As at 30 June 2022	**236.3**	**14.7**	**(40.8)**	**(3.8)**	**(11.8)**	**(30.6)**	**164.0**

	Share premium	Employee options unexercised	Employee options exercised	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As at 1 January 2021	**236.3**	**13.9**	**(39.1)**	**(6.5)**	**(8.2)**	**(26.3)**	**170.1**
Net investment hedges	-	-	-	-	1.2	-	**1.2**
Income tax related to net investment hedges	-	-	-	-	(0.2)	-	**(0.2)**
Total comprehensive income	**-**	**-**	**-**	**-**	**1.0**	**-**	**1.0**
Share based payments							
Value of disposed treasury shares	-	-	(1.3)	1.3	-	-	**-**
Employee stock option plan – value of employee benefits exercised in the period	**-**	-	0.4	**-**	**-**	**-**	**0.4**
Employee stock option plan – proceeds from employees for transferred shares	-	(0.5)	0.5	-	-	-	**-**
Employee stock option plan – change in unexercised options	-	(0.4)	-	-	-	-	**(0.4)**
Change of deferred tax related to unexercised employee benefits	-	0.4	-	-	-	-	**0.4**
Total share based payments	-	*(0.5)*	*(0.4)*	*1.3*	-	-	***0.4***
Total distributions and contributions	**-**	**(0.5)**	**(0.4)**	**1.3**	**-**	**-**	**0.4**
As at 30 June 2021	**236.3**	**13.4**	**(39.5)**	**(5.2)**	**(7.2)**	**(26.3)**	**171.5**

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 2022.

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. Following scheduled debt amortisation repayment, the net investment hedge has been decreased to PLN 240 million from the end of December 2020.

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 in 2019 and through December 2021.

From there on, following amortisation repayment, the net investment hedge has been changed to EUR 224 million. 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 year ended 31 December 2021 and the period ended 30 June 2022 hedges were fully effective.

As at 30 June 2022 the accumulated value of currency revaluation recognised in reserve capital (resulting from net investment hedges) amounted to EUR 2.7 million, and deferred tax concerning this revaluation EUR 0.4 million.

Transactions with NCI

This item reflects the impact of accounting for transactions with non-controlling interests (NCI). During 6 month ended 30 June 2022 and 30 June 2021 Group paid dividends to non-controlling shareholders. No other transactions were made.

Translation reserves

The balance of translation reserves depends on the changes in the exchange rates. This parameter is out of control of the Group. Total change in translation reserves allocated to shareholders of the parent for 6 month period ended 30 June 2022 amounted to EUR 45.1 million. The most significant impact has a change in Russian ruble to EUR (EUR 43.6 million). Other significant changes result from change of Chinese yuan, Hungarian forint and Polish zloty to EUR.

16. Earnings per share

As at 30 June 2021, 31 December 2021 and 30 June 2022 the Company has 219 554 183 shares issued.

Table below presents calculation of basic and diluted earnings per ordinary share for the 6 months ended 30 June 2022 and 2021.

Basic EPS is calculated by dividing net profit attributable to shareholders of the parent by the weighted average number of ordinary shares outstanding during the year (including treasury shares, vested options under share based programs, number of shares to be transferred as a consideration for acquisition).

Diluted EPS is calculated by dividing net profit attributable to shareholders of the parent by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares (unvested options for open share based payments programs).

EPS calculation	**30 June 2022**	**30 June 2021**
Net profit attributable to shareholders of the parent (EUR millions)	(35.5)	1.9
Weighted average number of ordinary shares for basic EPS (in thousands of shares)	219 271	219 340
Weighted average number of ordinary shares for diluted EPS (in thousands of shares)	219 271	220 029
Basic earnings per ordinary share (EUR)	(0.16)	0.01
Diluted earnings per ordinary share (EUR)	(0.16)	0.01

Reconciliation of weighted-average number of ordinary shares for basic EPS:

Weighted-average number of ordinary shares in thousands of shares	**30 June 2022**	**30 June 2021**
Shares issued at the beginning of the period	219 554	219 554
Effect of treasury shares held	(363)	(551)
Effect of share options vested	80	337
Weighted average number of ordinary shares for basic EPS	**219 271**	**219 340**

Reconciliation of weighted-average number of ordinary shares for diluted EPS:

Weighted-average number of ordinary shares for diluted EPS in thousands of shares	**30 June 2022**	**30 June 2021**
Weighted-average number of ordinary shares for basic EPS	219 271	219 340
Effect of share options unvested	0	689
Weighted average number of ordinary shares for diluted EPS	**219 271**	**220 029**

As at 30 June 2022, 11 769 thousand of options were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive. At 30 June 2021, there were 10 476 thousand of options with anti-dilutive effect.

17. Borrowings

Long-term	**30 June 2022**	**31 December 2021**
Syndicated bank loans	490.9	466.2
SSD	35.5	35.5
Other bank loans	14.9	40.2
Total	**541.3**	**541.9**

Short-term	**30 June 2022**	**31 December 2021**
Syndicated bank loans	58.1	59.2
SSD	34.3	48.0
Other bank loans	39.2	15.5
Total	**131.6**	**122.7**

Bank loans and bonds

Currency	**Loans/Bonds**	**Effective interest rate**	**30 June 2022**	**31 December 2021**
PLN	Syndicated bank loan	3M WIBOR+margin	99.8	105.6
EUR	Syndicated bank loan	3M EURIBOR+margin	449.2	419.8
EUR	Schuldscheinedarlehen Bonds	6M EURIBOR/fixed +margin	69.8	83.5
EUR	Bank loans Germany	fixed	0.6	-
EUR	Bank loans France	fixed	30.1	30.2
EUR	Bank loans Spain	fixed	23.4	25.3
			672.9	**664.6**

Syndicated bank loan

As at 30 June 2022, syndicated bank financing entered into in 2017, with further amendments, accounts for the majority of AmRest debt. In December 2021 Group has signed an amendment to syndicated bank loan agreement providing an extension the repayment of the loan. Based on the extended agreement, the amounts of the facilities A, B, E and F are equal to the outstanding amounts of Credit facilities, after the scheduled repayments in September 2020 and September 2021, this is EUR 352mln and PLN 464mln. The repayment schedule is 10% on each 30 September anniversary of the next three years and the remaining amount on 31 December 2024. The Revolving facility D is available in the amount of up to PLN 450mln and due on 31 December 2024. Details of bank financing are as follows:

- Signing date: 5 October 2017,
- Final repayment date: 31 December 2024, c.
- 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 total tranches as of 30 June 2022:

Tranche(*)	Maximum amount (million)	Date added	Purpose
A	EUR 200	October 2017	Refinancing of bank debt, general corporate purposes
B	PLN 240	October 2017	
C (fully repaid in Q1 2019)	CZK 0	October 2017	
D	PLN 450	October 2017	
E	PLN 224	June 2019	Refinancing of Polish bonds
F	EUR 152	October 2019	M&A, general corporate purposes

** Approximate total amount: EUR 550m*

Interest rates: Variable interest rates (3M Euribor/Wibor increased by a margin).
Securities: submissions to execution from the Borrowers, guarantees from Group companies, pledge on shares of Sushi Shop Group.
Uncommitted Tranche G in the amount of up to EUR 100m has been added to the financing.
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. EBITDA as defined in finance agreements for the purpose of calculating covenants was EUR 215.8 million for the 12 month period ended 30 June 2022. The covenants were met at 31 December 2021 and 30 June 2022 as well.

Two other sources of AmRest financing are:

In April 2017 AmRest entered the Schuldscheinedarlehen ("SSD" – debt instrument under German law) market . The table below presents all SSD issues and their maturities:

Issue date	Amount (EUR million)	Interest rate	Maturity date	Purpose
7 April 2017	6.0	Fixed	5 April 2024	Refinancing, general corporate purposes
3 July 2017	33.0	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 2022, payables concerning SSD issued amounted to EUR 68.5 million.

Details of state supported loans taken by the Group as at 30 June 2022:

Country	Entities	Effective interest rate	State guarantee	Total amount granted	Available at 30 June 2022	Maturity
Spain	Restauravia Food SL, Pastificio Food SL	Fixed	70%	45.0	17.7*	3-5 years
France	Sushi Shop Restauration SAS, AmRest Opco SAS	Fixed	90%	30.0	0	3 years
				75.5	**17.7**	

** Not including the part revolving (paid) EUR 2 million, without the renewed borrowing.*

As at 30 June 2022, payables concerning State Supported Loans amount to EUR 53.4 million.

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

The Group has the following unused, awarded credit limits as at 30 June 2022 and 31 December 2021:

	30 June 2022	31 December 2021
With floating interest rate		
- expiring beyond one year (tranche D)	6.0	33.0
- Bank loans Spain	17.7	17.7
	23.7	**50.7**

The table below presents the reconciliation of the debt:

HY 2022	Bank loans	SSD	Total
As at 1 January 2022	**581.1**	**83.5**	**664.6**
Payment	(2.2)	(14)	(16.2)
Loan taken/ new contracts	27.7	-	27.7
Accrued interests	8.8	1.7	10.5
Payment of interests	(10.2)	(1.4)	(11.6)
Exchange differences	(2.1)	-	(2.1)
As at 31 June 2022	**603.1**	**69.8**	**672.9**

(all figures in EUR millions unless stated otherwise)

H1 2021	Bank loans	SSD	Total
As at 1 January 2021	**668.4**	**102.4**	**770.8**
Payment	(31.4)	(16.0)	(47.4)
Loan taken/ new contracts	1.0	-	1.0
Accrued interests	7.5	1.1	8.6
Payment of interests	(7.9)	(1.0)	(8.9)
Loans forgiven	(2.7)		(2.7)
Exchange difference	1.0	-	1.0
As at 31 June 2021	**635.9**	**86.5**	**722.4**

18. Employee benefits and share based payments

During 6 months ended 30 June 2022, there were no new employee share options plans introduced.

There were no additional options granted under existing programs.

For existing programs, the Group continued to recognise accruals for equity-settled options in reserve capital and accrual for cash-settled options in liabilities. The total amounts of the accrual as at 30 June 2022 and 31 December 2021 are presented in a table below:

	30 June 2022	31 December 2021
Reserve capital- gross value	14.1	14.8
Reserve capital- gross value with deferred tax effect	12.6	13.7
Liability for cash-settled options	0.1	0.2

The costs recognised in connection with the share based programs amounted to EUR 1.4 million (mostly related to the Long Term Incentive Plan 2021) and EUR 0.4 million respectively in 6 months ended 30 June 2022 and 30 June 2021.

19. Trade and other accounts payables

Trade and other liabilities (current and non-current) as at 30 June 2022 and 31 December 2021 cover the following items:

	30 June 2022	31 December 2021
Trade payables	88.8	89.4
Accruals and uninvoiced deliveries	88.3	67.1
Employee payables	14.7	17.9
Employee related accruals	31.9	33.2
Accrual for holiday leave	15.0	12.3
Social insurance payables	15.2	13.7
Other tax payables	26.3	20.7
Investment payables	9.9	14.2
Contract liabilities – initial fees, loyaltee programs, gift cards	10.5	10.2
Deferred income	4.1	6.5
Other payables	5.5	5.6
Total trade payables and other liabilities	**310.2**	**290.8**

20. Changes in future commitments and contingent liabilities

As in the previous reporting period, the Group's future liabilities are derived mainly from the franchise agreements and development agreements. Group restaurants are operated in accordance with franchise and development agreements with YUM! and subsidiaries of YUM!, Burger King Europe GmbH, Starbucks Coffee International, Inc. In accordance with these agreements, the Group is obliged to meet certain development commitments as well as maintain the identity, reputation and high operating standards of each brand. Details of the agreements together with other future commitments have been described in note 1 of Condensed Consolidated Financial Statements for 6 months ended 30 June 2022 and in notes 1 and 38d of the Group's Consolidated Financial Statements for the year ended 31 December 2021.

Additionally, in regard with the Credit Agreement described in note 27 and 28 of the consolidated financial statement for 2021 few entities provided surety as well as shares of Sushi Group SAS had been pledged as security for the bank financing.

21. Transactions with related entities

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

Group shareholders

As at 30 June 2022, 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

Pursuant to the disclosure established in Circular 3/2018, of June 28, of the Comisión Nacional del Mercado de Valores (the Spanish National Securities commission, or "CNMV"), on periodic reporting by issuers, the compensation and benefits accrued and paid to members of the Company's Board of Directors in the first six months of 2022 and 2021 are as follows:

	6 MONTHS ENDED	
DIRECTORS:	**30 June 2022**	**30 June 2021**
Item of remuneration:		
Remuneration for membership on the board and/or board committees	0.3	0.3
Salaries	0.1	-
Variable remuneration in cash	-	-
Share-based remuneration systems	-	-
Termination benefits	-	-
Long-term savings systems	-	-
Other items	-	-
TOTAL	**0.4**	**0.3**

In addition, the total amounts accrued and paid to senior management personnel, excluding those that are also members of the Board of Directors, for all items in the first six months of 2022 and 2021 are as follows:

	6 MONTHS ENDED	
MANAGERS:	**30 June 2022**	**30 June 2021**
Total remuneration paid to managers*	**1.9**	**2.8**

**includes the total amount of the variable remuneration in cash (Short-Term Incentive Program) that is recognized in the year it is paid.*

The Group's key management personnel participates in the employee share option plans (note 18). In the period ended 30 June 2022 the cost relating to the options amounted to EUR 0.4 million. In the period ended 30 June 2021 the EUR 2.0 million of provision was reversed due to significant amount of forfeited options.

	30 June 2022	**30 June 2021**
Number of options outstanding (pcs)	3 238 000	4 066 667
Number of available options (pcs)	257 333	966 667
Number of vested options during the period (pcs)	178 667	591 733
Fair value of outstanding options as at grant date (EUR millions)	3.4	5.4

The Group's key management personnel participates in the Long-Term Incentive (LTI) Program which has been started in 2021. The LTI grants will vest according to a 5-year agenda (60% after 3rd year, 20% after 4th year, 20% after 5th year). The first vesting will take place on 31st May 2024. As at 30 June 2022 the total grant related to key management equals EUR 0.9 million. By the end of the period ended 30 June 2022 the cost of LTI related to key management amounted to EUR 0.7 million.

As of 30 June 2022, the Company had no outstanding balances with senior management. As of 31 December 2021, the Company had no outstanding balances with senior management, except for the accrual and payment of annual bonuses to be paid in the first quarter of the following year.

As at 30 June 2022 and 31 December 2021 the Company's members of the Board of Directors had not perceived any remuneration in concept of pensions or life insurance, nor did they participate in employee share option plans. Furthermore, the Company had not granted any advance, loan or credit in favor of the Board Members or the senior management. As of 30 June 2022 and 31 December 2021 there were no material liabilities to former employees.

(all figures in EUR millions unless stated otherwise)

22. Financial instruments

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. Trade and other receivables and liabilities presented below does not include balance relating to taxes and employee settlements.

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

30 June 2022	Note	FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets measured at fair value		-	-	-
Financial assets not measured at fair value				
Rental deposits		-	24.9	-
Trade and other receivables	13	-	72.5	-
Cash and cash equivalents	14	-	240.5	-
Financial liabilities not measured at fair value				
Loans and borrowings	17	-	-	603.1
Other debt instruments	17	-	-	69.8
Lease liabilities	9	-	-	870.7
Trade and other liabilities	19	-	-	254.8

December 2021	Note	FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets measured at fair value		-	-	-
Financial assets not measured at fair value				
Rental deposits		-	22.0	-
Trade and other receivables	13	-	72.9	-
Cash and cash equivalents	14	-	198.7	-
Financial liabilities not measured at fair value				
Loans and borrowings	17	-	-	581.2
Other debt instruments	17	-	-	83.5
Lease liabilities	9	-	-	822.9
Trade and other liabilities	19	-	-	245.2

For credit risk related to receivables the Group applied the simplified approach permitted by IFRS 9, which requires expected credit losses (ECLs) to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

During year 2022 the Group recognised an impairment of the Group's receivables exposed to credit risk in an net amount of EUR 0.9 million.

The ageing break-down of receivables and receivable loss allowance as at 30 June 2022 and 31 December 2021 is presented in the table below.

2022	**Current**	**Overdue in days**				**Total**
	current	less than 90	91 - 180	181 - 365	more than 365	
Trade and other receivables	56.7	8.3	4.1	4.1	12.1	**85.3**
Loss allowance	(1.1)	(0.4)	(1.6)	(2.4)	(7.3)	**(12.8)**
Total	**55.6**	**7.9**	**2.5**	**1.7**	**4.8**	**72.5**

2021	**Current**	**Overdue in days**				**Total**
	current	less than 90	91 - 180	181 - 365	more than 365	
Trade and other receivables	55.4	8.7	2.9	4.2	9.6	**80.8**
Loss allowance	(0.9)	(1.0)	(1.2)	(2.2)	(7.6)	**(12.9)**
Total	**54.5**	**7.7**	**1.7**	**2.0**	**2.0**	**67.9**

(all figures in EUR millions unless stated otherwise)

Value of loss allowance for receivables as at 30 June 2022 and 30 June 2021 is presented in table below:

	6 months ended	
	30 June 2022	30 June 2021
Value at the beginning of the period	12.9	12.2
Allowance created	1.3	0.9
Allowance released	(0.4)	-
Allowance used	(1.0)	-
Other	-	(0.9)
Value at the end of the period	**12.8**	**12.2**

23. Events after the reporting period

There were no significant events after the reporting period until the date of approval of this interim report.

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

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 1 September 2022

STATEMENT OF RESPONSIBILITY OF AMREST HOLDINGS, SE

The members of the Board of Directors of AMREST HOLDINGS, SE ("AmRest" or the "Company") declare that, as far as they are aware, the Condensed Consolidated Financial Statements for six months ended 30 June 2022, drawn up by the Board of Directors on the meeting of 1 September 2022, and prepared in accordance with the applicable accounting principles, offer a true and fair view of the equity, the financial situation and the results of the Company and the companies within the consolidation taken as a whole, and the Consolidated Interim Directors' Report includes a true and fair analysis of the required information.

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

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 1 September 2022

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Consolidated Directors' Report
for 6 months ended 30 June 2022

AmRest Holdings SE capital group
1 SEPTEMBER 2022

AmRest

AmRest Holding SE

Consolidated Directors' Report
for 6 months ended 30 June 2022

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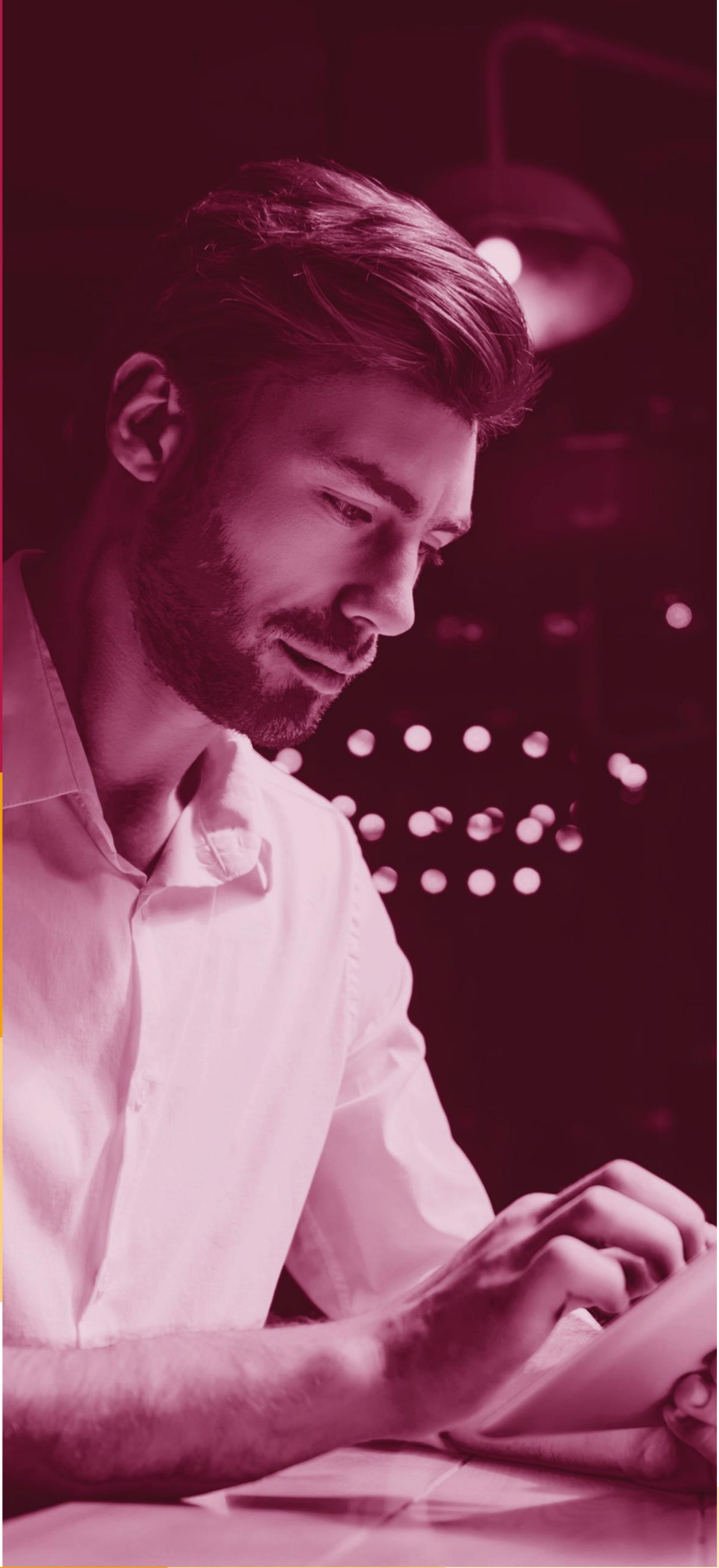
Highlights



Financial highlights (consolidated data)

	6 MONTHS ENDED		3 MONTHS ENDED	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Revenue	1,112.7	844.3	605.7	464.4
EBITDA*	176.1	153.7	100.8	104.0
EBITDA margin	15.8%	18.2%	16.6%	22.4%
Adjusted EBITDA**	177.6	156.0	101.7	104.9
Adjusted EBITDA margin	16.0%	18.5%	16.8%	22.6%
Profit from operations (EBIT)	0.1	27.9	(13.9)	37.6
EBIT margin	0.0%	3.3%	(2.3%)	8.1%
Profit before tax	(22.2)	8.5	(24.0)	29.8
Net profit	(33.0)	2.4	(33.9)	22.6
Net margin	(3.0%)	0.3%	(5.6%)	4.9%
Net profit attributable to non-controlling interests	2.5	0.5	1.7	0.7
Net profit attributable to equity holders of the parent	(35.5)	1.9	(35.6)	21.9
Cash flows from operating activities	154.4	131.3	101.1	104.8
Cash flows from investing activities	(47.8)	(33.6)	(22.2)	(19.9)
Cash flows from financing activities	(79.7)	(121.6)	(32.8)	(72.6)
Total cash flows, net	26.9	(23.9)	46.1	12.3
Average weighted number of ordinary shares for basic earnings per shares (in thousands)	219,271	219,340	219,260	219,366
Average weighted number of ordinary shares for diluted earnings per shares (in thousands)	219,271	220,029	219,260	220,000
Basic earnings per share (EUR)	(0.16)	0.01	(0.16)	0.10
Diluted earnings per share (EUR)	(0.16)	0.01	(0.16)	0.10
Declared or paid dividend per share	-	-	-	-

** EBITDA – Profit from operations before depreciation, amortization and impairment losses. Reconciliation of the Alternative Performance Measure is presented in tables 3 and 4.*
*** 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). Reconciliation of the Alternative Performance Measure is presented in tables 3 and 4.*

	As at 30 June 2022	As at 31 December 2021
Total assets	2,251.7	2,174.9
Total liabilities	1,934.1	1,867.4
Non-current liabilities	1,308.7	1,288.1
Current liabilities	625.4	579.3
Equity attributable to shareholders of the parent	306.8	298.7
Non-controlling interests	10.8	8.8
Total equity	317.6	307.5
Share capital	22.0	22.0
Number of restaurants	2,382	2,440

Group Business Overview

Basic services provided by the Group

AmRest Holdings SE (“AmRest”, “Company”) with its subsidiaries (the “Group”) is Europe's leading listed restaurant operator with a portfolio of renowned brands in 23 countries of Europe and Asia. The Group operates the restaurants under franchised brands such as KFC, Starbucks, Pizza Hut and Burger King, as well as its own brands such as La Tagliatella, Sushi Shop, Bacoa and Blue Frog. The Company owns also several virtual brands, mainly available under Food About concept.

As at 30 June 2022, AmRest managed the network of 2 382 restaurants. Given the current scale of the business, every day about 50 thousand of AmRest employees deliver,on a daily basis, delicious taste and exceptional service at affordable prices, in accordance with the Company’s unique culture.

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

- 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 1 086 restaurants, accounting for 47% of Group´s revenue.
- Western Europe (“WE”), is 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 previous acquisitions, Western Europe has become a significant operating segment of the Group consisting of 1 001 restaurants, in 11 countries and generating ca. 35% of AmRest’s revenues.
- Russia, where AmRest manages the network of 217 KFC restaurants.
- China, where the 78 restaurants of Blue Frog proprietary brand are operated.

And one additional segment “Other” which cover corporate office expenses and it does not include any network of owned or franchised restaurants. It accounts for the results of SCM Sp. z o.o. along with its subsidiaries 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 4 (‘Segment reporting’) of the Consolidated Financial Statements.

The brands of AmRest are well-diversified across five main categories of restaurant services:

Quick Service Restaurants (“QSR”), represented by KFC and Burger King,
Fast Casual Restaurants (“FCR”), represented by Pizza Hut Delivery and Express, Bacoa and Sushi Shop,
Casual Dining Restaurants (“CDR”), represented by Pizza Hut Dine-in, La Tagliatella and Blue Frog,
Coffee category, represented by Starbucks.
Virtual brands, whose offer is available only online.

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, take-away and drive-in services at special sales points (“Drive Through”), as well as deliveries of orders placed online or by telephone. The diversification of channels and the continuous enhancement of take away and delivery capabilities has been key to adapting quickly to new consumer habits.

(all figures in EUR millions unless stated otherwise)

Number of AmRest restaurants broken down by brands as at 30 June 2022

Brand	Restaurants*	Equity share	Franchise share	Share in total
Total	**2 382**	**80%**	**20%**	**100%**
Franchised	**1 860**	**87%**	**13%**	**78%**
KFC	954	100%	0%	40%
PH	420	49%	51%	18%
Starbucks*	392	94%	6%	16%
Burger King	94	100%	0%	4%
Proprietary	**522**	**55%**	**45%**	**22%**
La Tagliatella	233	33%	67%	10%
Sushi Shop	203	70%	30%	9%
Blue Frog	78	85%	15%	3%
Bacoa	5	20%	80%	<1%
Shadow Kitchen	3	100%	0%	<1%

** Starbucks franchise share refers to Starbucks licensed stores for which AmRest offers supply service but does not receive any royalty.*

Number of AmRest restaurants broken down by countries as at 30 June 2022

Region	Restaurants*	Equity share	Franchise share	Share in total
Total	**2 382**	**80%**	**20%**	**100%**
CEE	**1 086**	**99%**	**1%**	**46%**
Poland	595	99%	1%	25%
Czech	213	100%	0%	9%
Hungary	143	100%	0%	6%
Romania	63	100%	0%	3%
Other CEE*	72	100%	0%	3%
WE	**1001**	**55%**	**45%**	**42%**
Spain	332	52%	48%	14%
France	356	52%	48%	15%
Germany**	263	61%	39%	11%
Other WE*	50	58%	42%	2%
Russia	**217**	**100%**	**0%**	**9%**
China	**78**	**85%**	**15%**	**3%**

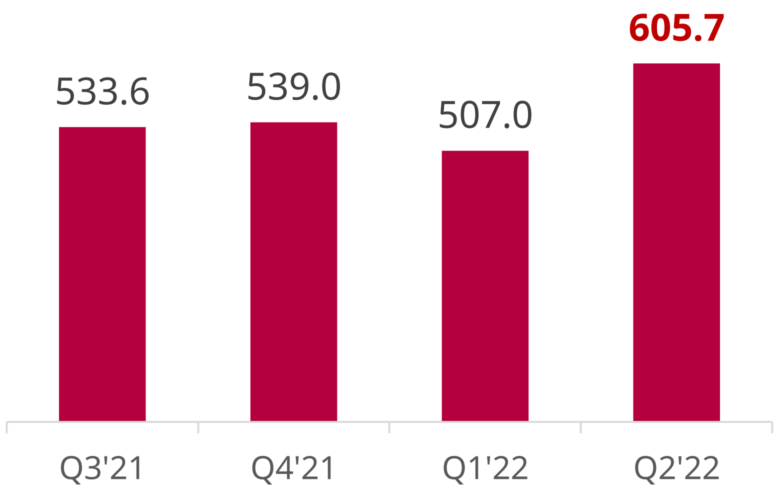
** Other CEE includes Bulgaria (24), Slovakia (18), Serbia (19), Croatia (8), Austria (2), Slovenia (1); Other WE includes Belgium (11), UAE (11), Swiss (11), Portugal (4), UK (6), Italy (1), Luxembourg (3), Saudi Arabia (3);*
*** Germany franchise share includes Starbucks licensed stores for which AmRest offers supply service but does not receive any royalty.*

The Group's performance in HY 2022

Group Revenues and Profitability

AmRest posted a new sales record in the second quarter of 2022 with revenues of EUR 605.7 million, a year-on-year increase of 30.4%, surpassing the EUR 600 million mark for the first time in its history. This is despite the significant impact of the Covid restrictions on the China business. The comparable same-store sales ratio was 123%.

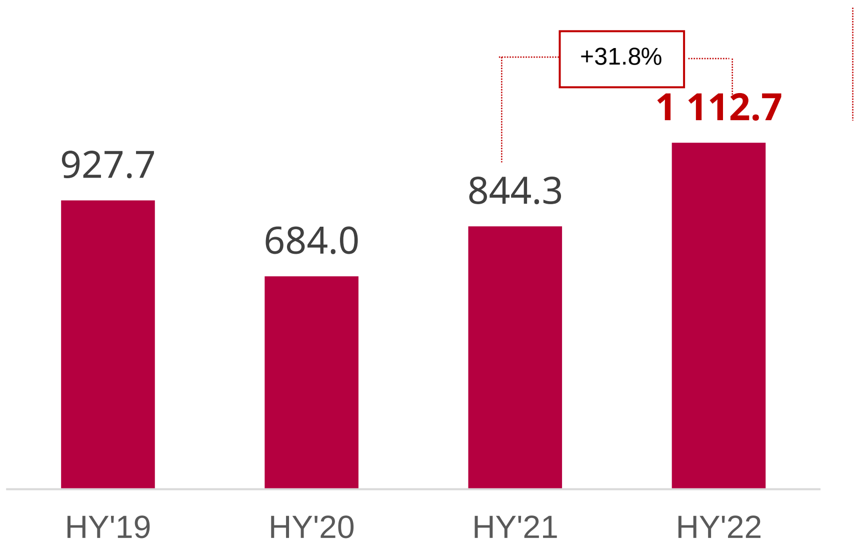
Chart 1 AmRest quarterly Group's revenues (in EUR millions)



All regions, with the exception of China, continue to show excellent commercial dynamics, among which the developments in the Czech Republic and Germany stand out. As a result, the Group's consolidated revenues for the first half of 2022 amounted to EUR 1,112.7 million, 31.8% higher than in the same period of 2021.

AmRest's strong sales momentum, supported by a gradual lifting of Covid restrictions in most of the regions where the Group operates, further underlines the Group's excellent ability to adapt to the new consumer trends and the compelling value proposition that our customers find in our brands' offerings. In keeping with our goal of making our customers' experience more enjoyable, exciting and efficient, while making our restaurants more profitable.

Chart 2 AmRest Group's revenues for 6 months ended 30 June, from 2019 (in EUR millions)



Moreover, these records have been achieved in a context in which the war in Ukraine is generating a new shock that is hitting European economies hard, both directly and indirectly, resulting in lower economic growth and high levels of inflation not seen in decades. This situation is prompting a strong response from central banks by adopting tighter monetary policies. This combination of factors is affecting household purchasing power and consumer confidence. Therefore, in AmRest we continue to work on the continuous improvement and adaptation of our business model to the new challenges:

- **Resilient model adapted to new trends and consumer habits**. AmRest's strength in Quick Service segment (QSR) has historically shown great resilience, even in periods of contraction in consumption. However, the changes and evolution taking place in these services are enormous and, today more than ever, restaurants must adapt to an ever-changing landscape. The long duration of the pandemic has meant that many habits have been permanently modified, affecting the frequency and form of use of restaurant services. The pandemic has also left a more digital customer and technology is increasingly becoming a customer face service tool that directly impacts the consumer experience. Additionally, *take away* and *delivery* channels have taken off around the world, driven by lifestyle changes. During the first half of 2022, these channels generated more than 60% of the Group's sales. The *dine-in* channel continues to recover gradually but is still 10 percentage points lower in absolute terms than before the pandemic.

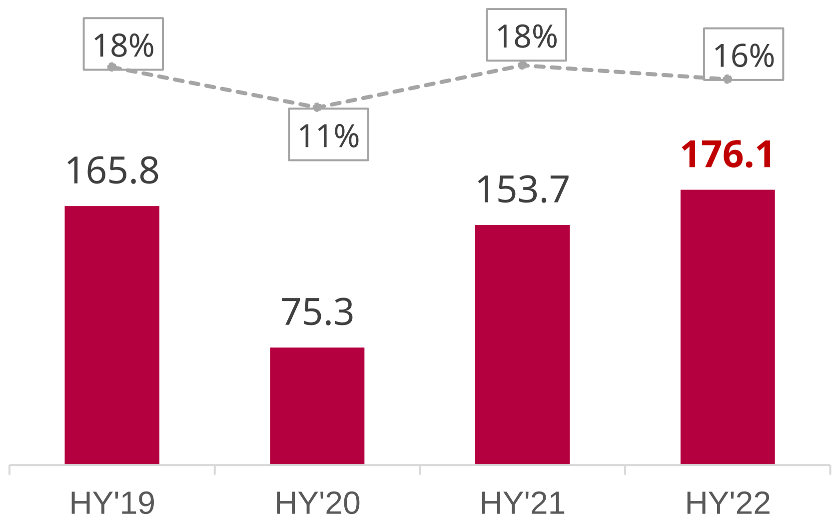
- **Maintaining margins by understanding cost dynamics and developing appropriate pricing strategies.** Having leading brands and a global distribution capability provides a competitive advantage in price management. An appropriate offer, focused on the customer's perception of value and consistency of experience are key factors. To this end, the appropriate management of customer information and knowledge allows us to optimise and adapt pricing strategies. In this regard, the response from our customers is backing our strategy as the number of transactions in Q222 was 6% higher than in the first quarter of the year and 27% higher than in Q221.

- **Financial strength to fund sustainable growth and cope with unexpected shocks.** The Group's leverage ratio[1] stands at 2.0x compared to 4.4x in Q221, having reduced net debt by almost EUR 200 million since the beginning of the pandemic. This level of leverage is at the low end of the Group's target range of 2.0x - 2.5x for the current year.

  The Group's shareholders' equity increased by 3.8% in the quarter and by 15.8% in the last year despite a significant impairment of EUR 52.9 million in the valuation of the KFC Russia business, mainly due to the raise of the cash flow discount rates as a result of the significant increase in country risk. AmRest will continue to monitor the evolution of the situation of this business in Russia and will update impairment reviews accordingly. However, the total impairment figure was partially offset by the reversal of impairments at restaurant level (note 12), where for the first time since the beginning of the pandemic the number of restaurants reversing impairments, 121, exceeded the number of units requiring additional impairments, 84, resulting in a net reversal of EUR 2.3 million.

In terms of profitability AmRest generated an EBITDA of EUR 100.8 million during Q222, representing an EBITDA margin of 16.6%. This brings the EBITDA generated during H122 to EUR 176.1 million with an EBITDA margin of 15.8%, exceeding by more than EUR 22 million the levels achieved during H121, which however included EUR 28 million from the Covid support measures approved by different governments. Excluding the contribution of these extraordinary support measures, the EBITDA margin in the first half of 2022 increased by 1 percentage point despite the ongoing high cost pressures.

Chart 3 AmRest Group's EBITDA for 6 months ended 30 June, from 2019 (in EUR millions)



[1] *Leverage ratio defined as EBITDA vs net financial debt excluding the effect of IFRS 16*

Prices of many commodities are retreating significantly from the peaks seen during the spring. Also, while supply chain disruptions continue to hamper global activity, there are signs that they are easing. Against this backdrop AmRest will continue to protect its margins and is well positioned to expand them when cost pressures moderate.

Group operating profit amounted to EUR 0.1 million in the first half of the year, weighed down by the impairment of the KFC Russia business explained above. Excluding this extraordinary effect, which does not represent a cash outflow, the Group's operating profit would be EUR 53.0 million, almost double the EUR 27.9 million generated in the first half of 2021. Finally, the Group closed the first half with an accounting loss of EUR 33 million.

From a balance sheet perspective, the cash level increased by EUR 61.0 million to EUR 240.5 million. Net financial debt (ex IFRS-16) stood at EUR 433.7 million, having been reduced by EUR 196 million since the start of the pandemic and by EUR 33.9 million during the year. This situation allows to comfortably comply with the financial covenants of a leverage ratio below 3.5x and an interest coverage ratio above 3.5x. At the end of H2122, the Group's leverage ratio stood at 2.0x and debt interest coverage at 9.0x.

Capital expenditure (CAPEX) in the quarter amounted to EUR 26.6 million, EUR 43.1 million in H122. Investments are focused on ensuring the optimal state of the restaurant portfolio, advances in digitalization and the opening of new units, which however, following the seasonality shown in previous years, is expected to concentrate most of the planned openings and the necessary investment in the second half of the year.

With respect to the restaurant portfolio AmRest operates 2 382 units at the end of H1 2022, registering a decrease of 58 units during the year. From an organic perspective, 18 new units were opened during the quarter, bringing the number of openings for the half year to 29. AmRest continues with its goal of optimising its portfolio with a focus on profitability managing the restaurant footprint, regions or brands adjustments according to the Group's strategic outlook. In this regard, the reason for the decrease in the total number of units has been the transfer on 31 May of all the Pizza Hut restaurants located in Russia to a third party designated by YUM! and the termination of the Master Franchise Agreement (MFA) for this market, as previously agreed. This transfer has led to the exit of 59 restaurants, 19 equity and 40 franchised. Likewise, in the case of Germany, where the MFA for Pizza Hut and the transfer of its 83 restaurants was scheduled to end on 31 May, the parties have agreed to extend the end of the MFA and the transfer of the assets to 23 December 2022, in order to allow Yum! to take over the business itself on or before that date.

Chart 4 AmRest new openings and closures of restaurants by quarters – (ex- special transactions)

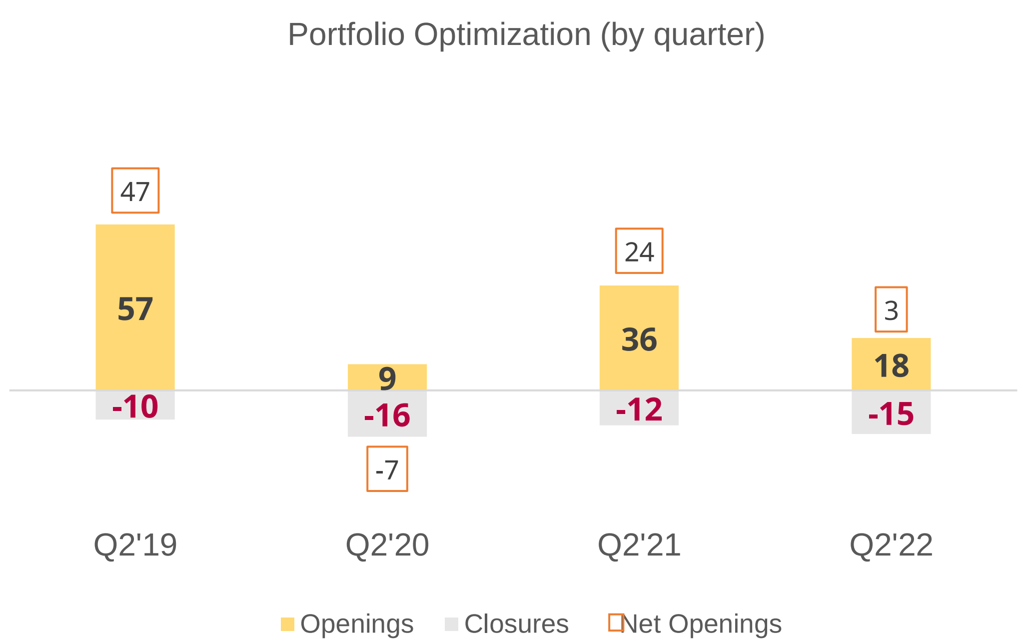
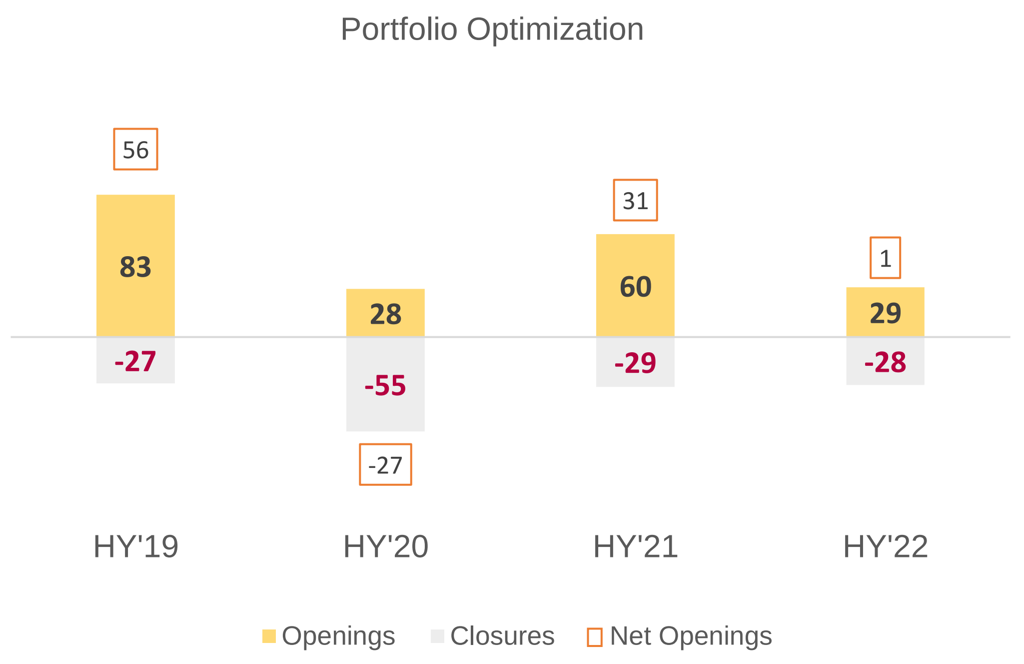


Chart 5 AmRest new openings and closures of restaurants HY – (ex- special transactions)



Revenues and Profitability by segments

Central and Eastern Europe (CEE)

Revenues during H122 reached EUR 523.1 million, 41.3% higher than in the same period of 2021. During the second quarter of the year they amounted to EUR 279.2 million, an increase of 35.2% compared to Q121. By country, the good performance of the Czech Republic stands out, where almost 12% of the Group's revenues are already generated and where AmRest operates its four franchised brands with a total network of 213 restaurants.

EBITDA generated during the first half of the year was EUR 99.7 million, 31% higher than H122, representing a margin of 19.1%. During the second quarter of the year EBITDA was EUR 54.7 million, EUR 6.8 million higher than 2021, the EBITDA margin was 19.6%.

At the end of the quarter, the restaurant portfolio in the region amounted to 1,086 units following the opening of 7 units during the quarter and the closure of 6. No restaurants were closed by Covid restrictions at the end of the period in the region.

Western Europe (WE)

Revenues in the region were EUR 391.4 million in the first half, up 19.9% year-on-year, of which EUR 204.8 million were generated in the second quarter, 17% higher than in Q221. By countries, it is remarkable the excellent performances in Germany and Spain, where the gradual return to *dine-in* consumption continues to boost activity levels.

EBITDA generated in the region during the first half amounted to EUR 50.2 million, 12.1% higher than in H121, bringing the EBITDA margin to 12.8%. EBITDA in the second quarter was EUR 27.5m, -19.4% lower than in Q221.

However, these comparisons are bias by the recognition of EUR 28.5 million contributions from Covid government support measures during the first half of 2021, of which more than EUR 20 million were received in the second quarter. Although the contributions received corresponded to support for all months of restrictions during the pandemic, the accounting recognition was made in cash basis.

The total number of restaurants stood at 1,001 units at the end of the half year following the opening of 10 and the closure of 4 during Q222, bringing the number of openings in the region during the half year to 15 and the closures to 13.

Russia

As previously announced, due to termination on 31 May 2022 of Pizza Hut Master Franchise Agreement in Russia, the Pizza Hut restaurants on this market were transferred in Q2 2022 to a third party operator designated by Yum!. This transaction has led to the transfer of 59 restaurants, 19 equity and 40 franchised.

Additionally, mandatory impairment tests are performed at year ends for goodwill together with any intangible assets with indefinite useful lives. For 6 months period ended 30 June 2022 the Group has identified impairment indicators and performed impairment tests for KFC Russia business were impairment losses of EUR 52.9 million were recognized. The war between Russia and Ukraine has introduced uncertainty in the conduct of businesses and it has impacted the interest rates and inflation trends. Consequently, the discount rate and growth rate for residual period used to determine the recoverable amount were updated to reflect these developments. Finally, all investment in the region were also halted since the inception of the conflict.

China

Strict lockdowns were imposed on some areas of China during first quarter of 2022 and extended into the second quarter. All the local government executed the zero Covid-case strategy and a soon as new cases were confirmed immediate restrictions were implemented. Nonetheless, operations gradually recovery during June, all restaurants in Shanghai could provide delivery service and in Beijing could provide limited dine-in service.

This situation had a significant impact on business development during the first months of the year, especially during Q222.

Revenues generated during H122 amounted to EUR 35.7 million, -25.4% lower than in H121, and during Q222 revenues were EUR 14.2 million, almost half of those generated a year earlier. In terms of EBITDA generation, EUR 5m was generated during H1 2022 and EUR 0.7m during Q222. In terms of EBITDA margin these figures represent 14.1% in H1 2022 and 4.6% in Q222, far from the levels close to 30% obtained throughout 2021.

(all figures in EUR millions unless stated otherwise)

Table 1 Split of revenues and margins by divisions for HY 2022 and 2021

	6 MONTHS ENDED 30 June 2022		6 MONTHS ENDED 30 June 2021	
	Amount	% of sales	Amount	% of sales
Revenue	**1,112.7**	***100.0%***	**844.3**	***100.0%***
Poland	271.9	*24.4%*	198.3	*23.5%*
Czechia	130.2	*11.7%*	82.1	*9.7%*
Hungary	68.6	*6.2%*	53.1	*6.3%*
Other CEE	52.4	*4.7%*	36.8	*4.4%*
Total CEE	**523.1**	***47.0%***	**370.3**	***43.9%***
Russia	**129.0**	***11.6%***	**84.2**	***10.0%***
Spain	138.5	*12.4%*	95.9	*11.4%*
Germany	78.6	*7.1%*	50.5	*6.0%*
France	152.4	*13.7%*	155.9	*18.5%*
Other WE	21.9	*2.0%*	24.2	*2.9%*
Western Europe (WE)	**391.4**	***35.2%***	**326.5**	***38.7%***
China	**35.7**	***3.2%***	**47.9**	***5.7%***
Other	**33.5**	***3.0%***	**15.4**	***1.8%***
EBITDA	**176.1**	***15.8%***	**153.7**	***18.2%***
Poland	45.8	*16.8%*	33.6	*17.0%*
Czechia	29.4	*22.6%*	17.9	*21.8%*
Hungary	12.4	*18.0%*	16.0	*30.2%*
Other CEE	**12.1**	*23.3%*	8.6	*23.3%*
Total CEE	**99.7**	**19.1%**	**76.1**	**20.6%**
Russia	**27.1**	***21.0%***	**21.1**	***25.1%***
Spain	28.7	*20.7%*	13.3	*14.0%*
Germany	9.7	*12.3%*	10.0	*19.8%*
France	9.6	*6.3%*	19.1	*12.2%*
Other WE	**2.2**	*10.3%*	2.4	*9.8%*
Western Europe (WE)	**50.2**	***12.8%***	**44.8**	***13.7%***
China	**5.0**	***13.8%***	**14.3**	***29.7%***
Other	**-5.9**	***-17.6%***	**-2.6**	***-16.9%***
Adjusted EBITDA*	**177.6**	***16.0%***	**156.0**	***18.5%***
Poland	46.1	*17.0%*	33.9	*17.1%*
Czechia	29.6	*22.7%*	18.4	*22.4%*
Hungary	12.5	*18.2%*	16.2	*30.4%*
Other CEE	12.5	*23.7%*	8.8	*24.1%*
Total CEE	**100.7**	***19.2%***	**77.3**	***20.9%***
Russia	**27.1**	***21.1%***	**21.2**	***25.2%***
Spain	29.0	*20.9%*	13.6	*14.2%*
Germany	9.8	*12.5%*	10.2	*20.2%*
France	9.6	*6.3%*	19.2	*12.3%*
Other WE	**2.2**	*10.3%*	2.6	*10.7%*
Western Europe (WE)	**50.6**	***12.9%***	**45.6**	***14.0%***
China	**5.1**	***14.1%***	**14.4**	***30.1%***
Other	**-5.9**	***-17.6%***	**-2.5**	***-16.9%***
EBIT	**0.1**	***0.0%***	**27.9**	***3.3%***
Poland	21.4	*7.9%*	1.3	*0.6%*
Czechia	15.6	*12.0%*	4.4	*5.4%*
Hungary	5.4	*7.9%*	8.7	*16.3%*
Other CEE	4.7	*9.0%*	1.8	*5.0%*
Total CEE	**47.1**	***9.0%***	**16.2**	***4.4%***
Russia	**-41.5**	***-32.2%***	**8.9**	***10.6%***
Spain	13.3	*9.6%*	-1.2	*-1.3%*
Germany	-3.0	*-3.8%*	-3.0	*-5.9%*
France	-4.0	*-2.6%*	4.1	*2.6%*
Other WE	-0.5	*-2.5%*	0.7	*2.7%*
Western Europe (WE)	**5.8**	***1.5%***	**0.6**	***0.2%***
China	**-5.0**	***-14.0%***	**5.7**	***12.0%***
Other	**-6.3**	***-18.7%***	**-3.5**	***-22.5%***

**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).*

(all figures in EUR millions unless stated otherwise)

Table 2 Split of revenues and margins by divisions for Q2 2022 and 2021

	3 MONTHS ENDED 30 June 2022		3 MONTHS ENDED 30 June 2021	
	Amount	% of sales	Amount	% of sales
Revenue	**605.7**	***100.0%***	**464.4**	***100.0%***
Poland	144.0	*23.8%*	107.7	*23.2%*
Czechia	70.3	*11.6%*	48.4	*10.4%*
Hungary	36.0	*5.9%*	29.8	*6.4%*
Other CEE	28.9	*4.8%*	20.6	*4.4%*
Total CEE	**279.2**	***46.1%***	**206.5**	***44.5%***
Russia	**85.3**	***14.1%***	**46.5**	***10.0%***
Spain	74.0	*12.2%*	55.4	*11.9%*
Germany	44.0	*7.3%*	29.0	*6.3%*
France	75.8	*12.5%*	79.0	*17.0%*
Other WE	11.0	*1.8%*	12.3	*2.6%*
Western Europe (WE)	**204.8**	***33.8%***	**175.7**	***37.8%***
China	**14.2**	***2.3%***	**26.6**	***5.7%***
Other	**22.2**	***3.7%***	**9.1**	***2.0%***
EBITDA	**100.8**	***16.6%***	**104.0**	***22.4%***
Poland	24.8	*17.2%*	21.1	*19.6%*
Czechia	16.7	*23.7%*	12.4	*25.7%*
Hungary	6.4	*17.8%*	9.3	*31.1%*
Other CEE	6.8	*23.7%*	5.1	*24.9%*
Total CEE	**54.7**	***19.6%***	**47.9**	***23.2%***
Russia	**19.9**	***23.3%***	**13.5**	***28.9%***
Spain	15.8	*21.3%*	9.5	*17.2%*
Germany	7.1	*16.0%*	12.3	*42.2%*
France	3.2	*4.3%*	12.2	*15.4%*
Other WE	1.4	*12.8%*	0.2	*1.4%*
Western Europe (WE)	**27.5**	***13.4%***	**34.1**	***19.4%***
China	**0.7**	***4.6%***	**8.6**	***32.4%***
Other	**-2.0**	***-8.9%***	**-0.1**	***-0.9%***
Adjusted EBITDA	**101.7**	***16.8%***	**104.9**	***22.6%***
Poland	25.1	*17.4%*	21.4	*19.8%*
Czechia	16.8	*23.9%*	12.7	*26.2%*
Hungary	6.5	*18.0%*	9.3	*31.2%*
Other CEE	6.9	*24.1%*	5.2	*25.5%*
Total CEE	**55.3**	***19.8%***	**48.6**	***23.5%***
Russia	**19.9**	***23.3%***	**13.6**	***29.2%***
Spain	16.1	*21.7%*	9.6	*17.3%*
Germany	7.1	*16.2%*	12.1	*41.7%*
France	3.2	*4.3%*	12.2	*15.5%*
Other WE	1.4	*12.8%*	0.2	*1.6%*
Western Europe (WE)	**27.8**	***13.6%***	**34.1**	***19.4%***
China	**0.7**	***5.0%***	**8.8**	***33.0%***
Other	**-2.0**	***-8.9%***	**-0.2**	***-0.9%***
EBIT	**-13.9**	***-2.3%***	**37.6**	***8.1%***
Poland	14.2	*9.8%*	2.7	*2.5%*
Czechia	9.9	*14.2%*	5.1	*10.4%*
Hungary	3.1	*8.6%*	5.4	*18.1%*
Other CEE	3.1	*10.7%*	1.9	*9.4%*
Total CEE	**30.3**	***10.9%***	**15.1**	***7.3%***
Russia	**-42.8**	***-50.1%***	**7.6**	***16.4%***
Spain	8.7	*11.7%*	2.3	*4.2%*
Germany	0.8	*1.9%*	5.8	*19.9%*
France	-3.9	*-5.2%*	4.2	*5.2%*
Other WE	-0.3	*-2.2%*	-1.0	*-7.8%*
Western Europe (WE)	**5.3**	***2.6%***	**11.3**	***6.4%***
China	**-4.5**	***-31.6%***	**4.4**	***16.4%***
Other	**-2.2**	***-10.0%***	**-0.8**	***-8.6%***

**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).*

(all figures in EUR millions unless stated otherwise)

Table 3 Reconciliation of the net profit and adjusted EBITDA for 6 months ended 30 June 2022 and 2021

	6 MONTHS ENDED 30 June 2022		6 MONTHS ENDED 30 June 2021		Change
	Amount	% of sales	Amount	% of sales	YoY
Profit/(loss) for the period	**(33.0)**	**(3.0%)**	**2.4**	**0.3%**	-
+ Finance costs	23.9	2.1%	22.1	2.6%	8.1%
– Finance income	(1.6)	(0.1%)	(2.7)	(0.3%)	-
+/– Income tax expense	10.8	1.0%	6.1	0.7%	77.7%
+ Depreciation and Amortisation	124.4	11.2%	117.6	13.9%	5.8%
+ Impairment losses	51.6	4.6%	8.2	1.0%	530.8%
EBITDA	**176.1**	**15.8%**	**153.7**	**18.2%**	**14.6%**
+ Start-up expenses*	1.5	0.1%	2.3	0.3%	(34.5%)
+ M&A related expenses	-	-	-	-	-
+/– Effect of SOP exercise method modification	-	-	(0.0)	(0.0%)	-
– Indirect taxes adjustments	-	-	-	-	-
Adjusted EBITDA	**177.6**	**16.0%**	**156.0**	**18.5%**	**13.8%**

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

Table 4 Reconciliation of the net profit and adjusted EBITDA for 3 months ended 30 June 2022 and 2021

	3 MONTHS ENDED 30 June 2022		3 MONTHS ENDED 30 June 2021		Change
	Amount	% of sales	Amount	% of sales	YoY
Profit/(loss) for the period	**(33.9)**	**(5.6%)**	**22.6**	**4.9%**	-
+ Finance costs	11.2	1.9%	10.3	2.2%	**9.5%**
– Finance income	(1.0)	(0.2%)	(2.5)	(0.5%)	-
+/– Income tax expense	9.9	1.6%	7.2	1.5%	**37.3%**
+ Depreciation and Amortisation	63.2	10.4%	58.6	12.6%	**7.9%**
+ Impairment losses	51.4	8.5%	7.9	**1.7%**	**553.1%**
EBITDA	**100.8**	**16.6%**	**104.0**	**22.4%**	**(3.1%)**
+ Start-up expenses*	0.9	0.2%	**1.0**	0.2%	**4.9%**
+ M&A related expenses	-	-	-	-	-
+/– Effect of SOP exercise method modification	-	-	(0.1)	(0.0%)	-
– Indirect taxes adjustments	-	-	-	-	-
Adjusted EBITDA	**101.7**	**16.8%**	**104.9**	**22.6%**	**(3.0%)**

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

Measures (APM) description

APM are metrics used by the company with the intention to describe operational or financial performance, taking into account some key information or constituent and adjusting them based on the purpose of such measure. AmRest identifies the following Alternative Performance Measures in Director's Report:

Like-for-like or Same Store Sales ("LFL" or "SSS") – represents revenue growth from comparable restaurants (restaurants that have been operating for a period of longer than 12 months). The measure shows the ability of a restaurant or a brand to increase its sales organically. It can be closest reconciled between last twelve months revenue growth minus last twelve months net equity openings growth.

EBITDA – one of Key Performance Indicators for the company. It is a close measure of profitability on operations and consist of profit from operations excluding amortization and depreciation costs as well as impairments. Reconciliation of the measure is provided in table 3 or 4.

Adjusted EBITDA – measures profitability performance without startup costs (operating costs incurred by the company to open a restaurant but before a restaurant starts generating revenue), indirect tax adjustments, M&A related expenses (all material expenses connected with successful acquisition covering professional services, legal, financial, other directly connected with a transaction) and effect of Stock Option Plan (SOP) exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan). It allows to present profitability for restaurants that already generate revenue and without some unusual costs related to M&A, tax adjustments or accounting adjustments related to SOP. Reconciliation of this APM is provided in table 3 or 4.

Net debt – measures the level of external financing provided for the business as a sum of balance sheet positions of loans and borrowings, including financial lease liabilities pre-IFRS 16, net of available cash and cash equivalents, and guarantees.

Leverage ratio - measures the level of EBITDA calculated according to the financing agreements with the banks to net debt. It is a generally accepted level that shows indebtedness of a company relative to its ability to generate cash and profits from operations.

Debt ratios

Net financial debt (ex IFRS-16) stood at EUR 433.7 million, having been reduced by EUR 196 million since the start of the pandemic and by EUR 33.9 million during the year. The cash level increased by EUR 61.0 million to EUR 240.5 million.

This situation allows to comfortably comply with the financial covenants of a leverage ratio below 3.5x and an interest coverage ratio above 3.5x. At the end of H122, the Group's leverage ratio stood at 2.0x and debt interest coverage at 9.0x.

Brands operated by the Group

As at 30 June 2022, the portfolio of AmRest comprises 2 382 restaurants under franchised brands such as KFC, Starbucks, Pizza Hut and Burger King, as well as its own brands such as La Tagliatella, Sushi Shop, Bacoa and Blue Frog. The Company owns also several virtual brands, mainly available under Food About concept.

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 and in Germany in July 2017 are operated both by AmRest and its sub-franchisees.

Burger King restaurants are operated on a franchise basis. With effect 1st of February 2022, Burger King Europe GMBH has notified the termination of AmRest´s development agreements of the Burger King brand in Poland, the Czech Republic, Slovakia, Bulgaria and Romania. Nonetheless, AmRest continues to operate Burger King restaurants that it owns in these countries under the best standards of service and quality, in compliance with the franchise agreements that continue to be in force.

Starbucks restaurants in Poland, the Czech Republic and Hungary are opened by the companies AmRest Coffee (owned in 82% by AmRest and 18% by Starbucks). These companies have the rights and licenses to develop and manage Starbucks restaurants in their respective countries. The license agreements entered into by and between AmRest's affiliates and Starbucks EMEA Limited for Poland, Hungary and Czech Republic are set to expire on September 30, 2022 and are subject to a five year extension. Consistent with AmRest's long-term commitment to its brand portfolio, AmRest and Starbucks EMEA Limited are currently negotiating the terms of such extension. Starbucks restaurants in Romania, Bulgaria, Germany, Serbia and Slovakia are operated by the Group on a franchise basis.

La Tagliatella is one the proprietary brands 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 brand 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, the chain represents 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 on 31 October 2018. Sushi Shop restaurants are operated by both AmRest (equity stores) and AmRest's franchisees. Sushi Shop network is present in 9 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 nearly 27 000 KFC restaurants in over 145 countries worldwide.

On 30 June 2022 the Group operated 954 KFC restaurants: 317 in Poland, 114 in the Czech Republic, 80 in Hungary, 217 in Russia, 94 in Spain, 25 in Germany, 73 in France, 15 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 more than 19 300 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.

On 30 June 2022 AmRest ran a total of 94 Burger King restaurants – 46 in Poland, 31 in the Czech Republic, 2 in Bulgaria, 6 in Slovakia and 9 in Romania.

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 10 million customers, who delighted in the most authentic flavours of Italian cuisine.

On 30 June 2022 AmRest operated 233 La Tagliatella restaurants — 228 in Spain, 1 in Germany and 4 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 one of 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.
On 30 June 2022 AmRest ran 420 Pizza Hut restaurants – 160 in Poland, 26 in Hungary, 17 in Czech Republic, 131 in France, 83 in Germany and 3 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 and KABB. The operation of KABB was ceased in 2021.
Blue Frog Bar & Grill restaurants are serving grilled dishes from the American cuisine and a wide selection of wines and drinks in a nice atmosphere.

On 30 June 2022 AmRest operated 78 Blue Frog restaurants in China.

Bacoa is a 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, proving every day that fast food can also be good food with the right approach.

On 30 June 2022, AmRest operated 5 Bacoa restaurants in Spain.

Founded in 1998 Sushi Shop is the leading European chain of restaurants for sushi, sashimi and other Japanese specialties. It is positioned as a premium brand offering freshly prepared food with highest quality ingredients.
Sushi Shop has successfully established an international network of company-operated and franchises stores across 9 countries.

On 30 June 2022, AmRest's portfolio included 203 Sushi Shop restaurants (152 in France, 5 in Spain, 11 in Belgium, 1 in Italy, 3 in Luxemburg, 6 in UK, 11 in Switzerland, 3 in Saudi Arabia and 11 in UAE).

(all figures in EUR millions unless stated otherwise)

Coffee category

Starbucks is the world leader in the coffee sector with almost 35 000 stores in about 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.

On 30 June 2022 AmRest operated 392 stores (69 in Poland, 51 in the Czech Republic, 37 in Hungary, 54 in Romania, 14 in Bulgaria, 154 in Germany, 9 in Slovakia and 4 in Serbia).

Key investments

The capital expenditure incurred by AmRest relates mainly to the development of restaurant network, refurbishment of existing ones and investment in digitalization. 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.

Incurred CAPEX in H1 2022 was financed from cash flows from operating activities.

The table below presents purchases of non-current assets in 6 months ended 30 June 2022 and 30 June 2021.

	6 MONTHS ENDED 30 June 2022	6 MONTHS ENDED 30 June 2021
Intangible assets:	**3.9**	**3.1**
Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	0.2	2.0
Other intangible assets	3.7	1.1
Goodwill	**-**	**-**
Property, plant and equipment:	**39.2**	**29.5**
Leasehold improvements, land, buildings	2.1	3.1
Machinery, equipment, vehicles	6.1	4.5
Other tangible assets (including assets under construction)	31.0	21.9
Total	**43.1**	**32.6**

Capital investment* for 3 and 6 months ended 30 June 2022 and 30 June 2021.

	6 MONTHS ENDED		3 MONTHS ENDED	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
CEE	22.4	13.6	14.7	10.8
Western Europe	15.4	14	8.7	8.3
Russia	2.7	3.4	1.6	2.2
China	2.2	1.5	1.3	1.2
Other	0.4	0.1	0.3	0
Total	**43.1**	**32.6**	**26.6**	**22.5**

**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
31.12.2021	1 923	517	**2440**
New Openings	20	9	**29**
Acquisitions / Disinvestments	-19	-40	**-59**
Closings	18	10	**28**
Conversions	2	-2	**-**
30.06.2022	**1 908**	**474**	**2 382**

As at 30 June 2022, AmRest operated 2 382 restaurants, including 474 restaurants which are managed by franchisees (157 La Tagliatella, 215 Pizza Hut, 25 Starbucks, 12 Blue Frog, 4 Bacoa and 61 Sushi Shop). Compared with 31 December 2021, due to a sale of Pizza Hut business in Russia, the Group runs 58 restaurants less. 29 new restaurants were opened: 10 restaurants in Central and Eastern Europe, 15 in Western Europe and 4 in China.

Planned investment activities

Since March 2020 as a result of the COVID-19 pandemic spreading across many countries AmRest's capital expenditures were limited in order to preserve liquidity and due to lack of visibility regarding further restrictions, business trends and general situation of the global economy.

Nonetheless, the recovery of thriving business activity- reaching new quarterly record sales levels and the completion of the balance sheet deleverage objective- allowed a change of approach and a significantly increased in terms of the expected CAPEX. Periodic updates of both, short and long-term financial plans are running to account for all new information.

In this respect, the list of AmRest's working priorities goes from increasing and optimizing the restaurant portfolio and to continuing to make progress in a more efficient capital allocation, to the development of own brands and franchising as key pillars of growth in the short term. The development of lighter restaurant formats as a way to increase the availability of new locations across Europe. In addition, the Group intends to continue to pursue its development objectives, increase scale in supply chain management and lead in digitalisation processes. In the light of growing popularity of take-away and delivery segments, AmRest will continue investing in digital channels as well as developing delivery capabilities.

Finally, potential acquisitions remain an important factor for AmRest's growth. The Group is well positioned for any consolidation or acquisition in the sector that might be identified and would generate long term value for AmRest shareholders

Significant events and transactions in HY 2022

The end of the development agreement with Burger King
On 1 February 2022 Burger King Europe GMBH has notified AmRest about the termination of the development agreements of the Burger King brand in Poland, the Czech Republic, Slovakia, Bulgaria and Romania effective as of the same day.
AmRest continues to operate more than 90 Burger King restaurants that it owns in mentioned territories under the best standards of service and quality, in compliance with the franchise agreements which continue to be in force.
Therefore, the revenues, EBITDA and total assets of AmRest will not be significantly affected by the termination of the development agreements.

Initiation of process to suspend temporarily operations in Russia
On 9 March 2022, following the recent announcement made by Yum! Brands, the owner of the KFC and Pizza Hut brands, AmRest informed that it was initiating the process to temporarily suspend its operations in Russia. All investment in the region were also halted.

Transfer of Pizza Hut business in Russia
As previously announced, due to termination on 31 May 2022 of Pizza Hut Master Franchise Agreement in Russia, the Pizza Hut restaurants on this market were transferred in Q2 2022 to a third party operator designated by Yum!. This transaction has led to the transfer of 59 restaurants, 19 equity and 40 franchised.

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.

(all figures in EUR millions unless stated otherwise)

Shareholders of AmRest Holdings SE

To the best of AmRest's knowledge as at 30 June 2022 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%
Artal International S.C.A.	11 366 102	5.18%
Nationale-Nederlanden OFE	10 718 700	4.88%
Aviva OFE	7 013 700	3.19%
Other Shareholders	43 251 921	19.70%

** FCapital Dutch B. V. is the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finaccess 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.*

According to the notification received from the shareholder, as a result of the merger by acquisition between FCapital Dutch, B.V., as the acquiring company, and FCapital Lux S.à r.l. (holding directly 56 509 547 AmRest shares), as the acquired company, on 15 July 2022 the shareholding of FCapital Lux S.à r.l. in AmRest Holdings SE became the property of FCapital Dutch, B.V.

Changes in the Parent Company's Governing Bodies

During the period covered by this Report there were no changes in the composition of the Board of Directors of AmRest.

As at 30 June 2022 the composition of the Board of Directors was as follows:

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

- Eduardo Rodríguez-Rovira (Secretary, non-Board member)
- Mauricio Garate Meza (Vicesecretary, non-Board member)

On the day of publication of this Report the composition of the Board of Directors remains the same.

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

During the period since 1 January 2022 the following changes occurred with respect to AmRest shares and stock options held by the members of the Board of Directors of AmRest.

On 31 December 2021 Mr. Carlos Fernández González (member of the Company's Board of Directors) held through its closely associated person, FCapital Dutch B.V., 147 203 760 shares of the Company with a total nominal value of EUR 14 720 376. On 30 June 2022, Mr. Carlos Fernández González still owned (through FCapital Dutch B.V.) 147 203 760 AmRest's shares with a total nominal value of EUR 14 720 376.

In addition, as of 31 December 2021, Mr. Carlos Fernández González held through his another closely associated person - Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, 1 172 145 AmRest shares with a total nominal value of EUR 117 214.5. The direct holder of the shares is Latin 10, SA de CV, a fund independently managed by Finaccess Mexico, S.A. de C.V. (a subsidiary of Grupo Finaccess). On 30 June 2022, Finaccess México, S.A. de C.V. held 1 462 420 AmRest shares with a total nominal value of EUR 146 242.0.

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 from 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 from 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 its 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 2022 and 30 June, 2022, AmRest did not purchase any own shares. During the same period, the Company disposed a total of 19 146 own shares with a total nominal value of EUR 1 914.6 and representing 0.0087% 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 of 30 June 2022 AmRest held 352 270 own shares with a total nominal value of EUR 35 227.0 and representing 0.1604% 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 this Report the Group has paid a dividend to non-controlling interest of SCM Sp. z o.o. in the amount of EUR 0.5 million (PLN 2.45 million).

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, i.e. the number of people using the restaurants,
- number and location of the competitors' restaurants,
- changes in the laws and regulations which have an 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 and political 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,
- situation around COVID-19 pandemic, including the progress and efficiency of medical treatments.

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 safeguards in place does not ensure completely against the risk of fraud or against breaking laws. 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 summarised in this section. AmRest reviews and improves its risk management and internal control systems on an on-going basis.

Liquidity risk

Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. The Group is exposed to the risk to a lack of financing at the moment of the maturity of bank loans and bonds.
As of 30 June 2022, the Group has sufficient liquidity to fulfil its liabilities over the next 12 months.

The Group analyses liquidity needs with particular focus on the maturity of debt and proactively investigates various forms of financing that could be utilised as needed.

Risks related to the COVID-19 and its implications for the economy and society

The COVID-19 pandemic continues to affect the global economy, including HORECA sector, and its intensity and accompanied uncertainties continues and it varies between markets.

During year 2022, in the main economies where the Group operates, many restrictions imposed by the governments were relaxed and lifted.
This facilitates greater mobility and social interaction that positively impact the revenues level for Group.

According to the Global health authorities, COVID-19 outbreak entered the endemic stage, in the most markets where the Group operates, the virus is widespread, and is significantly less fatal than it was in 2020 and is spurring only limited changes in public behavior. These endemic conditions are likely to continue through the summer and autumn, unless and until immunity-evading new variants emerge. As immunity wanes, however, the next stage remains highly uncertain.

However, impact of COVID-19 remains uneven between geographical markets. Strict lockdowns were imposed on some areas of China during first quarter of 2022 and extended into the second quarter. The severity of potential new mutations or variants in coming months, and its potential impact on Group's operations cannot be predicted and remains an issue closely monitored by the Group.

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 and the possibility of renewing or extending the duration of the franchise agreements, depend on the conditions (including limitations or specifications) imposed by the franchisors or are subject to their consent.

Therefore, in relation to the duration of those agreements, the renewal is not automatic and AmRest cannot guarantee that after the expiry of the initial periods of duration of the franchise agreements, which are typically ten years, a given franchise agreement will be extended..

In the case of Burger King, despite the termination by Burger King Europe GMBH of the development agreement, the franchise agreements for the operation by AmRest of the Burger King restaurants in Europe remain in force in accordance with their established terms and conditions.

In relation to Starbucks, the license agreements entered into by and between AmRest's affiliates and Starbucks EMEA Limited for Poland, Hungary and Czech Republic are set to expire on September 30, 2022 and are subject to a five year extension. Consistent with AmRest's long-term commitment to its brand portfolio, AmRest and Starbucks EMEA Limited are currently negotiating the terms of such five year extension.

Dependency on cooperation with minority shareholders and Starbuck's call option

AmRest operates Starbucks restaurants in Poland, the Czech Republic and Hungary based on partnership agreements with Starbucks Coffee International, Inc. The partnerships assume 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 Starbucks' consent.

If AmRest fails to comply with the obligation to open and run the minimum specified number of cafés, Starbucks Coffee International, Inc. has a call option with respect to AmRest's shares in these companies, which allows Starbuck, under certain terms and conditions, to acquire the shares owned by AmRest Sp. z o.o. at a price agreed between the parties based on the valuation of the companies.

No exclusivity rights

International Franchise Agreements per se do not typically grant exclusivity rights to the franchisee in the relevant territories. In order to secure exclusivity rights for a certain territory, franchisees aim to have either a master franchise agreement or a development agreement with the franchisor. Currently, AmRest does not have master franchise agreements or development agreements in all territories and cannot secure that it will have exclusivity in certain territories.

Risks related to the consumption of food products

Changes in consumer preferences arising from concerns over the nutritious properties of chicken, which is the main ingredient in the KFC menu, or as a result of unfavorable information being circulated by the mass media concerning the quality of the products, could pose a threat to the Group. Furthermore, diseases caused by these (ie food poisoning) 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, 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, 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 could also pose a threat to the Group. The above-mentioned risks are mitigated by using the highest quality ingredients in AmRest restaurants, which come from reliable and reputable suppliers, in compliance with strict quality control and hygiene standards and the use of top, modern equipment and processes which ensure the absolute safety of the dishes.

Risks related to key personnel turnover in the Group and increasing labour costs

AmRest´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 Group help ensure a low rotation of the key personnel. Additionally, the career planning system supports preparing successors ready to execute tasks in key positions. In the event of turnover, a personnel replacement process will be triggered, minimising to the fullest extent possible the adverse effect on business activities and the operating results of the Group.

Excessive turnover of employees and too frequent changes in managerial positions may pose a significant risk to the stability and quality of the business activities. In this regard, the Company is constantly evaluating the competitiveness of the remunerations offered to minimize the risk and to remain market competitive. An additional risk in the employment area may be caused by fluctuations in the unemployment rate in a given market.

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

AmRest´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 shortage 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 these by the Group or to relevant price increases. Both the shortages 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. signed 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.

Risks 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 exchanges 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.

Risks related to the current geopolitical situation

The Company conducts its business in countries where political climates are uncertain. Tensions around that subject may result in a negative impact on economy, including instable currency, interest rates, liquidity, supply chain disruptions and consumer confidence deterioration.

In 2022, the increased geopolitical risk, as a consequence of the war in Ukraine, has weighed adversely on global economic conditions including the markets where the Group operates.
The conflict has triggered turmoil in the financial markets around the world, and drastically increased uncertainty about the recovery of the global economy, as reflected in the widespread deterioration of the consumer confidence indicators, which has impacted on financial and commodity markets.
Even if the conflict remains localized, it has broad implications for economies across the world. While Russia and Ukraine together represent a relatively small part of the world economy, they account for a large share of global energy exports, as well as exports of a range of metals, food staples and agricultural inputs. As such, the main consequences to economies derived from the conflict are inflation, due to the increased price of energy and non-energy commodities. The Group is closely monitoring their potential impact on Group's current and future operations.

All these events and uncertainty that accompanies them may have a significant impact on the Group's operations and financial position, of which the effect 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 adjust strategic intentions and operational decisions, which will minimize business risks.

Risk of increased financial costs

AmRest and its subsidiaries are 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, AmRest and its subsidiaries may, as part of the interest rate hedging strategy, enter into derivative and other financial contracts, where the valuation of which is significantly affected by the level of reference rates.

Increases in the cost of commodities, raw materials and goods

Increases in the cost of commodities, raw materials and goods can have an adverse impact on Group's operating profit margins. In order to mitigate these risks, the Group has implemented sourcing strategies, periodical tender procedures, and established preventative controls to monitor deviations in actual expenditure, monitoring of pricing trends, and active review of tender processes.

Tax risk

In the process of managing and making strategic decisions, which can affect the tax settlements, AmRest is exposed to tax risk. In the event of irregularities occurring in tax settlements increase of the risk of dispute in the case of a potential tax control. As part of minimising this risk, AmRest works to deepening the knowledge of its employees in the area of tax risk management and compliance with respective to the legal requirements of the different countries the Group is based in. 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, the inconsistency of regulations, as well as differences in the 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 7 to the Consolidated Financial Statements for the six months ended 30 June 2022.

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 the franchisees portfolio is a key priority.

Risks of economic slowdowns

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

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

Risk of systems failures and communication network failure, as well as the potential partial or complete loss of data in connection with 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 minimise this risk, the Group has implemented appropriate business continuity procedures and disaster recovery plans in order to ensure the stability and reliability of its IT systems.

Cyberattack risk

The Group’s operations are supported by a 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 unauthorised access to confidential data, which may be a result of cyberattacks. In order to mitigate these risks, the Group established a specialized IT-security unit and implemented appropriate cybersecurity risk mitigation tools, including security polices, personnel training and technical prevention countermeasures.

Global crisis and disruption

The risk of global disruption to the Group's business, industry or economy as a consequence of global disasters, such as health epidemics, economic crises, energy crises, extreme weather events, or other critical events which, could impact on the Group's day to day business concerns. In response to such events the Group has developed a system of Business Continuity and a Crisis Management framework, incorporating a crisis prevention mechanism, early detection and warning system with an advance incident processing and crisis management framework.

Remaining factors 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.

Activity in Research and Development area

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

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

(all figures in EUR millions unless stated otherwise)

Financial data of AmRest for 6 months ended 30 June 2022

Condensed consolidated income statement for 6 months ended 30 June 2022 and 2021

	6 MONTHS ENDED	
	30 June 2022	**30 June 2021**
Continuing operations		
Restaurant sales	1,045.5	806.4
Franchise and other sales	67.2	37.9
Total revenue	**1,112.7**	**844.3**
Restaurant expenses		
Food and merchandise	(307.3)	(224.9)
Payroll, social security and employee benefits	(257.9)	(212.3)
Royalties	(51.8)	(37.0)
Occupancy, depreciation and other operating expenses	(329.1)	(275.7)
Franchise and other expenses	(51.8)	(27.6)
Gross Profit	**114.8**	**66.8**
General and administrative expenses	(74.2)	(66.3)
Net impairment losses on financial assets	(1.0)	(1.0)
Net impairment losses on other assets	(50.6)	(7.2)
Other operating income/expenses	11.1	35.6
Profit/(loss) from operations	**0.1**	**27.9**
Finance income	1.6	2.7
Finance costs	(23.9)	(22.1)
Profit/(loss) before tax	**(22.2)**	**8.5**
Income tax expense	(10.8)	(6.1)
Profit/(loss) for the period	**(33.0)**	**2.4**
Attributable to:		
Shareholders of the parent	(35.5)	1.9
Non-controlling interests	2.5	0.5
Profit/(loss) for the period	**(33.0)**	**2.4**
Basic earnings per ordinary share in EUR	(0.16)	0.01
Diluted earnings per ordinary share in EUR	(0.16)	0.01

** The above condensed consolidated income statement should be read in conjunction with the accompanying notes included in the Consolidated Financial Statements for month ended 30 June 2022 of AmRest Holdings SE capital group.*

(all figures in EUR millions unless stated otherwise)

Number of AmRest restaurants (as at 30 June 2022)

Countries	Brands	30.06.2021	31.12.2021	31.03.2022	30.06.2022
Poland	**Total**	**574**	**601**	**599**	**595**
	KFC	301	316	316	317
	BK	46	47	47	46
	SBX	69	70	69	69
	PH equity	151	156	154	152
	PH franchised	2	7	8	8
	Shadow Kitchen	5	5	5	3
Czech Republic	**Total**	**205**	**212**	**212**	**213**
	KFC	109	114	114	114
	BK	28	30	30	31
	SBX	51	51	51	51
	PH equity	17	17	17	17
Hungary	**Total**	**134**	**142**	**142**	**143**
	KFC	73	80	80	80
	SBX	35	36	36	37
	PH equity	26	26	26	26
Bulgaria	**Total**	**24**	**24**	**24**	**24**
	KFC	8	8	8	8
	BK	2	2	2	2
	SBX	14	14	14	14
Serbia	**Total**	**15**	**16**	**16**	**19**
	KFC	12	13	13	15
	SBX	3	3	3	4
Croatia	**KFC**	**8**	**8**	**8**	**8**
Romania	**Total**	**62**	**63**	**63**	**63**
	SBX	55	54	54	54
	BK	7	9	9	9
Slovakia	**Total**	**16**	**17**	**18**	**18**
	SBX	8	9	9	9
	PH equity	3	3	3	3
	BK	5	5	6	6
Slovenia	**KFC**	**1**	**1**	**1**	**1**
Austria	**KFC**	**2**	**2**	**2**	**2**
Russia	**Total**	**261**	**267**	**267**	**217**
	KFC	210	218	218	217
	PH equity	20	19	19	-
	PH franchised	31	30	30	-
Armenia	**PH franchised**	**3**	**6**	**6**	**-**
Azerbaijan	**PH franchised**	**4**	**5**	**5**	**-**
Spain	**Total**	**330**	**333**	**329**	**332**
	TAG equity	69	70	70	71
	TAG franchised	159	160	157	157
	KFC	89	93	92	94
	Blue Frog equity	2	-	-	-
	Blue Frog franchised	1	-	-	-
	Bacoa equity	1	1	1	1
	Bacoa franchised	4	4	4	4
	Sushi Shop equity	3	3	5	5
	Sushi Shop franchised	2	2	-	-
France	**Total**	**341**	**354**	**354**	**356**
	PH equity	9	1	1	1
	PH franchised	117	131	129	130
	KFC	73	73	73	73
	Sushi Shop equity	105	111	112	112
	Sushi Shop franchised	37	38	39	40
Germany	**Total**	**267**	**262**	**261**	**263**
	SBX	135	128	127	129
	SBX licensed	24	25	25	25
	TAG equity	1	1	1	1
	KFC	24	25	25	25

(all figures in EUR millions unless stated otherwise)

Countries	Brands	30.06.2021	31.12.2021	31.03.2022	30.06.2022
	PH equity	8	6	6	6
	PH franchised	75	77	77	77
Portugal	**Total**	**4**	**5**	**4**	**4**
	TAG equity	3	4	4	4
	Sushi Shop franchised	1	1	-	-
Belgium	**Total**	**11**	**11**	**11**	**11**
	Sushi Shop equity	5	5	5	5
	Sushi Shop franchised	6	6	6	6
Italy	**Total**	**2**	**2**	**2**	**1**
	Sushi Shop equity	1	1	1	1
	Sushi Shop franchised	1	1	1	-
Switzerland	Sushi Shop equity	**10**	**11**	**11**	**11**
Luxembourg	Sushi Shop equity	**3**	**3**	**3**	**3**
UK	**Total**	**5**	**5**	**6**	**6**
	Sushi Shop equity	5	5	5	5
	Sushi Shop franchised	-	-	1	1
UAE	Sushi Shop franchised	**10**	**10**	**11**	**11**
Saudi Arabia	Sushi Shop franchised	**3**	**3**	**3**	**3**
China	**Total**	**76**	**77**	**80**	**78**
	Blue Frog equity	67	66	68	66
	Blue Frog franchised	9	11	12	12
Total AmRest		**2 371**	**2 440**	**2 438**	**2 382**

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

Pablo Castilla Reparaz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 1 September 2022

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