Interim Report for Q3 2020

AmRest Holdings SE capital group

10 November 2020

AmRest

Contents

Highlights

Financial highlights (consolidated data)

	9 months ended	
	30 September 2020	**30 September 2019**
Revenue	1 125.4	1 432.5
EBITDA*	154.8	266.4
Profit/(loss) from operations	(113.6)	73.0
Profit/(loss) before tax	(160.4)	37.9
Net profit/(loss)	(159.8)	28.3
Net profit/(loss) attributable to non-controlling interests	(1.2)	1.1
Net profit/(loss) attributable to equity holders of the parent	(158.6)	27.2
Cash flows from operating activities	154.6	231.7
Cash flows from investing activities	(39.6)	(157.3)
Cash flows from financing activities	(44.9)	(81.8)
Total cash flows, net	70.1	(7.4)
Weighted average number of ordinary shares for basic EPS (in thousands of shares)	219 222	221 018
Weighted average number of ordinary shares for diluted EPS (in thousands of shares)	219 404	222 074
Basic earnings per share (EUR)	(0.72)	0.12
Diluted earnings per share (EUR)	(0.72)	0.12
Declared or paid dividend per share	-	-

**profit from operations excluding amortization, depreciation and impairment costs*

	3 months ended	
	30 September 2020	**30 September 2019**
Revenue	441.4	504.8
EBITDA*	90.2	100.6
Profit/(loss) from operations	26.5	37.8
Profit before tax	12.1	22.6
Net profit	2.5	17.3
Net profit attributable to non-controlling interests	0.4	0.5
Net profit attributable to equity holders of the parent	2.1	16.8
Cash flows from operating activities	53.2	84.0
Cash flows from investing activities	(10.0)	(47.1)
Cash flows from financing activities	(81.8)	(28.0)
Total cash flows, net	(38.6)	8.9
Weighted average number of ordinary shares for basic EPS (in thousands of shares)	219 164	220 280
Weighted average number of ordinary shares for diluted EPS (in thousands of shares)	219 308	221 200
Basic earnings per share (EUR)	0.01	0.08
Diluted earnings per share (EUR)	0.01	0.08
Declared or paid dividend per share	-	-

**profit from operations excluding amortization, depreciation and impairment costs*

(all figures in EUR millions unless stated otherwise)

	As of 30 September 2020	As of 31 December 2019
Total assets	2 214.8	2 435.0
Total liabilities	1 923.4	1 958.3
Non-current liabilities	1 452.6	1 459.4
Current liabilities	470.8	498.9
Equity attributable to shareholders of the parent	283.8	467.2
Non-controlling interests	7.6	9.5
Total equity	291.4	476.7
Share capital	22.0	22.0
Number of restaurants	2 338	2 336
-of which equity	1 863	1 857
-of which franchise	475	479

Part A. Directors' Report for Q3 2020

The Group's performance in Q3 2020

Revenues

Consolidated revenues of AmRest Group in Q3 2020 amounted to EUR 441.4 million, representing a 12.6% or EUR 63.4 million decline year-on-year as a result of limited business, social and travel activities due to the restrictions implemented by the majority of countries around the world in order to limit the spread of COVID-19 and also due to negative F/X differences. The third quarter, however, posted a substantial recovery compared to the first half of 2020 supported by a gradual easing of the restrictions, growth in every sales channel with further expansion of digital, delivery and takeaway as well as properly managed and prepared operations and supply in the restaurants. On a quarter-to-quarter basis revenues increased by 62.2% compared to Q2 2020 and by 7.2% from the Q1 2020 levels. Number of operating restaurants as of end of September reached 98% or about 2 300 compared to 92% or about 2 150 as of end of June.

Comparable restaurants sales index ("like-for-like", "LFL"), excluding temporary closures and F/X, was also trending upward in the reported period and reached 86.6% in Q3 2020 compared to 67.7% in the quarter before.

In Q3 2020 the Group opened 33 restaurants compared to 51 last year and 9 in Q2 2020, of which majority in CEE region. Total storecount increased by 2 from the end of 2019 and reached 2 338 impacted also by the store review program and closures of non-performing restaurants in 2020, and change in virtual brands counting.

In Central and Eastern Europe (CEE), the revenues reached EUR 198.6 million in Q3 2020 and were 9.0% lower compared to the same period last year. Quarter-to-quarter sales increased by 48.6% driven by reopening of the economies, strength of the business models as well as increased delivery, drive-thru and takeaway capabilities along with a return of dine-in channel. As of end of September 100% of restaurants were operating compared to 99% as of end of June 2020.

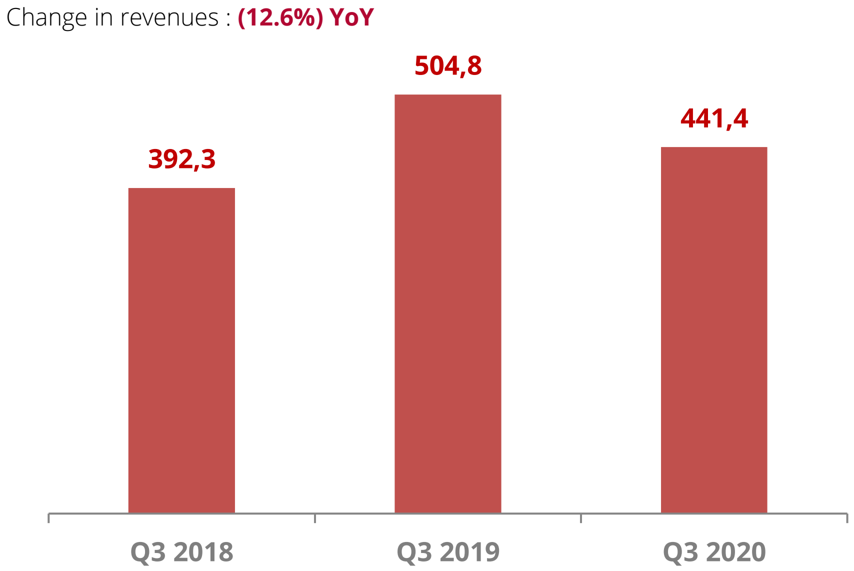
Western Europe segment experienced a solid sales return in Q3 2020 as a consequence of gradual easing and reopening of the economies as well as great business execution and strength of the brands. Sales reached EUR 167.3 million in Q3 2020 and were 16.2% lower compared to the same period last year. Quarter-to-quarter sales were up by 81.0%. The biggest recovery by markets was achieved in Spain where revenues increased by 151.3% compared to the prior quarter. On the other hand, France posted just 3.3% decline in sales year-on-year in the reported period due to more delivery and take-away oriented brands there. Spain and Germany however remain the most affected markets by the pandemic due to more casual dining or coffee segment oriented businesses. As of end of September 97% of restaurants were operating in the segment compared to 91% as of end of June 2020.

The revenues of Russian division amounted to EUR 42.8 million in Q3 2020, representing a decline of 22.2% versus last year. Compared to the prior quarter sales recovered significantly percentage-wise in the Group and increased by 91.8%. Increased share of reopened restaurants in the segment from 77% as of end of June to 97% as of end of September along with delivery, drive-thru and takeaway capabilities of QSR business helped in building top-line recovery which was partly offset by the negative F/X.

China posted an increase in sales year-on-year in the reported period of 4.5% to EUR 24.7 million on the back of supportive situation around containment of the COVID-19 spread, proven business model and actions taken around delivery capabilities. Quarter-to-quarter segment sales increased by 28.4%. As of end of September 99% restaurant were operating compared to 100% as of end of June.

Other segment posted a 1.5% decline in sales in Q3 2020 compared to the previous year to EUR 8.0 million attributed mostly to deconsolidation of PizzaPortal results as SCM sales increased supported by easing of the restrictions and recovery in business activity. Quarter-to-quarter sales improved by 77.3%.

Chart 1 AmRest Group's sales in Q3 2020 compared to previous years (in EUR millions)



Profitability

Strong sales recovery along with cost optimization initiatives, savings, rent negotiations and reliefs as well as government aid programs enabled to generate a solid margin improvement in Q3 2020 compared to the prior quarter and even to last year. Consolidated EBITDA amounted to EUR 90.2 million in the reported period, representing a 10.3% decline over the year while margin was up by 0.5 p.p. to 20.4%. Quarter-to-quarter EBITDA margin improved by 12.3 p.p. The Group managed to further improve food margin while still lower level of sales than last year was impacting negatively on the operational leverage.

In Q3 2020 the Group booked a rental relief benefit of EUR 15.4 million as a result of the amended IFRS 16 standard that concerns accounting treatment of rent deductions and reductions due to COVID-19 pandemic and around EUR 4.2 million of ongoing payroll grants.

Reported profit from operations (EBIT) amounted to EUR 26.5 million and was EUR 11.3 million lower than last year. Margin stood at 6.0% and was 1.5pp down compared to Q3 2019.

Reported net profit attributable to AmRest shareholders in Q3 2020 reached EUR 2.1 million and was EUR 14.6 million lower compared to last year. Margin amounted to 0.5% vs. 3.3% in Q3 2019.

The Group's cash position increased by EUR 74.0 million from end of 2019. Compared to the previous quarter, cash balance decreased by EUR 37.6 million mainly as a result of loans and borrowings repayment that totaled EUR 63.5 million in Q3 2020. Net cash from operations reached EUR 53.2 million in Q3 2020 compared to EUR 84.0 million last year and EUR 64.7 million in Q2 2020 with most of the public support schemes inflows or deductions impacted the previous quarter. Net capital expenditures came at EUR 10.0 million in Q3 2020 which was 78.8% lower than year ago and 35.5% lower than in Q2 2020. In the reported period inflow of EUR 7.5 million was booked as a result of real estate disposal. Net cash from financing arrived at EUR (81.8) million compared to EUR (28.0) million last year and EUR 24.5 million in the previous quarter.

Net debt, excluding lease obligations under IFRS 16, at the end of Q3 2020 equaled EUR 591.8 million which resulted in a comparable leverage level at 6.76. The Group received a waiver from the financing banks for the covenant as of Q3 2020 on 30 September 2020.

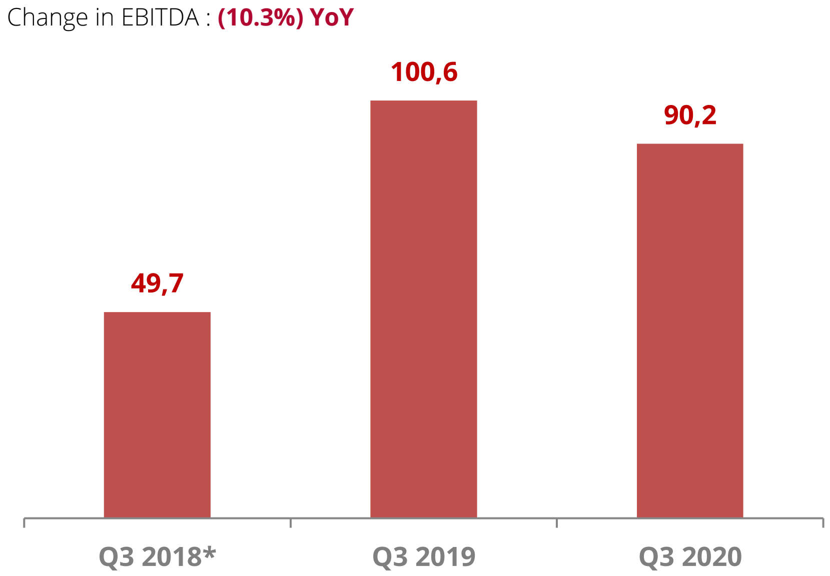
Central and Eastern Europe posted EBITDA at EUR 48.3 million which was 6.4% lower than last year while margin increased by 0.7pp to 24.3%. Compared to the prior quarter, segment EBITDA doubled. Sales recovery supported by further investments into digital channels, strong delivery capabilities along with cost optimization and reliefs around rents enabled to report strong profitability by the segment.

EBITDA generated by Western Europe division amounted to EUR 23.6 million in Q3 2020, a decrease of 33.1% over the year. EBITDA margin was at 14.2% and was 3.5pp lower than last year. Quarter-to-quarter EBITDA increased significantly by EUR 28.6 million from loss of EUR 5.0 million in Q2 2020. Top-line recovery along with further support from payroll schemes, rent relief and cost optimizations initiatives across the markets helped to achieve a solid improvement.

EBITDA of Russian division in Q3 2020 amounted to EUR 13.3 million and was 15.4% higher than last year. Margin reached 31.0% and was 10.1pp better compared to Q3 2019. Quarter-to-quarter EBITDA increased by 77.4%. Business activity recovery along with strong cost control around labor and general restaurant costs, as well as rent relief benefits helped to significantly improve margins in the segment.

China reported EBITDA at EUR 10.5 million which translated to 63.2% growth year-on-year and EBITDA margin grew by 15.1pp to 42.1%. Quarter-to-quarter EBITDA increased by 80.1%. Improvement in sales along with cost savings initiatives implemented in response to the COVID-19 pandemic and rental and payroll reliefs booked in the reported period helped to achieve record segment profitability.

Chart 2 AmRest Group's EBITDA in Q3 2020 compared to previous years (in EUR millions)



*Q3 2018 has not been adjusted for IFRS 16 effect

Table 1 Split of revenues and margins by divisions for Q3 2020 and 2019

	3 months ended 30 September 2020		3 months ended 30 September 2019	
	Amount	% of sales	Amount	% of sales
Revenue	**441.4**		**504.8**	
Poland	110.2	25.0%	120.3	23.8%
Czechia	46.3	10.5%	51.8	10.3%
Hungary	25.2	5.7%	28.6	5.7%
Other CEE	16.9	3.8%	17.5	3.5%
Total CEE	**198.6**	**45.0%**	**218.2**	**43.2%**
Russia	**42.8**	**9.7%**	**55.0**	**10.9%**
Spain	50.5	11.4%	71.8	14.2%
Germany	36.2	8.2%	45.8	9.1%
France	70.1	15.9%	72.5	14.4%
Other Western Europe	10.5	2.4%	9.6	1.9%

(all figures in EUR millions unless stated otherwise)

	3 months ended 30 September 2020		3 months ended 30 September 2019	
	Amount	% of sales	Amount	% of sales
Western Europe	**167.3**	**37.9%**	**199.7**	**39.6%**
China	**24.7**	**5.6%**	**23.6**	**4.7%**
Other	**8.0**	**1.8%**	**8.3**	**1.6%**
	Amount	Margin	Amount	Margin
EBITDA	**90.2**	**20.4%**	**100.6**	**19.9%**
Poland	26.3	23.9%	25.9	21.5%
Czechia	12.0	25.9%	14.0	27.0%
Hungary	5.8	22.7%	6.8	23.9%
Other CEE	4.2	25.5%	4.9	27.6%
Total CEE	**48.3**	**24.3%**	**51.6**	**23.6%**
Russia	**13.3**	**31.0%**	**11.5**	**20.9%**
Spain	11.8	23.4%	18.8	26.2%
Germany	2.9	8.1%	6.4	13.9%
France	10.6	15.1%	8.2	11.2%
Other Western Europe	(1.7)	(16.0%)	2.0	20.9%
Western Europe	**23.6**	**14.2%**	**35.4**	**17.7%**
China	**10.5**	**42.1%**	**6.3**	**27.0%**
Other	**(5.5)**	**-**	**(4.2)**	**-**
Adjusted EBITDA*	**91.7**	**20.8%**	**102.9**	**20.4%**
Poland	26.6	24.1%	26.3	21.9%
Czechia	12.4	26.8%	14.4	27.7%
Hungary	5.9	23.3%	7.2	24.9%
Other CEE	4.5	26.8%	5.0	28.8%
Total CEE	**49.4**	**24.9%**	**52.9**	**24.2%**
Russia	**13.4**	**31.2%**	**11.7**	**21.3%**
Spain	11.8	23.4%	19.2	26.7%
Germany	3.0	8.3%	6.6	14.4%
France	10.6	15.1%	8.3	11.4%
Other Western Europe	(1.4)	(13.4%)	1.9	21.1%
Western Europe	**24.0**	**14.4%**	**36.0**	**18.1%**
China	**10.4**	**42.1%**	**6.6**	**27.8%**
Other	**(5.5)**	**-**	**(4.3)**	**-**
EBIT	**26.5**	**6.0%**	**37.8**	**7.5%**
Poland	11.5	10.4%	11.4	9.5%
Czechia	6.2	13.3%	8.1	15.7%
Hungary	2.0	8.0%	3.4	12.0%
Other CEE	0.6	3.7%	1.8	10.1%
Total CEE	**20.3**	**10.2%**	**24.7**	**11.4%**
Russia	**6.6**	**15.5%**	**3.5**	**6.3%**
Spain	2.7	5.5%	10.4	14.5%
Germany	(4.9)	(13.7%)	(0.9)	(2.0%)
France	4.7	6.7%	2.7	3.6%
Other Western Europe	(2.4)	(23.0%)	(0.1)	0.2%
Western Europe	**0.1**	**0.1%**	**12.1**	**6.1%**
China	**5.2**	**20.8%**	**1.9**	**8.2%**
Other	**(5.7)**	**-**	**(4.4)**	**-**

**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 a transaction or profit or loss on sale of a business, effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan) and adjustments in indirect taxes mainly related to VAT.*

(all figures in EUR millions unless stated otherwise)

Table 2 Split of revenues and margins by divisions for 9 months 2020 and 2019

	9 months ended 30 September 2020		9 months ended 30 September 2019	
	Amount	% of sales	Amount	% of sales
Revenue	**1 125.4**		**1 432.5**	
Poland	284.9	25.3%	337.8	23.6%
Czechia	121.0	10.8%	143.9	10.0%
Hungary	68.0	6.0%	80.1	5.6%
Other CEE	40.1	3.6%	45.5	3.2%
Total CEE	**514.0**	**45.7%**	**607.3**	**42.4%**
Russia	**114.2**	**10.1%**	**150.9**	**10.5%**
Spain	127.9	11.4%	204.8	14.3%
Germany	91.2	8.1%	130.5	9.1%
France	180.4	16.0%	220.9	15.4%
Other Western Europe	25.1	2.2%	29.9	2.1%
Western Europe	**424.6**	**37.7%**	**586.1**	**40.9%**
China	**53.8**	**4.8%**	**67.6**	**4.7%**
Other	**18.8**	**1.7%**	**20.6**	**1.4%**
	Amount	Margin	Amount	Margin
EBITDA	**154.8**	**13.8%**	**266.4**	**18.6%**
Poland	54.4	19.1%	67.8	20.1%
Czechia	26.6	22.0%	38.1	26.4%
Hungary	13.5	19.8%	18.7	23.4%
Other CEE	6.7	16.8%	10.7	23.5%
Total CEE	**101.2**	**19.7%**	**135.3**	**22.3%**
Russia	**22.9**	**20.0%**	**31.0**	**20.6%**
Spain	20.7	16.2%	52.4	25.6%
Germany	(0.7)	(0.8%)	15.0	11.5%
France	7.7	4.3%	22.4	10.1%
Other Western Europe	2.0	8.2%	5.3	17.7%
Western Europe	**29.7**	**7.0%**	**95.1**	**16.2%**
China	**16.0**	**29.7%**	**18.6**	**27.5%**
Other	**(15.0)**	**-**	**(13.6)**	**-**
Adjusted EBITDA*	**157.5**	**14.0%**	**272.8**	**19.0%**
Poland	55.2	19.4%	68.9	20.4%
Czechia	27.1	22.4%	38.9	27.0%
Hungary	13.8	20.2%	19.5	24.3%
Other CEE	7.2	18.1%	11.3	24.9%
Total CEE	**103.3**	**20.1%**	**138.6**	**22.8%**
Russia	**23.1**	**20.2%**	**31.5**	**20.9%**
Spain	20.7	16.2%	53.5	26.1%
Germany	(0.5)	(0.5%)	15.7	12.0%
France	7.7	4.3%	22.6	10.2%
Other Western Europe	2.5	9.8%	5.3	17.7%
Western Europe	**30.4**	**7.2%**	**97.1**	**16.6%**
China	**16.0**	**29.7%**	**19.1**	**28.2%**
Other	**(15.3)**	**-**	**(13.5)**	**-**
EBIT	**(113.6)**	**(10.1%)**	**73.0**	**5.1%**
Poland	0.5	0.2%	23.1	6.8%
Czechia	7.0	5.8%	21.3	14.8%
Hungary	1.3	1.9%	8.7	10.9%
Other CEE	(6.6)	(16.4%)	1.5	3.4%
Total CEE	**2.2**	**0.4%**	**54.6**	**9.0%**
Russia	**(3.2)**	**(2.8%)**	**7.0**	**4.7%**
Spain	(14.4)	(11.2%)	27.0	13.2%
Germany	(58.3)	(64.0%)	(10.4)	(8.0%)
France	(24.0)	(13.3%)	2.5	1.1%
Other Western Europe	(1.0)	(4.1%)	2.5	8.5%

(all figures in EUR millions unless stated otherwise)

	9 months ended 30 September 2020		9 months ended 30 September 2019	
	Amount	% of sales	Amount	% of sales
Western Europe	**(97.7)**	**(23.0%)**	**21.6**	**3.7%**
China	**0.7**	**1.2%**	**4.2**	**6.2%**
Other	**(15.6)**	**-**	**(14.4)**	**-**

**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 a transaction or profit or loss on sale of a business, effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan) and adjustments in indirect taxes mainly related to VAT.*

Table 3 Reconciliation of net profit and adjusted EBITDA for Q3 2020 and 2019

	3 months ended 30 September 2020		3 months ended 30 September 2019		Change
	Amount	% sales	Amount	% sales	Y/Y
Profit/(loss) for the period	**2.5**	**0.6%**	**17.3**	**3.4%**	**(85.5%)**
+ Finance costs	15.2	3.4%	13.4	2.7%	13.4%
– Finance income	0.8	0.2%	(1.8)	(0.4%)	(144.4%)
+ Income tax expense	9.6	2.2%	5.3	1.0%	81.1%
+ Depreciation and Amortisation	63.2	14.3%	62.6	12.4%	1.0%
+ Impairment losses	0.5	0.1%	0.2	0.0%	150.0%
EBITDA	**90.2**	**20.4%**	**100.6**	**19.9%**	**(10.3%)**
+ Start-up expenses*	1.5	0.3%	2.3	0.5%	(34.8%)
+ M&A related expenses	-	-	-	-	-
+/– Effect of SOP exercise method modification	-	-	-	-	-
– Indirect taxes adjustments	-	-	-	-	-
Adjusted EBITDA	**91.7**	**20.8%**	**102.9**	**20.4%**	**(10.9%)**

Table 4 Reconciliation of net profit and adjusted EBITDA for 9 months ended 30 September 2020 and 2019

	9 months ended 30 September 2020		9 months ended 30 September 2019		Change
	Amount	% sales	Amount	% sales	Y/Y
Profit/(loss) for the period	**(159.8)**	**(14.2%)**	**28.3**	**2.0%**	**(664.7%).**
+ Finance costs	48.4	4.3%	35.5	2.5%	36.3%.
– Finance income	1.6	0.1%	0.4	0.0%	300.0%.
+ Income tax expense	(0.6)	(0.1%)	9.6	0.7%	(106.3%).
+ Depreciation and Amortisation	192.6	17.1%	184.3	12.9%	4.5%.
+ Impairment losses	75.8	6.7%	9.1	0.6%	733.0%.
EBITDA	**154.8**	**13.8%**	**266.4**	**18.6%**	**(41.9%).**
+ Start-up expenses*	3.0	0.3%	6.2	0.4%	(51.6%).
+ M&A related expenses	-	-	0.1	0.0%	(100.0%).

(all figures in EUR millions unless stated otherwise)

	9 months ended 30 September 2020		9 months ended 30 September 2019		Change
+/– Effect of SOP exercise method modification	(0.3)	(0.0%)	0.1	0.0%	(400.0%).
– Indirect taxes adjustments	-	-	-	-	-
Adjusted EBITDA	**157.5**	**14.0%**	**272.8**	**19.0%**	**(42.3%).**

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

Alternative Performance 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:

1. 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. Usually it can be closest reconciled between last twelve months revenue growth minus last twelve months net equity openings growth. Given the environment in 2020 where number of restaurants operated varied significantly throughout the period due to governmental decisions it is difficult to provide closest reconciliation of the measure.
2. 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 and 4.
3. 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), M&A related expenses (all material expenses connected with successful acquisition covering professional services, legal, financial, other directly connected with a transaction) or profit/loss on sale of a busines, 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) and adjustments in indirect taxes, mainly related to VAT. 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 and 4.
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.

Significant events and transactions in Q3 2020
(till the date of publication of this Report)

Partial repayment of the syndicated loan and update on business situation

On 7 October 2020 AmRest reported that, in timely compliance with its financial payment obligations and following the corresponding maturity calendar, the Company had partially repaid the syndicated loan it has with its financing banks through the repayment in September 2020 of the amount of EUR 56.8 million.

Likewise, on 30 September 2020 AmRest had also obtained already from said financing banks a waiver for the fulfillment of certain financial commitments (covenants) linked to the Group's leverage for the third quarter of 2020. Consequently, the long-term debt at the end of the third quarter had been classified as non-current liabilities.

As regards business performance, the number of restaurants that had resumed operations had gradually increased, reaching at the beginning of October over 98% of the total number of restaurants operated by the Group.

Agreement with Delivery Hero

On 19 October 2020 AmRest reported that it had reached an agreement with Delivery Hero for the transfer of its 7.5% stake (non-diluted) in the company Glovoapp 23, SL ("Glovo") for an aggregate amount of EUR 76.2 million.

Mentioned sale has no financial impact for AmRest since the investment in Glovo has a book value of EUR 76.2 million.

The deal is subject to the fulfillment of certain conditions precedent standard for this type of deals and completion of the corresponding corporate requirements in accordance with Glovo's internal regulations.

Once the mentioned conditions and requirements are met, AmRest will inform the market of the execution of the transaction.

The transaction provided a solid return as the Group made its first investment in Glovo in July 2018 and paid EUR 25.0 million for a 10% stake. It was followed by a sale of PizzaPortal to Glovo in October 2019, which AmRest bought for an aggregate amount of ca. EUR 10.0 million, for the total amount of EUR 35.0 million of which EUR 15.0 million was received in Glovo's shares.

Changes in the Company's Governing Bodies

On 1 July, 2020 AmRest informed of the resignation presented by the director Mr. Mustafa Ogretici and the appointment by co-option to fill said vacancy of Ms. Mónica Cueva Díaz, as an independent director, approved on the same day by the Board of Directors, following a proposal from the Appointments and Remunerations Committee and a report from the Board. Ms. Mónica Cueva Díaz also held the positions of member of the Audit Committee and the Health and Safety Committee; the latter of which started to be chaired by Ms. Romana Sadurska.

In accordance with the provisions of article 244 of the Capital Companies Law, said appointment is subject to ratification by the next General Shareholders' Meeting.

As at 30 September 2020 (and simultaneously at the date of publication of this report) the composition of the Board of Directors was as follows:

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

(all figures in EUR millions unless stated otherwise)

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

Dividends paid during the period covered by this Report

In the period covered by this Report the Group has paid a dividend to non-controlling interest of SCM s.r.o. in the amount of EUR 0.3 million (CZK 1.1 thousand).

Shareholders of AmRest Holdings SE

Pursuant to the best AmRest's knowledge as at 30 September 2020 AmRest Holdings had the following shareholder structure:

Shareholder	**Number of shares and votes at the Shareholders' meeting**	**% of shares and votes at the Shareholders' meeting**
FCapital Dutch B. V.*	147 203 760	67.05%
Nationale-Nederlanden OFE	9 912 576	4.51%
Artal International S.C.A.	10 900 000	4.96%
Aviva OFE	6 803 384	3.10%
Other Shareholders	44 734 463	20.38%

** FCapital Dutch B. V. is the sole shareholder of FCapital Lux (holding directly 56 509 547 AmRest shares) and 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.*

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

During the period since 1 July 2020 the following changes occurred with respect to AmRest shares and stock options held by the members of the Board of Directors of AmRest.

As at 30 June 2019 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 September 2020, Mr. Carlos Fernández González still held 147 203 760 AmRest's shares with a total nominal value of EUR 14 720 376 through FCapital Dutch B.V.

In addition, as at 30 June 2020 Mr. Carlos Fernández González held through his closely associated person - Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, 516 204 AmRest's shares with a total nominal value of EUR 51 620.4. On 30 September 2020, Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión held 748 888 shares of the Company with a total nominal value of EUR 74 888.8. The 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).

Transactions on AmRest shares concluded for the purpose of executing the management option plan

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

The Company acquires 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 July 2020 and 30 September 2020, AmRest did not purchase any own shares. During the same period, the Company disposed a total of 13 167 own shares with a total nominal value of EUR 1 316.7 and representing 0.0060% of the share capital to entitled participants of the stock options plans. Disposal transactions under these plans were executed in three settlement methods, which impacted the sale price. Major part of the shares was transferred to the participants free of charge. As at 30 September 2020 AmRest held 626 534 own shares with a total nominal value of EUR 62 653.4 and representing 0.2854% of the share capital.

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

Forecasts of financial results

The Company has not published any forecasts of financial results.

Part B. Condensed Consolidated Interim Report for Q3 2020

(all figures in EUR millions unless stated otherwise)

Condensed consolidated income statement for 9 months ended 30 September 2020

	9 months ended	
	30 September 2020	30 September 2019 (restated*)
Continuing operations		
Restaurant sales	1 072.8	1 355.9
Franchise and other sales	52.6	76.6
Total revenue	**1 125.4**	**1 432.5**
Restaurant expenses:		
Food and merchandise	(304.5)	(383.3)
Payroll, social security and employee benefits	(305.7)	(345.7)
Royalties	(50.2)	(64.2)
Occupancy, depreciation and other operating expenses	(377.0)	(406.1)
Franchise and other expenses	(40.7)	(52.1)
General and administrative expenses	(108.7)	(108.5)
Total operating costs and losses	**(1 186.8)**	**(1 359.9)**
Net impairment losses on financial assets	(2.5)	(0.4)
Net impairment losses on other assets	(73.3)	(8.7)
Other operating income/expenses	23.6	9.5
Profit/(loss) from operations	**(113.6)**	**73.0**
Finance income	1.6	0.4
Finance costs	(48.4)	(35.5)
Profit/(loss) before tax	**(160.4)**	**37.9**
Income tax expense	0.6	(9.6)
Profit/(loss) for the period	**(159.8)**	**28.3**
Attributable to:		
Shareholders of the parent	(158.6)	27.2
Non-controlling interests	(1.2)	1.1
Profit/(loss) for the period	**(159.8)**	**28.3**
Basic earnings per ordinary share in EUR	(0.72)	0.12
Diluted earnings per ordinary share in EUR	(0.72)	0.12

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.
**The comparative data were restated as a result of a reclassification adjustment for delivery fee expenses described in note 7.*

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of comprehensive income for 9 months ended 30 September 2020

	9 months ended	
	30 September 2020	30 September 2019
Profit/(loss) for the period	**(159.8)**	**28.3**
Other comprehensive income/(loss)		
Exchange differences on translation of foreign operations	(22.2)	9.8
Net investment hedges	(10.5)	(2.7)
Income tax related to net investment hedges	1.7	0.5
Total items that may be reclassified to the income statement	(31.0)	7.6
Other comprehensive income/(loss) for the period	**(31.0)**	**7.6**
Total comprehensive income/(loss) for the period	**(190.8)**	**35.9**
Attributable to:		
Shareholders of the parent	(189.2)	34.8
Non-controlling interests	(1.6)	1.1

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 of 30 September 2020

	30 September 2020	31 December 2019
Assets		
Property, plant and equipment	487.9	584.9
Right-of-use assets	763.4	852.7
Goodwill	312.1	350.2
Intangible assets	242.4	253.5
Investment properties	4.9	5.2
Financial assets measured at fair value	76.2	76.2
Other non-current assets	23.7	25.1
Deferred tax assets	26.8	22.4
Total non-current assets	**1 937.4**	**2 170.2**
Inventories	26.2	29.9
Trade and other receivables	53.7	104.6
Corporate income tax receivables	5.3	4.8
Other current assets	12.0	19.3
Cash and cash equivalents	180.2	106.2
Total current assets	**277.4**	**264.8**
Total assets	**2 214.8**	**2 435.0**
Equity		
Share capital	22.0	22.0
Reserves	175.3	178.3
Retained earnings	138.0	296.6
Translation reserve	(51.5)	(29.7)
Equity attributable to shareholders of the parent	**283.8**	**467.2**
Non-controlling interests	7.6	9.5
Total equity	**291.4**	**476.7**
Liabilities		
Interest-bearing loans and borrowings	704.8	656.0
Lease liabilities	663.8	719.4
Employee benefits liability	0.3	0.6
Provisions	29.2	22.8
Deferred tax liability	46.8	51.4
Other non-current liabilities	7.7	9.2
Total non-current liabilities	**1 452.6**	**1 459.4**
Interest-bearing loans and borrowings	65.0	64.1
Lease liabilities	153.4	144.7
Trade and other accounts payable	248.9	279.5
Corporate income tax liabilities	3.5	10.6
Total current liabilities	**470.8**	**498.9**
Total liabilities	**1 923.4**	**1 958.3**
Total equity and liabilities	**2 214.8**	**2 435.0**

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 9 months ended 30 September 2020

	9 months ended	
	30 September 2020	**30 September 2019**
Cash flows from operating activities		
Profit/(loss) before tax from continued operations	(160.4)	37.9
Adjustments for:		
Amortisation and depreciation	192.6	184.3
Net interest expense	34.7	32.9
Exchange results	12.9	1.5
Result on disposal of property, plant and equipment and intangibles	(2.5)	0.5
Impairment of non-financial assets	73.3	8.7
Share-based payments	7.5	5.7
Rent concessions	(15.4)	-
Other	(0.7)	0.4
Working capital changes:		
Change in trade and other receivables	26.9	(7.7)
Change in inventories	2.4	(1.8)
Change in other assets	6.3	(6.3)
Change in payables and other liabilities	(15.7)	(9.1)
Change in provisions and employee benefits	6.1	(1.5)
Income tax paid	(13.4)	(13.8)
Net cash from operating activities	**154.6**	**231.7**
Cash flows from investing activities		
Proceeds from the sale of business	20.0	-
Proceeds from the sale of assets held for sale	7.6	-
Net cash outflows on acquisition	-	(22.9)
Proceeds from the sale of property, plant and equipment	-	0.4
Purchase of property, plant and equipment	(62.9)	(127.4)
Purchase of intangible assets	(4.3)	(7.4)
Net cash used in investing activities	**(39.6)**	**(157.3)**
Cash flows from financing activities		
Proceeds from share transfers (employees options)	0.1	0.6
Purchase of treasury shares	-	(0.5)
Payments on settlement of employee stock options in cash	-	-
Proceeds from loans and borrowings	150,6	60.9
Repayment of loans and borrowings	(89.3)	(13.6)
Payments of lease liabilities including interests paid	(92.0)	(109.5)
Interest paid	(14.4)	(14.2)
Interest received	0.4	0.3
Dividends paid to non-controlling interest owners	(0.3)	-
Transactions with non-controlling interest	-	(5.8)
Net cash from financing activities	**(44.9)**	**(81.8)**
Net change in cash and cash equivalents	**70.1**	**(7.4)**
Effect of exchange rates movements	3.9	0.2
Balance sheet change of cash and cash equivalents	74.0	(7.2)
Cash and cash equivalents, beginning of period	106.2	118.4
Cash and cash equivalents, end of period	**180.2**	**111.2**
Cash and cash equivalents	**180.2**	110.2
Cash attributable to asset held for sale	**-**	1.0

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 9 months ended 30 September 2020

	Attributable to the shareholders of the parent						
	Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As of 1 January 2020	**22.0**	**178.3**	**296.6**	**(29.7)**	**467.2**	**9.5**	**476.7**
Profit/(loss) for the period	-	-	(158.6)	-	**(158.6)**	(1.2)	**(159.8)**
Other comprehensive income	-	(8.8)	-	(21.8)	**(30.6)**	(0.4)	**(31.0)**
Total comprehensive income	-	**(8.8)**	**(158.6)**	**(21.8)**	**(189.2)**	**(1.6)**	**(190.8)**
Transaction with non-controlling interests	-	-	-	-	**-**	(0.3)	**(0.3)**
Total transactions with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(0.3)**	**(0.3)**
Purchases of treasury shares	-	-	**-**	**-**	**-**	**-**	**-**
Share based payments	-	5.8	-	-	**5.8**	-	**5.8**
Total distributions and contributions	**-**	**5.8**	**-**	**-**	**5.8**	-	**5.8**
As of 30 September 2020	**22.0**	**175.3**	**138.0**	**(51.5)**	**283.8**	**7.6**	**291.4**

	Attributable to the shareholders of the parent						
	Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As of 1 January 2019	**22.0**	**206.1**	**231.5**	**(38.9)**	**420.7**	**9.9**	**430.6**
Profit for the period	-	-	27.2	-	**27.2**	1.1	**28.3**
Other comprehensive income	-	(2.2)	-	9.8	**7.6**	-	**7.6**
Total comprehensive Income	-	**(2.2)**	**27.2**	**9.8**	**34.8**	**1.1**	**35.9**
Transaction with non-controlling interests	-	(4.8)	-	-	**(4.8)**	(1.0)	**(5.8)**
Total transactions with non-controlling interests	**-**	**(4.8)**	**-**	**-**	**(4.8)**	**(1.0)**	**(5.8)**
Purchases of treasury shares	-	(0.5)	**-**	**-**	**(0.5)**	**-**	**(0.5)**
Share based payments	-	5.0	-	-	**5.0**	-	**5.0**
Deferred payment in shares	-	(13.0)	-	-	**(13.0)**	-	**(13.0)**
Total distributions and contributions	**-**	**(8.5)**	**-**	**-**	**(8.5)**	-	**(8.5)**
As of 30 September 2019	**22.0**	**190.6**	**258.7**	**(29.1)**	**442.2**	**10.0**	**452.2**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes, in particular note 8.

Notes to condensed consolidated interim report

1. General information on the Group

AmRest Holdings SE ("The Company", "AmRest") was incorporated in the Netherlands in October 2000 and since 2008 the Company operates a European Company (Societas Europaea, SE). The Company's registered office is Paseo de la Castellana 163, 28046 (Madrid), Spain.

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

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

The Group operates Kentucky Fried Chicken ("KFC"), Pizza Hut ("PH"), Burger King ("BK") and Starbucks ("SBX") restaurants through its subsidiaries in Poland, the Czech Republic (hereinafter Czechia), Hungary, Slovakia, Russia, Serbia, Croatia, Bulgaria, Romania, Germany, France, Austria, Slovenia and Spain, on the basis of franchise rights granted. Starting from 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 2017, in Germany in 2017 and in Russia in 2018 are operated both by AmRest and its sub-franchisees based on master-franchise agreements.

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

In 2018 the Group acquired the Bacoa and Sushi Shop brands, as a result of which it operates own and franchise restaurants in Spain (Bacoa) and own and franchise restaurants among the others in France, Belgium, Spain, several Middle East countries, Switzerland, United Kingdom, Italy and Germany. 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 Pokaï, Lepieje, 'Oi Poke, Moya Misa, Pierwsze i Drugie, Viva Salad! and Sushi Tone.

As of 30 September 2020 the Group operates 2 338 restaurants (own and franchise) comparing to 2 336 restaurants operating as of 31 December 2019.

(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 September 2020:

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	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, Russia, Germany, Slovakia. Possibility of opening in: Bulgaria, Serbia, Croatia, Slovenia	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 and 5 years	Poland, Czechia, Bulgaria, Slovakia, Romania – 20 years or 10 years [4)] Since 20 November 2018: 10 years for restaurants opened during the agreed development period.	15 years, possibility of extension for a further 5 years; in Romania till 10 October 2023 16 years, in Bulgaria till 1 October 2027 20 years
Preliminary fee	up to USD 53.4 thousand [2)]	up to USD 53.4 thousand [2)]	USD 26.7 thousand [2)]	USD 50 thousand or USD 25 thousand, in Czechia USD 60 thousand [4)] Since 20 November 2018: USD 30 thousand for restaurants opened during the agreed development period.	USD 25 thousand
Franchise fee	6% of sales revenues [3)]	6% of sales revenues [3)]	6% of sales revenues [3)]	5% of sales revenues, in Czechia (for 5 restaurants) 3% of sales revenues for first 5 years, then 5% Since 20 November 2018 for restaurants opened during the agreed development period: 3,5% of revenues in first 2 years growing to 4%, 4,5% and 5% in next years.	6% of sales revenues [5)]
Marketing costs	5% of sales revenues	5% of sales revenues	6% or 5% of sales revenues depending on the concept [3)]	5% of sales revenues, in Czechia 3% of sales revenues for first 3 years, then 5%. Since 20 November 2018 for restaurants opened during the agreed development period 4% or 5% of sales revenues (depending on the country) and 3% for flagships.	amount agreed each year

(all figures in EUR millions unless stated otherwise)

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

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

1) AmRest Group took up 82% and Starbucks 18% of the share capital of the newly-established companies in Poland, Czechia and Hungary. In the event of 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 for event of default or deadlock are symmetric for both parties, so that AmRest will also be entitle 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 fee is updated at the beginning of each calendar year for inflation.

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

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

5) Due to global Starbucks decision, the franchisee fee was decreased to 0% for the period April – June 2020.

(all figures in EUR millions unless stated otherwise)

2. Group Structure

As of 30 September 2020, 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	99.00%	August 2018
		AmRest TAG S.L.U.	1.00%	
GM Invest SRL	Brussels, Belgium	AmRest TAG S.L.U.	100.00%	October 2018
Sushi Shop Group SAS	Paris, France	GM Invest SRL	9.47%	October 2018
		AmRest TAG S.L.U.	90.53%	
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 Holding USA LLC	Dover Kent, USA	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Luxembourg SARL	Luxembourg	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Switzerland SA	Fribourg, Switzerland	Sushi Shop Management SAS	100.00%	October 2018
		Restaurant, franchise and master-franchise activity		
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czechia	AmRest Holdings SE	100.00%	December 2000
AmRest Kft	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	82.00%	March 2007
		Starbucks Coffee International,Inc.	18.00%	
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	44.72%	July 2007
		AmRest Sp. z o.o.	55.28%	
AmRest Coffee s.r.o.	Prague, Czechia	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International,Inc.	18.00%	
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International,Inc.	18.00%	
AmRest d.o.o.	Belgrade, Serbia	AmRest Sp. z o.o.	60.00%	October 2007
		ProFood Invest GmbH	40.00%	
Restauravia Food S.L.U.	Madrid, Spain	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.[5]	Lyon, 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
Kai Zhen Food and Beverage Management (Shanghai) Ltd	Shanghai, China	BlueFrog Food&Beverage Management Ltd	100.00%	March 2014
AmRest Coffee EOOD	Sofia, Bulgaria	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee S.r.l.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	June 2015

(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
AmRest Food Srl.	Bucharest, Romania	AmRest Sp. z o.o.	99.00%	July 2019
		AmRest Holdings SE	1.00%	July 2019
AmRest Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	December 2015
		AmRest Sp. z o.o.	1.00%	
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	23.00%	May 2016
		AmRest TAG S.L.U.	77.00%	
AmRest DE Sp. z o.o. & Co. KG	Berlin, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
The Grill Concept S.L.U.	Madrid, Spain	Pastificio Service S.L.U.	100.00%	December 2016
Kai Fu 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.	99.999996%	November 2017
		OOO AmRest	0.000004%	
AmRest Coffee SRB d.o.o.	Belgrade, Serbia	AmRest Holdings SE	100.00%	November 2017
AmRest Chamnord SAS	Paris, France	AmRest Opco SAS	100.00%	March 2018
AmRest SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	April 2018
		AmRest Sp. z o.o.	1.00%	
AmRest Pizza GmbH	Munich, Germany	AmRest DE Sp. z o.o. & Co. KG	100.00%	June 2018
Black Rice S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	July 2018
Bacoa Holding S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	July 2018
Sushi Shop Restauration SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Orphus SARL	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
CMLC Troyes	Troyes, France	Sushi Shop Management SAS	100.00%	July 2019
Sushiga SARL	Paris France	Sushi Shop Management SAS	50.00%	October 2018
		Emmanuel GARFIN	50.00%	
Sushi House SA	Luxembourg	Midicapital	14.00%	October 2018
		Sushi Shop Luxembourg SARL	86.00%	
Sushi Shop London Pvt LTD	London, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Belgique SA[4]	Bruxelles, Belgium	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Louise SA	Bruxelles, Belgium	Sushi Shop Belgique SA	54.80%	October 2018
		Midicapital	45.20%	
Sushi Shop UK Pvt LTD	Charing, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Anvers SA[6]	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Geneve SA	Geneva, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Lausanne SARL	Lasanne, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Madrid S.L.	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 NE USA LLC	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop NY1	New York, USA	Sushi Shop Holding USA LLC	64.00%	October 2018
		Sushi Shop NE USA LLC	36.00%	
Sushi Shop NY2	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop Zurich GMBH	Zurich, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Nyon SARL	Nyon, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop NL B.V.	Amsterdam, Netherlands	Sushi Shop Group SAS	100.00%	October 2018

(all figures in EUR millions unless stated otherwise)

Company name	Registered office	Parent/non-controlling undertaking	Ownership interest and total vote	Date of effective control
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
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[5]	Lyon, France	AmRest TAG S.L.U.	100.00%	March 2014
AmRest FSVC LLC	Wilmington, USA	AmRest Holdings SE	100.00%	November 2014
AmRest Kaffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2016
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 Traugutta Sp. z o.o.[2]	Wrocław, Poland	AmRest Sp. z o.o.	100.00%	June 2020
AmRest Global S.L.U. [3]	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. (AmRest Tag S.L.U. after the merger described in point 12 below), 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 30 June 2020 new company was registered - AmRest Traugutta Sp. z o.o. with registered office Wroclaw, Poland. AmRest Sp. z o.o. owned 99,9999% of shares, 0,0001% of shares owned Michal Lewandowski. As of 30 September 2020 AmRest Sp. z o.o. owns 100% of shares.

[3] On 2 September 2020 new company was registered - AmRest Global S.L.U. with registered office in Madrid, Spain (100% subsidiary of AmRest Holdings, SE).

[4] On 30 September 2020 (with the effective date as of 1 January 2020) following entities were merged into Sushi Shop Belgique SA: SSW 1 SPRL, SSW 2 SPRL, Sushi Sablon SA, Sushi Uccle SA and Sushi Shop International SA. On mentioned date all assets of merged companies have been taken by Sushi Shop Belgique SA.

[5] On 1 October AmRest SAS and La Tagliatella SAS changed the registered office from Lyon, France to Paris, France.

[6] On 1 October 2020 Sushi Shop Belgique SA, the sole shareholder of Sushi Shop Anvers SA, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.

- *On January 2nd 2020 the company La Tagliatella Financing Kft has been deregistered.*
- *On 27 March 2020 the company OOO RusCo Food has been deregistered.*
- *On 12 June 2020 the company AmRest Trademark Kft "v.a." (Hungary) has been deregistered.*

3. Basis of preparation

Accounting figures presented in this condensed consolidated report were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

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

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 2019.

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

The accounting policies adopted in the preparation of the condensed consolidated interim report are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standard, interpretations and amendments to standards effective as of 1 January 2020.

Several amendments and interpretations apply for the first time in 2020, but do not have any material impact on the interim report of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. On 9 October 2020 the amendment was approved by European Union.

The Group has applied the amendments to IFRS 16 in this interim consolidated financial report for the first time. The effect of the accounting is presented under "rent concessions" lines. The application of these amendments has material impact on Group's financial data. Application is retrospective. The Group assess that the application of the amendment:

- Has no material impact on financial data reported in Q1 2020 or for the year ended 31 December 2019.
- If applied in interim condensed financial statements for 6 months ended 30 June 2020 then as of that date (i) Group's right-of-use assets balance would be EUR 10.7 million higher, (ii) deferred tax assets balance EUR 2.3 million lower, (iii) the Group's total restaurant expenses would be EUR 10.7 million lower and (iv) the Group's total income tax expense would be EUR 2.3 million higher. Cumulative Group's net results before tax and after tax reported in this interim report includes gains of EUR 10.7 million and EUR 8.4 million respectively, that relate to period of 6 months ended 30 June 2020 and not reported in previous interim financial report.

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak a pandemic, due to its fast spread around the World, after impacting more than 150 countries. Most governments are taking constrain measures to contain the spread, which include isolation, confinement, quarantine and restrictions to free movement of people and closure of public and private facilities.

This situation is affecting significantly AmRest Group, as well the global economy. Visible results of the COVID-19 outbreak include the decrease in demand, the disruption or slowdown of supply chains and a significant increase in economic uncertainty, increase of volatility in the price of assets, exchange rates and a decrease in long term interest rates. Possible results of the COVID-19 outbreak may include changes in the market environment, peoples behaviors and ways of living.

The COVID-19 pandemic has a particularly significant negative impact on the restaurants sectors. The ban or significant limitations in operation of restaurants resulted in a decrease in business activity and customer demand and consequently decrease of the revenues in the reporting period and after the reporting date.

Various limitations and restrictions related to restaurant business operations as well freedom of movement for citizens has been imposed, and next partially or fully lifted, over the past months of 2020 in various countries where Group is operating. Within the coming of autumn the so called second wave has been observed in Europe. New bans or restrictions are being imposed by governments.

The Group management is closely monitoring the development of situation and looks for the ways of mitigating the impact of COVID-19 spread on the Group.

The Group actively manages liquidity risk understood as a possible loss or restriction of its ability to cover current expenses. Strengthening of the Group's position in terms of liquidity and mitigation of adverse impacts of COVID-19 outbreak is taken on several areas. The Group maintains close communication with its financing banks.

In March 2020 Group has drawn entire facility available under revolving Tranche D of syndicated bank loan, increasing amount drawn from EUR 37.3 million in the end of 2019 to 98.9 million in the end of 1Q 2020. Additionally in April 2020 Spanish and French subsidiaries applied for state supported bank loans. The Group was granted total EUR 75 million. In Q3 additional EUR 4.1 million of government supported loans were received on Russian and Czech market. Details on new loans are presented in note 12.

Syndicated bank loan covenants are tested by the Group quarterly. As of 31 March 2020 and 30 June 2020 one of bank covenants was not met and the Group was required to report its syndicated bank loan balance as current liabilities. In both cases the Group has received the waiver letters from the banks before publication of the respective interim reports.

As of 30 September 2020 the Group has received a waiver letter that waives the requirement of testing one of bank covenants as at this date. With the letter the Group is not required to report to the bank specified bank covenants. The remaining bank covenants were met. Having legal right to unconditionally defer the repayment of major part of the syndicated loan for over 12 months as at the reporting date, that part of debt was classified as non-current as of 30 September 2020. Next bank covenant tests will be made on 31 December 2020. Shall the bank covenants not be met, and the Group would not obtain the respective waiver letters the Group will reclassify the debts as current, as in previous periods.

During the reported period the Group performed review of its rental agreements and entered into negotiations with landlords as well took the benefits of various government schemes that allowed deferral or suspension of payments for rental costs during emergency period.

Government programs implemented with regards to COVID-19 spread allow to defer payments taxes, social securities and other public obligations. The Group is taking the benefits of available schemes which allows to enhance liquidity risk management in current situation. The Group also decided to temporarily defer the earlier planned development expenditures, that is another element that allows to support liquidity management.

Additionally Group has taken numerous actions aimed at utilizing government support related to cost of labor offered on all markets where the Group operates. One of the priority tasks in this respect has been to avoid a significant decrease in the level of employment, taking into account the effectiveness of the ongoing processes and to ensure financial security for employees to the extent possible in the current situation but also to optimize payroll costs in Group. Through the support programs Group is able to partially adjust its payroll costs level more flexible to respective decrease in revenues due to temporarily closures stores.

On the revenues streams side, as of 30 September 2020 over 98% of Group's own and franchise stores remained operative. Group closely monitors the constrain measures taken and subsequently lifted by governments in various countries and adjusts on daily basis number of opened stores and possible ways of providing products and services to Group's customers, ensuring staff and customer safety, as well complying with all government directives.

The Board of Directors analyzed Group's situation in the context of COVID-19 in the area of liquidity, financing and securing the continuation of the operations. Based on the considered scenarios and analysis of available information, facts, circumstances and uncertainties about the future, which is at least, but is not limited to, twelve months from the end of the reporting period, the Board of Directors concluded that going concern assumption applies in the foreseeable future. Consequently, this interim report has been prepared under going concern principle.

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, Sushi Shop, ■ Belgium, Italy, Switzerland, Luxemburg, United Kingdom and other countries with activities of Sushi Shop.
China	Blue Frog and KABB restaurant operations in China.
Russia	KFC and Pizza Hut restaurant operations and franchise activity in Russia, Armenia and Azerbaijan.
Other	Other support functions rendered by the subsidiaries for the Group such as e.g. Executive Team, Controlling, Treasury, Investors Relations, Mergers & Acquisitions. Other also includes expenses related to M&A transactions not finalized during the period, whereas expenses related to finalized merger and acquisition are allocated to applicable segments. Additionally, Other includes non-restaurant businesses performed by AmRest Holdings SE, SCM Sp. z o.o. and its subsidiaries 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 9 months ended 30 September 2020 and for the comparative 9 months ended 30 September 2019 is presented below.

(all figures in EUR millions unless stated otherwise)

9 months ended 30 September 2020	CEE	Western Europe	Russia	China	Other	Total
Restaurant sales	513.4	391.9	114.0	53.5	-	1 072.8
Franchise and other sales	0.6	32.7	0.2	0.3	18.8	52.6
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**514.0**	**424.6**	**114.2**	**53.8**	**18.8**	**1 125.4**
EBITDA	**101.2**	**29.7**	**22.9**	**16.0**	**(15.0)**	**154.8**
Depreciation and amortisation	83.3	71.7	22.6	14.4	0.6	192.6
Net impairment losses on financial assets	0.1	2.3	-	0.1	-	2.5
Net impairment losses on other assets	15.6	53.4	3.5	0.8	-	73.3
Profit/loss from operations	**2.2**	**(97.7)**	**(3.2)**	**0.7**	**(15.6)**	**(113.6)**
Finance income and costs	(20.4)	(6.9)	(4.4)	(0.7)	(14.4)	(46.8)
Profit before tax	**(18.2)**	**(104.6)**	**(7.6)**	**-**	**(30.0)**	**(160.4)**
Capital investment*	**26.8**	**18.5**	**4.4**	**0.7**	**0.2**	**50.6**

9 months ended 30 September 2019	CEE	Western Europe	Russia	China	Other	Total
Restaurant sales	606.7	531.4	150.1	67.6	0.1	1 355.9
Franchise and other sales	0.6	54.7	0.8	-	20.5	76.6
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**607.3**	**586.1**	**150.9**	**67.6**	**20.6**	**1 432.5**
EBITDA	**135.3**	**95.1**	**31.0**	**18.6**	**(13.6)**	**266.4**
Depreciation and amortisation	78.4	67.7	23.4	14.0	0.8	184.3
Net impairment losses on financial assets	-	0.4	-	-	-	0.4
Net impairment losses on other assets	2.3	5.4	0.6	0.4	-	8.7
Profit/loss from operations	**54.6**	**21.6**	**7.0**	**4.2**	**(14.4)**	**73.0**
Finance income and costs	(5.1)	(4.6)	(0.4)	(0.6)	(24.4)	(35.1)
Profit before tax	**49.5**	**17.0**	**6.6**	**3.6**	**(38.8)**	**37.9**
Capital investment*	**52.5**	**50.2**	**16.2**	**5.0**	**0.2**	**124.1**

**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 this consolidated interim report.

5. Business combinations

There were no business combinations in Q3 2020. In the third quarter of 2020 AmRest Group has not performed any final reconciliation of purchase price accounting for past acquisitions.

Acquisitions of Sushi Shop and KFC France, have been finalised in the Q4 2019. Adjustments introduced during those final purchase price accounting did not materially affect the comparative data presented in this interim condensed consolidated report for the consolidated statement of comprehensive income; cash flows from operating, investing and financing activities in the consolidated cash flow statement and earnings per share, hence there was no need to restate comparative data.

6. Revenues

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

- Restaurant sales,

(all figures in EUR millions unless stated otherwise)

- Franchise and other sales.

Restaurant revenues are the most significant source of revenues representing over 95% of total revenues for 9 months period ended 30 September 2020.

The COVID-19 pandemic has a particularly significant negative impact on the restaurants sectors. The ban or significant limitations in operation of restaurants resulted in a decrease in business activity and customer demand and consequently decrease of the revenues in the reporting period.

Below table shows the percentage of operating restaurants at the end of each month of second and third quarter.

	% Operating stores	
Month	**Own stores**	**Franchise Stores**
April	60%	43%
May	85%	61%
June	92%	88%
July	96%	94%
August	98%	94%
September	99%	95%

As at the end of October operating stores constituted 95% of own and 93% franchise stores. Even with opened restaurants various limitations were and are put on restaurant business that limit number of potential customers. Additionally, the process of returning of the guests to restaurants is not immediate after the lifting of any restrictions. With the increased so called second wave of pandemic, currently new restrictions are being imposed in many markets where Group is operating. Consequently, with the pandemic still being in place, the level of sales revenues generated by the restaurants is lower than before the COVID-19 outbreak. It is not possible to reliably and objectively quantify the economic impact of pandemic situation on the Group's revenues.

7. Operating and other income/costs

Analysis of operating expenses by nature:

	9 months ended	
	30 September 2020	**30 September 2019 (*restated)**
Food, merchandise and other materials	344.2	432.2
Payroll**	309.5	345.7
Social security and employee benefits	81.8	89.5
Royalties	53.0	68.4
Utilities	52.6	56.8
External services – marketing	47.0	58.9
External services – other**	89.3	80.5
Rental and occupancy costs*	(0.9)	19.3
Depreciation of right-of-use assets	106.3	102.5
Depreciation of property, plant and equipment	76.4	72.0
Amortisation of intangibles	9.9	9.8
Insurance	1.7	1.7
Business travel	4.1	8.6
Other	14.4	13.5
Total cost by nature	**1 189.3**	**1 359.4**
Result on restaurants and non-current assets disposal	(2.5)	0.5
Total operating costs and losses	**1 186.8**	**1 359.9**

Summary of operating expenses by functions:

	9 months ended	
	30 September 2020	**30 September 2019**
Restaurant expenses	1 040.0	1 199.3

Franchise and other expenses	40.7	52.1
Total cost of sales	**1 080.7**	**1 251.4**
General and administrative expenses	106.1	108.5
Total operating costs and losses	**1 186.8**	**1 359.9**

* The Group recognised rent expense from short-term leases of EUR 1.3 million, leases of low-value assets of EUR 3.4 million and variable lease payments of EUR -5.6 million (including negative amount of EUR 15.4 million COVID-19-related rent concessions) for the nine months ended 30 September 2020.

**During 2019 the Group undertook a review of delivery fee expenses. All delivery fees and expenses were presented as payroll costs, irrespective if incurred internally or externally. During 2019 annual reporting Group made a respective reclassification in presentation of expenses by function that resulted in adjusting the presentation between payroll, social security and employee benefits and occupancy and other operating expenses, in particular for restaurant expenses as presented on the face of income statement.

Due to change in presentations of these expenses Group adjusted data in this interim report for comparative period as follows:

9 months ended 30 September 2019	**Published** EUR million	**Adjustment** EUR million	**Restated** EUR million
Payroll, social security and employee benefits	369.3	(23.6)	345.7
Occupancy and other operating expenses	382.5	23.6	406.1
Total operating costs and losses	**1 359.9**	**-**	**1 359.9**

It is not possible to quantify the economic impact of pandemic situation reliably and objectively on the Group's operating costs. Some costs such as depreciation and amortization are fixed in nature, others (like payroll and social contributions) are dependent on number of operating restaurants but may not be directly corelated to sales revenues generated by the restaurants. Cost of sales and royalties, variable rent, as a rule are most directly tied to revenues level, and finally costs of marketing may relatively increase.

To enable Group companies to operate in a possibly smooth manner, procedures have been put in place to ensure prompt reaction of appropriate services. In addition, the Group implemented additional measures to mitigate the risk of infection among its employees, including in particular:

- Providing detailed instructions and guidelines on monitoring the health of the Group's employees and the health of Group's customers;
- Strengthening already stringent hygiene, cleaning and sanitation procedures and introducing contactless options that protect both employees and quests in restaurants;
- Providing the restaurant employees with additional personal protection and hygiene supplies;
- Requesting to reduce the number of meetings as well as domestic and foreign business travel, and to use teleconferencing and video-conferencing facilities to the largest extent possible, as well enabling remote work.

With the spread of pandemic many governments were applying lockdown procedures and various limitations for businesses to operate. In order to mitigate the disadvantageous effects of the lockdowns, many countries' governments, have introduced various measures to assist entities in response to the COVID-19.

The Group was and is closely monitoring available program that are offered on various markets. The government support programs include for example direct subsidies to payroll costs, tax exemptions, social security contributions reductions. Additionally entities from the Group were able to apply for extended deadlines for payments of various taxes.

The Group has taken numerous actions aimed at utilizing government support related to cost of labor offered on all markets where the Group operates. One of the priority tasks in this respect has been to avoid a significant decrease in the level of employment, taking into account the effectiveness of the ongoing processes and to ensure financial security for employees to the extent possible in the current situation but also to optimize payroll costs in Group.

Government programs implemented with regards to COVID-19 spread allow also to defer payments taxes, social securities and other public obligations.

For the main markets of operation the Group has filled the following programs in the area of labor costs:

- Spain
  In accordance with the provisions of article 47 of the Workers Statute, in relation to Royal Decree 1483/2012 and article 22 and 23 of Royal Decree-Law 8/2020, as well as Royal Decree-Law 30/2020, AmRest companies in Spain have filed before the Spanish labor authority a Temporary Employment Regulation File (Expediente de Regulación Temporal de Empleo or "ERTE"). The ERTE covered 3 288 employees. Under the ERTE, the employees remain employed with AmRest with suspended salary and at the same time receive unemployment benefits from authorities of up to 70% of their normal salary. One Spanish entity, The Grill Concept, S.L.U. declined to extend the Temporary Employment Regulation (ERTE) in September. As of 30 September 2020 the ERTE covers 309 employees.
- Poland
  Under the Act on special solutions related to the prevention and combating of COVID-19, other infectious diseases and crisis situations caused by them of 2 March 2020 (Journal of Laws of 2020, item 374), the following measures were taken, effective in the period 7 April – 6 July 2020, with respect to 4 050 employees of AmRest Polish companies:
  - introduction of reduced working hours and salary by 20% (2 897 employees),
  - introduction of economic downtime (3 936 employees),
  - application for compensation for the protection of workplaces from the funds of the Fund of Guaranteed Employee Benefits to co-finance the remuneration of employees affected by economic downtime or reduced working hours as a result of COVID-19.

  In the period 1 August – 31 October 2020 following measures were taken: application for compensation for the protection of workplaces from the funds of the Fund of Guaranteed Employee Benefits to co-finance the remuneration of employees affected by economic downtime (August 3 736 crew employees, September 3 628 crew employees, October 3 747 crew employees).
- France
  Introduced "partial activity" technical unemployment government program for 4 188 employees. Employees were partially or 100% unemployed by the Companies. With the suspension of the employment contract the gross salary was maintained at 70% and 100% for minimum salary. The employee social security contributions were also reduced, allowing the employees to receive 84% of net salary (or 100% for those who perceive the minimum salary). The government reimburses 100% of the salary paid to employees in partial activity. The program started from 15 March 2020 and is continued but in the Q3.2020 the help received was less material than in the first half of the 2020.
- Germany
  Reduced working hours (Kurzarbeitergeld) salary government reimbursement program has been introduced effective on 1 March 2020 for approx. 3 000 employees. The government reimburses 60% of the employee's net salary and social contributions. In the period July - September 2020 the companies stopped meeting the conditions but after the second wave of restrictions started in Q4 2020 the companies will apply for the next governmental help.
- Czechia
  The companies have applied for the government aid under special COVID-19 regulations. There were two separate programs:
  - employees on downtime between 13 March and 31 May 2020: 80% of salary and social contribution reimbursed by the government (1 600 employees covered),
  - employees with 40% reduction of working hours between 13 March and 31 May 2020: 60% of salary and social contribution reimbursed by the government (80 employees covered).

  Both programs were extended until the end of 2020. Governmental help for the period June – September was not material as not many employees were on downtime, after the second wave of restrictions started in October the companies will apply for the next governmental help.

Similar actions are also taken on other markets. The Group has applied for support programs offered by each country's government, in the form of reimbursement of labor costs, and introducing internal actions, such as shortening of working hours or technical unemployment.

Group's policy is to present government grants related to income as other operating income.

For 9 months period ended 30 September 2020 Group has recognized government grants for payroll costs (EUR 17.0 million) and social contribution (EUR 6.7 million). The total amount of EUR 23.7 million has been recognized as other operating income. The above government grants are in a form of waived social security payables (EUR 3.7 million) and cash grants (EUR 20.7 million, out of which EUR 3,8 million as of 30 September 2020 was not received yet).

(all figures in EUR millions unless stated otherwise)

In August 2020 entities operating in Czechia applied for a government program called COVID Najem, providing the government grants for rent costs (grant limit CZ 20 million per entity). For 9 months period ended 30 September 2020 Group has recognized government grants for rent costs in the amount of EUR 0.5 million as other operating income.

Granting of the grant by governments is in some cases associated with requirements to keep the agreed level of workforce for agreed period. As of 30 September 2020 the Group does not expect that such conditions would not be met, therefore there are no material unfulfilled conditions or other contingencies attached to government assistance that has been recognised.

In August 2020 the Group signed sales agreement of property located in Wroclaw, Poland. The property bought in 2017 was presented as asset held for sale (EUR 4.8 million) in the consolidated report as of 30 June 2020. The selling price in the amount of EUR 7.5 million (PLN 33.7 million) was paid in Q3 2020. The gain was recognized as other operating income.

8. Financial income and costs

Finance income

	9 months ended	
	30 September 2020	**30 September 2019**
Income from bank interest	0.4	0.3
Other	1.2	0.1
Total finance income	**1.6**	**0.4**

Finance costs

	9 months ended	
	30 September 2020	**30 September 2019**
Interest expense	(13.7)	(12.8)
Interest expense on lease liabilities	(20.0)	(19.0)
Financial fees recognised as interest expense	(1.4)	(1.4)
Financial fees - other	(0.3)	(0.3)
Net cost from exchange differences	**(12.9)**	**(1.5)**
Net cost from exchange differences on lease liabilities	(12.6)	(2.5)
Net cost from exchange differences - other	(0.4)	1.0
Other	(0.1)	(0.5)
Total finance cost	**(48.4)**	**(35.5)**

Financial income of EUR 1.2 million in the category of Other relates to interest received on VAT court claim settlement.

9. Taxes

Income tax calculated according to domestic tax rates applicable to income in particular countries as of 30 September 2020 would amount to EUR 41.9 million (credit entry). The key positions affecting effective tax rate include:

- Change of assumptions on deferred tax asset from tax losses related to previous years – total effect of EUR 10.6 million
- Tax loss for the current period for which no deferred tax asset was recognised – total effect of 12.9 million
- Goodwill impairment for which no deferred tax was recognized - total effect of EUR 7.9 million
- Other permanent differences and changes in assessment of realization of deferred taxes - total effect EUR 9.8 million.

Tax risks and uncertain tax positions

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

Tax settlements of AmRest entities are subject to several tax inspections which were widely described in the note 35 "Tax risks and uncertain tax position" to the consolidated financial statements for 2019.

On 30 July 2020 Supreme Court announced a positive court verdict in regards to VAT settlements of AmRest Sp. z o.o. for the year 2012 and January – September 2013. The court rejected the complaint of the tax chamber against the earlier verdict of the local administrative court. The verdict was based on the statute of limitations on the tax liability for these years.

Since 31 December 2019 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 new decisions except the one 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 2019. Therefore, as of 30 June 2020 and as at the date of publication of this Report, no new provisions were created.

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

10. 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 September 2020, and 31 December 2019 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 of 1 January 2020	**236.3**	**13.9**	**(39.0)**	**(7.5)**	**0.9**	**(26.3)**	**178.3**
Net investment hedges	-	-	-	-	(10.5)	-	**(10.5)**
Income tax related to net investment hedges	-	-	-	-	1.7	-	**1.7**
Total comprehensive income	-	**-**	**-**	**-**	**(8.8)**	-	**(8.8)**
Share based payments							
Value of disposed treasury shares	-	**-**	(1.0)	1.0	-	-	**-**
Employee stock option plan – proceeds from employees for transferred shares	**-**	-	0.1	-	-	-	**0.1**
Employee stock option plan – reclassification of exercised options	-	(0.5)	0.5	-	-	-	**-**
Employee stock option plan – change in unexercised options	-	7.9	-	-	-	-	**7.9**
Change of deferred tax related to unexercised employee benefits	-	(2.2)	-	-	-	-	**(2.2)**
Total share based payments	-	*5.2*	*(0.4)*	*1.0*	-	-	***5.8***
Total distributions and contributions	**-**	**5.2**	**(0.4)**	**1.0**	**-**	**-**	**5.8**
As of 30 September 2020	**236.3**	**19.1**	**(39.4)**	**(6.5)**	**(7.9)**	**(26.3)**	**175.3**

	Share premium	Payments in shares	Employee options	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As of 1 January 2019 (restated)	**236.3**	**13.0**	**(6.3)**	**(15.2)**	(0.5)	**(21.2)**	206.1
Net investment hedges	-	-	-	-	(2.7)	-	**(2.7)**
Income tax related to net investment hedges	-	-	-	-	0.5	-	**0.5**
Total comprehensive income	-	**-**	**-**	**-**	**(2.2)**	-	**(2.2)**
Transaction with non-controlling interests	-	-	-	-	-	(4.8)	(4.8)
Total transactions with non-controlling interests	-	**-**	**-**	**-**	-	(4.8)	(4.8)
Deferred payment in shares	-	(13.0)	**-**	**-**	-	-	**(13.0)**
Purchases of treasury shares	-	-	-	(0.5)	-	-	**(0.5)**
Share based payments							
Value of disposed treasury shares	-	-	(6.6)	6.6	-	-	-
Employee stock option plan – value of employee benefits exercised in the period	-	-	(2.5)	-	-	-	**(2.5)**
Employee stock option plan – proceeds from employees for transferred shares	-	-	0.8	**-**	-	-	**0.8**
Employee stock option plan – change in unexercised options	-	-	7.3	-	-	-	**7.3**
Change of deferred tax related to unexercised employee benefits	-	-	(0.6)	-	-	-	**(0.6)**
Total share based payments	-	-	*(1.6)*	*6.6*	-	-	***5.0***
Total distributions and contributions	**-**	**(13.0)**	**(1.6)**	**6.1**	**-**	-	**(8.5)**
As of 30 September 2019 (restated)	**236.3**	**-**	**(7.9)**	**(9.1)**	**(2.7)**	**(26.0)**	**190.6**

(all figures in EUR millions unless stated otherwise)

Restated aggregation of reserves for comparatives

Aggregation of reserves types was changed in annual reporting for the year ended 31 December 2019 and as disclosed in note 27 to the consolidated financial statements for the year ended 31 December 2019 the reclassification between “Put option” and “Transaction with NCI” of EUR 40.7 million as made with no impact on total reserves. The comparative data for the 9 months period ended 30 September 2019 are presented including the respective adjustment.

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 9 months period ended 30 September 2020.

Payments in shares

This item reflects the impact of payments in a fixed number of shares related to Sushi Shop Group acquisition. The final settlement was re-agreed to be made in cash. The Group has reclassified the balance from equity to financial liabilities and repaid the balance in June 2019, as agreed in settlement.

Hedges valuation

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

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

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

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

During the period of 9 months ended 30 September 2020 hedges were fully effective.

As of 30 September 2020 the accumulated value of currency revaluation recognised in reserve capital (resulting from net investment hedges) amounted to EUR 10.5 million, and deferred tax concerning this revaluation EUR 1.7 million.

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 9 month period ended 30 September 2020 amounted to EUR 21.8 million. The most significant impact (EUR 20.6 million) has a change in Russian ruble to EUR (22% change in exchange rate comparing to 31 December 2019).

Transactions with NCI

This item reflects the impact of accounting for transactions with non-controlling interests (NCI).

The following key transactions were recognised in the period of Q1-Q3 2020:

	Transactions with NCI	Non-controlling interest	Total Equity
Dividends for non-controlling shareholders	-	(0.3)	(0.3)
Total transactions with non-controlling interests			

The following key transactions were recognised in the period of Q1-Q3 2019:

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

11. Earnings per share

As of 30 September 2019, 31 December 2019 and 30 September 2020 the Company has 219 554 183 shares issued.

Table below presents calculation of basic and diluted earnings per ordinary share for the 9 months ended 30 September 2020 and 2019.

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 September 2020	30 September 2019
Net profit attributable to shareholders of the parent (EUR millions)	(158.6)	27.2
Weighted average number of ordinary shares for basic EPS (in thousands of shares)	219 222	221 018
Weighted average number of ordinary shares for diluted EPS (in thousands of shares)	219 404	222 074
Basic earnings per ordinary share (EUR)	(0.72)	0.12
Diluted earnings per ordinary share (EUR)	(0.72)	0.12

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

Weighted-average number of ordinary shares in thousands of shares	30 September 2020	30 September 2019
Shares issued at the beginning of the period	219 554	219 554
Effect of treasury shares held	(646)	(1 123)
Effect of shares subject to Sushi Shop payment	-	764
Effect of share options vested	314	1 823
Weighted average number of ordinary shares for basic EPS	219 222	221 018

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 September 2020	30 September 2019
Weighted-average number of ordinary shares for basic EPS	219 222	221 018
Effect of share options unvested	182	1 056
Weighted average number of ordinary shares for diluted EPS	219 404	222 074

As of 30 September 2020, 10 780 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 September 2019, there were 10 754 thousand of options with anti-dilutive effect.

(all figures in EUR millions unless stated otherwise)

12. Borrowings

Long-term	30 September 2020	31 December 2019
Bank loans	603.8	555.0
SSD	101.0	101.0
Total	**704.8**	**656.0**

Short-term	30 September 2020	31 December 2019
Bank loans	64.3	62.8
SSD	0.7	1.3
Total	**65.0**	**64.1**

Bank loans and bonds

Currency	Loans/Bonds	Effective interest rate	30 September 2020	31 December 2019
PLN	Syndicated bank loan	3M WIBOR+margin	59.3	135.8
EUR	Syndicated bank loan	3M EURIBOR/fixed +margin	549.2	476.3
EUR	Schuldscheinedarlehen Bonds	6M EURIBOR/fixed +margin	101.7	102.3
EUR	Bank loans France	fixed	30.1	-
EUR	Bank loans Spain	fixed	26.3	-
RUB	Bank loan – Russia	fixed	2.7	-
CZK	Bank loan- Czechia	fixed	0.5	-
EUR	Bank loans Germany	EURIBOR+margin	-	5.1
CNY	Bank loan – China	fixed	-	0.6
			769.8	**720.1**

Within Syndicated bank loan agreements, AmRest is required to maintain certain ratios at agreed levels, that are verified every quarter. Covenants measurements refers to the figures at the end of each quarter. 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.

As of 31 March 2020 and 30 June 2020 one of bank covenants was not met and the Group was required to report its syndicated bank loan balance as current liabilities. In both cases the Group has received the waiver letters from the banks before publication of the respective interim reports.

As of 30 September 2020 the Group has received a waiver letter that waives the requirement of testing one of bank covenants as at this date. With the waiver letter the Group is not required to report the specified bank covenants. The remaining bank covenants were met. Having legal right to unconditionally defer the repayment of major part of the syndicated loan for over 12 months as at the reporting date, that part of debt was classified as non-current as of 30 September 2020. Next bank covenant tests will be made on 31 December 2020. Shall the bank covenants not be met, and the Group would not obtain the respective waiver letters the Group will reclassify the debts as current, as in previous periods.

In September 2020 the Group had partially repaid the syndicated loan in the amount of EUR 56.8 million.

New bank loans in 2020:

In April 2020 Spanish and French subsidiaries of AmRest Holdings SE applied for and received state supported bank loans, guaranteed by the governments in 70% and 90%, respectively. In particular, Restauravia Food SL and Pastificio Service S.L.U. were granted EUR 22.5 million each and Sushi Shop Restauration SAS received EUR 20 million. As of 30 June 2020 the Group has withdrawn EUR 26.2 million, out of granted balance. Additionally, in May 2020 French subsidiary AmRest Opco SAS received state supported bank loan in the amount of EUR 10 million, guaranteed by the government in 90%. Loans' tenors are 3 years and 5 years with 1 year grace periods.

In June 2020 OOO AmRest was granted EUR 3.1 million of state supported bank loan, guaranteed by the government in 85%. In August 2020 SCM Czech s.r.o. was granted EUR 1 million of state supported bank loan, guaranteed by the government in 90%.

(all figures in EUR millions unless stated otherwise)

The maturity of long- and short-term loans and bonds as of 30 September 2020 and 31 December 2019 is presented in the table below:

	30 September2020	31 December 2019
Up to 1 year	65.0	64.1
Between 1 and 2 years	627.9	57.9
Between 2 and 3 years	11.7	559.6
Between 3 and 4 years	50.8	-
Between 4 and 5 years	10.2	38.5
More than 5 years	4.2	-
	769.8	**720.1**

13. Selected significant cash flows

In 2019 the Group has signed the agreement with Glovoapp23, S.L. for the transfer from AmRest to Glovo of 100% shares in Restaurant Partner Polska Sp. z o.o. On 28 October 2019, due to satisfaction of conditions precedent, AmRest transferred 100% of shares in Pizza Portal to Glovo. Sale price was a combination of cash payment of up to EUR 20 million and newly issued shares of Glovo. The share capital increase took place in Glovo in December 2019. New shares were registered as AmRest's also in January 2020. Cash consideration, in line with the agreement, has been paid to the Group in January 2020 and presented as "Proceeds from the sale of the business" in a condensed consolidated statement of cash flows.

14. Changes in the future commitments and contingent liabilities

As in the previous reporting period, the Group's future liabilities are derived from the franchise agreements and development agreement. 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. Details of the agreements have been described in the note 37 of the Group's consolidated financial statements for 2019.

Due to impact of COVID-19 pandemic restrictions on operation of Group restaurants, the Group is in the process of negotiation with franchisors regarding its commitments resulting from the agreements.

Additionally, in regard with the Credit Agreement described in note 31 and 32 of the consolidated financial statement for 2019 few entities provided surety as well as shares of Sushi Group SAS had been pledged as security for the bank financing. For details please refer to the note 37 of the Group's annual consolidated financial statements for 2019.

15. Events after the reporting period

On 19 October 2020 the Group informed has reached an agreement with Delivery Hero for the transfer of its 7.5% stake (non-diluted) in the company Glovoapp 23, SL ("Glovo") for an aggregate amount of 76.2 million.

The deal is subject to the fulfillment of certain conditions precedent standard for this type of deals and completion of the corresponding corporate requirements in accordance with Glovo's internal regulations.

The Group expect to finalize the sale transaction within next 12 months, therefore the investment in Glovo in total value of EUR 76.2 million has been reclassified as Assets held for sale in October 2020.

After 30 September 2020, until the date of publication of this Report, COVID-19 outbreak continues. After the period when part of the restrictions and bans were lifted, the increases in infections are observed. European countries are imposing significant restrictions and limitations both on businesses and citizens.

The Group is continuously analyzing the dynamic changes in the environment and adjusts its ongoing operations to minimize the risk of disruption of business continuity. However, it cannot be ruled out that continued spread of the COVID-19 pandemic and its consequences may have a material adverse effect on the Group's operations. Due to the many uncertainties as at the date of authorisation of these interim financial statements the effects of the pandemic cannot be reliably estimated.

Part C. Separate Interim Report for Q3 2020

(all figures in EUR millions unless stated otherwise)

Interim separate income statement for 9 months ended 30 September 2020

	9 months ended	
	30 September 2020	30 September 2019
Revenues	**11.2**	**14.6**
Dividends received from subsidiaries	5.3	3.1
Net income from the stock option plan	0.3	6.9
Finance income from group companies	5.6	4.6
Personnel expenses	(0.9)	(0.6)
Other operating expenses	(3.1)	(1.7)
Impairment for credits and receivables with group companies	-	1.4
Impairment in investments in group companies	(1.7)	(8.1)
Results from operating activities	**5.5**	**5.6**
Finance expenses	(8.7)	(7.5)
Exchange rates gains and losses	3.5	1.6
Net finance income (expense)	**(5.2)**	**(5.9)**
Profit before income tax	**0.3**	**(0.3)**
Income tax	0.9	0.9
Profit for the period	**1.2**	**0.6**

Interim separate statement of recognized income and expense for 9 months ended 30 September 2020

	9 months ended	
	30 September 2020	30 September 2019
Profit for the period	**1.2**	**0.6**
Total recognised income and expenses for the period	**1.2**	**0.6**

(all figures in EUR millions unless stated otherwise)

Interim separate balance sheet as of 30 September 2020

	30 September 2020	31 December 2019
Assets		
Intangible assets	0.1	0.1
Non-current investment in group companies	**641.1**	**615.4**
Equity instruments	393.5	387.2
Loans to group companies	247.6	228.2
Non-current investments	76.2	76.2
Other non-current financial assets	0.1	0.1
Deferred tax assets	0.9	-
Total non-current assets	**718.4**	**691.8**
Trade and other receivables	**2.9**	**22.5**
Receivables from group companies	0.9	1.1
Other trade receivables	0.4	20.3
Current tax assets	1.5	1.0
Other tax receivables	0.1	0.1
Current investments and loans in group companies	**46.7**	**23.3**
Loans to group companies	45.5	20.6
Other financial assets	1.2	2.7
Prepaid expenses	0.1	-
Cash and cash equivalents	12.1	9.5
Total current assets	**61.8**	**55.3**
TOTAL ASSETS	**780.2**	**747.1**
Capital and Reserves without valuation adjustments		
Share capital	22.0	22.0
Share premium	237.3	237.3
Reserves	60.9	35.1
Treasury shares and equity instruments	(6.5)	(7.5)
Profit for the period	1.2	25.8
Other equity instruments	(18.5)	(25.4)
Adjustments for changes in value	18.4	18.4
TOTAL EQUITY	**314.8**	**305.7**
Liabilities		
Non-current provisions	0.2	0.5
Non-current financial liabilities	424.0	394.8
Loans and borrowings from financial institutions	323.0	293.8
Other financial debt	101.0	101.0
Deferred tax liabilities	8.4	8.4
Total non-current liabilities	**432.6**	**403.7**
Current financial liabilities	29.0	30.0
Debts with group companies, current	1.7	1.7
Trade and other payables	**2.1**	**6.0**
Trade and other payables to third parties	0.4	0.3
Trade and other payables to group companies	1.2	1.7
Personnel (salaries payable)	0.4	0.2
Other payables with tax administration	0.1	3.8
Total current liabilities	**32.8**	**37.7**
TOTAL LIABILITIES	**465.4**	**441.4**
TOTAL EQUITY AND LIABILITIES	**780.2**	**747.1**

(all figures in EUR millions unless stated otherwise)

Interim separate statement of cash flows for 9 months ended 30 September 2020

	9 months ended	
	30 September 2020	**30 September 2019**
Cash flows from operating activities		
Profit before tax	**0.3**	**(0.3)**
Adjustments:	**(4.2)**	**(2.0)**
Impairment losses	1.8	6.7
Dividends from subsidiaries	(5.3)	(3.1)
Share based payments adjustment	(0.3)	(6.9)
Finance income	(5.6)	(4.6)
Finance expenses	8.7	7.5
Exchange gains/losses	(3.5)	(1.6)
Changes in operating assets and liabilities	**(3.2)**	**(0.2)**
Trade and other receivables	0.8	2.9
Trade and other payables	(4.0)	(3.1)
Other cash flows from operating activities	**(1.0)**	**(7.4)**
Interest paid	(8.7)	(7.9)
Interest received	2.9	-
Dividends received from subsidiaries	5.3	3.1
Income tax payment	(0.5)	(2.6)
Net cash provided by operating activities	**(8.1)**	**(9.9)**
Cash flows from investing activities		
Increase in investments loans and borrowings with group companies	(52.6)	(57.2)
Proceeds from investment loans and borrowings with group companies	30.6	23.9
Investment in other financial assets	-	(0.1)
Net cash used in investing activities	**(22.0)**	**(33.4)**
Cash flows from financing activities		
Proceeds from disposals of own shares (employees options)	0.1	0.8
Acquisition of own shares (employees option)	-	(0.5)
Proceeds on issue debt with financial instruments	80.0	55.0
Proceeds from debt with group companies	4.8	-
Repayment of debt with financial institutions	(47.4)	-
Repayment of debt with group companies	(4.8)	(16.8)
Net cash provided by/(used in) financing activities	**32.7**	**38.5**
Net change in cash and cash equivalents	**2.6**	**(4.8)**
Balance sheet change of cash and cash equivalents	2.6	(4.8)
Cash and cash equivalents at the beginning of the period	**9.5**	**22.9**
Cash and cash equivalents as at the end of the period	**12.1**	**18.1**

(all figures in EUR millions unless stated otherwise)

Interim separate statement of changes in equity for 9 months ended 30 September 2020

	Share capital	Share premium	Legal Reserve	Voluntary Reserves	Own shares	Profit or loss for the period	Other equity instruments	Adjustments for changes in value	Total Equity
As of 1 January 2019	**22.0**	**237.3**	**1.1**	**29.9**	**(15.2)**	**4.1**	**(6.2)**	**(4.9)**	**268.1**
Total recognised income and expense	-	-	-	-	-	0.6	-	-	0.6
Transactions on own shares and equity holdings (net)	-	-	-	-	6.1	-	(1.2)	-	4.9
Transfer of profit or loss to reserves	-	-	0.4	3.7	-	(4.1)	-	-	-
Other equity movements	-	-	-	-	-	-		0.1	0.1
As of 30 September 2019	**22.0**	**237.3**	**1.5**	**33.6**	**(9.1)**	**0.6**	**(7.4)**	**(4.8)**	**273.7**
As of 1 January 2020	**22.0**	**237.3**	**1.5**	**33.6**	**(7.5)**	**25.8**	**(25.4)**	**18.4**	**305.7**
Total recognised income and expense	-	-	-	-	-	1.2	-	-	1.2
Transactions on own shares and equity holdings (net)	-	-	-	-	1.0	-	6.9	-	7.9
Transfer of profit or loss to reserves	-	-	2.6	23.2	-	(25.8)	-	-	-
As of 30 September 2020	**22.0**	**237.3**	**4.1**	**56.8**	**(6.5)**	**1.2**	**(18.5)**	**18.4**	**314.8**

1. Basis of preparation

These interim financial statements have been prepared on the basis of the accounting records of AmRest Holdings SE by the Company's Board of Directors in accordance with the accounting principles and standards contained in the Spanish General Chart of Accounts, and other prevailing legislation, in order to give a true and fair view of the Company's equity and financial position as of 30 September 2020 and results of operations, changes in equity and cash flows for the 9 months ended on that date.

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak a pandemic, due to its fast spread around the World, after impacting more than 150 countries. Most governments are taking constrain measures to contain the spread, which include isolation, confinement, quarantine and restrictions to free movement of people and closure of public and private facilities.

This situation is affecting significantly AmRest Group, as well the global economy. Visible results of the COVID-19 outbreak include the decrease in demand, the disruption or slowdown of supply chains and a significant increase in economic uncertainty, increase of volatility in the price of assets, exchange rates and a decrease in long term interest rates. Possible results of the COVID-19 outbreak may include changes in the market environment, peoples behaviors and ways of living.

The COVID-19 pandemic has a particularly significant negative impact on the restaurants sectors. The ban or significant limitations in operation of restaurants resulted in a decrease in customer demand and consequently decrease of the revenues in the reporting period and after the reporting date.

Various limitations and restrictions related to restaurant business operations as well freedom of movement for citizens has been imposed, and next partially or fully lifted, over the past months of 2020 in various countries where Group is operating. Within the coming of autumn the so called second wave has been observed in Europe. New bans or restrictions are being imposed by governments.

The management is closely monitoring the development of situation and looks for the ways of mitigating of impact of COVID-19 spread on the Group.

The Group actively manages liquidity risk understood as a possible loss or restriction of its ability to cover current expenses. Strengthening of the Group's position in terms of liquidity and mitigation of adverse impacts of COVID-19 outbreak is taken on several areas. The Group maintains close communication with its financing banks.

In March 2020 Group has drawn entire facility available under revolving Tranche D of syndicated bank loan, increasing amount drawn from EUR 37.3 million in the end of 2019 to 98.9 million in the end of 1Q 2020. Additionally in April 2020 Spanish and French subsidiaries applied for state supported bank loans. The Group was granted total EUR 75 million. In Q3 additional EUR 4.1 million of government supported loans were received on Russian and Czech market.

Syndicated bank loan covenants are tested by the Group quarterly. As of 31 March 2020 and 30 June 2020 one of bank covenants was not met and the Group was required to report its syndicated bank loan balance as current liabilities. In both cases the Group has received the waiver letters from the banks before publication of the respective interim reports.

As of 30 September 2020 the Group has received a waiver letter that waives the requirement of testing one of bank covenants as at this date. With the letter the Group is not required to report to the bank specified bank covenants. The remaining bank covenants were met. Having legal right to unconditionally defer the repayment of major part of the syndicated loan for over 12 months as at the reporting date, that part of debt was classified as non-current as of 30 September 2020. Next bank covenant tests will be made on 31 December 2020. Shall the bank covenants not be met, and the Group would not obtain the respective waiver letters the Group will reclassify the debts as current, as in previous periods.

During the reported period the Group performed review of its rental agreements and entered into negotiations with landlords as well took the benefits of various government schemes that allowed deferral or suspension of payments for rental costs during emergency period.

Government programs implemented with regards to COVID-19 spread allow to defer payments taxes, social securities and other public obligations. The Group is taking the benefits of available schemes which allows to enhance liquidity risk management in current situation. The Group also decided to temporarily defer the earlier planned development expenditures, that is another element that allows to support liquidity management.

Additionally Group has taken numerous actions aimed at utilizing government support related to cost of labor offered on all markets where the Group operates. One of the priority tasks in this respect has been to avoid a significant decrease in the level of employment, taking into account the effectiveness of the ongoing processes and to ensure financial security for employees to the extent possible in the current situation but also to optimize payroll costs in Group. Through the support programs Group is able to partially adjust its payroll costs level more flexible to respective decrease in revenues due to temporarily closures stores.

On the revenues streams side, as of 30 September 2020 over 98% of Group's own and franchise stores remained operative. Group closely monitors the constrain measures taken and subsequently lifted by governments in various countries and adjusts on daily basis number of opened stores and possible ways of providing products and services to Group's customers, ensuring staff and customer safety, as well complying with all government directives.

The Board of Directors analyzed Group's situation in the context of COVID-19 in the area of liquidity, financing and securing the continuation of the operations. Based on the considered scenarios and analysis of available information, facts, circumstances and uncertainties about the future, which is at least, but is not limited to, twelve months from the end of the reporting period, the Board of Directors concluded that going concern assumption applies in the foreseeable future. Consequently, this interim report has been prepared under going concern principle.

2. Recognition and measurement accounting policies

The standalone interim report was prepared in accordance with the accounting principles and registration and valuation standards contained in the Spanish General Accountancy Plan. The most significant are:

2.1. FINANCIAL INSTRUMENTS

2.1.1. CLASSIFICATION AND SEPARATION OF FINANCIAL INSTRUMENTS

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

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

Financial assets and financial liabilities are offset only when the Group has the right to offset the amounts received and it intends to settle the net amount or realise the asset and simultaneously cancel the liability.

2.1.2. TRADE AND OTHER NON-TRADE RECEIVABLES

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

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

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

2.1.3. INVESTMENTS IN THE EQUITY OF GROUP COMPANIES

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

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

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

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

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

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

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

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

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

2.1.5. FINANCIAL ASSETS AVAILABLE-FOR-SALE

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

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

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

2.1.6. INTEREST AND DIVIDENDS FROM FINANCIAL ASSETS

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

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

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

2.1.7. DEBT AND TRADE AND OTHER PAYABLES

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

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

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

2.1.8. OWN EQUITY INSTRUMENTS

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

The subsequent amortization of these instruments leads to a capital reduction by the nominal amount of the shares and the positive or negative difference between the purchasing cost and the nominal cost of the shares are accounted in reserves.

2.1.9. OFFSETTING PRINCIPLES

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

2.1.10.DERECOGNITION OF FINANCIAL ASSETS

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

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

2.1.11.CASH AND CASH AND EQUIVALENTS

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

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

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

2.2. FOREIGN CURRENCY TRANSACTIONS

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

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

Non-monetary assets measured at fair value have been translated to the functional currency at the spot exchange rate at the date that the fair value was determined. In the statement of cash flows. cash flows from foreign currency transactions have been translated to Euros at the average exchange rate for the year.

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

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

2.3. INCOME TAX

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

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

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

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

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

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

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

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

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

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

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

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

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

2.4. REVENUES RECOGNITION

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

2.5. PROVISIONS AND CONTINGENCIES

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

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

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

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

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

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

2.6. SHARE BASE PAYMENTS TRANSACTION

Share-based payments and employee benefits recognition for the benefit plans of the Company's employees

Share-based payments

The Company has both equity-settled share-based programs and cash-settled share-based programs.

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to awarding fair value at the grant date.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the parent's Management Board at that date, based on the best available estimate of the number of equity instruments, will ultimately vest.

Cash-settled transactions

Cash-settled transactions have been accounted since 2014 as a result of a modification introduced to existing share-based programs. Some programs were modified so that they may be settled in cash or in shares upon decision of a participant. As a result, the Company re-measures the liability related to cash-settled transaction.

The liability is subsequently measured at its fair value at every balance sheet date and recognized to the extent that the service vesting period has elapsed, with changes in liability valuation recognized in income statement. Cumulatively, at least at the original grant date, the fair value of the equity instruments is recognized as an expense (share-based payment expense).

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

- If cash settlement is chosen, the payment reduces the fully recognized liability,
- If the settlement is in shares, the balance of the liability is transferred to equity, being consideration for the shares granted. Any previously recognized equity component shall remain within equity.

Recognition of the share-based plans correspondent to employees of other group companies

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

According to consultation nº2 of the BOICAC 97/2014 when the parent company sign settlement agreements (Share transfer agreements) through which the parent company charge the intrinsic value of the cost of the agreement equivalent to the market value of the shares delivered, it is considered that there are two separated operations:

- A non-genuine corporate operation of contribution of the parent company in the subsidiary that is registered as a higher value of the investment according to consultation nº 7 of BOICAC Nº 75/2008;

- And a second corporate operation of distribution or recovery of the investment that is equivalent to difference between the re-charge described above and the cost of the options at grant.

2.7. TRANSACTIONS BETWEEN RELATED PARTIES

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

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

This Interim Report has been approved by resolution of the Board of Directors following the recommendation of the Audit Committee.

Madrid, 10 November 2020