AmRest Holdings, S.E. and Subsidiaries

Condensed Consolidated Interim Financial Statements and Condensed Consolidated Interim Directors' Report

30 June 2020

(With the Limited Review Report Thereon)

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

Limited Review on the Condensed Consolidated Interim Financial Statements

To the Shareholders of AmRest Holdings, S.E. at the request of Management

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying condensed consolidated interim financial statements (the "interim financial statements") of AmRest Holdings, S.E. (the "Company") and subsidiaries (the "Group"), which comprise the statement of financial position at 30 June 2020, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the explanatory notes for the six-month period then ended, all condensed and consolidated. Pursuant to article 12 of Royal Decree 1362/2007 the Directors of the Company are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

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

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2020 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007.

Emphasis of Matter. Material Uncertainty Related to Going Concern

We draw your attention to note 3 to the accompanying consolidated interim financial statements which states that, as a consequence of the health crisis triggered by COVID-19, the AmRest Group has not met certain financial covenants linked to the figures at 30 June 2020 provided for in the Syndicated Financing Agreement, and consequently the debt associated with this financing has been classified as a current liability at this date. As indicated in the aforementioned note, on 1 September 2020 the requirement of the bank covenant has been waived for the quarter ending 30 June 2020. Syndicated bank loan covenants are calculated quarterly. In these circumstances, the current liabilities of the Group exceed current assets by Euros 770.8 million at 30 June 2020. This situation indicates the existence of a material uncertainty which could cast significant doubts as to the Group's ability to continue as a going concern. This matter does not modify our conclusion.

Emphasis of Matter. Interim Financial Statements

We draw your attention to the accompanying note 3, which states that these interim financial statements do not include all the information that would be required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2019. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying consolidated interim directors' report for the six-month period ended 30 June 2020 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the consolidated interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim directors' report is not an integral part of the consolidated interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2020. Our work is limited to the verification of the consolidated interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of AmRest Holdings, S.E. and subsidiaries.

Other Matter

This report has been prepared at the request of the Management in relation to the publication of the six-monthly financial report required by article 119 of Royal Legislative Decree 4/2015 of 23 October 2015 approving the amended Securities Market Law enacted by Royal Decree 1362/2007 of 19 October 2007.

KPMG Auditores, S.L.

Carlos Peregrina García

24 September 2020

INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

KPMG AUDITORES, S.L.

2020 Núm. 01/20/05495

30,00 EUR

SELLO CORPORATIVO:

Informe sobre trabajos distintos a la auditoría de cuentas

Condensed Consolidated Financial Statements for 6 months ended 30 June 2020

AmRest Holdings SE capital group

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(all figures in EUR millions unless stated otherwise)

Condensed consolidated income statement for 6 months ended 30 June 2020

		6 months ended	
	Note	30 June 2020	30 June 2019 (restated*)
Continuing operations			
Restaurant sales		653.8	878.9
Franchise and other sales		30.2	48.8
Total revenue	4,6	**684.0**	**927.7**
Restaurant expenses			
Food and merchandise		(187.6)	(249.3)
Payroll, social security and employee benefits		(198.6)	(227.2)
Royalties		(30.2)	(41.3)
Occupancy, depreciation and other operating expenses		(258.9)	(264.8)
Franchise and other expenses		(23.8)	(32.7)
General and administrative expenses		(69.7)	(72.2)
Total operating costs and losses	7	**(768.8)**	**(887.5)**
Net impairment losses on financial assets	4	(2.2)	(0.3)
Net impairment losses on other assets	4, 14	(73.1)	(8.6)
Other operating income/expenses	7	20.0	3.9
Profit/(loss) from operations		**(140.1)**	**35.2**
Finance income	8	0.8	2.2
Finance costs	8	(33.2)	(22.1)
Profit/(loss) before tax		**(172.5)**	**15.3**
Income tax expense	9	10.2	(4.3)
Profit/(loss) for the period		**(162.3)**	**11.0**
Attributable to:			
Shareholders of the parent		(160.7)	10.4
Non-controlling interests		(1.6)	0.6
Basic earnings per ordinary share in EUR	18	(0.73)	0.05
Diluted earnings per ordinary share in EUR	18	(0.73)	0.05

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 6 months ended 30 June 2020

	Note	6 months ended	
		30 June 2020	30 June 2019
Profit/(loss) for the period		**(162.3)**	**11.0**
Other comprehensive income	7		
Exchange differences on translation of foreign operations		(12.5)	8.3
Net investment hedges		(7.2)	1.9
Income tax related to net investment hedges		1.2	(0.3)
Total items that may be reclassified to the income statement		*(18.5)*	*9.9*
Other comprehensive income/(loss) for the period		**(18.5)**	**9.9**
Total comprehensive income/(loss) for the period		**(180.8)**	**20.9**
Attributable to:			
Shareholders of the parent		(178.9)	20.3
Non-controlling interests		(1.9)	0.6

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

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of financial position as at 30 June 2020

	Note	30 June 2020	31 December 2019
Assets			
Property, plant and equipment	10	511.1	584.9
Right-of-use assets	11	779.3	852.7
Goodwill	13	317.2	350.2
Intangible assets	12	245.1	253.5
Investment properties		5.0	5.2
Financial assets measured at fair value	25	76.2	76.2
Other non-current assets		23.7	25.1
Deferred tax assets	9	26.8	22.4
Total non-current assets		**1 984.4**	**2 170.2**
Inventories		27.0	29.9
Trade and other receivables	15	66.9	104.6
Corporate income tax receivables		5.0	4.8
Other current assets		14.7	19.3
Cash and cash equivalents	16	217.7	106.2
Assets held for sale		4.8	
Total current assets		**336.1**	**264.8**
Total assets		**2 320.5**	**2 435.0**
Equity			
Share capital		22.0	22.0
Reserves		174.2	178.3
Retained earnings		135.9	296.6
Translation reserve		(41.9)	(29.7)
Equity attributable to shareholders of the parent		**290.2**	**467.2**
Non-controlling interests	17	7.3	9.5
Total equity	17	**297.5**	**476.7**
Liabilities			
Interest-bearing loans and borrowings	19	155.4	656.0
Lease liabilities	11	683.5	719.4
Employee benefits liability	20	0.2	0.6
Provisions		25.3	22.8
Deferred tax liability	9	43.4	51.4
Other non-current liabilities		8.3	9.2
Total non-current liabilities		**916.1**	**1 459.4**
Interest-bearing loans and borrowings	19	671.7	64.1
Lease liabilities	11	147.7	144.7
Trade and other accounts payable	211	281.0	279.5
Corporate income tax liabilities		6.5	10.6
Total current liabilities		**1 106.9**	**498.9**
Total liabilities		**2 023.0**	**1 958.3**
Total equity and liabilities		**2 320.5**	**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 6 months ended 30 June 2020

	Note	6 months ended 30 June 2020	6 months ended 30 June 2019
Cash flows from operating activities			
Profit/(loss) before tax from continued operations		(172.5)	15.3
Adjustments for:			
Amortisation and depreciation	7	129.4	121.7
Net interest expense		22.5	20.2
Foreign exchange result	8	9.5	(1.9)
Result on disposal of property, plant and equipment and intangibles	7	-	0.3
Impairment of non-financial assets	14	73.1	8.6
Share-based payments		2.5	2.5
Other		1.0	(0.1)
Working capital changes:	6		
Change in trade and other receivables		15.0	(18.4)
Change in inventories		2.1	(0.9)
Change in other assets		4.7	(3.9)
Change in payables and other liabilities		17.8	12.5
Change in provisions and employee benefits		2.1	0.4
Income tax paid		(5.8)	(8.6)
Net cash from operating activities		**101.4**	**147.7**
Cash flows from investing activities			
Net cash outflows on acquisition	5	-	(22.7)
Proceeds from the sale of the business	22	20.0	-
Proceeds from the sale of property, plant and equipment		-	0.4
Purchase of property, plant and equipment		(46.3)	(83.3)
Purchase of intangible assets		(3.3)	(4.6)
Net cash used in investing activities		**(29.6)**	**(110.2)**
Cash flows from financing activities			
Proceeds from share transfers (employees options)	7	-	0.5
Purchase of treasury shares	7	-	(0.5)
Proceeds from loans and borrowings	19	136.9	46.2
Repayment of loans and borrowings	19	(25.8)	(15.5)
Payments of lease liabilities including interests paid	11	(65.2)	(72.0)
Interest paid	19	(9.4)	(7.5)
Interest received		0.7	0.3
Dividends paid to non-controlling interest owners		(0.3)	-
Transactions with non-controlling interest	7	-	(5.3)
Net cash from financing activities		**36.9**	**(53.8)**
Net change in cash and cash equivalents		**108.7**	**(16.3)**
Effect of exchange rates movements		2.8	(0.8)
Balance sheet change of cash and cash equivalents		111.5	(17.1)
Cash and cash equivalents, beginning of period		106.2	118.4
Cash and cash equivalents, end of period	16	**217.7**	**101.3**

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

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of changes in equity for 6 months ended 30 June 2020

	Note	Attributable to the shareholders of the parent						
		Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As at 1 January 2020		**22.0**	**178.3**	**296.6**	**(29.7)**	**467.2**	**9.5**	**476.7**
Profit/(loss) for the period		-	-	(160.7)	-	**(160.7)**	(1.6)	**(162.3)**
Other comprehensive income		-	(6.0)	-	(12.2)	**(18.2)**	(0.3)	**(18.5)**
Total comprehensive income		-	**(6.0)**	**(160.7)**	**(12.2)**	**(178.9)**	**(1.9)**	**(180.8)**
Transaction with non-controlling interests		-	-	-	-	**-**	(0.3)	**(0.3)**
Total transactions with non-controlling interests	17	**-**	**-**	**-**	**-**	**-**	**(0.3)**	**(0.3)**
Purchases of treasury shares		-	-	**-**	**-**	**-**	**-**	**-**
Share based payments	17	-	1.9	-	-	**1.9**	-	**1.9**
Total distributions and contributions		**-**	**1.9**	**-**	**-**	**1.9**	**-**	**1.9**
As at 30 June 2020		**22.0**	**174.2**	**135.9**	**(41.9)**	**290.2**	**7.3**	**297.5**

	Note	Attributable to the shareholders of the parent						
		Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As at 1 January 2019		**22.0**	**206.1**	**231.5**	**(38.9)**	**420.7**	**9.9**	**430.6**
Profit for the period		-	-	10.4	-	**10.4**	0.6	**11.0**
Other comprehensive income		-	1.6	-	8.3	**9.9**	-	**9.9**
Total comprehensive Income		-	**1.6**	**10.4**	**8.3**	**20.3**	**0.6**	**20.9**
Transaction with non-controlling interests		-	(4.8)	-	-	**(4.8)**	(0.5)	**(5.3)**
Total transactions with non-controlling interests	17	**-**	**(4.8)**	**-**	**-**	**(4.8)**	**(0.5)**	**(5.3)**
Deferred payment in shares	17	-	(13.0)	-	-	**(13.0)**	**-**	**(13.0)**
Purchases of treasury shares		-	(0.5)	**-**	**-**	**(0.5)**	-	**(0.5)**
Share based payments	17	-	1.6	-	-	**1.6**	**-**	**1.6**
Total distributions and contributions		**-**	**(11.9)**	**-**	**-**	**(11.9)**	-	**(11.9)**
As at 30 June 2019		**22.0**	**191.0**	**241.9**	**(30.6)**	**424.3**	**10.0**	**434.3**

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

Notes to the Condensed Consolidated Financial Statements

1. General information on the Group

AmRest Holdings SE ("The Company", "AmRest") was incorporated in the Netherlands in October 2000 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 brands La Tagliatella, Trastevere and Pastificio. This business is based on own restaurants and the franchise agreements signed with non-related companies. It is supported by the central kitchen located in Spain which produces and delivers products to the whole network of the mentioned own brands 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 and Viva Salad!

As at 30 June 2020 the Group operates 2 318 restaurants (own and franchise) comparing to 2 337 restaurants operating as at 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.

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 52.2 thousand [2]	up to USD 52.2 thousand [2]	USD 26.1 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, the Netherlands

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, Switzerland, United Kingdom, Luxembourg, Italy, Germany, Portugal, the Netherlands
Term of agreement	10 years with possibility of extension	10 years with possibility of extension	10 years with possibility of extension	10 years with possibility of extension	10 years with possibility of extension	Franchise agreements: 5 years with a limited territorial exclusivity and EADA i.e. "master franchise": exclusivity for specific territories granted to from 2 up to 14 years.

1) AmRest Group took up 82% and Starbucks 18% of the share capital of the newly-established companies in Poland, Czechia and Hungary. In the event of 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 at the day of this report issuance there are no indicators making the mentioned above options realizable. The Group acquired 100% of shares in Romanian and Bulgarian entities, being the sole operators in these markets. In Germany the Group acquired 100% of shares in a key operator in this market.

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

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

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

5) 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 at 30 June 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 Belgique SA	Bruxelles, Belgium	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Holding USA LLC	Dover Kent, USA	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Luxembourg SARL	Luxembourg	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Switzerland SA	Fribourg, Switzerland	Sushi Shop Management SAS	100.00%	October 2018
		Restaurant, franchise and master-franchise activity		
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czechia	AmRest Holdings SE	100.00%	December 2000
AmRest Kft	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	82.00%	March 2007
		Starbucks Coffee International,Inc.	18.00%	
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	44.72%	July 2007
		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	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

(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
Kai Zhen Food and Beverage Management (Shanghai) Ltd	Shanghai, China	BlueFrog Food&Beverage Management Ltd	100.00%	March 2014
AmRest Coffee EOOD	Sofia, Bulgaria	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee S.r.l.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	June 2015
AmRest 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%	
SSW 1 SPRL	Waterloo, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
SSW 2 SPRL	Wavre, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi House SA	Luxembourg	Midicapital	14.00%	October 2018
		Sushi Shop Luxembourg SARL	86.00%	
Sushi Sablon SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop London Pvt LTD	London, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Louise SA	Bruxelles, Belgium	Sushi Shop Belgique SA	54.80%	October 2018
		Midicapital	45.20%	
Sushi Shop UK Pvt LTD	Charing, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Uccle SA	Uccle, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Anvers SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Geneve SA	Geneva, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Lausanne SARL	Lasanne, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Madrid S.L.	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%	

(all figures in EUR millions unless stated otherwise)

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
Sushi Shop NE USA LLC	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop NY1	New York, USA	Sushi Shop Holding USA LLC	64.00%	October 2018
		Sushi Shop NE USA LLC	36.00%	
Sushi Shop NY2	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop International SA	Bruxelles, Belgium	Sushi Shop Group SAS	99.90%	October 2018
		Sushi Shop Belgique SA	0.10%	
Sushi Shop Zurich GMBH	Zurich, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Nyon SARL	Nyon, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop NL B.V.	Amsterdam, Netherlands	Sushi Shop Group SAS	100.00%	October 2018
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	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.	99.9999%	June 2020
		Michał Lewandowski	0.0001%	
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 a new company was registered - AmRest Traugutta Sp. z o.o. with registered office is Wroclaw, Poland. Company has two shareholders: AmRest Sp. z o.o. owns 99,9999% of shares, 0,0001% of shares owns to Michal Lewandowski.*

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

3. Basis of preparation

These condensed consolidated financial statements for 6 months ended 30 June 2020 have been prepared in accordance the IAS 34 Interim Financial Reporting and were authorised for issue by the Company's Board of Directors on 24 September 2020.

These condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read with conjunction with the consolidated financial statements for the year ended 31 December 2019.

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

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

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2019.

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. The above amendments were not approved by European Union as at the date of publication of these interim consolidated financial statements, and consequently were not applied by the Group.

The Group expects to apply the amendments when they were approved by European Union. The impact of these amendments in these interim consolidated financial statements would be: (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.

Therefore, Group's net results before tax and after tax would be higher by EUR 10.7 million and EUR 8.4 million respectively.

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.

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 of AmRest Holdings, SE applied for state supported bank loans, guaranteed by the governments in 70% and 90%, respectively. The Group was granted total EUR 75 million. Details on new loans are presented in note 19.

Syndicated bank loan covenants are calculated quarterly. As at 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. On 1 September 2020 the Group has received the waiver letter from the banks. The requirement of the bank covenant has been waived for the quarter ending 30 June 2020.

During the H1 of 2020 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 fulfill short term cash needs.

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 revenue's streams side, as at 30 June 2020 over 90% of Group's own and franchise stores remain 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 continuations of 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:

(all figures in EUR millions unless stated otherwise)

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

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

Segment measures and the reconciliation to profit/loss from operations for the 6 months ended 30 June 2020 and for the comparative 6 months ended 30 June 2019 is presented below.

6 months ended 30 June 2020	**CEE**	**Western Europe**	**Russia**	**China**	**Other**	**Total**
Restaurant sales	315.0	238.5	71.2	29.1	-	653.8
Franchise and other sales	0.4	18.8	0.2	-	10.8	30.2
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**315.4**	**257.3**	**71.4**	**29.1**	**10.8**	**684.0**
EBITDA	**52.9**	**6.1**	**9.6**	**5.5**	**(9.5)**	**64.6**
Depreciation and amortisation	55.3	48.5	15.8	9.4	0.4	129.4
Net impairment losses on financial assets	-	2.1	0.1	-	-	2.2
Net impairment losses on other assets	15.7	53.3	3.5	0.6	-	73.1
Profit/loss from operations	**(18.1)**	**(97.8)**	**(9.8)**	**(4.5)**	**(9.9)**	**(140.1)**
Finance income and costs	(14.4)	(4.7)	(2.7)	(0.5)	(10.1)	(32.4)
Profit before tax	**(32.5)**	**(102.5)**	**(12.5)**	**(5.0)**	**(20.0)**	**(172.5)**
Capital investment*	**17.4**	**14.4**	**3.6**	**0.7**	**0.1**	**36.2**

(all figures in EUR millions unless stated otherwise)

6 months ended 30 June 2019	CEE	Western Europe	Russia	China	Other	Total
Restaurant sales	388.7	351.1	95.1	44.0	-	878.9
Franchise and other sales	0.4	35.3	0.8	-	12.3	48.8
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**389.1**	**386.4**	**95.9**	**44.0**	**12.3**	**927.7**
EBITDA	**83.7**	**59.7**	**19.5**	**12.3**	**(9.4)**	**165.8**
Depreciation and amortisation	51.6	44.5	15.4	9.6	0.6	121.7
Net impairment losses on financial assets	-	0.3	-	-	-	0.3
Net impairment losses on other assets	2.2	5.4	0.6	0.4	-	8.6
Profit/loss from operations	**29.9**	**9.5**	**3.5**	**2.3**	**(10.0)**	**35.2**
Finance income and costs	(5.1)	(4.6)	(0.4)	(0.6)	(9.2)	(19.9)
Profit before tax	**24.8**	**4.9**	**3.1**	**1.7**	**(19.2)**	**15.3**
Capital investment*	**34.7**	**32.9**	**9.0**	**2.8**	**0.1**	**79.5**

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

The segment information has been prepared in accordance with the accounting policies applied in these consolidated interim financial statements.

5. Business combinations

There were no business combinations in H1 2020. In the first half of 2020 AmRest Group has not performed any final reconciliation of purchase price accounting for past acquisitions.

Several acquisitions including Sushi Shop, Bacoa and KFC France, have been finalised in the period of Q3-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,
- Franchise and other sales.

Restaurant revenues are the most significant source of revenues representing over 96% of total revenues during 6 months period ended 30 June 2020.

Revenues from the sale of food items by Group – owned restaurants are recognised as Restaurant revenues when a customer purchases the food, which is when our obligation to perform is satisfied.

Group’s customers are mainly individual guests, that are served in the restaurants, therefore the Groups’ customer base is widely spread. The Group does not have any risk related to dependency to any group of customers. There are no significant concentration of revenues risks. Payments for the restaurant sales are settled immediately in cash or by credit, debit and other cards. There are no material credit risks related to this type of operations.

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 number of operating restaurants per markets at the end of each month of second quarter. The table shows the data for owned- operated restaurants as well for franchised restaurants.

(all figures in EUR millions unless stated otherwise)

Own stores				
	Operating stores			Total count
Country	30.04.2020	30.05.2020	30.06.2020	30.06.2020
China	69	69	68	68
Czechia	102	189	191	191
France	118	164	174	182
Germany	148	169	169	178
Hungary	115	122	130	130
Poland	319	544	544	557
Romania	14	47	47	54
Russia	149	160	181	236
Spain	42	74	135	159
Other	33	66	86	89
Total	1 109	1 604	1 725	1 844
Total number of restaurants	1 848	1 850	1 844	
% operating	**60%**	**87%**	**94%**	
Franchised stores				
	Operating stores			**Total count**
Country	**30.04.2020**	**30.05.2020**	**30.06.2020**	**30.06.2020**
Total	208	291	423	474
Total number of restaurants	474	474	474	
% operating	**44%**	**61%**	**89%**	

Still, even with opened restaurants and depending on the legal jurisdiction 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 within the lifting of any restrictions. 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:

	6 months ended	
	30 June 2020	**30 June 2019 (*restated)**
Food, merchandise and other materials	210.2	279.8
Payroll*	201.6	228.7
Social security and employee benefits	52.6	58.0
Royalties	32.0	43.9
Utilities	33.9	37.0
External services - marketing	30.2	37.4
External services – other*	57.2	52.5
Rental and occupancy costs	8.8	13.0
Depreciation of right-of-use assets	70.9	68.0
Depreciation of property, plant and equipment	51.4	47.2
Amortisation of intangibles	7.1	6.5
Insurance	1.1	1.1
Business travel	3.0	5.5
Other	8.8	8.6
Total cost by nature	**768.8**	**887.2**
Result on restaurants and non-current assets disposal	-	0.3
Total operating costs and losses	**768.8**	**887.5**

Summary of operating expenses by functions:

	6 months ended	
	30 June 2020	**30 June 2019**
Restaurant expenses	675.3	782.6
Franchise and other expenses	23.8	32.7
Total cost of sales	**699.1**	**815.3**
General and administrative expenses	69.7	72.2
Total operating costs and losses	**768.8**	**887.5**

*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:

6 months ended 30 June 2019	**Published** EUR million	**Adjustment** EUR million	**Restated** EUR million
Payroll, social security and employee benefits	(242.3)	15.1	(227.2)
Occupancy and other operating expenses	(249.7)	(15.1)	(264.8)
Total operating costs and losses	**(887.5)**	**-**	**(887.5)**

It is not possible to reliably and objectively quantify the economic impact of pandemic situation 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.

In order 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 23 of Royal Decree-Law 8/2020, 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. As at 30 June 2020 the ERTE covers 1 957 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.
- France
  Introduced "partial activity" technical unemployment government program for 4 188 employees. The program started from 15 March 2020 and continued until 30 June 2020. Employees were partially or 100% unemployed by the Companies. With the suspension of the employment contract the gross salary was maintained at 70%. The employee social security contributions were also reduced, allowing the employees to receive 84% of net salary. The government reimburses 100% of the salary paid to employees in partial activity.
- 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.
- 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).

  The applications were approved and payments received.

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 6 months period ended 30 June 2020 Group has recognized government grants for payroll costs (EUR 14.2 million) and social contribution (EUR 5.3 million). The total amount of EUR 19.5 million has been recognized as other operating income. The above government grants are in a form of waived social security payables (EUR 2.6 million) and cash grants (EUR 16.9 million, out of which EUR 6,6 million as at 30 June 2020 was not received yet).

Granting of the grant by governments is in some cases associated with requirements to keep the agreed level of workforce for agreed period of time. As at 30 June 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.

(all figures in EUR millions unless stated otherwise)

8. Financial income and costs

Finance income

	6 months ended	
	30 June 2020	30 June 2019
Income from bank interest	0.8	0.3
Net income from exchange differences	**-**	**1.9**
Net income from exchange differences on lease liabilities	-	1.7
Net income from exchange differences - other	-	0.2
Total finance income	**0.8**	**2.2**

Finance costs

	6 months ended	
	30 June 2020	30 June 2019
Interest expense	(9.0)	(8.1)
Interest expense on lease liabilities	(13.4)	(12.4)
Financial fees recognised as interest expense	(0.9)	(1.0)
Financial fees - other	(0.3)	(0.3)
Net cost from exchange differences	**(9.5)**	**-**
Net cost from exchange differences on lease liabilities	(8.9)	-
Net cost from exchange differences - other	(0.6)	-
Other	(0.1)	(0.3)
Total finance cost	**(33.2)**	**(22.1)**

9. Taxes

Income taxes

	6 months ended	
	30 June 2020	30 June 2019
Current tax	(2.9)	(11.4)
Deferred income tax	13.1	7.1
Income tax recognised in the income statement	**10.2**	**(4.3)**
Deferred tax asset		
Opening balance	22.4	21.3
Closing balance	26.8	28.4
Deferred tax liability		
Opening balance	51.4	49.5
Closing balance	43.4	45.1
Change in deferred tax assets/ liabilities	**12.4**	**11.5**

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

	6 months ended	
	30 June 2020	30 June 2019
Change in deferred tax assets/liabilities	**12.4**	**11.5**
of which:		
Deferred taxes recognised in the income statement	13.1	7.1
Deferred taxes recognised in other comprehensive income – net investment hedges	(1.2)	0.3
Deferred taxes recognised in equity-valuation of employee options	2.2	0.6
Exchange differences	(1.7)	3.5

(all figures in EUR millions unless stated otherwise)

Income tax calculated according to domestic tax rates applicable to income in particular countries as at 30 June 2020 would amount EUR 43.4 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 recognise – total effect of 8.2 million
- Goodwill impairment for which no deferred tax was recognise- total effect of EUR 7.9 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 at 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. Property, plant and equipment

The table below presents changes in the value of property, plant and equipment in 6 months ended 30 June 2020 and 2019:

2020	Land	Buildings and expenditure on development of restaurants	Machinery & equipment	Vehicles	Other tangible assets	Assets under construction	Total
PPE as at 1 January	**11.4**	**291.8**	**183.5**	**0.8**	**31.4**	**66.0**	**584.9**
Additions	-	4.1	7.8	0.1	0.1	20.7	32.8
Depreciation	-	(22.4)	(22.5)	(0.2)	(6.3)	-	(51.4)
Impairment losses	-	(17.6)	(8.9)	(0.2)	(0.1)	-	(26.8)
Disposals and deconsolidation of assets	-	(2.0)	(0.4)	-	-	(0.1)	(2.5)
Transfers to asset held for sale	-	-	-	-	-	(4.8)	(4.8)
Transfers between categories	0.0	28.4	12.9	-	2.7	(44.0)	(0.0)
Exchange differences	(0.4)	(10.7)	(5.5)	0.6	(2.1)	(3.0)	(21.1)
PPE as at 30 June	**11.0**	**271.6**	**166.9**	**1.1**	**25.7**	**34.8**	**511.1**
Gross book value	11.1	583.0	376.8	1.9	77.9	36.4	1 087.1
Accumulated depreciation and impairment write-downs	(0.1)	(311.4)	(209.9)	(0.8)	(52.2)	(1.6)	(576.0)
Net book value	**11.0**	**271.6**	**166.9**	**1.1**	**25.7**	**34.8**	**511.1**

(all figures in EUR millions unless stated otherwise)

2019	Land	Buildings and expenditure on development of restaurants	Machinery & equipment	Vehicles	Other tangible assets	Assets under construction	Total
PPE as at 1 January	**11.7**	**262.4**	**156.1**	**1.3**	**28.6**	**41.3**	**501.4**
Application of IFRS16	(0.2)	(1.4)	(0.6)	(0.4)	-	-	(2.6)
Acquisition	-	-	0.4	-	-	-	0.4
Additions	-	32.5	29.0	0.2	7.2	5.7	74.6
Depreciation	-	(20.8)	(20.0)	(0.3)	(6.1)	0.0	(47.2)
Impairment losses	-	(1.6)	(1.4)	-	(0.5)	0.0	(3.5)
Disposals and deconsolidation of assets	-	(0.9)	(1.2)	-	-	(0.3)	(2.4)
Exchange differences	0.3	4.3	2.1	-	1.0	0.5	8.2
PPE as at 30 June	**11.8**	**274.5**	**164.4**	**0.8**	**30.2**	**47.2**	**528.9**
Gross book value	11.9	543.3	334.9	1.6	71.1	49.1	1 011.9
Accumulated depreciation and impairment write-downs	(0.1)	(268.8)	(170.5)	(0.8)	(40.9)	(1.9)	(483.0)
Net book value	**11.8**	**274.5**	**164.4**	**0.8**	**30.2**	**47.2**	**528.9**

Depreciation was charged as follows:

	6 months ended	
	30 June 2020	**30 June 2019**
Costs of restaurant operations	49.4	45.2
Franchise expenses and other	0.7	0.7
General and administrative expenses	1.4	1.3
Total depreciation	**51.5**	**47.2**

11. Leases

The table below presents the reconciliation of the right-of-use assets and lease liabilities for 6 months ended 30 June 2020 and 2019:

	Right-of-use asset			Lease liabilities
	Restaurant properties	Other	Total right-of-use asset	Total liabilities
As at 1 January 2020	**835.5**	**17.2**	**852.7**	**864.1**
Additions – new contracts	25.9	1.1	27.0	27.0
Modifications and reassessments	14.3	1.2	15.5	13.4
Amortisation expense	(68.2)	(2.7)	(70.9)	-
Impairment	(15.5)	(0.2)	(15.7)	-
Interest expense	-	-	-	13.6
Payments	-	-	-	(65.2)
Exchange differences	(28.8)	(0.5)	(29.3)	(21.7)
As at 30 June 2020	**763.2**	**16.1**	**779.3**	**831.2**

(all figures in EUR millions unless stated otherwise)

	Right-of-use asset			Lease liabilities
	Restaurant properties	Other	**Total right-of-use asset**	Total liabilities
As at 1 January 2019	**790.8**	**8.7**	**799.5**	**790.8**
Additions – new contracts	40.6	1.0	41.6	41.6
Modifications and reassessments	2.9	2.8	5.7	5.6
Amortisation expense	(65.7)	(2.3)	(68.0)	-
Impairment	(5.0)		(5.0)	-
Interest expense	-	-	-	12.6
Payments	-	-	-	(72.0)
Exchange differences	12.2	0.2	12.4	10.9
As at 30 June 2019	**775.8**	**10.4**	**786.2**	**789.5**

Amortisation was charged as follows:

	6 months ended	
	30 June 2020	**30 June 2019**
Costs of restaurant operations	68.6	66.1
Franchise expenses and other	0.0	0.1
General and administrative expenses	2.3	1.8
Total amortisation	**70.9**	**68.0**

The Group recognised rent expense from short-term leases of EUR 0.8 million, leases of low-value assets of EUR 2.3 million and variable lease payments of EUR 5.7 million for the six months ended 30 June 2020.

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

The maturity of lease liabilities is presented in the table below:

	30 June 2020	**31 December 2019**
Up to 1 year	147.7	144.7
Between 1 and 3 years	242.8	254.3
Between 3 and 5 years	160.5	170.4
Between 5 and 10 years	188.3	199.2
More than 10 years	91.9	95.5
Total lease liabilities	**831.2**	**864.1**

12. Intangible assets

The table below presents changes in the value of intangible assets in 6 months ended 30 June 2020 and 2019:

2020	**Proprietary brands**	**Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks**	**Other intangible assets**	**Relations with franchisees and customers**	**Total**
IA as at 1 January	**156.7**	**25.9**	**35.8**	**35.1**	**253.5**
Additions	-	1.6	1.8	-	3.4
Amortisation	(0.2)	(2.0)	(2.9)	(2.0)	(7.1)
Impairment losses	(2.4)	(0.7)	-	-	(3.1)
Disposals and derecognition of assets	-	-	-	-	-
Exchange differences	-	(1.2)	(0.4)	-	(1.6)
IA as at 30 June	**154.1**	**23.6**	**34.3**	**33.1**	**245.1**
Gross book value	158.4	44.7	74.5	51.9	329.5
Accumulated amortisation and impairment write-downs	(4.3)	(21.1)	(40.2)	(18.8)	(84.4)
Net book value	**154.1**	**23.6**	**34.3**	**33.1**	**245.1**

(all figures in EUR millions unless stated otherwise)

2019	Proprietary brands	Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	Other intangible assets	Relations with franchisees and customers	Total
IA as at 1 January	**157.7**	**22.1**	**43.2**	**38.2**	**261.2**
Application of IFRS16	-	-	(0.4)	-	(0.4)
Additions	-	2.9	1.6	-	4.5
Amortisation	(0.1)	(1.8)	(3.7)	(0.9)	(6.5)
Impairment losses	-	(0.1)	-	-	(0.1)
Disposals and derecognition of assets	-	(0.1)	(0.1)	-	(0.2)
Exchange differences	-	0.3	0.3	-	0.6
IA as at 30 June	**157.6**	**23.3**	**40.9**	**37.3**	**259.1**
Gross book value	159.1	40.9	73.3	51.9	325.2
Accumulated amortisation and impairment write-downs	(1.5)	(17.6)	(32.4)	(14.6)	(66.1)
Net book value	**157.6**	**23.3**	**40.9**	**37.3**	**259.1**

Amortisation was charged as follows:

	6 months ended	
	30 June 2020	**30 June 2019**
Costs of restaurant operations	2.8	2.5
Franchise expenses and other	0.9	1.2
General and administrative expenses	3.4	2.8
Total amortisation	**7.1**	**6.5**

Other intangible assets cover mainly exclusivity rights including master-franchise rights in the amount of EUR 5.1 million (EUR 5.7 million as at 31 December 2019), key monies in the amount of EUR 18.6 millions (EUR 18.6 millions as at 31 December 2019) and computer software.

13. Goodwill

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

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

2020	1 January	Impairment	Exchange differences	30 June
Sushi Shop	140.5	-	-	140.5
Spain- La Tagiatella and KFC	90.9	-	-	90.9
Spain - Bacoa	1.2	(1.2)	-	-
Russia - KFC	40.4	-	(4.8)	35.6
Germany - Starbucks	35.0	(26.4)	-	8.6
China- Blue Frog	19.8	-	(0.2)	19.6
France - KFC	14.0	-	-	14.0
Hungary-KFC	3.8	-	(0.3)	3.5
Romania	2.6	-	-	2.6
Czechia-KFC	1.4	-	(0.1)	1.3
Poland – Other	0.6	-	-	0.6
Total	**350.2**	**(27.6)**	**5.4**	**317.2**

(all figures in EUR millions unless stated otherwise)

2019	1 January	Increases	Exchange differences	30 June
Sushi Shop	139.0	-	-	139.0
Spain- La Tagiatella and KFC	89.6	1.3	-	90.9
Spain - Bacoa	1.2	-	-	1.2
Russia - KFC	35.7	-	3.9	39.6
Germany - Starbucks	35.0	-	-	35.0
China- Blue Frog	19.7	-	0.2	19.9
France - KFC	14.0	-	-	14.0
France – PH	8.8	-	-	8.8
Germany - KFC	4.6	-	-	4.6
Hungary-KFC	3.8	-	-	3.8
Romania	2.7	-	(0.1)	2.6
Czechia-KFC	1.5	-	-	1.5
Poland – Pizza Portal	0.7	-	-	0.7
Poland – Other	0.6	-	-	0.6
Total	**356.9**	**1.3**	**4.0**	**362.2**

Impairment tests performed during 6 months period ended 30 June 2020 are disclosed in note 14.

14. Impairment of non-current assets

Restaurant level tests

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

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

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

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

The adoption of IFRS 16 had significant impact on the amount of assets recorded in the statement of financial position of Group. The carrying amount of the assets in the CGU increased (by including right of use assets) and the value in use of the CGU increased (by excluding lease payments (base rent payments) from cash flow projections).These two effects may not be fully offsetting as generally discount rate for impairment test may differ from discount rate for valuation of lease assets and liabilities under IFRS 16. Lease liabilities are included in the total value of net assets allocated to each CGU, as well decrease the value in use as described above.

As presented below it can be observed that discount rates used for the impairment test have increased comparing to year end 2019 tests. This is the effect of turbulences on the global market due to COVID-19 pandemic and increase markets risk premium and/or risk free rates.

Apart of changes in discount rates due to changes in economy and environment, the decrease of discount rate after application of IFRS 16 results from the fact that composition of assets tested has changed (new right of use asset is included in carrying amount of unit tested comparing to prior tests) and also cash flow variability has decreased (as base lease payments are no longer part of free cash flows used in value in use determination, the gross free cash flows increased and relative volatility decreased). As discount rate should reflect the risk of the items tested and respective cash flows, the corresponding decrease of discount rates is observed.

(all figures in EUR millions unless stated otherwise)

Discounts rates applied are shown in the table below.

	Pre-tax discount rate 30 June 2020	Pre-tax discount rate 31 December 2019	Pre-tax discount rate 30 June 2019
Poland	6.8%	6.1%	5.4%
Czechia	6.0%	5.7%	5.0%
Hungary	7.7%	6.4%	5.8%
Russia	10.5%	9.9%	8.2%
Serbia	9.9%	8.1%	7.3%
Bulgaria	7.0%	5.2%	5.0%
Spain	7.3%	5.7%	5.2%
Germany	5.4%	4.4%	4.2%
France	6.1%	5.0%	4.7%
Croatia	8.6%	6.3%	5.9%
China	7.4%	7.2%	5.9%
Romania	9.4%	8.2%	6.7%
Slovakia	6.2%	4.8%	4.7%
Portugal	7.7%	5.8%	5.7%
Austria	5.4%	4.6%	4.4%
Slovenia	6.9%	5.3%	5.0%
Belgium	5.9%	-	-
Italy	8.2%	-	-
Switzerland	4.6%	-	-
Luxemburg	4.8%	-	-
Netherland	4.9%	-	-
United Kingdom	5.5%	-	-

Details of impairments losses recognised:

		6 months ended	
	Note	30 June 2020	30 June 2019
Net impairment of property, plant and equipment	10	26.8	3.5
Net impairment of intangible assets	11	3.1	0.1
Net impairment of right of use assets	12	15.6	5.0
Net impairment of goodwill	13	27.6	-
Net impairment losses of non- current other assets		**73.1**	**8.6**

Details of impairments losses recognised per category of assets (property, plant and equipment, right of use assets, intangible assets or goodwill) are presented in notes 10, 11, 12 and 13.

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

COVID-19 pandemic is having a significant impact on the Group's operations in almost all areas. With regards to the impairment tests, more restaurants showed impairment indicators then in prior periods, and consequently more restaurants were tested for the impairment.

Cash flow projections, that were used for determining recoverable amounts for the CGUs, include period of second half of year 2020 and subsequent years. The Group used its best estimate on the recovery path for pre-pandemic levels of revenues and margins, but overall the cash flow projections decreased comparing to those used in tests made for year end 2019. Level of impairment losses recognized was also affected by the increase of the discount rates used.

For 6 months period ended 30 June 2020 Group has tested 543 restaurants as separate cash generating units. Impairment loss or partial impairment loss was recognized for 253 restaurants. Reversal of impairment or partial reversal of impairment was accounted for 32 restaurants.

As a result of tests performed, impairment in the amount of EUR 42.9 million (EUR 27.3 million for property, plant and equipment and intangible assets, EUR 15.7 million for right of use assets) was recognized. Five highest individual impairment losses amounted in total EUR 6.2 million. An average impairment loss per restaurant was less then EUR 0,2 million.

(all figures in EUR millions unless stated otherwise)

Five highest individual reversals of impairment losses amounted in total EUR 0.6 million. An average reversal of impairment per restaurants was less then EUR 0,1 million.

For 6 months period ended 30 June 2019 Group has tested 283 restaurants as separate cash generating units. As a result of tests performed, impairment in the amount of EUR 11.0 million (EUR 6.0 million for property, plant and equipment and intangible assets, EUR 5.0 million for right of use assets) was recognized. Reversal of impairment losses in amount of EUR 2.4 million.

Goodwill and intangibles with undefined useful lives level

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

Group's market capitalization has not fallen below the carrying value of consolidated net assets, which would be an indicator of impairment tests. However, as COVID-19 pandemic has a significant impact on Group's operations, as a response to potential impairment risk do to COVID-19 outbreak, the Group has decided to perform all tests also in this interim reporting.

Present value technique model (the income approach) is used by Group for the purpose of determining fair value. The income approach converts future amounts (e.g. cash flows or income and expenses) to a single discounted amount. The fair value reflects current market expectations about those future amounts. The income approach uses unobservable inputs, as a result, the fair value measurement is generally classified as Level 3 in the fair value hierarchy.

The cash flows were derived from the budget for the next 18 months, most recent plans and forecasts for the next years.

The 5th year projections are used to extrapolate cash flows into the future if the 5th year represents a steady state in the development of the business. The adjustments may be necessary to reflect the expected development of the business (normalization of cash flows). Growth rates do not exceed the long-term average growth rate for the products, industries, or country or market in which the asset is used.

The recoverable amount is most sensitive to the discount rate used, growth rate used for extrapolation purposes and the weighted average budgeted EBITDA margin. The weighted average budgeted EBITDA margin is calculated as an average for the 5 years projection period i.e. without any impact of the residual value element. Budgeted revenues are used as weights.

The main input assumptions used in test are as follows:

HY 2020	**Post-tax discount rate**	**Implied pre-tax discount rate**	**Growth rate for residual value**	**Weighted average budgeted EBITDA margin**
Czechia – KFC	5.9%	6.7%	2.1%	20.2%
Hungary – KFC	8.6%	9.1%	3.0%	20.4%
Russia – KFC	10.7%	12.3%	4.3%	15.3%
Spain – KFC and TAG	6.7%	8.3%	1.5%	18.1%
Spain – Bacoa	6.7%	6.7%	1.5%	(20.1%)
China – BF	6.8%	8.2%	2.5%	11.7%
Romania – SBX	9.9%	11.0%	2.9%	18.8%
Germany – KFC	5.0%	6.1%	1.9%	3.2%
Germany – Starbucks	5.0%	6.1%	1.9%	2.6%
France – KFC	5.0%	6.2%	1.6%	6.7%
France – PH	5.0%	6.3%	1.6%	(8.9%)
Sushi Shop (all markets)	5.0%	6.3%	1.6%	13.6%

Test results for HY 2020

Based on the impairment test prepared the impairment was recognized in following group of CGUs: Bacoa business in Spain, and Starbucks business in Germany.

In all remaining tests the recoverable amount exceeds the carrying amount of the tested group of CGUs.

COVID-19 pandemic is having a significant impact on the Group's operations in almost all areas. With regards to the impairment tests, the Group decided to tests all groups of CGU's were goodwill is allocated.

Cash flow projections, that were used for determining recoverable amounts for the CGUs, include period of second half of year 2020 and subsequent years. The Group used its best estimate on the recovery path for pre-pandemic levels of revenues and margins, but overall the cash flow projections, and recoverable amounts decreased comparing from tests made for year end 2019. The results of the impairment tests, and, if applicable, the levels of impairment losses recognized were also affected by the increase of the discount rates used.

The Group carried out a sensitivity analysis for the impairment tests performed as at 30 June 2020. The sensitivity analysis examined the impact of changes in:

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

assuming other factors remain unchanged.

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

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

Additionally Group performed sensitivity analysis on the expected changes in sales revenues recognition. In that case Group determines reasonable change individually for each business tested. Usually this is in a range of 1-5% decrease of estimated sales revenues in each year of projection.

Results of the sensitivity analysis for businesses were no impairment of goodwill was needed:

Sensitivity analysis for KFC Germany

For KFC Germany if initially planned weighted average budgeted EBITDA margin was 5% lower than the Group would need to recognize an impairment of EUR 0.9 million. If initially planned weighted average budgeted EBITDA margin was 10% lower than the Group would need to recognize EUR 3.9 million as an impairment loss. Reasonable change in all remaining key assumptions would not lead to any impairment loss.

For remaining tests, based on the sensitivity analysis performed a reasonably possible change in any of the key assumptions used would not lead to recognition of impairment losses i.e. carrying amount would not exceed the recoverable amount.

Results of the impairment tests and sensitivity analysis for businesses impairment of goodwill was recognized:

Sensitivity analysis for Bacoa business in Spain

The impairment test performed for Bacoa business resulted in recognition of impairment losses in total value of EUR 3.6 million which included impairment for goodwill EUR 1.2 million and impairment of Bacoa trademark in amount of EUR 2.4 million.

The carrying amount of the tested unit included goodwill, property, plant and equipment, intangible assets, right of use assts as well corresponding lease liabilities and deferred tax liabilities related to initial acquisition of the business.

Carrying amount of CGU was compared with recoverable amount and impairment loss is accounted up to total balance of net assets of CGU.

(all figures in EUR millions unless stated otherwise)

The Group performed the sensitivity analysis in various scenarios for Bacoa. Group believes reasonable change in key assumptions is at 10% level of each input value and between 3% and 5% change in sales revenues value (for each year of projection). The below table presents if any change in impairment loss would be accounted if respective input data were changes by tested value, assuming remaining parameters remain stable.

Input/ change in input	**Possible change in impairment loss**
Discount rate - in model (post-tax discount rate (6.7%))	
-10% of base value	No change in impairment loss accounted
-5% of base value	
+5% of base value	
+10% of base value	
Growth rate for residual value - in model (1.5%)	
-10% of base value	No change in impairment loss accounted
-5% of base value	
+5% of base value	
+10% of base value	
Weighted average budgeted EBITDA margin value - in model (-20,9%)	
-10% of base value	No change in impairment loss accounted
-5% of base value	
+5% of base value	
+10% of base value	
Restaurant Sales	
-5% in each year of projection	No change in impairment loss accounted
-3% in each year of projection	
+3% in each year of projection	
+5% in each year of projection	

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

Input value	Post tax discount rate	Growth rate
Applied in model	6.70%	1.50%
When carrying amount of CGU equals to recoverable amount	-	13.40%

Sensitivity analysis for Starbucks Germany

The impairment test performed for Starbucks Germany business resulted in recognition of impairment losses. The carrying amount of the tested unit included goodwill, property, plant and equipment, intangible assets, right of use assts as well corresponding lease liabilities. Carrying amount of CGU was compared with recoverable amount, as a result impairment loss of EUR 26.4 million was accounted for goodwill (partial goodwill impairment).

Additionally Group recognized impairment losses as a result of impairment test performed for restaurants in total value of EUR 6.5 million.

The Group performed the sensitivity analysis in various scenarios for Starbucks Germany. Group believes reasonable change in key assumptions is at 10% level of each input value and between 3% and 5% change in sales revenues value (for each year of projection). The below table presents possible change in impairment loss to be accounted if respective input data were changes by tested value, assuming remaining parameters remain stable (negative values represents potential higher impairment loss).

(all figures in EUR millions unless stated otherwise)

Input/ change in input	**Potential change in impairment loss (in m EUR)**
Discount rate - tested in model (post-tax discount rate (5.0%))	
-10% of base value	12.7
-5% of base value	5.8
+5% of base value	(4.9)
+10% of base value	(9.0)
Growth rate for residual value - tested in model (1.9%)	
-10% of base value	(3.4)
-5% of base value	(1.8)
+5% of base value	1.9
+10% of base value	3.9
Weighted average budgeted EBITDA margin value - tested in model (2.6%)	
-10% of base value	(21.2)
-5% of base value	(10.6)
+5% of base value	10.6
+10% of base value	21.1
Restaurant Sales	
-5% in each year of projection	(4.4)
-3% in each year of projection	(2.6)
+3% in each year of projection	2.6
+5% in each year of projection	4.4

Below table shows the values to discount rate and growth rate under which recoverable amount in the model would equal to carrying amount of tested unit.

Discount	Post tax discount rate	Growth rate
Applied in model	5.0%	1.90%
When carrying amount of CGU equals to recoverable amount	4.10%	2.9%

15. Trade and other receivables

	30 June 2020	**31 December 2019**
Trade receivables from non-related entities	31.0	37.7
Other tax receivables	21.7	39.4
Credit cards, coupons and food aggregators receivables	14.0	5.9
Receivables related to government schemes	6.3	-
Investment receivables (note 22)	-	20.0
Loans and borrowings	1.4	1.4
Other	2.0	8.3
Allowances for receivables	(9.5)	(8.1)
	66.9	**104.6**

Information about the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 25.

16. Cash and cash equivalents

	30 June 2020	**31 December 2019**
Cash at bank	209.4	93.0
Cash in hand	8.3	13.2
Total	**217.7**	**106.2**

(all figures in EUR millions unless stated otherwise)

Reconciliation of working capital changes as at 30 June 2020 and 31 December 2019 is presented in the table below:

H1 2020	Balance sheet change	Acquisition settlements	Other change (note 22)	Change in investment liabilities	Exchange differences	Working capital changes
Change in trade and other receivables	37.7	-	(20.0)	-	(2.7)	15.0
Change in inventories	2.9	-	-	-	(0.8)	2.1
Change in other assets	6.0	-	-	-	(1.3)	4.7
Change in payables and other liabilities	0.6	-	-	13.5	3.7	17.8
Change in other provisions and employee benefits	2.1	-	-	-	-	2.1

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

17. 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 at 30 June 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 at 1 January 2020	**236.3**	**13.9**	**(39.0)**	**(7.5)**	**0.9**	**(26.3)**	**178.3**
Net investment hedges	-	-	-	-	(7.2)	-	**(7.2)**
Income tax related to net investment hedges	-	-	-	-	1.2	-	**1.2**
Total comprehensive income	**-**	**-**	**-**	**-**	**(6.0)**	**-**	**(6.0)**
Share based payments							
Value of disposed treasury shares	-	-	(0.9)	0.9	-	-	**-**
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	-	4.0	-	-	-	-	**4.0**
Change of deferred tax related to unexercised employee benefits	-	(2.2)	-	-	-	-	**(2.2)**
Total share based payments	-	*1.3*	*(0.3)*	*0.9*	-	-	***1.9***
Total distributions and contributions	**-**	**1.3**	**(0.3)**	**0.9**	**-**	**-**	**1.9**
As at 30 June 2020	**236.3**	**15.2**	**(39.3)**	**(6.6)**	**(5.1)**	**(26.3)**	**174.2**

	Share premium	Payments in shares	Employee options	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As at 1 January 2019 (restated)	236.3	**13.0**	**(6.3)**	**(15.2)**	(0.5)	**(21.2)**	206.1
Net investment hedges	-	-	-	-	1.9	-	**1.9**
Income tax related to net investment hedges	-	-	-	-	(0.3)	-	**(0.3)**
Total comprehensive income	-	**-**	**-**	**-**	**1.6**	-	**1.6**
Transaction with non-controlling interests	-	-	-	-	-	(4.8)	(4.8)
Total transactions with non-controlling interests	-	**-**	**-**	**-**	-	(4.8)	(4.8)
Deferred payment in shares	-	(13.0)	**-**	**-**	-	-	**(13.0)**
Purchases of treasury shares	-	-	-	(0.5)	-	-	**(0.5)**
Share based payments							
Value of disposed treasury shares	-	-	(5.3)	5.3	-	-	-
Employee stock option plan – value of employee benefits exercised in the period	-	-	(2.4)	-	-	-	**(2.4)**
Employee stock option plan – proceeds from employees for transferred shares	-	-	0.5	**-**	-	-	**0.5**
Employee stock option plan – change in unexercised options	-	-	4.1	-	-	-	**4.1**
Change of deferred tax related to unexercised employee benefits	-	-	(0.6)	-	-	-	**(0.6)**
Total share based payments	-	-	*(3.7)*	*5.3*	-	-	***1.6***
Total distributions and contributions	**-**	**(13.0)**	**(3.7)**	**4.8**	**-**	-	**(11.9)**
As at 30 June 2019 (restated)	**236.3**	**-**	**(10.0)**	**(10.4)**	**1.1**	**(26.0)**	**191.0**

(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 6 months period ended 30 June 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 6 months period ended 30 June 2020.

Payments in shares

This item reflects the impact of payments in a fixed number of shares related to Sushi Shop Group acquisition. The transaction was settled in HY 2019. 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 6 months ended 30 June 2020 and 2019 hedges were fully effective.

As at 30 June 2020 the accumulated value of currency revaluation recognised in reserve capital (resulting from net investment hedges) amounted to EUR 7.2 million, and deferred tax concerning this revaluation EUR 1.2 million.

Transactions with NCI

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

The following transactions were recognised in the period of H1 2020:

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

The following transactions were recognised in H1 2019:

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

18. Earnings per share

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

Table below presents calculation of basic and diluted earnings per ordinary share for the 6 months ended 30 June 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 June 2020**	**30 June 2019**
Net profit attributable to shareholders of the parent (EUR millions)	(160.7)	10.4
Weighted average number of ordinary shares for basic EPS (in thousands of shares)	219 251	221 395*
Weighted average number of ordinary shares for diluted EPS (in thousands of shares)	219 453	222 472*
Basic earnings per ordinary share (EUR)	(0.73)	0.05
Diluted earnings per ordinary share (EUR)	(0.73)	0.05

** Weighted average number of ordinary shares for basic EPS and diluted EPS was recalculated, taking into account options under share based programs within the Group. The adjustment to the weighted average number of ordinary shares does not change the basic or diluted EPS, that was at the level of 0.05 EUR per share.*

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

Weighted-average number of ordinary shares in thousands of shares	**30 June 2020**	**30 June 2019**
Shares issued at the beginning of the period	219 554	219 554
Effect of treasury shares held	(655)	(1 217)
Effect of shares subject to Sushi Shop payment	-	1 155
Effect of share options vested	352	1 903
Weighted average number of ordinary shares for basic EPS	219 251	221 395

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

Weighted-average number of ordinary shares for diluted EPS in thousands of shares	**30 June 2020**	**30 June 2019**
Weighted-average number of ordinary shares for basic EPS	219 251	221 395
Effect of share options unvested	202	1 077
Weighted average number of ordinary shares for diluted EPS	219 453	222 472

As at 30 June 2020, 11 014 thousand of options were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive. At 30 June 2019, there were 10 241 thousand of options with anti-dilutive effect.

19. Borrowings

Long-term	**30 June 2020**	**31 December 2019**
Bank loans	54.4	555.0
SSD	101.0	101.0
Total	**155.4**	**656.0**

Short-term	**30 June 2020**	**31 December 2019**
Bank loans	670.0	62.8
SSD	1.7	1.3
Total	**671.7**	**64.1**

Bank loans and bonds

Currency	Loans/Bonds	Effective interest rate	30 June 2020	31 December 2019
PLN	Syndicated bank loan	3M WIBOR+margin	129.9	135.8
EUR	Syndicated bank loan	3M EURIBOR/fixed +margin	537.6	476.3
EUR	Schuldscheinedarlehen Bonds	6M EURIBOR/fixed +margin	102.7	102.3
EUR	Bank loans Germany	EURIBOR+margin	-	5.1
EUR	Bank loans Spain	fixed	26.2	-
EUR	Bank loans France	fixed	30.1	-
CNY	Bank loan – China	fixed	0.6	0.6
			827.1	**720.1**

As at 30 June 2020, syndicated bank financing secured in 2017, with further amendments, accounts for the majority of AmRest debt. Details of bank financing are as follows:

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

The available tranches:

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

** Approximate total amount: EUR 682m*

- Interest rates: Approximately half of the available facility is provided at variable interest rates (3M Euribor/Wibor increased by a margin) and parts of tranches A and F are provided at a fixed rate,
- Securities: submissions to execution from the Borrowers, guarantees from Group companies, pledge on shares of Sushi Shop Group. Additional information presented in note 23,
- Other information: 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. As at 30 June 2020 bank covenant net debt/adjusted consolidated EBITDA was not met and the Group was required to report syndicated bank loan balance as current liabilities. On 1 September 2020 the Group has received the waiver letter from the banks. The requirement of the bank covenant for the quarter ending 30 June 2020 has been waived and consequently the debt is classified as non current liability from the date of receiving the waiver. For both ratios EBITDA is calculated without effect of IFRS 16. The effective interest rates are similar to the market rates for specific borrowings. Therefore, the fair value of the liabilities presented above does not differ significantly from their carrying amounts.

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

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

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

(all figures in EUR millions unless stated otherwise)

As at 30 June 2020, payables concerning SSD issued amount to EUR 102.7 million.

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 at 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.

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

	30 June 2020	31 December 2019
Up to 1 year	671,7	64.1
Between 1 and 2 years	29.1	57.9
Between 2 and 3 years	58.9	559.6
Between 3 and 4 years	21.3	-
Between 4 and 5 years	40.9	38.5
More than 5 years	5.2	-
	827.1	**720.1**

The Group has the following unused, awarded credit limits as at 30 June 2020 and 31 December 2019:

	30 June 2020	31 December 2019
With floating interest rate		
- expiring beyond one year (tranche D)	-	68.4
- expiring beyond one year (Banks loans Spain)	18.8	-
Total	**18.8**	**68.4**

The table below presents the reconciliation of the debt for 6 months ended 30 June 2020 and 2019 :

H1 2020	Bank loans	SSD	Total
As at 1 January 2020	**617.8**	**102.3**	**720.1**
Payment	(25.8)	-	(25.8)
Loan taken/ new contracts	136.9	-	136.9
Accrued interests	8.7	1.1	9.8
Payment of interests	(8.7)	(0.7)	(9.4)
Exchange differences	(4.5)	-	(4.5)
As at 30 June 2020	**724.4**	**102.7**	**827.1**

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

20. Employee benefits and share based payments

During 6 months ended 30 June 2020, the Group has not granted any new options.

For existing programs, the Group continued to recognise accruals for equity-settled options in reserve capital and accrual for cash-settled options in liabilities. The total amounts of the accrual as at 30 June 2020 and 31 December 2019 are presented in a table below:

(all figures in EUR millions unless stated otherwise)

	30 June 2020	31 December 2019
Reserve capital- gross value	16.9	13.4
Reserve capital- gross value with deferred tax effect	15.2	13.9
Liability for cash-settled options	0.2	0.5

The costs recognized in connection with the share based programs amounted to EUR 3.6 million and EUR 4.4 million respectively in 6 months ended 30 June 2020 and 30 June 2019.

21. Trade and other accounts payables

Trade and other accounts payables as at 30 June 2020 and 31 December 2019 cover the following items:

	30 June 2020	31 December 2019
Payables to non-related entities, including:	**209.2**	**199.3**
Trade payables	131.5	100.9
Payables in respect of uninvoiced deliveries of food	9.8	10.5
Employee payables	8.7	16.9
Social insurance payables	22.7	17.1
Pre-acquisition tax settlements liability	1.5	2.7
Other tax payables	8.7	14.8
Investment payables	8.8	14.7
Other payables	17.5	21.7
Contract liabilities - loyalty programs	**0.1**	**0.6**
Contract liabilities - gift cards	**5.3**	**5.0**
Contract liabilities – initial fees	**3.2**	**3.1**
Accruals, including:	**58.6**	**67.8**
Employee bonuses	16.1	19.7
Marketing services	3.2	3.8
Holiday pay accrual	17.5	14.6
Professional services	9.1	5.4
Franchise fees	3.8	5.5
Investment payables accrual	3.0	10.6
Other	5.9	8.2
Deferred income	**4.0**	**3.1**
Social fund	**0.6**	**0.6**
Total trade and other accounts payables	**281.0**	**279.5**

22. 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.

23. Changes in 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.

24. Transactions with related entities

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

Group shareholders

As at 30 June 2020, FCapital Dutch B.V. was the largest shareholder of AmRest and held 67.05% of its shares and voting rights, and as such was its related entity. No transactions with FCapital Dutch B.V. related parties were noted.

Transactions with key management personnel

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

	6 months ended	
	30 June 2020	**30 June 2019**
Remuneration of the members of the Board of Directors and Senior Management Personnel paid directly by the Group	1.9	1.7
Gain on share-based renumeration systems	0.4	5.8
Total compensation paid to key management personnel	**2.3**	**7.5**

The Group's key management personnel participates in the employee share option plans (note 20). The costs relating to the options amounted to EUR 1.3 million and EUR 2.2 million respectively in 6 months ended 30 June 2020 and 30 June 2019.

	6 months ended	
	30 June 2020	**30 June 2019**
Number of options outstanding (pcs)	4 055 800	8 624 039
Number of available options (pcs)	390 933	1 972 439
Fair value of outstanding options as at grant date (EUR millions)	10.0	16.8

As at 30 June 2020 and 31 December 2019, the Company had no outstanding balances with the key management personnel.

As at 30 June 2020 and 31 December 2019 the Company has not extended any advances to the Board of Directors or senior management personnel and had no pension fund, life insurance or other such commitments with these parties, except for the share option plans detailed above and in note 20. As at 30 June 2020 and 31 December 2019 there were no liabilities to former employees.

25. Financial instruments

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

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

(all figures in EUR millions unless stated otherwise)

30 June 2020	Note	FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets measured at fair value				
Equity instruments		76.2	-	-
Financial assets not measured at fair value				
Rental deposits		-	20.5	-
Trade and other receivables	15	-	45.1	-
Cash and cash equivalents	16	-	217.7	-
Financial liabilities not measured at fair value				
Loans and borrowings	19	-	-	724.4
SSD	19	-	-	102.7
Lease liabilities	11	-	-	831.2
Trade and other liabilities	21	-	-	190.2

31 December 2019	Note	FVTPL	Financial assets at amortized cost	Financial liabilities at amortized cost
Financial assets measured at fair value				
Equity instruments		76.2	-	-
Financial assets not measured at fair value				
Rental deposits	15	-	20.6	-
Trade and other receivables	16	-	65.2	-
Cash and cash equivalents		-	106.2	-
Financial liabilities not measured at fair value				
Loans and borrowings	19	-	-	617.8
SSD	19	-	-	102.3
Lease liabilities	11	-	-	864.1
Trade and other liabilities	21	-	-	181.3

As at 30 June 2020 loss allowance recognized by the Group amounts to EUR 9.5 million.

The ageing break-down of receivables and receivable allowance as at 30 June 2020 and 30 June 2019 is presented in the table below.

2020	**Current**	**Overdue in days**				**Total**
	current	less than 90	91 - 180	181 - 365	more than 365	
Trade and other receivables	56.0	6.8	2.8	4.1	6.7	**76.4**
Loss allowance	-	-	(1.8)	(1.5)	(6.2)	**(9.5)**
Total	**56.0**	**6.8**	**1.0**	**2.6**	**0.5**	**66.9**

2019	**Current**	**Overdue in days**				**Total**
	current	less than 90	91 - 180	181 - 365	more than 365	
Trade and other receivables	72.9	5.7	1.3	1.5	3.5	**84.9**
Loss allowance	-	-	(0.2)	(0.8)	(3.5)	**(4.5)**
Total	**72.9**	**5.7**	**1.1**	**0.7**	**-**	**80.4**

Value of loss allowance for receivables as at 30 June 2020 and 31 December 2019 is presented in table below:

	6 months ended	
	30 June 2020	**30 June 2019**
Value at the beginning of the period	8.1	4.2
Allowance created	2.3	0.5
Allowance released	(0.1)	(0.2)
Other	(0.8)	-
Value at the end of the period	**9.5**	**4.5**

26. Events after the reporting period

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.

On 30 July 2020 Supreme Court in Poland 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. In August 2020 AmRest Sp. z o.o. received the refund of previously paid VAT with due interest in total amount of EUR 7.8 million (PLN 35.1 million).

In August 2020 company AmRest Traugutta Sp. z o.o. 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 at 30 June 2020. The selling price in the amount of EUR 7.5 million was received till the date of publication of this report.

Group is maintaining close communication with its financing banks. On 1 September 2020 the Group has received the waiver letter from the banks. The requirement of the bank covenant for the quarter ending 30 June 2020 has been waived.

After 30 June 2020, until the date of publication of this Report, COVID-19 outbreak continues and countries are at different stages in their exposure.

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.

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Carlos Fernández González
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 24 September 2020

Consolidated Director's Report for 6 months ended 30 June 2020

AmRest Holdings SE

24 September 2020

AmRest

AmRest

CONTENTS

(all figures in EUR millions unless stated otherwise)

Financial highlights (consolidated data)

	6 months ended		3 months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Revenue	684.0	927.7	272.1	482.8
EBITDA*	64.6	165.8	22.0	89.0
EBITDA margin	9.5%	17.9%	8.1%	18.4%
Adjusted EBITDA**	65.8	169.9	22.2	91.5
Adjusted EBITDA margin	9.6%	18.3%	8.2%	19.0%
Profit from operations (EBIT)	(140.1)	35.2	(116.5)	17.8
Margin from operations (EBIT margin)	(20.5%)	3.8%	(42.8%)	3.7%
Profit before tax	(172.5)	15.3	(124.5)	8.2
Net profit	(162.3)	11.0	(120.0)	7.2
Net margin	(23.7%)	1.2%	(44.1%)	1.5%
Net profit attributable to non-controlling interests	(1.6)	0.6	(0.9)	0.5
Net profit attributable to equity holders of the parent	(160.7)	10.4	(119.1)	6.7
Cash flows from operating activities	101.4	147.7	64.5	91.2
Cash flows from investing activities	(29.6)	(110.2)	(15.5)	(65.4)
Cash flows from financing activities	36.9	(53.8)	24.5	(31.3)
Total cash flows, net	108.7	(16.3)	73.5	(5.5)
Total Equity (as at 30 June 2020 and 2019 respectively)	297.5	434.3	297.5	434.3
Total assets (as at 30 June 2020 and 2019 respectively)	2 320.5	2 247.3	2 320.5	2 247.3
Net debt (as at 30 June 2020 and 2019 respectively)	611.6	595.8	611.6	595.8
Leverage ratio (as at 30 June 2020 and 2019 respectively)	5.37x	3.03x	5.37x	3.03x
Average weighted number of ordinary shares in issue	219 251	221 395	219 256	221 120
Average weighted number of ordinary shares for diluted earnings per shares	219 453	222 472	219 399	222 045
Basic earnings per share (EUR)	(0.73)	0.05	(0.54)	0.03
Diluted earnings per share (EUR)	(0.73)	0.05	(0.54)	0.03
Declared or paid dividend per share (EUR)	-	-	-	-

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

*** Adjusted EBITDA – EBITDA adjusted for new openings expenses (Start-up costs), M&A expenses (all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with transaction) and effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan). Reconciliation of the Alternative Performance Measure is presented in table 3 or 4.*

	As at 30 June 2020	As at 31 December 2019
Total assets	2 320.5	2 435.0
Total liabilities	2 023.0	1 958.3
Non-current liabilities	916.1	1 459.4
Current liabilities	1 106.9	498.9
Equity attributable to shareholders of the parent	290.2	467.2
Non-controlling interests	7.3	9.5
Total equity	297.5	476.7
Share capital	22.0	22.0
Number of restaurants	2 318	2 337
-of which equity	1 844	1 858
-of which franchise	474	479

Group Business Overview

Basic services provided by the Group

AmRest Holdings SE ("AmRest", "Company") with its subsidiaries (the "Group") is one of the leading publicly listed European restaurant operators, present in 26 countries of Europe and Asia. The portfolio of the Group consists of four franchised brands (KFC, Pizza Hut, Starbucks, Burger King) and eleven proprietary brands including six virtual brands (La Tagliatella, Blue Frog, Kabb, Bacoa, Sushi Shop, and virtual brands: Pokaï, Lepieje, 'Oi Poke, Moya Misa Ramen, Pierwsze i Drugie, Viva Salad!). The offer of virtual brands in Poland is available also under Food About concept that enables to order different virtual brand dishes under one order.

As at 30 June 2020, AmRest managed the network of 2 318 restaurants. Given the current scale of the business, every day almost 44 thousand AmRest employees deliver delicious taste and exceptional service at affordable prices.

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

1) Central and Eastern Europe ("CEE"), where historically the Company was founded and opened its first restaurant under the name of Pizza Hut; today CEE division covers the region of 10 countries (Poland, Czech Republic, Hungary, Bulgaria, Serbia, Croatia, Romania, Austria, Slovenia and Slovakia) and has 996 restaurants under its umbrella;
2) Western Europe ("WE"), a segment which primarily consists of Spain, France and Germany, where both franchised and proprietary brands are operated; as a result of dynamic organic expansion supported by recent acquisitions, division of Western Europe has become a significant operating segment of the Group consisting of 12 countries;
3) Russia, where AmRest manages the network of KFC and Pizza Hut restaurants. The segment includes also Pizza Hut restaurants located in Armenia and Azerbaijan;
4) China, where the networks of two proprietary brands are operated: Blue Frog and Kabb.

One additional segment which is "Other" does not include any network of owned or franchised restaurants and accounts for the results of SCM Sp. z o.o. along with its subsidiaries and other support costs and functions rendered for the Group or not allocated to applicable segments such as, for instance, Executive Team, Controlling, Treasury, Investor Relations, Mergers & Acquisitions, The detailed description of the segments is included in Note 4 of the Condensed Consolidated Financial Statements called "Segment Reporting".

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

1) Quick Service Restaurants ("QSR"), represented by KFC and Burger King,
2) Fast Casual Restaurants ("FCR"), represented by Pizza Hut Delivery and Express, Bacoa and Sushi Shop,
3) Casual Dining Restaurants ("CDR"), represented by Pizza Hut Dine-in, La Tagliatella, Blue Frog and KABB
4) Coffee category, represented by Starbucks.
5) Virtual brands, whose offer is available only online, represented by Pokaï, Lepieje, 'Oi Poke, Moya Misa Ramen, Pierwsze i Drugie and Viva Salad!

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

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

Activity in aggregator area

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

(all figures in EUR millions unless stated otherwise)

On 13 August 2019 the Group 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 AmRest transferred 100% of shares in PizzaPortal to Glovo. On 24 January 2020 the Company announced satisfaction of all conditions envisaged by the Agreement and final settlement of the transaction. As a result of the abovementioned transaction AmRest holds 7.5% stake in Glovo's share capital (non-diluted).

Number of AmRest restaurants broken down by brands as at 30 June 2020

Brand	Restaurants*	Equity share	Franchise share	Share in total
Franchised	1 802	87%	13%	78%
KFC	870	100%	0%	38%
PH	471	54%	46%	20%
Starbucks*	388	95%	5%	17%
Burger King	73	100%	0%	3%
Proprietary	516	54%	46%	22%
La Tagliatella	243	34%	66%	10%
Sushi Shop	183	66%	34%	8%
Blue Frog	73	92%	8%	3%
Bacoa	8	25%	75%	<1%
Kabb	1	100%	0%	0%
Virtual Brands	8	100%	0%	<1%

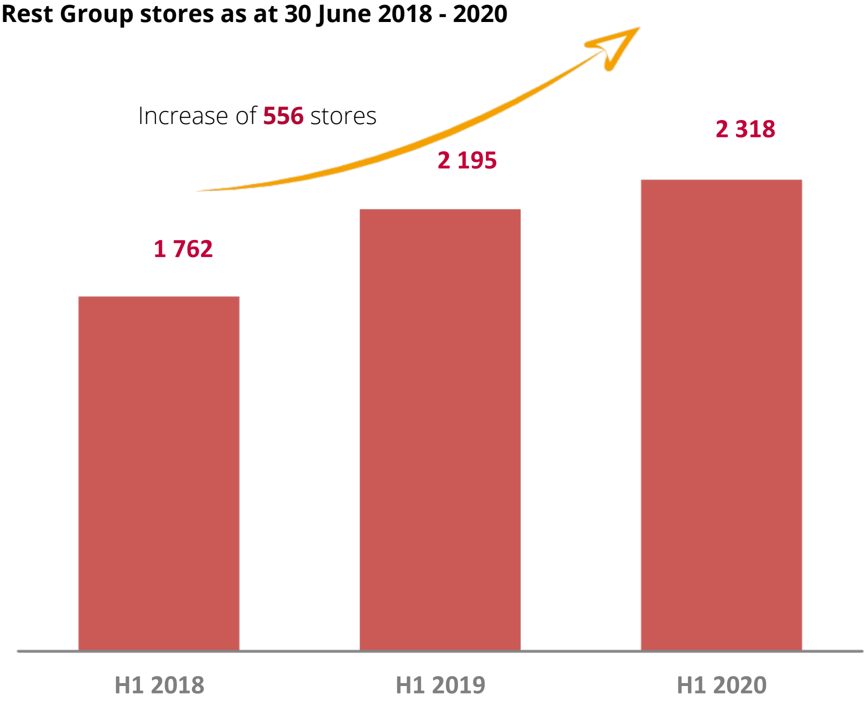
* Starbucks franchise share refers to Starbucks licensed stores for which AmRest offers supply service but does not receive any royalty

Number of AmRest restaurants broken down by countries as at 30 June 2020

Region	Restaurants*	Equity share	Franchise share	Share in total
Total	2 318	80%	20%	100%
CEE	996	100%	0%	43%
Poland	557	100%	0%	24%
Czech	191	100%	0%	8%
Hungary	130	100%	0%	6%
Romania	54	100%	0%	2%
Other CEE*	64	100%	0%	3%
WE	981	55%	45%	42%
Spain	329	48%	52%	14%
France	328	55%	45%	14%
Germany**	274	65%	35%	12%
Other WE*	50	50%	50%	2%
Russia*	269	88%	12%	12%
China	72	94%	6%	3%

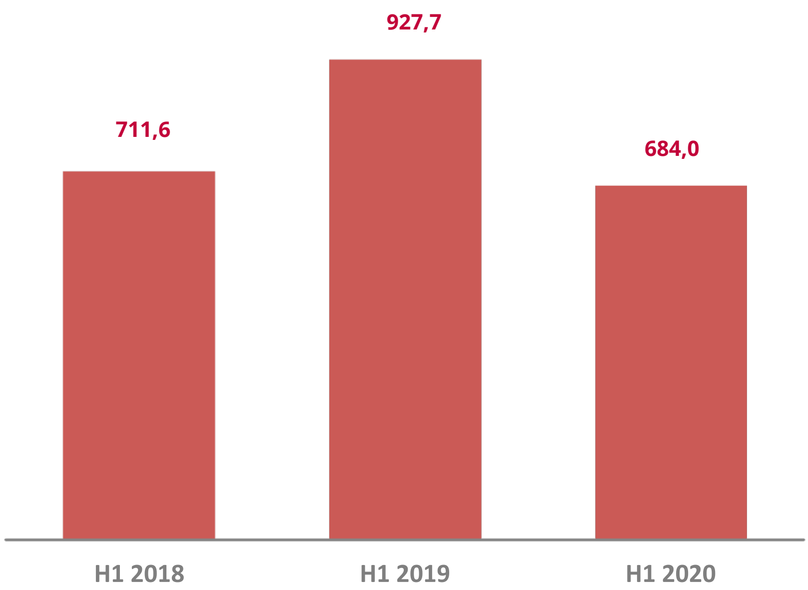
* Other CEE includes Bulgaria (24), Serbia (15), Slovakia (14), Croatia (8), Austria (2), Slovenia (1); Other WE includes Belgium (11), UAE (11), Swiss (7), Portugal (6), UK (5), Italy (3), Luxembourg (3), Saudi Arabia (3), the Netherlands (1); Russia includes also Armenia (3) and Azerbaijan (2)
** Germany franchise share includes Starbucks licensed stores for which AmRest offers supply service but does not receive any royalty

Number of AmRest Group stores as at 30 June 2018 - 2020

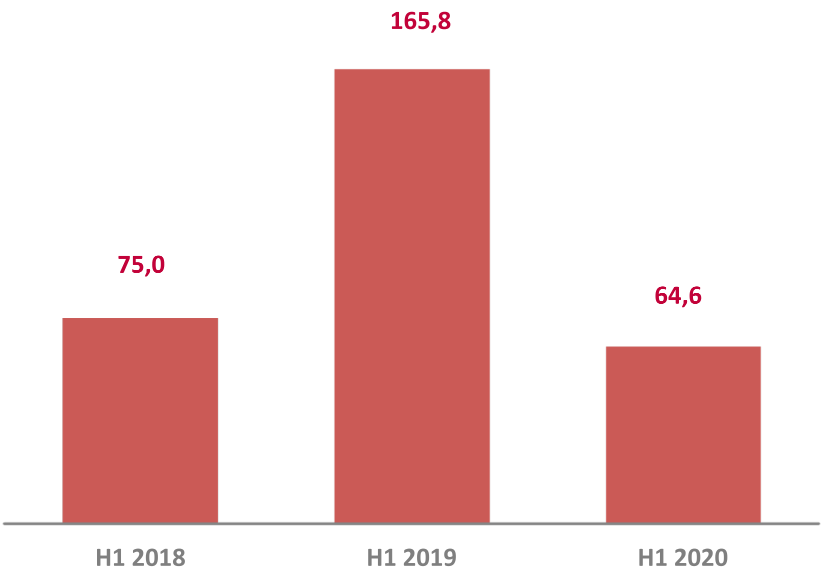


* Including restaurants operated by franchisees of La Tagliatella, Pizza Hut, Sushi Shop, Blue Frog and Bacoa brands

The AmRest Group revenue for 6 months ended 30 June 2018 - 2020



The AmRest Group EBITDA (IFRS16 for H1 2018) for 6 months ended 30 June 2018 - 2020



mEUR	Q1 2019 IFRS16	Q2 2019 IFRS16	Q3 2019 IFRS16	Q4 2019 IFRS16	Q1 2020 IFRS16	Q2 2020 IFRS16	TTM[4] IFRS16
Revenue	444.9	482.8	504.8	529.0	411.9	272.1	1 717.8
Revenue growth [1]	28.1%	32.5%	28.7%	19.4%	(7.4%)	(43.6%)	(2.6%)
EBITDA	76.8	89.0	100.6	128.0	42.6	22.0	293.2
EBITDA margin	17.3%	18.4%	19.9%	24.2%	10.3%	8.1%	17.1%
Adjusted EBITDA [2]	78.4	91.5	102.9	96.4	43.6	22.2	265.1
Adjusted EBITDA margin	17.6%	19.0%	20.4%	18.2%	10.6%	8.2%	15.4%
EBIT	17.4	17.8	37.8	32.6	(23.6)	(116.5)	(69.7)
EBIT margin	3.9%	3.7%	7.5%	6.2%	(5.7%)	(42.8%)	(4.1%)
Profit for the period [3]	3.7	6.7	16.8	38.0	(41.6)	(119.1)	(105.9)
Profit for the period margin	0.8%	1.4%	3.3%	7.2%	(10.1%)	(43.8%)	(6.2%)
Net debt	579.4	595.8	598.0	616.4	629.8	611.6	611.6
Leverage ratio	3.1	3.0	2.9	2.9	3.6	5.4	5.4

[1] The growth vs corresponding period in the previous year
[2] EBITDA adjusted for new openings expenses (Start-up costs), M&A expenses (all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with transaction, profit/loss on sale of shares or entities and effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).
[3] Attributable to AmRest shareholders
[4] Trailing 12 months

Financial performance of the Group

Revenue

Consolidated revenue of AmRest Group reached EUR 684.0 million in H1 2020 and were 26.3% lower compared to the previous year due to the widely applied lockdowns of restaurants, shopping malls and dine-in areas as well as other containment measures across many countries in order to limit the spread of COVID-19. China was the first market to be affected with first limitations implemented in January hence the biggest impact was already visible in the Q1 2020 results. However most of the European countries which constitute vast majority of AmRest operations introduced first restrictions in the middle of March therefore results in the weeks ahead were severely affected. Consequently, sales in Q2 2020 decreased by 43.6% year-on-year to EUR 272.1 million. In Q1 2020 total sales decreased by 7.4% over the year.

Along with gradual easing of restrictions in big part of Europe from mid of May, strong digital capabilities and well-prepared and executed approach around re-openings, including especially safety measures, sales have started to improve. On a month by month basis, from April to June, Group's sales were down 66.9%, 40.7% and 24.4% over the year, respectively. At the same time percentage of restaurants opened and operated as of end of a month but still with limited dine-in area for most of the quarter was 57%, 82% and 93%, respectively. Comparable restaurants sales index ("like-for-like" or "same-store-sales") reached 67.8% in Q2 2020 compared to 91.1% in Q1 2020 but was trending upward on a month by month basis from April to June at 48.8%, 68.7% and 78.8%, respectively. Sales generated by delivery and drive-thru channels in our equity business grew by ca. 61% over the year in Q2 2020.

The revenues in Central and Eastern Europe segment (CEE) in H1 2020 declined by 18.9% year-on-year and reached EUR 315.4 million. In Q2 2020 sales were 34.3% lower than last year and amounted EUR 133.6 million. Strength of delivery and drive thru channels due to more QSR oriented business as well as higher percentage of opened stores enabled the segment to perform relatively better. On a month by month basis, from April to June, segment sales were down 58.1%, 31.5% and 15.0% year-on-year, respectively. At the same time number of restaurants opened and operated as of end of a month but still with limited dine in for most of the quarter were 58%, 96% and 99%, respectively. In Q1 2020 segment sales dropped by 2.1%.

Western Europe reported the biggest hit in sales due to the implemented limitations across the countries in response to the pandemic as well as higher share of dine-in business. In H1 2020 revenue was lower by 33.4% compared to the same period last year and amounted EUR 257.3 million. In Q2 2020 sales decreased by 52.8% to EUR 92.4 million. April was the worst month in the period as a result of massive lockdowns and temporary closed restaurants. Since then sales have started to pick up with France leading the way followed by Germany and Spain. On a month by month basis segment revenues were down 79.1% in April, 49.3% in May and 29.6% in June year-on-year. At the same time percentage of restaurants opened and operated as of end of a month and still with limited dine in for most of the quarter were 50%, 71% and 91%, respectively. In Q1 2020 segment sales declined by 13.5%.

Russian division generated revenues of EUR 95.9 million in H1 2020 which represented a 25.5% decrease over the year. In Q2 2020 sales were down 57.1% vs. last year and reached EUR 22.3 million. Restrictions related to the COVID-19 pandemic started end of March in Russia and lasted for the whole quarter with the first stage of easing just in June. On a month by month basis, from April to June, segment sales were down 65.9%, 59.5% and 47.0% year-on-year, respectively. At the same time percentage of restaurants opened and operated yet still with limited dine in for most of the quarter were 64%, 66% and 77%, respectively. In Q1 2020 segment sales grew by 11.8%.

China posted a decrease in revenue in H1 2020 of 33.9% over the year and reached EUR 29.1 million in sales. However the segment has started its path of recovery in sales in the second quarter as revenue in Q2 2020 decreased by 21.0% vs. last year to EUR 19.2 million compared to a decrease of 49.8% in Q1 2020. In the middle of June, segment results were impacted by a short period of lockdown due to the increase in the COVID-19 cases. On a month by month basis segment revenues were down 36.8% in April, 9.0% in May and 18.5% in June year-on-year. At the same time share of restaurants opened and operated yet with still limited dine in for most of the quarter were 97%, 99% and 100%, respectively.

Other segment posted a 12.8% decline in sales in H1 2020 to EUR 10.7 million and 38.9% drop in Q2 2020 to EUR 4.6 million mainly due the lower activity in supply chain management in the second quarter as a result of the restrictions for the foodservice sector.

Profitability

In H1 2020 the main impact on Group's profitability had negative effect from operational leverage caused by lower sales levels. A strong start of the year in Europe was erased by significant limitations of restaurants operations and sales across countries that started generally in the second half of March with additional negative impact from China mainly in the first quarter. As a result, consolidated EBITDA reached EUR 64.6 million or 9.5% margin in the H1 2020, a decline of 61.0% compared to EUR 165.8 million last year with margin at 17.9%. In Q2 2020 EBITDA amounted EUR 22.0 million with margin at 8.1% vs. EUR 89.0 million or 18.4% margin last year (a decline of 75.2%). In Q1 2020 EBITDA reached EUR 42.6 million and margin was at 10.3%.

When it comes to the profit from operations (EBIT), the result was additionally negatively impacted by accounting loss of EUR 73.1 million in Q2 2020, mainly associated with the impairment of Starbucks Germany business and right-of-use assets. As a result EBIT reached EUR (140.1) million in H1 2020 and EUR (116.5) million in Q2 2020 compared to EUR 35.2 million and EUR 17.8 million last year, respectively.

Consequently, net profit attributable to AmRest shareholders amounted EUR (160.7) million in H1 2020 and EUR (119.1) million in Q2 2020 compared to EUR 10.4 million in H1 2019 and EUR 6.7 million in Q2 2019.

In H1 2020, the Group recognized payroll and social contribution benefits from the governmental support programs of EUR 19.5 million which has been recognized as other operating income. The government grants are in the form of waived social security payables (EUR 2.6 million) and cash grants (EUR 16.9 million, of which EUR 6.6 million as at 30 June 2020 was not received yet). Additionally, due to still ongoing procedure around acceptance of the new IFRS 16 Leases amendment by IASB related to relief from rents as a direct consequence of the COVID-19 pandemic, Group's results for H1 2020 do not include EUR 10.7 million of lowered lease costs and EUR 2.3 million higher tax income that would have been included if the amendments had been approved by the date of publication of the report.

Net debt stood at EUR 611.6 million which resulted in leverage ratio at 5.37x at the end of H1 2020. Syndicated bank loan covenants are calculated quarterly. As at 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. On 1 September 2020 the Group has received the waiver letter from the banks. The requirement of the bank covenant has been waived for the quarter ending 30 June 2020.

Central and Eastern Europe posted a 36.8% decline year-on-year in EBITDA in H1 2020 to EUR 52.9 million or 16.8% margin compared to 21.5% last year. In Q2 2020 EBITDA reached EUR 24.2 million and was 47.2% below last year's level with margin at 18.1% compared to 22.5% in Q2 2019. Faster reopening of the economies along with strong operational, focus around more delivery and takeaway oriented QSR business and supportive public aid programs helped the segment to perform relatively well. Additionally a lot of efforts has been put around product promotion, general cost control and menu innovation, and simplification which have contributed positively. On the other hand partially replaced dine-in channel by delivery has put some temporary pressure on margins. In Q1 2020 EBITDA reached EUR 28.7 million or 15.8% margin.

EBITDA of Russian division amounted to EUR 9.6 million in H1 2020 with margin at 13.5% compared to EUR 19.5 million and 20.3% margin last year. In Q2 2020 EBITDA reached EUR 2.1 million or 9.5% margin while last year's result was EUR 11.3 million or 21.7% margin. Sustained lockdown restrictions for longer time resulted in lower level of re-openings and consequently sales recovery in the period. That along with much higher delivery share impacted negatively on margins. On the other hand rollout of the improved food inventory management system has contributed in plus for profits. In Q1 2020 segment EBITDA reached EUR 7.5 million with margin at 15.3%.

Western Europe segment EBITDA amounted EUR 6.1 million in H1 2020 or 2.4% compared to EUR 59.7 million or 15.5% margin last year. In Q2 2020 EBITDA stood at (5.0) million with margin at (5.4%) while last year it amounted EUR 30.6 million or 15.6% margin. The segment results have been particularly hit by the pandemic due to its severity in many countries, strict lockdown measures and lack of most of the business activity in April in Spain or France as well as higher share of dine-in business. Gradual re-openings and recovery of sales in May and June along with cost optimization initiatives, public aid programs and strong operations has helped to improve margins on a month by month basis. In Q1 2020 EBITDA reached EUR 11.1 million or 6.7% margin.

China business reported EBITDA at EUR 5.5 million or 19.0% margin in H1 2020 compared to EUR 12.3 million and 27.8% margin last year. The second quarter showed promising signs of recovery as EBITDA margin reached 30.0% vs. 30.9% last year with EBITDA at EUR 5.8 million compared to EUR 7.5 million in Q2 2019. Return of the restaurants activity as well as strong cost control and capabilities of the team helped to quickly adapt and perform relatively well despite more dine-in oriented business model. In Q1 2020 segment EBITDA amounted EUR (0.2) or (2.4%) margin.

Segment 'Other' which constitutes our supply chain management business and some general and administration costs, including Executive Team managed to generate some savings as EBITDA improved in Q2 2020 to EUR (5.0) million from EUR (6.1) million last year and that is despite lower activity of the SCM business.

(all figures in EUR millions unless stated otherwise)

Table 1 Split of revenues and margins by divisions for H1 2020 and 2019

	6 months ended 30 June 2020		6 months ended 30 June 2019	
	Amount	% of sales	Amount	% of sales
Revenue	684.0		927.7	
Poland	174.7	25.5%	217.5	23.4%
Czechia	74.7	10.9%	92.1	9.9%
Hungary	42.8	6.3%	51.5	5.6%
Other CEE	23.2	3.4%	28.0	3.0%
Total CEE	315.4	46.1%	389.1	41.9%
Russia	71.4	10.4%	95.9	10.3%
Spain	77.4	11.3%	133.0	14.3%
Germany	55.0	8.0%	84.7	9.1%
France	110.3	16.1%	148.4	16.0%
Other Western Europe	14.6	2.1%	20.3	2.2%
Western Europe	257.3	37.6%	386.4	41.7%
China	29.1	4.3%	44.0	4.7%
Other	10.8	1.6%	12.3	1.3%
	Amount	% of sales	Amount	% of sales
EBITDA	64.6	9.5%	165.8	17.9%
Poland	28.1	16.1%	41.9	19.3%
Czechia	14.6	19.6%	24.1	26.2%
Hungary	7.7	18.1%	11.9	23.0%
Other CEE	2.5	10.4%	5.8	20.9%
Total CEE	52.9	16.8%	83.7	21.5%
Russia	9.6	13.5%	19.5	20.3%
Spain	8.9	11.5%	33.6	25.3%
Germany	(3.6)	(6.6%)	8.6	10.2%
France	(2.9)	(2.6%)	14.2	9.6%
Other Western Europe	3.7	25.4%	3.3	16.1%
Western Europe	6.1	2.4%	59.7	15.5%
China	5.5	19.0%	12.3	27.8%
Other	(9.5)	-	(9.4)	-
Adjusted EBITDA*	65.8	9.6%	169.9	18.3%
Poland	28.6	16.4%	42.6	19.6%
Czechia	14.7	19.7%	24.5	26.6%
Hungary	7.9	18.4%	12.3	23.9%
Other CEE	2.7	11.8%	6.3	22.5%
Total CEE	53.9	17.1%	85.7	22.0%
Russia	9.7	13.6%	19.8	20.6%
Spain	8.9	11.5%	34.3	25.8%
Germany	(3.5)	(6.3%)	9.1	10.8%
France	(2.9)	(2.6%)	14.4	9.7%
Other Western Europe	3.9	26.3%	3.3	16.1%
Western Europe	6.4	2.5%	61.1	15.8%
China	5.6	19.2%	12.5	28.5%
Other	(9.8)	-	(9.2)	-
EBIT	(140.1)	(20.5%)	35.2	3.8%
Poland	(11.0)	(6.3%)	11.7	5.4%
Czechia	0.8	1.1%	13.2	14.3%
Hungary	(0.7)	(1.7%)	5.3	10.2%
Other CEE	(7.2)	(30.9%)	(0.3)	(0.8%)
Total CEE	(18.1)	(5.7%)	29.9	7.7%
Russia	(9.8)	(13.7%)	3.5	3.7%
Spain	(17.1)	(22.1%)	16.6	12.5%
Germany	(53.4)	(97.1%)	(9.5)	(11.2%)
France	(28.7)	(26.0%)	(0.2)	(0.1%)
Other Western Europe	1.4	9.3%	2.6	12.4%

(all figures in EUR millions unless stated otherwise)

	6 months ended 30 June 2020		6 months ended 30 June 2019	
	Amount	% of sales	Amount	% of sales
Western Europe	(97.8)	(38.0%)	9.5	2.5%
China	(4.5)	(15.3%)	2.3	5.1%
Other	(9.9)	-	(10.0)	-

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

Table 2 Split of revenues and margins by divisions for Q2 2020 and 2019

	3 months ended 30 June 2020		3 months ended 30 June 2019	
	Amount	% of sales	Amount	% of sales
Revenue	272.1	100.0%	482.8	
Poland	73.9	27.2%	112.9	23.4%
Czechia	32.7	12.0%	48.3	10.0%
Hungary	18.0	6.6%	27.0	5.6%
Other CEE	9.0	3.3%	15.1	3.1%
Total CEE	133.6	49.1%	203.3	42.1%
Russia	22.3	8.2%	52.0	10.8%
Spain	20.1	7.4%	68.0	14.1%
Germany	20.4	7.5%	44.2	9.1%
France	45.8	16.8%	73.4	15.2%
Other Western Europe	6.1	2.3%	10.1	2.1%
Western Europe	92.4	34.0%	195.7	40.5%
China	19.2	7.1%	24.3	5.0%
Other	4.6	1.7%	7.5	1.5%
	Amount	% of sales	Amount	% of sales
EBITDA	22.0	8.1%	89.0	18.4%
Poland	14.2	19.2%	22.9	20.3%
Czechia	6.3	19.3%	12.7	26.3%
Hungary	3.2	17.9%	6.5	24.1%
Other CEE	0.5	5.1%	3.6	23.4%
Total CEE	24.2	18.1%	45.7	22.5%
Russia	2.1	9.5%	11.3	21.7%
Spain	(0.6)	(3.3%)	17.1	25.1%
Germany	(2.7)	(13.4%)	5.0	11.3%
France	(4.3)	(9.3%)	6.5	8.9%
Other Western Europe	2.6	43.1%	2.0	20.0%
Western Europe	(5.0)	(5.4%)	30.6	15.6%
China	5.7	30.0%	7.5	30.9%
Other	(5.0)	-	(6.1)	-
Adjusted EBITDA*	22.2	8.2%	91.5	19.0%
Poland	14.3	19.3%	23.2	20.6%
Czechia	6.3	19.4%	13.0	26.9%
Hungary	3.3	18.0%	6.7	24.8%
Other CEE	0.5	6.5%	3.8	25.4%
Total CEE	24.4	18.3%	46.7	23.0%
Russia	2.1	9.5%	11.5	22.1%
Spain	(0.7)	(3.3%)	17.6	25.9%
Germany	(2.7)	(13.0%)	5.2	11.8%
France	(4.2)	(9.2%)	6.6	9.0%
Other Western Europe	2.8	44.5%	2.1	20.1%
Western Europe	(4.8)	(5.2%)	31.5	16.1%
China	5.8	30.0%	7.7	31.8%
Other	(5.3)	-	(5.9)	-

(all figures in EUR millions unless stated otherwise)

	3 months ended 30 June 2020		3 months ended 30 June 2019	
	Amount	% of sales	Amount	% of sales
EBIT	(116.5)	(42.8%)	17.8	3.7%
Poland	(10.3)	(13.9%)	6.5	5.8%
Czechia	(1.2)	(3.7%)	7.0	14.6%
Hungary	(1.4)	(8.1%)	3.2	11.7%
Other CEE	(5.8)	(63.5%)	0.2	1.0%
Total CEE	(18.7)	(14.0%)	16.9	8.3%
Russia	(9.3)	(41.4%)	2.5	4.8%
Spain	(18.0)	(89.6%)	8.5	12.5%
Germany	(45.4)	(223.1%)	(6.1)	(13.8%)
France	(21.7)	(47.5%)	(1.9)	(2.6%)
Other Western Europe	1.3	21.3%	2.0	19.9%
Western Europe	(83.8)	(90.7%)	2.5	1.3%
China	0.5	2.5%	2.3	9.6%
Other	(5.2)	-	(6.4)	-

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

Table 3 Reconciliation of the net profit and adjusted EBITDA for 6 months ended 30 June 2020 and 2019

	6 months ended 30 June 2020		6 months ended 30 June 2019		Year-over-year
	Amount	% of sales	Amount	% of sales	% of change
Profit/(loss) for the period	(162.3)	(23.7%)	11.0	1.2%	-
+ Finance costs	33.2	4.9%	22.1	2.4%	50.2%
– Finance income	0.8	0.1%	2.2	0.2%	(63.6%)
+ Income tax expense	(10.2)	(1.5%)	4.3	0.5%	-
+ Depreciation and Amortisation	129.4	18.9%	121.7	13.1%	6.3%
+ Impairment losses	75.3	11.0%	8.9	1.0%	746.1%
EBITDA	64.6	9.4%	165.8	17.9%	(61.0%)
+ Start-up expenses*	1.5	0.2%	3.9	0.4%	(61.5%)
+ M&A related expenses	0.0	0.0%	0.1	0.0%	(100.0%)
+/- Effect of SOP exercise method modification	(0.3)	(0.0%)	0.1	0.0%	-
Adjusted EBITDA	65.8	9.6%	169.9	18.3%	(61.3%)

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

Table 4 Reconciliation of the net profit and adjusted EBITDA for 3 months ended 30 June 2020 and 2019

	3 months ended 30 June 2020		3 months ended 30 June 2019		Year-over-year
	Amount	% of sales	Amount	% of sales	% of change
Profit/(loss) for the period	(120.0)	(44.1%)	7.2	1.5%	-
+ Finance costs	8.6	3.2%	11.4	2.4%	(24.6%)
– Finance income	0.6	0.2%	1.8	0.4%	(66.7%)
+ Income tax expense	(4.5)	(1.7%)	1.0	0.2%	-
+ Depreciation and Amortisation	64.9	23.9%	62.9	13.0%	3.2%
+ Impairment losses	73.6	27.0%	8.3	1.7%	786.7%
EBITDA	22.0	8.1%	89.0	18.4%	(75.3%)
+ Start-up expenses*	0.5	0.2%	2.3	0.5%	(78.3%)
+ M&A related expenses	0.0	0.0%	0.1	0.0%	(100.0%)

(all figures in EUR millions unless stated otherwise)

+/- Effect of SOP exercise method modification	(0.3)	(0.1%)	0.1	0.0%	-
Adjusted EBITDA	22.2	8.2%	91.5	19.0%	(75.7%)

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

Liquidity analysis

With the spread of the pandemic many governments were applying lockdown procedures and various limitations for businesses to operate. It has had an impact on AmRest business scale and profitability which resulted in a deterioration of the results and as a consequence breach of one of the covenant ratio of net debt to EBITDA from Q1 2020 (covenant < 3.50x vs. 5.37x in Q2 2020 and 3.62x in Q1 2020). The Group received waiver in May for the first quarter 2020 and in September for the second quarter 2020 and consequently the bank debt liability was classified as non-current since the date of the waivers. However, as at 30 June 2020 the long-term debt obligations were accounted as short-term.

AmRest actively manages liquidity risk understood as a possible loss or restriction of its ability to cover current expenses. The Group had at the end of 2019 around EUR 106.2 million in cash balance and was able to increase that significantly to EUR 217.7 million as of end of June 2020, despite the pandemic and lowered business activity. Strengthening of the Group's position in terms of liquidity and mitigation of adverse impacts of COVID-19 outbreak have been 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 of AmRest Holdings, SE applied for state supported bank loans, guaranteed by the governments in 70% and 90%, respectively. The Group was granted total EUR 75 million.

AmRest has also established internal task forces in every market to monitor the situation around the employees, guests and financial standing and to implement cost saving initiatives and also a big part of capital expenditures have been put under review. The Group has been 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.

	30 June 2020	31 December 2019	30 June 2019
Current assets	336.1	264.8	234.2
Inventories	27.0	29.9	26.9
Current liabilities	1 106.9	498.9	396.8
Current ratio*	0.30	0.53	0.59
Cash and cash equivalents	217.7	106.2	101.3
Cash ratio*	0.20	0.21	0.26
Inventory turnover (in days)*	5.95	5.03	5.05
Trade and other receivables	66.9	104.6	80.4
Trade receivables turnover (in days)*	16.38	15.27	12.87
Operating ratio (cycle) (in days)*	22.33	20.30	17.92
Trade and other accounts payable	281.0	279.5	250.2
Trade payables turnover (in days)*	54.46	45.87	47.31
Cash conversion ratio (in days)*	(32.13)	(25.57)	(29.39)

** Please see Definitions below*

Definitions:

- *Current ratio – current assets to current liabilities. Given that most of the Group's current assets are comprised of cash, inventories and trade receivables which are liquid, the measure shows how much short-term liabilities can be relatively quickly covered or secured.*
- *Cash ratio – cash and cash equivalents to current liabilities. Provides the measure of the quickest way to cover or secure due liabilities.*
- *Inventory turnover ratio – average inventories to revenue multiplied by the number of days in a year. The measure shows how efficient, on average, inventories are traded and therefore cash can be generated.*

(all figures in EUR millions unless stated otherwise)

- *Trade receivables turnover ratio – average trade and other receivables to revenue multiplied by the number of days in a year. The measure helps to assess how fast on average, sales can be collected by the company which means cash inflow.*
- *Operating ratio (cycle) – total of inventories turnover and receivables turnover. It is a combined measure for assessing working capital turnover for the company and therefore number of days needed receive payments.*
- *Trade payables turnover ratio – average trade and other accounts payable to revenue multiplied by the number of days in a year. It shows the level of trade credit the company is granted by the suppliers or other businesses and therefore when, on average, pays its trade liabilities.*
- *Cash conversion ratio – difference between the operating ratio and the trade payables turnover ratio. It measures the effectiveness of net working capital management in the company and shows whether it needs investment or is self-financed and can generate cash.*

Leverage analysis

	30 June 2020	31 December 2019	30 June 2019
Non-current assets	1 984.4	2 170.2	2 013.1
Liabilities	2 023.0	1 958.3	1 813.0
Non-current liabilities	916.1	1 459.4	1 416.2
Debt and lease	1 658.3	1 584.2	1 484.7
Share of inventories in current assets (%)	8.0%	11.3%	11.5%
Share of trade and other receivables in current assets (%)	19.9%	39.5%	34.3%
Share of cash and cash equivalents in current assets (%)	64.8%	40.1%	43.3%
Equity to non-current assets ratio*	15.0%	22.0%	21.6%
Gearing ratio*	0.15	0.23	0.23
Long-term liabilities to equity ratio*	3.08	3.06	3.26
Liabilities to equity ratio*	6.80	4.11	4.17
Debt and lease/equity*	5.57	3.32	3.42

** Please see Definitions below*

Definitions:

- *Equity to non-current assets ratio – equity to non-current assets. The measure helps to track the level of financing of fixed assets by internal sources.*
- *Gearing – equity to debt, lease and equity. It helps to track the structure of internal financing to total financing.*
- *Long-term liabilities to equity – non-current liabilities to equity. The measure helps to track the indebtedness of internal financing by long-term external resources.*
- *Liabilities to equity – liabilities and provisions to equity. The measure helps to track the indebtedness of internal financing by total external resources.*
  Debt and lease /equity – total non-current and current interest bearing loans and borrowings, and lease to equity. It helps to track the financial leverage of the company, including leases.

Alternative Performance Measures (APM) additional 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 H1 2020 where number of restaurants operated varied significantly 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 or 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), indirect tax adjustments, M&A related expenses (all material expenses connected with successful acquisition covering professional services, legal, financial, other directly connected with a transaction) and effect of Stock Option Plan (SOP) exercise method modification (difference in

accounting cost of employee benefits accounted under cash settled versus equity settled option plan). It allows to present profitability for restaurants that already generate revenue and without some unusual costs related to M&A, tax adjustments or accounting adjustments related to SOP. Reconciliation of this APM is provided in table 3 or 4.

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

Debt ratios

The liquidity ratios of the Group were impacted by the pandemic and lockdown restrictions that significantly influenced on the activity of restaurant sector. It resulted in a breach of debt covenant staring from Q1 2020 for which period the Group received the waiver from financing banks. As a consequence, long-term debt liabilities from the syndicated bank financing have been reclassified to short-term. Nevertheless, AmRest Holdings keeps fulfilling its financial obligations and constantly monitor the resources and take necessary actions to ensure smooth operating activities. The Group has put under review most of the capital expenditures and non-critical projects as well as received payments from public aid programs and has kept generating cash from operations. As a result net cash inflow was positive and the Group.

The Group's equity decreased by EUR 179.2 million compared to the balance at the end of 2019 and amounted to EUR 297.5 million at the end of H1 2020. The change in equity resulted mainly from the net profit of EUR (148.5) million and F/X translation.

Net debt at the end of H1 2020, excluding the impact from the IFRS 16, equaled EUR 611.6 million which resulted in a comparable leverage ratio at 5.37.

Brands operated by the Group

As at the date of publication of the Report, the portfolio of AmRest consisted of fifteen restaurant brands: KFC, Pizza Hut, Starbucks, Burger King, La Tagliatella, Blue Frog, Kabb, Bacoa, Sushi Shop, Pokaï, Lepieje, 'Oi Poke, Moya Misa Ramen and Pierwsze i Drugie and Viva Salad!.

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

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

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

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

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

Bacoa brand was acquired by AmRest on 31 July 2018, The chain represents premium burger restaurants operated in Spain through equity and franchise model.

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

Pokaï is a virtual brand added to the Company's portfolio together with Sushi Shop business on 31 October 2018.

Lepieje and 'oi poke are virtual brands invented and launched in Poland by AmRest in 2019. Moya Misa Ramen and Pierwsze i Drugie virtual brands were introduced to the Polish market by the Company in 2020. Viva Salad! brand was launched in 2020 in Spain.

Quick Service Restaurants (QSR)

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

As at 30 June 2020 the Group operated 870 KFC restaurants: 282 in Poland, 105 in the Czech Republic, 70 in Hungary, 204 in Russia, 81 in Spain, 27 in Germany, 70 in France, 12 in Serbia, 8 in Bulgaria, 8 in Croatia, 2 in Austria and 1 in Slovenia.

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

As at 30 June 2020 AmRest ran the total of 73 Burger King restaurants – 44 in Poland, 20 in the Czech Republic, 4 in Slovakia, 3 in Romania and 2 in Bulgaria.

Casual Dining and Fast Casual Restaurants (CDR, FCR)

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

As at 30 June 2020 AmRest's portfolio included 243 La Tagliatella restaurants — 232 in Spain, 6 in France, 2 in Germany and 3 in Portugal.

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

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

As at 30 June 2020 AmRest's portfolio included 471 Pizza Hut restaurants – 153 in Poland, 60 in Russia, 26 in Hungary, 17 in Czech Republic, 122 in France, 85 in Germany, 3 in Armenia, 2 in Azerbaijan and 3 in Slovakia.

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

• Blue Frog Bar & Grill — restaurants serving grilled dishes from the American cuisine in a nice atmosphere.

• KABB Bistro Bar — premium segment restaurant, serving "western cuisine" dishes and a wide selection of wines and drinks.

As at 30 June 2020 AmRest's portfolio included 73 Blue Frog (71 in China, 2 in Spain) and 1 KABB restaurant.

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

As 30 June 2020, AmRest's portfolio included 8 Bacoa restaurants in Spain.

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

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

As at 30 June 2020, AmRest's portfolio included 183 Sushi Shop restaurants (130 in France, 6 in Spain, 3 in Portugal, 11 in Belgium, 3 in Italy, 3 in Luxemburg, 5 in UK, 7 in Switzerland, 1 in Netherlands, 3 in Saudi Arabia and 11 in UAE).

Coffee category

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

As at 30 June 2020 AmRest Coffee operated 388 stores (70 in Poland, 49 in the Czech Republic, 34 in Hungary, 51 in Romania, 14 in Bulgaria, 160 in Germany, 7 in Slovakia and 3 in Serbia).

Virtual Brands

Pokaï is a virtual brand created by the group Sushi Shop in April 2018, which offers a large range of fresh, healthy and gourmet poke bowls. Its products are sold through aggregators (Deliveroo, UberEATS, etc). Pokaï is present in most of the countries where Sushi Shop restaurants operate: France, Belgium, Italy, Spain, Switzerland, UK, Germany and UEA.

Lepieje is one of the virtual brands created within the AmRest's Shadow Kitchen project, which responds to the latest trends of the global restaurant market. The brand operates since December 2019 in Wrocław, Poland and it is available on Glovo and Wolt. The brand is inspired by the dumplings from the different parts of the world.

’Oi Poke is a virtual brand which is offering exotic bowls based on meat, fish or shrimps with original and freshly prepared vegetables. The cuisine comes from Hawaii, where everything "perfect" is called "'Oi" and that's why the brand is called 'Oi Poke. The brand also contributes to the Shadow Kitchen project of AmRest. You may order our Oi bowls on Glovo and Wolt. The Brand operates in Poland since December 2019.

For many years ramen has been appealing to consumers' hearts, due to its original ingredients surprising consumers with its satiety and the way they are served in characteristic bowls. In Japan everyone has their own style of preparing Ramen. The secret to a delicious ramen is its consequent uniqueness. The Virtual Brand MOYA MISA RAMEN is tasty and fun! In the preparation process, we play with different flavors, ingredients and the way of consumption. The brand delights our Polish consumers in the delivery segment which runs on aggregators.

The "Pierwsze i Drugie" brand is based on the rule of traditional Polish cuisine – the main meal of a day has to be delicious and satiated, but also should consist of two dishes: the soup and the main course. The brand is currently available in Wrocław, Poland through aggregator platforms.

Viva Salad! is a brand developed exclusively for delivery channel that offers fresh, healthy and highly customizable dishes divided into few segments: Viva salads, protein dishes, desserts, milk shakes and fruit waters and smoothies. The concept was launched in Madrid and Barcelona in June 2020. The dishes are prepared in selected La Tagliatella locations.

(all figures in EUR millions unless stated otherwise)

Key investments

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

Incurred capex in H1 2020 was financed from cash flows from operating activities and debt financing.

The table below presents purchases of non-current assets in 6 months ended 30 June 2020 and 30 June 2019.

	6 months ended 30 June 2020	6 months ended 30 June 2019
Intangible assets:	3.4	4.5
Trademarks	-	-
Favourable leases and licence agreements	-	-
Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	1.6	2.9
Other intangible assets	1.8	1.6
Goodwill	-	1.3
Property, plant and equipment:	32.8	75.0
Land	-	-
Buildings and expenditure on development of restaurants	4.1	32.5
Machinery & equipment	7.8	29.4
Vehicles	0.1	0.2
Other tangible assets (including assets under construction)	20.8	12.9
Total	36.2	80.8

Capital investment* for 3 and 6 months ended 30 June 2020

	6 months ended		3 months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
CEE	17.4	34.7	3.7	19.3
Western Europe	14.4	32.9	6.1	15.1
Russia	3.6	9.0	(0.2)	6.1
China	0.7	2.8	0.5	2.2
Other	0.1	0.1	-	-
Total	36.2	79.5	10.1	42.7

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

AmRest's New Restaurants

	AmRest equity restaurants	AmRest franchisee restaurants	Total
31.12.2019	1 858	479	2 337
New Openings	27	4	31
Acquisitions	-	-	-
Closings	41	9	50
30.06.2020	1 844	474	2 318

As at 30 June 2020, AmRest operated 2 318 restaurants, including 474 restaurants which are managed by franchisees (161 La Tagliatella, 217 Pizza Hut, 21 Starbucks, 6 Blue Frog, 6 Bacoa and 63 Sushi Shop). Compared with 31 December 2019, the Group runs 19 less restaurants. 31 new restaurants were opened: 13 restaurants in Central and Eastern Europe, 3 in Russia, 13 in Western Europe and 2 in China.

Planned investment activities

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

Additionally task forces have been established in every market to monitor the situation around our employees, guests and financial standing and to implement cost saving initiatives and communicate with the governments about the support schemes in place.

The Group intends to continue its strategic directions of development, with the main focus on further expansion of the network in the regions of continental Europe, increase of scale in supply chain management and leadership in digital and delivery trends.

The roll-out of lighter restaurant formats (i.e. Pizza Hut Express, Pizza Hut Delivery, Sushi Shop Corners, Shadow kitchens) has increased availability of new locations across the Europe and widened the white space and capabilities for new openings.

AmRest's Management believes that in a long-term perspective expanding portfolio with exceptional proprietary brands shall also strengthen the value of the Group.

Similar to previous years, further improvement of returns from investments, digital capabilities and building the scalable growth platform will define the main criteria of shaping the structure of new launches and acquisitions.

Significant events and transactions in H1 2020

Satisfaction of all conditions envisaged by the agreement concluded with Glovoapp23 S.L.

On 13 August 2019 the Group has signed the agreement with Glovoapp23, S.L. ("Glovo") for the transfer from AmRest to Glovo of 100% shares in Restaurant Partner Polska Sp. z o.o. ("PizzaPortal") (further: the "Agreement"). At 30 September 2019, Restaurant Partner Polska Sp. z o.o. was classified as a disposal group held for sale. On 28 October, due to satisfaction of conditions precedent, AmRest transferred 100% of shares in PizzaPortal to Glovo.

On 24 January 2020 the Company announced satisfaction of all conditions envisaged by the Agreement and final settlement of the transaction. In consideration for the transfer of 100% of shares in Restaurant Partner Polska Sp. z o.o. AmRest received total transaction price in the amount of EUR 35 million, as a combination of cash payment of EUR 20 million and newly issued shares of Glovo, which constituted final settlement of the Agreement.

As a result of the abovementioned transaction AmRest held 7.5% stake in Glovo's share capital (non-diluted).

Initiation of the procedures to execute an ERTE

On 20 March, 2020 AmRest announced initiation of the procedures for the presentation of Temporary Employment Regulation Files (Expediente de Regulación Temporal de Empleo) on a force majeure basis, as per Royal Decree-Law 8/2020, of March 17, on extraordinary urgent measures to face the economic and social impact of COVID-19 (the "ERTE").

The ERTE was supposed to cover a maximum of 3 666 employees, who represented 93% of the AmRest workforce in Spain; 7.1% at group level.

Due to the government measures, AmRest proceeded to the temporary closure of 143 equity restaurants in Spain of the brands KFC, La Tagliatella, Bacoa and Blue Frog.

This initiative was part of the measures that the AmRest Group took to mitigate the impact caused by the COVID-19 crisis.

(all figures in EUR millions unless stated otherwise)

Further measures adopted regarding employment

On 14 April, 2020 AmRest announced that, in accordance with the provisions of article 47 of the Workers Statute, in relation to Royal Decree 1483/2012 and article 23 of Royal Decree-Law 8/2020, it has filed before the Spanish labor authority a ERTE on productive grounds for the company AmRest Tag, S.L.U. The ERTE covered a total of 55 employees (65% of the total employees) through a combination of temporary suspension of contracts and reduction of working hours.

Earlier, the ERTE program covered also approximately 60 employees of Sushi Shop restaurants in Spain (about 93.55% of the workforce).

Likewise, AmRest informed of the following measures adopted regarding employment in the below jurisdictions in which it operates:

France

A general reduction in working hours has been established for a total of 4 669 employees, representing 93% of the total workforce of the AmRest Group in France. In France, 86% of the AmRest Group's equity restaurants of the Sushi Shop, Pizza Hut, KFC and Tagliatella brands were closed.

Portugal

Temporary suspension of all labor contracts, affecting a total of 68 employees. The 6 AmRest restaurants in Portugal were closed.

Poland

Reduction of working hours and salaries has been established for a total of 4 050 employees, representing 44% of total number of employees of AmRest Group in mid-April in Poland 295 own restaurants (53% of the total) remained open in Poland.

External Debt

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 at 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. The Group was granted total EUR 75 million.

Shareholders of AmRest Holdings SE

To the best of AmRest's knowledge as at 30 June 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 Parent Company's Governing Bodies

As at 30 June 2020 the composition of the Board of Directors was as follows:

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

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

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 the date of publication of this report the composition of the Board of Directors is 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

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

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

During the period since 1 January 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 31 December 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 June 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, in March 2020, Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, a person closely associated to Mr. Carlos Fernández, reported a holding of 516 204 shares. 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 own shares concluded by AmRest

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

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

In the period between 1 January 2020 and 30 June, 2020, AmRest didn't purchase any own shares. During the same period, the Company disposed a total of 84 714 own shares with a total nominal value of EUR 8 471.4 and representing 0.0386% of the share capital to entitled participants of the stock options plans. Disposal transactions under these plans were executed in three settlement methods, which impacted the sale price. Major part of the shares was transferred to the participants free of charge. As at 30 June 2020 AmRest held 639 701 own shares with a total nominal value of EUR 63 970.1 and representing 0.2914% of the share capital.

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

Dividends paid and received

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

Subsequent events

On 9 July, 2020 AmRest released the update on business situation. Following the lifting or loosening of restrictions on the opening of restaurants caused by the COVID-19 pandemic, in the first half of July AmRest maintained open 94% of the Group's total number of restaurants.

Out of the 26 markets in which the Group operates, openings had been fully restored in almost all of them, with the exception of Russia where the percentage of open stores was slightly below 80%.

The AmRest Group had implemented the strictest measures in its restaurants to guarantee the safety of customers and employees at all times.

It was also reported that AmRest has obtained the waiver from its financing banks to comply with certain financial covenant as of 31 March, 2020, as anticipated in the interim management report for the first quarter of 2020. AmRest is punctually meeting its financial payment obligations vis-à-vis its financing banks, with whom AmRest keeps working closely to adapt the financial commitments to the situation caused by the COVID-19.

On 1 September 2020 the Group has received waiver letter from the banks. The requirement of the bank covenant for the quarter ending 30 June 2020 has been waived.

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.

Factors impacting the Group's development

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

External factors

- competitiveness – in terms of prices, quality of service, location and quality of food,
- demographic changes,
- consumer habits and trends as to the number of people using the restaurants,
- number and location of the competitors' restaurants,
- changes in the law and regulations which have a direct effect on the functioning of the restaurants and the employees employed therein,
- change in real estate rental costs and related costs,
- changes in the prices of ingredients used to prepare meals and changes in the prices of packaging materials,
- changes in the general economic condition in all countries where the business is run,
- changes in consumer trust, the amount of disposable income and individual spending patterns,
- changes in legal and tax determinants,
- adverse changes on the financial markets,
- situation around COVID-19 pandemic, including progress and efficiency of medical treatments.

Internal factors

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

Basic risks and threats the Group is exposed to

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

Liquidity risk

The Group is exposed to the liquidity risk due to the breach of covenants and reclassification of long-term debt to short-term which can be therefore due in the next 12 months.The Group actively manages liquidity resources and does its best to improve the business. 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 of AmRest Holdings, SE applied for state supported bank loans, guaranteed by the governments in 70% and 90%, respectively. The Group was granted total EUR 75 million Additionally, the Group sees recovery in its core business as the number of open restaurants have increased and the revenues trends have been recovering.

AmRest has established internal task forces in every market to monitor the situation also around cost saving initiatives and also a big part of capital expenditures have been put under review. 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 analyzes liquidity needs with particular focus on maturity of debt and proactively investigates various forms of financing that could be utilized if needed.

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

The COVID-19 pandemic has rapidly spread around the world. 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 the global economy, including HORECA sector, as well as AmRest Group.

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 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 revenues.

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. 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 guests 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.

Rental agreements and continuation options

Almost all AmRest restaurants operate in rented facilities. The majority of the rental contracts are long-term and they are usually concluded for at least 10 years from the date of commencing the rental (assuming that all continuation options are exercised, on specified terms, and not including contracts which are subject to periodic renewal, unless they are terminated, and contracts concluded for an indefinite period). A number of rental contracts grant AmRest the right to prolong the contract provided that the Company complies with the terms of rental. Regardless of whether the terms are complied with or not, there is no guarantee that AmRest will be able to prolong a rental contract on terms satisfactory from the business point of view. If this is not possible a potential loss of important restaurant locations may have an unfavorable effect on AmRest's operating results and its business activities.

As a consequence of the pandemic and lack of business activity or relatively lower activity in certain locations, the Group performed review of its rental agreements and has entered into negotiations with landlords. One of the outcomes may be that some locations would need to be closed due to worsened economics and lack of mutual agreement between the parties. Terminating the relevant rental contract on cost effective terms may prove impossible. This situation may also have an adverse effect on the business activities and operating results of the Group. Additionally, closing any of the franchised restaurants is subject to the approval by the franchisor and it is not certain that such approval will be obtained.

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

Dependency on the franchisor

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

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

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

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

Dependency on cooperation with minority shareholders

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

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

No exclusivity rights

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

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

Risk related to the consumption of food products

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

Risk related to keeping key personnel in the Group

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

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

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

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

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

Risk related to developing new brands

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

Risk related to opening restaurants in new countries

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

Currency risk

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

Risk related to the current geopolitical situation

The Company conducts its business in countries where political situation is uncertain. Tensions around that subject may result in a negative impact on economy, including instable currency, interest rates, liquidity, supply chain disruptions and consumer confidence deterioration. All these events and uncertainty that accompanies them may have a significant impact on the Group's operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation may differ from the Management's expectations however it is being monitored in order to adjust strategic intentions and operational decisions, which will minimize business risks.

Risk of increased financial costs

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

Tax risk

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

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

Current fiscal supervisions are presented in Note 9 to the Condensed Consolidated Financial Statements as at June 30, 2020.

Credit risk

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

Risk of economic slowdowns

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

Risk related to seasonality of sales

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

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

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

Cyberattack risk

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

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

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

Factors remaining outside the Group's control

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

Activity in Research and Development area

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

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

(all figures in EUR millions unless stated otherwise)

Financial data of AmRest for 3 and 6 months ended 30 June 2020

Condensed consolidated income statement for 3 and 6 months ended 30 June 2020 and 2019

	6 months ended		3 months ended	
Continuing operations	**30 June 2020**	**30 June 2019 (restated*)**	**30 June 2020**	**30 June 2019 (restated*)**
Restaurant sales	653.8	878.9	262.1	456.3
Franchise and other sales	30.2	48.8	10.0	26.5
Total revenue	**684.0**	**927.7**	**272.1**	**482.8**
Restaurant expenses:				
Food and merchandise	(187.6)	(249.3)	(74.0)	(128.4)
Payroll, social security and employee benefits	(198.6)	(227.2)	(85.1)	(115.6)
Royalties	(30.2)	(41.3)	(11.1)	(21.5)
Occupancy and other operating expenses	(258.9)	(264.8)	(119.8)	(136.8)
Franchise and other expenses	(23.8)	(32.7)	(8.9)	(18.0)
General and administrative expenses	(69.7)	(72.2)	(34.1)	(38.7)
Total operating costs and losses	**(768.8)**	**(887.5)**	**(333.0)**	**(459.0)**
Net impairment losses on financial assets	(2.2)	(0.3)	(0.5)	(0.2)
Net impairment losses on other assets	(73.1)	(8.6)	(73.1)	(8.1)
Other operating income/expenses	20.0	3.9	18.0	2.3
Profit from operations	**(140.1)**	**35.2**	**(116.5)**	**17.8**
Finance income	0.8	2.2	0.6	1.8
Finance costs	(33.2)	(22.1)	(8.6)	(11.4)
Profit before tax	**(172.5)**	**15.3**	**(124.5)**	**8.2**
Income tax	10.2	(4.3)	4.5	(1.0)
Profit for the period	**(162.3)**	**11.0**	**(120.0)**	**7.2**
Profit attributable to:				
Shareholders of the parent	(160.7)	10.4	(119.1)	6.7
Non-controlling interests	(1.6)	0.6	(0.9)	0.5
Profit for the period				
Basic earnings per ordinary share in EUR	(0.73)	0.05	(0.54)	0.03
Diluted earnings per ordinary share in EUR	(0.73)	0.05	(0.54)	0.03

**The comparative data were restated as a result of a reclassification adjustment for delivery fee expenses described in note 7 in the consolidated financial statement for H1 2020.*

(all figures in EUR millions unless stated otherwise)

Number of AmRest restaurants (as at 30 June 2020)

Countries	Brands	30.06.2019	31.12.2019	31.03.2020	30.06.2020
Poland	**Total**	523	559	556	557
	KFC	267	282	283	282
	BK	42	45	44	44
	SBX	71	73	73	70
	PH equity	142	157	153	153
	BF	1	-	-	-
	Lepieje	-	1	1	2
	Oi Poke	-	1	1	2
	Moya Misa	-	-	1	2
	Pierwsze i Drugie	-	-	-	2
Czech Republic	**Total**	168	191	191	191
	KFC	97	105	105	105
	BK	17	20	20	20
	SBX	45	49	49	49
	PH equity	9	17	17	17
Hungary	**Total**	107	130	130	130
	KFC	61	70	70	70
	SBX	27	34	34	34
	PH equity	19	26	26	26
Russia	**Total**	251	271	270	264
	KFC	184	202	205	204
	PH equity	37	39	36	32
	PH franchised	30	30	29	28
Bulgaria	**Total**	23	24	24	24
	KFC	8	8	8	8
	BK	1	2	2	2
	SBX	14	14	14	14
Serbia	Total	11	12	13	15
	KFC	10	10	11	12
	SBX	1	2	2	3
Croatia	KFC	8	8	8	8
Romania	**Total**	46	54	53	54
	SBX	46	52	51	51
	BK	-	2	2	3
Slovakia	**Total**	10	13	14	14
	SBX	5	7	7	7
	PH equity	2	3	3	3
	BK	3	3	4	4
Armenia	PH franchised	2	3	3	3
Azerbaijan	PH franchised	2	2	2	2
Spain	**Total**	333	344	329	329
	TAG equity	73	75	72	72
	TAG franchised	164	163	160	160
	KFC	71	83	81	81
	Blue Frog equity	5	5	-	-
	Blue Frog franchised	2	2	2	2
	Bacoa equity	4	4	2	2
	Bacoa franchised	5	6	6	6
	Sushi Shop equity	2	4	4	4
	Sushi Shop franchised	7	2	2	2
	Viva Salad!	-	-	-	-
France	**Total**	322	322	325	328
	TAG equity	5	5	5	5
	TAG franchised	1	1	1	1
	KFC	12	13	13	13
	PH equity	117	108	109	109
	PH franchised	67	70	70	70
	Sushi Shop equity	87	89	91	94

(all figures in EUR millions unless stated otherwise)

Countries	**Brands**	**30.06.2019**	**31.12.2019**	**31.03.2020**	**30.06.2020**
	Sushi Shop franchised	33	36	36	36
Germany	**Total**	277	282	276	274
	SBX	143	145	141	139
	SBX licensed	18	20	21	21
	TAG equity	2	2	2	2
	KFC	27	27	27	27
	PH equity	8	10	10	10
	PH franchised	76	75	75	75
	Sushi Shop franchised	3	3	-	-
Austria	KFC	2	2	2	2
Slovenia	KFC	1	1	1	1
Portugal	**Total**	5	5	6	6
	TAG equity	2	2	3	3
	Sushi Shop franchised	3	3	3	3
China	**Total**	64	72	74	72
	Blue Frog equity	61	66	68	67
	Blue Frog franchised	-	4	4	4
	KABB	3	2	2	1
Belgium	**Total**	10	11	11	11
	Sushi Shop equity	5	5	5	5
	Sushi Shop franchised	5	6	6	6
Italy	**Total**	3	3	3	3
	Sushi Shop equity	1	1	1	1
	Sushi Shop franchised	2	2	2	2
Switzerland	Sushi Shop equity	6	7	7	7
Luxembourg	Sushi Shop equity	2	2	2	3
Netherlands	Sushi Shop equity	1	1	1	1
UK	Sushi Shop equity	5	5	5	5
UAE	Sushi Shop franchised	9	10	11	11
Saudi Arabia	Sushi Shop franchised	3	3	3	3
Iran*	Sushi Shop franchised	1	-	-	-
Total AmRest		**2 195**	**2 337**	**2 320**	**2 318**

** In July 2019, Group terminated the contract with the master franchisee for Iran and has no business there of any kind*

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

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

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Carlos Fernández González
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 24 September 2020

Liability statement of Directors

The Directors of AmRest Holdings, SE (the "**Company**") state that, to the best of their knowledge, the Condensed Consolidated Financial Statements for 6 months ended 30 June 2020 formulated at the Board meeting held on 24 September 2020, prepared in accordance with the applicable international accounting standards, offer a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and the interim consolidated management report includes a fair review of the required information.

Signatures:

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Carlos Fernández González
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 24 September 2020

Condensed Separate Financial Statements for 6 months ended 30 June 2020

AmRest Holdings SE
24 SEPTEMBER 2020

AmRest

CONTENTS

(all figures in EUR millions unless stated otherwise)

Condensed separate balance sheet as at 30 June 2020

Assets	**Notes**	**30 June 2020**	**31 December 2019**
Intangible assets		0.1	0.1
Non-current investment in group companies		**615.1**	**615.4**
Equity instruments	6	389.9	387.2
Loans to group companies	6,13	225.2	228.2
Non-current financial investments	6, 8	76.2	76.2
Other non-current financial assets		0.1	0.1
Deferred tax assets		0.3	-
Total non-current assets		**691.8**	**691.8**
Trade and other receivables		**3.5**	**22.5**
Other receivables from group companies	6,13	1.7	1.1
Other trade receivables	6	0.3	20.3
Current tax assets	10	1.4	1.0
Other tax receivables		0.1	0.1
Investments and loans in group companies		**45.4**	**23.3**
Loans to group companies	6,13	44.2	20.6
Other financial assets	6,10	1.2	2.7
Prepaid expenses		0.1	-
Cash and cash equivalents	7	62.7	9.5
Total current assets		**111.7**	**55.3**
TOTAL ASSETS		**803.5**	**747.1**
Capital and Reserves without valuation adjustments			
Share capital	8	22.0	22.0
Share premium	8	237.3	237.3
Reserves	8	60.9	35.1
Treasury shares	8	(6.6)	(7.5)
Profit for the period	8	(1.5)	25.8
Other equity instruments	8	(22.3)	(25.4)
Adjustments for changes in value	8	**18.4**	**18.4**
TOTAL EQUITY		**308.2**	**305.7**
Liabilities			
Non-current provisions	9	0.2	0.5
Non-current financial liabilities	6	**101.0**	**394.8**
Loans and borrowings from financial institutions	6	-	293.8
Other financial debt	6	101.0	101.0
Deferred tax liabilities		8.4	8.4
Total non-current liabilities		**109.6**	**403.7**
Current financial liabilities	6	382.3	30.0
Debts with group companies, current	6,10,13	1.7	1.7
Trade and other payables		**1.7**	**6.0**
Trade and other payables to third parties	6	0.3	0.3
Trade and other payables to group companies	6,13	1.2	1.7
Personnel (salaries payable)		0.2	0.2
Other payables with tax administration	10	-	3.8
Total current liabilities	10	**385.7**	**37.7**
TOTAL LIABILITIES		**495.3**	**441.4**
TOTAL EQUITY AND TOTAL LIABILITIES		**803.5**	**747.1**

The accompanying notes 1-15 are an integral part of these condensed financial statements for 6 months ended 30 June 2020.

(all figures in EUR millions unless stated otherwise)

Condensed separate income statement for 6 months ended 30 June 2020

	Notes	6 months ended 30 June 2020	30 June 2019
Revenues		3.9	9.0
Net income from the stock option plan	11	0.3	6.1
Finance income from group companies	11	3.6	2.9
Personnel expenses	11	(0.6)	(0.4)
Other operating expenses	11	(1.2)	(1.1)
Impairments for credits and receivables with group companies		-	(3.7)
Impairments in investments in group companies		(1.0)	(2.9)
Results from operating activities		**1.1**	**0.9**
Finance expenses	12	(5.8)	(4.8)
Exchange rates gains and losses		2.9	(0.8)
Net finance income (expense)		**(2.9)**	**(5.6)**
Profit before income tax		**(1.8)**	**(4.7)**
Income tax expense	10	0.3	1.0
Profit for the period		(1.5)	(3.7)
Profit for the period		**(1.5)**	**(3.7)**

The accompanying notes 1-15 are an integral part of these condensed financial statements for 6 months ended 30 June 2020.

Condensed separated statement of recognised income and expense for 6 months ended 30 June 2020

	Notes	6 months ended 30 June 2020	30 June 2019
Profit for the period		(1.5)	**(3.7)**
Currency translation adjustment		-	-
Total recognised income and expenses for the period		**(1.5)**	**(3.7)**

The accompanying notes 1-15 are an integral part of these condensed financial statements for 6 months ended 30 June 2020.

(all figures in EUR millions unless stated otherwise)

Condensed separate statement of cash flows for 6 months ended 30 June 2020

		6 months ended	
Cash flows from operating activities			
Profit before tax		**(1.8)**	**(4.7)**
Adjustments:		**-**	**3.2**
Impairment losses	13	1.0	6.6
Share based payments adjustment	11	(0.3)	(6.1)
Finance income	11	(3.6)	(2.9)
Finance expenses	12	5.8	4.8
Exchange gains/losses		(2.9)	0.8
Changes in operating assets and liabilities		**(4.3)**	**1.0**
Trade and other receivables		0.1	2.2
Trade and other payables		(4.4)	(1.2)
Other cash flows from operating activities		**(3.0)**	**(5.8)**
Interest paid		(4.9)	(4.3)
Interest received		2.3	-
Income tax payment		(0.4)	(1.5)
Net cash provided by operating activities		**(9.1)**	**(6.3)**
Cash flows from investing activities			
Increase in investments loans and borrowings with group companies		(28.3)	(53.4)
Proceeds from investment loans and borrowings with group companies		29.8	19.7
Net cash used in investing activities		**1.5**	**(33.7)**
Cash flows from financing activities			
Proceeds from disposals of own shares (employees options)		0.1	0.5
Acquisition of own shares (employees option)		-	(0.5)
Proceeds from debt with financial institutions		80.0	42.0
Proceeds from debt with group companies		4.8	-
Repayment of debt with financial institutions		(19.3)	-
Repayment of debt with group companies		(4.8)	(14.9)
Net cash provided by/(used in) financing activities		**60.8**	**27.1**
Net change in cash and cash equivalents		**53.2**	**(12.9)**
Balance sheet change of cash and cash equivalents”		53.2	(12.9)
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	7	**62.7**	**10.0**

The accompanying notes 1-15 are an integral part of these condensed financial statements for 6 months ended 30 June 2020.

(all figures in EUR millions unless stated otherwise)

Condensed separate statement of changes in equity for 6 months ended 30 June 2020

	Share capital	Share premium	Legal Reserve	Voluntary Reserves	Treasury shares	Profit or loss for the period	Other equity instru-ments	Adjustment for changes in value	Total Equity
As at 1 January 2019	**22.0**	**237.3**	**1.1**	**29.9**	**(15.2)**	**4.1**	**(6.2)**	**(4.9)**	**268.1**
Total recognised income and expense	-	-	-	-	-	(3.7)	-	-	**(3.7)**
Transactions on own shares and equity holdings (net)	-	-	-	-	4.8	-	(3.4)	-	1.4
Transfer of profit or loss to reserves	-	-	0.4	3.7	-	(4.1)	-	-	-
As at 30 June 2019	**22.0**	**237.3**	**1.5**	**33.6**	**(10.4)**	**(3.7)**	**(9.6)**	**(4.9)**	**265.8**
As at 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	-	-	-	-	-	(1.5)	-	-	**(1.5)**
Transactions on own shares and equity holdings (net)	-	-	-	-	0.9		3.1	-	4.0
Transfer of profit or loss to reserves	-	-	2.6	23.2		(25.8)	-	-	-
As at 30 June 2020	**22.0**	**237.3**	**4.1**	**56.8**	**(6.6)**	**(1.5)**	**(22.3)**	**(18.4)**	**308.2**

The accompanying notes 1-15 are an integral part of these condensed financial statements for June 2020.

Notes to the Condense separate financial statements

1. General information

AmRest Holdings SE ("the Company") was incorporated in the Netherlands in October 2000. On 19 September 2008 the Commercial Chamber in Amsterdam registered the change in the legal status of the Company to a European Company (Societas Europaea) and of its name to AmRest Holdings SE. Since March 2018 the Company's registered office has been Enrique Granados 6, 28224 Pozuelo de Alarcón (Madrid), Spain. Previously, the Company had its registered office in Wroclaw, Poland. On 28 February 2020 the Company's registered office was changed to Paseo de la Castellana, 163 28046 Madrid, Spain.

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

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

In Spain, France, Germany and Portugal the Group operates its own brands La Tagliatella, Trastevere and il Pastificio. This business is based on own restaurants and the franchise agreements signed with non-related companies. It is supported by 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. Also, the Group operates its own brands Blue Frog (in China, 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, United Arab Emirates, Saudi Arabia, Switzerland, United Kingdom, Luxembourg, Italy, Germany, Portugal, the Netherlands. 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 and Viva Salad!.

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

As at 30 June 2020, FCapital Dutch B.V. is the largest shareholder of AmRest and held 67,05% of its shares and voting rights. The parent entity of the Group on the top level is Grupo Finaccess.

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

These condensed separated financial statements have been prepared voluntarily and approved by the Company's Board of Directors on 24 September 2020.

2. Basis of preparation

True and fair view

These condensed separated financial statements have been prepared on the basis of the accounting records of AmRest Holdings SE by the Company's Board of Directors in accordance with the accounting principles and standards contained in the Spanish General Chart of Accounts, and other prevailing legislation, to give a true and fair view of the Company's equity and financial position as of 30 June 2020 and results of operations, changes in equity and cash flows for the 6 months ended on that date.

Aggregation of items

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

Comparative information

Each item of the balance sheet, the statement of profit and loss, the statement of changes in equity, the statement of recognized income and expenses, the statement of cash flow, and the notes of the condensed financial statements, present for comparative purposes, the amounts from the previous half year, which formed part of the condensed financial statements of the half year ended as of 30 June 2019.

Functional and presentation currency

The condensed financial statements are presented in euros, which is the functional and presentation currency of the Company.

Critical aspects of the valuation and estimation of relevant uncertainties and judgments used in the application of accounting principles.

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.

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 of AmRest Holdings, SE applied for state supported bank loans, guaranteed by the governments in 70% and 90%, respectively. The Group was granted total EUR 75 million.

Syndicated bank loan covenants are calculated quarterly. As at 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. On 1 September 2020 the Group has received the waiver letter from the banks. The requirement of the bank covenant has been waived for the quarter ending 30 June 2020.

During the H1 of 2020 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 fulfill short term cash needs.

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 at 30 June 2020 -over 90% of Group's own and franchise stores remain 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 continuations of operations including the events described in Note 26 of the condensed consolidated financial statements. 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.

The preparation of the condensed separated financial statements requires the Company to use certain estimates and judgments regarding the future that are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable, under the circumstances.

The estimates and judgments more complex or with a higher impact in the carrying amounts of the assets and liabilities are related to:

- The recoverability of the investments, and the corresponding valuation adjustments for the difference between the book value and the recoverable amount. In the determination of the impairment estimate of these investments, the future cash flows expected to be generated by the investees are taken into account through the use of hypotheses based on the existing market conditions).

- Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The Company initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred.

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a finite difference method. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed.

In relation with financial assets valuation when the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices),

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
To measure assets and liabilities at fair value Group uses valuation techniques appropriate to the circumstances and for which sufficient information is available to calculate the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Likewise, despite the fact that the estimates made by the Board of Directors of the Company were calculated based on the best information available at 30 June 2020, it is possible that events which may occur in the future will make it necessary to modify them in later financial years. The effect on the condensed separated financial statements deriving from the adjustments made in later financial years will be recorded prospectively.

3. Distribution of profit

On the Annual General meeting held on 10 June 2020 was approved the proposal made by the Board Directors in respect to the allocation of the individual result of the Company for the financial year ended on 31 December 2019:

(all figures in EUR millions unless stated otherwise)

Expressed in Euros	**2019**	**2018**
Basis of Distribution		
Profit and loss for the period	25 793 482.33	4 076 128.9
Distribution		
Legal Reserve	2 579 348.23	407 612.9
Voluntary Reserves	23 214 134.10	3 668 516.0
	25 793 482.33	**4 076 128.9**

Dividends have not been distributed during the 6 months ended on 30 June 2020.

4. Recognition and measurement accounting policies

The condensed separated financial statements were prepared in accordance with the accounting principles and registration and valuation standards contained in the Spanish General Accountancy Plan. The most significant are:

4.1. FINANCIAL INSTRUMENTS

4.1.1. CLASSIFICATION AND SEPARATION OF FINANCIAL INSTRUMENTS

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

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

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.

4.1.2. TRADE AND OTHER NON-TRADE RECEIVABLES

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

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

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

4.1.3. INVESTMENTS IN THE EQUITY OF GROUP COMPANIES

Group companies are those over which the Company, either directly or indirectly, through subsidiaries exercises control as defined in article 42 of the Spanish Code of Commerce or which the companies are controlled by one or more individuals or entities acting jointly or under the same management through agreements or statutory clauses. Control is the power to govern the financial and operating policies of an entity or business 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.

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

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

4.1.5. FINANCIAL ASSETS AVAILABLE-FOR-SALE

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

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

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

4.1.6. INTEREST AND DIVIDENDS FROM FINANCIAL ASSETS

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

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

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

4.1.7. DEBT AND TRADE AND OTHER PAYABLES

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

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

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

4.1.8. OWN EQUITY INSTRUMENTS

In transactions carried out by the Company with its own equity instruments, the amount of these instruments shall be 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.

4.1.9. OFFSETTING PRINCIPLES

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

4.1.10. DERECOGNITION OF FINANCIAL ASSETS

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

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

4.1.11. CASH AND CASH AND EQUIVALENTS

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

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

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

4.2. 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.

4.3. INCOME TAX

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

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

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

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

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

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

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

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

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

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

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

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

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

4.4. <u>REVENUES RECOGNITION</u>

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

4.5. <u>PROVISIONS AND CONTINGENCIES</u>

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

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

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

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

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

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

4.6. <u>SHARE BASE PAYMENTS TRANSACTION</u>

<u>Share-based payments and employee benefits recognition for the benefit plans of the Company’s employees</u>

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.

<u>Recognition of the share-based plans correspondent to employees of other group companies</u>

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.

4.7. TRANSACTIONS BETWEEN RELATED PARTIES

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

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

5. Financial Risk Management

5.1. FINANCIAL RISK FACTORS

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

- Currency risk

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

- Risk of increased financial costs

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

- Liquidity risk

The Company is exposed to the risk of lack of financing at the moment of maturity of bank loans and bonds. The Company's approach in managing liquidity risk is to guarantee as far as possible that liquidity will always be available to pay its debts before they mature, in normal conditions and during financial difficulties, without incurring unacceptable losses or compromising the Company's reputation.

- Credit Risk

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

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

(all figures in EUR millions unless stated otherwise)

6. Financial instruments

6.1. GROUP EQUITY INSTRUMENTS

The value of the shares owned by the Company in its subsidiaries as at 30 June 2020 and as at 31 December 2019 is as follow:

	30 June 2020		31 December 2019	
	Interest ownership	**Value of Shares**	**Interest ownership**	**Value of Shares**
AmRest Sp. z o.o. (Poland)	100%	219.5	100%	217.2
AmRest China Group PTE Ltd. (China)	100%	40.5	100%	40.4
AmRest s.r.o. (Czech Republic)	100%	6.8	100%	6.7
AmRest France SAS (France)	100%	58.6	100%	58.5
AmRest EOOD (Bulgaria)	100%	3.5	100%	3.5
AmRest Acquisition Subsidiary (Malta)	100%	60.9	100%	60.8
AmRest Food SRL	100%	0.1	100%	0.1
		389.9		**387.2**

The movement of the equity instruments in group companies as at 30 June 2020 is as follow:

	31 December 2019	**Increase**	**Decreased**	**30 June 2020**
Cost				
AmRest Sp. zo.o. (Polonia)	217.3	2.9	(0.7)	219.5
AmRest HK Ltd	5.2	-	-	5.2
AmRest China Group PTE Ltd. (China)	40.4	0.1	-	40.5
Amrest SRO (Czechia)	6.7	0.2	(0,1)	6.8
AmRest France SAS	58.5	0.1	-	58.6
AmRest EOOD (Bulgaria)	3.5	-	-	3.5
AmRest Acquisition Subsidiary (Malta)	60.8	0.1	-	60.9
AmRest FSVC LLC	10.5	1.0	-	11.5
AmRest Food SRL		0.1	-	0.1
	402.9	**4.5**	**(0.8)**	**406.6**
	-			
Impairment				
AmRest HK Ltd	(5.2)	-	-	(5.2)
AmRest FSVC LLC	(10.5)	(1.0)	-	(11.5)
	(15.7)	**(1.0)**	**-**	**(16.7)**
Total Equity Instruments in group companies	**387.2**	**3.5**	**(0.8)**	**389.9**

During the 6 months ended on 30 June 2020 the company made the following transactions:

-On 23 June 2020 it was subscribed a capital increase in AmRest China Group PTE Ltd. (China) by an amount of EUR 0.1million.

-On 06 May 2020 and 22 June 2020, the company passed capital increases in AmRest Acquisition Subsidiary by an amount of EUR 0.05 million each.

-During the 6 months period ended 30 June 2020 the company passed several capital increases resolutions in the entity AmRest FSVC LLC by a total amount of EUR 0.4 million. The total amount of these capital increases was impaired as at 30 June 2020.

(all figures in EUR millions unless stated otherwise)

-The value of investment of some subsidiaries was affected by the valuation and exercises of share-based options within SOP and MIP. The total capitalized cost of share option plans in 2020 equals EUR 3.9 million and it is presented in the column increase. The total amount that refers to exercised options in 2020 EUR 0.8 million is presented in the column decrease. The details by subsidiaries for the half year ended as of 30 June 2020 is presented below:

	Increase	**Decrease**
AmRest Sp. zo.o. (Polonia)	2.9	(0.7)
Amrest SRO (Czechia)	0.2	0.1
AmRest France SAS	0.1	-
AmRest FSVC LLC	0.6	-
AmRest Food SRL	0.1	-
	3.9	**(0.8)**

Impairment test of Equity Investment in group companies:

To estimate the potential impairment of the Company's investments in group companies and given that the fair value of these investments is not traded in an active market, this is determined using valuation techniques. The Company uses judgment to select a variety of methods and make assumptions that are based primarily on market conditions existing at the balance sheet date.

The Company considers that there are indications of impairment in its investees if the net book value of the investment exceeds the theoretical book value of the equity of the investee. Additionally, other considerations decrease in the activity of the investees or other situations that could indicate signs of deterioration in the companies.

The principal hypothesis considered in the impairment tests are the following:

- Expected increase in operating income excluding amortization expenses: The growth in operating income excluding amortization expenses is based on the projections estimated by the Management based on the evolutions estimated in the various strategic business plans for the next five years.

- Discount rates: Reflect the evolution of the market with respect to the specific risks of each cash-generating unit, considering the time value of money. The discount rate is based on the specific circumstances of the company and its operating segments and is a consequence of its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of net worth is based on the expected return on investments made by the investors of the Company. On the other hand, the cost of the debt is based on the interest rates of the loans that the Company is obliged to repay. The specific risk of the segment is incorporated by applying individual beta factors, which are evaluated annually based on market data. Discounts rates applied in the table below:

	Implied pre-tax discount rate Half year 2020
Russia	12.1%
Bulgaria	8.2%
France	6.2%
China	8.2%

Due to the impact the COVID-19 pandemic has in AmRest business the company decided to perform impairment testing of its investments in its investments in AmRest Subsidiary (Malta and owner of Russian business), AmRest EOOD (Bulgaria), AmRest France SAS and AmRest China PTE Ltd.

(all figures in EUR millions unless stated otherwise)

There were no conditions for testing of investments in other companies.

The Weighted budgeted average EBITDA Margin used in the impairment test was as follow:

Weighted average budgeted EBITDA margin	Half year 2020
Russia	14.2%
China	11.7%
Bulgaria	15.2%
France	6.7%

The test resulted in non-impairment expense to be booked. The Company registered impairment of the total amount of its investments in AmRest HK and AmRest FSVC LLC because of negative cash flows generated by both entities.

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

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

Financial Assets

Classes	Non-current Financial assets		Current Financial assets	
	Other credits and derivatives		Other credits and derivatives	
Categories	**June 2020**	**December 2019**	**June 2020**	**December 2019**
Loans to group companies	225.2	228.2	44.2	20.6
Other non-current financial assets	0.1	0.1	-	-
Other financial assets with group companies	-	-	1.2	2.7
Trade and other receivables	-	-	2.0	21.4
Available-for-sale financial assets at fair value	76.2	76.2	-	-
Total	**301.5**	**304.5**	**47.4**	**44.7**

The company grants loans to group companies at variable interest rates in the range of 2.3%-4.5% plus 3M Euribor/Libor margin, with maturities starting in 2021.

Available-for-sale financial assets

Available-for-sale financial assets comprise the equity investment in Glovoapp23, S.L., based in Barcelona, Spain ("Glovo"). Changes in fair valuation are recognized in Equity.

On 13 August 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. ("PizzaPortal"). On 28 October, due to satisfaction of conditions precedent, AmRest transferred 100% of shares in PizzaPortal to Glovo. The transaction price amounted to EUR 35 million, including earn-out as the requirements have been met. In consideration for the transfer of 100% of shares in PizzaPortal, AmRest received total sale price in the amount of EUR 35 million, as a combination of cash payment of EUR 20 million and newly issued shares of Glovo valued according to the agreement at EUR 15 million (see note 6.1), which constitutes final settlement of the agreement. Fair value of newly issued shares amounted to EUR 17.6 million.

As a result of the abovementioned transaction and share capital increases in Glovo, AmRest currently holds Glovo shares giving it a 7.5% stake at shareholders' meetings. As there are some dilutive instruments such as employee options and phantom shares, a fully-diluted AmRest stake in Glovo is 6.19%.

(all figures in EUR millions unless stated otherwise)

The fair value of the Glovo investment as at 30 June 2020 and 31 December 2019 was EUR 76.2 million.

Valuation techniques

In December 2019, as at the date of most recent capital increase in Glovo, the Group transferred Glovo investment with carrying amounted of EUR 30.7 million from Level 3 to Level 2 of fair value hierarchy. Share capital increase of Glovo by means of the creation of new shares through asset contributions and cash contribution was executed as at 18 December 2019.

New financing round in Glovo provided the Group with market data about the Glovo including business valuation and most recent share price. In new valuation technique significant input used is based on observable market data.

Fair value of Glovo investment was determined by multiplying amount of AmRest shares in Glovo by the share price from the most recent capital increase. The most recent capital increase was made during December 2019.

Key risk description

The Group has exposure to the following risks arising from Glovo financial instrument:

- Market risk
- Business risk
- Specific risk

Market risk is defined as a risk of unexpected price fluctuations, the liquidity of a financial instrument measured as the ability to sell or purchase it at a stated price, and investors' or buyers' sentiment to a particular sector that a financial instrument is exposed to or operate in.

The business plan of the investee assumes a need for additional funding in order to finance further expansion plans. In the event of not receiving funding, the investee would need to revise its strategy and therefore the current valuation may not be justified. Also the business plan assumes reaching certain financial results. Significant negative deviations from it may result in a lower ability or interest from investors to acquire funding by the investee.

Due to business relationship with the investee, the shareholding can be treated as a strategic one and therefore potential buyers may incorporate some discounts due to a possibility of more competitive environment in terms of further cooperation in case of sale.

6.3. TRADE AND OTHER RECEIVABLES

As at 30 June 2020 and 31 December 2019 the trade and other receivables were composed as follows:

	30 June 2020	31 December 2019
Trade and other receivables with third parties	0.4	20.3
Trade and other receivables with group companies	3.4	2.9
Income tax and other credits with the tax administration	1.5	1.1
Impairment on other accounts receivables with group companies	(1.8)	(1.8)
Total Trade and other receivables	**3.5**	**22.5**

6.4. FINANCIAL LIABILITES

Classes	Non-current Financial Liabilities		Current Financial Liabilities	
Categories	June 2020	December 2019	June 2020	December 2019
Other Debts and payables	101.0	101.0	-	-
Debts with Financial Institutions	-	293.8	382.3	30.0
Debts with group companies	-	-	1.7	1.7
Total	101.0	394.8	384.0	31.7

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

The table below presents all SSD issues and their maturities:

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

As at 30 June 2020 the debt amounts to EUR 101.0 million and its corresponding interest amounting to EUR 1.7 million that are presented in the current liabilities.
As at 30 June 2020 syndicated bank financing secured in 2017, with further amendments, accounts for majority of AmRest debt. The details of bank financing are as follows:

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

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

** Approximate total amount: EUR 682m*

- Interest rates: Approximately half of the available facility is provided at variable interest rates (3M Euribor/Wibor increased by margin) and parts of tranches A and F are provided on fixed rate.
- Securities: submissions to execution from the Borrowers, guarantees from Group companies, pledge on shares of Sushi Shop Group.
- Other information: AmRest is required to maintain certain ratios at agreed levels, that are verified every quarter. Covenants measurements refers to the figures at the end of each quarter. In particular,

(all figures in EUR millions unless stated otherwise)

net debt/EBITDA is to be held below 3.5 and EBITDA/interest charge is to stay above 3.5. As at 30 June 2020 bank covenant net debt/adjusted consolidated EBITDA was not met and the Group was required to report syndicated bank loan balance as current liabilities. On 1 September 2020 the Group has received the waiver letter from the banks. The requirement of the bank covenant for the quarter ending 30 June 2020 has been waived and consequently the debt is classified as non current liability from the date of receiving the waiver. For both ratios EBITDA is calculated without the effect of IFRS 16.

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

6.5. TRADE AND OTHER PAYABLES

As at 30 June 2020 and 31 December 2019 the trade and other payables were composed as follows:

	30 June 2020	31 December 2019
Trade and other payables with third parities	0.3	0.3
Trade and other payables with group companies	1.2	1.7
Remunerations of the board of Directors	0.2	0.2
Other payables with tax administration	-	3.8
Total trade and other payables	**1.7**	**6.0**

7. Cash and cash and equivalents

Cash and cash equivalents as at 30 June 2020 and 31 December 2019 are presented in the table below:

	30 June 2020	31 December 2019
Cash at bank	62.7	9.5
	62.7	**9.5**

8. Equity

8.1. SHARE CAPITAL

Since 27 April 2005, the shares of AmRest Holdings SE were listed on the Warsaw Stock Exchange ("WSE") and since 21 November 2018 on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges.

There were no changes in share capital of the Company during the half year ended on 30 June 2020.

During the year 2018 the Company increased the share capital by EUR 21 million, by offsetting the share premium reserve. Additionally, the Company performed a share split by reducing the nominal value of the Company's shares from EUR 1.0 to EUR 0.1 each without any impact on the total share capital.

In October 2018 AmRest announced that the Board of Directors of the Company has resolved to carry out a share capital increase excluding pre-emption rights in an effective amount (including nominal amount and share issue premium) of EUR 70 million. Under the share capital increase, the Company issued 7 415 253 new shares, of the same class and series as the Company's outstanding shares.

As at 30 June 2020 and at 31 December 2019 the Company has 219 554 183 shares issued.

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

(all figures in EUR millions unless stated otherwise)

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

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

To the best of AmRest's knowledge as at 30 June 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.*

8.2. RESERVES

The composition of reserves as at 30 June 2020 and 31 December 2019 is as follows:

	30 June 2020	31 December 2019
Voluntary Reserves	56.8	33.5
Legal reserves	4.1	1.6
	60.9	35.1

8.3. TREASURY SHARES

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

In the period between 1 January 2020 and 30 June 2020, the re were not acquisitions of own shares. During the same period, the Company disposed a total of 84 138 own shares with a total nominal value of EUR 8 471.4 and representing 0.0386% of the share capital to entitled participants of the stock options plans.

As at 30 June 2020 the Company held 640 277 treasury shares by a total value of EUR 6.6 million of (PLN 27.86 million) that were acquired at an average purchase price of PLN 42.70 (724 415 treasury shares by a total value of EUR 7.5 million (PLN 31.6 million) as at 31 December 2019 that were acquired at an average purchase price of PLN 42.98).

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

	30 June 2020	31 December 2019
Initial Balance	(7.5)	(15.2)
Adquisition of own Shares	-	0.9
Delivery of shares for the stock option plan	0.9	8.6
Ending Balance	(6.6)	(7.5)

(all figures in EUR millions unless stated otherwise)

8.4. OTHER EQUITY INSTRUMENTS

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

	30 June 2020	31 December 2019
Provision of the stock option plan under Equity settlement method net of cost	(22.3)	(25.4)
Other Equity instruments	(22.3)	(25.4)

The movement of the accrual for the equity instruments of the stock option plan during the 6 months ended on 30 June 2020 is as follow:

	30 June 2020
Initial Balance	(25.4)
Equity share base plans accrual	3.9
Delivery of shares for the stock option plan	(0.9)
Exercise of option under gross settlement method	0.1
Ending Balance	(22.3)

8.5. ADJUSTMENTS FOR CHANGES IN VALUE

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

	30 June 2020	31 December 2019
Currency translation reserve	(6.8)	(6.8)
Fair value adjustments of assets available-for-sale	33.6	33.6
Adjustments for changes in value	26.8	26.8

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

In the item fair value adjustments of assets available-for-sale is registered the revenue resulting from the valuation at fair value of Glovoapp 23, S.L. investment (EUR 33.6 million).

9. Provisions

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

	30 June 2020	31 December 2019
Provision of the stock option plan under cash settlement method	0.2	0.5
Provisions	0.2	0.5

The movement of the accrual for the 6 months ended on 30 June 2020 is as follow:

	30 June 2020
Initial Balance	0.5
Revaluation to market value of options under cash settlement method	(0.3)

(all figures in EUR millions unless stated otherwise)

Ending Balance	0.2

10. Taxation

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

	30 June 2020	31 December 2019
Assets		
Income tax receivable	1.4	1.0
VAT receivable	0.1	0.1
Total	1.5	1.1
Liabilities		
VAT payable	-	0.1
Personal income tax and other withholding taxes	-	3.7
Total	-	3.8

Income tax

With effects 1 January 2018, the Company is under the consolidation tax regime set forth in Chapter VI of Title VII of Corporate Income Tax Law 27/2014 of 27 November 2014, being the head of the tax group composed by the Company itself and the rest of the Spanish subsidiaries which at 30 June 2020 are the following:

- AmRestag, S.L.U.
- Restauravia Food, S.L.U.
- Pastificio Service, S.L.U.*
- The Grill Concept, S.L.
- Black Rice S.L.U
- Bacoa Holding S.L.U
- Shushi Shop Madrid S.L.U

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

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

	6 months ended	
	June 2020	June 2019
Corporate income tax	-	1.0
Changes in deferred taxes and liabilities	0.3	-
Total income tax recognised in the income statement	0.3	1.0

The amounts reported in change in deferred taxes and liabilities during the 6 months ended 30 June 2020 corresponds to the tax impact of the losses generated by the Company in the first half of the year 2020.

The reconciliation between the net result and the tax base of the individual entity for the 6 months period ended on 30 June 2020 is as follow:

	Income statement		
	Additions	Decreases	Total
Profit and loss for the period	**-**	**-**	**(1.5)**
Income tax expense	-	-	(0.3)
Permanent differences	**0.0**	**(0.3)**	**(0.3)**

(all figures in EUR millions unless stated otherwise)

	Income statement		
Temporary differences	**1.0**	**-**	**1.0**
- With origin in the current year	1.0	-	1.0
- With origin in previous years	-	-	-
Tax base	**-**	**-**	**(1.1)**
Corporate income tax 25%	**-**	**-**	**-**

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

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

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

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

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

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

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

	6 months ended	
	30 June 2020	30 June 2019
Tax base AmRest Holdings	(1,1)	(4.1)
Tax base contributed by subsidiaries of the tax group:	(10,5)	16.7
AmRestag, S.L.U.	(3,5)	(0.5)
Amrestavia, S.L.U.	-	(1.9)
Restauravia Grupo Empresarial, S.L.U.	-	(0.1)
Restauravia Food, S.L.U.	(4,4)	2.4
Pastificio Service, S.L.U.	(0,6)	17.9
Pastificio, S.L.U.	-	-
Pastificio Restaurantes, S.L.U.	-	-
The Grill Concept, S.L.U.	(0,9)	(1.0)
Bacoa Holding S.L.U.	(0,2)	-
Black Rice, S.L.U.	(0,4)	(0.1)
Sushi Shop Madrid, S.L.	(0,5)	
Tax base of the consolidated tax group	(11,6)	12.6

(all figures in EUR millions unless stated otherwise)

Current income tax of the consolidated tax group (25%)	-	3.2
Withholding taxes and CIT advances	-	(1.5)
Income tax payable for the 6 months ended 30 June	-	1.7

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

	30 June 2020	31 December 2019
Receivables:		
Restauravia Food, S.L.U.	1.0	1.0
Pastificio Service, S.L.U.	-	1.0
AmRestag S.L.U.	0.1	0.1
Total receivables from the Consolidated tax regime	1.1	2.1
Payables		
The Grill Concept S.L.U.	(1.0)	(1.0)
Black Rice S.L.	(0.2)	(0.2)
Sushi Shop Madrid, S.L.	(0.1)	(0.1)
Pastificio Service S.L.U.	(0.4)	-
Total payables from the Consolidated tax regime	(1.7)	(1.3)

11. Income and expenses

11.1. REVENUES

In the item Revenues of the separate income statement for the 6 months ended on 30 June 2020 and 2019 were recognised the result of the execution of stock option plan for employees and the interest and dividends received from subsidiaries:

	6 months ended	
	30 June 2020	30 June 2019
Revenue from Stock option plan	0.3	6.1
Financial income from group companies	3.6	2.9
Total Revenues	**3.9**	**9.0**

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

	6 months ended	
	30 June 2020	30 June 2019
Domestic market	**0.1**	**2.3**
Exports:	**0.2**	**3.8**
a) European Union	0.1	1.0
a1) Euro Zone	-	-
a2) No Euro Zone	0.1	1.0
b) Other countries	0.1	2.8
Net income from the stock option plan	**0.3**	**6.1**

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

	6 months ended	
	30 June 2020	30 June 2019
Domestic market	**1.2**	**1.2**
Exports:	**2.4**	**1.7**
a) European Union	2.0	1.4
a1) Euro Zone	1.4	0.8
a2) No Euro Zone	0.6	0.6

(all figures in EUR millions unless stated otherwise)

b) Other countries	0.4	0.3
Finance income from group companies	**3.6**	**2.9**

11.2. PERSONNEL EXPENSES:

The detail of personnel expenses is as follow:

	6 months ended	
	30 June 2020	**30 June 2019**
Salaries	(0.6)	(0.3)
Social charges	-	(0.1)
Total other operating expenses	**(0.6)**	**(0.4)**

11.3. OTHER OPERATING EXPENSES

The composition of the other operating expenses is as follows:

	6 months ended	
	30 June 2020	**30 June 2019**
Profesional Services	(0.8)	(0.9)
Business travel	(0.1)	(0.1)
Other taxes	(0.2)	-
Other expenses	(0.1)	(0.1)
Total other operating expenses	**(1.2)**	**(1.1)**

12. Financial result

	6 months ended	
	30 June 2020	**30 June 2019**
Financial Expenses		
With group companies	(0.1)	(0.1)
With third parties	(5.7)	(4.7)
Total Financial Expenses	**(5.8)**	**(4.8)**

(all figures in EUR millions unless stated otherwise)

13. Related parties balances and transactions

As at 30 June 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 Belgique SA	Bruxelles, Belgium	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Holding USA LLC	Dover Kent, USA	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Luxembourg SARL	Luxembourg	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Switzerland SA	Fribourg, Switzerland	Sushi Shop Management SAS	100.00%	October 2018
		Restaurant, franchise and master-franchise activity		
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czechia	AmRest Holdings SE	100.00%	December 2000
AmRest Kft	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	82.00%	March 2007
		Starbucks Coffee International,Inc.	18.00%	
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	44.72%	July 2007
		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	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

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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
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%	
SSW 1 SPRL	Waterloo, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
SSW 2 SPRL	Wavre, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi House SA	Luxembourg	Midicapital	14.00%	October 2018
		Sushi Shop Luxembourg SARL	86.00%	

(all figures in EUR millions unless stated otherwise)

Sushi Sablon SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop London Pvt LTD	London, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Louise SA	Bruxelles, Belgium	Sushi Shop Belgique SA	54.80%	October 2018
		Midicapital	45.20%	
Sushi Shop UK Pvt LTD	Charing, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Uccle SA	Uccle, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Anvers SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Geneve SA	Geneva, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Lausanne SARL	Lasanne, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Madrid S.L.	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 International SA	Bruxelles, Belgium	Sushi Shop Group SAS	99.90%	October 2018
		Sushi Shop Belgique SA	0.10%	
Sushi Shop Zurich GMBH	Zurich, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Nyon SARL	Nyon, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop NL B.V.	Amsterdam, Netherlands	Sushi Shop Group SAS	100.00%	October 2018
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	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.	99.9999%	June 2020
		Michał Lewandowski	0.0001%	
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 a new company was registered - AmRest Traugutta Sp. z o.o. with registered office is Wroclaw, Poland. Company has two shareholders: AmRest Sp. z o.o. owns 99,9999% of shares, 0,0001% of shares owns to Michal Lewandowski.

- 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.

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

(all figures in EUR millions unless stated otherwise)

The balances with the Group entities are as follows:

	30 June 2020	31 December 2019
Assets		
Long term loans granted to group companies	225.2	228.2
Short term loans granted to group companies	44.2	20.6
Total loans granted to group companies	**269.4**	**248.8**
AmRest TopCo	8.6	8.5
AmRest Opco SAS	37.0	33.5
AmRest China	7.5	7.3
AmRest Coffee Deutschland Sp. z o.o.	21.0	9.7
AmRest DE Sp. z o.o. & Co. KG	34.1	29.5
AmRest AT GmbH	4.2	3.9
AmRest Kaffee Sp. z o.o.	34.6	38.5
AmRest TAG S.L.U.	69.3	68.7
Blue Frog Food & Beverage Management	7.4	4.5
Pastificio Service. S.L.U.	26.8	26.9
Restauravia Food. S.L.U.	11.1	11.1
AmRest Adria d.o.o.	1.2	0.8
AmRest Pizza Sp. z o.o.&Co. KG	1.4	1.4
AmRest SK s.r.o.	1.4	1.2
OOO AmRest	0.7	1.8
Sushi Shop SAS	2.6	1.5
AmRest Coffee Sk sro	0.5	-
Other financial assets with group companies	**1.2**	**2.7**
Restauravia Food. S.L.U.	1.0	1.0
Pastificio Service S.L.U.	-	1.0
AmRestavia S.L.U.	-	0.6
AmRest TAG S.L.U.	0.2	0.1
Trade and other receivables with group companies	**1.7**	**1.1**
AmRest Sp. z o.o.	0.7	0.6
Restauravia Food. S.L.U.	0.2	0.1
OOO AmRest	0.3	0.2
AmRest Kft	0.1	0.1
AmRest SRO	0.1	-
Pastificio Service S.L.U.	0.1	0.1
AmRest TAG S.L.U.	0.1	-
Other related parties	0.1	-
Liabilities		
Short term debt and other current financial liabilities	**1.7**	**1.7**
The Grill Concept S.L.U.	1.0	1.0
AmRest TAG S.L.U.	-	0.5
Bacoa Black Rice S.L.	0.1	0.1
Sushi Shop SAS	0.1	0.1
Pastificio Service S.L.U.	0.5	-
Trade payables with group companies	**1.2**	**1.7**
AmRest Sp. z o.o.	-	0.2
AmRest TAG S.L.U.	1.1	1.1
Other related parties	0.1	0.4

The transactions with group entities are as follows:

	30 June 2020	30 June 2019

(all figures in EUR millions unless stated otherwise)

Revenues		
Revenues from the result of the stock option plan	**0.3**	**6.1**
AmRest Sp. z o.o.	-	(0.6)
AmRest Coffee Sp. z o.o.	-	0.1
AmRest SRO	0.1	0.1
AmRest FSVC LLC	-	3.7
Restauravia Food S.L.U.	-	0.1
Pastficio Service S.L.U.	-	0.1
AmRestavia S.L.U.	-	2.1
AmRest Kft	-	0.1
AmRest Coffee SRO	-	0.1
OOO AmRest	0.1	0.1
SCM	-	0.2
Other related parties	0.1	-
Financial Income from group companies	**3.6**	**2.9**
AmRest China Group PTE Ltd.	0.2	0.2
AmRest Coffee Deutschland Sp Zoo	0.2	0.1
AmRest Topco France	0.1	0.1
AmRest Opco SAS	0.5	0.3
AmRest DE Sp. z o.o. & Co. KG	0.5	0.3
AmRest Kaffee Sp. z o.o.	0.5	0.6
AmRest TAG S.L.U.	0.8	0.7
Pastificio Service S.L.U.	0.3	0.3
Restauravia Food S.L.U.	0.1	0.1
Restauravia Grupo Empresarial	-	0.1
Blue Frog Food & Beverage Mana	0.2	0.1
AmRest AT GmbH	0.1	-
Other related parties	0.1	-
Expenses		
Financial expenses with group companies	**0.1**	**-**
Pastificio Service S.L.U.	0.1	-
Impairments for credits and receivables with group companies	**-**	**(3.7)**
AmRest FSVC LLC	-	(3.7)
Impairment in investments of groups companies	**(1.0)**	**(2.9)**
AmRest FSVC LLC	(1.0)	(2.9)

14. Remuneration of the board of directors and senior executives

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

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

	6 months ended	
	30 June 2020	**30 June 2019**
Board of Directors Remunerations		
Fixed Remuneration	(0.1)	(0.3)
Operations with shares and/or other financial instruments	-	(3.7)
Total Board of Director remunerations	**(0.1)**	**(4.0)**

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

	6 months ended	
	30 June 2020	**30 June 2019**
Board of Directors Remunerations		
Salaries	-	(0.1)
Variable Remuneration	-	(0.1)
Total Board of Director remunerations	**-**	**(0.2)**

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

	6 months ended	
	30 June 2020	**30 June 2019**
Total remuneration received by the Senior Executives	(0.9)	(2.3)
Total remuneration received by the Senior Executives	**(0.9)**	**(2.3)**

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

	6 months ended	
	30 June 2020	**30 June 2019**
Total remuneration received by the Senior Executives	(1,4)	(1.0)
Total remuneration received by the Senior Executives	**(1.4)**	**(1.0)**

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

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

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

During the 6 months ended in June 2020 and 2019 the members of the Board of Directors of the Company or of the Audit Committee have not carried out any transactions other than ordinary business with the Company or applied terms that differ from market conditions.

(all figures in EUR millions unless stated otherwise)

15. Other information

15.1. AVERAGE NUMBER OF EMPLOYEES

The average number of employees, distributed by categories, for the 6 months ended on 30 June 2020 and 30 June 2020 are as follow:

Categories	June 2020	June 2019
Executive Managers	2	2
Other Managers	1	1
Other employees	2	1
Total	**5**	**4**

The number of employees and members of the board of directors, distributed by gender, as at 30 June 2020 and 30 June 2020 is a follow:

Categories/Gender	June 2020		June 2019	
	Males	Females	Males	Females
Board members	5	2	6	1
Executive Managers	2	-	2	-
Other Managers	1	-	1	-
Other employees	-	2	-	1
	8	**4**	**9**	**2**

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

15.2. TAX INSPECTIONS

There are not tax inspections to be reported during the 6 months ended on 30 June 2020.

15.3. Information about the environment

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

15.4. Subsequent events

On 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.

On 9 July 2020 AmRest presented update on business situation. Following the lifting or loosening of restrictions on the opening of restaurants caused by the COVID-19 pandemic, in the first half of July AmRest maintained open 2,186 stores, which represented 94% of the Group's total number of restaurants.

Out of the 26 markets in which the Group operates, openings had been fully restored in almost all of them, with the exception of Russia where the percentage of open stores was slightly below 80%.

The AmRest Group had implemented the strictest measures in its restaurants to guarantee the safety of customers and employees at all times.

Group is maintaining close communication with its financing banks. On 1 September 2020 the Group has received the waiver letter from the banks. The requirement of the bank covenant for the quarter ending 30 June 2020 has been waived.

After 30 June 2020, until the date of publication of this Report, COVID-19 outbreak continues and countries are at different stages in their exposure.

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 condensed separate financial statements the effects of the pandemic cannot be reliably estimated.

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Carlos Fernández González
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 24 September 2020

Directors's Report 30 June 2020

CONTENTS

(all figures in EUR millions unless stated otherwise)

1. Financial highlights

	6 months ended		3 months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Revenues	**3.9**	9.0	**1.8**	4.2
Results from operating activities	**1.1**	0.9	**0.4**	(1.7)
Financial Cost	**(2.9)**	(5.6)	**(4.6)**	(3.4)
Income tax expense	**0.3**	1.0	**0.9**	0.6
Profit/(loss) for the period	**(1.5)**	(3.7)	**(3.3)**	(4.5)

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

	30 June 2020	31 December 2019
Total Assets	**803.5**	**747.1**
Total liabilities and provisions	**495.3**	**441.4**
Non-current liabilities	**109.6**	**403.7**
Current liabilities	**385.7**	**37.7**
Share capital	**22.0**	**22.0**

2. Significant events and transactions in H1 2020

Satisfaction of all conditions envisaged by the agreement concluded with Glovoapp23 S.L.

On 13 August 2019 the Group has signed the agreement with Glovoapp23, S.L. ("Glovo") for the transfer from AmRest to Glovo of 100% shares in Restaurant Partner Polska Sp. z o.o. ("PizzaPortal") (further: the "Agreement"). At 30 September 2019, Restaurant Partner Polska Sp. z o.o. was classified as a disposal group held for sale. On 28 October, due to satisfaction of conditions precedent, AmRest transferred 100% of shares in PizzaPortal to Glovo.

On 24 January 2020 the Company announced satisfaction of all conditions envisaged by the Agreement and final settlement of the transaction. In consideration for the transfer of 100% of shares in Restaurant Partner Polska Sp. z o.o. AmRest received total transaction price in the amount of EUR 35 million, as a combination of cash payment of EUR 20 million and newly issued shares of Glovo, which constituted final settlement of the Agreement.

As a result of the abovementioned transaction AmRest held 7.5% stake in Glovo's share capital (non-diluted).

Initiation of the procedures to execute an ERTE

On 20 March, 2020 AmRest announced initiation of the procedures for the presentation of Temporary Employment Regulation Files (Expediente de Regulación Temporal de Empleo) on a force majeure basis, as per Royal Decree-Law 8/2020, of March 17, on extraordinary urgent measures to face the economic and social impact of COVID-19 (the "ERTE").

The ERTE was supposed to cover a maximum of 3 666 employees, who represented 93% of the AmRest workforce in Spain; 7.1% at group level.

Due to the government measures, AmRest proceeded to the temporary closure of 143 equity restaurants in Spain of the brands KFC, La Tagliatella, Bacoa and Blue Frog.

This initiative was part of the measures that the AmRest Group took to mitigate the impact caused by the COVID-19 crisis.

(all figures in EUR millions unless stated otherwise)

Further measures adopted regarding employment

On 14 April, 2020 AmRest announced that, in accordance with the provisions of article 47 of the Workers Statute, in relation to Royal Decree 1483/2012 and article 23 of Royal Decree-Law 8/2020, it has filed before the Spanish labor authority a Temporary Employment Regulation File ("ERTE") on productive grounds for the company AmRest Tag, S.L.U. The ERTE covered a total of 55 employees (65% of the total employees) through a combination of temporary suspension of contracts and reduction of working hours.

Earlier, the ERTE program covered also approximately 60 employees of Sushi Shop restaurants in Spain (about 93.55% of the workforce).

Likewise, AmRest informed of the following measures adopted regarding employment in the below jurisdictions in which it operates:

France

A general reduction in working hours has been established for a total of 4 669 employees, representing 93% of the total workforce of the AmRest Group in France. In France, 86% of the AmRest Group's equity restaurants of the Sushi Shop, Pizza Hut, KFC and Tagliatella brands were closed.

Portugal

Temporary suspension (cerramento temporario) of all labor contracts, affecting a total of 68 employees. The 6 AmRest restaurants in Portugal were closed.

Poland

Reduction of working hours and salaries has been established for a total of 4 050 employees, representing 44% of total number of employees of AmRest Group in mid-April in Poland 295 own restaurants (53% of the total) remained open in Poland.

3. Shareholders of AmRest Holdings SE

To the best of AmRest's knowledge as at 30 June 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.*

4. External debt

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

5. Information on dividends paid

Dividends have not been distributed during the 6 months ended 30 June 2020.

6. Changes in the Company's Governing Bodies

As at 30 June 2020 the composition of the Board of Directors was as follows:

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

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

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 the date of publication of this report the composition of the Board of Directors is 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

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

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

During the period since 1 January 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 31 December 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 June 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, in March 2020, Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, a person closely associated to Mr. Carlos Fernández, reported a holding of 516 204 shares. 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).

8. Transactions on own shares concluded by AmRest

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

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

In the period between 1 January 2020 and 30 June 2020, AmRest didn't purchase any own shares. During the same period, the Company disposed a total of 84 714 own shares with a total nominal value of EUR 8 471.4 and representing 0.0386% of the share capital to entitled participants of the stock options plans. Disposal transactions under these plans were executed in three settlement methods, which impacted the sale price. Major part of the shares was transferred to the participants free of charge. As at 30 June 2020 AmRest held 639 701 own shares with a total nominal value of EUR 63 970.1 and representing 0.2914% of the share capital.

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

9. Basic risks and threats the company is exposed to

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

Liquidity risk

AmRest Holdings SE is exposed to the risk of lack of financing now of maturity of bank loans. See Note 2 of the condensed separated financial statements.

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

The COVID-19 pandemic has rapidly spread around the world. 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 the global economy, including HORECA sector, as well as AmRest Group.

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 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 revenues.

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.

Risk related to keeping key personnel in the Group

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

Currency risk

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

Dependency on cooperation with minority shareholders

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

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

Risk of increased financial costs

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

(all figures in EUR millions unless stated otherwise)

Tax risk

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

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

Cyberattack risk

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

10. Average number of employees

The average number of employees, distributed by categories, for the 6 months ended on 30 June 2020 and 30 June 2020 are as follow:

Categories	**June 2020**	**June 2019**
Executive Managers	2	2
Other Managers	1	1
Other employees	2	1
Total	**5**	**4**

The number of employees and members of the board of directors, distributed by gender, as at 30 June 2020 and 30 June 2020 is a follow:

Categories/Gender	**June 2020**		**June 2019**	
	Males	**Females**	**Males**	**Females**
Board members	5	2	6	1
Executive Managers	2	-	2	-
Other Managers	1	-	1	-
Other employees	-	2	-	1
	8	**4**	**9**	**2**

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

11. Subsequent Events

On 9 July, 2020 AmRest presented update on business situation. Following the lifting or loosening of restrictions on the opening of restaurants caused by the COVID-19 pandemic, in the first half of July AmRest maintained open 2,186 stores, which represented 94% of the Group's total number of restaurants.

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Pablo Castilla Reparaz
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Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 24 September 2020

Liability statement of Directors

The Directors of AmRest Holdings, SE (the "**Company**") state that, to the best of their knowledge, the Condensed Separate Financial Statements for 6 months ended 30 June 2020 formulated at the Board meeting held on 24 September 2020, prepared in accordance with the applicable Spanish accounting standards, offer a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and the interim consolidated management report includes a fair review of the required information.

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Madrid, 24 September 2020