AmRest Holdings, SE and subsidiaries

Report on limited review
Condensed consolidated interim financial statements
for the period of six-months ended 30 June 2023
Consolidated interim directors' report

Report on limited review of condensed consolidated interim financial statements

To the shareholders of AmRest Holdings, SE

Introduction

We have performed a limited review of the accompanying condensed consolidated interim financial statements (hereinafter, the interim financial statements) of AmRest Holdings, SE (hereinafter, the Parent company) and its subsidiaries (hereinafter, the Group), which comprise the statement of financial position as at 30 June 2023, and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all condensed and consolidated, for the period of six-months then ended. The Parent company's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

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

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the period of six-months ended 30 June 2023 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, as provided in Article 12 of Royal Decree 1362/2007, for the preparation of condensed interim financial statements.

Emphasis of matter

We draw attention to note 3 of the condensed consolidated interim financial statements, in which it is mentioned that these condensed consolidated interim financial statements do not include all the information required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and therefore the accompanying condensed consolidated interim financial statements should be read together with the consolidated annual accounts of the Group for the year ended 31 December 2022. Our conclusion is not modified in respect of this matter.

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Other matters

Consolidated interim directors' report

The accompanying consolidated interim directors' report for the period of six-months ended 30 June 2023 contains the explanations which the Parent company's directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this directors' report is in agreement with that of the interim financial statements for the period of six-months ended 30 June 2023. Our work as auditors is limited to checking the consolidated interim directors' report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from AmRest Holdings, SE and its subsidiaries' accounting records.

Preparation of this review report

This report has been prepared at the request of management in relation to the publication of the half-yearly financial report required by Article 100 of Law 6/2023, of March 17, on Securities Markets and Investment Services.

PricewaterhouseCoopers Auditores, S.L.

Álvaro Moral Atienza

31 August 2023

Condensed Consolidated Interim Financial Statements

for the period of 6 months ended 30 June 2023

AmRest Group

30 August 2023

AmRest

AMREST GROUP Condensed Consolidated Interim Financial Statements

for the period of 6 months ended 30 June 2023

Contents

(all figures in EUR millions unless stated otherwise)

Condensed consolidated interim income statement for the period of 6 months ended 30 June 2023

		6 MONTHS ENDED	
	Note	30 June 2023	30 June 2022 Re-presented
Continuing operations			
Restaurant sales		1 089.9	916.7
Franchise and other sales		80.0	67.0
Total revenue	5	**1 169.9**	**983.7**
Restaurant expenses:			
Food and merchandise	6	(317.4)	(259.6)
Payroll and other employee benefits	6	(269.3)	(237.0)
Royalties	6	(53.6)	(44.1)
Occupancy, depreciation and other operating expenses	6	(335.5)	(292.7)
Franchise and other expenses	6	(62.1)	(50.6)
Gross Profit		**132.0**	**99.7**
General and administrative expenses	6	(78.5)	(70.5)
Net impairment losses on financial assets		(1.2)	(0.9)
Net impairment losses on other assets	13	(5.1)	4.1
Other operating income/expenses	6	4.0	9.2
Profit/loss from operations		**51.2**	**41.6**
Finance income	7	8.0	0.7
Finance costs	7	(31.8)	(24.4)
Profit/loss before tax		**27.4**	**17.9**
Income tax expense	8	(7.1)	(7.9)
Profit/loss for the period from continuing operations		**20.3**	**10.0**
Discontinued operations			
Profit/loss for the period from discontinued operation	4	6.5	(43.0)
Profit/loss for the period		**26.8**	**(33.0)**
Attributable to:			
Shareholders of the parent		23.6	(35.5)
Non-controlling interests		3.2	2.5

		6 MONTHS ENDED	
		30 June 2023	30 June 2022 Re-presented
Earnings per share for profit/loss from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per ordinary share in EUR	17	0.08	0.03
Diluted earnings per ordinary share in EUR	17	0.08	0.03
Earnings per share for profit/loss attributable to the ordinary equity holders of the company:			
Basic earnings per ordinary share in EUR	17	0.11	(0.16)
Diluted earnings per ordinary share in EUR	17	0.11	(0.16)

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

(all figures in EUR millions unless stated otherwise)

Condensed consolidated interim statement of comprehensive income for the period of 6 months ended 30 June 2023

	Note	6 MONTHS ENDED	
		30 June 2023	**30 June 2022 Re-presented**
Profit/loss for the period		**26.8**	**(33.0)**
Other comprehensive income/loss	16		
Exchange differences on translation of disposed operation		(8.4)	43.6
Exchange differences reclassified on loss of control	4	28.6	-
Exchange differences on translation of other foreign operations		(3.3)	1.5
Net investment hedges		7.7	(2.7)
Income tax related to net investment hedges		(1.4)	0.4
Other comprehensive income/loss for the period		**23.2**	**42.8**
Total comprehensive income/loss for the period		**50.0**	**9.8**
Attributable to:			
Shareholders of the parent		46.4	7.4
Non-controlling interests		3.6	2.4
Total comprehensive income/loss for the period attributable to owners arises from:			
Continuing operations		23.3	9.2
Discontinued operations		26.7	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 interim statement of financial position as of 30 June 2023

	Note	30 June 2023	31 December 2022
Assets			
Property, plant and equipment	9	484.8	501.5
Right-of-use assets	10	784.3	813.3
Goodwill	12	282.0	283.2
Intangible assets	11	233.4	236.4
Investment properties		1.2	4.7
Other non-current assets		22.8	24.0
Deferred tax assets	8	47.5	44.5
Total non-current assets		**1 856.0**	**1 907.6**
Inventories		39.0	37.5
Trade and other receivables	14, 23	82.3	89.1
Income tax receivables		3.6	3.3
Other current assets		13.7	13.1
Cash and cash equivalents	15	254.8	229.6
Total current assets		**393.4**	**372.6**
Total assets		**2 249.4**	**2 280.2**
Equity			
Share capital	16	22.0	22.0
Reserves	16	175.5	166.5
Retained earnings	16	172.4	148.8
Translation reserve	16	(0.7)	(17.2)
Equity attributable to shareholders of the parent		**369.2**	**320.1**
Non-controlling interests		14.0	11.1
Total equity	16	**383.2**	**331.2**
Liabilities			
Interest-bearing loans and borrowings	18, 23	542.2	551.5
Lease liabilities	10	675.7	705.6
Provisions		17.4	18.7
Deferred tax liability	8	39.7	43.0
Other non-current liabilities and employee benefits	20	6.0	3.8
Total non-current liabilities		**1 281.0**	**1 322.6**
Interest-bearing loans and borrowings	18, 23	92.1	102.2
Lease liabilities	10	165.5	173.1
Provisions		4.8	4.4
Trade payables and other liabilities	20	311.9	340.0
Income tax liabilities		10.9	6.7
Total current liabilities		**585.2**	**626.4**
Total liabilities		**1 866.2**	**1 949.0**
Total equity and liabilities		**2 249.4**	**2 280.2**

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 interim statement of cash flows for the period of 6 months ended 30 June 2023

		6 MONTHS ENDED	
	Note	30 June 2023	30 June 2022
Cash flows from operating activities			
Profit/loss for the period		26.8	(33.0)
Adjustments for:			
Amortisation and depreciation		123.1	124.4
Net interest expense		29.8	21.2
Foreign exchange result		(5.5)	1.9
Result on disposal of property, plant and equipment and intangibles		(0.1)	(2.4)
Result on sale of discontinued operation	4	(3.5)	-
Impairment of non-financial assets		5.1	50.6
Share-based payments		2.7	1.4
Tax expense		8.0	10.8
Rent concessions		-	(2.0)
Other		(0.4)	(0.2)
Working capital changes:	15		
Change in trade and other receivables and other assets		4.9	(13.3)
Change in inventories		(3.0)	(2.7)
Change in payables and other liabilities		(5.0)	19.2
Change in provisions and employee benefits		(1.2)	(7.3)
Cash generated from operations		181.7	168.6
Income tax paid		(12.6)	(14.2)
Net cash from operating activities		**169.1**	**154.4**
Cash flows from investing activities			
Net cash outflows on acquisition		-	(1.1)
Net proceeds from the sale of the business	4	61.6	-
Proceeds from the sale of property, plant and equipment, and intangible assets		0.1	0.5
Purchase of property, plant and equipment		(69.9)	(43.3)
Purchase of intangible assets		(4.7)	(3.9)
Net cash from investing activities		**(12.9)**	**(47.8)**
Cash flows from financing activities			
Proceeds from share transfers (employees options)		-	-
Proceeds from loans and borrowings	18	54.1	27.7
Repayment of loans and borrowings	18	(77.6)	(16.2)
Payments of lease liabilities including interests paid	10	(87.1)	(80.7)
Interest paid	18	(18.5)	(11.6)
Interest received		2.8	1.5
Dividends paid to non-controlling interest		(0.8)	(0.5)
Transactions with non-controlling interest		-	0.1
Net cash from financing activities		**(127.1)**	**(79.7)**
Net change in cash and cash equivalents		**29.1**	**26.9**
Effect of foreign exchange rate movements		(3.9)	14.9
Balance sheet change of cash and cash equivalents		25.2	41.8
Cash and cash equivalents, beginning of period		229.6	198.7
Cash and cash equivalents, end of period	**15**	**254.8**	**240.5**

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 interim statement of changes in equity for the period of 6 months ended 30 June 2023

		ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT						
		Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As of 1 January 2023		**22.0**	**166.5**	**148.8**	**(17.2)**	**320.1**	**11.1**	**331.2**
Profit/loss for the period		-	-	23.6	-	**23.6**	3.2	**26.8**
Other comprehensive income/loss		-	6.3	-	16.5	**22.8**	0.4	**23.2**
Total comprehensive income/loss		**-**	**6.3**	**23.6**	**16.5**	**46.4**	**3.6**	**50.0**
Transaction with non-controlling interests	16	-	-	-	-	**-**	(0.7)	**(0.7)**
Share based payments	16	-	2.7	-	-	**2.7**	-	**2.7**
As of 30 June 2023		**22.0**	**175.5**	**172.4**	**(0.7)**	**369.2**	**14.0**	**383.2**

		ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT						
		Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As of 1 January 2022		**22.0**	**165.6**	**147.5**	**(36.4)**	**298.7**	**8.8**	**307.5**
Profit/loss for the period		-	-	(35.5)	-	**(35.5)**	2.5	**(33.0)**
Other comprehensive income/loss		-	(2.3)	-	45.2	**42.9**	(0.1)	**42.8**
Total comprehensive income/loss		**-**	**(2.3)**	**(35.5)**	**45.2**	**7.4**	**2.4**	**9.8**
Transaction with non-controlling interests		-	-	-	-	**-**	0.1	**0.1**
Dividends to non-controlling interests		-	-	-	-	**-**	(0.5)	**(0.5)**
Total transactions with non-controlling interests		**-**	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**
Transaction with non-controlling interests	16	-	0.2	-	-	**0.2**	-	**0.2**
Share based payments	16	-	0.5	-	-	**0.5**	-	**0.5**
As of 30 June 2022		**22.0**	**164.0**	**112.0**	**8.8**	**306.8**	**10.8**	**317.6**

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

Notes to the Condensed Consolidated Interim Financial Statements

1. General information on AmRest Group

AmRest Holdings SE ("The Company", "AmRest") was incorporated in the Netherlands in October 2000. Since 2008 the Company operates a European Company (Societas Europaea, SE). The company is domiciled in Spain.

Paseo de la Castellana 163, 28046 (Madrid), Spain is the Company's registered office as of 30 June 2023 and has not changed during the the reporting period.

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

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

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

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

The Group operates Kentucky Fried Chicken ("KFC"), Pizza Hut ("PH"), Burger King ("BK") and Starbucks ("SBX") restaurants through its subsidiaries in Poland, the Czech Republic (hereinafter Czechia), Hungary, Slovakia, Serbia, Croatia, Bulgaria, Romania, Germany, France, Austria, Slovenia and Spain, on the basis of franchise rights granted. Starting from 1 October 2016 the Group as a master-franchisee has the right to grant a license to third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise) in countries of Central and Eastern Europe, while ensuring a certain share of restaurants operated directly by AmRest. Pizza Hut restaurants acquired in France in May 2017 are operated both by AmRest and its sub-franchisees based on master-franchise agreements ("MFA"). In 2023 AmRest sold its KFC business in Russia. Transaction is further described in note 4.

In Spain and Portugal the Group operates its own brand La Tagliatella. This business is based on operating equity and franchise restaurants and is supported by the central kitchen located in Spain which produces and delivers products to the whole network. In China the Group operates its own brand called Blue Frog.

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

Additionally, among own brands the Group operates virtual brands.

(all figures in EUR millions unless stated otherwise)

The table below shows the terms and conditions of cooperation with franchisors and franchisees of particular brands operated by AmRest as of 30 June 2023

ACTIVITY WHERE AMREST IS A FRANCHISEE					
Brand	**KFC**	**Pizza Hut Dine-In**	**Pizza Hut Express, Delivery**	**Burger King**	**Starbucks** [1]
Franchisor/ Partner	YUM! Restaurants Europe Limited and its affiliates	Pizza Hut Europe Limited	Pizza Hut Europe Limited	Burger King Europe GmbH, Rex Concepts BK Poland S.A,and Rex Concepts BK Czech S.R.O.	Starbucks Coffee International, Inc/Starbucks EMEA Ltd., Starbucks Manufacturing EMEA B.V.
Area covered by the agreement	Poland, Czechia, Hungary, Bulgaria, Serbia, Croatia, Spain, Germany, France, Austria, Slovenia	Poland	Poland, Czechia, Hungary, France, Slovakia.	Poland, Czechia, Bulgaria, Slovakia, Romania	Poland, Czechia, Hungary, Romania, Bulgaria, Germany, Slovakia, Serbia
Term of agreement	10 years with possibility of extension for a further 10 years	10 years with possibility of extension for a further 10 years	10 years with possibility of extension for a further 10 years	Poland, Czechia, Bulgaria, Slovakia, Romania – 10 years without extension possibility within the agreement. In some cases there some 20 year term agreements signed	15 years, possibility of extension for a further 5 years[2]; in Romania till 10 October 2023 16 years; in Bulgaria till 1 October 2027 20 years
Initial fee	up to USD 57.9 thousand [3]	up to USD 57.9 thousand [3]	USD 29.0 thousand [3]	USD 30 thousand	USD 25 thousand
Franchise fee	6% of sales revenues	6% of sales revenues	6% of sales revenues	5% of sales revenues	6% of sales revenues
Marketing fee	5% of sales revenues [4]	5% of sales revenues	6% or 5% of sales revenues depending on the concept [4]	5% of sales revenues [4]	amount agreed each year

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

ACTIVITY WHERE AMREST IS A FRANCHISOR (OWN BRAND OR BASED ON MASTER-FRANCHISE AGREEMENTS)					
Brand	**Pizza Hut Express, Delivery**	**La Tagliatella**	**Blue Frog**	**Bacoa** [5)]	**Sushi Shop**
Partner	Pizza Hut Europe Limited, Yum Restaurants International Holdings LLC, Pizza Hut Europe S.a.r.l	Own brand	Own brand	Own brand	Own brand
Area covered by the agreement	France, CEE (Hungary, Czechia, Poland, Slovakia, Slovenia)	Spain	China	Spain	France, Belgium, United Arab Emirates, Saudi Arabia, UK
Term of agreement	10 years with possibility of extension	10 years with possibility of extension	5 years with possibility of extension	up to 5 years	Franchise agreements: from 3 years (corners) to 10 years with a limited territorial exclusivity. EADA - exclusivity for specific territories granted to up to 10 years.

1) AmRest, through AmRest Sp. z o.o. owns 82% and Starbucks 18% of the share capital of the companies in Poland (AmRest Coffee Sp. z o.o), Czechia (AmRest Coffee s.r.o.) and Hungary (AmRest Kavezo Kft.). Upon occurrence of an event of default, both AmRest and Starbucks (as the case may be, acting as non-defaulting shareholder) will have the option to purchase all of the shares of the other shareholder (the defaulting shareholder) in the terms and conditions foreseen in the corresponding agreements. In the event of a deadlock, Starbucks will have, in the first place, the option to purchase all the shares of AmRest and, if Starbucks does not exercise that option, AmRest will have the option to purchase all the shares of Starbucks, in the terms and conditions foreseen in the corresponding agreements. In the event of a change of control in AmRest Holdings, Starbucks will have the right to increase its participation in each of the companies up to 100%.
2) The license agreements entered into by and between AmRest's affiliates and Starbucks EMEA Limited for Poland, Hungary and Czech Republic, were extended for another 5 years.
3) The fee is updated yearly for inflation.
4) Marketing fee might be changed if certain conditions set in the agreement are met. In some exceptional cases the fee is lower than the standard fee.
5) Bacoa restaurants are currently operated under trademark license agreements.

(all figures in EUR millions unless stated otherwise)

2. Group Structure

As of 30 June 2023, the Group comprised the following subsidiaries:

Company name	Registered office	Parent/non-controlling undertaking	Ownership 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 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
GM Invest SRL	Brussels, Belgium	AmRest TAG S.L.U.	100.00%	October 2018
Sushi Shop Group SAS	Paris, France	GM Invest SRL AmRest TAG S.L.U.	9.47% 90.53%	October 2018
AmRest France SAS	Paris, France	AmRest Holdings SE	100.00%	December 2018
Sushi Shop Management SAS	Paris, France	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Luxembourg SARL	Luxembourg	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Switzerland SA	Fribourg, Switzerland	Sushi Shop Management SAS	100.00%	October 2018
		Restaurant, franchise and master-franchise activity		
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czechia	AmRest Holdings SE	100.00%	December 2000
AmRest Kft	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	March 2007
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
AmRest Coffee s.r.o.	Prague, Czechia	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	August 2007
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	August 2007
AmRest d.o.o.	Belgrade, Serbia	AmRest Sp. z o.o.	100.00%	October 2007
Restauravia Food S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
Pastificio Service S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
AmRest Adria d.o.o.	Zagreb, Croatia	AmRest Sp. z o.o.	100.00%	October 2011
AmRest GmbH i.L.[1]	Cologne, Germany	AmRest TAG S.L.U.	100.00%	March 2012
AmRest SAS.	Paris, France	AmRest TAG S.L.U.	100.00%	April 2012
AmRest Adria 2 d.o.o.	Ljubljana, Slovenia	AmRest Sp. z o.o.	100.00%	August 2012
Frog King Food&Beverage Management Ltd	Shanghai, China	Bigsky Hospitality Group Ltd	100.00%	December 2012
Blue Frog Food and Beverage Management (Shanghai) Ltd.	Shanghai, China	New Precision Ltd	100.00%	December 2012
Shanghai Kabb Western Restaurant Ltd	Shanghai, China	Horizon Consultants Ltd.	100.00%	December 2012
AmRest Skyline GMBH	Cologne, Germany	AmRest TAG S.L.U.	100.00%	October 2013
AmRest Coffee EOOD	Sofia, Bulgaria	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee S.r.l.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Food Srl.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	July 2019
AmRest Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o. AmRest Sp. z o.o.	99.00% 1.00%	December 2015
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o. AmRest TAG S.L.U.	23.00% 77.00%	May 2016
AmRest DE Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
KaiFu Restaurant Management (Shanghai) Co. Ltd	Shanghai, China	Blue Frog Food and Beverage Management (Shanghai) 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
AmRest Coffee SRB d.o.o.	Belgrade, Serbia	AmRest Holdings SE	100.00%	November 2017
AmRest Chamnord SAS	Paris, France	AmRest Opco SAS	100.00%	March 2018
AmRest SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o. AmRest Sp. z o.o.	99.00% 1.00%	April 2018
AmRest Pizza GmbH	Munich, Germany	AmRest DE Sp. z o.o. & Co. KG	100.00%	June 2018
Black Rice S.L.U. [3]	Madrid, Spain	AmRest TAG S.L.U.	100.00%	July 2018
Bacoa Holding S.L.U. [3]	Madrid, Spain	AmRest TAG S.L.U.	100.00%	July 2018
Sushi Shop Restauration SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi House SA	Luxembourg	Sushi Shop Luxembourg SARL	100.00%	October 2018
Sushi Shop London Pvt LTD	London, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Belgique SA	Bruxelles, Belgium	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Louise SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop UK Pvt LTD	Charing, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Anvers SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Geneve SA	Geneva, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Lausanne SARL	Lasanne, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Madrid S.L.U.	Madrid, Spain	Sushi Shop Management SAS	100.00%	October 2018

(all figures in EUR millions unless stated otherwise)

Sushi Shop Milan SARL in liquidazione [2]	Milan, Italy	Sushi Shop Management SAS Vanray SRL	70.00% 30.00%	October 2018
Sushi Shop Zurich GMBH	Zurich, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Nyon SARL	Nyon, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop 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%	November 2019
Sushi Shop Morges SARL	Moudon, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2020
Financial services and others for the Group				
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2012
La Tagliatella SAS	Paris, France	AmRest TAG S.L.U.	100.00%	March 2014
AmRest Kaffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2016
AmRest Estate SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Leasing SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Franchise Sp. z o.o.	Wrocław, Poland	AmRest Sp. z o.o.	100.00%	December 2018
AmRest Global S.L.U.	Madrid, Spain	AmRest Holdings SE	100.00%	September 2020
Supply services for restaurants operated by the Group				
SCM Czech s.r.o.	Prague, Czechia	SCM Sp. z o.o. Ondrej Razga	90.00% 10.00%	March 2007
SCM Sp. z o.o.	Warsaw, Poland	AmRest Sp. z o.o. R&D Sp. z o.o. Beata Szafarczyk-Cylny Zbigniew Cylny	51.00% 33.80% 5.00% 10.20%	October 2008

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

[2] *On 27 January 2023 Sushi Shop Management SAS and VANRAY S.r.l., shareholders of Sushi Shop Milan SARL, decided to liquidate this company. The company is officially in liquidation and the mention "in liquidazione" has been added to the company's name. The liquidation process has not been finished up until the date of this Report.*

[3] *On 27 July 2023 Amrest TAG, S.L.U., the sole shareholder of Black Rice, S.L.U. and Bacoa Holding, S.L.U. decided to liquidate those companies. The liquidation process has not been finished up until the date of this Report.*

- *On 20 January 2023 AmRest HK Ltd. has been deregistered.*
- *On 23 February 2023 La Tagliatella International Kft has been deregistered.*
- *In December 2022 AmRest entered into a share purchase agreement for the sale of its KFC restaurant business in Russia. On 28 April 2023 after the fulfilment of the conditions precedent to which it was subject, the transaction between AmRest's subsidiaries AmRest Sp. z o.o. and AmRest Acquisition Limited and Smart Service Nord Ltd. for the sale of AmRest's KFC business in Russia has been closed.The registration took place on 15 May 2023, and this date was assessed as a date of loss of control over Russian KFC operations. Transaction is further described in note 4.*

3. Basis of preparation

These condensed consolidated financial statements for the period of 6 months ended 30 June 2023 have been prepared in accordance the IAS 34 Interim Financial Reporting and and other provisions of the financial reporting applicable in Spain and were authorized for issue by the Company's Board of Directors on 30 August 2023.

Unless disclosed otherwise, the amounts in these consolidated financial statements are presented in euro (EUR), rounded off to full millions with one decimal place.

This interim report does not include all the information and disclosures required in the annual financial report. Accordingly, this report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022. 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 2022, except for the adoption of new standards, interpretations, and amendments to standards effective as of 1 January 2023, which do not have material impact on the interim report of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The preparation of these condensed consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. Estimates and judgments are continually verified and are based on professional experience and on various factors, including expectations of future events, which are deemed to be justified in given circumstances. Revisions to estimates are recognised prospectively. Actual results may differ from these estimates.

The Group has prepared these consolidated financial statements on the basis that it will continue to operate as a going concern.

4. Loss of control

During second quarter of 2023 AmRest Group disposed its Russian KFC operations and ceased all its operations and corporate presence in Russia.

In December 2022, AmRest Group entered into a share purchase agreement for the sale of its KFC restaurant business in Russia. The closing of the transaction was subject to the approval from the competition authority in Russia, the consent by Yum! Brands Inc.- brand owner and other regulatory authorizations that may be applicable in Russia. The final terms of the transaction were subject to certain external factors, including EUR/RUB exchange rate.

In February 2023 Unirest LLC, an affiliate of Yum! Brands Inc. exercised its right of first refusal pursuant to the underlying franchise agreements for itself or for the benefit of a third party, and appointed Smart Service Nord Ltd as the purchaser of the Business. As a consequence of Unirest's exercise of its right of first refusal, AmRest terminated the sale and purchase agreement entered in December 2022, and signed a new sale and purchase agreement with Smart Service on 25 February 2023 substantially in the same terms and conditions.

On 28 April 2023, after the fulfilment of the conditions precedent to which it was subject, the transaction between AmRest's subsidiaries AmRest Sp. z o.o. and AmRest Acquisition Limited and Smart Service Nord Ltd. for the sale of AmRest's KFC business in Russia (the "Transaction") was closed. Final price of EUR 100 million was received by AmRest, and as required by local regulations, the Transaction was submitted to the relevant registries for registration.

The registration took place on 15 May 2023, and this date was assessed as a date of loss of control over Russian KFC operations. Accounting effect of the deconsolidation is presented in the tables below.

The transaction represented full disposal of AmRest business held in Russia and Russian market was a separate operating segment reported in consolidated financial statements.

Group assessed that disposal of Russia operation met the definition of discontinued operation under IFRS 5 "Non-current assets held for sale and discontinued operations" ("IFRS 5"). Consequently, following adjustments were applied in these condensed consolidated financial statements:

- For condensed consolidated income statement:
  - discontinued operations were presented as a single line item comprising of post-tax profit or loss of discontinued operations, and post tax gain or loss on loss of control, with further details in note 4 below
  - comparative figures were re-presented to separate continuing operations from discontinued operations
- For condensed consolidated cash flow statement:
  - Net operating, investing and financing cash flows from discontinued operations were presented in note 4 below, and there is no separate presentation of cash flows from discontinued operations on the face of the cash flow statement
- For segment reporting:
  - Segment reporting does not include Russia operations, and consequently comparative figures were re-presented to reflect only continued operations.

No adjustments were introduced for comparative figures in condensed consolidated statement of financial position and condensed consolidated statement of changes in equity.

(all figures in EUR millions unless stated otherwise)

Below table presents details of result of discontinued operation:

	6 MONTHS ENDED	
	30 June 2023	30 June 2022 Re-presented
Restaurant sales	85.7	129.0
Restaurant expenses	(78.4)	(113.9)
General and administrative expenses	(3.0)	(3.7)
Net impairment losses on other assets	-	(54.7)
Other operating income/expenses	0.3	1.8
Net finance result	(0.7)	1.4
Income tax expense	(0.9)	(2.9)
Result from operating activities, after tax	**3.0**	**(43.0)**
Gain/loss on sale after income tax	3.5	-
Profit/loss from discontinued operation	**6.5**	**(43.0)**
Exchange differences	20.2	43.6
Other comprehensive income from discontinued operations	26.7	0.6

Details of accounting for loss of control are presented below:

	15 May 2023
Consideration received	100.0
Carrying amount of net assets sold	(61.2)
Transaction related and other costs	(3.1)
Gain on sale before income tax and reclassification of exchange differences	**35.7**
Exchange differences reclassified on loss of control	(28.6)
Income tax expense on loss of control	(3.6)
Gain/loss on sale after income tax	**3.5**

Details of net assets de-consolidated as a result of transaction are presented below:

	15 May 2023
Property, plant and equipment	37.1
Right-of-use assets	65.1
Other non-current assets	5.1
Cash and cash equivalents	38.4
Other current assets	7.0
Total assets	**152.7**
Lease liabilities non current	57.2
Other non-current liabilities	12.5
Lease liabilities current	15.8
Other current liabilities	6.0
Total liabilities	**91.5**
Carrying amount of net assets sold	**61.2**

Below table presents net operating, investing and financing cash flows from discontinued operations.

	6 MONTHS ENDED	
	30 June 2023	30 June 2022 Re-presented
Net cash flows from operating activities	9.9	32.7
Net cash flows from investing activities	58.1	(3.0)
Net cash flows from financing activities	(4.6)	(7.9)
Net cash flows of discontinued operation	**63.4**	**21.8**

Financing cash flow reflect mainly lease payments, whereas investing activities cash outflows for purchase of property, plant and equipment and - in 2023 only- net cash inflow on disposal transaction. Group received EUR 100 million of cash proceeds and de-consolidated EUR 38.4 million of cash in Russian operations.

(all figures in EUR millions unless stated otherwise)

5. Segment reporting

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

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

Owned restaurants and franchised businesses are analysed within three operating segments presenting Group's performance in geographical breakdown. Segments are identified based on the similarity of products, services, customer base and exposure to the same market risks. Fourth segment includes non-restaurant business. Details of the operations presented in each segment are presented below:

Segment	Description
Central and Eastern Europe (CEE)	Restaurant operations and franchise activity in: ■ Poland – KFC, Pizza Hut, Starbucks, Burger King, ■ Czechia – KFC, Pizza Hut, Starbucks, Burger King, ■ Hungary – KFC, Pizza Hut, Starbucks, ■ Bulgaria – KFC, Starbucks, Burger King, ■ Croatia, Austria, Slovenia – KFC, ■ Slovakia – Starbucks, Pizza Hut, Burger King, ■ Romania – Starbucks, Burger King, ■ Serbia – KFC, Starbucks.
Western Europe	Restaurant operations together with supply chain and franchise activity in: ■ Spain – KFC, La Tagliatella, Sushi Shop, ■ France – KFC, Pizza Hut, Sushi Shop, ■ Germany – Starbucks, KFC, ■ Portugal – La Tagliatella, ■ Belgium, Switzerland, Luxembourg, United Kingdom and other countries with activities of Sushi Shop.
China	Blue Frog operations in China.
Other	Segment Other includes global support functions such as e.g. Executive Team, Controlling, Global Finance, IT, Global Human Resources, Treasury and Investors Relations. Segment Other also includes expenses related to M&A transactions not finalised during the period, whereas expenses related to finalised 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.

After the disposal of Russian operations segment "Russia" is no longer reported. Comparative amounts were consequently restated to reflect only continuing operations.

When analysing 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 period of 6 months ended 30 June 2023 and for the comparative period of 6 months ended 30 June 2022 are presented below.

6 MONTHS ENDED					
30 June 2023	**CEE**	**Western Europe**	**China**	**Other**	**Total**
Restaurant sales	638.0	403.4	48.5	-	1 089.9
Franchise and other sales	0.5	34.1	3.0	42.4	80.0
Segment revenue	**638.5**	**437.5**	**51.5**	**42.4**	**1 169.9**
EBITDA	**116.3**	**55.4**	**11.1**	**(10.8)**	**172.0**
Depreciation and amortisation	60.6	44.8	8.7	0.4	114.5
Net impairment losses on financial assets	0.1	0.9	-	0.2	1.2
Net impairment losses on other assets	0.7	4.1	0.3	-	5.1
Profit/loss from operations	**54.9**	**5.6**	**2.1**	**(11.4)**	**51.2**
Capital investment*	**37.0**	**18.9**	**3.9**	**0.6**	**64.0**

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

(all figures in EUR millions unless stated otherwise)

6 MONTHS ENDED 30 June 2022 Restated**	CEE	Western Europe	China	Other	Total
Restaurant sales	522.8	358.4	35.5	-	916.7
Franchise and other sales	0.3	33.0	0.2	33.5	67.0
Segment revenue	**523.1**	**391.4**	**35.7**	**33.5**	**983.7**
EBITDA	**102.5**	**50.2**	**5.0**	**(8.7)**	**149.0**
Depreciation and amortisation	56.6	43.8	9.7	0.4	110.5
Net impairment losses on financial assets	(0.1)	1.0	0.1	-	1.0
Net impairment losses on other assets	(3.9)	(0.4)	0.2	-	(4.1)
Profit/loss from operations	**49.9**	**5.8**	**(5.0)**	**(9.1)**	**41.6**
Capital investment*	**22.4**	**15.4**	**2.2**	**0.4**	**40.4**

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

*** In 2022 Group finalized verification of internal structures. As a result, since 2023, some additional functions were reported as global and are analysed within segment Other. The comparative data in segment reporting note were restated, to reflect the results of all segments as if such change was made already in 2022. Additionally, comparative data were adjusted and do not include results of Russian business because AmRest Group disposed its Russia operations in Q2 2023 and stopped monitoring and reporting Russian results.*

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

6. Operating and other income/costs

Operating costs

Analysis of operating expenses by nature:

	6 MONTHS ENDED 30 June 2023	 30 June 2022 Re-presented
Food, merchandise and other materials	380.0	309.2
Payroll	264.9	232.8
Social security and employee benefits	65.7	55.3
Royalties	54.9	46.2
Utilities	63.1	49.6
Marketing expenses	50.2	38.8
Delivery fees	43.5	40.8
Other external services	52.8	50.4
Occupancy cost	14.9	11.9
Depreciation of right-of-use assets	67.8	63.8
Depreciation of property, plant and equipment	41.8	41.1
Amortisation of intangible assets	4.9	5.6
Other	11.9	9.0
Total cost by nature	**1 116.4**	**954.5**

Summary of operating expenses by functions:

	6 MONTHS ENDED 30 June 2023	 30 June 2022 Re-presented
Restaurant expenses	975.8	833.4
Franchise and other expenses	62.1	50.6
General and administrative expenses	78.5	70.5
Total costs	**1 116.4**	**954.5**

Other operating income/expenses

In June 2023 the Group sold a part of investment property, which historical value was PLN 22.2 million (EUR 5 million). The profit from this transaction of EUR 0.2 million was recognized and presented in other operating income.

7. Finance costs and incomes

Finance income for the period of 6 months ended 30 June 2023 consists mainly of income from net exchange differences in an amount of EUR 6.1 million and bank and other interests received in an amount of EUR 1.8 million. As for the period of 6 months ended 30 June 2022 finance income represents mainly bank and other interests received.

(all figures in EUR millions unless stated otherwise)

Finance costs are presented in table below:

	6 MONTHS ENDED	
	30 June 2023	30 June 2022 Re-presented
Interest expense	17.7	10.5
Interest expense on lease liability	13.9	11.1
Net cost from exchange differences	**-**	**3.5**
Net exchange differences on lease liability	-	5.0
Net exchange differences - other	-	(1.5)
Other	0.2	(0.7)
Total finance cost	**31.8**	**24.4**

8. Income taxes

	6 MONTHS ENDED	
	30 June 2023	30 June 2022 Re-presented
Current tax	(11.2)	(9.4)
Deferred income tax recognised in the income statement	4.1	1.5
Income tax recognised in the income statement	**(7.1)**	**(7.9)**
Deferred tax asset		
Opening balance	44.5	45.7
Closing balance	47.5	45.6
Deferred tax liability		
Opening balance	43.0	45.4
Closing balance	39.7	46.3
Change in deferred tax assets/liabilities	**6.3**	**(1.0)**
Change in deferred tax assets/liabilities from continuing operation	3.4	0.8
Change in deferred tax assets/liabilities from discontinued operation	2.9	(1.8)

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

	6 MONTHS ENDED	
	30 June 2023	30 June 2022 Re-presented
Change in deferred tax assets/liabilities	**6.3**	**(1.0)**
of which:		
Deferred taxes recognised in the income statement	4.1	1.5
Deferred tax of discontinued operation	2.9	(1.8)
Deferred taxes recognised in other comprehensive income – net investment hedges	(1.4)	(0.4)
Deferred taxes recognised in equity -valuation of employee options	-	0.7
Exchange differences	0.7	(1.0)

Income tax calculated according to domestic tax rates applicable to income in particular countries as of 30 June 2023 would amount to EUR 2.4 million. Main position affecting effective tax rate for the period of 6 months ended 30 June 2023 are tax losses for the current period for which no deferred tax asset was recognized (EUR 3.0 million) and local taxes reported as income taxes (EUR 1.4 million).

Tax risks and uncertain tax positions
Tax settlements may be subject of the tax control for the period of 3-5 years from the date of their filing. Tax settlements of AmRest entities are subject to several tax inspections which were widely described in the note "Tax risks and uncertain tax position" to the consolidated financial statements for 2022 ("the Note").

- AmRest sp. z o.o. (Poland):

In respect to tax inspections related to VAT proceedings of fiscal periods:

a) VAT periods April 2018-September 2018: On 17 July 2023 the Company received the decision issued by the Tax Authorities in Wrocław, stating that the Company could not benefit from 5% VAT rate and the biding power of the rulings held by the Company. The total VAT liability assessed by the Tax Authorities amounts to EUR 2.2 million (PLN 9.8 million). No additional sanction imposed. The Company appealed against the decision to the Tax Authorities of second instance.

(all figures in EUR millions unless stated otherwise)

b) VAT periods October 2018-March 2019: On 14 March 2023 the Company received the decisions issued by the Tax Authorities in Katowice, stating that the Company could not benefit from 5% VAT and the biding power of the rulings held by the Company. The total VAT liability assessed by the Tax Authorities amounts to EUR 4.0 million (PLN 17.9 million) which includes a penalty of 30%. The Company appealed against the decisions to the Tax Authorities of second instance and to date no decisions of second instance have been received. On 21 August 2023, the Company received an information that fiscal-penal proceeding has been started and the limitation period has been suspended.

In respect to tax inspection regarding CIT for 2013, the decision of the Tax Authorities has been repealed by the Court on 6 April 2022 and the case was sent to the Tax Authorities to reconsider it again. On 7 August 2023, the Company received a decision of second instance (issued again). The Tax Authorities confirmed that the limitation period has been suspended in a correct way and did not cancel the proceedings. The Company is preparing the complaint to be submitted to the Court. No additional liability assessed based on the decision (the liability was paid in 2021).

- Pastificio Service S.L.U., AmRest Tag S.L.U. and AmRest Holdings SE (Spain): On 22 March 2021, the entities received tax settlement agreement indicating the additional tax liability amounting to EUR 1.1 million for CIT 2014-2017 with regards to certain tax benefits related to intangible assets (i.e. patent box regimen), which was paid on 14 June 2021. The Group disagree and submitted on 26 July 2021 economic-administrative claim which were rejected. On 21 December 2022, the companies filed before the National Audience the allegations writ and to date the Court's resolution has not been received.

On 18 April 2023, AmRest Holdings SE (as head of the CIT Group) and Pastificio Service S.L.U received a notice of initiation of tax audit relating to the patent box regime for fiscal years 2018 and 2019. No tax assessment has been received at the date of this report.

- SuShi Shop Group (France): On 9 June 2022, the Company received two tax assessments relating to corporate income tax (CIT) for fiscal years 2018, 2019 and 2020. The first tax assessments included corrections for CIT of fiscal years 2018 and 2019 in the amount of EUR 1 million. The Company proceeded to pay EUR 0.7 million and not agreeing with the rest of the tax assessment (EUR 0.3 million) filed allegations before Tax Authorities which were rejected. Subsequently the Company filed allegations before the French Courts on 11 April 2023 which are pending of resolution.

The second tax assessments for fiscal year 2020 amounted EUR 2.8 million. The Company did not agree with this tax assessment and filed an appeal before tax authorities, obtaining a favorable ruling on 14 February 2023.

Bank guarantee requested for filing allegations (amounting EUR 3.1 million) are refunded for an amount of EUR 2.8 million. The rest (EUR 0.3 million) will be maintained until the procedure for FY 2018 and 2019 is closed.

The Group's risk assessment regarding tax risks and uncertainties has not changed since the publication of the consolidated financial statements for 2022. Therefore, as of 30 June 2023 and as of the date of publication of this Condensed Consolidated Interim Financial Statements, no new provisions were created.

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

9. Property, plant and equipment

The table below presents changes in the value of property, plant and equipment in the period of 6 months ended 30 June 2023 and 2022:

2023	Leasehold improvements, land, buildings	Restaurants equipment and vehicles	Furniture and other assets	Assets under construction	Total
PPE as of 1 January	**263.3**	**153.4**	**36.8**	**48.0**	**501.5**
Acquisitions	-	-	-	-	-
Additions	2.2	4.6	0.8	51.7	59.3
Depreciation (note 6)	(19.8)	(18.4)	(6.7)	-	(44.9)
Impairment losses (note 13)	(0.3)	(0.1)	(0.5)	-	(0.9)
Loss of control	(25.6)	(7.9)	(2.0)	(1.6)	(37.1)
Disposals, liquidation	0.1	(0.5)	(0.2)	(0.1)	(0.7)
Transfers	19.4	14.9	9.9	(43.3)	0.9
Exchange differences	2.9	1.7	0.3	1.8	6.7
PPE as of 30 June	**242.2**	**147.7**	**38.4**	**56.5**	**484.8**
Gross book value	605.4	405.1	123.1	57.1	1 190.7
Accumulated depreciation and impairments	(363.2)	(257.4)	(84.7)	(0.6)	(705.9)
Net book value	**242.2**	**147.7**	**38.4**	**56.5**	**484.8**

2022	Leasehold improvements, land, buildings	Restaurants equipment and vehicles	Furniture and other assets	Assets under construction	Total
PPE as of 1 January	**259.5**	**139.9**	**35.5**	**26.0**	**460.9**
Acquisitions	-	0.1	0.1	-	0.2
Additions	2.1	6.0	0.6	30.3	39.0
Depreciation (note 6)	(21.3)	(18.8)	(6.2)	-	(46.3)
Impairment losses (note 13)	(1.0)	(1.0)	0.5	-	(1.5)
Disposals, liquidation	(0.1)	(0.3)	(0.2)	-	(0.6)
Transfers	4.0	12.6	3.3	(20.0)	(0.1)
Exchange differences	13.2	4.1	1.1	0.3	18.7
PPE as of 30 June	**256.4**	**142.6**	**34.7**	**36.6**	**470.3**
Gross book value	651.8	405.5	108.4	37.3	1 203.0
Accumulated depreciation and impairments	(395.4)	(262.9)	(73.7)	(0.7)	(732.7)
Net book value	**256.4**	**142.6**	**34.7**	**36.6**	**470.3**

(all figures in EUR millions unless stated otherwise)

Depreciation was charged as follows:

	6 MONTHS ENDED	
	30 June 2023	**30 June 2022**
Costs of restaurant operations	43.2	44.8
Franchise expenses and other	0.7	0.8
General and administrative expense	1.0	0.7
Total depreciation	**44.9**	**46.3**
from continuing operation	41.8	41.1
from discontinued operation	3.1	5.2

10. Leases

The table below presents the reconciliation of the right-of-use assets and lease liabilities for the period of 6 months ended 30 June 2023 and 2022:

	Right-of-use asset			**Lease liabilities**
2023	Restaurant properties	Other	Total right-of-use asset	Total liabilities
As of 1 January	**793.0**	**20.3**	**813.3**	**878.7**
Additions – new contracts	22.4	0.9	23.3	23.2
Remeasurements and modifications	82.6	1.3	83.9	84.4
Depreciation (note 6)	(70.1)	(2.9)	(73.0)	-
Impairment losses (note 13)	(4.4)	-	(4.4)	-
Interest expense	-	-	-	14.8
Payments	-	-	-	(87.1)
Exchange differences	6.4	-	6.4	0.3
Loss of control	(63.6)	(1.6)	(65.2)	(73.1)
Disposals	-	-	-	-
As of 30 June	**766.3**	**18.0**	**784.3**	**841.2**

	Right-of-use asset			**Lease liabilities**
2022	Restaurant properties	Other	Total right-of-use asset	Total liabilities
As of 1 January	**756.8**	**14.2**	**771.0**	**822.9**
Additions – new contracts	13.8	1.9	15.7	15.5
Remeasurements and modifications	69.8	(0.1)	69.7	66.2
Depreciation (note 6)	(68.8)	(3.2)	(72.0)	-
Impairment losses (note 13)	(2.0)	-	(2.0)	-
Interest expense	-	-	-	12.2
Payments	-	-	-	(80.7)
Exchange differences	31.7	0.9	32.6	37.1
Disposals	(1.6)	-	(1.6)	(2.6)
As of 30 June	**799.7**	**13.7**	**813.4**	**870.6**

Depreciation was charged as follows:

	6 MONTHS ENDED	
	30 June 2023	**30 June 2022**
Costs of restaurant operations	70.4	69.4
General and administrative expense	2.6	2.6
Total depreciation	**73.0**	**72.0**
from continuing operation	67.8	63.8
from discontinued operation	5.2	8.2

The Group recognised rent expense from short-term leases of EUR 0.4 million, leases of low-value assets of EUR 3.1 million and variable lease payments of EUR 11.1 million for the period of 6 months ended 30 June 2023. Impairment test procedures, assumptions used and tests' results are disclosed in note 13.

Amounts recognised in statement of cash flows amounted to EUR 87.1 million presented in financing activity as repayment of lease liability and EUR 14.6 million in operating activity as lease payments not included in the lease liability. Total cash outflow for leases amounted to EUR 101.7 million in the period of 6 months ended 30 June 2023.

In the comparable period, in 2022, the Group recognised rent expense from short-term leases of EUR 0.3 million, leases of low-value assets of EUR 2.7 million and variable lease payments of EUR 9.8 million (including negative amount of

(all figures in EUR millions unless stated otherwise)

EUR 2.0 million COVID-19-related rent concessions). Impairment test procedures, assumptions used and tests' results are disclosed in note 13.

In the comparable period, in 2022, amounts recognised in statement of cash flows amounted to EUR 80.7 million presented as repayment of lease liability and EUR 12.8 million as lease payments not included in the lease liability. Total cash outflow for leases amounted to EUR 93.5 million.

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

	30 June 2023	31 December 2022
Up to 1 year	169.9	178.0
Between 1 and 3 years	260.9	277.3
Between 3 and 5 years	189.3	197.1
Between 5 and 10 years	234.6	242.2
More than 10 years	167.6	160.0
Total contractual lease payments	**1 022.3**	**1 054.6**
Future finance costs of leases	181.1	175.9
Total lease liabilities	**841.2**	**878.7**

11. Intangible assets

The table below presents changes in the value of intangible assets in the period of 6 months ended 30 June 2023 and 2022:

2023	Own brands	Licenses for franchise brands	Relations with franchisees and customers	Other intangible assets	Total
IA as of 1 January	**153.8**	**22.9**	**25.8**	**33.9**	**236.4**
Additions	-	-	-	4.7	**4.7**
Amortisation (note 6)	(0.1)	(2.1)	(1.2)	(1.8)	**(5.2)**
Impairment losses (note 13)	-	0.3	-	-	**0.3**
Loss of control	-	(2.3)	-	(0.2)	**(2.5)**
Disposals and derecognition of assets	-	-	-	-	**-**
Transfers between categories	-	1.8	-	(2.7)	**(0.9)**
Exchange differences	(0.1)	0.5	-	0.2	**0.6**
IA as of 30 June	**153.6**	**21.1**	**24.6**	**34.1**	**233.4**
Gross book value	**158.4**	**45.5**	**51.9**	**87.0**	**342.8**
Accumulated amortisation and impairments	**(4.8)**	**(24.4)**	**(27.3)**	**(52.9)**	**(109.4)**
Net book value	**153.6**	**21.1**	**24.6**	**34.1**	**233.4**

2022	Own brands	Licenses for franchise brands	Relations with franchisees and customers	Other intangible assets	Total
IA as of 1 January	**154.1**	**23.1**	**28.9**	**30.8**	**236.9**
Additions	-	0.2	-	3.7	**3.9**
Amortisation (note 6)	(0.1)	(1.9)	(1.5)	(2.6)	**(6.1)**
Impairment losses (note 13)	-	0.1	-	(0.3)	**(0.2)**
Disposals and derecognition of assets	-	-	-	(0.2)	**(0.2)**
Transfers between categories	-	0.8	-	(0.7)	**0.1**
Exchange differences	-	1.5	-	-	**1.5**
IA as of 30 June	**154.0**	**23.8**	**27.4**	**30.7**	**235.9**
Gross book value	159.0	49.9	51.9	80.4	**341.2**
Accumulated amortisation and impairments	(5.0)	(26.1)	(24.5)	(49.7)	**(105.3)**
Net book value	**154.0**	**23.8**	**27.4**	**30.7**	**235.9**

Amortisation was charged as follows:

	6 MONTHS ENDED	
	30 June 2023	30 June 2022
Costs of restaurant operations	2.4	2.4
Franchise expenses and other	0.9	0.7
General and administrative expense	1.9	3.0
Total amortisation	**5.2**	**6.1**

(all figures in EUR millions unless stated otherwise)

	6 MONTHS ENDED	
	30 June 2023	30 June 2022
from continuing operation	4.9	5.6
from discontinued operation	0.3	0.5

Other intangible assets cover key monies in the amount of EUR 18.0 millions (EUR 18.0 millions as of 31 December 2022), sales and business intelligence systems, exclusivity rights and other.

12. Goodwill

Goodwill recognized 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 it is monitored by the Group. In all cases is not higher than the operating segment level:

2023	**1 January**	**Increases (provisional)**	**Impairment**	**Exchange differences**	**30 June**
Sushi Shop (all markets)	141.0	-	-	-	141.0
Spain – La Tagiatella and KFC	90.9	-	-	-	90.9
China – Blue Frog	21.1	-	-	(1.4)	19.7
France - KFC	14.0	-	-	-	14.0
Germany - Starbucks	8.6	-	-	-	8.6
Hungary – KFC	3.1	-	-	0.2	3.3
Romania - SBX	2.5	-	-	-	2.5
Czechia – KFC	1.4	-	-	-	1.4
Poland – Other	0.6	-	-	-	0.6
Total	**283.2**	**-**	**-**	**(1.2)**	**282.0**

2022	**1 January**	**Increases (provisional)**	**Impairment**	**Exchange differences**	**30 June**
Sushi Shop (all markets)	140.5	0.9	-	-	141.4
Spain – La Tagiatella and KFC	90.9	-	-	-	90.9
Russia - KFC	33.1	-	(46.9)	13.8	-
China – Blue Frog	21.5	-	-	0.7	22.2
France - KFC	14.0	-	-	-	14.0
Germany - Starbucks	8.6	-	-	-	8.6
Hungary – KFC	3.4	-	-	(0.2)	3.2
Romania - SBX	2.5	-	-	-	2.5
Czechia – KFC	1.5	-	-	-	1.5
Poland – Other	0.6	-	-	-	0.6
Total	**316.6**	**0.9**	**(46.9)**	**14.3**	**284.9**

Impairment test procedures, assumptions used and tests' results are disclosed in note 13.

13. Impairment of non-current assets

Details of impairments losses recognised:

	6 MONTHS ENDED	
	30 June 2023	30 June 2022 Re-presented
Continued operations:		
Net impairment of property, plant and equipment	(0.9)	1.5
Net impairment of intangible assets	0.3	(0.2)
Net impairment of right of use assets	(4.4)	2.8
Impairment of goodwill	-	-
Net impairment losses of non- current assets	**(5.0)**	**4.1**
Discontinued operations:		
Net impairment losses of discontinued operations	**-**	**(54.7)**

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 /

(all figures in EUR millions unless stated otherwise)

groups of assets. Restaurant assets include amongst others property, plant and equipment, intangible assets and right of use assets. Impairment indicators defined by the Group are described in note 38 of consolidated financial statements for the year 2022.

Impairment indicators are reviewed twice a year and respective impairments test for restaurants are performed twice a year.
The recoverable amount of the cash-generating unit (CGU) is determined based on value in use calculation for the remaining useful life determined by lease expiry date or restaurant closure date (if confirmed), using the discount rate for each individual country.

For recoverable value calculations of value in use, Group uses cash flow projections based on financial budgets that require relevant judgments and estimates. Cash flow projections are prepared for individual restaurants. The Group uses most recently approved budgets and forecasts prepared on the level of countries or activities of brands in certain countries. Next those assumptions are verified in terms of situation of individual restaurants. Base assumptions may be enhanced or worsen, to reflect the best estimate for expected cash projections of analysed restaurant, if needed. Individual projections for sales and costs may depend on restaurant's main streams of revenues and its recovery path from pandemic (different for take-away business, dine-in, food courts), cost pressure in various markets, supply chain related issues and other.
The restaurant tests are also prepared with diversified projection periods that are correlated to restaurant's rental agreements.

The main assumptions used to determine the value in use were:
- sales growth projections dependent on sales mix and sales channels for a given restaurant
- estimate of direct costs
- costs structure development
- investment expenditures
- a discount rate based on the weighted average cost of capital and reflecting the current market assessment of the time value of money and the business risk of the cash generating unit.

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

Carrying amount of each CGU consists of carrying amount of above described assets of the restaurants. Value in use is determined through the discounted cash flows analysis, without the base rental charge.
Discounts rates applied are shown in the table below.

	Post-tax discount rate 30 June 2023	Implied pre-tax discount rate 30 June 2023	Pre-tax discount rate 31 December 2022	Pre-tax discount rate 30 June 2022
Spain	9.9%	13.3%	14.6%	10.4%
Germany	7.6%	10.8%	12.7%	9.4%
France	8.3%	11.0%	9.6%	9.2%
Poland	11.1%	13.8%	14.0%	11.7%
Czechia	9.1%	11.3%	11.5%	9.3%
Hungary	13.5%	14.9%	16.0%	12.2%
Russia	N/A	N/A	36.5%	40.8%
China	8.9%	11.8%	11.8%	9.9%
Romania	13.3%	15.8%	15.2%	11.9%
Serbia	14.4%	16.9%	17.0%	13.8%
Bulgaria	10.8%	12.0%	12.2%	9.8%
Croatia	11.1%	13.5%	16.3%	11.4%
Slovakia	9.4%	11.9%	14.0%	9.7%
Portugal	11.1%	14.0%	14.0%	10.0%
Austria	8.4%	11.0%	11.8%	9.5%
Slovenia	10.7%	13.2%	13.7%	12.0%
Belgium	8.4%	11.2%	11.3%	9.4%
Italy	11.1%	14.6%	14.3%	11.6%
Switzerland	7.0%	8.5%	9.3%	7.3%
Luxembourg	7.9%	10.6%	10.9%	9.1%
Netherlands	7.6%	10.3%	11.4%	9.1%
United Kingdom	8.5%	11.3%	12.4%	9.7%

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 9, 10, 11 and 12.

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, where business is conducted through multiple, individually small operating units.

Summary of impairment tests results on the level of restaurants for the period of 6 months ended 30 June 2023 is presented in the table below:

(all figures in EUR millions unless stated otherwise)

HY 2023	Impairment loss	Impairment reversals	Net/Total
Number of units tested			300.0
Units with impairment/reversal recognised	89.0	71.0	
Impairment of property, plant and equipment and intangible assets	(6.4)	5.8	(0.6)
Impairment of right of use assets	(6.2)	1.8	(4.4)
Five highest individual impairment loss/ reversals total	(2.7)	2.1	
Average impairment loss/ reversal per restaurant	(0.1)	0.1	

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

HY 2022	Impairment loss	Impairment reversals	Net/Total
Number of units tested			394.0
Units with impairment/reversal recognised	84.0	121.0	
Impairment of property, plant and equipment and intangible assets	(5.6)	6.4	0.8
Impairment of right of use assets	(1.7)	3.2	1.5
Five highest individual impairment loss/ reversals total	(1.7)	1.5	
Average impairment loss/ reversal per restaurant	(0.1)	0.1	

Business (goodwill) level tests

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.

For recoverable value calculations, the Group uses cash flow projections based on financial budgets that require judgment and other estimates that include, among others, the operating result on sales and the discount and growth rates at long term.

Mandatory impairment tests are performed at year ends.

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 most recent budgets, plans for next year and forecasts for the following four years. The 5th year normalized 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. Average restaurants sales growth refers to same-store-sales growth rates reflected in impairment models.

Test results for half-year 2023

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

HY2023	Post-tax discount rate	Implied pre-tax discount rate	Growth rate for residual value	Average restaurant sales growth 2023-2027	Weighted average budgeted EBITDA margin
Sushi Shop (all markets)	8.3%	10.0%	1.8%	5.2%	14.1%
France – KFC	8.3%	10.0%	1.8%	4.4%	11.1%

The Group carried out a sensitivity analysis for the impairment tests performed. The sensitivity analysis examined the impact of changes in below factors assuming other factors remain unchanged:

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

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 recognized.

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

Based on the sensitivity analysis performed for France - KFC, 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.

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

Input/ change in input	Potential impairment loss (EUR million)
Discount rate - in model (post-tax discount rate (8.3%))	
-10% of base value	-
-5% of base value	-
+5% of base value	12.6
+10% of base value	29.0
Growth rate for residual value - in model (1.8%)	
-10% of base value	0.8
-5% of base value	-
+5% of base value	-
+10% of base value	-
Weighted average budgeted EBITDA margin value - in model (14.1%)	
-10% of base value	35.7
-5% of base value	14.8
+5% of base value	-
+10% of base value	-
Restaurant Sales	
-5% in each year of projection	6.1
-3% in each year of projection	1.3
+3% in each year of projection	-
+5% in each year of projection	-

Comparative information for the goodwill impairment tests performed during period ended 30 June 2022

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

Goodwill impairment test for KFC Russia

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

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

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

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

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

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

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

Following key assumption were used when performing impairment test:

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

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

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

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

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

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

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

Goodwill impairment test for other units

The main input assumptions used in test were as follows:

HY2022	Post-tax discount rate	Implied pre-tax discount rate	Growth rate for residual value	Average restaurant sales growth 2023-2027	Weighted average budgeted EBITDA margin
Sushi Shop (all markets)	6.9%	8.3%	1.8%	6.9%	14.8%
France – KFC	6.9%	8.3%	1.8%	5.4%	10.5%
China - BF	7.4%	9.1%	2.2%	8.2%	25.0%

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

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

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

14. Trade and other receivables

As of 30 June 2023 and 31 December 2022 the balances of trade and other receivables were as follows:

(all figures in EUR millions unless stated otherwise)

	30 June 2023	31 December 2022
Trade receivables	38.5	44.2
Other tax receivables	23.9	27.2
Credit cards, coupons and food aggregators receivables	25.7	26.9
Loans and borrowings	1.8	1.7
Government grants	0.7	0.6
Other	4.0	1.7
Allowances for receivables (note 23)	(12.3)	(13.2)
	82.3	**89.1**

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 23.

15. Cash and cash equivalents

Cash and cash equivalents as of 30 June 2023 and 31 December 2022 are presented in the table below:

	30 June 2023	31 December 2022
Cash at bank	245.7	216.8
Cash in hand	9.1	12.8
	254.8	**229.6**

Reconciliation of working capital changes as of 30 June 2023 and 30 June 2022 is presented in the table below:

2023	Balance sheet change	Loss of control	Change in investment receivables	Change in investment liabilities	Exchange differences	Working capital changes
Change in trade and other receivables	6.8	(2.6)	3.4	-	1.2	8.8
Change in inventories	(1.5)	(2.0)	-	-	0.5	(3.0)
Change in other assets	0.6	(3.9)	-	-	(0.6)	(3.9)
Change in payables and other liabilities	(25.9)	12.3	-	10.5	(1.9)	(5.0)
Change in other provisions and employee benefits	(0.9)	-	-	-	(0.3)	(1.2)
2022	**Balance sheet change**	**Loss of control**	**Change in investment receivables**	**Change in investment liabilities**	**Exchange differences**	**Working capital changes**
Change in trade and other receivables	(21.2)	-	-	-	(1.5)	(22.7)
Change in inventories	(4.4)	-	-	-	0.1	(4.3)
Change in other assets	(2.7)	-	-	-	0.2	(2.5)
Change in payables and other liabilities	53.0	-	-	(10.1)	3.1	46.0
Change in other provisions and employee benefits	(10.3)	-	-	-	1.1	(9.2)

16. Equity

Share capital

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

As of 30 June 2023 and as of 31 December 2022 the Company has 219 554 183 shares issued.

(all figures in EUR millions unless stated otherwise)

Reserves

The structure of Reserves is as follows:

2023	Share premium	Employee options unexercised	Employee options exercised	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As of 1 January	**236.3**	**15.5**	**(38.1)**	**(3.7)**	**(11.9)**	**(31.6)**	**166.5**
Net investment hedges	-	-	-	-	7.7	-	**7.7**
Income tax related to net investment hedges	-	-	-	-	(1.4)	-	**(1.4)**
Total comprehensive income	**-**	**-**	**-**	**-**	**6.3**	**-**	**6.3**
Value of disposed treasury shares	-	-	-	-	-	-	**-**
Employee stock option plan – proceeds from employees for transferred shares	-	-	-	-	-	-	**-**
Employee stock option plan – reclassification of exercised options	-	(2.1)	2.1	-	-	-	**-**
Employee stock option plan – change in unexercised options	-	2.7	-	-	-	-	**2.7**
Change of deferred tax related to unexercised employee benefits	-	-	-	-	-	-	**-**
Total share based payments	-	0.6	2.1	-	-	-	**2.7**
Total distributions and contributions	**-**	**0.6**	**2.1**	**-**	**-**	**-**	**2.7**
As of 30 June	**236.3**	**16.1**	**(36.0)**	**(3.7)**	**(5.6)**	**(31.6)**	**175.5**

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

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 2023.

Treasury shares
As of 30 June 2023 the Group had 339 623 treasury shares for a total purchase value of EUR 3.7 million, presented as treasury shares within "Reserves" under equity.

Transactions with NCI
This item reflects the impact of accounting for transactions with non-controlling interests (NCI). During the period of 6 months ended 30 June 2023 and 30 June 2022 Group paid dividend to non-controlling shareholders. No other transactions were made.

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

In 2018 AmRest Holdings assigned its PLN 280 million external borrowing as a hedging instrument in a net hedge for its Polish subsidiaries. Following scheduled debt repayments, the net investment hedge has decreased. As of 30 June 2023, the value of net investment hedge amounts to PLN 224 million (PLN 224 million as of end of 2022).

AmRest Sp. z o.o., a Polish subsidiary, with PLN as functional currency, is a borrower of external EUR financing. Since 2017, the bank loan has been hedging the net investment in its EUR subsidiaries. Following a change in presentation currency of the Group from PLN to EUR, AmRest Sp. z o.o. remains exposed to the foreign currency risk between the functional currency of its net investment in its EUR investments and its own functional currency (PLN). These different functional currencies create a genuine economic exposure to changes in fair values in the consolidated financial statements of the Group.

The net investment hedge as of 30 June 2023 is EUR 177 million (177 million as of end of 2022).

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 2023 and 2022 hedges were fully effective.

During the period of 6 months ended 30 June 2023 the amount of currency revaluation recognised in reserve capital (resulting from net investment hedges) amounted to EUR 7.7 million, and deferred tax concerning this revaluation EUR 1.4 million.

Translation reserves

The balance of translation reserves depends on the changes in the exchange rates. Total change in translation reserves allocated to shareholders of the parent for the period of 6 months ended 30 June 2023 amounted to EUR 16.5 million (including recycling of translation reserve in Russia of EUR 28.6 milion). The most significant impact has a change in Russian ruble to EUR (EUR -8.4 million). Other significant changes result from change of Chinese yuan, Hungarian forint and Polish zloty to EUR.

17. Earnings per share

As of 30 June 2023 and 2022 the Company has 219 554 183 shares issued.

Table below presents calculation of basic and diluted earnings per ordinary share for the period of 6 months ended 30 June 2023 and 2022.

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).

	6 MONTHS ENDED	
EPS calculation with the effect of share split	**30 June 2023**	**30 June 2022 Re-presented**
Net profit attributable to shareholders of the parent (EUR millions)	23.6	(35.5)
Net profit from continuing operations attributable to shareholders of the parent (EUR millions)	17.1	7.5
Weighted average number of ordinary shares for basic EPS (in thousands of shares)	219 269	219 271
Weighted average number of ordinary shares for diluted EPS (in thousands of shares)	219 269	219 271
Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	0.08	0.03
From discontinued operation	0.03	(0.19)
Total basic earnings per share attributable to the ordinary equity holders of the company (EUR)	**0.11**	**(0.16)**
Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	0.08	0.03
From discontinued operation	0.03	(0.19)
Total diluted earnings per share attributable to the ordinary equity holders of the company (EUR)	**0.11**	**(0.16)**

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

Weighted-average number of ordinary shares in thousands of shares	**30 June 2023**	**30 June 2022**
Shares issued at the beginning of the period	219 554	219 554
Effect of treasury shares held	(340)	(363)
Effect of share options vested	55	80
Weighted average number of ordinary shares for basic EPS	**219 269**	**219 271**

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 2023**	**30 June 2022**
Weighted-average number of ordinary shares for basic EPS	219 269	219 271
Effect of share options unvested	-	-
Weighted average number of ordinary shares for diluted EPS	**219 269**	**219 271**

As of 30 June 2023, 9 381 thousand of options were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive. As of 30 June 2022, there were 11 769 thousand of options with anti-dilutive effect.

18. Borrowings

Long-term	**30 June 2023**	**31 December 2022**
Syndicated bank loans	432.9	497.3
SSD bonds	29.5	35.5
Other bank loans	79.8	18.7
Total	**542.2**	**551.5**

Short-term	**30 June 2023**	**31 December 2022**
Syndicated bank loans	69.3	68.6
SSD bonds	7.0	0.4
Other bank loans	15.8	33.2
Total	**92.1**	**102.2**

As of 30 June 2023, bank loans and bond debt (SSD) amounted EUR 634.3 million, whereas at the end of year 2022 amounted EUR 653.7 million.

Bank loans and bonds

Currency	**Loans/bonds**	**Effective interest rate**	**30 June 2023**	**31 December 2022**
PLN	Syndicated bank loan	3M WIBOR+margin	91.5	87.1
EUR	Syndicated bank loan	3M EURIBOR+margin	410.7	478.9
EUR	Bilateral Loans	3M EURIBOR+margin	51.5	-
EUR	Schuldscheinedarlehen Bonds	6M EURIBOR/fixed +margin	36.5	35.9
EUR	Bank loans Germany	fixed	0.6	1.4
EUR	Bank loans France	fixed	26.2	30.1
EUR	Bank loans Spain	fixed	17.3	20.3
			634.3	**653.7**

Syndicated bank loan

As of 30 June 2023 syndicated bank financing accounts for the majority of AmRest debt. On 25 May 2023, the Group fully repaid the outstanding amount of Tranche D in the amount of EUR 67.5 million. The outstanding amount of the syndicated bank loan as of 30 June 2023 is EUR 502.2 million.

Details of syndicated bank financing originated in 2017, with further amendments, as of 30 June 2023, are as follows:

- Signing date: 5 October 2017,
- Final repayment date: 31 December 2024,
- Joint Borrowers: AmRest Holdings SE, AmRest Sp. z o.o. and AmRest s.r.o (the “Borrowers”; AmRest Sp. z o.o. and AmRest s.r.o are fully owned by AmRest Holdings SE),
- Lenders: Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski Polska S.A. and Česká spořitelna, a.s.

The total tranches as of 30 June 2023:

Tranche(*)	Maximum amount (million)	Date added	Purpose
A	EUR 175	October 2017	Refinancing of bank debt, general corporate purposes
B	PLN 210	October 2017	
C (fully repaid in Q1 2019)	CZK 0	October 2017	
D	PLN 450	October 2017	
E	PLN 196	June 2019	Refinancing of Polish bonds
F	EUR 133	October 2019	M&A, general corporate purposes
G	EUR 100	September 2022	General corporate purposes

** Approximate total amount: EUR 500m. For the tranche D base currency is PLN and optional currency is EUR.*

- Interest rates: Variable interest rates (3M Euribor/Wibor increased by a margin).
- Securities: submissions to execution from the Borrowers, guarantees from Group companies, pledge on shares of Sushi Shop Group and AmRest SAS France.
- AmRest is required to maintain certain ratios at agreed levels. In particular, net debt/adjusted consolidated EBITDA is to be held below 3.5 and consolidated EBITDA/interest charge is to stay above 3.5. Both ratios are calculated according to the definitions mentioned in the loan agreement. Additionally, the Group is obliged to maintain the equity ratio (expressed as a percentage), calculated as total equity divided by the total assets, above 9% for the year 2023. As of the date of this report, AmRest is in compliance with the three financial covenants.

Three other sources of AmRest financing are:

- <u>Schuldscheinedarlehen (“SSD” – debt instrument under German law) issued by AmRest Holdings SE.</u>

As of 30 June 2023, payables concerning SSD issued amount to EUR 35.5 million plus interests. No repayments are scheduled or made during 2023. According to the schedule, EUR 35.5 million will be repaid during 2024.

The table below presents all SSD issues and their maturities as of June 2023:

Issue date	Amount (EUR million)	Interest rate	Final maturity	Purpose
7 April 2017	6.0	Fixed	Q2 2024	Refinancing, general corporate purposes
3 July 2017	20.0	Fixed	Q3 2024	
3 July 2017	9.5	Variable	Q3 2024	

- <u>State supported loans taken on by Spanish and French subsidiaries in Q2 2020 and guaranteed by the governments.</u>

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 and AmRest SAS Opco SAS EUR 10 million. In April 2023, two credit lines in Spain, which were part of the states supported loans programs, reached their expiration and were successfully repaid in total amount of EUR 6.4 million, so that as of 30 June 2023, no amount is available for drawing for the Spanish entities. Additionally during second quarter of 2023 French entities repaid the EUR 3.7 million as scheduled for state supported loans.

As of 30 June 2023, payables concerning state supported Loans amount to EUR 41.0 million. The effective interest rates are similar to the market rates for specific borrowings.

State supported loans taken by the Group companies:

Country	Entities	Effective interest rate	State guarantee	Balance as of 30 June 2023	Available at 30 June 2023	Final maturity
Spain	Restauravia Food SL, Pastificio Food SL	Fixed	70%	14.8	-	Q2 2026
France	Sushi Shop Restauration SAS, AmRest Opco SAS	Fixed	90%	26.2	-	Q2 2026
				41.0	**-**	

After the annexes signed by the Group regarding its French subsidiaries state supported loans, the loans will be repaid during the period 2023 to 2026.

- <u>Bilateral loans signed during the first half of 2023.</u>

On 30 March 2023 AmRest Holdings SE signed an agreement for the disbursement of a loan in the amount of EUR 30 million. It is a bilateral unsecured transaction according to the permitted conditions in the Syndicated bank loan agreement. Details of bilateral loan entered in Q1 2023:

- Signing date: 30 March 2023.
- Final repayment date: 30 June 2025.
- Borrower: AmRest Holdings SE.
- Interest rates: Variable interest rates (Euribor 3M).

(all figures in EUR millions unless stated otherwise)

In April 2023 and according to the permitted conditions in the Syndicated loan agreement, the Group signed an additional unsecured bilateral loan agreement for EUR 26.5 million out of each 24.0 million was taken. The conditions of this agreement are the same as the bilateral loan of 30 March 2023.

The Group has the following unused, awarded credit limits as of 30 June 2023 and 31 December 2022:

	30 June 2023	31 December 2022
Syndicated bank loan	101.4	28.2
Bank loan/credit line Spain	2.5	17.6
Bank loan/credit line Poland	4.5	4.2
Bank loan/credit line Germany	5.4	4.6
Bank loan/credit line Czechia	2.3	0.5
	116.1	**55.1**

The table below presents the reconciliation of the debt:

2023	**Bank loans**	**SSD bonds**	**Total**
As of 1 January	**617.8**	**35.9**	**653.7**
Payment	(77.6)	-	(77.6)
Loan taken/ new contracts	54.1	-	54.1
Accrued interests	17.0	0.7	17.7
Payment of interests	(18.3)	(0.2)	(18.5)
Exchange differences	4.9	-	4.9
As of 30 June	**597.9**	**36.4**	**634.3**

2022	**Bank loans**	**SSD**	**Total**
As of 1 January	**581.1**	**83.5**	**664.6**
Payment	(2.2)	(14.0)	(16.2)
Loan taken/ new contracts	27.7	-	27.7
Accrued interests	8.8	1.7	10.5
Payment of interests	(10.2)	(1.4)	(11.6)
Exchange differences	(2.1)	-	(2.1)
As of 30 June	**603.1**	**69.8**	**672.9**

19. Employee benefits and share based payments

During 6 months ended 30 June 2023, there were no new employee share options plans introduced.

There were no additional options granted under existing programs.

For existing programs, the Group continued to recognise accruals for equity-settled options in reserve capital and accrual for cash-settled options in liabilities. The total amounts of the accrual as of 30 June 2023 and 31 December 2022 are presented in a table below:

	30 June 2023	31 December 2022
Reserve capital- gross value	17.8	17.2
Reserve capital- gross value with deferred tax effect	16.1	15.5
Liability for cash-settled options	0.0	0.1

The costs recognised in connection with the share based programs amounted to EUR 2.7 million (mostly related to the Long Term Incentive Plan 2021 and 2022) and EUR 1.4 million respectively in the period of 6 months ended 30 June 2023 and 30 June 2022.

20. Trade payables and other liabilities

Trade payables and other liabilities as of 30 June 2023 and 31 December 2022 cover the following items:

	30 June 2023	31 December 2022
Trade payables	98.1	104.2
Accruals and uninvoiced deliveries	85.4	78.8
Employee payables	21.1	21.0
Employee related accruals	25.6	32.7
Accrual for holiday leave	14.9	13.1
Social insurance payables	11.8	22.3
Other tax payables	27.0	25.2
Investment payables	13.8	24.2
Contract liabilities – initial fees, loyaltee programs, gift cards	10.8	11.1
Deferred income	6.7	5.9

	30 June 2023	31 December 2022
Other payables	2.7	5.3
Total trade payables and other liabilities	**317.9**	**343.8**

21. Future commitments and contingent liabilities

As in the previous reporting period, the Group's future liabilities are derived mainly from the franchise agreements and development agreements. Group restaurants are operated in accordance with franchise and development agreements with YUM! and subsidiaries of YUM!, Burger King Europe GmbH, Rex Concepts BK Poland S.A,and Rex Concepts BK Czech S.R.O. Starbucks Coffee International, Inc. In accordance with these agreements, the Group is obliged to meet certain development commitments as well as to make the renovations required to maintain the identity, reputation and high operating standards of each brand. Details of the agreements together with other future commitments have been described in note 1 of this Condensed Consolidated Interim Financial Statements for the period of 6 months ended 30 June 2023 and in notes 1 and 38d of the Group's Consolidated Financial Statements for the year ended 31 December 2022.

Collateral on borrowings is described in note 27 and 28 of the Group's Consolidated Financial Statements for the year ended 31 December 2022.

22. Transactions with related entities

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

Group shareholders

As of 30 June 2023, FCapital Dutch, S.L. (formerly 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, S.L. related parties were noted.

Transactions with members of the Board of Directions and Senior Management Personnel

The remuneration of the Board of Directors and Senior Management Personnel (for these purposes, Senior Management Personnel is understood to be those executives who report directly to the Board of Directors, the chief executive officer or the first executive of the Company, including the person responsible for Internal Audit) paid by the Group was as follows:

	6 MONTHS ENDED	
	30 June 2023	30 June 2022
Remuneration of the members of the Board of Directors	**0.4**	**0.4**
Remuneration of Senior Management Personnel:		
- Remuneration received by the Senior Executives*	2.3	1.9
- Gain on share-based remuneration systems	-	-
Remuneration of Senior Management Personnel	**2.3**	**1.9**
Total compensation paid to key management personnel	**2.7**	**2.3**

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

Directors Remuneration Policy was approved at the General Shareholders' Meeting held on 12 May 2022 and will remain in force until 2025 unless the General Shareholders' Meeting so resolves to amend or replace it.

As of 30 June 2023 and 31 December 2022, the Group's members of the Board of Directors had no pension fund or life insurance. Members of the Board of Directors do not participate neither in Stock Option, Management Incentive nor LTI Plans. Senior Management Personnel participates in that Plans (details below). The Group had not granted any advance, loan or credit in favour of the Board Members or the Senior Management.

The Group's Senior Management Personnel participates in the employee share option plans (note 19). For the period of 6 months ended 30 June 2023 the cost relating to the options amounted to EUR 0.3 million (EUR 0.4 million for the period of 6 months ended 30 June 2022).

	30 June 2023	31 December 2022
Number of options outstanding (pcs)	3 285 000	3 285 000
Number of available options (pcs)	595 133	352 000
Fair value of outstanding options as at grant date (EUR millions)	3.5	3.5

The Group's Senior Management Personnel participates in the Long-Term Incentive (LTI) Program which has been started in 2021. The LTI grants will vest according to a 5-year agenda (60% after 3rd year, 20% after 4th year, 20% after 5th year). The first vesting will take place on 31st May 2024. As of 30 June 2023 the total grant related to key management equals EUR 1.9 million. For the period of 6 months ended 30 June 2023 the cost of LTI related to key management amounted to EUR 0.3 million.

As of 30 June 2023 the Group had no outstanding balances with the Senior Management Personnel. As of 31 December 2022 the Group had no outstanding balances with the Senior Management Personnel except for the accrual and payment of annual bonuses payable in the first quarter of the following year.

(all figures in EUR millions unless stated otherwise)

As of 30 June 2023 and 31 December 2022 there were no material liabilities to former employees.

Other related entities

There were no material transactions with other related entities in 2023. There were also no material receivables and payables with other related entities as of 30 June 2023 and 31 December 2022.

23. Financial instruments

The following table shows the carrying amounts of financial assets and financial liabilities. The Group assessed that the fair values of cash and cash equivalents, rental deposits, trade and other receivables, trade and other payables, as well as current loans and borrowings and finance lease liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Fair values of non-current rental deposits, loans and borrowings and financial liabilities immaterially differs from their carrying values. Trade and other receivables and liabilities presented below does not include balance relating to taxes and employee settlements.

As of 30 June 2023 and 31 December 2022 the Group did not have equity instrument measured at fair value. There were no transfers between fair value hierarchy levels in half year 2023 and in half year 2022.

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

30 June 2023	**Note**	**FVTPL**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**
Financial assets not measured at fair value				
Rental deposits		-	22.2	-
Trade and other receivables from clients	14	-	82.3	-
Cash and cash equivalents	15	-	254.8	-
Financial liabilities not measured at fair value				
Loans and borrowings	18	-	-	597.8
SSD bonds	18	-	-	36.5
Lease liabilities	10	-	-	841.2
Trade and other liabilities to suppliers	20	-	-	262.5

31 December 2022	**Note**	**FVTPL**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**
Financial assets not measured at fair value				
Rental deposits		-	23.6	-
Trade and other receivables from clients	14	-	89.1	-
Cash and cash equivalents	15	-	229.6	-
Financial liabilities not measured at fair value				
Loans and borrowings	18	-	-	617.8
SSD bonds	18	-	-	35.9
Lease liabilities	10	-	-	878.7
Trade and other liabilities to suppliers	20	-	-	278.4

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

During year 2023 the Group recognized an impairment of the Group's receivables exposed to credit risk in an net amount of EUR 0.9 million.

The ageing break-down of receivables and receivable loss allowance as of 30 June 2023 and 31 December 2022 is presented in the table below.

	Current	**Overdue in days**				**Total**
2023		Less than 90	91-180	181 - 365	More than 365	
Trade and other receivables	65.4	10.5	5.8	3.5	7.6	92.8
Loss allowance (note 20)	(2.1)	(0.6)	(1.5)	(1.6)	(6.5)	(12.3)
Total	**63.3**	**9.9**	**4.3**	**1.9**	**1.1**	**80.5**

	Current	**Overdue in days**				**Total**
2022		Less than 90	91-180	181 - 365	More than 365	
Trade and other receivables	74.8	8.0	5.8	3.3	8.7	100.6
Loss allowance (note 20)	(1.1)	(0.2)	(1.3)	(2.3)	(8.3)	(13.2)
Total	**73.7**	**7.8**	**4.5**	**1.0**	**0.4**	**87.4**

(all figures in EUR millions unless stated otherwise)

Value of loss allowance for receivables as of 30 June 2023 and 30 June 2022 is presented in table below:

	30 June 2023	30 June 2022
Value at the beginning of the period	(13.2)	(12.9)
Allowance created	(1.4)	(1.3)
Allowance released	0.2	0.4
Allowance used	1.8	1.0
Other	0.3	-
Value at the end of the period	**(12.3)**	**(12.8)**

24. Events after the reporting period

There were no significant subsequent events after the reporting date.

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Begoña Orgambide García
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparáz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Warsaw, 30 August 2023

STATEMENT OF RESPONSIBILITY OF AMREST HOLDINGS, SE

The members of the Board of Directors of AMREST HOLDINGS, SE (“AmRest” or the “Company”) declare that, as far as they are aware, the Condensed Consolidated Interim Financial Statements for six months ended 30 June 2023, drawn up by the Board of Directors on the meeting of 30 August 2023, and prepared in accordance with the applicable accounting principles, offer a true and fair view of the equity, the financial situation and the results of the Company and the companies within the consolidation taken as a whole, and the Consolidated Directors’ Report includes a true and fair analysis of the required information.

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Begoña Orgambide García
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Repáraz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Warsaw, 30 August 2023

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Consolidated Directors' Report

for the 6 months ended 30 June 2023

AmRest Holdings SE capital group
30 August 2023

AmRest

AmRest Holding SE

Directors' Report
for 6 months ended 30 June 2023

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Financial highlights (consolidated data)

	6 MONTHS ENDED		3 MONTHS ENDED	
	30 June 2023	30 June 2022 Re-presented***	30 June 2023	30 June 2022 Re-presented***
Revenue	1 169.9	983.7	606.7	520.3
EBITDA*	172.0	148.9	101.4	80.9
EBITDA margin	14.7%	15.1%	16.7%	15.5%
Adjusted EBITDA**	174.0	150.4	102.6	81.8
Adjusted EBITDA margin	14.9%	15.3%	16.9%	15.7%
Profit from operations (EBIT)	51.2	41.6	36.8	28.9
EBIT margin	4.4%	4.2%	6.1%	5.6%
Profit before tax	27.4	17.9	24.7	16.2
Net profit	26.8	(33.0)	23.8	(33.9)
Net margin	2.3%	(3.4)%	3.9%	(6.5)%
Profit/loss for the period from continuing operations	20.3	10.0	18.8	9.0
Profit/loss for the period from discontinued operation	6.5	(43.0)	5.0	(42.9)
Net profit attributable to non-controlling interests	3.2	2.5	1.8	1.6
Net profit attributable to equity holders of the parent	23.6	(35.5)	21.9	(35.5)
Cash flows from operating activities	169.1	154.4	86.9	101.1
Cash flows from investing activities	(12.9)	(47.8)	26.9	(22.2)
Cash flows from financing activities	(127.1)	(79.7)	(107.4)	(32.8)
Total cash flows, net	29.1	26.9	6.4	46.1
Average weighted number of ordinary shares for basic earnings per shares (in thousands)	219 269	219 271	219 268	219 260
Average weighted number of ordinary shares for diluted earnings per shares (in thousands)	219 269	219 271	219 268	219 260
Basic earnings per share (EUR)	0.11	(0.16)	0.10	(0.16)
Diluted earnings per share (EUR)	0.11	(0.16)	0.10	(0.16)
Declared or paid dividend per share	-	-	-	-

** EBITDA – Operating profit before depreciation, amortisation and impairment losses.*
***Adjusted EBITDA – EBITDA adjusted for new openings expenses (Start-up costs), M&A expenses; all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with a transaction or profit/loss on sale of shares/ entities and effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).*
****Re-presented - excluding Russia business*

	6 MONTHS ENDED	
	30 June 2023	31 December 2022
Total assets	2 249.4	2 280.2
Total liabilities	1 866.2	1 949.0
Non-current liabilities	1 281.0	1 322.6
Current liabilities	585.2	626.4
Equity attributable to shareholders of the parent	369.2	320.1
Non-controlling interests	14.0	11.1
Total equity	383.2	331.2
Share capital	22.0	22.0
Number of restaurants	2 123	2 341
Number of restaurants in Russia only	-	*214*

Group Business Overview

Basic services provided by the Group

AmRest Holdings SE (“AmRest”, “Company”) with its subsidiaries (the “Group”) is Europe's leading listed restaurant operator with a portfolio of renowned brands in 21 countries. The Group operates 2 123 restaurants under franchised brands such as KFC, Starbucks, Pizza Hut and Burger King, as well as its own brands such as La Tagliatella, Sushi Shop Blue Frog and Bacoa. The company also has several virtual brands in its portfolio.

As of 30 June 2023, AmRest managed a network of 2 123 restaurants. Given the current scale of the business, every day more than 44 thousand of AmRest employees deliver, on a daily basis, delicious taste and exceptional service at affordable prices, in accordance with the Company’s unique culture.

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

- Central and Eastern Europe (“CEE”), where historically the Company was founded and opened its first restaurant under the name of Pizza Hut; today CEE division covers the region of 10 countries (Poland, Czech Republic, Hungary, Bulgaria, Serbia, Croatia, Romania, Austria, Slovenia and Slovakia) and with 1 128 restaurants, accounting for 54.6% of Group´s revenue.
- Western Europe (“WE”), is a segment which primarily consists of Spain, France and Germany, where both franchised and proprietary brands are operated, As a result of dynamic organic expansion supported by previous acquisitions, Western Europe has become a significant operating segment of the Group consisting of 10 countries, 908 restaurants and generating 37.4% of AmRest’s revenues.
- China, where the 87 restaurants of Blue Frog proprietary brand are operated.

And one additional segment “Other” which covers among others corporate office expenses. It accounts for the results of SCM Sp. z o.o. along with its subsidiaries and other support costs and functions rendered for the Group or not allocated to applicable segments such as, for instance, Executive Team, Controlling, Treasury, Investor Relations, Mergers & Acquisitions. The detailed description of the segments is included in Note 5 (‘Segment reporting’) of the Consolidated Interim Financial Statement.

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

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 and Blue Frog,
4) Coffee category, represented by Starbucks,
5) Virtual brands.

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, Bacoa and Sushi Shop). In addition, within the concepts of Pizza Hut Delivery and Pizza Hut Express the Company acts as a master-franchisee, having the rights to sub-license these brands to third parties.

AmRest restaurants provide on-site catering, take-away and drive-in services at special sales points (“Drive Through”), as well as deliveries of orders placed online or by telephone. The diversification of channels and the continuous enhancement of take away and delivery capabilities has been key to adapting quickly to new consumer habits. In addition, these channels show a high complementarity with in-store consumption which shows the strongest growth after the end of the restrictions resulting from the Covid period.

Number of AmRest restaurants broken down by brands as at 30 June 2023

Brand	Restaurants*	Equity share	Franchise share	Share in total
Franchised	**1 614**	**90%**	**10%**	**76%**
KFC	789	100%	-	37%
PH	330	57%	43%	16%
Starbucks*	396	93%	7%	19%
Burger King	99	100%	-	5%
Own	**509**	**54%**	**46%**	**24%**
La Tagliatella	232	32%	68%	11%
Sushi Shop	187	67%	33%	9%
Blue Frog	87	87%	13%	4%
Bacoa	3	-	100%	<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 2023

Region	Restaurants*	Equity share	Franchise share	Share in total
Total	**2 123**	**81%**	**19%**	**100%**
CEE	**1 128**	**99%**	**1%**	**53%**
Poland	613	98%	2%	29%
Czech	220	100%	0%	10%
Hungary	152	100%	0%	7%
Romania	65	100%	0%	3%
Other CEE*	78	100%	0%	4%
WE	**908**	**59%**	**41%**	**43%**
Spain	345	54%	46%	16%
France	340	51%	49%	16%
Germany**	177	85%	15%	8%
Other WE*	46	50%	50%	2%
China	**87**	**87%**	**13%**	**4%**

**Other CEE includes Bulgaria, Serbia, Slovakia, Croatia, Austria and Slovenia; Other WE includes Belgium, UAE, Switzerland, Portugal, UK, Luxembourg and Saudi Arabia.*

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

Financial and asset position of the Group

Revenues and profitability

The hospitality industry has faced enormous challenges over the past three years, including major changes in customers' consumption habits and ways of interacting to each other. Excellent service and a compelling value-for-money proposition have been the key ingredients in the recipe for AmRest's resilience during this period. A recipe that has included the spice of ambition to try to turn these challenges into opportunities and that is finally allowing us to strengthen and improve the Group's business model, which is increasingly sustainable, inclusive and provides greater value to society. Progress has been made in integrating businesses, digitising processes, investing in technology and adapting capabilities to generate practically half of the commercial activity through channels that were practically non-existent a few years ago. At the same time, AmRest has significantly strengthened its balance sheet, which positions the Group well to face unexpected future challenges and, more likely, new opportunities.

Despite the challenging global context marked by geopolitical tensions and high inflation levels, which are, however, starting to show clear signs of abatement, there is a moderate greater optimism about the future evolution of economies.

The European economies, where 95% of the AmRest Group's business is generated, have shown a high resilience during the first half of 2023 and expectations from the main official institutions point to a gradual improvement in the coming quarters.

Economic growth continues to be underpinned by a strong labour market which has sustained consumption, and is allowing consumer confidence indicators to improve in most of the countries where AmRest operates. In addition, lower energy prices and the normalisation in the functioning of supply chains have moderated the still high levels of inflation, especially during the second quarter of the year, providing some relief from the extraordinary cost pressures experienced during the last few quarters. Despite this, the main central banks have continued to tighten their monetary policies over the last few months, affecting the financing conditions of households and companies.

On the other hand, the economic situation in China, where AmRest generates 5% of its revenues, has been marked by the end of the restrictions resulting from the Covid crisis. As a result, a strong economic recovery was expected which, although not as strong as expected, has allowed AmRest to recover the growth path of its operations in the country.

Finally, during the second quarter of 2023, the Group sold all its remaining in business in Russia, completely ceasing its corporate presence in that market. On 28 April 2023, following the fulfilment of the precedent conditions , the transaction between AmRest subsidiaries AmRest Sp. z o.o. and AmRest Acquisition Limited and Smart Service Nord Ltd. for the sale of AmRest's KFC business in Russia was closed. AmRest received a final price of EUR 100 million.

The registration, as required by local regulations, took place on 15 May 2023, the effective date of the loss of control over the Russian operations and therefore considered for accounting deconsolidation. The results generated up to the reporting date are shown as "discontinued operations" (note 4 to the Consolidated Statements). Therefore, all results from such operations are shown as a single line under the heading "profit and loss from discontinued operations". For comparative purposes, the Group's figures have been re-presented to reflect only continued operations to show figures based on homogenous perimeters.

Excellent business performance continues, AmRest generated revenues of EUR 606.7 million in Q2 2023, up 16.6% year-on-year

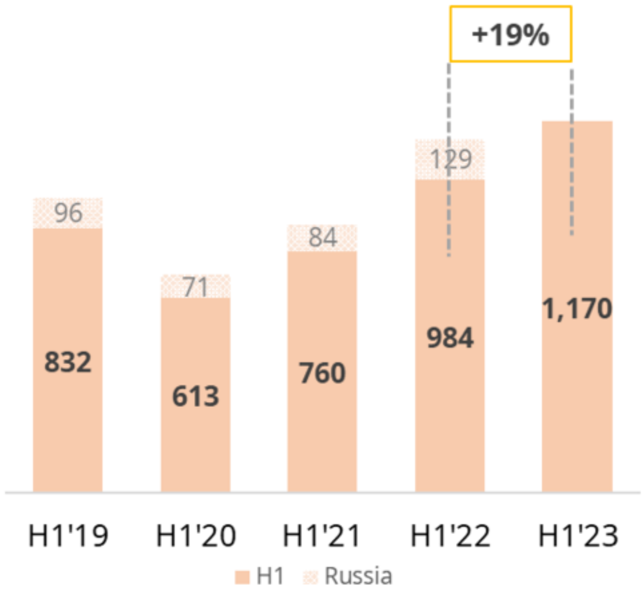
Strong commercial momentum continues. AmRest's second quarter revenues of EUR 606.7 million are a new all-time high for this period of the year. Organic revenue growth of 16.6% overcompensated for the effect of the deconsolidation of the Russian results after the disposal of AmRest's 213 KFC restaurants in the country. The sales growth reflects a further improvement in the number of transactions, which increased by 4%, and active revenue management including price increases. Like-for-like sales (SSS) growth was 12.4%.

Half-year revenues amounted to EUR 1,169.9 million, up 18.9% compared to the same period of 2022. This again sets a new revenue record for the Group, despite the reduction in the perimeter of consolidation.

In terms of distribution channels, the recovery of dine-in is consolidating, represents 44% of global sales and shows the greatest dynamism. In addition, the take-away modality shows an unstoppable rise and a high level of complementarity with dine-in consumption. Finally, sales in the delivery channel remain stable in nominal terms, but represent an increasingly smaller percentage of the overall figure.

From the point of view of order intake, digital sales continued to grow. Currently, more than half of the orders received come from digital channels, with the growth of orders managed through kiosks standing out. This aspect is particularly relevant given the greater added value obtained from these orders.

AmRest Group revenue for the 6 months ended 30 June 2019-2023*



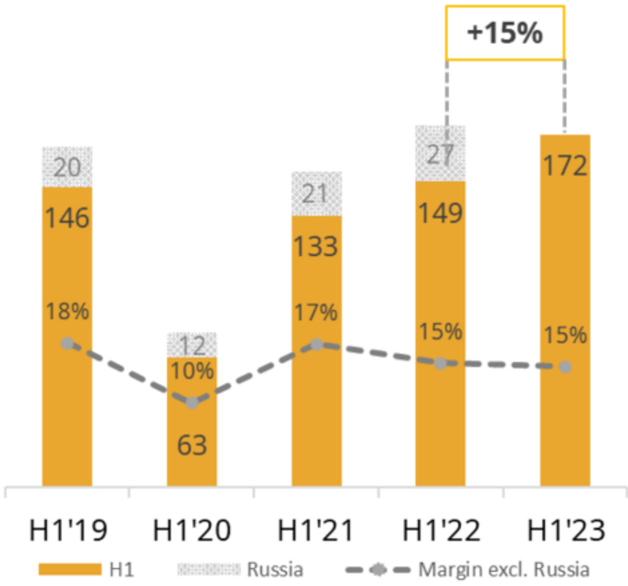
**percentage change excluding Russia business*

Profitability increases thanks to cost control, efficiency gains and the generation of more value-added transactions. EBITDA increased to EUR 101.4m and operating profit (EBIT) advanced to EUR 36.8m in the second quarter of 2023.

AmRest works with the conviction that efficiency is a key competitive advantage over its peers. For this reason, the Group, through the creation of multidisciplinary working groups, periodically carries out an exhaustive study of possible added value initiatives and channels best working practices between different markets and brands. The successful implementation of these initiatives is enabling to limit the impact of costs on customers and to continue to maintain an attractive price-value proposition compatible with the recovery of margins. Additionally, during the second quarter of 2023, a slight reduction in the enormous cost pressure suffered during the last quarters has started to be seen, which has allowed EBITDA to increase to EUR 101.4 million, representing a growth of 25.3% and a margin of 16.7%. Operating profit (EBIT) rose to EUR 36.8 million, up 27.4%, with a margin of 6.1%. Once again, organic growth overcompensated, both in absolute and relative terms, the effect of the change in the perimeter of consolidation following the transfer of the Russian business.

During the first half of 2023, EBITDA amounted to EUR 172.0 million, up 15.4% compared to the same period in 2022, representing a margin of 14.7%. Operating profit (EBIT) amounted to EUR 51.2 million, up 23.1%, representing a margin of 4.4%.

AmRest Group EBITDA for the 6 months ended 30 June 2019-2023*



**percentage change excluding Russia business*

Profit generated during the second quarter of 2023 amounted to EUR 23.8 million, with a contribution of EUR 5.0 million generated by discontinued operations. Impairment adjustments were reduced to € 6.0 million.

The good commercial performance in most of the markets where the Group operates, together with the gradual recovery of margins, reduced the need for impairment adjustments compared to previous periods. The number of restaurants subject to impairment in the first half of the year stood at 89 compared to 131 units at the end of 2022. Total adjustments amounted to EUR 6.3 million.

As a result, the profit generated in the second quarter of 2023 amounted to EUR 23.8 million, with a contribution of EUR 5.0 million generated by discontinued operations. In the first half of the year, the profit amounted to EUR 26.8 million, of which EUR 23.6 million was attributable to the parent company.

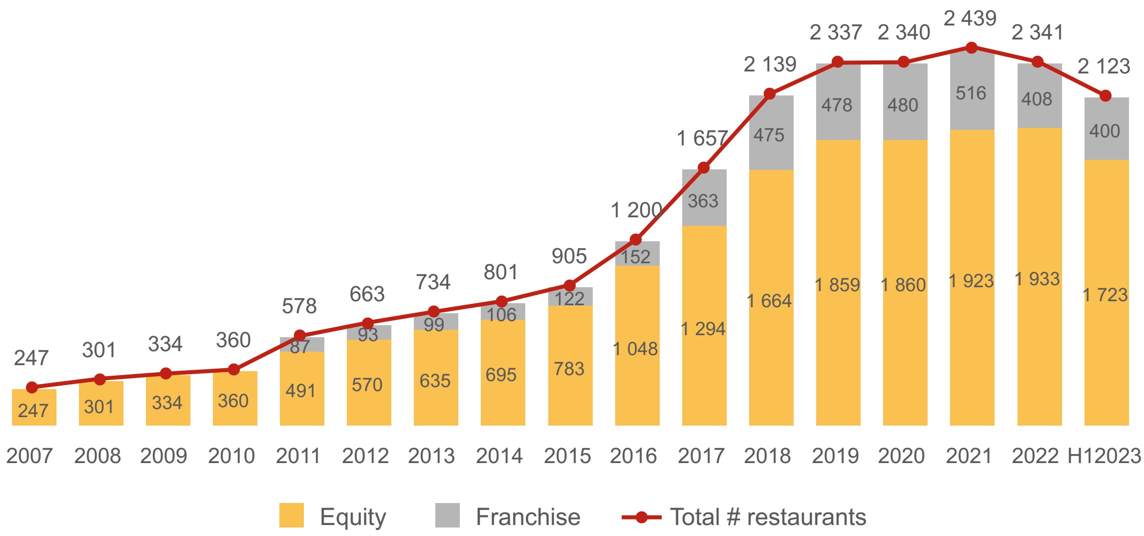
Change in the perimeter of the total number of restaurants under management following the disposal of the remaining business in Russian. The organic evolution of the portfolio maintains a marked seasonality between the first and second half of the year.

AmRest closed the first half of the year with a portfolio of 2 123 restaurants following the sell of the 213 KFC restaurants that the Group operated in Russia. In addition, 12 new restaurants were opened and 23 closed during the second quarter of the year. In total, 29 units were opened and 34 closed during the first half of the year.

CAPEX in the quarter amounted to EUR 35.5 million compared to EUR 26.6 million in the same period of 2022. In the first half of the year, CAPEX amounted to EUR 64.0 million. Investments are being allocated to the modernisation of a record number of restaurants, advances in digitalisation and the opening of new units where, following the seasonality shown in previous years, it is expected that the second half of the year will concentrate most of the planned openings and the necessary investment.

The Group continues to plan to open more restaurants than it did in 2022, which totalled 109 units, and to continue with the portfolio optimisation strategy with the aim of making further progress towards a more efficient allocation of capital.

Number of AmRest Group restaurants from 2007 to H1 2023



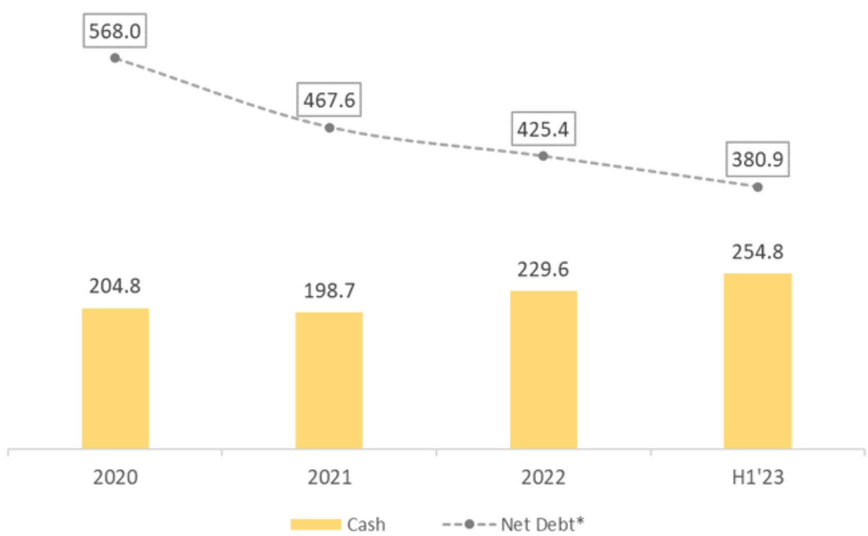
Extraordinary financial position thanks to the accumulation of equity, improved profitability and reduction of net financial debt. The Group's leverage is reduced to 1.9x.

AmRest's equity closed the first half of the year at EUR 383.2 million after increasing by EUR 52.0 million in the first six months, this is a 15.7% growth, mainly due to the accumulation of profits from continued operations and the effect of the disposal of the Russia business.

Likewise, the cash and cash equivalents position increased by EUR 25.2 million during the first half of the year to EUR 254.8 million. The generation of operating cash flow amounting to EUR 169.1 million during the first half, together with the EUR 61.6 million inflow from the sale of businesses, enabled the Group to meet its investment commitments, service its financial payments, reduce its gross debt and increase its cash level.
The level of net financial debt (pre-IFRS16) stands at EUR 380.9 million, having been reduced by EUR 44.5 million during the year. This amount includes repayments and the formalisation of two new loans for a total amount of EUR 56.5 million with two major European financial institutions. In the first quarter EUR 30 million were formalised and subsequently, in April 2023, a new loan for EUR 26.5 million was formalised. Both operations are bilateral, unsecured loans with a maturity date of June 2025.

This situation allows to comfortably comply with the financial covenants that establish a leverage ratio lower than 3.5x and an interest coverage higher than 3.5x. At the end of the first half, the Group's leverage ratio (net financial debt/ EBITDA ex IFRS16) stood at 1.9x and debt interest coverage at 6.5x. AmRest considers that the financial situation presented provides an adequate capacity to face possible challenges and opportunities that may arise.

Net financial debt evolution and cash position



**Net Debt pre IFRS16*

Table 1. Structure of Group's revenue

	6 MONTHS ENDED			
	30 June 2023		30 June 2022 Re-presented**	
Revenue	Amount	Share	Amount	Share
Central and Eastern Europe	638.5	54.6%	523.1	53.2%
Western Europe	437.5	37.4%	391.4	39.8%
China	51.5	4.4%	35.7	3.6%
Other*	42.4	3.6%	33.5	3.4%
Total	**1 169.9**	**100.0%**	**983.7**	**100.0%**

**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.*
***Re-presented - excluding Russia business.*

Revenues and profitability by segments

Central and Eastern Europe (CEE)

Revenues generated during the first half of the year amounted to EUR 638.5 million, 22.0% higher than in the same period of 2022. During the second quarter they amounted to EUR 334.4 million, an increase of 19.7% compared to the same period of 2022. All countries in the region show excellent commercial dynamics, although Hungary's evolution stands out with a sales increase of more than 40%. The relative importance of the Czech Republic continues to grow, consolidating its position as the Group's second largest revenue generator country after Poland.

EBITDA generated during the first half of the year was EUR 116.3 million, representing a margin of 18.2% and a growth of 15.1% compared to the same period of 2022. During the second quarter of the year, EBITDA was EUR 68.5 million, EUR 13.7 million higher than in the same period of 2022. The EBITDA margin was 20.5%. Most markets achieved margins above 20%. In the case of Poland, the EBITDA margin stood at 19.0%, which nevertheless recorded a notable growth of 1.7 percentage points compared to 2022.

At the end of the quarter, the restaurant portfolio in the region amounted to 1 128 units after the opening of 3 units during the quarter and the closure of 6. The number of openings in the first half amounted to 11 units and the number of closures to 10.

Western Europe (WE)

Revenues in the region amounted to EUR 437.5 million, a year-on-year increase of 11.8%, of which EUR 224.9 million were generated in the second quarter of the year, 9.8% higher than the previous year. By country, it is worth highlighting the excellent performance in Germany, where the gradual return to on-premise consumption continues to boost activity levels.

EBITDA generated in the region during the first half of the year amounted to EUR 55.4 million, 10.3% higher than in the same period of 2022, bringing the EBITDA margin to 12.7%. During the second quarter, EBITDA reached EUR 31.6 million with a year-on-year growth of 14.9%.

The total number of restaurants at the end of the half year stood at 908 units after the opening of 6 and the closing of 17 during the second quarter of the year. This brought the number of openings in the region during the half year to 11 and closures to 23, of which 17 were concentrated in France.

Russia

During the second quarter of 2023, the Group transferred all its operations in Russia, completely ceasing its corporate presence in that market. On 28 April 2023, following the fulfilment of the precedent conditions, the transaction between AmRest's subsidiaries AmRest Sp. z o.o. and AmRest Acquisition Limited and Smart Service Nord Ltd. for the sale of AmRest's KFC business in Russia was closed. AmRest received a final price of EUR 100 million.

The registration, as required by local regulations, took place on 15 May 2023, the effective date of the loss of control over the Russian operations and therefore considered for accounting deconsolidation. The results generated up to the date of registration are shown as "discontinued operations" and amounted to EUR 6.5 million (note 4 of the Consolidated Statements).

China

After the end of the restrictions resulting from the Covid crisis, a strong economic recovery was expected in China, but so far the level of intensity has not been as advanced. However, the reopening of the economy and increased mobility have allowed AmRest to regain the growth path of its operations in the country.

Revenues generated during the half year amounted to EUR 42.4 million, 26.5% higher than in the same period of 2022. The effect of the end of the restrictions is more evident in the second quarter, when revenues amounted to EUR 26.7 million, a year-on-year increase of 88.0%.

In terms of EBITDA generation, EUR 11.1 million was generated during H1 2023, of which EUR 5.5 million was generated during the second quarter. In terms of EBITDA margin, these figures represent 21.6% in the first half and 20.6% in the second quarter.

The number of restaurants in the region reached 87 after the opening of 3 units in the second quarter and 7 in the first half of the year. There were no closures during these periods.

Table 2. Revenues and margins generated in the particular markets for the 6 months ended 30 June 2023 and 2022

	6 MONTHS ENDED			
	30 June 2023		30 June 2022 Restated*	
	Amount	% of sales	Amount	% of sales
Revenue	**1 169.9**	**100.0%**	**983.7**	**100.0%**
Poland	317.2	27.1%	271.9	27.6%
Czechia	157.0	13.4%	130.2	13.2%
Hungary	95.1	8.1%	68.6	7.0%
Other CEE	69.2	5.9%	52.4	5.3%
Total CEE	**638.5**	**54.6%**	**523.1**	**53.2%**
Spain	159.1	13.6%	138.5	14.1%
Germany	98.1	8.4%	78.6	8.0%
France	161.9	13.8%	152.4	15.5%
Other WE	18.4	1.6%	21.9	2.2%
Western Europe (WE)	**437.5**	**37.4%**	**391.4**	**39.8%**
China	**51.5**	**4.4%**	**35.7**	**3.6%**
Other	**42.4**	**3.6%**	**33.5**	**3.4%**
EBITDA	**172.0**	**14.7%**	**149.0**	**15.1%**
Poland	50.1	15.8%	48.6	17.9%
Czechia	35.0	22.3%	29.4	22.6%
Hungary	17.6	18.6%	12.4	18.0%
Other CEE	13.6	19.6%	12.1	23.3%
Total CEE	**116.3**	18.2%	**102.5**	**19.6%**
Spain	30.1	18.9%	28.7	20.7%
Germany	16.6	16.9%	9.7	12.3%
France	7.5	4.6%	9.6	6.3%
Other WE	1.2	6.4%	2.2	10.3%
Western Europe (WE)	**55.4**	**12.7%**	**50.2**	**12.8%**
China	**11.1**	**21.6%**	**5.0**	**13.8%**
Other	**(10.8)**	**(25.6)%**	**(8.7)**	**(25.9)%**
Adjusted EBITDA	**174.0**	**14.9%**	**150.5**	**15.3%**
Poland	50.6	15.9%	48.9	18.0%
Czechia	35.1	22.4%	29.6	22.7%
Hungary	18.0	18.9%	12.5	18.2%
Other CEE	13.6	19.7%	12.5	23.7%
Total CEE	**117.3**	**18.4%**	**103.5**	**19.8%**
Spain	30.8	19.4%	29.0	20.9%
Germany	16.6	17.0%	9.8	12.5%
France	7.5	4.6%	9.6	6.3%
Other WE	1.2	6.4%	2.2	10.3%
Western Europe (WE)	**56.1**	**12.8%**	**50.6**	**12.9%**
China	**11.4**	**22.2%**	**5.1**	**14.1%**
Other	**(10.8)**	**(25.6)%**	**(8.7)**	**(25.9)%**

EBIT	**51.2**	**4.4%**	**41.6**	**4.2%**
Poland	19.1	6.0%	24.2	8.9%
Czechia	20.6	13.2%	15.6	12.0%
Hungary	10.4	10.9%	5.4	7.9%
Other CEE	4.8	7.0%	4.7	9.0%
Total CEE	**54.9**	**8.6%**	**49.9**	**9.5%**
Spain	8.7	5.5%	13.3	9.6%
Germany	4.9	5.0%	(3.0)	(3.8)%
France	(7.0)	(4.3)%	(4.0)	(2.6)%
Other WE	(1.0)	(5.7)%	(0.5)	(2.5)%
Western Europe (WE)	**5.6**	**1.3%**	**5.8**	**1.5%**
China	**2.1**	**4.0%**	**(5.0)**	**(14.0)%**
Other	**(11.4)**	**(26.9)%**	**(9.1)**	**(27.1)%**

**Restated - excluding Russia business and including restatement of segment data - some global functions are now analysed in segment Other.*

Table 3. Revenues and margins generated in the particular markets for 3 months ended 30 June 2023 and 2022

	3 MONTHS ENDED			
	30 June 2023		30 June 2022 Restated*	
	Amount	% of sales	Amount	% of sales
Revenue	**606.7**	**100.0%**	**520.3**	**100.0%**
Poland	165.2	27.2%	144.0	27.7%
Czechia	81.9	13.5%	70.3	13.5%
Hungary	51.0	8.4%	36.0	6.9%
Other CEE	36.3	6.0%	28.9	5.5%
Total CEE	**334.4**	**55.1%**	**279.2**	**53.7%**
Spain	81.6	13.5%	74.0	14.2%
Germany	53.6	8.8%	44.0	8.5%
France	80.9	13.3%	75.8	14.6%
Other WE	8.8	1.5%	11.0	2.1%
Western Europe (WE)	**224.9**	**37.1%**	**204.8**	**39.4%**
China	**26.6**	**4.4%**	**14.2**	**2.7%**
Other	**20.8**	**3.4%**	**22.2**	**4.3%**
EBITDA	**101.4**	**16.7%**	**80.9**	**15.5%**
Poland	31.4	19.0%	27.6	19.2%
Czechia	19.6	23.9%	16.7	23.7%
Hungary	10.2	20.0%	6.4	17.8%
Other CEE	7.3	20.2%	6.8	23.7%
Total CEE	**68.5**	**20.5%**	**57.5**	**20.6%**
Spain	15.8	19.4%	15.8	21.3%
Germany	11.0	20.4%	7.1	16.0%
France	3.8	4.7%	3.2	4.3%
Other WE	1.0	10.9%	1.4	12.8%
Western Europe (WE)	**31.6**	**14.0%**	**27.5**	**13.4%**
China	**5.5**	**21.0%**	**0.7**	**4.6%**
Other	**(4.2)**	**(20.4)%**	**(4.8)**	**(21.5)%**
Adjusted EBITDA	**102.6**	**16.9%**	**81.8**	**15.7%**
Poland	31.7	19.1%	27.9	19.4%
Czechia	19.6	24.0%	16.8	23.9%
Hungary	10.3	20.3%	6.5	18.0%
Other CEE	7.4	20.3%	6.9	24.1%
Total CEE	**69.0**	**20.6%**	**58.1**	**20.8%**
Spain	16.3	20.0%	16.1	21.7%
Germany	10.9	20.5%	7.1	16.2%
France	3.8	4.7%	3.2	4.3%
Other WE	1.0	10.9%	1.4	12.8%
Western Europe (WE)	**32.0**	**14.2%**	**27.8**	**13.6%**
China	**5.8**	**21.8%**	**0.7**	**5.0%**
Other	**(4.2)**	**(20.4)%**	**(4.8)**	**(21.5)%**

EBIT	**36.8**	**6.1%**	**28.9**	**5.6%**
Poland	14.4	8.7%	17.0	11.8%
Czechia	12.5	15.4%	9.9	14.2%
Hungary	6.8	13.3%	3.1	8.6%
Other CEE	2.7	7.3%	3.1	10.7%
Total CEE	**36.4**	**10.9%**	**33.1**	**11.9%**
Spain	3.2	3.9%	8.7	11.7%
Germany	5.3	9.9%	0.8	1.9%
France	(3.5)	(4.3)%	(3.9)	(5.2)%
Other WE	(0.9)	(10.3)%	(0.3)	(2.2)%
Western Europe (WE)	**4.1**	**1.8%**	**5.3**	**2.6%**
China	**0.9**	**3.4%**	**(4.5)**	**(31.6)%**
Other	**(4.6)**	**(22.1)%**	**(5.0)**	**(22.6)%**

**Restated - excluding Russia business and including restatement of segment data - some global functions are now analysed in segment Other.*

Table 4. Reconciliation of the net profit and adjusted EBITDA for 6 months ended 30 June 2023 and 2022

	6 MONTHS ENDED			
	30 June 2023		**30 June 2022 Re-presented****	
	Amount	% of sales	Amount	% of sales
Profit/loss for the period from continuing operations	**20.3**	**1.7%**	**10.0**	**1.8%**
+ Finance costs	31.8	2.7%	24.4	2.5%
– Finance income	(8.0)	(0.7)%	(0.7)	(0.1)%
+/– Income tax expense	7.1	0.6%	7.9	1.2%
+ Depreciation and Amortisation	114.5	9.8%	110.5	12.4%
+ Impairment losses	6.3	0.5%	(3.2)	1.0%
EBITDA	**172.0**	**14.7%**	**148.9**	**18.7%**
+ Start-up expenses*	2.0	0.2%	1.5	0.3%
+/– Effect of SOP exercise method modification	-	-	-	-
Adjusted EBITDA	**174.0**	**14.9%**	**150.4**	**19.0%**

** operating costs incurred by the company to open a restaurant but before a restaurant starts generating revenue*
*** Re-presented - excluding Russia business*

Table 5. Reconciliation of the net profit and adjusted EBITDA for 3 months ended 30 June 2023 and 2022

	3 MONTHS ENDED			
	30 June 2023		**30 June 2022 Re-presented****	
	Amount	% of sales	Amount	% of sales
Profit/(loss) for the period	**18.8**	**3.1%**	**9.0**	**1.7%**
+ Finance costs	17.1	2.8%	13.1	2.5%
– Finance income	(4.9)	(0.8)%	(0.3)	(0.1)%
+/– Income tax expense	5.8	0.9%	7.2	1.4%
+ Depreciation and Amortisation	58.7	9.7%	55.2	10.6%
+ Impairment losses	5.9	1.0%	(3.4)	(0.6)%
EBITDA	**101.4**	**16.7%**	**80.8**	**15.5%**
+ Start-up expenses*	1.2	**0.2%**	0.9	**0.2%**
+/– Effect of SOP exercise method modification	-	-	-	-
Adjusted EBITDA	**102.6**	**16.9%**	**81.7**	**15.7%**

** operating costs incurred by the company to open a restaurant but before a restaurant starts generating revenue*
*** Re-presented - excluding Russia business*

Table 6. Liquidity analysis

	6 MONTHS ENDED	
	30 June 2023	31 December 2022
Current assets	393.4	372.6
Inventory	39.0	37.5
Current liabilities	585.2	626.4
Cash and cash equivalents	254.8	229.6
Trade and other receivables	82.3	89.1
Trade and other accounts payable	311.9	340.0

Table 7. Balance sheet leverage analysis

	6 MONTHS ENDED	
	30 June 2023	31 December 2022
Non-current assets	1 856.0	1 907.6
Liabilities	1 866.2	1 949.0
Non-current liabilities	1 281.0	1 322.6
Debt	1 475.5	1 532.4
Share of inventories in current assets (%)	9.9%	10.1%
Share of trade receivables in current assets (%)	20.9%	23.9%
Share of cash and cash equivalents in current assets (%)	64.8%	61.6%
Equity to non-current assets ratio	0.21	0.17
Long-term liabilities to equity ratio	3.34	3.99
Liabilities to equity ratio	4.87	5.88
Debt/equity	3.85	4.63

Definitions:
- Share of inventories, trade and other receivables, cash and cash equivalents in current assets – ratio of, respectively, inventories, trade receivables and cash and cash equivalents to current assets;
- Equity to non-current assets ratio – equity to non-current assets;
- Non-current liabilities to equity – non-current liabilities to equity;
- Liabilities to equity – liabilities and provisions to equity;
- Debt/equity – total non-current and current interest bearing loans and borrowings.

Alternative Performance Measures (APM) description

APM are metrics used by the company 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 the 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, It can be totalled the most accurately by taking the last twelve months core revenue growth minus the last twelve months net equity openings growth.

2. EBITDA – One of Key Performance Indicators for the Group. It is a close indicator of the cash profitability on operations and consists of profit from operations excluding amortisation and depreciation costs as well as impairments. Reconciliation of the measure is provided in tables 4 or 5.

3. Adjusted EBITDA – Measures profitability performance without startup costs (operating costs incurred by the Group to open a restaurant but before a restaurant starts generating revenue), indirect tax adjustments, M&A related expenses (all material expenses connected with successful acquisitions, covering all professional services, legal, financial, and other directly connected with a transaction) and effect of Stock Option Plan (SOP) exercise method modification (difference in the accounting costs of employee benefits accounted for under the 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 tables 4 or 5.

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.

Brands operated by the Group

At 30 June 2023, the portfolio of AmRest comprised 2 123 restaurants under franchised brands such as KFC, Starbucks, Pizza Hut and Burger King, as well as its own brands such as La Tagliatella, Sushi Shop, Blue Frog and Bacoa. The company also has several virtual brands in its portfolio.

AmRest is a franchisee of Yum! Brands Inc. for its KFC and Pizza Hut restaurants. 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 are operated mainly by AmRest's sub-franchisees.

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

Starbucks restaurants in Poland, the Czech Republic and Hungary are opened by the companies AmRest Coffee (owned in 82% by AmRest and 18% by Starbucks). These companies have the rights and licenses to develop and manage Starbucks restaurants in their respective countries. The license agreements entered into by and between AmRest's affiliates and Starbucks EMEA Limited for Poland, Hungary and Czech Republic, were extended for another 5 years. Starbucks restaurants in Romania, Bulgaria, Germany, Serbia and Slovakia are operated by the Group on a franchise basis.

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

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

Bacoa brand was acquired by AmRest on 31 July 2018. It is a primarily burger restaurants concept operated in Spain. Since the second half of 2022, the brand has been operating under a license agreement.

Sushi Shop, a leading European sushi concept, is a proprietary brand of AmRest and became a part of its portfolio through the acquisition of Sushi Shop Group SAS on 31 October 2018. Sushi Shop restaurants are operated by both AmRest (equity stores) and AmRest's franchisees. Sushi Shop network is present in 8 countries and reported within the Western Europe segment.

Quick Service Restaurants (QSR)

Established in 1952, the KFC brand is the biggest, fastest growing and most popular chain of quick service restaurants serving chicken meals. There are currently about 28 500 KFC restaurants in over 145 countries worldwide.

On 30 June 2023 the Group operated 789 KFC restaurants: 340 in Poland, 119 in the Czech Republic, 89 in Hungary, 109 in Spain, 25 in Germany, 73 in France, 15 in Serbia, 8 in Bulgaria, 8 in Croatia, 2 in Austria and 1 in Slovenia.

The beginnings of Burger King date back to 1954. Today, Burger King ("Home of the Whopper") operates almost 19 000 restaurants, serving about 11 million customers in over 100 countries every day. Almost 100% of Burger King restaurants are run by independent franchisees and many of them have been managed for decades as family businesses. Burger King brand is owned by 3G Capital.

On 30 June 2023 AmRest ran a total of 99 Burger King restaurants – 46 in Poland, 33 in the Czech Republic, 2 in Bulgaria, 8 in Slovakia and 10 in Romania.

Casual Dining and Fast Casual Restaurants (CDR, FCR)

La Tagliatella arose from the experience of 20 years of specialization in the tradition of the Italian cuisine and the innovation in its recipes. Over all these years the brand has always focused on the Italian origin of raw materials, the quality of service and the satisfaction of its more than 10 million yearly customers.

On 30 June 2023 AmRest operated 232 La Tagliatella restaurants — 228 in Spain and 4 in Portugal.

The activity of Pizza Hut has its beginnings in 1958. The brand's famous menu includes pizza based on iconic PAN dough – fluffy inside, crunchy on the outside. The most popular pizza flavour is pepperoni. In addition to pizza, the offer includes also pasta and numerous appetizers. AmRest has pioneered the brand's growth since 1993 - first restaurant was opened in Poland.

On 30 June 2023 AmRest ran 330 Pizza Hut restaurants – 158 in Poland, 26 in Hungary, 16 in Czech Republic, 127 in France and 3 in Slovakia.

Inclusion of the Blue Horizon Hospitality Group to AmRest structure in 2012 enriched the CDR segment brand portfolio with two new positions operating in the Chinese market: Blue Frog Bar & Grill and KABB. The operation of KABB was ceased in 2021.

Blue Frog Bar & Grill restaurants are serving grilled dishes from the American cuisine and a wide selection of wines and drinks in a nice atmosphere.

On 30 June 2023 AmRest operated 87 Blue Frog restaurants in China.

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

On 30 June 2023 there were 3 licensed Bacoa restaurants in Spain.

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

Sushi Shop has successfully established an international network of company-operated and franchises stores across 8 countries.

On 30 June 2023, AmRest operated 187 Sushi Shop restaurants (140 in France, 5 in Spain, 8 in Belgium, 3 in Luxembourg, 7 in UK, 11 in Switzerland, 3 in Saudi Arabia and 10 in UAE).

Coffee category

Starbucks is the world leader in the coffee sector with more than 37 200 stores in about 85 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 neighbourhood.

As at 30 June 2023 AmRest operated 396 stores (69 in Poland, 52 in the Czech Republic, 37 in Hungary, 55 in Romania, 16 in Bulgaria, 10 in Slovakia, 5 in Serbia and 152, including 26 licensed stores, in Germany).

Key investments

In the overall strategy of AmRest, capital expenditure is mainly related to the development of the restaurant network. The Group increased the scale of the business through the construction of new restaurants, the acquisition of restaurant chains from third parties as well as reconstruction and replacement of assets in the existing stores. Each year, the Group's capital expenditure depends mainly on the number and type of restaurants opened, IT investments, as well as the scale and profile of M&A activities.

During 1H 2023 AmRest's capital expenditure stood at EUR 64.0 million with an increased of 49.2% with respect to the same period of 2022. This increase has accompanied the gradual recovery in the business activity and the completion of the balance sheet deleverage objective of the Group.

The table below presents purchases of property, plant and equipment and intangible assets in 6 months ended 30 June 2023 and 30 June 2022.

Acquisition of property, plant and equipment and intangible assets

	6 MONTHS ENDED	
	30 June 2023	30 June 2022
Intangible assets:	**4.7**	**3.9**
Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	-	0.2
Other intangible assets	4.7	3.7
Property, plant and equipment:	**59.3**	**39.0**
Land		
Buildings and expenditure on development of restaurants	2.2	2.1
Machinery & equipment	4.6	6.0
Vehicles	-	-
Other tangible assets (including assets under construction)	52.5	30.9
Total	**64.0**	**42.9**

AmRest's New Restaurants

	AmRest equity restaurants	AmRest franchisee restaurants	Total
31/12/2022	**1 933**	**408**	**2 341**
New Openings	23	6	29
Acquisitions / Disinvestments	-213	0	-213
Closings	-17	-17	-34
Conversions	-3	3	0
30/6/2023	**1 723**	**400**	**2 123**

On 30 June 2023, AmRest operated 2 123 restaurants, including 400 restaurants which were managed by franchisees. Compared with 31 December 2022, the Group operates 218 restaurants less. 29 new restaurants were opened and 34 closed. The openings breakdown is: 11 restaurants in Central and Eastern Europe, 11 in Western Europe and 7 in China. The KFC business in Russia consisting of 213 restaurants was sold in Q2 2023.

Number of AmRest restaurants (as at 30 June 2023)

Countries	Brands	30.06.2022	31.12.2022	31.03.2023	30.06.2023
Poland	**Total**	**595**	**615**	**617**	**613**
	KFC	317	335	340	340
	BK	46	47	46	46
	SBX	69	68	69	69
	PH equity	152	151	148	143
	PH franchised	8	14	14	15
	SK	3	-	-	-
Czechia	**Total**	**213**	**220**	**220**	**220**
	KFC	114	119	119	119
	BK	31	33	33	33
	SBX	51	52	52	52
	PH equity	17	16	16	16
Hungary	**Total**	**143**	**149**	**151**	**152**
	KFC	80	86	88	89
	SBX	37	37	37	37
	PH equity	26	26	26	26
Russia	**KFC**	**217**	**214**	**213**	**-**
Bulgaria	**Total**	**24**	**26**	**26**	**26**
	KFC	8	8	8	8
	BK	2	2	2	2
	SBX	14	16	16	16
Serbia	**Total**	**19**	**20**	**20**	**20**
	KFC	15	15	15	15
	SBX	4	5	5	5
Croatia	**KFC**	**8**	**8**	**8**	**8**

Romania	**Total**	**63**	**65**	**65**	**65**
	SBX	54	55	55	55
	BK	9	10	10	10
Slovakia	**Total**	**18**	**21**	**21**	**21**
	SBX	9	10	10	10
	PH equity	3	3	3	3
	BK	6	8	8	8
Spain	**Total**	**332**	**340**	**341**	**345**
	TAG equity	71	71	71	71
	TAG franchised	157	156	156	157
	KFC	94	105	106	109
	BCA equity	1	-	-	-
	BCA franchised	4	3	3	3
	SSG equity	5	5	5	5
France	**Total**	**355**	**355**	**352**	**340**
	PH equity	1	1	1	1
	PH franchised	130	137	134	126
	KFC	73	73	73	73
	SSG equity	112	104	104	101
	SSG franchised	39	40	40	39
Germany	**Total**	**263**	**177**	**177**	**177**
	SBX	129	126	126	126
	SBX licensed	25	26	26	26
	TAG equity	1	-	-	-
	KFC	25	25	25	25
	PH equity	6	-	-	-
	PH franchised	77	-	-	-
Austria	**KFC**	**2**	**2**	**2**	**2**
Slovenia	**KFC**	**1**	**1**	**1**	**1**
Portugal	**TAG equity**	**4**	**4**	**4**	**4**
China	**Total**	**78**	**80**	**84**	**87**
	BF equity	66	69	73	76
	BF franchised	12	11	11	11
Belgium	**Total**	**11**	**10**	**10**	**8**
	SSG equity	5	3	3	-
	SSG franchised	6	7	7	8
Italy	**SSG equity**	**1**	**1**	**1**	**-**
Switzerland	SSG equity	**11**	**11**	**11**	**11**
Luxembourg	SSG equity	**3**	**3**	**3**	**3**
UK	Total	**6**	**6**	**7**	**7**
	SSG equity	5	5	5	5
	SSG franchised	1	1	2	2
UAE	SSG franchised	**11**	**10**	**10**	**10**
Saudi Arabia	SSG franchised	**3**	**3**	**3**	**3**
Total AmRest		**2 381**	**2 341**	**2 347**	**2 123**

Planned investment activities

The recovery of the business activity and cash flow generation, in addition to achieved target level of deleveraging, has resulted in over 49.2% CAPEX increased.

The Group intends to make further progress with a more efficient capital allocation. In this respect, AmRest's working priorities combined increasing the number of restaurants, brands and commercial capabilities, in addition to maintaining restaurants and systems in optimal conditions.

From a business model perspective the development of a robust franchising activity is a key pillar of growth in the short term. In addition, the Group intends to continue to pursue its development objectives, increase scale in supply chain management and lead in digitalisation processes.

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

Significant events and transactions in H1 2023

Agreement to sale the business in Russia

On 6 December 2022 AmRest, through its subsidiaries AmRest Sp. z o.o. and AmRest Acquisition Limited entered into a share purchase agreement with Almira OOO, for the sale of its KFC restaurant business in Russia (the "Transaction").

Unirest LLC ("Unirest"), an affiliate of Yum! Brands, exercised its right of first refusal pursuant to the underlying franchise agreements for itself or for the benefit of a third party, and appointed Smart Service Nord Ltd ("Smart Service") as the purchaser of the KFC business in Russia (the "Business"). As a consequence, AmRest terminated the sale and purchase agreement entered into with OOO Almira, and signed on 25 February 2023 a new sale and purchase agreement with Smart Service, substantially in the same terms and conditions of the agreement between AmRest and OOO Almira.

The closing of the Transaction was subject to approval by the anti-trust agency of Russia and to other regulatory authorizations that were applicable in Russia.

On 15 May 2023, after the fulfilment of the conditions precedent, the Transaction was closed and registered with the relevant local authorities, in accordance with the provisions of the applicable regulations. As a result, AmRest permanently ceased all its operations and corporate presence in Russia.

In line with the terms of the sale and purchase agreement, AmRest received a final amount of EUR 100 million for the Transaction.

External Debt

In the reporting period covered by this Report the Company entered in two bilateral loans and minor refinancing agreements on existing debt.

Information on the external debt, can be found in Note 18 ('Borrowings') of the Consolidated Interim Financial Statement.

Shareholders of AmRest Holdings SE

During the period covered by this Report following changes occurred with respect to the Company's shareholder structure:

On January 16, 2023 the Commercial Registry of Madrid registered the international transfer of FCapital Dutch, S.L. (formerly FCapital Dutch, B.V.) registered office, without dissolution or loss of its legal personality, from its previous domicile located in Amsterdam (The Netherlands) to Madrid (Spain), under a public deed executed on December 1, 2022 (effective date of the transfer of domicile).

In line with the information received from the Company's shareholder and published on the website of the National Securities Market Commission (CNMV) in March 2023, on 30 December 2022 the legal merger of fund management entities: Powszechne Towarzystwo Emerytalne Allianz Polska SA (PTE Allianz) and Aviva Powszechne Towarzystwo Emerytalne Aviva Santander S.A. (PTE Aviva) was completed. Following the merger, PTE Allianz managed three funds:

- Drugi Allianz Otwarty Fundusz Emerytalny (Second Allianz Open Pension Fund; Drugi Allianz OFE) - ex Aviva Otwarty Fundusz Emerytalny Aviva Santander (ex name Aviva Otwarty Fundusz Emerytalny Aviva BZWBK),

- Otwarty Fundusz Emerytalny Allianz Polska SA (Allianz Poland Open Pension Fund; OFE Allianz),

- Dobrowolny Fundusz Emerytalny Allianz Polska SA (Allianz Poland Voluntary Pension Fund; DFE Allianz).

After the merger, the total share of voting rights of PTE Allianz in AmRest Holding SE was 4.34%.

To the best of AmRest's knowledge as at 30 June 2023 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 S.L.*	147 203 760	67.05%
Artal International S.C.A.	11 366 102	5.18%
Nationale-Nederlanden OFE	10 718 700	4.88%
PTE Allianz Polska SA	9 531 792	4.34%
Other Shareholders	40 733 829	18.55%

** FCapital Dutch S.L. is the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finaccess SAPI de CV is the direct majority shareholder of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The direct majority shareholder of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, honorary chairman of AmRest (no Director)*

Changes in the Parent Company's Governing Bodies

During the period covered by this Report following changes occurred with respect to the composition of AmRest's Board of Directors:

On 30 March 2023 the Company informed that the proprietary director Mr. Carlos Fernández González had communicated, through a letter addressed to all the members of the Board, his resignation as director of the Company, effective after the termination of the next General Shareholders Meeting and conditioned to the appointment in such Meeting of a new proprietary director.

As a consequence of the above, the Board of Directors accepted the resignation submitted by Mr. Carlos Fernández González in the terms stated above and approved to distinguish him with the appointment as Chairman of Honor of AmRest. Such appointment was effective once his resignation was formalized.

Also, the Board of Directors approved, with the prior favourable report from the Nominations, Remuneration and Corporate Governance Committee, the proposal presented to the General Shareholders Meeting, for appointing Ms. Begoña Orgambide García, as proprietary director, replacing Mr. Carlos Fernández González.

On 11 May 2023 the General Shareholders Meeting (held on the first call) resolved to appoint Ms. Begoña Orgambide García as director of the Company, with proprietary director status. Thereby, the resignation of Mr. Carlos Fernández González became effective.

As at 30 June 2023 the composition of the Board of Directors was as follows:

- Mr. José Parés Gutiérrez
- Mr. Luis Miguel Álvarez Pérez
- Ms. Romana Sadurska
- Mr. Pablo Castilla Reparaz
- Mr. Emilio Fullaondo Botella
- Ms. Mónica Cueva Díaz
- Ms. Begoña Orgambide García

- Carlos Fernández González (honorary chairman, non-Board member)
- Eduardo Rodríguez-Rovira (Secretary, non-Board member)
- Mauricio Garate Meza (Vicesecretary, non-Board member)

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

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

During the reporting period there were no significant changes with respect to AmRest shares and stock options held by the members of the Board of Directors of AmRest.

As of 31 December 2022 Mr. Carlos Fernández González (honorary chairman, non-Board member) 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 2023, Mr. Carlos Fernández González still owned (through FCapital Dutch S.L.) 147 203 760 AmRest's shares with a total nominal value of EUR 14 720 376.

In addition, as of 31 December 2022 Mr. Carlos Fernández González held through his another closely associated person - Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, 1 477 523 AmRest shares with a total nominal value of EUR 147 752.3. On 30 June 2023 Finaccess México, S.A. de C.V. still owned 1 477 523 AmRest shares with a total nominal value of EUR 147 752.3. The direct holder of the shares is Latin 10, SA de CV, a fund independently managed by Finaccess Mexico, S.A. de C.V. (a subsidiary of Grupo Finaccess).

Transactions on own shares concluded by AmRest

In the period between 1 January 2023 and 30 June 2023, AmRest didn't purchase any own shares. During the same period, the Company disposed a total of 2 022 own shares with a total nominal value of EUR 202.2 and representing 0.0009% 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 2023 AmRest held 339 623 own shares with a total nominal value of EUR 33 962.3 and representing 0.1547% of the share capital.

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

The commencement of the purchase of treasury shares occurred on the basis of Resolution No. 7 of the General Meeting of AmRest 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 Ordinary General Shareholders' Meeting of AmRest held on May 12, 2022 resolved to renew the previous authorization granted by the General Shareholders' Meeting of June 6, 2018, revoking it in the unused part.

On 5 July 2023 AmRest launched a new Buy-back Program described in Subsequent events section of this report.

Dividends paid and received

In the period covered by this report the Group has paid dividend to non-controlling interest of SCM Sp. z o.o. in the amount of EUR 0.8 million.

Subsequent events

Start of a share Buy-back Program

On 4 July 2023 AmRest informed that the Company's Board of Directors resolved unanimously to set-up a buy-back program for the repurchase of its own shares (the "Buy-back Program"), pursuant to the authorisation granted by resolution of the AmRest General Meeting of Shareholders held on 12 May 2022 under item nine of the agenda, relating to the authorisation to the Board of Directors for the derivative acquisition of AmRest shares.

The Buy-back Program shall be conducted in accordance with the transparency and operational requirements under Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 (the "Delegated Regulation 2016/1052") and will have the following features:

- Purpose of the Buy-back Program: to cover the settlements of the remuneration plans currently in force for AmRest Group executives and employees.

- Maximum investment: the Buy-back Program will have a maximum monetary amount of EUR 6.3 million. The maximum monetary amount of the Buy-back Program may be reduced by the amount applied by the Company, during its term, to the acquisition of its own shares in the block market or outside the market for the same purpose, which will be notified to the market in the periodic communications of other relevant information informing of the transactions carried out under the Buy-back Program or separately.

- Maximum number of shares: the maximum number of shares to be acquired in the execution of the Buy-back Program will depend on the average price at which purchases take place but will not exceed 10% of the Company's share capital.

- Price and volume: the acquisition of the shares will be carried out in accordance with the price and volume conditions set out in article 3 of Delegated Regulation 2016/1052. Specifically:

  • AmRest may not acquire shares at a price higher than the higher of (a) the price of the last independent transaction, or (b) the highest independent bid at that time on the trading venue where the purchase is made, even if the shares are traded on different trading venues. In addition, the limitations approved in the resolution authorizing the acquisition of treasury shares granted to the Board of Directors by AmRest's General Meeting of Shareholders held on 12 May 2022 will be considered.

  • AmRest may not purchase on any trading day more than 25% of the average daily volume of AmRest shares on the Continuous Market of the Spanish Stock Exchanges or, as the case may be, the Warsaw Stock Exchange, during the 20 trading days preceding the date of purchase.

- Indicative duration of the program: the Buy-back Program will commence on 5 July 2023 and will remain in force until 4 July 2024. However, AmRest reserves the right to terminate the Buy-Back Program if, prior to its expiry date, it reaches the maximum monetary amount, or the maximum number of shares authorized by the Board of Directors or in the event of other circumstances that make it advisable to do so.

- Execution of the Buy-Back Program: Banco Santander, S.A. has been appointed as the manager of the Buy-Back Program, which shall independently make decisions regarding the purchase of the AmRest shares without any influence or interference from the Company. Purchases under the Buy-back Program may be made on the Continuous Market of the Spanish Stock Exchanges or, as the case may be, the Warsaw Stock Exchange.

The interruption, termination and modification of the Buy-Back Program, as well as information on all share purchase transactions carried out thereunder, shall be duly communicated to the Spanish Securities Market Commission (CNMV) and the Polish Financial Supervision Authority (KNF) by means of the publication of the corresponding communications to the market, in accordance with the provisions of Delegated Regulation 2016/1052.

Factors impacting the Group's development

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

External factors

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

Internal factors

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

Basic risks and threats the Group is exposed to

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

Liquidity risk

Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. The Group is exposed to the risk to a lack of financing at the moment of the maturity of bank loans and bonds.

As of 30 June 2023 the Group has sufficient liquidity to fulfil its liabilities over the next 12 months.

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

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

During year 2023, COVID 19 related restrictions are not a relevant factor anymore. This has facilitated greater mobility and social interaction that positively impacted the revenues level for Group.
The occurrence of potential new mutations or variants in coming months, and their potential impact on Group's operations cannot be predicted.

Dependency on the franchisor

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

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

Dependency on cooperation with minority shareholders and Starbucks' call option

AmRest operates Starbucks restaurants in Poland, the Czech Republic and Hungary based on partnership agreements with Starbucks Coffee International, Inc. The partnerships establishes that Starbucks Coffee International, Inc. is the minority shareholder of companies operating Starbucks stores in mentioned countries. Therefore, some decisions as part of the joint business activities are dependent on Starbucks' consent.
If AmRest fails to comply with the obligation to open and run the minimum specified number of cafés, Starbucks Coffee International, Inc. has 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

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

Risks related to the consumption of food products

Changes in consumer preferences arising from concerns over the nutritious properties of chicken, which is the main ingredient in the KFC menu, or as a result of unfavourable information being circulated by the mass media concerning the quality of the products, could pose a threat to the Group.

Furthermore, diseases caused by these (i.e. food poisoning) and damages to health as a result of eating in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and Sushi Shop, and as a result of revealing unfavourable 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 and Sushi Shop, health-related issues and issues related to the functioning patterns of one or more restaurants run both by AmRest and the competition could also pose a threat to the Group.

- Food risks can result from a microbiological, chemical (formed during preparation like acrylamide e.g., burned meat, dark brown fried French fries) or physical factors.
- Risks associated with new technologies - that alter the characteristics of the food, such as genetic modification or food irradiation, may change the composition of the food, replacing an existing or traditional method of food production can also lead to a change in the levels of a hazard, such as the levels of pathogenic microorganisms.
- Risks associated with allergenic foods - can range from mild to severe gastrointestinal effects, headaches, respiratory problems or skin reactions to potentially life-threatening anaphylaxis.
- Food poisoning (e.g., by incautious storage and preparation of food, contaminated food, or water).
- Hormones or antibiotics in meat.

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

AmRest´s success depends, to some extent, on the individual effort of selected employees and key members of management.

Excessive turnover of employees and too frequent changes in managerial positions may pose a significant risk to the stability and quality of the business activities.

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

Increases in the cost of commodities, raw materials and goods can have an adverse impact on Group's operating profit margins

AmRest´s situation is also affected by the need to ensure frequent deliveries of fresh agricultural products and foodstuffs and anticipating and responding to changes in supplies costs. The Group cannot rule out the risk related to delivery shortage or interruptions caused by factors such as unfavourable weather conditions, changes in legal regulations or withdrawing some foodstuffs from trading. Also the increased demand for certain products accompanied by limited supply may lead to difficulties in obtaining these by the Group or to relevant price increases. Both the shortages and product price increases may have an adverse effect on the Group's results, operations and financial standing.

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

Currency risk

The results of AmRest are exposed to currency risk related to transactions and exchanges into currencies other than the currency in which business transactions are measured in the individual Capital Group companies. The Group adjusts its currency portfolio of debt to the geographical structure of its profile of activities.

Risks related to the current geopolitical situation

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

In 2022, the increased geopolitical risk, as a consequence of the war in Ukraine, weighed adversely on global economic conditions including the markets where the Group operates.

The conflict has triggered turmoil in the financial markets around the world, and drastically increased uncertainty about the recovery of the global economy, as reflected in the widespread deterioration of the consumer confidence indicators, which has impacted on financial and commodity markets.

Despite the fact that the conflict has remained localized, it has had broad implications for economies across the world. While Russia and Ukraine together represent a relatively small part of the world economy, they account for a large share of global energy exports, food staples and agricultural inputs. As such, the main consequences to economies derived from the conflict are inflation, due to the increased price of energy and non-energy commodities. The Group has been closely monitoring their potential impact on Group's current and future operations. All these events and uncertainty that accompanies them may have a significant impact on the Group's operations and financial position, of which the effect is difficult to predict.

The future economic and regulatory situation may differ from the Management's expectations.

Risk of increased financial costs

AmRest and its subsidiaries are exposed to a certain extent to adverse impact of interest rate fluctuations in connection with obtaining financing which bears floating interest rates and investing in assets bearing floating interest rates. The interest rates of bank loans and borrowings and issued bonds are based on a combination of fixed and floating reference rates which are updated over periods shorter than one year.

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

Increases in the cost of energy and utilities

Significant increase of energy pricing impacted cost side on most European markets. Impact which we offsetting by consumption reduction and by adjusted purchasing strategies.

Tax risk

In the process of managing and executing strategic decisions, which may affect the tax settlements, AmRest could be exposed to tax risk. In the event of irregularities occurring in tax settlements it would increase the dispute risk in the case of a potential tax control. Current fiscal supervisions are presented in Note 8 to the Consolidated Interim Financial Statement as for the 6 months ended 30 June 2023.

Credit risk

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

Risks of economic slowdowns

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

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

Risk of systems failures and communication network failure, as well as the potential partial or complete loss of data in connection with system breakdowns or damage or loss of key tangible fixed assets of the Group might result in temporary interruptions in serving customers in restaurants, which might have an adverse effect on the Group's financial results.

Cyberattack risk

The Group's operations are supported by a wide variety of IT systems, including point-of-sale systems, electronic ordering platforms, supply-chain management systems and finance and controlling tools. Consequently, the Group is exposed to the risk of temporary operational disruption, data integrity risk and/or unauthorised access to confidential data, which may be a result of cyberattacks.

Global crisis and disruption

The potential occurrence of global disasters, such as health epidemics, economic crises, energy crises, extreme weather events, or other critical events creates a risk of disruption the Group's business, industry and economies where the Group operates and could impact the Group's day to day business concerns.

Adverse regulatory change or evolution

Failure to anticipate, identify and respond to new regulation that may result in fines, litigations and/or the loss of operating licences or other restrictions.

Remaining factors outside the Group's control

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

Activity in Research and Development area

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

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

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

Begoña Orgambide García
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

Warsaw, 30 August 2023

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