Condensed Separate Financial Statements for 6 months ended 30 June 2020

AmRest Holdings SE

24 SEPTEMBER 2020

AmRest

AmRest

CONTENTS

(all figures in EUR millions unless stated otherwise)

Condensed separate balance sheet as at 30 June 2020

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

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

(all figures in EUR millions unless stated otherwise)

Condensed separate income statement for 6 months ended 30 June 2020

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

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

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

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

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

(all figures in EUR millions unless stated otherwise)

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

		6 months ended	
Cash flows from operating activities			
Profit before tax		**(1.8)**	**(4.7)**
Adjustments:		**-**	**3.2**
Impairment losses	13	1.0	6.6
Share based payments adjustment	11	(0.3)	(6.1)
Finance income	11	(3.6)	(2.9)
Finance expenses	12	5.8	4.8
Exchange gains/losses		(2.9)	0.8
Changes in operating assets and liabilities		**(4.3)**	**1.0**
Trade and other receivables		0.1	2.2
Trade and other payables		(4.4)	(1.2)
Other cash flows from operating activities		**(3.0)**	**(5.8)**
Interest paid		(4.9)	(4.3)
Interest received		2.3	-
Income tax payment		(0.4)	(1.5)
Net cash provided by operating activities		**(9.1)**	**(6.3)**
Cash flows from investing activities			
Increase in investments loans and borrowings with group companies		(28.3)	(53.4)
Proceeds from investment loans and borrowings with group companies		29.8	19.7
Net cash used in investing activities		**1.5**	**(33.7)**
Cash flows from financing activities			
Proceeds from disposals of own shares (employees options)		0.1	0.5
Acquisition of own shares (employees option)		-	(0.5)
Proceeds from debt with financial institutions		80.0	42.0
Proceeds from debt with group companies		4.8	-
Repayment of debt with financial institutions		(19.3)	-
Repayment of debt with group companies		(4.8)	(14.9)
Net cash provided by/(used in) financing activities		**60.8**	**27.1**
Net change in cash and cash equivalents		**53.2**	**(12.9)**
Balance sheet change of cash and cash equivalents”		53.2	(12.9)
Cash and cash equivalents at the beginning of the period		**9.5**	**22.9**
Cash and cash equivalents as at the end of the period	7	**62.7**	**10.0**

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

(all figures in EUR millions unless stated otherwise)

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

	Share capital	Share premium	Legal Reserve	Voluntary Reserves	Treasury shares	Profit or loss for the period	Other equity instru-ments	Adjustment for changes in value	Total Equity
As at 1 January 2019	**22.0**	**237.3**	**1.1**	**29.9**	**(15.2)**	**4.1**	**(6.2)**	**(4.9)**	**268.1**
Total recognised income and expense	-	-	-	-	-	(3.7)	-	-	**(3.7)**
Transactions on own shares and equity holdings (net)	-	-	-	-	4.8	-	(3.4)	-	1.4
Transfer of profit or loss to reserves	-	-	0.4	3.7	-	(4.1)	-	-	-
As at 30 June 2019	**22.0**	**237.3**	**1.5**	**33.6**	**(10.4)**	**(3.7)**	**(9.6)**	**(4.9)**	**265.8**
As at 1 January 2020	**22.0**	**237.3**	**1.5**	**33.6**	**(7.5)**	**25.8**	**(25.4)**	**18.4**	**305.7**
Total recognised income and expense	-	-	-	-	-	(1.5)	-	-	**(1.5)**
Transactions on own shares and equity holdings (net)	-	-	-	-	0.9		3.1	-	4.0
Transfer of profit or loss to reserves	-	-	2.6	23.2		(25.8)	-	-	-
As at 30 June 2020	**22.0**	**237.3**	**4.1**	**56.8**	**(6.6)**	**(1.5)**	**(22.3)**	**(18.4)**	**308.2**

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

Notes to the Condense separate financial statements

1. General information

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

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

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

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

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

Additionally among own brands the Group operates virtual brands Pokaï, Lepieje, 'Oi Poke, Moya Misa, Pierwsze i Drugie and Viva Salad!.

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

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

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

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

2. Basis of preparation

True and fair view

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

Aggregation of items

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

Comparative information

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

Functional and presentation currency

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

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

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

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

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

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

The Group actively manages liquidity risk understood as a possible loss or restriction of its ability to cover current expenses. Strengthening of the Group's position in terms of liquidity and mitigation of adverse impacts of COVID-19 outbreak is taken on several areas. The Group maintains close communication with its financing banks. In March 2020 Group has drawn entire facility available under revolving Tranche D of syndicated bank loan, increasing amount drawn from EUR 37.3 million in the end of 2019 to 98.9 million in the end of 1Q 2020. Additionally in April 2020 Spanish and French subsidiaries of AmRest Holdings, SE applied for state supported bank loans, guaranteed by the governments in 70% and 90%, respectively. The Group was granted total EUR 75 million.

Syndicated bank loan covenants are calculated quarterly. As at 30 June 2020 one of bank covenants was not met and the Group was required to report its syndicated bank loan balance as current liabilities. On 1 September 2020 the Group has received the waiver letter from the banks. The requirement of the bank covenant has been waived for the quarter ending 30 June 2020.

During the H1 of 2020 the Group performed review of its rental agreements and entered into negotiations with landlords as well took the benefits of various government schemes that allowed deferral or suspension of payments for rental costs during emergency period. Government programs implemented with regards to COVID-19 spread allow to defer payments taxes, social securities and other public obligations. The Group is taking the benefits of available schemes which allows to enhance liquidity risk management in current situation. The Group also decided to temporarily defer the earlier planned development expenditures, that is another element that allows to fulfill short term cash needs.

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

On the revenues streams side, as at 30 June 2020 -over 90% of Group’s own and franchise stores remain operative. Group closely monitors the constrain measures taken and subsequently lifted by governments in various countries and adjusts on daily basis number of opened stores and possible ways of providing products and services to Group’s customers, ensuring staff and customer safety, as well complying with all government directives.

The Board of Directors analyzed Group’s situation in the context of COVID-19 in the area of liquidity, financing and securing the continuations of operations including the events described in Note 26 of the condensed consolidated financial statements. Based on the considered scenarios and analysis of available information, facts, circumstances and uncertainties about the future, which is at least, but is not limited to, twelve months from the end of the reporting period, the Board of Directors concluded that going concern assumption applies in the foreseeable future. Consequently, this interim report has been prepared under going concern principle.

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

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

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

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

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

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

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

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

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

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

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

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

3. Distribution of profit

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

(all figures in EUR millions unless stated otherwise)

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

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

4. Recognition and measurement accounting policies

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

4.1. FINANCIAL INSTRUMENTS

4.1.1. CLASSIFICATION AND SEPARATION OF FINANCIAL INSTRUMENTS

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

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

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

4.1.2. TRADE AND OTHER NON-TRADE RECEIVABLES

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

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

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

4.1.3. INVESTMENTS IN THE EQUITY OF GROUP COMPANIES

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

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

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

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

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

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

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

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

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

4.1.5. FINANCIAL ASSETS AVAILABLE-FOR-SALE

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

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

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

4.1.6. INTEREST AND DIVIDENDS FROM FINANCIAL ASSETS

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

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

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

4.1.7. DEBT AND TRADE AND OTHER PAYABLES

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

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

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

4.1.8. OWN EQUITY INSTRUMENTS

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

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

4.1.9. OFFSETTING PRINCIPLES

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

4.1.10. DERECOGNITION OF FINANCIAL ASSETS

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

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

4.1.11. CASH AND CASH AND EQUIVALENTS

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

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

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

4.2. FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

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

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

4.3. INCOME TAX

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

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

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

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

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

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

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

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

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

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

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

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

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

4.4. <u>REVENUES RECOGNITION</u>

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

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

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

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

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

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

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

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

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

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

Share-based payments

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

Equity-settled transactions

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

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

Cash-settled transactions

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

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

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

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

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

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

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

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

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

4.7. TRANSACTIONS BETWEEN RELATED PARTIES

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

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

5. Financial Risk Management

5.1. FINANCIAL RISK FACTORS

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

- Currency risk

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

- Risk of increased financial costs

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

- Liquidity risk

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

- Credit Risk

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

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

(all figures in EUR millions unless stated otherwise)

6. Financial instruments

6.1. GROUP EQUITY INSTRUMENTS

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

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

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

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

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

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

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

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

(all figures in EUR millions unless stated otherwise)

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

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

Impairment test of Equity Investment in group companies:

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

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

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

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

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

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

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

(all figures in EUR millions unless stated otherwise)

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

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

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

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

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

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

Financial Assets

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

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

Available-for-sale financial assets

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

On 13 August 2019 the Group has signed the agreement with Glovoapp23, S.L. for the transfer from AmRest to Glovo of 100% shares in Restaurant Partner Polska Sp. z o.o. ("PizzaPortal"). On 28 October, due to satisfaction of conditions precedent, AmRest transferred 100% of shares in PizzaPortal to Glovo. The transaction price amounted to EUR 35 million, including earn-out as the requirements have been met. In consideration for the transfer of 100% of shares in PizzaPortal, AmRest received total sale price in the amount of EUR 35 million, as a combination of cash payment of EUR 20 million and newly issued shares of Glovo valued according to the agreement at EUR 15 million (see note 6.1), which constitutes final settlement of the agreement. Fair value of newly issued shares amounted to EUR 17.6 million.

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

(all figures in EUR millions unless stated otherwise)

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

Valuation techniques

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

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

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

Key risk description

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

- Market risk
- Business risk
- Specific risk

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

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

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

6.3. TRADE AND OTHER RECEIVABLES

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

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

6.4. FINANCIAL LIABILITES

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

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

The table below presents all SSD issues and their maturities:

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

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

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

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

** Approximate total amount: EUR 682m*

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

(all figures in EUR millions unless stated otherwise)

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

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

6.5. TRADE AND OTHER PAYABLES

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

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

7. Cash and cash and equivalents

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

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

8. Equity

8.1. SHARE CAPITAL

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

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

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

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

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

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

(all figures in EUR millions unless stated otherwise)

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

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

To the best of AmRest's knowledge as at 30 June 2020 AmRest Holdings had the following shareholder structure:

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

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

8.2. RESERVES

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

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

8.3. TREASURY SHARES

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

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

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

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

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

(all figures in EUR millions unless stated otherwise)

8.4. OTHER EQUITY INSTRUMENTS

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

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

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

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

8.5. ADJUSTMENTS FOR CHANGES IN VALUE

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

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

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

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

9. Provisions

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

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

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

	30 June 2020
Initial Balance	0.5
Revaluation to market value of options under cash settlement method	(0.3)
Ending Balance	0.2

(all figures in EUR millions unless stated otherwise)

10. Taxation

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

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

Income tax

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

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

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

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

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

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

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

	Income statement		
	Additions	Decreases	Total
Profit and loss for the period	**-**	**-**	**(1.5)**
Income tax expense	-	-	(0.3)
Permanent differences	**0.0**	**(0.3)**	**(0.3)**
Temporary differences	**1.0**	**-**	**1.0**
- With origin in the current year	1.0	-	1.0

(all figures in EUR millions unless stated otherwise)

	Income statement		
- With origin in previous years	-	-	-
Tax base	**-**	**-**	**(1.1)**
Corporate income tax 25%	**-**	**-**	**-**

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

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

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

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

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

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

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

	6 months ended	
	30 June 2020	**30 June 2019**
Tax base AmRest Holdings	**(1,1)**	**(4.1)**
Tax base contributed by subsidiaries of the tax group:	**(10,5)**	**16.7**
AmRestag, S.L.U.	(3,5)	(0.5)
Amrestavia, S.L.U.	-	(1.9)
Restauravia Grupo Empresarial, S.L.U.	-	(0.1)
Restauravia Food, S.L.U.	(4,4)	2.4
Pastificio Service, S.L.U.	(0,6)	17.9
Pastificio, S.L.U.	-	-
Pastificio Restaurantes, S.L.U.	-	-
The Grill Concept, S.L.U.	(0,9)	(1.0)
Bacoa Holding S.L.U.	(0,2)	-
Black Rice, S.L.U.	(0,4)	(0.1)
Sushi Shop Madrid, S.L.	(0,5)	
Tax base of the consolidated tax group	**(11,6)**	**12.6**
Current income tax of the consolidated tax group (25%)	-	**3.2**
Withholding taxes and CIT advances	-	(1.5)
Income tax payable for the 6 months ended 30 June	-	**1.7**

(all figures in EUR millions unless stated otherwise)

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

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

11. Income and expenses

11.1. REVENUES

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

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

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

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

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

	6 months ended	
	30 June 2020	**30 June 2019**
Domestic market	**1.2**	**1.2**
Exports:	**2.4**	**1.7**
a) European Union	2.0	1.4
a1) Euro Zone	1.4	0.8
a2) No Euro Zone	0.6	0.6
b) Other countries	0.4	0.3
Finance income from group companies	**3.6**	**2.9**

(all figures in EUR millions unless stated otherwise)

11.2. PERSONNEL EXPENSES:

The detail of personnel expenses is as follow:

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

11.3. OTHER OPERATING EXPENSES

The composition of the other operating expenses is as follows:

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

12. Financial result

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

(all figures in EUR millions unless stated otherwise)

13. Related parties balances and transactions

As at 30 June 2020, the Group comprised the following subsidiaries:

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

(all figures in EUR millions unless stated otherwise)

Frog King Food&Beverage Management Ltd	Shanghai, China	Bigsky Hospitality Group Ltd	100.00%	December 2012
Blue Frog Food&Beverage Management Ltd	Shanghai, China	New Precision Ltd	100.00%	December 2012
Shanghai Kabb Western Restaurant Ltd	Shanghai, China	Horizon Consultants Ltd.	100.00%	December 2012
AmRest Skyline GMBH	Cologne, Germany	AmRest TAG S.L.U.	100.00%	October 2013
Kai Zhen Food and Beverage Management (Shanghai) Ltd	Shanghai, China	BlueFrog Food&Beverage Management Ltd	100.00%	March 2014
AmRest Coffee EOOD	Sofia, Bulgaria	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee S.r.l.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Food Srl.	Bucharest, Romania	AmRest Sp. z o.o.	99.00%	July 2019
		AmRest Holdings SE	1.00%	July 2019
AmRest Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	December 2015
		AmRest Sp. z o.o.	1.00%	
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	23.00%	May 2016
		AmRest TAG S.L.U.	77.00%	
AmRest DE Sp. z o.o. & Co. KG	Berlin, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
The Grill Concept S.L.U.	Madrid, Spain	Pastificio Service S.L.U.	100.00%	December 2016
Kai Fu Food and Beverage Management (Shanghai) Co. Ltd	Shanghai, China	Blue Frog Food&Beverage Management Ltd	100.00%	December 2016
LTP La Tagliatella Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	100.00%	February 2017
LTP La Tagliatella Franchise II Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	100.00%	April 2019
AmRest AT GmbH	Vienna, Austria	AmRest Sp. z o.o.	100.00%	March 2017
AmRest Topco France SAS	Paris, France	AmRest France SAS	100.00%	May 2017
AmRest Delco France SAS	Paris, France	AmRest Topco France SAS	100.00%	May 2017
AmRest Opco SAS	Paris, France	AmRest France SAS	100.00%	July 2017
OOO Chicken Yug	Saint Petersburg, Russia	OOO AmRest	100.00%	October 2017
OOO AmRest Pizza	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	99.999996%	November 2017
		OOO AmRest	0.000004%	
AmRest Coffee SRB d.o.o.	Belgrade, Serbia	AmRest Holdings SE	100.00%	November 2017
AmRest Chamnord SAS	Paris, France	AmRest Opco SAS	100.00%	March 2018
AmRest SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	April 2018
		AmRest Sp. z o.o.	1.00%	
AmRest Pizza GmbH	Munich, Germany	AmRest DE Sp. z o.o. & Co. KG	100.00%	June 2018
Black Rice S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	July 2018
Bacoa Holding S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	July 2018
Sushi Shop Restauration SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Orphus SARL	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
CMLC Troyes	Troyes, France	Sushi Shop Management SAS	100.00%	July 2019
Sushiga SARL	Paris France	Sushi Shop Management SAS	50.00%	October 2018
		Emmanuel GARFIN	50.00%	
SSW 1 SPRL	Waterloo, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
SSW 2 SPRL	Wavre, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi House SA	Luxembourg	Midicapital	14.00%	October 2018
		Sushi Shop Luxembourg SARL	86.00%	

(all figures in EUR millions unless stated otherwise)

Sushi Sablon SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop London Pvt LTD	London, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Louise SA	Bruxelles, Belgium	Sushi Shop Belgique SA	54.80%	October 2018
		Midicapital	45.20%	
Sushi Shop UK Pvt LTD	Charing, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Uccle SA	Uccle, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Anvers SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Geneve SA	Geneva, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Lausanne SARL	Lasanne, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Madrid S.L.	Madrid, Spain	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Milan SARL	Milan, Italy	Sushi Shop Management SAS	70.00%	October 2018
		Vanray SRL	30.00%	
Sushi Shop NE USA LLC	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop NY1	New York, USA	Sushi Shop Holding USA LLC	64.00%	October 2018
		Sushi Shop NE USA LLC	36.00%	
Sushi Shop NY2	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop International SA	Bruxelles, Belgium	Sushi Shop Group SAS	99.90%	October 2018
		Sushi Shop Belgique SA	0.10%	
Sushi Shop Zurich GMBH	Zurich, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Nyon SARL	Nyon, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop NL B.V.	Amsterdam, Netherlands	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Vevey SARL	Vevey, Switzerland	Sushi Shop Switzerland SA	100.00%	November 2019
Sushi Shop Fribourg SARL	Fribourg, Switzerland	Sushi Shop Switzerland SA	100.00%	November 2019
Sushi Shop Yverdon SARL	Yverdon, Switzerland	Sushi Shop Switzerland SA	100.00%	Novemner 2019
Financial services and others for the Group				
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2012
La Tagliatella International Kft	Budapest, Hungary	AmRest TAG S.L.U.	100.00%	November 2012
La Tagliatella SAS	Lyon, France	AmRest TAG S.L.U.	100.00%	March 2014
AmRest FSVC LLC	Wilmington, USA	AmRest Holdings SE	100.00%	November 2014
AmRest Kaffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2016
AmRest Estate SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Leasing SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Franchise Sp. z o.o.	Wrocław, Poland	AmRest Sp. z o.o.	100.00%	December 2018
AmRest Traugutta Sp. z o.o.[2]	Wrocław, Poland	AmRest Sp. z o.o.	99.9999%	June 2020
		Michał Lewandowski	0.0001%	
Supply services for restaurants operated by the Group				
SCM Czech s.r.o.	Prague, Czechia	SCM Sp. z o.o.	90.00%	March 2007
		Ondrej Razga	10.00%	
SCM Sp. z o.o.	Warsaw, Poland	AmRest Sp. z o.o.	51.00%	October 2008
		R&D Sp. z o.o.	33.80%	
		Beata Szafarczyk-Cylny	5.00%	
		Zbigniew Cylny	10.20%	

[1] *On 25 November 2016 Amrestavia, S.L.U. (AmRest Tag S.L.U. after the merger described in point 12 below), the sole shareholder of AmRest GmbH, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.*
[2] *On 30 June 2020 a new company was registered - AmRest Traugutta Sp. z o.o. with registered office is Wroclaw, Poland. Company has two shareholders: AmRest Sp. z o.o. owns 99,9999% of shares, 0,0001% of shares owns to Michal Lewandowski.*
- On January 2nd 2020 the company La Tagliatella Financing Kft has been deregistered.
- On 27 March 2020 the company OOO RusCo Food has been deregistered.
- On 12 June 2020 the company AmRest Trademark Kft "v.a." (Hungary) has been deregistered.
- On 2 September 2020 a new company was registered - AmRest Global S.L.U. with registered office in Madrid, Spain (100% subsidiary of AmRest Holdings, SE).

(all figures in EUR millions unless stated otherwise)

The balances with the Group entities are as follows:

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

(all figures in EUR millions unless stated otherwise)

The transactions with group entities are as follows:

	30 June 2020	30 June 2019
Revenues		
Revenues from the result of the stock option plan	**0.3**	**6.1**
AmRest Sp. z o.o.	-	(0.6)
AmRest Coffee Sp. z o.o.	-	0.1
AmRest SRO	0.1	0.1
AmRest FSVC LLC	-	3.7
Restauravia Food S.L.U.	-	0.1
Pastficio Service S.L.U.	-	0.1
AmRestavia S.L.U.	-	2.1
AmRest Kft	-	0.1
AmRest Coffee SRO	-	0.1
OOO AmRest	0.1	0.1
SCM	-	0.2
Other related parties	0.1	-
Financial Income from group companies	**3.6**	**2.9**
AmRest China Group PTE Ltd.	0.2	0.2
AmRest Coffee Deutschland Sp Zoo	0.2	0.1
AmRest Topco France	0.1	0.1
AmRest Opco SAS	0.5	0.3
AmRest DE Sp. z o.o. & Co. KG	0.5	0.3
AmRest Kaffee Sp. z o.o.	0.5	0.6
AmRest TAG S.L.U.	0.8	0.7
Pastificio Service S.L.U.	0.3	0.3
Restauravia Food S.L.U.	0.1	0.1
Restauravia Grupo Empresarial	-	0.1
Blue Frog Food & Beverage Mana	0.2	0.1
AmRest AT GmbH	0.1	-
Other related parties	0.1	-
Expenses		
Financial expenses with group companies	**0.1**	**-**
Pastificio Service S.L.U.	0.1	-
Impairments for credits and receivables with group companies	**-**	**(3.7)**
AmRest FSVC LLC	-	(3.7)
Impairment in investments of groups companies	**(1.0)**	**(2.9)**
AmRest FSVC LLC	(1.0)	(2.9)

14. Remuneration of the board of directors and senior executives

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

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

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

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

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

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

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

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

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

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

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

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

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

(all figures in EUR millions unless stated otherwise)

15. Other information

15.1. AVERAGE NUMBER OF EMPLOYEES

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

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

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

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

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

15.2. TAX INSPECTIONS

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

15.3. Information about the environment

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

15.4. Subsequent events

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

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

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

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

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

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

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

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

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Carlos Fernández González
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 24 September 2020

Directors's Report 30 June 2020

CONTENTS

(all figures in EUR millions unless stated otherwise)

1. Financial highlights

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

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

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

2. Significant events and transactions in H1 2020

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

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

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

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

Initiation of the procedures to execute an ERTE

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

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

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

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

(all figures in EUR millions unless stated otherwise)

Further measures adopted regarding employment

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

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

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

France

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

Portugal

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

Poland

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

3. Shareholders of AmRest Holdings SE

To the best of AmRest's knowledge as at 30 June 2020 AmRest Holdings had the following shareholder structure:

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

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

4. External debt

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

5. Information on dividends paid

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

6. Changes in the Company's Governing Bodies

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

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

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

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

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

As at the date of publication of this report the composition of the Board of Directors is as follows:

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

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

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

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

As at 31 December 2019 Mr. Carlos Fernández González (member of the Company's Board of Directors) held through its closely associated person, FCapital Dutch B.V., 147 203 760 shares of the Company with a total nominal value of EUR 14 720 376. On 30 June 2020, Mr. Carlos Fernández González still held 147 203 760 AmRest's shares with a total nominal value of EUR 14 720 376 through FCapital Dutch B.V.

In addition, in March 2020, Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, a person closely associated to Mr. Carlos Fernández, reported a holding of 516 204 shares. The holder of the shares is Latin 10, SA de CV, a fund independently managed by Finaccess Mexico, S.A. de C.V. (a subsidiary of Grupo Finaccess).

8. Transactions on own shares concluded by AmRest

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

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

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

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

9. Basic risks and threats the company is exposed to

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

Liquidity risk

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

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

The COVID-19 pandemic has rapidly spread around the world. Most governments are taking constrain measures to contain the spread, which include isolation, confinement, quarantine and restrictions to free movement of people and closure of public and private facilities.

This situation is affecting significantly the global economy, including HORECA sector, as well as AmRest Group.

Visible results of the COVID-19 outbreak include the decrease in demand, the disruption or slowdown of supply chains and a significant increase in economic uncertainty, increase of volatility in the price of assets, exchange rates and a decrease in long term interest rates. Possible results of the COVID-19 outbreak may include changes in the market environment, peoples behaviors and ways of living.

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

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

Risk related to keeping key personnel in the Group

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

Currency risk

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

Dependency on cooperation with minority shareholders

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

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

Risk of increased financial costs

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

(all figures in EUR millions unless stated otherwise)

Tax risk

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

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

Cyberattack risk

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

10. Average number of employees

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

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

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

Categories/Gender	June 2020		June 2019	
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There are no employees with a disability rating of 33% or higher.

11. Subsequent Events

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Madrid, 24 September 2020