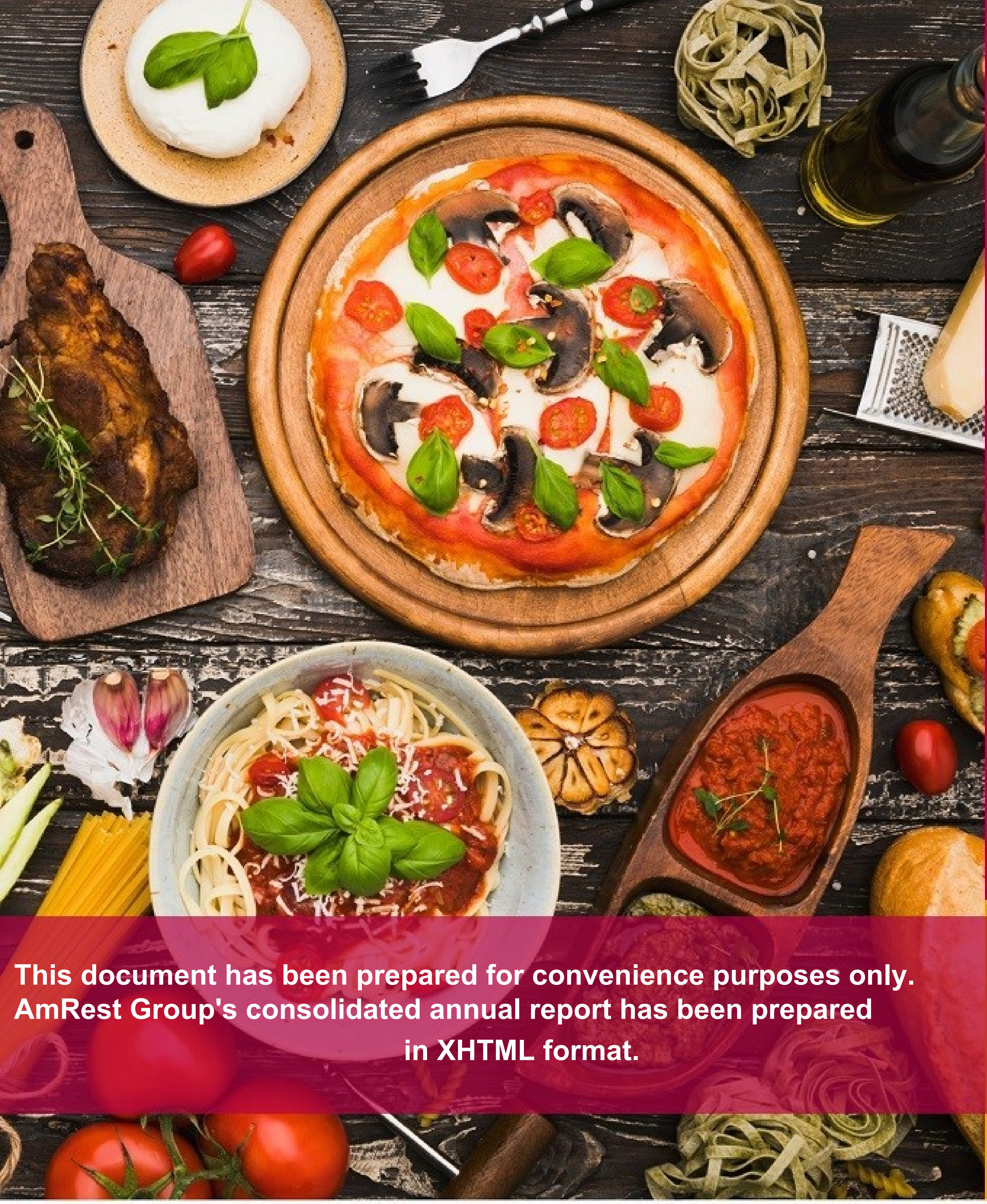

**This document has been prepared for convenience purposes only. AmRest Group's consolidated annual report has been prepared in XHTML format.**

# Consolidated Financial Statements
## for the year ended 31 December 2021

AmRest Holdings SE capital group
**28 FEBRUARY 2022**


AmRest

**AMREST GROUP Consolidated Financial Statements**
for the year ended 31 December 2021

# Contents

(all figures in EUR millions unless stated otherwise)

# Consolidated income statement for the year ended 31 December 2021

| | Note | YEAR ENDED 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| **Continuing operations** | | | |
| Restaurant sales | | 1 821.0 | 1 452.3 |
| Franchise and other sales | | 96.0 | 70.6 |
| **Total revenue** | 5,6 | **1 917.0** | **1 522.9** |
| Restaurant expenses: | | | |
| Food and merchandise | 7 | (503.3) | (413.2) |
| Payroll and other employee benefits | 7 | (459.9) | (409.6) |
| Royalties | 7 | (85.8) | (67.9) |
| Occupancy, depreciation and other operating expenses | 7 | (583.4) | (517.0) |
| Franchise and other expenses | 7 | (71.7) | (54.6) |
| **Gross Profit** | | **212.9** | **60.6** |
| General and administrative expenses | 7 | (138.4) | (143.4) |
| Net impairment losses on financial assets | 9 | (0.9) | (6.2) |
| Net impairment losses on other assets | 9 | (18.2) | (84.6) |
| Other operating income/expenses | 8 | 47.7 | 31.1 |
| **Profit/loss from operations** | | **103.1** | **(142.5)** |
| Finance income | 10 | 2.8 | 2.1 |
| Finance costs | 11 | (48.0) | (61.0) |
| **Profit/loss before tax** | | **57.9** | **(201.4)** |
| Income tax expense | 12 | (22.5) | 17.7 |
| **Profit/loss for the period** | | **35.4** | **(183.7)** |
| Attr butable to: | | | |
| Shareholders of the parent | | 32.9 | (182.0) |
| Non-controlling interests | | 2.5 | (1.7) |
| **Profit/loss for the period** | | **35.4** | **(183.7)** |

| | | YEAR ENDED 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| Basic earnings per ordinary share in EUR | 26 | 0.15 | (0.83) |
| Diluted earnings per ordinary share in EUR | 26 | 0.15 | (0.83) |

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

(all figures in EUR millions unless stated otherwise)

# Consolidated statement of comprehensive income for the year ended 31 December 2021

| | | YEAR ENDED | |
|---|---|---|---|
| | Note | 31 December 2021 | 31 December 2020 |
| **Profit/loss for the period** | | **35.4** | **(183.7)** |
| **Other comprehensive income/loss** | 23 | | |
| Exchange differences on translation of foreign operations | | 12.7 | (19.3) |
| Net investment hedges | | (1.6) | (10.9) |
| Income tax related to net investment hedges | | 0.3 | 1.8 |
| **Other comprehensive income/loss for the period** | | **11.4** | **(28.4)** |
| **Total comprehensive income/loss for the period** | | **46.8** | **(212.1)** |
| Attr butable to: | | | |
| Shareholders of the parent | | 44.1 | (210.3) |
| Non-controlling interests | | 2.7 | (1.8) |

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

(all figures in EUR millions unless stated otherwise)

# Consolidated statement of financial position at 31 December 2021

| | Note | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 13 | 460.9 | 475.0 |
| Right-of-use assets | 14 | 771.0 | 709.6 |
| Goodwill | 16 | 316.6 | 312.1 |
| Intangible assets | 15 | 236.9 | 240.7 |
| Investment properties | | 4.8 | 4.9 |
| Other non-current assets | 18 | 23.1 | 22.9 |
| Deferred tax assets | 12 | 45.7 | 37.6 |
| **Total non-current assets** | | **1 859.0** | **1 802.8** |
| Inventories | 19 | 33.1 | 26.5 |
| Trade and other receivables | 20, 35 | 67.9 | 60.4 |
| Income tax receivables | | 4.9 | 7.3 |
| Other current assets | 21 | 11.3 | 12.6 |
| Cash and cash equivalents | 22 | 198.7 | 204.8 |
| **Total current assets** | | **315.9** | **311.6** |
| **Total assets** | | **2 174.9** | **2 114.4** |
| **Equity** | | | |
| Share capital | 23 | 22.0 | 22.0 |
| Reserves | 23 | 165.6 | 170.1 |
| Retained earnings | 23 | 147.5 | 114.6 |
| Translation reserve | 23 | (36.4) | (48.9) |
| **Equity attributable to shareholders of the parent** | | **298.7** | **257.8** |
| Non-controlling interests | 25 | **8.8** | 6.9 |
| **Total equity** | **23** | **307.5** | **264.7** |
| **Liabilities** | | | |
| Interest-bearing loans and borrowings | 27, 35 | 541.9 | 676.5 |
| Lease liabilities | 14 | 663.8 | 616.6 |
| Provisions | 30 | 33.4 | 32.0 |
| Deferred tax liability | 12 | 45.4 | 39.0 |
| Other non-current liabilities and employee benefits | 32 | 3.6 | 7.5 |
| **Total non-current liabilities** | | **1 288.1** | **1 371.6** |
| Interest-bearing loans and borrowings | 27, 35 | 122.7 | 94.3 |
| Lease liabilities | 14 | 159.1 | 144.8 |
| Trade payables and other liabilities | 32 | 287.2 | 235.4 |
| Income tax liabilities | | 10.3 | 3.6 |
| **Total current liabilities** | | **579.3** | **478.1** |
| **Total liabilities** | | **1 867.4** | **1 849.7** |
| **Total equity and liabilities** | | **2 174.9** | **2 114.4** |

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

(all figures in EUR millions unless stated otherwise)

# Consolidated statement of cash flows for the year ended 31 December 2021

| | | YEAR ENDED | |
|---|---|---|---|
| | Note | 31 December 2021 | 31 December 2020 |
| **Cash flows from operating activities** | | | |
| Profit/loss for the period | | 35.4 | (183.7) |
| Adjustments for: | | | |
| Amortisation and depreciation | | 236.9 | 253.4 |
| Net interest expense | | 39.6 | 46.4 |
| Foreign exchange result | | (1.1) | 11.5 |
| Result on debt modification and extension fees | | 6.5 | - |
| Result on disposal of property, plant and equipment and intangibles | | (2.0) | 2.1 |
| Impairment of non-financial assets | | 18.2 | 84.6 |
| Share-based payments | | 0.1 | 2.6 |
| Loan forgiven | | (2.7) | - |
| Tax expense | | 22.5 | (17.7) |
| Rent concessions | | (10.9) | (18.6) |
| Other | | 0.2 | 0.7 |
| Working capital changes: | 22 | | |
| Change in trade and other receivables and other assets | | (7.2) | 27.0 |
| Change in inventories | | (7.1) | 2.2 |
| Change in payables and other liabilities | | 38.6 | (24.5) |
| Change in provisions and employee benefits | | 1.4 | 8.9 |
| Cash generated from operations | | 368.4 | 194.9 |
| Income tax paid | | (11.5) | (16.1) |
| **Net cash from operating activities** | | **356.9** | **178.8** |
| **Cash flows from investing activities** | | | |
| Proceeds from the sale of the business | | - | 20.0 |
| Proceeds from the sale of property, plant and equipment, and intangible assets | | 1.5 | 7.6 |
| Proceeds from the sale of financial assets measured at fair value | | - | 75.5 |
| Purchase of property, plant and equipment | | (88.8) | (84.9) |
| Purchase of intangible assets | | (9.3) | (6.5) |
| **Net cash from investing activities** | | **(96.6)** | **11.7** |
| **Cash flows from financing activities** | | | |
| Proceeds from share transfers (employees options) | | - | 0.6 |
| Proceeds from loans and borrowings | 27 | 1.1 | 139.6 |
| Repayment of loans and borrowings | 27 | (106.9) | (80.9) |
| Payments of lease liabilities including interests paid | | (141.7) | (134.9) |
| Interest paid | 27 | (18.9) | (19.4) |
| Interest received | | 1.1 | 0.8 |
| Dividends paid to non-controlling interest | 24 | (1.3) | (0.8) |
| Transactions with non-controlling interest | | (3.8) | - |
| **Net cash from financing activities** | | **(270.4)** | **(95.0)** |
| **Net change in cash and cash equivalents** | | **(10.1)** | **95.5** |
| Effect of foreign exchange rate movements | | 4.0 | 3.1 |
| Balance sheet change of cash and cash equivalents | | (6.1) | 98.6 |
| Cash and cash equivalents, beginning of period | | 204.8 | 106.2 |
| **Cash and cash equivalents, end of period** | **22** | **198.7** | **204.8** |

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

(all figures in EUR millions unless stated otherwise)

## Consolidated statement of changes in equity for the year ended 31 December 2021

| | | ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Share capital | Reserves | Retained earnings | Translation reserve | **Total** | Non-controlling interest | **Total equity** |
| **As of 1 January 2021** | | **22.0** | **170.1** | **114.6** | **(48.9)** | **257.8** | **6.9** | **264.7** |
| Profit/loss for the period | | - | - | 32.9 | - | **32.9** | 2.5 | **35.4** |
| Other comprehensive income/loss | | - | (1.3) | - | 12.5 | **11.2** | 0.2 | **11.4** |
| **Total comprehensive income/loss** | | **-** | **(1.3)** | **32.9** | **12.5** | **44.1** | **2.7** | **46.8** |
| Transaction with non-controlling interests | 23 | - | (4.3) | - | - | **(4.3)** | (0.8) | **(5.1)** |
| Share based payments | 23 | - | 1.1 | - | - | **1.1** | - | **1.1** |
| **As of 31 December 2021** | | **22.0** | **165.6** | **147.5** | **(36.4)** | **298.7** | **8.8** | **307.5** |

| | | ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Share capital | Reserves | Retained earnings | Translation reserve | **Total** | Non-controlling interest | **Total equity** |
| **As of 1 January 2020** | | **22.0** | **178.3** | **296.6** | **(29.7)** | **467.2** | **9.5** | **476.7** |
| Profit/loss for the period | | - | - | (182.0) | - | **(182.0)** | (1.7) | **(183.7)** |
| Other comprehensive income/loss | | - | (9.1) | - | (19.2) | **(28.3)** | (0.1) | **(28.4)** |
| **Total comprehensive income/loss** | | **-** | **(9.1)** | **(182.0)** | **(19.2)** | **(210.3)** | **(1.8)** | **(212.1)** |
| Transaction with non-controlling interests | 23 | - | - | - | - | **-** | (0.8) | **(0.8)** |
| Share based payments | 23 | - | 0.9 | - | - | **0.9** | - | **0.9** |
| **As of 31 December 2020** | | **22.0** | **170.1** | **114.6** | **(48.9)** | **257.8** | **6.9** | **264.7** |

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

# Notes to the Consolidated Financial Statements

## 1. General information on AmRest Group

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

There was no change in name of reporting entity during the reporting period.
Paseo de la Castellana 163, 28046 (Madrid), Spain is the Company's registered office as of 31 December 2021 and has not changed during the year 2021.

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

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

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

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

The Group operates Kentucky Fried Chicken ("KFC"), Pizza Hut ("PH"), Burger King ("BK") and Starbucks ("SBX") restaurants through its subsidiaries in Poland, the Czech Republic (hereinafter Czechia), Hungary, Slovakia, Russia, Serbia, Croatia, Bulgaria, Romania, Germany, France, Austria, Slovenia and Spain, on the basis of franchise rights granted. Starting from 1 October 2016 the Group as a master-franchisee has the right to grant a license to third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise) in countries of Central and Eastern Europe, while ensuring a certain share of restaurants operated directly by AmRest. Pizza Hut restaurants acquired in France in May 2017, 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, Germany and Portugal the Group operates its own brands La Tagliatella. This business is based on own restaurants and the franchise agreements signed with non-related companies. It is supported by the central kitchen located in Spain which produces and delivers products to the whole network of the mentioned own brands. In China the Group operates its own brand Blue Frog.

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 Sushi Shop restaurants among the others in France, Belgium, Spain, Switzerland, United Kingdom, Luxembourg, Italy, Portugal, United Arab Emirates and Saudi Arabia. Bacoa is a Spanish premium burger chain, and Sushi Shop is the operator of the leading European chain of Japanese cuisine restaurants.

Additionally, among own brands the Group operates virtual brands.

As of 31 December 2021 the Group operates 2 436 restaurants (own and franchise) in comparison to 2 338 restaurants as of 31 December 2020.

(all figures in EUR millions unless stated otherwise)

The Group operates its restaurants mainly on a franchise basis. However being master-franchisee and performing business through own brands has become more important. The table below shows the terms and conditions of cooperation with franchisors and franchisees of particular brands operated by AmRest as of 31 December 2021

| ACTIVITY WHERE AMREST IS A FRANCHISEE | | | | | |
|---|---|---|---|---|---|
| **Brand** | **KFC** | **Pizza Hut Dine-In** | **Pizza Hut Express, Delivery** | **Burger King** | **Starbucks [1]** |
| Franchisor/ Partner | YUM! Restaurants Europe Limited and its affiliates | Pizza Hut Europe Limited | Pizza Hut Europe Limited | Burger King Europe GmbH | Starbucks Coffee International, Inc/Starbucks EMEA Ltd., Starbucks Manufacturing EMEA B.V. |
| Area covered by the agreement | Poland, Czechia, Hungary, Bulgaria, Serbia, Croatia, Russia, Spain, Germany, France, Austria, Slovenia | Poland | Poland, Czechia, Hungary, France, Russia, Germany, Slovakia. | Poland, Czechia, Bulgaria, Slovakia, Romania | Poland, Czechia, Hungary, Romania, Bulgaria, Germany, Slovakia, Serbia |
| Term of agreement | 10 years with possibility of extension for a further 10 years | 10 years with possibility of extension for a further 10 years | 10 years with poss bility of extension for a further 10 years and 5 years | Poland, Czechia, Bulgaria, Slovakia, Romania – 20 years or 10 years [5]<br>Since 20 November 2018: 10 years for restaurants opened during the agreed development period.<br><br>Additional information – please refer to Note 37 – Events after the reporting period. | 15 years, possibility of extension for a further 5 years[2]; in Romania till 10 October 2023 16 years; in Bulgaria till 1 October 2027 20 years |
| Preliminary fee | up to<br>USD 53.4 thousand [3] | up to<br>USD 53.4 thousand [3] | USD 26.7 thousand [3] | USD 50 thousand or USD 25 thousand, in Czechia USD 60 thousand [5]<br>Since 20 November 2018: USD 30 thousand for restaurants opened during the agreed development period. | USD 25 thousand |
| Franchise fee | 6% of sales revenues [4] | 6% of sales revenues [4] | 6% of sales revenues [4] | 5% of sales revenues, in Czechia (for 5 restaurants) 3% of sales revenues for first 5 years, then 5%<br>Since 20 November 2018 for restaurants opened during the agreed development period: 3,5% of revenues in first 2 years growing to 4%, 4,5% and 5% in next years. | 6% of sales revenues [6] |
| Marketing costs | 5% of sales revenues | 5% of sales revenues | 6% or 5% of sales revenues depending on the concept [4] | 5% of sales revenues, in Czechia 3% of sales revenues for first 3 years, then 5%.<br>Since 20 November 2018 for restaurants opened during the agreed development period 4% or 5% of sales revenues (depending on the country) and 3% for flagships. | amount agreed each year |

(all figures in EUR millions unless stated otherwise)

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

| ACTIVITY WHERE AMREST IS A FRANCHISOR (OWN BRAND OR BASED ON MASTER-FRANCHISE AGREEMENTS) | | | | | | |
|---|---|---|---|---|---|---|
| **Brand** | **Pizza Hut Dine-In** | **Pizza Hut Express, Delivery** | **La Tagliatella** | **Blue Frog** | **BACOA** | **Sushi Shop** |
| Partner | Yum Restaurants International Holdings LLC | Pizza Hut Europe Limited, Yum Restaurants International Holdings LLC, Pizza Hut Europe S.a.r.l | Own brand | Own brand | Own brand | Own brand |
| Area covered by the agreement | Germany, Russia, Armenia and Azerbaijan | Germany, France, CEE (Hungary, Czechia, Poland, Slovakia), Russia, Armenia and Azerba jan | Spain | China | Spain | France, Belgium, Spain, United Arab Emirates, Saudi Arabia, Italy, Portugal |
| Term of agreement | 10 years with possibility of extension[7)] | 10 years with possibility of extension[7)] | 10 years with possibility of extension | 5 years with possibility of extension | 10 years with possibility of extension | Franchise agreements: from 3 years (corners) to 10 years with a limited territorial exclusivity EADA i.e. “master franchise”: exclusivity for specific territories granted to from 2 up to 14 years. |

*1) AmRest Group took up 82% and Starbucks 18% of the share capital of the newly-established companies in Poland, Czechia and Hungary. In the event of default, deadlock, or disputed take-over or change of control over AmRest Holdings SE and/or its shareholders, Starbucks will be entitled to increase its share to 100% by purchasing shares from the Group. Option upon termination for event of default or deadlock are symmetric for both parties, so that AmRest will also be entitled to exercise the option to purchase all of the Shares of Starbucks. According to Group assessment as of the day of this report issuance there are no indicators making the mentioned above options realizable. The Group acquired 100% of shares in Romanian and Bulgarian entities, being the sole operators in these markets. In Germany the Group acquired 100% of shares in a key operator in this market.*
*2) The license agreements entered into by and between AmRest’s affiliates and Starbucks EMEA Limited for Poland, Hungary and Czech Republic, which are set to expire on May 31, 2022 are subject to a five year extension. Consistent with AmRest’s long-term commitment to its brand portfolio, AmRest and Starbucks EMEA Limited are currently negotiating the terms of such extension.*
*3) The fee is updated at the beginning of each calendar year for inflation.*
*4) Preliminary franchise fees and marketing costs might be changed if certain conditions set in the agreement are met.*
*5)Validity period of franchisee agreement, therefore licenses for Burger King restaurants opened in Poland in the period from 1 March 2009 till 30 June 2010, and also for newly-opened restaurants in Poland was. extended from 10 to 20 years since the date of restaurant opening, however, without the option of prolongation for the next 10 years, which was provided in the original development agreement with AmRest Sp. z o.o. In relation to restaurants opened in Poland in the period from 1 March 2009 to 30 June 2010 and in relation to restaurants opened after this period (for franchise agreements for 20 years) the initial franchise payment was increased from USD 25,000 to USD 50,000. On 20 November 2018 a new Development Agreement of the Burger King brand in Bulgaria, Czech Republic, Romania, Slovakia and Poland was signed, amended on 15 September 2020. This Development Agreement was terminated by Burger King Europe GMBH effective 1 February 2022, please refer to Note 37.*
*6) Due to global Starbucks decision, the franchisee fee was decreased to 0% for the period April – June 2020.*
*7) In case of Russia and Germany MFA term ends on 31 May 2022. As a consequence of such termination, the Pizza Hut outlets in those two territories will be transferred either to Yum! or to a third party designated by Yum!. AmRest and Yum! are currently discussing the terms and conditions for the transition of the business in those markets, which could extend beyond 31 May 2022, if the parties so agree in writing.*

(all figures in EUR millions unless stated otherwise)

## 2. Group Structure

As of 31 December 2021, 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<br>AmRest TAG S.L.U. | 99.00%<br>1.00% | August 2018 |
| GM Invest SRL | Brussels, Belgium | AmRest TAG S.L.U. | 100.00% | October 2018 |
| Sushi Shop Group SAS | Paris, France | GM Invest SRL<br>AmRest TAG S.L.U. | 9.47%<br>90.53% | October 2018 |
| AmRest France SAS | Paris, France | AmRest Holdings SE | 100.00% | December 2018 |
| Sushi Shop Management SAS | Paris, France | Sushi Shop Group SAS | 100.00% | October 2018 |
| Sushi Shop Luxembourg SARL | Luxembourg | Sushi Shop Group SAS | 100.00% | October 2018 |
| Sushi Shop Switzerland SA | Fribourg, Switzerland | Sushi Shop Management SAS | 100.00% | October 2018 |
| ***Restaurant, franchise and master-franchise activity*** | | | | |
| AmRest Sp. z o.o. | Wroclaw, Poland | AmRest Holdings SE | 100.00% | December 2000 |
| AmRest s.r.o. | Prague, Czechia | AmRest Holdings SE | 100.00% | December 2000 |
| AmRest Kft | Budapest, Hungary | AmRest Sp. z o.o. | 100.00% | June 2006 |
| AmRest Coffee Sp. z o.o. | Wroclaw, Poland | AmRest Sp. z o.o.<br>Starbucks Coffee International,Inc. | 82.00%<br>18.00% | March 2007 |
| AmRest EOOD | Sofia, Bulgaria | AmRest Holdings SE | 100.00% | April 2007 |
| OOO AmRest | Saint Petersburg, Russia | AmRest Acquisition Subsidiary Ltd.<br>AmRest Sp. z o.o. | 44.72%<br>55.28% | July 2007 |
| AmRest Coffee s.r.o. | Prague, Czechia | AmRest Sp. z o.o.<br>Starbucks Coffee International,Inc. | 82.00%<br>18.00% | August 2007 |
| AmRest Kávézó Kft | Budapest, Hungary | AmRest Sp. z o.o.<br>Starbucks Coffee International,Inc. | 82.00%<br>18.00% | August 2007 |
| AmRest d.o.o. | Belgrade, Serbia | AmRest Sp. z o.o.<br>ProFood Invest GmbH | 60.00%<br>40.00% | October 2007 |
| Restauravia Food S.L.U. | Madrid, Spain | AmRest TAG S.L.U. | 100.00% | April 2011 |
| Pastificio Service S.L.U. | Madrid, Spain | AmRest TAG S.L.U. | 100.00% | April 2011 |
| AmRest Adria d.o.o. | Zagreb, Croatia | AmRest Sp. z o.o. | 100.00% | October 2011 |
| AmRest GmbH i.L.[1] | Cologne, Germany | AmRest TAG S.L.U. | 100.00% | March 2012 |
| AmRest SAS. | Paris, France | AmRest TAG S.L.U. | 100.00% | April 2012 |
| AmRest Adria 2 d.o.o. | Ljubljana, Slovenia | AmRest Sp. z o.o. | 100.00% | August 2012 |
| Frog King Food&Beverage Management Ltd | Shanghai, China | Bigsky Hospitality Group Ltd | 100.00% | December 2012 |
| Blue Frog Food&Beverage Management Ltd | Shanghai, China | New Precision Ltd | 100.00% | December 2012 |
| Shanghai Kabb Western Restaurant Ltd | Shanghai, China | Horizon Consultants Ltd. | 100.00% | December 2012 |
| AmRest Skyline GMBH | Cologne, Germany | AmRest TAG S.L.U. | 100.00% | October 2013 |
| AmRest Coffee EOOD | Sofia, Bulgaria | AmRest Sp. z o.o. | 100.00% | June 2015 |
| AmRest Coffee S.r.l. | Bucharest, Romania | AmRest Sp. z o.o. | 100.00% | June 2015 |
| AmRest Food Srl. [2] | Bucharest, Romania | AmRest Sp. z o.o. | 100.00% | July 2019 |
| AmRest Coffee SK s.r.o. | Bratislava, Slovakia | AmRest s.r.o.<br>AmRest Sp. z o.o. | 99.00%<br>1.00% | December 2015 |
| AmRest Coffee Deutschland Sp. z o.o. & Co. KG | Munich, Germany | AmRest Kaffee Sp. z o.o.<br>AmRest TAG S.L.U. | 23.00%<br>77.00% | May 2016 |
| AmRest DE Sp. z o.o. & Co. KG | Munich, Germany | AmRest Kaffee Sp. z o.o. | 100.00% | December 2016 |
| The Grill Concept S.L.U. | 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.<br>OOO AmRest | 99.999996%<br>0.000004% | November 2017 |
| AmRest Coffee SRB d.o.o. | Belgrade, Serbia | AmRest Holdings SE | 100.00% | November 2017 |
| AmRest Chamnord SAS | Paris, France | AmRest Opco SAS | 100.00% | March 2018 |
| AmRest SK s.r.o. | Bratislava, Slovakia | AmRest s.r.o.<br>AmRest Sp. z o.o. | 99.00%<br>1.00% | April 2018 |
| AmRest Pizza GmbH | Munich, Germany | AmRest DE Sp. z o.o. & Co. KG | 100.00% | June 2018 |
| Black Rice S.L.U. | Madrid, Spain | AmRest TAG S.L.U. | 100.00% | July 2018 |
| Bacoa Holding S.L.U. | Madrid, Spain | AmRest TAG S.L.U. | 100.00% | July 2018 |
| Sushi Shop Restauration SAS | Paris, France | Sushi Shop Management SAS | 100.00% | October 2018 |
| Sushi House SA[4] | Luxembourg | Sushi Shop Luxembourg SARL | 100.00% | October 2018 |
| Sushi Shop London Pvt LTD | London, UK | Sushi Shop Group SAS | 100.00% | October 2018 |
| Sushi Shop Belgique SA | Bruxelles, Belgium | Sushi Shop Group SAS | 100.00% | October 2018 |
| Sushi Shop Louise SA[5] | Bruxelles, Belgium | Sushi Shop Belgique SA | 100.00% | October 2018 |
| Sushi Shop UK Pvt LTD | Charing, UK | Sushi Shop Group SAS | 100.00% | October 2018 |
| Sushi Shop Anvers SA[3] | 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 |

(all figures in EUR millions unless stated otherwise)

| Company name | Registered office | Parent/non-controlling undertaking | Owner-ship interest and total vote | Date of effective control |
|---|---|---|---|---|
| Sushi Shop Madrid S.L.U. | Madrid, Spain | Sushi Shop Management SAS | 100.00% | October 2018 |
| Sushi Shop Milan SARL | Milan, Italy | Sushi Shop Management SAS | 70.00% | October 2018 |
| | | Vanray SRL | 30.00% | |
| Sushi Shop Zurich GMBH | Zurich, Switzerland | Sushi Shop Switzerland SA | 100.00% | October 2018 |
| Sushi Shop Nyon SARL | Nyon, Switzerland | Sushi Shop Switzerland SA | 100.00% | October 2018 |
| Sushi Shop Vevey SARL | Vevey, Switzerland | Sushi Shop Switzerland SA | 100.00% | November 2019 |
| Sushi Shop Fribourg SARL | Fribourg, Switzerland | Sushi Shop Switzerland SA | 100.00% | November 2019 |
| Sushi Shop Yverdon SARL | Yverdon, Switzerland | Sushi Shop Switzerland SA | 100.00% | Novemner 2019 |
| Sushi Shop Morges SARL | Moudon, Switzerland | Sushi Shop Switzerland SA | 100.00% | October 2020 |
| ***Financial services and others for the Group*** | | | | |
| AmRest LLC | Wilmington, USA | AmRest Sp. z o.o. | 100.00% | July 2008 |
| AmRest Work Sp. z o.o. | Wroclaw, Poland | AmRest Sp. z o.o. | 100.00% | March 2012 |
| La Tagliatella International Kft | Budapest, Hungary | AmRest TAG S.L.U. | 100.00% | November 2012 |
| La Tagliatella SAS | Paris, France | AmRest TAG S.L.U. | 100.00% | March 2014 |
| AmRest Kaffee Sp. z o.o. | Wroclaw, Poland | AmRest Sp. z o.o. | 100.00% | March 2016 |
| AmRest Estate SAS | Paris, France | AmRest Opco SAS | 100.00% | September 2017 |
| AmRest Leasing SAS | Paris, France | AmRest Opco SAS | 100.00% | September 2017 |
| AmRest Franchise Sp. z o.o. | Wrocław, Poland | AmRest Sp. z o.o. | 100.00% | December 2018 |
| AmRest Global S.L.U. | Madrid, Spain | AmRest Holdings SE | 100.00% | September 2020 |
| ***Supply services for restaurants operated by the Group*** | | | | |
| SCM Czech s.r.o. | Prague, Czechia | SCM Sp. z o.o. | 90.00% | March 2007 |
| | | Ondrej Razga | 10.00% | |
| SCM Sp. z o.o. | Warsaw, Poland | AmRest Sp. z o.o. | 51.00% | October 2008 |
| | | R&D Sp. z o.o. | 33.80% | |
| | | Beata Szafarczyk-Cylny | 5.00% | |
| | | Zbigniew Cylny | 10.20% | |

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

[2] *On 31 August 2021 AmRest Sp. z o.o. became sole shareholder of AmRest Food Srl., through the purchase agreement of the remaining 1% of shares.*

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

[4] *On 31 August 2021 Sushi Shop Luxembourg SARL has acquired 14% of shares of Sushi House SA. On this day Sushi Shop Luxembourg SARL has become sole shareholder of Sushi House SA.*

[5] *On 31 August 2021 Sushi Shop Belgique SA has acquired 45.20% of shares of Sushi Shop Louise SA. On this day Sushi Shop Belgique SA has become sole shareholder of Sushi Shop Louise SA.*

*- On 17 February 2021 Sushi Shop NL B.V. has been deregistered*

*- On 9 April 2021 AmRest FSVC LLC has been deregistered*

*- On 30 May 2021 Kai Zhen Food and Beverage Management (Shanghai) Ltd has been deregistered*

*- On 16 December 2020 Sushi Shop Management SAS, the sole shareholder of Sushi Shop Holding USA LLC, Sushi Shop NE USA LLC, Sushi Shop NY1 LLC and Sushi Shop NY2 LLC decided to liquidate these companies. On 30 August 2021 Sushi Shop NE USA LLC, Sushi Shop NY1 LLC and Sushi Shop NY2 LLC have been deregistered. On 15 September 2021 dissolution Sushi Shop Holding USA LLC was executed.*

*- On 22 November 2021 Amrest Management Kft has been deregistered.*

## 3. Basis of preparation

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and other provisions of the financial reporting applicable in Spain. These consolidated financial statements were authorised for issue by the Company's Board of Directors on 28 February 2022.

Unless disclosed otherwise, the amounts in these consolidated financial statements are presented in euro (EUR), rounded off to full millions with one decimal place.
Details of the Group's accounting policies are included in note 38.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards, interpretations, and amendments to standards effective as of 1 January 2021, as described below and in the note 39.
Several amendments and interpretations apply for the first time in 2021, but do not have any material impact on the Group's policies. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In May 2020 IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases ("the 2020 Amendment") that provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification.
The Group has applied the amendments to IFRS 16 already in 2020 for the first time.
One of the conditions of applying the amendment was that it related to a reduction in lease payments due originally on or before 30 June 2021. However, the pandemic has continued beyond the period envisaged when the 2020 Amendment was issued. In April 2021 IASB has extended the amendment to IFRS 16 and the entities will be allowed to apply the

amendment to a reduction in lease payments originally due on or before 30 June 2022 ("the 2021 Amendment"). This amendment was approved by European Union on 31 August 2021 and applied in these consolidated financial statements. The effect of the accounting is presented under "rent concessions" lines. The application of these amendments has material impact on Group's financial data.

In late 2019 a novel strain of coronavirus, COVID-19, was first detected and in March 2020, the World Health Organization declared COVID-19 a global pandemic. Throughout 2020 and in 2021 COVID-19 has spread throughout globally, including the countries the Group operates. Most governments have been implementing restrictions to reduce the spread of COVID-19. With the approvals of first vaccines at the end of 2020, the governments deployed and started carrying out mass vaccination programs in 2021.

Visible results of the COVID-19 outbreak include the decrease in demand, the disruption or slowdown of supply chains and an increase in economic uncertainty, increase of volatility in the price of assets, exchange rates. Possible results of the pandemic include changes in the market environment, peoples behaviors and ways of living.
The Group is adapting to new local sanitary regulations, developing, and executing safety measures to protect employees and guests. The Group continues adapting the business model and sales channels that result in steady increase in sales levels. The Group is also closely monitoring situation on local markets and is taking the benefits of available government aid schemes which allow to enhance liquidity risk management in current situation.

The new variants of COVID-19 that have emerged during the year have had a lesser impact in the main economies where the Group operates thanks to the progress in vaccination levels, which have enabled the spread of the virus to be contained and the restrictions imposed by governments to be gradually relaxed, thus facilitating greater mobility and social interaction. However, the evolution and impact has been uneven by geographic areas.
This gradual reopening of economies was reflected in the upward trend in AmRest's revenues, and reflected in the higher number of restaurants in operation, which stood at 99% at the end of 2021, compared to 92% at the end of 2020. The sales performance is also the result of the transformational work being carried out in the Group thanks to the increasing adoption of new distribution channels where AmRest aims to offer its guests the same consumer experiences regardless of the distribution channel selected.

The Group maintains close communication with its financing banks and bondholders. In December 2021, after assessing different funding alternatives, the Group has decided to sign an amendment to the existing credit facilities and to extend the maturities. Based on the extended agreement, the repayments are scheduled on each 30 September anniversary of the next three years and the remaining amount on 31 December 2024. Details were disclosed in note 27 and maturity analysis is disclosed in note 35.

Based on the 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 going concern assumption applies in the foreseeable future. Consequently, these consolidated financial statements have been prepared under going concern principle.

## 4. Use of judgements and estimates

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

Climate change: risk analysis and financial impacts
All companies face risks and opportunities derived from the climate and are having to make strategic decisions in this area. The impacts of climate risks on financial statements are broad and potentially complex, and will depend on the specific risks of the sector. When the future is analyzed, probability scenarios are presented where not only the physical consequences of climate change are assessed, but also the changes in environmental regulations to face it.
Both physical risks and transitional risks pose a number of threats and opportunities to overall financial stability, potentially influencing financial markets in the future.
Climate risk has been incorporated into the estimates and judgments in relation to the future used for accounting purposes, although they do not present significant differences with those used in previous years.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

Judgements

*Determination of the lease term, whether the Group is reasonably certain to exercise extension or termination options*
For majority of contracts the Group holds options for extension/termination of the lease period, on a specified conditions. The Group's practice is to assess the reasonableness of exercising options one year before the decision deadline, because in that time all relevant facts and circumstances to make such a decision can be generally available. The Group considers, for example, latest performance of the restaurant, present brand strategy revised during budgeting process, comparison of

lease fees to the market average, length of the non-cancellable period of a lease and significance of leasehold improvements recently undertaken (or expected to be undertaken).
The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

*Revenue from contracts with customers*
The Group applies judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers that relates to identification of the performance obligations and principal versus agent considerations, as well as allocation of the transaction price to the performance obligations in franchise activities (own brands and master-franchise agreements).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on available parameters when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

*Impairment of non-financial assets including goodwill*
Impairment losses are recognised whenever the carrying value of an asset or group of assets that are part of one cash generating unit or a group of cash generating units exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use and fair value less costs of disposal calculations are based on a discounted cash flow (DCF) models. The cash flows are derived from the budgets and forecasts. The recoverable amount is sensitive to the discount rates used for the DCF model as well as the expected future growth margins, and the growth rate used for extrapolation purposes.
Accounting policies for impairment testing of non-financial assets are disclosed in note 38.
The key assumptions used to determine the recoverable amount of the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 17.

*Assessment of useful lives*
Determination and periodic verification of depreciation rates is made on the basis of the technical abilities of a given asset, together with planned form and intensity of usage, with simultaneous consideration of experience and legal obligations influencing usage of the given asset. Sensitivity on changes in average useful lives is disclosed in note 13.

*Provision for expected credit losses (ECLs) of trade receivables and contract assets*
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).
The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.
The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables and contract assets is disclosed in note 35.

*Share-based payments*
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 estimation 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.
For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a finite difference method. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 29.

*Recognition of provisions for potential tax obligations and uncertain tax provisions*
Recognition of provision required estimates of the probable outflows of resources embodying economic benefits and defining the best estimates of the expenditures required to settle the present obligation at the end of the reporting period.
The Group operates in various tax jurisdictions. Regulations concerning VAT, corporate income tax and social insurance charges are frequently amended. The applicable regulations may also contain ambiguous issues, which lead to differences in opinions concerning the legal interpretation of tax legislation both among the tax authorities and between such authorities and enterprises.

Tax reports and other matters (e.g. customs or foreign currency transactions) may be audited by authorities competent to impose substantial penalties and fines, whereas any additional tax liabilities assessed during such audits have to be paid together with interest.
Consequently, the figures presented and disclosed in these consolidated financial statements may change in the future if a final decision is issued by tax inspection authorities.
Details of current tax inspections open in Group entities are presented in note 31.

*Taxes*
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the probability that in the future taxable profit will be available against which the deductible temporary difference can be utilised. Details of deferred tax assets are disclosed in note 12.

## 5. Segment reporting

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

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

Own restaurant and franchise business is analysed for four operating segments presenting Group's performance in geographic breakdown. Geographical areas are identified based on the similarity of products and services, similar characteristics of the production process and of the customer base and economic similarities (i.e. exposure to the same market risks). Fifth segment includes in general non-restaurant business. Details of the operations presented in each segment are presented below:

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

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

Segment measures and the reconciliation to profit/loss from operations for the year ended 31 December 2021 and for the comparative year ended 31 December 2020 is presented below.

(all figures in EUR millions unless stated otherwise)

| YEAR ENDED 31 December 2021 | CEE | Western Europe | Russia | China | Other | Total |
|---|---|---|---|---|---|---|
| Restaurant sales | 872.7 | 664.0 | 184.8 | 99.5 | - | 1 821.0 |
| Franchise and other sales | 0.4 | 56.9 | 0.4 | 0.7 | 37.6 | 96.0 |
| Inter-segment revenue | - | - | - | - | - | - |
| **Segment revenue** | **873.1** | **720.9** | **185.2** | **100.2** | **37.6** | **1 917.0** |
| **EBITDA** | **196.2** | **110.6** | **41.3** | **28.7** | **(17.7)** | **359.1** |
| Depreciation and amortisation | 108.8 | 84.3 | 25.9 | 17.3 | 0.6 | 236.9 |
| Net impairment losses on financial assets | 0.5 | - | (0.1) | - | 0.5 | 0.9 |
| Net impairment losses on other assets | 7.2 | 9.6 | 1.4 | - | - | 18.2 |
| **Profit/loss from operations** | **79.7** | **16.7** | **14.1** | **11.4** | **(18.8)** | **103.1** |
| Finance income and costs | (13.7) | (7.2) | (2.1) | (0.9) | (21.3) | (45.2) |
| **Profit/loss before tax** | **66.0** | **9.5** | **12.0** | **10.5** | **(40.1)** | **57.9** |
| **Capital investment*** | **50.7** | **38.8** | **9.6** | **4.2** | **0.5** | **103.8** |

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

| YEAR ENDED 31 December 2020 | CEE | Western Europe | Russia | China | Other | Total |
|---|---|---|---|---|---|---|
| Restaurant sales | 684.2 | 539.8 | 152.2 | 76.1 | - | 1 452.3 |
| Franchise and other sales | 1.3 | 43.0 | 0.3 | 0.3 | 25.7 | 70.6 |
| Inter-segment revenue | - | - | - | - | - | - |
| Segment revenue | **685.5** | **582.8** | **152.5** | **76.4** | **25.7** | **1 522.9** |
| EBITDA | **126.8** | **38.3** | **30.8** | **23.2** | **(17.4)** | **201.7** |
| Depreciation and amortisation | 111.0 | 94.2 | 28.8 | 18.6 | 0.8 | 253.4 |
| Net impairment losses on financial assets | 0.3 | 5.4 | 0.2 | 0.1 | 0.2 | 6.2 |
| Net impairment losses on other assets | 22.8 | 57.3 | 3.9 | 0.6 | - | 84.6 |
| Profit/loss from operations | **(7.3)** | **(118.6)** | **(2.1)** | **3.9** | **(18.4)** | **(142.5)** |
| Finance income and costs | (22.8) | (9.2) | (4.6) | (1.0) | (21.3) | (58.9) |
| Profit/loss before tax | **(30.1)** | **(127.8)** | **(6.7)** | **2.9** | **(39.7)** | **(201.4)** |
| Capital investment* | **42.1** | **25.6** | **5.2** | **1.5** | 0.3 | **74.7** |

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

## Information on geographical areas:

Significant geographical regions are disclosed below with their key characteristics.

| | | YEAR ENDED 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| Revenue from external customers | Poland | 462.5 | 378.7 |
| | Czechia | 204.0 | 157.8 |
| | Spain | 232.8 | 172.8 |
| | France | 313.5 | 254.6 |
| | Russia | 185.2 | 152.5 |
| | Germany | 128.7 | 119.6 |
| | Hungary | 122.2 | 92.5 |
| | China | 100.2 | 76.4 |

| | | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| Total of non-current assets other than financial instruments and deferred tax assets | Poland | 330.2 | 346.6 |
| | Czechia | 146.3 | 136.2 |
| | Spain | 383.9 | 359.4 |
| | France | 412.9 | 410.0 |
| | Russia | 149.8 | 150.0 |
| | Germany | 129.9 | 132.2 |
| | Hungary | 74.9 | 72.0 |
| | China | 67.8 | 65.4 |

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

Taking into account that the Group operates chains of own restaurants and additionally operates as franchisor (for own brands) and master-franchisee (for some franchised brands), the Group does not have any single external customer with the revenue on the level of 10% or more of total revenue earned by the Group.

(all figures in EUR millions unless stated otherwise)

## 6. Revenues

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

This is reflected in the format of Group's consolidated income statement. Details of revenues streams are also presented in note 38d. Additional disaggregation by geographical market is included in the note 5.

*Restaurant sales*
Restaurant revenues are the most significant source of revenues representing over 95% of total revenues.
Group's customers are mainly individual guests, that are served in the restaurants, therefore the Groups' customer base is widely spread. There are no significant concentrations of revenues risks. Payments for the restaurant sales are settled generally immediately in cash or by credit, debit and other cards. There are no material credit risks related to this type of operations.

This gradual reopening of economies in 2021 was reflected in the upward trend in AmRest's revenues, and reflected in the higher number of restaurants in operation. As of the end of December 2021 operating stores constituted almost 100% of own and over 97% of franchise stores. The sales performance is also the result of the transformation work being carried out in the Group, developing economies of scope thanks to the adoption of new distribution channels.
Group observed visible increase in revenues month-on-month throughout the year 2021.

## 7. Operating costs and losses

AmRest Group presents consolidated income statement using a classification based on function of expense method. Historically consolidated income statement was prepared by function – since AmRest was quoted on the Warsaw Stock Exchange in 2005, which is a common practice on Polish market. Group considers that analysis of restaurant expenses, franchise and other expenses – and information regarding result in the functional area provides more relevant information. The table below presents an additional analysis of operating expenses by nature.

| | YEAR ENDED | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Food, merchandise and other materials | 580.4 | 468.2 |
| Payroll | 453.6 | 413.8 |
| Social security and employee benefits | 110.2 | 101.0 |
| Royalties | 89.9 | 71.8 |
| Utilities | 76.1 | 70.3 |
| Marketing expenses | 78.1 | 63.5 |
| Delivery fees | 81.0 | 58.9 |
| Other external services | 103.1 | 74.5 |
| Occupancy cost | 15.9 | 1.1 |
| Depreciation of right-of-use assets | 133.4 | 140.1 |
| Depreciation of property, plant and equipment | 91.6 | 100.2 |
| Amortisation of intang ble assets | 12.0 | 13.1 |
| Other | 17.2 | 29.2 |
| **Total cost by nature** | **1 842.5** | **1 605.7** |

Summary of operating expenses by functions:

| | YEAR ENDED | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Restaurant expenses | 1 632.4 | 1 407.7 |
| Franchise and other expenses | 71.7 | 54.6 |
| General and administrative expenses | 138.4 | 143.4 |
| **Total costs** | **1 842.5** | **1 605.7** |

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

(all figures in EUR millions unless stated otherwise)

In order to secure an ongoing smooth daily business in the Group companies, procedures have been put in place to ensure prompt reaction of appropriate services. In addition, the Group implemented additional measures to mitigate the risk of infection among its employees, including in particular:

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

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

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

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

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

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

## 8. Other operating income/expenses

| | YEAR ENDED | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Government grants for payroll and employee benefits | 10.5 | 29.5 |
| Government grants for rent and other | 26.7 | 2.1 |
| Supply chain services | 3.0 | 2.5 |
| Franchise agreements related provision | (1.0) | (5.0) |
| Other provisions | (1.1) | (0.6) |
| Other gains and losses | 9.6 | 2.6 |
| | **47.7** | **31.1** |

Other operating income and expenses section for year ended 31 December 2021 consists mainly of accounted COVID-19 pandemic governmental programs that amounted to EUR 37.2 million, out of that EUR 10.5 million income was recognised for government assistance programs for payroll and employee benefits (payroll costs EUR 8.9 million and social contribution EUR 1.6 million), whereas EUR 26.7 million was recognised for government support programs for rent and other. The above government grants were in a form of cash grants out of which EUR 1.2 million as of 31 December 2021 was not received yet.

In 2021 grants related to payroll and employee benefits were significantly lower than in the comparative period due to the fact that most of the labour related programs introduced in the previous periods ended gradually in the first half of the 2021.

*Main programs in the area of labour costs:*

- Spain

In accordance with the provisions of article 47 of the Workers Statute, in relation to Royal Decree 1483/2012 and article 22 and 23 of Royal Decree-Law 8/2020, as well as Royal Decree-Law 30/2020, AmRest companies in Spain have filed before the Spanish labor authority a Temporary Employment Regulation File (Expediente de Regulación Temporal de Empleo or "ERTE"). The ERTE covered 3 288 employees. As of 31 December 2020 the ERTE covered 591 employees, since September 2021 there are no employees under ERTE.

- Poland

Under the Act on special solutions related to the prevention and combating of COVID-19, other infectious diseases and crisis situations caused by them of 2 March 2020 (Journal of Laws of 2020, item 374), in 2020 the Group took effective measures including the application for compensation for the protection of workplaces from the funds of the Fund of Guaranteed Employee Benefits. In 2021 Polish subsidiaries have not received support from government programs.

(all figures in EUR millions unless stated otherwise)

- France

The Partial Activity technical unemployment government program started on 15 March 2020 is continued but in the lesser extent (in Q4 2021 when the restaurant is forced to closed due to several cases of COVID-19).

- Germany

Reduced working hours (Kurzarbeitergeld) salary government reimbursement program has been introduced effective on 1 March 2020. From July 2021 on the Group is not eligible to get the government payment anymore.

- Czechia

During 2020 the companies have applied for the government aid under special COVID-19 regulations. COVID-19 payroll compensations programs finished at the end of May 2021. During Q3-Q4 the only existing government aid program was about to the reimbursement of the company costs connected with employees in COVID-19 quarantine.

- Hungary

Under the Act on Special Provisions During COVID-19 (Regulation of 485/2020) released on 10 November 2020 the Hungarian companies applied for:

- 50% reimbursement of gross salaries, but maximum 671 EUR/employee for the period from November 2020 to May 2021,
- suspension for employer social contributions and suspension of employer rehabilitation contribution from November 2020 to May 2021.

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

*Other grants – main programs:*

In April 2021 the State supported loan in Russia in the amount EUR 2.7 million was forgiven. Bank waived it based on the particular indicators (main that was maintaining the required employment rate).

In April 2021 entities operating in Germany applied for "Nov/Dez Hilfe", a state aid program that was meant to support industries hit by the second lockdown and compensate lost sales in the months of November and December 2020. The Group recognized EUR 12.8 million from that program in H1 2021. In the second part of 2021 the Group applied for another program (Ueberbrueckungshilfe III) that was meant to cover losses from January to June 2021 - the state compensated a part of carried fixed costs, the amount of compensation being dependent on sales decline compared to 2019 – the German entities recognised additional EUR 8.3 million from that program.

Entities operating in Czechia and Slovakia applied for a government program called COVID Najem (government grants for rent costs) and COVID Gastro, entities in France applied for government program called Fond de solidarité. The Group has recognised EUR 2.4 million from above described programs in 2021.

Government grants are in some cases associated with requirements to keep the agreed level of workforce for agreed period (or other conditions), there are also subject to external audits. The external audit of the grant received in Germany is expected in June 2022. As of 31 December 2021 the Group does not expect that required conditions would not be met, therefore there is no material risk of returning the government assistance that has been recognised.

## 9. Impairment losses

Details of impairments losses recognized:

| | YEAR ENDED | |
|---|---|---|
| | **31 December 2021** | **31 December 2020** |
| Impairment of trade receivables (note 35) | 0.9 | 6.2 |
| **Net impairment losses of financial assets** | **0.9** | **6.2** |
| Impairment of property, plant and equipment (note 13) | 18.1 | 35.4 |
| Impairment of intangible assets (note 15) | 3.0 | 2.2 |
| Impairment of right of use assets (note 14) | (3.0) | 20.8 |
| Impairment of goodwill (note 16) | - | 26.2 |
| Impairment of inventories and other assets | 0.1 | - |
| **Net impairment losses of non-financial assets** | **18.2** | **84.6** |
| **Total net impairment losses of assets** | **19.1** | **90.8** |

## 10. Finance income

Finance income in years ended 31 December 2021 and 31 December 2020 represents mainly bank and other interests received and net income from exchange differences for the year ended 31 December 2021.

(all figures in EUR millions unless stated otherwise)

## 11. Finance costs

| | YEAR ENDED | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Interest expense | (17.1) | (20.4) |
| Interest expense on lease liability | (23.7) | (26.7) |
| **Net cost from exchange differences** | **-** | **(11.5)** |
| Net loss from exchange differences on lease liability | - | (11.2) |
| Net loss from exchange differences - other | - | (0.3) |
| Other | (7.2) | (2.4) |
| **Total finance cost** | **(48.0)** | **(61.0)** |

Other finance costs in year ended 31 December 2021 include mainly loss on debt modification in an amount of EUR 6.5 million, further disclosed in note 27.

## 12. Income taxes

| | YEAR ENDED | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Current tax | 23.1 | (9.4) |
| Deferred income tax recognised in the income statement | (0.6) | 27.1 |
| **Income tax recognised in the income statement** | **22.5** | **17.7** |
| | | |
| Deferred tax asset | | |
| Opening balance | 37.6 | 22.4 |
| Closing balance | 45.7 | 37.6 |
| | | |
| Deferred tax liability | | |
| Opening balance | 39.0 | 51.4 |
| Closing balance | 45.4 | 39.0 |
| **Change in deferred tax assets/liabilities** | **1.7** | **27.6** |

Temporary differences in the calculation of deferred tax relate to the following items:

| | Asset | | Liability | |
|---|---|---|---|---|
| | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| Property, plant and equipment and intangible assets | 16.2 | 14.2 | 50.9 | 50.2 |
| Leases | 7.9 | 9.4 | - | - |
| Trade and other receivables | 1.5 | 2.4 | 0.4 | - |
| Provisions and other liabilities | 11.2 | 8.1 | 1.6 | - |
| Tax losses carried forward | 15.0 | 16.1 | - | - |
| Other differences | 2.3 | 1.7 | 0.9 | 3.1 |
| | **54.1** | **51.9** | **53.8** | **53.3** |
| The offset of tax | **(8.4)** | **(14.3)** | **(8.4)** | **(14.3)** |
| | **45.7** | **37.6** | **45.4** | **39.0** |

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The current financial situation and strategic plans allow to consider the level of recognised assets and deferred tax assets to be reasonable. Changes in deferred tax asset and liabilities are recognized as follow:

| | YEAR ENDED | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| **Change in deferred tax assets/liabilities** | **1.7** | **27.6** |
| of which: | | |
| Deferred taxes recognised in the income statement | 0.6 | 27.1 |
| Deferred taxes recognised in other comprehensive income – net investment hedges | (0.3) | (1.8) |
| Deferred taxes recognised in equity -valuation of employee options | 0.6 | 2.2 |
| Exchange differences | 0.8 | 0.1 |

(all figures in EUR millions unless stated otherwise)

The Group operates in various tax jurisdictions. Income taxes and deferred income taxes are measured using tax rates enacted or substantively enacted at the reporting date in particular countries. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income tax on the Group's profit before tax differs from the theoretical amount which would be obtained if the weighted average tax rate applicable to consolidated companies were applied:

| | YEAR ENDED | |
|---|---|---|
| | **31 December 2021** | **31 December 2020** |
| **Profit before tax** | **57.9** | **(201.4)** |
| Income tax calculated according to domestic tax rates applicable to income in particular countries* | 8.1 | (52.3) |
| Temporary differences on goodwill impairment for which no deferred tax was recognized | - | 7.9 |
| Tax loss for the current period for which no deferred tax asset was recognized | 8.8 | 15.8 |
| Change of assumptions on deferred tax asset from tax losses related to previous years | 1.6 | 9.6 |
| Other deferred taxes not recognized or reassessed | (1.1) | - |
| Effect of local tax reported as income tax | 4.1 | 2.7 |
| Income and expenses permanently not subject tax | (0.3) | - |
| Change in estimates of deferred tax liabilities | - | (7.9) |
| Change in tax rate | 0.3 | |
| Effect of other differences | 1.0 | 6.5 |
| **Corporate income tax in the income statement** | **22.5** | **(17.7)** |

**The applicable weighted average tax rate amounted to 14.0% (for the period ended 31 December 2020: 26.0%).*

As of 31 December 2021 Group has the following tax losses:

| Year of expiry of tax loss carryforwards | Value of tax losses | Tax losses in respect of which deferred tax assets were recognised | Tax losses in respect of which no deferred tax assets were recognised |
|---|---|---|---|
| 2022 - 2027 | 19.3 | 0.4 | 18.9 |
| No time limit | 122.1 | 14.6 | 107.5 |
| | **141.4** | **15.0** | **126.4** |

Deferred taxes were not recognised for the following tax losses:

| | YEAR ENDED | |
|---|---|---|
| | **31 December 2021** | **31 December 2020** |
| China | 0.7 | 0.3 |
| France | 25.8 | 20.0 |
| Germany | 79.9 | 104.1 |
| Poland | 16.4 | 19.9 |
| Portugal | 0.4 | - |
| Romania | 0.5 | 0.4 |
| Russia | 0.4 | - |
| Slovakia | 0.9 | 0.8 |
| Slovenia | 0.6 | 0.6 |
| Spain | 0.8 | - |
| | **126.4** | **146.1** |

The Group analyses recoverability of deferred taxes on tax losses based on the guidance in IAS 12. Group subsidiaries analyzes the periods in which tax losses can be utilized, whether there are sufficient taxable temporary differences related to the same tax authority and tax jurisdiction, and if the entity will create taxable profits in the periods in which unused tax losses can be utilized. As a result of analysis performed, in 2021 Group recognised total balance of EUR 15.0 million deferred tax assets related to unused tax losses. The balance relates mainly to tax losses in Spanish market, French KFC, Sushi entities and Polish market. Tax losses in above mentioned tax jurisdictions have no limit of expiration except for Polish market – 5 years.

The Group analyses business plans and cash flows forecasts of subsidiaries in terms of recoverability of deferred tax assets recognised. In particular, the Group performs goodwill impairment tests for whole businesses and balances of tax losses for which deferred taxes were recognized are verified against projected tax cash outflows. In case unit has projected negative results, deferred tax assets are reassessed in terms of recoverability.

(all figures in EUR millions unless stated otherwise)

In 2021 total tax effect of tax loss for the current period for which no deferred tax asset was recognised amounted EUR 8.8 million and tax effect of EUR 1.6 million relates to deferred taxes on tax losses recognized in prior years and derecognized in current year.

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

The table below presents tax rate by country applicable for the year 2021 and 2020.

| Country | Income tax rates | | Deferred income tax assets and liabilities | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Spain | 25.00% | 25.00% | 25.00% | 25.00% |
| Poland | 19.00% | 19.00% | 19.00% | 19.00% |
| Czech | 19.00% | 19.00% | 19.00% | 19.00% |
| Hungary | 9.00% | 9.00% | 9.00% | 9.00% |
| Russia | 20.00% | 20.00% | 20.00% | 20.00% |
| Serbia | 15.00% | 15.00% | 15.00% | 15.00% |
| Bulgaria | 10.00% | 10.00% | 10.00% | 10.00% |
| USA | 35.00% | 35.00% | 35.00% | 35.00% |
| Malta | 35.00% | 35.00% | 35.00% | 35.00% |
| Germany | 30.00% * | 30.00% * | 30.00% * | 30.00% * |
| France ** | 26.50% | 28.00% | 25.00% | 25%, 26.50% |
| Croatia | 18.00% | 18.00% | 18.00% | 18.00% |
| Hong Kong | 16.50% | 16.50% | 16.50% | 16.50% |
| China | 25.00% | 25.00% | 25.00% | 25.00% |
| Romania | 16.00% | 16.00% | 16.00% | 16.00% |
| Slovakia | 21.00% | 21.00% | 21.00% | 21.00% |
| Slovenia | 19.00% | 19.00% | 19.00% | 19.00% |
| Austria | 25.00% | 25.00% | 25.00% | 25.00% |
| Portugal | 21.00% | 21.00% | 21.00% | 21.00% |

** Deferred taxes in Germany were calculated using a tax rate of 30% which is the basic income tax rate in Germany of 15% and an additional average trade tax of 15%.*
*** Deferred taxes in France were calculated taking into account an approved plan of the progressive reduction of the income tax rate from 26,5% in 2021 to 25.0% in 2022.*

## 13. Property, plant and equipment

The table below presents changes in the value of property, plant and equipment in 2021 and 2020

| 2021 | Leasehold improvements, land, buildings | Restaurants equipment and vehicles | Furniture and other assets | Assets under construction | Total |
|---|---|---|---|---|---|
| **PPE as of 1 January** | **277.2** | **146.6** | **32.9** | **18.3** | **475.0** |
| Additions | 9.2 | 15.4 | 1.7 | 68.1 | 94.4 |
| Depreciation (note 7) | (41.0) | (37.1) | (13.5) | - | (91.6) |
| Impairment losses (note 9) | (10.1) | (7.3) | (1.0) | 0.3 | (18.1) |
| Disposals, liquidation and deconsolidation | (0.9) | (0.3) | (0.5) | (0.2) | (1.9) |
| Transfers | 21.8 | 21.2 | 15.5 | (60.7) | (2.2) |
| Exchange differences | 3.3 | 1.4 | 0.4 | 0.2 | 5.3 |
| **PPE as of 31 December** | **259.5** | **139.9** | **35.5** | **26.0** | **460.9** |
| Gross book value | 616.2 | 385.4 | 102.7 | 27.0 | 1 131.3 |
| Accumulated depreciation and impairments | (356.7) | (245.5) | (67.2) | (1.0) | (670.4) |
| **Net book value** | **259.5** | **139.9** | **35.5** | **26.0** | **460.9** |

| 2020 | Leasehold improvements, land, buildings | Restaurants equipment and vehicles | Furniture and other assets | Assets under construction | Total |
|---|---|---|---|---|---|
| **PPE as of 1 January** | **303.2** | **184.3** | **31.4** | **66.0** | **584.9** |
| Additions | 6.8 | 8.8 | 4.1 | 48.5 | **68.2** |
| Depreciation (note 9) | (43.5) | (40.6) | (16.1) | - | **(100.2)** |
| Impairment losses (note 9) | (21.4) | (11.2) | (0.2) | - | **(32.8)** |
| Disposals, liquidation and deconsolidation | (1.7) | (2.4) | (0.2) | (9.5) | **(13.8)** |
| Transfers | 49.9 | 15.8 | 16.1 | (81.8) | **-** |
| Exchange differences | (16.1) | (8.1) | (2.2) | (4.9) | **(31.3)** |

(all figures in EUR millions unless stated otherwise)

| 2020 | Leasehold improvements, land, buildings | Restaurants equipment and vehicles | Furniture and other assets | Assets under construction | Total |
|---|---|---|---|---|---|
| **PPE as of 31 December** | **277.2** | **146.6** | **32.9** | **18.3** | **475.0** |
| Gross book value | 597.9 | 366.0 | 91.2 | 20.3 | **1 075.4** |
| Accumulated depreciation and impairments | (320.7) | (219.4) | (58.3) | (2.0) | **(600.4)** |
| **Net book value** | **277.2** | **146.6** | **32.9** | **18.3** | **475.0** |

Due to the nature of the Group business the balance of the property, plant and equipment consists of assets in over 1.9 thousand restaurants. There are no individually significant assets.

Depreciation was charged as follows:

| | YEAR ENDED | |
|---|---|---|
| | **31 December 2021** | **31 December 2020** |
| Costs of restaurant operations | 88.6 | 96.5 |
| Franchise expenses and other | 1.3 | 1.3 |
| General and administrative expense | 1.7 | 2.4 |
| **Total depreciation** | **91.6** | **100.2** |

Increasing the average useful lives of property, plant and equipment by 10% would lead to a decrease in depreciation for the 12-month period ended 31 December 2021 by around EUR 9.4 million. Increasing the average useful lives of property, plant and equipment by 10% would lead to a decrease in depreciation for the 12-month period ended 31 December 2020 by around EUR 10.0 million.

## 14. Leases

The Group leases over 1.9 thousand properties in order to operate brand restaurants. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions, depending on local lease practice and legal framework. Additionally, in some countries, the Group leases cars, equipment, as well as properties for administration or storage purposes and company flats.

The table below presents the reconciliation of the right-of-use assets and lease liabilities for years ended 31 December 2021 and 2020:

| | Right-of-use asset | | | Lease liabilities |
|---|---|---|---|---|
| **2021** | Restaurant properties | Other | Total right-of-use asset | Total liabilities |
| **As of 1 January** | **693.9** | **15.7** | **709.6** | **761.4** |
| Additions – new contracts | 57.8 | 2.3 | 60.1 | 59.8 |
| Remeasurements and modifications | 119.2 | 1.1 | 120.3 | 106.6 |
| Depreciation expense (note 7) | (128.4) | (5.0) | (133.4) | - |
| Impairment (note 9,17) | 3.0 | - | 3.0 | - |
| Interest expense (note 11) | - | - | - | 23.7 |
| Payments | - | - | - | (141.7) |
| Exchange differences | 11.3 | 0.1 | 11.4 | 13.1 |
| **As of 31 December** | **756.8** | **14.2** | **771.0** | **822.9** |

| | Right-of-use asset | | | Lease liabilities |
|---|---|---|---|---|
| **2020** | Restaurant properties | Other | Total right-of-use asset | Total liabilities |
| **As of 1 January** | **835.5** | **17.2** | **852.7** | **864.1** |
| Additions – new contracts | 62.5 | 2.7 | 65.2 | 65.2 |
| Remeasurements and modifications | (4.7) | 2.0 | (2.7) | (23.6) |
| Depreciation expense (note 7) | (134.6) | (5.5) | (140.1) | - |
| Impairment (note 9,17) | (20.8) | - | (20.8) | - |
| Interest expense (note 11) | - | - | - | 26.7 |
| Payments | - | - | - | (134.9) |
| Exchange differences | (44.0) | (0.7) | (44.7) | (36.1) |
| **As of 31 December** | **693.9** | **15.7** | **709.6** | **761.4** |

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

(all figures in EUR millions unless stated otherwise)

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Up to 1 year | 163.0 | 161.0 |
| Between 1 and 3 years | 254.9 | 237.5 |
| Between 3 and 5 years | 176.4 | 164.0 |
| Between 5 and 10 years | 218.7 | 201.9 |
| More than 10 years | 142.3 | 131.2 |
| **Total contractual lease payments** | **955.3** | **895.6** |
| Future finance costs of leases | 132.4 | 134.2 |
| **Total lease liabilities** | **822.9** | **761.4** |

Amortization was charged as follows:

| | YEAR ENDED | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Costs of restaurant operations | 129.6 | 135.5 |
| General and administrative expense | 3.8 | 4.6 |
| **Total amortisation** | **133.4** | **140.1** |

The Group recognised in 2021 rent expense from short-term leases of EUR 0.7 million, leases of low-value assets of EUR 5.0 million and variable lease payments of EUR 10,1 million (including negative amount of EUR 10.9 million COVID-19-related rent concessions) for the year ended 31 December 2021. Impairment test procedures, assumptions used and tests' results are disclosed in note 17.

Amounts recognised in statement of cash flows amounted to EUR 141.7 million presented in financing activity as repayment of lease liability and EUR 26.7 million in operating activity as lease payments not included in the lease liability. Total cash outflow for leases amounted to EUR 168.4 million in the year ended 31 December 2021.

In the comparable period, in 2020, the Group recognised rent expense from short-term leases of EUR 1.6 million, leases of low-value assets of EUR 4.8 million and variable lease payments of EUR -5.3 million (including negative amount of EUR 18.6 million COVID-19-related rent concessions) for the year ended 31 December 2020. Impairment test procedures, assumptions used and tests' results are disclosed in note 17.

In the comparable period, in 2020, amounts recognised in statement of cash flows amounted to EUR 134.9 million presented as repayment of lease liability and EUR 19.7 million as lease payments not included in the lease liability. Total cash outflow for leases amounted to EUR 154.6 million in the year ended 31 December 2020.

*Additional information about lease payments and lease term*

The Group's lease payments are often charged as a higher of fixed payment and turnover based payment. The Group recognized the excess of turnover based rent as variable lease payments. Therefore the stores' revenue impacts on the future variable lease payments. In the year ended 31 December 2021, the share of variable payments (excluding rent concessions) amounted to 15% of fixed lease payments (2020: 10%).

The intention of the Group is to secure long-term property lease contracts, with flexibility that enables adjustments of strategy and reaction on changing market conditions. Vast majority part of the Group's leases provides some extent of flexibility, for example, the Group can adjust its exposure by exercising termination options, sublease options, extension options or using pre-emption rights to go into a renewal agreement. Such rights are subject of individual negotiations with lessors and do not deviate from standard market conditions.

The Group does annual revision of expiring lease contracts. The Group performs case-by-case analysis of the contracts, adjusted to the latest store performance, up-to-date Group's strategy and market conditions. During this process, among others, the Group decides whether to exercise, or not, the extension and termination options falling for the following year. The decisions have impact on the assessment of the leases end date used in the measurement of lease liability.

*COVID-19-related rent concessions*

The Group has been negotiating rent concessions with its landlords for the majority of its store leases as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its store leases. The Group continues to account for rent concessions relating to its other leases under other applicable guidance in IFRS 16.

The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is EUR 11.1 million (2020: 18.6 million).

(all figures in EUR millions unless stated otherwise)

## 15. Intangible assets

The table below presents changes in the value of intangible assets in 2021 and 2020:

| **2021** | Own brands | Licenses for franchise brands | Relations with franchisees and customers | Other intang ble assets | Total |
|---|---|---|---|---|---|
| **IA as of 1 January** | **153.8** | **22.6** | **32.0** | **32.3** | **240.7** |
| Additions | - | 4.2 | - | 5.1 | **9.3** |
| Amortisation (note 7) | (0.3) | (2.7) | (3.1) | (5.9) | **(12.0)** |
| Impairment losses (note 9) | - | (1.0) | - | (2.0) | **(3.0)** |
| Disposals and derecognition of assets | - | (0.3) | - | (0.7) | **(1.0)** |
| Transfers between categories | 0.2 | - | - | 2.0 | **2.2** |
| Exchange differences | 0.4 | 0.3 | - | - | **0.7** |
| **IA as of 31 December** | **154.1** | **23.1** | **28.9** | **30.8** | **236.9** |
| Gross book value | **158.9** | **45.8** | **51.9** | **79.3** | **335.9** |
| Accumulated amortisation and impairments | **(4.8)** | **(22.7)** | **(23.0)** | **(48.5)** | **(99.0)** |
| **Net book value** | **154.1** | **23.1** | **28.9** | **30.8** | **236.9** |

| 2020 | Own brands | Licenses for franchise brands | Relations with franchisees and customers | Other intangible assets | Total |
|---|---|---|---|---|---|
| **IA as of 1 January** | **156.7** | **25.9** | **35.1** | **35.8** | **253.5** |
| Additions | - | 3.2 | - | 3.3 | **6.5** |
| Amortisation (note 7) | (0.3) | (3.8) | (3.1) | (5.9) | **(13.1)** |
| Impairment losses (note 9) | (2.6) | (0.8) | - | - | **(3.4)** |
| Disposals and derecognition of assets | - | (0.1) | - | (0.3) | **(0.4)** |
| Exchange differences | - | (1.8) | - | (0.6) | **(2.4)** |
| **IA as of 31 December** | **153.8** | **22.6** | **32.0** | **32.3** | **240.7** |
| Gross book value | 158.4 | 44.6 | 51.9 | 75.1 | **330.0** |
| Accumulated amortisation and impairments | (4.6) | (22.0) | (19.9) | (42.8) | **(89.3)** |
| **Net book value** | **153.8** | **22.6** | **32.0** | **32.3** | **240.7** |

Amortisation was charged as follows:

| | YEAR ENDED | |
|---|---|---|
| | **31 December 2021** | **31 December 2020** |
| Costs of restaurant operations | 5.1 | 5.4 |
| Franchise expenses and other | 1.8 | 1.9 |
| General and administrative expense | 5.1 | 5.8 |
| **Total amortisation** | **12.0** | **13.1** |

Impairment test procedures, assumptions used and tests' results are disclosed in note 17.

The Group believes that brands do not generate cash inflows that are largely independent of other groups of assets. For some Group brands, cash inflows from the franchisee business are partially independent of other cash inflows, however, these do not represent the value of the whole brand. Brands are used to support restaurant business development and revenues from sales of products under certain brands are not capable of being split between revenue for the brand and revenue for costs of production. Consequently, brands are not a cash-generating unit and are not tested on a standalone basis. Such assets are tested together with their relevant goodwill values. The results of the test are presented in note 17.

The table below presents details of Proprietary brands as of 31 December 2021. Table shows level at which the brands are tested:

| **Brand** | **Useful life** | **Level of goodwill test** | **Gross value** | **Accumulated amortisation** | **Impairment** | **Net value** |
|---|---|---|---|---|---|---|
| La Tagliatella | indefinite | Spain – La Tagiatella and KFC | 65.0 | - | - | 65.0 |
| Sushi Shop | indefinite | Sushi Shop (all markets) | 86.1 | - | - | 86.1 |
| Blue Frog | definite | China – Blue Frog | 5.3 | (2.3) | - | 3.0 |
| Bacoa | definite | Spain - Bacoa | 2.5 | (0.1) | (2.4) | - |
| | | | **158.9** | **(2.4)** | **(2.4)** | **154.1** |

(all figures in EUR millions unless stated otherwise)

Other intangible assets cover mainly exclusivity rights including master-franchise rights in the amount of EUR 2.4 million (EUR 3.7 million as of 31 December 2020), key monies in the amount of EUR 18.1 millions (EUR 18.3 millions as of 31 December 2020) and computer software.

## 16. Goodwill

Goodwill recognized on business combinations is allocated to the group of CGUs that is expected to benefit from the synergies of the business combination.
The table below presents goodwill allocated to particular levels on which it is monitored by the Group. In all cases is not higher than the operating segment level:

| **2021** | **1 January** | **Increases (provisional)** | **Impairment** | **Exchange differences** | **31 December** |
|---|---|---|---|---|---|
| Sushi Shop (all markets) | 140.5 | - | - | - | 140.5 |
| Spain – La Tagiatella and KFC | 90.9 | - | - | - | 90.9 |
| Russia - KFC | 30.8 | - | - | 2.3 | 33.1 |
| Germany - Starbucks | 8.6 | - | - | - | 8.6 |
| China – Blue Frog | 19.3 | - | - | 2.2 | 21.5 |
| France - KFC | 14.0 | - | - | | 14.0 |
| Hungary – KFC | 3.4 | - | - | - | 3.4 |
| Romania - SBX | 2.6 | - | - | (0,1) | 2.5 |
| Czechia – KFC | 1.4 | - | - | 0.1 | 1.5 |
| Poland – Other | 0.6 | - | - | - | 0.6 |
| **Total** | **312.1** | **-** | **-** | **4.5** | **316.6** |

| **2020** | **1 January** | **Increases (provisional)** | **Impairment** | **Exchange differences** | **31 December** |
|---|---|---|---|---|---|
| Sushi Shop (all markets) | 140.5 | - | - | - | 140.5 |
| Spain – La Tagiatella and KFC | 90.9 | - | - | - | 90.9 |
| Spain - Bacoa | 1.2 | - | (1.2) | - | - |
| Russia - KFC | 40.4 | - | - | (9.6) | 30.8 |
| Germany - Starbucks | 35.0 | - | (26.4) | - | 8.6 |
| China – Blue Frog | 19.8 | - | - | (0.5) | 19.3 |
| France - KFC | 14.0 | - | - | | 14.0 |
| Hungary – KFC | 3.8 | - | - | (0.4) | 3.4 |
| Romania - SBX | 2.6 | - | - | - | 2.6 |
| Czechia – KFC | 1.4 | - | - | - | 1.4 |
| Poland – Other | 0.6 | - | - | - | 0.6 |
| **Total** | **350.2** | **-** | **(27.6)** | **(10.5)** | **312.1** |

Impairment test procedures, assumptions used and tests' results are disclosed in note 17.

## 17. Impairment of non-current assets

### Restaurant level tests

The Group periodically reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated for the purpose of impairment testing. The recoverable amount of an asset is determined at the level of a single restaurant as the smallest unit (or set of assets) generating cash flows that are largely independent of the cash inflows generated by other assets /groups of assets. Restaurant assets include amongst others property, plant and equipment, intangible assets and right of use assets. Impairment indicators defined by the Group are described in note 38.

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

For recoverable value calculations of value in use, Group uses cash flow projections based on financial budgets that require relevant judgments and estimates. Cash flow projections are prepared for individual restaurants. The Group uses most recently approved budgets and forecasts prepared on the level of countries or activities of brands in certain countries. Next those assumptions are verified in terms of situation of individual restaurants. Base assumptions may be enhanced or worsen, to reflect the best estimate for expected cash projections of analyzed restaurant, if needed. Individual projections for sales and costs may depend on restaurant's main streams of revenues and its recovery path from pandemic (different

(all figures in EUR millions unless stated otherwise)

for take-away business, dine-in, food courts), cost pressure in various markets, supply chain related issues and other. The restaurant tests are also prepared with diversified projection periods that are correlated to restaurant's rental agreements.
The main assumptions used to determine the value in use were:
- sales growth projections dependent on sales mix and sales channels for a given restaurant
- impact of changes in revenue on direct costs
- costs structure development
- the amount of investment expenditure
- a discount rate based on the weighted average cost of capital and reflecting the current market assessment of the time value of money and the business risk of the cash generating unit.

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

Carrying amount of each CGU consists of carrying amount of above described assets of the restaurants. Value in use is determined through the discounted cash flows analysis, without the base rental charge.
As presented below it can be observed that discount rates used for the impairment test have increased comparing to year end 2020 tests. This is the effect of turbulences on the global market due to pandemic and increases in markets risk premiums and/or risk-free rates. Discounts rates applied are shown in the table below.

| | **Pre-tax discount rate 31 December 2021** | **Pre-tax discount rate 30 June 2021** | **Pre-tax discount rate 31 December 2020** |
|---|---|---|---|
| Poland | 9.1% | 8.4% | 7.6% |
| Czechia | 7.8% | 7.7% | 7.0% |
| Hungary | 10.0% | 11.0% | 9.9% |
| Russia | 12.1% | 12.8% | 11.6% |
| Serbia | 10.6% | 13.0% | 11.4% |
| Bulgaria | 8.2% | 9.8% | 8.3% |
| Spain | 8.6% | 9.1% | 8.1% |
| Germany | 7.2% | 6.6% | 6.0% |
| France | 7.1% | 6.8% | 6.1% |
| Croatia | 9.4% | 11.3% | 9.8% |
| China | 8.2% | 9.0% | 8.3% |
| Romania | 9.9% | 10.9% | 9.7% |
| Slovakia | 8.1% | 8.2% | 7.4% |
| Portugal | 8.5% | 9.4% | 8.2% |
| Austria | 7.9% | 7.4% | 7.0% |
| Slovenia | 8.6% | 9.0% | 8.0% |
| Belgium | 8.2% | 7.4% | 6.6% |
| Italy | 8.7% | 9.3% | 8.1% |
| Switzerland | 5.8% | 5.0% | 4.6% |
| Luxemburg | 7.4% | 6.9% | 6.4% |
| Netherland | 7.3% | 6.5% | 5.9% |
| United Kingdom | 7.8% | 7.4% | 6.8% |

Details of impairments losses recognised:

| | | **YEAR ENDED** | |
|---|---|---|---|
| | Note | **31 December 2021** | **31 December 2020** |
| Net impairment of property, plant and equipment | 13 | 18.1 | 32.8 |
| Net impairment of intangible assets | 15 | 3.0 | 3.4 |
| Net impairment of right of use assets | 14 | (3.0) | 20.8 |
| Net impairment of goodwill | 16 | - | 27.6 |
| **Net impairment losses of non- current non financial assets** | | **18.1** | **84.6** |

Details of impairments losses recognised per category of assets (property, plant and equipment, right of use assets, intangible assets or goodwill) are presented in notes 13, 14, 15 and 16.

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

The Group used its best estimate on the recovery path for pre-pandemic levels of revenues and margins and the Group observes some reversal for restaurants that were able to enhance its operations in pandemic environment. Other restaurants presents still decreased levels of operations comparing to pre-pandemic satiation. Level of impairment losses recognized was also affected by the increase of the discount rates used.

(all figures in EUR millions unless stated otherwise)

For financial year ended 31 December 2021 Group has tested 507 restaurants as separate cash generating units. Impairment loss or partial impairment loss was recognized for 240 restaurants. Reversal of impairment or partial reversal of impairment was accounted for 93 restaurants. As a result of tests performed during financial year ended 31 December 2021, impairment in the amount of EUR 18.1 million (EUR 21.1 million for property, plant and equipment and intangible assets, EUR -3.0 million for right of use assets) was recognized. The amount of EUR -3.0 million for right of use assets, is the result of reversals by EUR 6.3 million and an impairment loss by EUR 3.3 million. The Group performed an analysis of rent quotations on real estate markets in the main countries where AmRest operates. The analysis covered rent prices fluctuations during the pandemic period in 2020 and changes observed in 2021. Based on the decrease of current market rents quotations observed the Group recognized the impairment loss of EUR 3.3 million.
Five highest individual impairment losses amounted in total EUR 4.4 million. An average impairment loss per restaurant was less then EUR 0.2 million. Five highest individual reversals of impairment losses amounted in total EUR 4.5 million. An average reversal of impairment per restaurants was less then EUR 0.2 million.

For financial year ended 31 December 2020 Group has tested 763 restaurants as separate cash generating units.
Impairment loss or partial impairment loss was recognized for 236 restaurants. Reversal of impairment or partial reversal of impairment was accounted for 32 restaurants. As a result of tests performed during financial year ended 31 December 2020, impairment in the amount of EUR 57 million (EUR 36.2 million for property, plant and equipment and intangible assets, EUR 20.8 million for right of use assets) was recognized. Five highest individual impairment losses amounted in total EUR 6.3 million. An average impairment loss per restaurant was less then EUR 0.2 million. Five highest individual reversals of impairment losses amounted in total EUR 2 million. An average reversal of impairment per restaurants was less then EUR 0.1 million.

Goodwill and intangibles with undefined useful lives level

The Group performs impairment test for goodwill together with any intangible assets with indefinite useful lives, other intangibles, property plant and equipment, right of use assets, as well any other non-current assets that operate on the group of CGUs where goodwill is allocated.
For recoverable value calculations, the Group uses cash flow projections based on financial budgets that require judgment and other estimates that include, among others, the operating result on sales and the discount and growth rates at long term.

Mandatory impairment tests are performed at year ends.

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

The cash flows were derived from the most recent budgets, plans for next year and forecasts for the following four years.
The 5th year normalized projections are used to extrapolate cash flows into the future if the 5th year represents a steady state in the development of the business. The adjustments may be necessary to reflect the expected development of the business (normalization of cash flows). Growth rates do not exceed the long-term average growth rate for the products, industries, or country or market in which the asset is used.
The recoverable amount is most sensitive to the discount rate used, growth rate used for extrapolation purposes and the weighted average budgeted EBITDA margin. The weighted average budgeted EBITDA margin is calculated as an average for the 5 years projection period i.e. without any impact of the residual value element. Budgeted revenues are used as weights. Average restaurants sales growth refers to same-store-sales growth rates reflected in impairment models.

The main input assumptions used in test performed as of year end 2021 are as follows:

| **YE 2021** | **Post-tax discount rate** | **Implied pre-tax discount rate** | **Growth rate for residual value** | **Average restaurant sales growth 2022-2026** | **Weighted average budgeted EBITDA margin** |
|---|---|---|---|---|---|
| Czechia – KFC | 6.3% | 7.3% | 2.0% | 2.8% | 25.1% |
| Hungary – KFC | 9.1% | 9.6% | 3.2% | 3.3% | 20.0% |
| Russia – KFC | 9.6% | 11.1% | 3.8% | 3.5% | 20.6% |
| Spain – KFC and TAG | 6.4% | 8.0% | 1.6% | 2.9% | 23.9% |
| China – BF | 6.2% | 7.6% | 1.9% | 3.4% | 25.2% |
| Romania – SBX | 8.3% | 9.2% | 2.8% | 3.0% | 25.7% |
| Germany – Starbucks | 5.1% | 6.2% | 1.9% | 9.5% | 17.6% |
| France – KFC | 5.3% | 6.6% | 1.3% | 2.4% | 13.4% |
| Sushi Shop (all markets) | 5.3% | 6.5% | 1.3% | 1.0% | 20.9% |

No impairment losses were recognized based on the year end tests.

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

(all figures in EUR millions unless stated otherwise)

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

The objective of such a sensitivity analysis is to determine if reasonable possible changes in the main financial assumptions would lead to an impairment loss being recognized.
For discount rate, growth rate, weighted average budgeted EBITDA margin, a reasonable possible change was determined as 10% of the input data, applicable for particular unit. Consequently, each impairment test has a different level of a reasonable change in inputs, which can be determined by multiplying the base input data used in the impairment test as presented in table above by 10%.
Additionally Group performed sensitivity analysis on the expected changes in sales revenues recognition. In that case Group determines reasonable change individually for each business tested. Usually this is in a range of 1-5% decrease of estimated sales revenues in each year of projection.

Results of the sensitivity analysis

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

Comparative information for the goodwill impairment tests performed during year ended 31 December 2020

The main input assumptions used in test are as follows:

| 2020 | Post-tax discount rate* | Implied pre-tax discount rate | Growth rate for residual value | Weighted average budgeted EBITDA margin |
|---|---|---|---|---|
| Czechia – KFC | 6.8% | 7.8% | 2.1% | 17.8% |
| Hungary – KFC | 10.0% | 10.7% | 3.1% | 16.9% |
| Russia – KFC | 10.4% | 12.0% | 3.7% | 15.5% |
| Spain – KFC and TAG | 7.1% | 9.0% | 1.2% | 17.0% |
| Spain – Bacoa | 7.1% | 7.1% | 1.2% | (5.8%) |
| China – BF | 7.3% | 8.9% | 2.2% | 13.2% |
| Romania – SBX | 9.2% | 10.2% | 3.0% | 18.0% |
| Germany – KFC | 5.3% | 6.6% | 1.7% | 4.9% |
| Germany – Starbucks | 5.3% | 6.6% | 1.7% | 5.4% |
| France – KFC | 5.5% | 7.0% | 1.3% | 8.7% |
| France – PH | 5.5% | 7.0% | 1.3% | (10.9%) |
| Sushi Shop (all markets) | 5.5% | 7.1% | 1.3% | 14.0% |

*In year 2020 goodwill impairment tests were performed using model where full rental expenditures were considered operating expenses contrary to model used in 2021 where recoverable amount was determined assuming base rent charge is not an operating expenditure but an element of financing (IFRS 16 application). Consistently discount rates used in 2021 reflect lease liabilities as element of financing and in 2020 not.

Based on the impairment test prepared during interim tests, the impairment was recognized in 2020 in following group of CGUs: Bacoa business in Spain, and Starbucks business in Germany. In all remaining tests the recoverable amount exceeded the carrying amount of the tested group of CGUs. No impairment losses were recognized based on the year end tests.

Test results for HY 2020

| 2020 | Post-tax discount rate | Implied pre-tax discount rate | Growth rate for residual value | Weighted average budgeted EBITDA margin |
|---|---|---|---|---|
| Czechia – KFC | 5.9% | 6.7% | 2.1% | 20.2% |
| Hungary – KFC | 8.6% | 9.1% | 3.0% | 20.4% |
| Russia – KFC | 10.7% | 12.3% | 4.3% | 15.3% |
| Spain – KFC and TAG | 6.7% | 8.3% | 1.5% | 18.1% |
| Spain – Bacoa | 6.7% | 6.7% | 1.5% | (20.9%) |
| China – BF | 6.8% | 8.2% | 2.5% | 11.7% |
| Romania – SBX | 9.9% | 11.0% | 2.9% | 18.8% |
| Germany – KFC | 5.0% | 6.1% | 1.9% | 3.2% |
| Germany – Starbucks | 5.0% | 6.1% | 1.9% | 2.6% |
| France – KFC | 5.0% | 6.2% | 1.6% | 6.7% |
| France – PH | 5.0% | 6.3% | 1.6% | (8.9%) |
| Sushi Shop (all markets) | 5.0% | 6.3% | 1.6% | 13.6% |

Impairment losses were recognized in the following group of CGUs: Bacoa business in Spain, and Starbucks business in Germany.

(all figures in EUR millions unless stated otherwise)

The impairment test performed for Bacoa business resulted in recognition of impairment losses in total value of EUR 3.6 million which included impairment for goodwill EUR 1.2 million and impairment of Bacoa trademark in amount of EUR 2.4 million.
The impairment test performed for Starbucks Germany business resulted in recognition of impairment losses. The carrying amount of the tested unit included goodwill, property, plant and equipment, intangible assets, right of use assts as well corresponding lease liabilities. Carrying amount of CGU was compared with recoverable amount, as a result impairment loss of EUR 26.4 million was accounted for goodwill (partial goodwill impairment).

## 18. Other non-current assets

As of 31 December 2021 and 2020 the balances of other non-current assets were as follows:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Deposits for rentals | 22.0 | 21.7 |
| Other | 1.1 | 1.2 |
| | **23.1** | **22.9** |

## 19. Inventories

As of 31 December 2021 and 2020, inventories cover mainly food and packaging used in the restaurants, finished goods and stocks in central kitchen for sale by La Tagliatella restaurants.
Due to the nature of its business and applicable Group standards, all inventories are treated as materials. Inventories are presented at net value including write-downs.

## 20. Trade and other receivables

As of 31 December 2021 and 2020 the balances of trade and other receivables were as follows:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Trade receivables | 37.3 | 34.0 |
| Other tax receivables | 22.1 | 17.2 |
| Credit cards, coupons and food aggregators receivables | 17.3 | 13.4 |
| Loans and borrowings | 1.3 | 1.3 |
| Government grants | 1.2 | 5.1 |
| Other | 1.6 | 1.6 |
| Allowances for receivables (note 35) | (12.9) | (12.2) |
| | **67.9** | **60.4** |

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 35.

## 21. Other current assets

As of 31 December 2021 and 2020 the balances of other current assets consisted mainly of prepayments for utilities, marketing and other services.

## 22. Cash and cash equivalents

Cash and cash equivalents as of 31 December 2021 and 31 December 2020 are presented in the table below:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Cash at bank | 189.8 | 198.4 |
| Cash in hand | 8.9 | 6.4 |
| | **198.7** | **204.8** |

Reconciliation of working capital changes as of 31 December 2021 and 31 December 2020 is presented in the table below:

| 2021 | Balance sheet change | Change in investment receivables | Change in investment liabilities | Exchange differences | Working capital changes |
|---|---|---|---|---|---|
| Change in trade and other receivables | (7.5) | - | - | (0.4) | (7.9) |
| Change in inventories | (6.6) | - | - | (0.5) | (7.1) |
| Change in other assets | 1.1 | - | - | (0.4) | 0.7 |
| Change in payables and other liabilities | 48.0 | - | (5.6) | (3.8) | 38.6 |
| Change in other provisions and employee benefits | 1.3 | - | - | 0.1 | 1.4 |

(all figures in EUR millions unless stated otherwise)

| 2020 | Balance sheet change | Change in investment receivables | Change in investment liabilities | Exchange differences | Working capital changes |
|---|---|---|---|---|---|
| Change in trade and other receivables | 44.2 | (20.0) | - | (3.9) | 20.3 |
| Change in inventories | 3.4 | - | - | (1.2) | 2.2 |
| Change in other assets | 8.9 | - | - | (2.2) | 6.7 |
| Change in payables and other liabilities | (46.0) | - | 16.6 | 4.9 | (24.5) |
| Change in other provisions and employee benefits | 8.9 | - | - | - | 8.9 |

## 23. Equity

### Share capital

Share capital consists of ordinary shares. All shares issued are subscribed and fully paid. The par value of each share is 0.1 EUR. There were no changes in share capital of the Company in year 2021.

As of 31 December 2021 and as of 31 December 2020 the Company has 219 554 183 shares issued.

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 of 31 December 2021 AmRest Holdings had the following shareholder structure:

| Shareholder | Number of shares and votes at the Shareholders' meeting | % of shares and votes at the Shareholders' meeting |
|---|---|---|
| FCapital Dutch B. V.* | 147 203 760 | 67.05% |
| Artal International S.C.A. | 11 366 102 | 5.18% |
| Nationale-Nederlanden OFE | 9 358 214 | 4.26% |
| Aviva OFE | 6 843 700 | 3.12% |
| Other Shareholders | 44 782 407 | 20.40% |

** 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.*

(all figures in EUR millions unless stated otherwise)

## Reserves

The structure of Reserves is as follows:

| 2021 | Share premium | Employee options unexercised | Employee options exercised | Treasury shares | Hedges valuation | Transactions with NCI | Total Reserves |
|---|---|---|---|---|---|---|---|
| **As of 1 January** | **236.3** | **13.9** | **(39.1)** | **(6.5)** | **(8.2)** | **(26.3)** | **170.1** |
| Net investment hedges | - | - | - | - | (1.6) | - | (1.6) |
| Income tax related to net investment hedges | - | - | - | - | 0.3 | - | 0.3 |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **(1.3)** | **-** | **(1.3)** |
| Transaction with non-controlling interests | - | - | - | - | - | (4.3) | (4.3) |
| **Total transactions with non-controlling interests** | **-** | **-** | **-** | **-** | **-** | **(4.3)** | **(4.3)** |
| Purchases of treasury shares | - | - | - | - | - | - | - |
| Share based payments | | | | | | | |
| Value of disposed treasury shares | - | - | (2.5) | 2.5 | - | - | - |
| Employee stock option plan – value of employee benefits exercised in the period | - | - | - | - | - | - | - |
| Employee stock option plan – proceeds from employees for transferred shares | - | - | 0.2 | - | - | - | 0.2 |
| Employee stock option plan – reclassification of exercised options | - | (0.7) | 0.7 | - | - | - | - |
| Employee stock option plan – change in unexercised options | - | 0.3 | - | - | - | - | 0.3 |
| Change of deferred tax related to unexercised employee benefits | - | 0.6 | - | - | - | - | 0.6 |
| Total share based payments | - | 0.2 | (1.6) | 2.5 | - | - | 1.1 |
| **Total distributions and contributions** | **-** | 0.2 | (1.6) | 2.5 | **-** | **-** | **1.1** |
| **As of 31 December** | **236.3** | **14.1** | **(40.7)** | **(4.0)** | **(9.5)** | **(30.6)** | **165.6** |

(all figures in EUR millions unless stated otherwise)

| 2020 | Share premium | Employee options unexercised | Employee options exercised | Treasury shares | Hedges valuation | Transactions with NCI | Total Reserves |
|---|---|---|---|---|---|---|---|
| **As of 1 January** | **236.3** | **13.9** | **(39.0)** | **(7.5)** | **0.9** | **(26.3)** | **178.3** |
| Net investment hedges | - | - | - | - | (10.9) | - | (10.9) |
| Income tax related to net investment hedges | - | - | - | - | 1.8 | - | 1.8 |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **(9.1)** | **-** | **(9.1)** |
| Purchases of treasury shares | - | - | - | - | - | - | - |
| Share based payments | | | | | | | |
| Value of disposed treasury shares | - | - | (1.0) | 1.0 | - | - | - |
| Employee stock option plan – value of employee benefits exercised in the period | - | - | 0.1 | - | - | - | 0.1 |
| Employee stock option plan – proceeds from employees for transferred shares | - | - | 0.1 | - | - | - | 0.1 |
| Employee stock option plan – reclassification of exercised options | - | (0.7) | 0.7 | - | - | - | - |
| Employee stock option plan – change in unexercised options | - | 2.9 | - | - | - | - | 2.9 |
| Change of deferred tax related to unexercised employee benefits | - | (2.2) | - | - | - | - | (2.2) |
| Total share based payments | - | - | (0.1) | 1.0 | - | - | 0.9 |
| **Total distributions and contributions** | **-** | **-** | **(0.1)** | **1.0** | **-** | **-** | **0.9** |
| **As of 31 December** | **236.3** | **13.9** | **(39.1)** | **(6.5)** | **(8.2)** | **(26.3)** | **170.1** |

(all figures in EUR millions unless stated otherwise)

**Share premium**
This item reflects the surplus over the nominal value of the share capital increase and additional contributions to equity without issue of shares made by shareholders prior to becoming a public entity. There were no transactions within share premium in 2021.

**Treasury shares**
As of 31 December 2021 the Group had 376 240 treasury shares for a total purchase value of EUR 4.0 million, presented as treasury shares within “Reserves” under equity.

**Transactions with NCI**
This item reflects the impact of accounting for transactions with non-controlling interests (NCI).
The following key transactions were recognised in 2021:

| | Transactions with NCI | Non-controlling interest | Total Equity |
|---|---|---|---|
| Acquisition of non-controlling interests in Sushi Shop Group | (4.3) | 0.3 | (4.0) |
| Dividends for non-controlling shareholders | - | (1.3) | (1.3) |
| Share capital increase in Amrest Kavezo Kft | - | 0.2 | 0.2 |
| **Total transactions with non-controlling interests** | **(4.3)** | **(0.8)** | **(5.1)** |

The following key transactions were recognised in 2020:

| | Transactions with NCI | Non-controlling interest | Total Equity |
|---|---|---|---|
| Dividends for non-controlling shareholders | - | (0.8) | (0.8) |
| **Total transactions with non-controlling interests** | - | **(0.8)** | **(0.8)** |

**Hedges valuation**

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

In 2018 AmRest Holdings assigned its PLN 280 million external borrowing as a hedging instrument in a net hedge for its Polish subsidiaries. Following scheduled debt amortisation repayment, the net investment hedge has been decreased to PLN 240 million from the end of December 2020.

AmRest Sp. z o.o., a Polish subsidiary, with PLN as functional currency, is a borrower of external EUR financing. A bank loan of EUR 220 million has been hedging the net investment in its EUR subsidiaries in 2019 and through December 2021. From there on, following amortisation repayment, the net investment hedge has been decreased to EUR 176 million. Following a change in presentation currency of the Group from PLN to EUR, AmRest Sp. z o.o. remains exposed to the foreign currency risk between the functional currency of its net investment in its EUR investments and its own functional currency (PLN). These different functional currencies create a genuine economic exposure to changes in fair values in the consolidated financial statements of the Group.

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

During the year ended 31 December 2021 and 2020 hedges were fully effective.

**Translation reserves**
The balance of translation reserves depends on the changes in the foreign exchange rates. This parameter is out of control of Group.
Total change in translation reserves in year 2021 amounted to EUR 12.5 million. The most significant impact on that balance had a change in Russian ruble in the amount of EUR 5.1 million, Chinese renminbi of EUR 4.6 million and Czech crown of EUR 2.1 million. Total change in translation reserves in year 2020 amounted to EUR (19.2) million. The most significant impact on that balance had a change in Russian ruble to EUR (20.5) million, Polish zloty to EUR 8.6 million, Hungarian forint to EUR (5.6) million and Czech crown to EUR (1.6) million.

(all figures in EUR millions unless stated otherwise)

**Non-controlling interest**
Key elements of non-controlling interests are presented in the table below:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| AmRest Coffee Sp. z o.o. | (0.4) | (0.1) |
| SCM Sp. z o.o. | 2.8 | 2.5 |
| AmRest Coffee s.r.o. | 3.9 | 3.3 |
| AmRest Kávézó Kft | 0.3 | 0.2 |
| AmRest d.o.o. | 1.1 | 0.6 |
| SCM s.r.o. | 1.0 | 0.6 |
| Sushi Shop Group | 0.1 | (0.2) |
| **Non-controlling interests** | **8.8** | **6.9** |

## 24. Dividends paid and received

In the period covered by these consolidated financial statements the Group has paid a dividend to non-controlling interest of SCM sp. z o.o. amounting to EUR 1.3 million (PLN 5.9 million).

(all figures in EUR millions unless stated otherwise)

## 25. Non-controlling interests

At 31 December 2021 and 31 December 2020 the summarised financial information for each subsidiary that has non-controlling interests is as follows:

*Summarised balance sheet*

| 31 December 2021 | AmRest Coffee s.r.o. | AmRest Kávézó Kft | AmRest Coffee Sp. z o. o. | SCM Sp. z o.o. | SCM s.r.o. | AmRest d.o.o. | Sushi Shop Group |
|---|---|---|---|---|---|---|---|
| Current assets | 6.8 | 3.8 | 1.3 | 7.3 | 4.2 | 1.2 | 0.4 |
| Current Liabilities | 7.5 | 4.4 | 8.8 | 3.1 | 2.6 | 1.7 | 0.1 |
| Total current net assets | (0.7) | (0.6) | (7.5) | 4.2 | 1.6 | (0.5) | 0.3 |
| Non-current assets | 30.6 | 15.0 | 23.7 | 1.6 | - | 7.5 | 0.8 |
| Non-current liabilities | 17.8 | 9.9 | 14.5 | 0.5 | - | 2.4 | 0.8 |
| Total non-current net assets | 12.9 | 5.1 | 9.2 | 1.2 | - | 5.1 | - |
| Net assets | 12.1 | 4.4 | 1.7 | 5.4 | 1.6 | 4.6 | 0.3 |

| 31 December 2020 | AmRest Coffee s.r.o. | AmRest Kávézó Kft | AmRest Coffee Sp. z o. o. | SCM Sp. z o.o. | SCM s.r.o. | AmRest d.o.o. | Sushi Shop Group |
|---|---|---|---|---|---|---|---|
| Current assets | 4.9 | 2.1 | (1.8) | 6.5 | 2.7 | 0.7 | 1.0 |
| Current Liabilities | (7.6) | (5.1) | (9.1) | (2.5) | (1.9) | (3.7) | (1.2) |
| Total current net assets | (2.7) | (3.0) | (10.9) | 4.0 | 0.8 | (3.0) | (0.2) |
| Non-current assets | 40.5 | 16.4 | 26.8 | 0.5 | 0.1 | 7.5 | 1.7 |
| Non-current liabilities | (19.6) | (12.4) | (15.6) | (0.1) | - | (3.0) | - |
| Total non-current net assets | 20.9 | 4.0 | 11.3 | 0.4 | 0.1 | 4.5 | 1.7 |
| Net assets | 18.2 | 1.0 | 0.3 | 4.4 | 0.9 | 1.5 | 1.5 |

(all figures in EUR millions unless stated otherwise)

*Summarised income statement*

| year ended 31 December 2021 | AmRest Coffee s.r.o. | AmRest Kávézó Kft | AmRest Coffee Sp. z o.o. | SCM Sp. z o.o. | SCM s.r.o. | AmRest d.o.o. | Sushi Shop Group* |
|---|---|---|---|---|---|---|---|
| Total sales | 24.9 | 14.9 | 26.9 | 19.5 | 18.1 | 9.5 | 1.0 |
| Profit before tax | 3.1 | 0.1 | (1.7) | 4.0 | 0.8 | 1.3 | - |
| Income tax expense/income | 0.5 | 0.3 | - | 0.8 | 0.2 | 0.2 | (0.2) |
| Profit/loss for the period | 2.6 | (0.2) | (1.7) | 3.2 | 0.6 | 1.1 | 0.2 |
| Profit/loss for the period allocated to NCI | 0.5 | - | (0.3) | 1.6 | 0.3 | 0.5 | (0.1) |

| year ended 31 December 2020 | AmRest Coffee s.r.o. | AmRest Kávézó Kft | AmRest Coffee Sp. z o.o. | SCM Sp. z o.o. | SCM s.r.o. | AmRest d.o.o. | Sushi Shop Group |
|---|---|---|---|---|---|---|---|
| Total sales | 18.5 | 10.2 | 18.9 | 15.6 | 10.1 | 6.5 | 7.2 |
| Profit before tax | (2.1) | (3.7) | (8.1) | 3.7 | 0.1 | (1.1) | (1.5) |
| Income tax expense/income | 0.2 | - | 0.4 | (0.8) | (0.2) | 0.2 | - |
| Profit/loss for the period | (1.9) | (3.7) | (7.7) | 2.9 | (0.1) | (0.9) | (1.4) |
| Profit/loss for the period allocated to NCI | (0.3) | (0.7) | (1.4) | 1.4 | - | (0.4) | (0.4) |

** On 31 August 2021 Sushi Shop Luxembourg SARL has acquired 14% of shares of Sushi House SA and Sushi Shop Belgique SA has acquired 45.20% of shares of Sushi Shop Louise SA. On this day Sushi Shop Luxembourg SARL and Sushi Shop Belgique SA have become sole shareholders of Sushi House SA and Sushi Shop Louise SA accordingly. Summarised income statement of Sushi House SA and Sushi Shop Louise SA is presented till acquisition of non-controlling interests shares i.e. till 31 August 2021.*

There are no significant restrictions on the possibility of access to the assets or their use and settlement of obligations for the subsidiaries having a non-controlling interest.

## 26. Earnings per share

As of 31 December 2021 and 2020 the Company has 219 554 183 shares issued.

Table below presents calculation of basic and diluted earnings per ordinary share for the year 2021 and 2020.

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

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

| **EPS calculation with the effect of share split** | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Net profit attributable to shareholders of the parent (EUR millions) | 32.9 | (182.0) |
| Weighted average number of ordinary shares for basic EPS (in thousands of shares) | 219 352 | 219 169 |
| Weighted average number of ordinary shares for diluted EPS (in thousands of shares) | 219 852 | 219 346 |
| Basic earnings per ordinary share (EUR) | 0.15 | (0.83) |
| Diluted earnings per ordinary share (EUR) | 0.15 | (0.83) |

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

| **Weighted-average number of ordinary shares in thousands of shares** | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Shares issued at the beginning of the period | 219 554 | 219 554 |
| Effect of treasury shares held | (497) | (640) |
| Effect of share options vested | 295 | 255 |
| **Weighted average number of ordinary shares for basic EPS** | **219 352** | **219 169** |

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

| **Weighted-average number of ordinary shares for diluted EPS in thousands of shares** | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Weighted-average number of ordinary shares for basic EPS | 219 352 | 219 169 |
| Effect of share options unvested | 500 | 177 |
| **Weighted average number of ordinary shares for diluted EPS** | **219 852** | **219 346** |

At 31 December 2021, 9 599 thousand of options were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive. At 31 December 2020, there were 16 917 thousand of options with anti-dilutive effect.

## 27. Borrowings

| **Long-term** | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Syndicated bank loans | 466.2 | 550.6 |
| SSD | 35.5 | 77.5 |
| Other bank loans | 40.2 | 48.4 |
| | **541.9** | **676.5** |

| **Short-term** | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Syndicate bank loans | 59.2 | 58.9 |
| SSD | 48.0 | 24.9 |
| Other bank loans | 15.5 | 10.5 |
| | **122.7** | **94.3** |

## Bank loans and bonds

| Currency | Loans/Bonds | Effective interest rate | 31 December 2021 | 31 December 2020 |
|---|---|---|---|---|
| PLN | Syndicated bank loan | 3M WIBOR+margin | 105.6 | 116.2 |
| EUR | Syndicated bank loan | 3M EURIBOR+margin | 419.8 | 493.3 |
| EUR | Schuldscheinedarlehen Bonds | 6M EURIBOR/fixed +margin | 83.5 | 102.4 |
| EUR | Bank loans France | fixed | 30.2 | 30.0 |
| EUR | Bank loans Spain | fixed | 25.3 | 26.2 |
| RUB | Bank loan Russia | fixed | - | 2.7 |
| CZK | Bank loans Czech | Pribor + Margin | 0.2 | - |
| | | | **664.6** | **770.8** |

<u>Syndicated bank loan</u>

In December 2021 Group has signed an amendment to syndicated bank loan agreement providing an extension the repayment of the loan.
Based on the extended agreement, the amounts of the facilities A, B, E and F are equal to the outstanding amounts of Credit facilities, after the scheduled repayments in September 2020 and September 2021, this is EUR 352mln and PLN 464mln. The repayment schedule is 10% on each 30 September anniversary of the next three years and the remaining amount on 31 December 2024. The Revolving facility D is available in the amount of up to PLN 450mln and due on 31 December 2024.
As of December 31 2021, following extension signed on 13 December 2021, syndicated bank financing originated in 2017, with further amendments, accounts for the majority of AmRest debt. Details of bank financing are as follows:

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

The available tranches, following amortised repayments made in Sept 2020 and Sept 2021:

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

** Approximate total amount: EUR 550m*

- Interest rates: Variable interest rates (3M Euribor/Wibor increased by a margin)
- Securities: submissions to execution from the Borrowers, guarantees from Group companies, pledge on shares of Sushi Shop Group. Additional information presented in note 28.
- Uncommitted Tranche G in the amount of up to EUR 100m has been added to the financing
- Other information: AmRest is required to maintain certain ratios at agreed levels. In particular, net debt/adjusted consolidated EBITDA is to be held below 3.5 and consolidated EBITDA/interest charge is to stay above 3.5. For both ratios EBITDA is calculated without effect of IFRS 16. EBITDA as defined in finance agreements for the purpose of calculating covenants was EUR 199 million for the year ended 31 December 2021. Additionally the Group is obliged to hold at least EUR 50 million in cash or cash equivalents and undrawn credit lines. The covenants were met at 2021 YE.

For debt extension the Group performed, as required by IFRS 9, so called “10% test” and the qualitative analysis extension conditions. The aim it to determine if transaction represents debt modification of extinguishment. Based on the analysis made the Group concluded that the extension presents debt modification.
As such costs or fees incurred (EUR 1.7 million) adjust the carrying amount of the liability and will be amortised over the remaining term of the modified liability. The amortised cost of the financial liability was recalculated by computing the present value of estimated future contractual cash flows that discounted at the financial instrument's original effective interest rate. The consequent adjustment was recognised immediately in profit or loss as loss on modification in amount of EUR 6.5 million.

Two other sources of AmRest financing are:

- Schuldscheinedarlehen ("SSD" – debt instrument under German law) issued by AmRest Holdings SE. The table below presents all SSD issues and their maturities after repayments done 2021:

| Issue date | Amount (EUR million) | Interest rate | Maturity date | Purpose |
|---|---|---|---|---|
| 7 April 2017 | 14.0 | Fixed | 7 April 2022 | Refinancing, general corporate purposes |
| 7 April 2017 | 6.0 | Fixed | 5 April 2024 | |
| 3 July 2017 | 33.0 | Fixed | 1 July 2022 | |
| 3 July 2017 | 20.0 | Fixed | 3 July 2024 | |
| 3 July 2017 | 9.5 | Variable | 3 July 2024 | |

As of 31 December 2021, payables concerning SSD issued amount to EUR 83.5 million (including EUR 1.0 million of interests).

- State supported loans taken on by Spanish and French subsidiaries in Q2 2020 and guaranteed by the governments in 70% and 90%, respectively. In particular, Restauravia Food SL and Pastificio Service S.L.U. were granted EUR 22.5 million each and Sushi Shop Restauration SAS received EUR 20 million and AmRest SAS Opco SAS EUR 10m. As of December 31 2021, EUR 17,7m is still available for drawing for the Spanish entities. Following certain amendments, final maturities for the French loans fall in 2023 and for the Spanish loans in 2023, 2025 and 2026.

As of 31 December 2021, payables concerning State Supported Loans amount to EUR 55.7 million.
The effective interest rates are similar to the market rates for specific borrowings. Therefore, the fair value of the liabilities presented in this note does not differ significantly from their carrying amounts.

**State supported loans taken by the Group companies**

| Country | Entities | Effective interest rate | State guarantee | Total amount granted | Available at YE | Maturity |
|---|---|---|---|---|---|---|
| Spain | Restauravia Food SL, Pastificio Service, S.L.U | Fixed | 70% | 45.0 | 17.7 * | 3-5 years |
| France | Sushi Shop Restauration SAS, AmRest Opco SAS | Fixed | 90% | 30.0 | 0 | 3 years |
| Czechia | SCM s.r.o | Pribor + Margin | 90% | 1.2 | 1.0 | 1 year |
| | | | | **76.2** | **18.7** | |

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

The maturity of long- and short-term loans as of 31 December 2021 and 2020 is presented in the note 35.

The Group has the following unused, awarded credit limits as of 31 December 2021 and 31 December 2020:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| With floating interest rate | | |
| - expiring beyond one year (tranche D) | 33.0 | 1.5 |
| - Bank loans Spain | 17.7 | 18.8 |
| | **50.7** | **20.3** |

The table below presents the reconciliation of the debt:

| 2021 | Bank loans | SSD | Total |
|---|---|---|---|
| **As of 1 January** | **668.4** | **102.4** | **770.8** |
| Payment | (88.6) | (18.4) | (107.0) |
| Loan taken/ new contracts | 1.1 | - | 1.1 |
| Accrued interests | 15.0 | 2.2 | 17.2 |
| Payment of interests | (14.7) | (2.7) | (17.4) |
| Loan forgiven | (2.7) | - | (2.7) |
| Result on debt modification and extension fees | 4.8 | - | 4.8 |
| Exchange differences | (2.2) | - | (2.2) |
| **As of 31 December** | **581.1** | **83.5** | **664.6** |

(all figures in EUR millions unless stated otherwise)

| 2020 | Bank loans | SSD | Total |
|---|---|---|---|
| **As of 1 January** | **617.8** | **102.3** | **720.1** |
| Payment | (80.9) | - | (80.9) |
| Loan taken/ new contracts | 139.6 | - | 139.6 |
| Accrued interests | 18.2 | 2.2 | 20.4 |
| Payment of interests | (17.3) | (2.1) | (19.4) |
| Exchange differences | (9.0) | - | (9.0) |
| **As of 31 December** | **668.4** | **102.4** | **770.8** |

## 28. Collateral on borrowings

The Borrowers (AmRest Holding SE, AmRest Sp. z o.o. and AmRest s.r.o.) are jointly and severally responsible for paying the liabilities resulting from credit agreements. Group companies – AmRest Kaffee Sp. z o.o., AmRest Coffee Deutschland Sp. z o.o. & Co.KG, AmRest DE Sp. z o.o. & Co.KG, AmRest KFT, OOO AmRest, OOO Chicken Yug, AmRest Coffee SRL, AmRest Tag S.L.U., Restauravia Food S.L.U., Pastificio Service S.L.U – granted sureties to the financing banks. These companies guarantee that the Borrowers will discharge their obligations following from the credit agreement until the loan is repaid, i.e. 30 September 2022 however not later than 30 April 2026. Additionally, pledge on shares of Sushi Shop Group has been established as security for the bank financing.

## 29. Employee benefits and share based payments

The Group established long-term incentive plans in order to bind a portion of managers' and executives' remuneration with the Group's market value. During year 2021, the Group had the share-based payment arrangements according to six share option plans. Part of options in the Plan 2 is accounted as cash-settled due to the availability of cash exercise method upon the choice of an employee. All other options in the following plans are equity-settled.

*Plan 2 – Stock Option Plan 2005*

Plan 2 was implemented in April 2005. Granting of the options finished in 2016.

Up to November 2014 the exercise method was in equity instruments. In November 2014, the then existing Supervisory Board of the Company approved a change of regulations by adding net cash settlement of option value (employee decides about settlement method). Due to the above changes, Plan 2 comprised both equity-settled options and cash-settled options.

In 2015 a change in regulations eliminated a possibility of option settlement with cash method for the grants after 8 December 2015. Furthermore, a group of employees made a unilateral statement about resignation from the cash settlement possibility in relation to option also granted in previous periods. As a result of the modification of some options from cash-settled to equity-settled, in 2017 a reclassification in amount of EUR 0.5 million was accounted from liabilities into equity.

*Plan 4 – Stock Option Plan 2017*

In January 2017 the Group introduced a new share-based Stock Option Plan. The number of options granted, employees awarded and granting dates were initially determined by the then existing Management Board (current Executive Team), however the number of options was limited to 750,000 options. The Granting Period was set between 1 January 2017 and 31 December 2019. The option exercise price will be in principle equal to the market price of the Company's shares as of the date of granting the option, and the vesting period will be 3 to 5 years. There are no cash settlement alternatives.

In December 2018 the Board of Directors of the Company (who took over Management Board faculty on this matter following the transfer of domicile of the Company from Poland to Spain) resolved to adjust the share-based plans of the Company so they can also be executed through the Spanish Stock Exchanges, where the Company's shares started trading on 21 November 2018.

*Plan 5 – Management Incentive Plan 2017*

In January 2017 the Group introduced a new share-based Management Incentive Plan, offered to selected employees. The whole number of shares which were attributed to the options was determined by the Board of Directors, however, it may not exceed 1,000,000 shares. In accordance with the provisions of the Plan, when requested by management the Board of Directors, was entitled to determine the employees authorized to participate in the Plan, the number of options granted and the dates for their granting among other issues. The Granting Period was set between 1 January 2017 and 31 December 2019. The option initial exercise price was in principle equal to the market price of the Company's shares as of the date of First Grant. The exercise price shall increase on 1st, 2nd and 3rd anniversary by 11%. The vesting period lasts 3 to 5 years. There are no cash settlement alternatives.

(all figures in EUR millions unless stated otherwise)

*Plan 6 – Stock Option Plan 2020*

In 2020 the Group introduced a share-based Stock Option Plan, which is an extension of the regulations introduced in the Stock Option Plan 2017. The plan is effective for an additional period of one year exclusively during the 2020 financial year under their exact same terms and conditions with the sole exception of the Exercise Price mentioned in the table below. The number of options granted, employees awarded and granting dates were initially determined by the Executive Team. In 2020 the number of options was limited to 3.6 million options. The option exercise price will be in principle equal to the market price of the Company's shares as of the date of granting the option, and the vesting period will be 3 to 5 years. There are no cash settlement alternatives.

*Plan 7 – Management Incentive Plan 2020*

In 2020 the Group introduced a share-based Management Incentive Plan, offered to selected employees, which is an extension of the regulations introduced in the Management Incentive Plan 2017. The plan is effective for an additional period of one year exclusively during the 2020 financial year under their exact same terms and conditions with the sole exception of the Exercise Price mentioned in the table below. The whole number of shares which were attributed to the options was determined by the Board of Directors. In 2020 the number of options was limited to 4.65 million options. In accordance with the provisions of the Plan, when requested by management the Board of Directors, was entitled to determine the employees authorized to participate in the Plan, the number of options granted and the dates for their granting among other issues. The option initial exercise price was in principle equal to the market price of the Company's shares as of the date of First Grant. The exercise price shall increase on 1st, 2nd and 3rd anniversary by 11%. The vesting period lasts 3 to 5 years. There are no cash settlement alternatives.

*Plan 8 – Long Term Incentive Plan 2021*

In 2021 the Group introduced a new Long-Term Incentive (LTI) Program which is addressed to members of the management team and other relevant personnel of the Group. LTI substitutes previous Management Incentive and Stock Option Plans functioning at AmRest, keeping in place the already granted stock options. Participants of the new LTI will have the opportunity to receive AmRest shares. The number of shares to be received will be linked to the Group's performance (realization of Global EBITDA 2021-2023). The LTI grants will vest according to a 5-year agenda (60% after 3rd year, 20% after 4th year, 20% after 5th year). Once vested, the LTI rights will be evaluated and converted (if applicable) into shares, while the shares will be transferred to the participant's brokerage account. There are no cash settlement alternatives. On 23rd December 2021 the Board of Directors approved the grant on the basis of the above mentioned assumptions. The fair value of the grant calculated in December 2021 amounted to 7.0 million EUR. The cost related to period between the grant date and the end of the financial year amounts to 0.2 million EUR.

The terms and conditions for the share options outstanding as of 31 December 2021 are presented in the table below:

| Grant date | Terms and conditions for vesting of the options | The maximum term of options | Option exercise price in EUR | Method of settlement |
|---|---|---|---|---|
| Plan 2 - SOP | | | | |
| June 20, 2011 | 1-5 years, 20% per annum | 10 years | 1.87 | Equity or equity/cash* |
| April 30, 2012 | | | 1.68 | Equity or equity/cash* |
| April 30, 2013 | | | 1.94 | Equity or equity/cash* |
| April 30, 2014 | | | 1.96 | Equity or equity/cash* |
| December 9, 2015 | | | 3.14 | Equity or equity/cash* |
| April 30, 2016 | | | 5.35 | Equity |
| Plan 4 - SOP | | | | |
| May 30, 2017 | 3-5 years, 60% after 3rd year, 20% after 4th and 5th year | 10 years | 8.14 | Equity |
| January 1, 2018 | | | 9.66 | Equity |
| April 30, 2018 | | | 10.91 | Equity |
| August 6, 2018 | | | 10.46 | Equity |
| October 1, 2018 | | | 10.63 | Equity |
| December 10, 2018 | | | 9.40 | Equity |
| April 30, 2019 | | | 9.62 | Equity |
| Plan 5 - MIP | | | | |
| March 15, 2017 | 3-5 years, 33% p.a. | 10 years | 10.51 | Equity |
| September 13, 2017 | | | 10.97 | Equity |
| March 3, 2018 | | | 10.43 - 10.88 | Equity |
| October 1, 2018 | | | 14.54 | Equity |
| March 26, 2019 | | | 10.23 - 14.49 | Equity |
| May 13, 2019 | | | 12.10 | Equity |
| Plan 6 – SOP | | | | |
| July 13, 2020 | 3-5 years, 60% after 3rd year, 20% after 4th and 5th year | 10 years | 4.99 | Equity |
| October 1, 2020 | | | 5.78 | Equity |
| Plan 7 - MIP | | | | |
| February 10, 2020 | 3-5 years, 33% p.a. | 10 years | 15.10 | Equity |

(all figures in EUR millions unless stated otherwise)

| Grant date | Terms and conditions for vesting of the options | The maximum term of options | Option exercise price in EUR | Method of settlement |
|---|---|---|---|---|
| October 1, 2020 | | | 7.90 | Equity |
| February 1, 2021 | | | 7.71 | Equity |
| March 23, 2021 | | | 6.08 | Equity |
| May 1, 2021 | | | 10.62 | Equity |

**For some options only the equity method is applicable, as some employees can decide upon the settlement method, as disclosed in Plan 2 description above.*

Options vest when the terms and conditions relating to the period of employment are met. The Plans do not provide any additional market conditions for vesting of the options.

In the table below we present the number and weighted average of the exercise prices (WAEP) of, and movements in, the options from all plans during the year ended 31 December 2021 and 2020:

| Number of option 2021 | WAEP in EUR (before indexation) | Plan 7 | Plan 6 | Plan 5 | Plan 4 | Plan 2 |
|---|---|---|---|---|---|---|
| At the beginning of the period | 8,68 | 3 350 000 | 3 204 500 | 3 283 334 | 6 779 650 | 932 402 |
| Granted during the period | 7,76 | 600 000 | 0 | 0 | 0 | 0 |
| Exercised during the period | 4,26 | 0 | (5 000) | 0 | (3 300) | (367 650) |
| Forfeited during the period | 8,96 | (1 550 000) | (285 880) | (1 683 334) | (976 950) | (19 000) |
| Outstanding at the end of the period | 8,63 | 2 400 000 | 2 913 620 | 1 600 000 | 5 799 400 | 545 752 |
| - including exercisable as of the end of the period | 9,05 | 0,00 | 0,00 | 966 667 | 2 219 460 | 545 752 |
| **Number of option 2020** | **WAEP in EUR (before indexation)** | **Plan 7** | **Plan 6** | **Plan 5** | **Plan 4** | **Plan 2** |
| At the beginning of the period | 8.52 | - | - | 5 400 000 | 6 988 850 | 1 150 266 |
| Granted during the period | 7.07 | 3 350 000 | 3 204 500 | - | - | - |
| Exercised during the period | 7.04 | - | - | (166 666) | - | (159 554) |
| Forfeited during the period | 10.15 | - | - | (1 950 000) | (209 200) | (58 310) |
| Outstanding at the end of the period | 8.68 | 3 350 000 | 3 204 500 | 3 283 334 | 6 779 650 | 932 402 |
| - including exercisable as of the end of the period | 6.36 | - | - | - | 938 730 | 722 562 |

The weighted average share price at the dates of exercise of the options was EUR 6.79 in 2021 and EUR 6.98 in 2020. The weighted average remaining contractual life for the share options outstanding as of 31 December 2021 was 7.62 years (2020: 8.20 years).

*Measurement*

The fair value of the equity instruments has been measured using numerical method for solving differential equations by approximating them with difference equations, called finite difference method. The fair value of the cash-settled options has been measured using the Black-Scholes formula. The fair value of the options as of the grant date has been determined using the support of an external actuary.

The fair value of the options granted during the period, as of the grant date, amounted as described below. It was determined on the basis of the following parameters:

| Plan | Average fair value of option as of grant date | Average share price at the grant date | Average exercise price | Expected volatility | Expected term to exercise of options | Expected dividend | Risk-free interest rate |
|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | |
| Plan 7 (MIP) | EUR 1.07 | EUR 5.68 | EUR 7.76 | 35% | 5 years | - | 2% |
| **2020** | | | | | | | |
| Plan 6 (SOP) | EUR 0.93 | EUR 4.14 | EUR 5.75 | 35% | 5 years | - | 2% |
| Plan 7 (MIP) | EUR 0.63 | EUR 4.50 | EUR 8.30 | 35% | 5 years | - | 2% |

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

(all figures in EUR millions unless stated otherwise)

*Share-based payments costs and liabilities*

The Group recognises accrual for equity-settled options in reserve capital. The amounts as of 31 December 2021 and 31 December 2020 are presented in a table below:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Reserve capital - Plan 2 | 1.2 | 1.8 |
| Reserve capital - Plan 4 | 9.5 | 8.3 |
| Reserve capital - Plan 5 | 2.9 | 5.2 |
| Reserve capital - Plan 6 | 0.6 | 0.1 |
| Reserve capital - Plan 7 | 0.6 | 0.2 |
| | **14.8** | **15.6** |

The Group recognises liability for cash settled options. The amounts as of 31 December 2021 and 31 December 2020 are presented in a table below:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Liability for Plan 2 | 0.1 | 0.1 |
| Other employee benefits liabilities | 0.1 | 0.2 |
| | **0.2** | **0.3** |

The costs recognised in connection with the plans relating to incentive programs for the years ended 31 December 2021 and 2020 respectively are presented below:

| | 2021 | 2020 |
|---|---|---|
| Employee stock option plan 2 | 0.3 | 0.1 |
| Employee stock option plan 4 | 1.4 | 3.4 |
| Employee stock option plan 5 | (2.3) | (1.2) |
| Employee stock option plan 6 | 0.5 | 0.1 |
| Employee stock option plan 7 | 0.4 | 0.2 |
| | **0.3** | **2.6** |

*Pension, health care and other contributions*

The costs recognised in connection with the employee benefits contributions for the years ending on 31 December 2021 and 31 December 2020 respectively are presented below:

| | 2021 | 2020 |
|---|---|---|
| Pension, health care contributions and other | 109.9 | 98.2 |

Apart from those specified above, there are no other liabilities and costs in respect of employee benefits.

## 30. Provisions

Changes in the balance of provisions are presented in the table below:

| 2021 | As of 1 January | Increased during the year | Released during the year | Used during the year | F/X differences | As of 31 December |
|---|---|---|---|---|---|---|
| Asset retirement obligation | 9.7 | 0.2 | - | (0,3) | - | 9.6 |
| Court and legal proceedings | 6.1 | 0.6 | (1.1) | (0.2) | - | 5.4 |
| Provision for tax risks | 0.4 | 0.7 | - | (0.3) | - | 0.8 |
| Franchise and development agreements risks | 11.0 | 1.0 | - | - | - | 12.0 |
| Other provisions | 4.8 | 1.8 | (0.9) | (0.2) | 0.1 | 5.6 |
| **Total** | **32.0** | **4.3** | **(2.0)** | **(1.0)** | **0.1** | **33.4** |

| 2020 | As of 1 January | Increased during the year | Released during the year | Used during the year | F/X differences | As of 31 December |
|---|---|---|---|---|---|---|
| Asset retirement obligation | 10.1 | 0.9 | (0.2) | (1.1) | - | 9.7 |
| Court and legal proceedings | 3.7 | 3.5 | (0.1) | (0.8) | (0.2) | 6.1 |
| Provision for tax risks | 0.4 | 0.3 | (0.4) | - | 0.1 | 0.4 |
| Franchise and development agreements risks | 8.0 | 5.0 | - | (2.0) | - | 11.0 |
| Other provisions | 0.6 | 4.2 | - | - | - | 4.8 |
| **Total** | **22.8** | **13.9** | **(0.7)** | **(3.9)** | **(0.1)** | **32.0** |

*Franchise agreements and development agreements*

Group restaurants are operated under franchise and development agreements with YUM! and subsidiaries of YUM!, Burger King Europe GmbH, Starbucks Coffee International, Inc. In accordance with these agreements, the Group is obliged to

meet certain development commitments as well as maintain the identity, reputation and high operating standards of each brand.
If the Group believes the development commitments will not be attained the respective provision are recognized.
As of the end of previous balance sheet date, the Group recognised provisions for resetting master-franchise agreements regarding Pizza Hut signed for the markets: France, CEE, Germany, and Russia, as well as provisions related to franchise and development agreements with YUM! and subsidiaries of YUM!., Burger King Europe GmbH, Starbucks Coffee International, Inc. The estimation was updated during the reporting period.

*Provision for court and legal proceedings*
Periodically, the Group is involved in disputes and court proceedings resulting from the Group's on-going operations. As presented in the table above, as of the balance sheet, the Group recognised a provision for the costs of court proceedings which reflects the most reliable estimate of the probable losses expected as a result of the said disputes and legal proceedings.

*Provision for tax liabilities*
The Group operates in numerous markets with different and changing tax rules and additionally realises its growth within new investments and often has to decide to create or modify the value of tax liability provision. During recognition or modification of such provisions all available information, historical experience, comparison and best estimates are used.

*Asset retirement obligation*
The Group recognised a provision for costs of future asset restorations mainly on the acquisition of German and French subsidiaries. The provision consists of expected costs at the end of rental agreement. The provision would be used for renovation work needed to restore rented properties, as required by rental agreements.

## 31. Tax risks and uncertain tax positions

**Tax inspections in AmRest Sp. z o.o.**

a) On 28 July 2016 a tax inspection began in AmRest Sp. z o.o. regarding VAT returns for 2014. On 11 September 2017 the Company received the decision issued by the Head of the Lower Silesia Tax Office ("Head"), which questioned the correctness of the output VAT settlement for a part of operational sales revenues. The Head claimed the tax liability amounting to PLN 4.3 million (EUR 1.0 million) and the amount of the return unduly received of PLN 10.2 million (EUR 2.3 million). On 22 September 2017 the Company submitted an appeal to the second instance (Tax Administration Chamber) referring to the above decision.

On 18 February 2019 AmRest Sp. z o.o. received the information from the Tax Administration Chamber that the proceedings aimed at annulment of the final decision regarding VAT returns for 2014 issued by Tax Administration Chamber has been opened due to the severe breach of law done by the Chamber in the decision. On 25 June 2019 AmRest Sp. z o.o. received the notification that the proceedings related to the annulment of the final decision covering VAT for 2014 have been suspended.
On 20 July 2021 AmRest sp. z o.o. has received the notification in respect to opening the suspended proceedings and on 14 September 2021 the Company received the decision based on which the proceedings related to the annulment of the final decision covering VAT for 2014 have been cancelled.

b) On 30 July 2018 a tax inspection began at AmRest Sp. z o.o. regarding VAT returns for the period December 2017 – March 2018. On 29 August 2018 the Company received the tax protocol and on 12 September 2018 the Company submitted its reservations. On 20 November 2018 tax office initiated tax proceeding. On 23 July 2019 AmRest Sp. z o.o. received the notification that the proceedings are suspended due to request for preliminary ruling submitted by Polish Supreme Administrative Court to Court of Justice of European Union.

Despite the lack of a final decision from the tax office, in August 2018 Company received from the tax office cash payments for VAT receivables related to the described VAT settlements (with respective interest).

On 19 July 2021 AmRest sp. z o.o. has received the notification in respect to opening the suspended tax inspection covering VAT returns for the period December 2017 – March 2018. As of the date of publication of this Report the proceedings have not concluded.

c) On 12 December 2018 a tax inspection started at AmRest Sp. z o.o. regarding VAT returns for the period April – September 2018. On 28 February 2019 AmRest Sp. z o.o. received the tax protocol issued by the Head of the Lower Silesia Tax Office which questioning that VAT settlements for the period. On 14 March 2019 the company filed the reservations to this protocol. On 25 March 2019 the company received the response to the submitted reservations. The Head of the Lower Silesia Tax Office upheld the allegations described in the protocol. On 1 August 2019 AmRest Sp. z o.o. received the notification that the proceedings are suspended due to request for preliminary ruling submitted by Polish Supreme Administrative Court to Court of Justice of European Union.

Despite the lack of a final decision from the tax office, in January 2020 Company received from the tax office cash payments for VAT receivables related to the described VAT settlements (with respective interest).

On 28 July 2021 AmRest sp. z o.o. has received the notification from the Polish tax authorities in respect to opening the suspended tax inspection covering VAT returns for the period April – September 2018. . As of the date of publication of this Report the proceedings have not concluded.

d) On 17 May 2019 AmRest Sp. z o.o. received the notification that tax inspections have been initiated regarding the VAT settlements for the period from October 2018 to March 2019 (six separate tax inspections for every month). In 23 August 2021 AmRest sp. z o.o. has received the notification stating that tax inspections had evolved into tax proceedings. As of the date of publication of these consolidated financial statements, the proceedings have not concluded.

The Group analyzed the risk with regards to ongoing tax inspections related to VAT and assessed that it is more probable than not that the tax authority will finally accept the Company's VAT tax filings. The same conclusions have been taken considering external tax advisors. In reference to IFRIC 23 point 10, the Board of Directors' opinion states that there is no legal obligation for any cash outflows and there is no basis for the assessment of a higher probability that the risk would materialize. Therefore, the Group decided that as of 31 December 2021 and as of the date of publication of these Consolidated Annual Financial Statements, there are no obligating events, so there are no grounds for booking the provisions for the aforementioned risk.

e) On 23 February 2018 a tax inspection began at AmRest Sp. z o.o. regarding CIT for 2016. On 26 November 2019 AmRest Sp. z o.o. received the decision questioning tax settlements in respect of recognition of interest cost on loans received from AmRest Finance Zrt. PLN 19.8 million (EUR 4.7 million) and claiming additional income amounted to PLN 15.2 million (EUR 3.6 million) resulting from VAT refund received in 2016. The said decision is not final and enforceable, ie. AmRest Sp. z o.o. was not obliged to pay the tax assessed by the Tax Authorities upon obtaining respective decision. The Company disagreed with conclusions presented in the decision and appealed against it on 10 December 2019.

On 13 May 2021 the Company received the decision of second instance which cancelled the decision of first instance. The proceedings are concluded and the Company has not been obliged to pay any additional tax liability for 2016.

f) On 26 November 2018 a tax inspection began at AmRest Sp. z o.o. regarding CIT for 2013. On 26 November 2019 AmRest Sp. z o.o. received the decision questioning tax settlements in respect of recognition of interest cost on loans received from AmRest Finance Zrt. PLN 0.2 million (EUR 0.05 million) and claiming additional income amounted to PLN 7.5 million (EUR 1.8 million) resulting from VAT refund received in 2013. The said Decision is not final and enforceable, ie. AmRest Sp. z o.o. was not obliged to pay the tax assessed by the Tax Authorities upon obtaining respective decision. The Company disagreed with conclusions presented in the decision and appealed against it on 5 December 2019.

On 30 March 2021 AmRest sp. z o.o. received the final decision for 2013 CIT settlements issued by the Head of the Lower Silesian Tax and Customs Office which upheld the decision of the first instance in respect of the CIT levied on VAT refund for this year - due to the fact that the decision was enforceable the Company paid outstanding tax liability together with the interest. The Company did not agree with the decision and on 28 April 2021 filed the complaint to the Local Administrative Court. As of the date of publication of this Report the proceedings have not concluded.

g) On 26 November 2018 a tax inspection began at AmRest Sp. z o.o. regarding CIT for 2014. On 26 November 2019 AmRest Sp. z o.o. received the decision questioning tax settlements in respect of recognition of interest cost on loans received from AmRest Finance Zrt. amounted to PLN 78.0 million (EUR 18.5 million) and claiming additional income amounted to PLN 2.1 million (EUR 0.5 million) resulting from VAT refund received in 2014. The said decision is not final and enforceable, i.e. AmRest Sp. z o.o. was not obliged to pay the tax assessed by the Tax Authorities upon obtaining respective decision. The Company disagreed with conclusions presented in the decision and appealed against it on 5 December 2019.

On 30 March 2021 AmRest sp. z o.o. received the final decision for 2014 CIT settlements issued by the Head of the Lower Silesian Tax and Customs Office, who disagreed with the decision of the first instance and cancelled the proceedings.

**Tax inspections in other Group companies**

- In September 2016 AmRest Coffee Deutschland Sp. z o.o. & Co. KG ("Company"), identified the products that were sold with an incorrectly applied VAT rate. This fact was presented to the tax officer who was responsible for the inspection of periods prior to the acquisition of the business by AmRest. The Company undertook to correct the VAT calculation for the periods not lapsed.

  The corrective tax declarations were submitted and the outstanding tax liability was paid in July 2018. The Company has filed amended VAT tax returns – based on the approach confirmed with the tax office - for the period from 2009 to 2015.

  On 18 October 2018 the Company received a letter from the tax office extending the tax audit by including the financial year 2016, during the course of which the acquisition of the Company by AmRest was completed. According to said letter, the tax audit shall cover the following tax settlements: (1) separate and uniform determination of the income tax base including trade tax base and tax losses, (2) VAT, (3) trade taxes, (4) separate determination of the trade tax loss carryforwards, (5) separate and uniform determination of the withholding taxes and corporate income taxes. As of the date of publication of these consolidated financial statements, the inspections related to 2013, 2014 and 2016 have not concluded, however estimated outstanding tax liability was paid in October 2021.
- On 17 December 2020 the French Tax Administration started a tax control on Sushi Shop Group SAS entity, relating to years 2018 and 2019. On 10 July 2021 the Company has accepted the rectification of tax result proposed by French Tax Authority and has agreed to pay additional tax liability of EUR 0.3 million together with interest and the proceedings has finished.

- On 22 July 2019 Pastificio Service Service S.L. (as the taxpayer), Amrest Tag SL (as head of the Tax Group 539/11 during the tax audit period) and AmRest Holdings, SE (as the current head of the Tax Group 539/11) were notified of the initiation of a tax audit, in regard to corporate income tax, for the fiscal years 2014 to 2017. This is a partial tax audit, only referred to tax relief applied by Pastificio Service, SL in corporate income tax bases of 2014 to 2017, in regard to the deductions related to certain intangible assets (i.e. patent box regimen).

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

  On 23 June 2021 Pastificio Service S.L.U. received notification of the start of an inspection relating to a municipal tax (business activity tax) for the fiscal years 2018-2021. The tax inspection is related to the Pastificio's activity in the Central Kitchen (Lleida).

- On 9 June 2021 AmRest Kft and on 14 June 2021 AmRest Kávézó Kft have received the notification letters in respect to planned initiation of tax proceedings. Tax proceeding in AmRest Kft relates to all tax settlements for the period 2018-2019 and in AmRest Kávézó Kft for the year 2019. As of 31 December 2021 and as of the date of publication of this Report tax proceedings have not concluded

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

## 32. Trade payables and other liabilities

Trade payables and other liabilities as of 31 December 2021 and 31 December 2020 cover the following items:

| | 31 December 2021 | 31 December 2020 |
|---|---:|---:|
| Trade payables | 89.4 | 93.7 |
| Accruals and uninvoiced deliveries | 67.1 | 35.0 |
| Employee payables | 17.9 | 13.5 |
| Employee related accruals | 33.2 | 24.4 |
| Accrual for holiday leave | 12.3 | 15.0 |
| Social insurance payables | 13.7 | 15.2 |
| Other tax payables | 20.7 | 9.6 |
| Investment payables | 14.2 | 8.6 |
| Contract liabilities – initial fees, loyaltee programs, gift cards | 10.2 | 8.3 |
| Deferred income | 6.5 | 8.1 |
| Other payables | 5.6 | 11.5 |
| **Total trade payables and other liabilities** | **290.8** | **242.9** |

*Information on average payment period to suppliers. Third additional provision, "Information requirement" of Law 15/2010 of July 5.*

In accordance with the aforementioned Law, the following information corresponding to the Spanish companies of the AmRest Group is disclosed:

| | 2021 | 2020 |
|---|---:|---:|
| **Number of days:** | | |
| Average payment period to suppliers | 41.1 | 48.9 |
| Ratio of payments | 42.8 | 41.8 |
| Ratio of outstanding invoices | 26.2 | 107.9 |
| **Millions of EUR:** | | |
| Total payments | 154.4 | 138.9 |
| Outstanding invoices | 16.7 | 16.5 |

The payments to suppliers of the Spanish consolidated companies reflected in the above table are trade payables as they relate to goods and services.

## 33. Future commitments and contingent liabilities

As in the previous reporting period, the Group's future liabilities are derived mainly from the franchise agreements and development agreements. Group restaurants are operated in accordance with franchise and development agreements with YUM! and subsidiaries of YUM!, Burger King Europe GmbH, Starbucks Coffee International, Inc. In accordance with these agreements, the Group is obliged to meet certain development commitments as well as maintain the identity, reputation and high operating standards of each brand. Details of the agreements together with other future commitments have been described in note 1 and 38d. As the COVID-19 pandemic restrictions impacted restaurants operation, the Group is assessing its development plans.

Commitments regarding credit agreement are described in note 27 and note 28.

## 34. Transactions with related entities

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

*Group shareholders*

As of 31 December 2021, FCapital Dutch B.V. was the largest shareholder of AmRest and held 67.05% of its shares and voting rights, and as such was its related entity. No transactions with FCapital Dutch B.V. related parties were noted.

*Transactions with key management personnel*

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

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Remuneration of the members of the Board of Directors** | **0.7** | **0.4** |
| **Remuneration of Senior Management Personnel:** | | |
| - Remuneration received by the Senior Executives | 3.3 | 3.5 |
| - Gain on share-based renumeration systems | - | 0.5 |
| **Remuneration of Senior Management Personnel** | **3.3** | **3.0** |
| **Total compensation paid to key management personnel** | **4.0** | **4.4** |

Directors Remuneration Policy was approved at the general shareholders' meeting held on 12 May 2021 and will remain in force until 2023 unless the general shareholders' meeting so resolves to amend or replace it. The fixed components accrued during the year by the Directors have not changed with respect to the previous year except for the Executive Chairman compensation package, which was first implemented in 2021 since the Chairman was granted executive powers in November 2020, effective January 2021. In 2020, due to the exceptional circumstances caused by the COVID-19 pandemic, the Board of Directors lowered its remuneration by 50%.

The Group's key management personnel participates in the employee share option plans (note 29). In the year ended 31 December 2021 the provision relating to the options decreased by EUR 4,5 million, due to a significant amount of forfeited option. In the year ended 31 December 2020 the provision increased by EUR 1.1 million.

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Number of options outstanding (pcs, after split) | 4 071 333 | 6 572 333 |
| Number of available options (pcs, after split) | 912 000 | 445 933 |
| Fair value of outstanding options as of grant date (EUR millions) | 5.4 | 9.9 |

As mentioned in note 29 in 2021 the Group introduced a new Long-Term Incentive (LTI) Program addressed to members of the management team and other relevant personnel of the Group. The fair value of the abovementioned grant related to key management personnel amounts to EUR 0.9 million.

As of 31 December 2020 and 2019, the Company had no outstanding balances with the key management personnel, apart from accruals for annual bonuses payable in first quarter of the following year. As of 31 December 2021 and 2020 the Company has not extended any advances to the Board of Directors or senior management personnel and had no pension fund, life insurance or other such commitments with these parties, except for the share option plans detailed above and in note 31. As of 31 December 2021 and 31 December 2020 there were no liabilities to former employees.

*Conflicts of interest concerning the Board Directors*

The Board Directors and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

*Other related entities*

There were no material transactions with other related entities in 2021. There were also no material receivables and payables with other related entities as of 31 December 2021 and 31 December 2020.

(all figures in EUR millions unless stated otherwise)

*Employee information*

The average headcount of full-time equivalent personnel, distributed by professional category, is as follows:

| | 2021 | 2020 |
|---|---|---|
| Board of Directors | 7 | 7 |
| Senior Executives | 8 | 10 |
| Other employees | 46 465 | 46 096 |
| **Total** | **46 480** | **46 113** |

At year end the distribution by gender of Group personnel and the members of the board of directors is as follows:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | Female | Male | Female | Male |
| Board of Directors | 2 | 5 | 2 | 5 |
| Senior Executives | - | 8 | - | 9 |
| Other employees | 27 306 | 21 218 | 24 865 | 19 899 |
| **Total** | **27 308** | **21 231** | **24 867** | **19 913** |

## 35. Financial instruments

The following table shows the carrying amounts of financial assets and financial liabilities. The Group assessed that the fair values of cash and cash equivalents, rental deposits, trade and other receivables, trade and other payables, as well as current loans and borrowings and finance lease liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Fair values of non-current rental deposits, loans and borrowings and financial liabilities immaterially differs from their carrying values. Trade and other receivables and liabilities presented below does not include balance relating to taxes and employee settlements.
As of 31 December 2021 and 2020 the Group did not have equity instrument measured at fair value. There were no transfers between fair value hierarchy levels in year 2021 and in year 2020.

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

| **31 December 2021** | **Note** | **FVTPL** | **Financial assets at amortised cost** | **Financial liabilities at amortised cost** |
|---|---|---|---|---|
| **Financial assets not measured at fair value** | | | | |
| Rental deposits | 18 | - | 22.0 | - |
| Trade and other receivables from clients | 20 | - | 72.9 | - |
| Cash and cash equivalents | 22 | - | 198.7 | - |
| **Financial liabilities not measured at fair value** | | | | |
| Loans and borrowings | 27 | - | - | 581.2 |
| SSD | 27 | - | - | 83.5 |
| Lease liabilities | 14 | - | - | 822.9 |
| Trade and other liabilities to suppliers | 32 | - | - | 245.2 |

| **31 December 2020** | **Note** | **FVTPL** | **Financial assets at amortised cost** | **Financial liabilities at amortised cost** |
|---|---|---|---|---|
| **Financial assets not measured at fair value** | | | | |
| Rental deposits | 18 | - | 21.7 | - |
| Trade and other receivables from clients | 20 | - | 43.2 | - |
| Cash and cash equivalents | 22 | - | 204.8 | - |
| **Financial liabilities not measured at fair value** | | | | |
| Loans and borrowings | 27 | - | - | 668.4 |
| SSD | 27 | - | - | 102.4 |
| Lease liabilities | 14 | - | - | 761.4 |
| Trade and other liabilities to suppliers | 32 | - | - | 146.9 |

*Risk management*

The Group is exposed to several financial risks in connection with its activities, including: the risk of market fluctuations (covering the foreign exchange risk and risk of changes in interest rates), risk related to financial liquidity and – to a limited extent – credit risk. The risk management program implemented by the Group is based on the assumption of the unpredictability of the financial markets and is used to maximally limit the impact of negative factors on the Group's financial results.

(all figures in EUR millions unless stated otherwise)

*Credit risk*
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.
Financial instruments especially exposed to credit risk include cash and cash equivalents, trade and other receivables. The Group has no significant concentration of credit risk. The risk is spread over a number of banks, whose services are used, and customers it cooperates with.
The maximum credit risk exposure on trade and other receivables and cash and cash equivalents amounts to EUR 293.6 million.

*Cash and cash equivalents*
Credit risk related to financial instruments in the form of cash in bank accounts is limited, due to the fact that the parties to the transaction are banks with high credit ratings received from international rating agencies.
Trade receivables
The Group analyses receivables by type of the customer. The Group operates chains of own restaurants under own brands as well as under franchise license agreements. Additionally, the Group operates as franchisor (for own brands) and master-franchisee (for some franchised brand) and develops chains of franchisee businesses, organizing marketing activities for the brands and supply chain. Consequently, the Group analyses two stream of receivables related to:
- Restaurant sales,
- Franchise and other sales.

The Group' receivables related to restaurant sales are limited and have low credit risk due to the short settlement time and the nature of settlement, as guests pay in restaurants generally in cash or via credit or debit cards.
Receivables related to franchise sales include franchise receivables referring to own brands and master-franchise agreements. For these receivables the Group performs detailed analysis of expected credit loss.
The Group's exposure to that credit risk is influenced mainly by the individual characteristics of each customer. However, the Group also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate, including the external rating related to particular country.
For these receivables the Group applied the simplified approach permitted by IFRS 9, which requires expected credit losses (ECLs) to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
During year 2021 the Group recognized an impairment of the Group's receivables exposed to credit risk in an net amount of EUR 0.9 million.

The ageing break-down of receivables and receivable loss allowance as of 31 December 2021 and 31 December 2020 is presented in the table below.

| | **Current** | | **Overdue in days** | | | **Total** |
|---|---|---|---|---|---|---|
| **2021** | current | less than 90 | 91 - 180 | 181 - 365 | more than 365 | |
| Trade and other receivables | 55.4 | 8.7 | 2.9 | 4.2 | 9.6 | 80.8 |
| Loss allowance (note 20) | (0.9) | (1.0) | (1.2) | (2.2) | (7.6) | (12.9) |
| **Total** | **54.5** | **7.7** | **1.7** | **2.0** | **2.0** | **67.9** |

| | **Current** | | **Overdue in days** | | | **Total** |
|---|---|---|---|---|---|---|
| **2020** | current | less than 90 | 91 - 180 | 181 - 365 | more than 365 | |
| Trade and other receivables | 45.2 | 10.5 | 2.8 | 5.2 | 8.9 | 72.6 |
| Loss allowance (note 20) | (0.7) | (1.2) | (0.8) | (2.6) | (6.9) | (12.2) |
| **Total** | **44.5** | **9.3** | **2.0** | **2.6** | **2.0** | **60.4** |

Value of loss allowance for receivables as of 31 December 2021 and 31 December 2020 is presented in table below:

| | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Value at the beginning of the period | (12.2) | (8.1) |
| Allowance created | (3.8) | (6.9) |
| Allowance released | 2.9 | 0.7 |
| Allowance used | 0.1 | 1.5 |
| Other | 0.1 | 0.6 |
| Value at the end of the period | **(12.9)** | **(12.2)** |

*Interest rate risk*
Bank borrowings drawn by the Group are most often based on fluctuating interest rates (note 27). As of 31 December 2021 the Group does not hedge against changes in cash flows resulting from interest rate fluctuations which have an impact on the results. The Group analyses the market position relating to interest on loans in terms of potential refinancing of debt or renegotiating the lending terms and conditions. The impact of changes in interest rates on results is analyzed in quarterly periods.

(all figures in EUR millions unless stated otherwise)

Had the interest rates on loans denominated in Polish zlotys during the 12 months ended 31 December 2021 been 30 base points higher/lower, the profit before tax for the period would have been EUR 329.1 thousand lower/higher (2020: EUR 371.1 thousand).

Had the interest rates on loans denominated in euro during the 12 months ended both 31 December 2021 and 31 December 2020 been 30 base points higher/lower, the profit before tax for these periods would have been the same.

*Foreign exchange risk*
The Group is exposed to foreign exchange risk related to transactions in currencies other than the functional currency in which the business operations are measured in particular Group companies. Foreign exchange risk results from future business transactions, recognised assets and liabilities. Moreover, lease payments related to a significant part of the Group's lease agreements are indexed to the exchange rate of EUR or USD. Nevertheless, the Group is trying to sign lease agreements in local currencies whenever possible.

For hedging transactional risk and risk resulting from revaluation of recognised assets and liabilities the Group uses derivative forward financial instruments.

*Net investment foreign currency valuation risk*
The Group is exposed to risk of net investment valuation in subsidiaries valued in foreign currencies. This risk is hedged for key positions with use of net investment hedge. Details concerning hedging on currency risk are described in note 23.

*Liquidity risk*
Prudent financial liquidity management assumes that sufficient cash and cash equivalents are maintained and that further financing is available from guaranteed funds from credit lines.
The table below shows an analysis of the Group's financial liabilities which will be settled in net amounts in particular ageing brackets, on the basis of the term to maturity as of the balance sheet date. The amounts shown in the table constitute contractual, undiscounted cash flows. The interest payments on variable interest rates loans in the table below reflect market interest rates at the reporting date and these amount may change as market interest rates change. The future cash flows on financial liabilities may be different from the amount in the table below as interest rates and exchange rates change. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

The maturity break-down of long- and short-term borrowings as well as trade and other liabilities as of 31 December 2021 and 31 December 2020 is presented in the table below:

**31 December 2021**

| | Contractual, undiscounted cash flows | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Up to 1 year | Between 1 and 2 years | Between 2 and 3 years | Between 3 and 4 years | Between 4 and 5 years | More than 5 years | Total | Carrying amount |
| Trade and other liabilities to suppliers | 180.9 | - | - | - | - | - | 180.9 | 180.9 |
| Loan instalments | 118.7 | 86.1 | 448.1 | 4.3 | 1.1 | - | 658.3 | 658.3 |
| Interest and other charges | 17.0 | 15.0 | 13.0 | - | - | - | 45.0 | - |

**31 December 2020**

| | Contractual, undiscounted cash flows | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Up to 1 year | Between 1 and 2 years | Between 2 and 3 years | Between 3 and 4 years | Between 4 and 5 years | More than 5 years | Total | Carrying amount |
| Trade and other liabilities to suppliers | 146.9 | - | - | - | - | - | 146.9 | 146.9 |
| Loan instalments | 95.1 | 609.6 | 13.4 | 42.8 | 8.1 | 2.2 | 771.2 | 770.8 |
| Interest and other charges | 16.0 | 11.0 | 1.1 | 0.6 | 0.1 | - | 28.8 | - |

Contractual, undiscounted payments of interests and other fees have been determined taking into consideration following assumptions:

- for loans in foreign currency the expected cash flows was translated spot rates at reporting date.
- the interest payments on variable interest rate loans reflect market interest rates at the reporting date.

The future cash flows may be different from the amounts in the table as exchange rates or interest rates change.

*Capital risk*
The Group manages capital risk to protect its ability to continue in operation, so as to enable it to realize returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost.

(all figures in EUR millions unless stated otherwise)

# 36. Audit fees

PwC Auditors, S.L., and other related companies as defined in the fourteenth additional provision of legislation governing the reform of the financial system, rendered professional services to the Group during the years ended 31 December 2021 and 2020, the fees and expenses for which are as follows:

| 2021 | PwC Auditores, S.L. | Other entities affiliated with PwC International | Other auditors | Total |
|---|---|---|---|---|
| Audit and other assurance services | 0.2 | 0.6 | 0.4 | 1.2 |
| Other verification services | 0.1 | - | - | 0.1 |
| Other services | - | - | - | - |
| | 0.3 | 0.6 | 0.4 | 1.3 |

| 2020 | KPMG Auditores, S.L. | Other entities affiliated with KPMG International | Other auditors | Total |
|---|---|---|---|---|
| Audit and other assurance services | 0.3 | 0.6 | 0.3 | 1.2 |
| Other verification services | - | 0.1 | - | 0.1 |
| Other services | - | 0.1 | 0.1 | 0.2 |
| | 0.3 | 0.8 | 0.4 | 1.5 |

Other assurance services include, mainly, limited review of the Condensed Consolidated Financial Statements for the six-month period ending 30 June 2021 and other agreed upon-procedures performed by the auditors.
The amounts detailed in the above table include the total fees for 2021 and 2020, irrespective of the date of invoice.

# 37. Events after the reporting period

On 1 February 2022 Burger King Europe GMBH has notified AmRest about the termination of the development agreements of the Burger King brand in Poland, the Czech Republic, Slovakia, Bulgaria and Romania effective as of the same day. AmRest will continue to operate 93 Burger King restaurants that it owns in mentioned territories under the best standards of service and quality, in compliance with the franchise agreements signed, which will continue to be in force. Therefore, the revenues, EBITDA and total assets of AmRest will not be significantly affected by the termination of the development agreements.

After the reporting period the uncertainty arising from the conflict between Ukraine and Russia has increased, which may result in a negative impact on economy, including instable currency, interest rates, liquidity, supply chain disruptions and consumer confidence deterioration. All these events and uncertainty that accompanies them may have a significant impact on the Group's operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation may differ from the Management's expectations however it is being monitored in order to adjust strategic intentions and operational decisions, which will minimize business risks.

# 38. Significant accounting policies

## a. Basis of consolidation

*Business combinations*
The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.
The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.
The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.
Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.
The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.
Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

*Subsidiaries*
Subsidiaries are entities controlled by the Group.
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee,
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.
Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

*Non-controlling interests and transactions with non-controlling interests*
Changes in the Group's interest in a subsidiary that do not result in a loss of control over subsidiary company are recognised as equity transactions. In such cases, the Group adjusts the carrying amount of the controlling and non-controlling interest and effect of transactions with non- controlling interest is presented in equity items allocated to the owners of the parent.

*Interests in equity-accounted investees*
The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.
Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.
Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. The Group's investment in equity-accounted investees includes goodwill (net of any potential accumulated impairment write-downs), determined as of the acquisition date. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

*Transactions eliminated on consolidation*
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## b. Foreign currency

*Functional currencies and presentation currency*
The Group's consolidated financial statements are presented in euros.
For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.
The Group uses European Central Bank's exchange rates for currency translations.
The functional currency of none of the subsidiaries is the currency of a hyperinflationary economy as at 31 December 2021.

*Foreign currency transactions*
Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. For simplification monthly income statements are translated using average monthly exchange rates based on the European Central Bank rates.
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.
However, foreign currency differences arising from the translation of the following items are recognised in OCI:
- An investment in equity securities designated as of FVOCI,
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective,
- Qualifying cash flow hedges to the extent that the hedges are effective.

*Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.
Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

## c. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.
The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.
Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.
Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

## d. Revenues

The Group operates chains of own restaurants under own bands as well as under franchise license agreements. Additionally Group operates as franchisor (for own brands) and master-franchisee (for some franchised brand), and develops chains of franchisee businesses, organizing marketing activities for the brands, and supply chain.
Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

*Restaurant sales*
Revenues from the sale of goods by owned restaurants are recognised as Group sales when a customer purchases the goods, which is when our obligation to perform is satisfied. These revenues are presented in "Restaurant sales" line in the Consolidated Income Statement.

*Franchise and other sales: owned brands*

- Royalty fees (based on percentage of the applicable restaurant's sales) are recognised as the related sales occur. Royalty fees are typically billed and paid monthly.
- Initial fees, renewal fees: for each brand separately, the Group analyses if the activities performed are distinct from the franchise brand. If they do not represent a separate performance obligation they are recognised on a straight-line basis over the contract duration. If they represent a separate obligation, the Group estimates the allocation of the part of the transaction price to that performance obligation.
- Advertising funds: for Sushi Group and Bacoa brands the Group operates the advertising funds that are designed to increase sales and enhance the reputation of the own brands and its franchise owners. Contributions to the advertising cooperatives are required for both Company-owned and franchise restaurants and are generally based on a percentage of restaurant sales. Revenues for these services are typically billed and paid on a monthly basis. Advertising services that promote the brand (rather than an individual location), such as national advertising campaigns, are not separable between different franchise agreements or franchisees, and not distinct because the services and franchise right are highly dependent and interrelated with each other. The sales-based advertising fund contributions from franchisees are recognised as the underlying sales occur, are reported gross as part of revenue and presented in line "Franchise and other sales". Own restaurants participation in marketing costs as an element is presented as element of operational costs.
- Revenue from sale of products to franchisees is recognised at the moment of transaction which is when our obligation to perform is satisfied.

*Franchise and other sales: master-franchise agreements*
As a result of signed Master Franchise Agreements (MFAs) for different Pizza Hut concepts, YUM ("Master Franchisor") granted AmRest ("Master Franchisee") Master Franchise Rights for the agreed term in the particular territories. Intellectual property is exclusive property of Master Franchisor and Master Franchisor grants AmRest a license to use it in the agreed territory. Under the Master Franchise Agreement parties established the development commitments for development periods.

Performance obligations identified:
- AmRest's performance obligation to YUM: to develop the market by opening new restaurants (either AmRest own or sub-franchises) and promote the YUM's brand by performing marketing activities. Managing marketing fund is not distinct from the development of the market, and no separate remuneration was agreed between parties for those services. Various streams of cash flows are agreed in MFA: AmRest collects initial fees and transfers them to YUM, AmRest manages the marketing fund (collects revenue based contributions from owned and sub-franchised restaurants and spends them on marketing activities, any unspent amount is to be paid to YUM and YUM spends it on national campaigns at its discretion). If a certain point of market development level is reached, AmRest is enabled to receive a bonus that represents the transaction price for the service performed for the Master Franchisor. To reflect the substance of the transaction, incomes from sub franchisees from initial and marketing fees are netted with the initial fees paid/actual marketing expenses and bonus earned.
- AmRest's performance obligation to sub-franchisees: to grant sub-franchisees the right to use the system, system property etc. and other services solely in connection with the conduct of the business at the outlet (sub-licensing from YUM). The transaction price is agreed in the form of sales based royalties paid by franchisees. Initial fees and renewal fees paid by franchisees are part of other performance obligations (described above). Corresponding costs of acquiring license right from Yum are presented within costs of sales of franchise activities in the line "Franchise and other expenses".

*Loyalty points programs*
The Group has various loyalty points programs where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue from the award points is recognised when the points are redeemed or when they expire or are likely to expire.
When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points.

*Gift cards*
Gift cards may be issued to the guests in some brands and redeemed as a payment form in subsequent transactions. The Group records a contract liability in the period in which gift cards are issued and proceeds are received. This liability is calculated taking into account the probability of the gift cards' redemption. The redemption rate is calculated based on own and industry experience, historical and legal analysis. Revenue is recognised when a performance obligation is fulfilled and a guest redeems the gift cards.

## e. Government grants

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as other operating income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

## f. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that itis no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Depending on the tax jurisdiction where the Group's subsidiaries operate recoverability of deferred taxes is assessed taking into account potential time expiry of availability of deferred tax utilization (e.g. in case of tax losses).
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.
Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.
The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## g. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*The Group as a lessee*
At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.
The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Generally, the Group uses the incremental borrowing rates as the discount rates.
The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources (differentiated by currency of the debt) and makes certain adjustments to reflect the terms of the lease, based on long-term IRS quotation.
The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made (amortised cost using the effective interest method). It is remeasured when there is:

- a change in future lease payments arising from a change in an index or rate,
- a change in the estimate of the amount expected to be payable under a residual value guarantee, or
- changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.
The Group incurs expenses on maintenance, security and promotion in the shopping malls (so called "common area charges"). These items are separate services (non-lease components) and are recognised as an operating expenses.
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expenses on a straight-line basis over the lease term.

*COVID-19-related rent concessions*
The Group has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

*The Group as a lessor*
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.
When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.
Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and included in other income in the income statement.

## h. Property, plant and equipment

Items of property, plant and equipment (PPE) are measured at cost less accumulated depreciation and any accumulated impairment losses.
The initial value of the property, plant and equipment of new restaurants built internally (such as construction sites and leasehold improvements in restaurants) include the cost of materials, direct labor, costs of architecture design, legal assistance, the present value of the expected cost for the decommissioning of an asset after its use, wages and salaries and benefits of employees directly involved in launching a given location.
The Group capitalizes the restaurants costs mentioned above incurred from the moment when the completion of the project is considered likely. In the event of a later drop in the probability of launching the project at a given location, all the previously capitalized costs are transferred to the income statement.
If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.
Gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss, under „other operating gains and losses".

*Amortisation and depreciation*
Property, plant and equipment, including their material components, are depreciated on a straight-line basis over the expected useful life of the assets/components. Land is not depreciated. Construction in progress is stated at cost, net of accumulated impairment losses, if any.
The estimated useful lives of property, plant and equipment are as follows:

| | |
|---|---|
| Buildings, mainly drive- through restaurants | 30 - 40 years |
| Costs incurred on the development of restaurants (including leasehold improvements and costs of development of the restaurants) | 10 - 20 years * |
| Kitchen equipment assets | 3 - 14 years |
| Vehicles | 4 - 6 years |
| Other property, plant and equipment | 3 - 10 years |

** over the lease term*
The residual value, depreciation method and economic useful lives are reassessed at least annually.

## i. Franchise, license agreements and other fees

The Group operates own restaurants on the basis of franchise agreements (third party brands). In accordance with the franchise agreements, the Group is obliged to pay a non-reimbursable initial fee upon opening each new restaurant and further fees over the period of the agreement (in the amount of a % of sales revenues, usually 5-6%), and to allocate a % of revenues (usually 5%) to advertising activities specified in the respective agreements. Moreover, after the end of the initial period of the franchise agreement, the Group may renew the franchise agreement after paying a renewal fee.
Non-reimbursable initial fees are in fact fees for the right to use the trademark and are included in intangible assets and amortised over the period of the franchise (usually 10 years). Further payments made in the period of the agreement are disclosed in the income statement upon being made. Fees for extending the validity of the agreements are amortised as of the date of a given extension agreement coming into force.
The local marketing fee is recognised in the income statement as incurred in category direct marketing costs.

## j. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Acquired licenses for computer software are capitalized on the basis of costs incurred to acquire and prepare specific software for use.
Franchise right of use for Pizza Hut, KFC, Burger King and Starbucks trademarks are recognised at the acquisition price.
The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.
Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.
Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

*Amortisation*

The useful lives of intangible assets are assessed as either finite or indefinite.
Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.
Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The estimated useful lives of assets are as follows:

| Intangible asset | | |
|---|---|---|
| *Acquired routinely* | | |
| Computer software | | 3-5 years |
| Franchise rights | | 5-10 years |
| Other intangible assets | | 5-10 years |
| *Acquired in business combinations* | *Intangible asset category* | |
| La Tagliatella brand | Marketing related | indefinite |
| Sushi Shop brand | Marketing related | indefinite |
| Blue Frog brand | Marketing related | 20 years |
| Sushi Shop loyalty program | Customer related | 10 years |
| La Tagliatella franchisee relations | Customer related | 24 years |
| Favorable lease agreements | Contract based | 2-10 years over the period to the end of the agreement |
| Clients'/vendors'/ Franchise databases | Customer related | 2-5 years |
| Exclusivity rights brand operator | Customer related | 6-12 years |

## k. Goodwill

Goodwill on acquisition of a business is initially measured at acquisition cost which is an excess of:

- the sum total of:
    - the consideration paid,
    - the amount of all non-controlling interest in the acquiree, and
    - in the case of a business combination achieved in stages, the fair value, at the acquisition-date, of an interest in the acquiree,
- over the net fair value of the identifiable assets and liabilities at the acquisition date.

Goodwill on consolidation is disclosed in a separate line in the statement of financial position and measured at cost net of accumulated impairment write-downs. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.
Goodwill of foreign operations is translated into euro at the exchange rates at the reporting date. Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity sold.

## l. Impairment of non-financial assets

The Group periodically reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated for the purpose of impairment test.
A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.
The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.
Goodwill arising from a business combination is allocated groups of CGUs that are expected to benefit from the synergies of the combination.
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.
Impaiment losses are recognised in profit or loss in line "Net impairment losses on other assets" They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU.
An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.
An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal of impairment losses in recognised in line " Net impairment losses on other assets".

Group performs in general two types of impairment tests: on restaurant levels, when impairment indicators exists and for businesses were goodwill is assigned or impairment indicators identified.

*Restaurants tests - procedure performed twice a year*
Usually individual restaurants are considered separate CGUs in Group.
The following situations are considered impairment indicators for the purpose of testing at restaurant level:

- Restaurant operating result for last 6 month is negative,
- Store was already fully or partially impaired during last impairment test exercise,
- Store is planned to be closed.

A group of stores operating over 24 months in AmRest structures which has not been renovated in the last 24 months is analysed at least twice a year if impairment indicators exist. If one of the above indicators is identified for the store then the restaurant is tested for impairment. Value in use is usually determined for the remaining estimated period of operation, as well analysis of potential onerous liabilities (mainly for rental agreement costs) is performed for planned closures.
Regularly the Group also tests restaurants for which in past the impaired loss was recognised, in order to determine if any reversal is required.
For recoverable value calculations of value in use, Group uses cash flow projections based on financial budgets that require relevant judgments and estimates that include, among others, growth in sales and costs and applied discount rates. In the event that the fair value less costs of sale is used as a reference, market references are used that take into account, among others, location and updated market information.
Upon application of the IFRS 16 carrying amount of the tested restaurants includes also carrying amount of right of use of assets in respective restaurants. Value in use is based on the estimated future cash flows, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In case the Group believes the asset tested within CGU will be recovered through the sale, sublease or reallocation into another restaurant the respective adjustment is made in determining final impairment charge. Discounted cash flows do not include outflows relates to rental agreements as those are considered an element of financing under IFRS 16 and reflected in discount rate applicable for test.

*Goodwill tests - unless impairment indicators exist, procedure performed once a year*
For businesses where goodwill is allocated impairment tests are performed at least once a year. Goodwill is testes together with intangibles (including those with indefinite useful lives), property plant and equipment, right of uses assets as well other non-current assets allocated to groups of CGUs where goodwill is monitored. If impairment indicators exist additional tests are performed. Following indicators are analyzed:
Arising from external sources of information such as:

- Significant adverse changes that have taken place (or are expected in the near future) in the technological, market, economic or legal environment in which the entity operates or in its markets,
- Increases in interest rates, or other market rates of return, that might materially affect the discount rate used in calculating the asset's recoverable amount.

Arising from internal sources of information, including:

- Plans to discontinue or restructure the operation to which the asset belongs, as well as reassessing the asset's useful life from indefinite to finite,
- Deterioration in the expected level of the asset's performance i.e. when the actual net cash outflows or operating profit or loss are significantly worse than budgeted,
- Where management's own forecasts of future net cash inflows or operating profits show a significant decline from previous budgets and forecasts.

Materiality applies in determining whether an impairment review is required. If previous impairment reviews have shown a significant excess of recoverable amount over carrying amount, no review would be necessary in the absence of an event that would eliminate the excess. Previous reviews might also have shown that an asset's recoverable amount is not sensitive to one or more of the impairment indicators.
The recoverable amounts is assessed using fair values less costs of disposal model based on the discounted cash flows.
For recoverable value calculations, the Group uses cash flow projections based on financial budgets that require judgment and other estimates that include, among others, the operating result on sales and the discount and growth rates at long term.
Post tax rate is applied, and implied pre-tax rate subsequently determined.
Discounted cash flows do not include outflows relates to rental agreements as those are considered an element of financing under IFRS 16 and reflected in discount rate applicable for test.
Sensitivity analysis is performed as an element of impairment tests procedures.

## m. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.
Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect, when applicable.

## n. Inventories

Inventories include mainly materials and goods for resale. Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

## o. Cash and cash equivalents

Cash reported in the statement of financial position comprises cash at banks and on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.
For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts if they are considered an integral part of the Group's cash management.

## p. Financial assets

The Group classifies its financial assets in the following measurement categories:
- Those to be measured subsequently at fair value through other comprehensive income (FVOCI),
- Those to be measured subsequently at fair value through profit or loss (FVTPL),
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

*Recognition and derecognition*
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

*Measurement*
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. A trade receivable without a significant financing component is initially measured at the transaction price.

*Debt instruments*
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:
- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss,
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss,
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

*Equity instruments*
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.
Changes in the fair value of financial assets at FVTPL are recognised in other operating gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

*Impairment*
The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.
The Group recognises loss allowance for expected credit losses (ECLs) on:

- Financial assets that are debt instruments such as loans, debt securities, bank balances and deposits and trade receivables that are measured at amortised cost,
- Financial assets that are debt instruments measured at fair value through other comprehensive income,
- Finance lease receivables and operating lease receivables,
- Contract assets under IFRS 15.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is impaired includes observable data about such events.
The Group applied the simplified approach for:

- all trade receivables or contract assets that result from transactions within the scope of IFRS 15, and that contain a significant financing component in accordance with IFRS 15,
- all lease receivables that result from transactions that are within the scope of IAS 17 and IFRS 16 (when applied).

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## q. Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.
A financial liability is classified as of FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. The Group has not designated any financial liability as of fair value through profit or loss.
Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. This category generally applies to interest-bearing loans and borrowings.
Initially, borrowings are recognised in the books of account at the fair value net of transaction costs associated with the borrowing. Subsequently, borrowings are recognised in the books of account at amortised cost using the effective interest rate.
The liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.
The difference in the respective carrying amounts is recognised in the statement of profit or loss. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

## r. Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.
Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken directly to profit or loss for the period.
The Group designates certain derivatives as either:

- Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge), or
- Hedges of a net investment in a foreign operation (net investment hedge).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

*Cash flow hedge*
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the hedging reserve. The gain or loss relating to the ineffective portion is recognszed immediately in the income statement under ‘other financial income or costs – net’.
When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item (‘aligned forward element’) is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.
Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.
If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item’s cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the income statement under ‘other financial income or costs – net’.

*Net investment hedge*
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.
Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.
Hedge is effective if:
- There is economic relationship between hedged item and hedging instrument,
- The effect of credit risk does not dominate the value changes,
- The actual hedge ratio (designated amount of hedged item/designated of hedged instrument) is based on the amounts the Group is us using for risk management.

The Group uses loans as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

## s. Share based payments and employee benefits

*Share-based payments*
The Group 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 recognised, 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 recognised 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 Group re-measures the liability related to cash-settled transaction.
The liability is subsequently measured at its fair value at every balance sheet date and recognised to the extent that the service vesting period has elapsed, with changes in liability valuation recognised in income statement. Cumulatively, at least at the original grant date, the fair value of the equity instruments is recognised as an expense (share-based payment expense).

At the date of settlement, the Group 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 recognised liability,
- If the settlement is in shares, the balance of the liability is transferred to equity, being consideration for the shares granted. Any previously recognised equity component shall remain within equity.

*Long-term employee benefits based on years in service*
The net value of liabilities related to long-term employee benefits is the amount of future benefits which were vested in the employees in connection with the work they have carried out them in the current and past periods. The liability was accounted for based on the estimated future cash outflows, and at the balance sheet date, the amounts take into consideration the rights vested in the employees relating to past years and to the current year.

*Retirement benefit contributions*
During the financial period, the Group pays mandatory pension plan contributions dependent on the amount of gross wages and salaries payable, in accordance with legally binding regulations. The public pension plan is based on the pay-as-you-go principle, i.e. the Group has to pay contributions in an amount comprising a percentage of the remuneration when they mature, and no additional contributions will be due if the Company ceases to employ the respective staff. The public plan is a defined contribution pension plan. The contributions to the public plan are disclosed in the income statement in the same period as the related remuneration, under "Payroll and employee benefits".

## t. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

*Costs of bringing the location to the condition it had been in before the lease agreement was signed*
Depending on particular contracts the Group may be obliged to bring the location to the condition it had been in before the lease agreement was signed. Asset retirement provision costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset (leasehold improvement asset within PPE section).
The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed periodically and adjusted if needed.

*Development commitments unattained*
Group restaurants are operated under franchise and development agreements with YUM! and subsidiaries of YUM!, Burger King Europe GmbH, Starbucks Coffee International, Inc. In accordance with these agreements, the Group is obliged to meet certain development commitments as well as maintain the identity, reputation and high operating standards of each brand.
Certain development commitments may be determined on annual basis and may result in recognition of agreed bonuses if case the development commitments are satisfied or exceeded. Alternatively if the Group believes the commitments will not be attained the respective provision are recognized. The Group considers all available fact and circumstances to determine the risks related to future liabilities including planned openings as included in the annual operating plan for next reporting year.
The provisions are periodically reviewed. The net expenses/gains relating to a provision are presented in the statement of profit or loss in other operating incomes/expenses section.

## u. Equity

Equity includes equity attributable to shareholders of the parent and non-controlling interests.
Equity attributable to shareholders of the parent is grouped into the following:
- Share capital,
- Reserves,
- Retained earnings,
- Translation reserve.

The effect of the following transactions is presented under reserves:
- Share premium (surplus over nominal amount) and additional contributions to capital without the issue of shares made by the shareholders prior to becoming public entity,
- Effect of accounting for put options over non-controlling interests,

- Effect of accounting for share-based payments,
- Treasury shares,
- Effect of hedges valuation,
- Effect of accounting for transactions with non-controlling interests.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds. The income tax effect relating to transaction costs of an equity transaction is also accounted for in equity.

*Treasury shares*
When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in “Reserves”.

## 39. Changes in accounting policies, reclassification and restatement of comparatives summary

### a. Amendment to IFRS 16 - Covid-19-Related Rent Concessions

In May 2020 IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases (“the 2020 Amendment”) that provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification.
The Group has applied the amendments to IFRS 16 already in 2020 for the first time.
One of the conditions of applying the amendment was that it related to a reduction in lease payments due originally on or before 30 June 2021. However, the pandemic has continued beyond the period envisaged when the 2020 Amendment was issued. In April 2021 IASB has extended the amendment to IFRS 16 and the entities will be allowed to apply the amendment to a reduction in lease payments originally due on or before 30 June 2022 (“the 2021 Amendment”). This amendment was approved by European Union on 31 August 2021 and applied in these consolidated financial statements. The effect of the accounting is presented under “rent concessions” lines.

### b. Other newly applied standards, amendments and interpretations

The amendments and interpretations below were applied in 2021 and had no significant impact on the accounting policies applied.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR): practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform; relief from discontinuing hedging relationships; relief in area of separately identifiable risk components. Amendments are effective for reporting periods beginning on or after 1 January 2021.

## 40. Standards issued but not yet effective

Below amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

IFRS 17 Insurance Contracts
IFRS 17 Insurance Contracts (IFRS 17) is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 will replace IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. Additionally, in June 2020, the IASB issued amendments to IFRS 17. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023. It is not expected that standard will have a material impact on Group.

Amendments to IFRS 3 -Reference to the Conceptual Framework
The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation

exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.
The amendments must be applied prospectively. Earlier application is permitted. The amendments are effective for annual periods beginning on or after 1 January 2022.

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual periods beginning on or after 1 January 2022.

Amendments to IAS 37 -Onerous Contracts – Costs of Fulfilling a Contract
The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a ‘directly related cost approach’. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022.

Below standards and amendments that and are issued but not yet approved by European Union. The Group will apply the standard once approved by the European Union.

Amendments to IAS 1: Classification of liabilities as current or non-current

The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant. The amendments clarify the situations that are considered settlement of a liability. The new guidance will be effective for annual periods starting on or after 1 January 2023. The amendments are to be applied prospectively and will be reflected in accounting for future transactions of Group. The Group has not finalized yet its analysis of impact on future reporting.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies.
The amendments specify requirements and provide guidance to help entities make more effective accounting policy disclosures. The amendments are effective for annual periods beginning on or after 1 January 2023. The Group has not finalized yet its analysis of impact on future reporting.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
The amendments introduce the definition of accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after 1 January 2023. The Group has not finalized yet its analysis of impact on future reporting.

Amendments to IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
Amendments were issued on 7 May 2021 and are effective for annual periods beginning on or after 1 January 2023. The Group has not finalized yet its analysis of impact on future reporting.

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information.
Amendments were issued on 9 December 2021 and are effective for annual periods beginning on or after 1 January 2023. These amendments will have no impact on Group reporting.

## 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, 28 February 2022

**AmRest Holdings SE**
28046 Madrid, Spain

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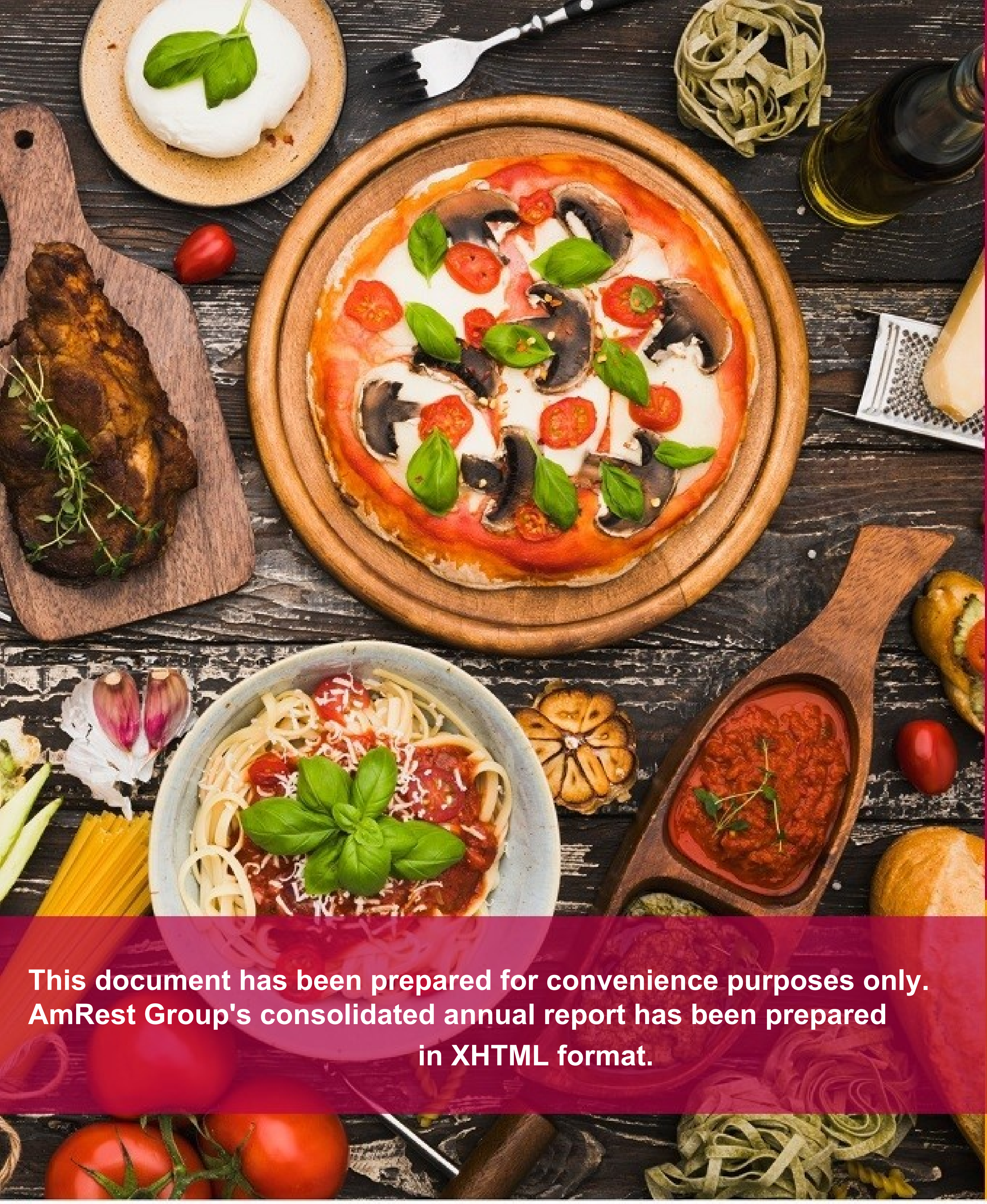



# Directors' Report
## for the year ended 31 December 2021

AmRest Holdings SE capital group
**28 FEBRUARY 2022**

AmRest

AmRest

AmRest Holding SE

**Directors' Report**
for the year ended 31 December 2021

# Contents

## Dear Shareholders,

It is with immense pride that I share the AmRest Holdings SE financial report for the full year 2021.

Our team thrived in the face of adversity and our annual results are testament to this.

Over the course of the year, we relied on our ability not only to adapt to change but to understand the intricacies of what our company and our industry needed to do in order to harness the benefits of focusing on our customers and serving them in new ways. Keeping always as a priority the health of our employees and customers, we achieved sales recovery and profitability levels well above the average for companies similar to ours.

The daring actions we implemented early on in the pandemic, together with the collaboration and dedication of the management team and our employees, particularly those who are directly serving our customers, helped us to not only mitigate the impact of pandemic-induced restrictions, but to flourish by honing our online and delivery strategy.

In 2021, we focused a considerable portion of our efforts on improving execution through the home-delivery and take-out channels, which became the most dynamic road to market for the company. At year-end, these channels accounted for 70% of total sales, up from 65% in 2020 and 46% in 2019, contrasting sharply with the predominant contribution of the dine-in channel prior to the pandemic.

However, the dine-in channel continues to have enormous latent potential for improvement, which I am certain we will once again capture over the coming months. In 2021, we opened 147 new restaurants and, for the first time ever, we did this with our own resources. Of our current 2,436 establishments, 99% were operating at year-end. We are thrilled to successfully serve an increasing number of satisfied customers once again inside our stores.

As economies gradually began to reopen, we registered an uptick in consecutive quarterly revenues, achieving record highs for both the third and fourth quarters. At year-end, sales were up a remarkable 25.9% with respect to 2020, reaching 1,917 million euros, similar to pre-pandemic levels.

While the company’s performance was encouraging in every region, China and Central and Eastern Europe were particularly noteworthy, with sales growths of 31% and 27%, respectively. These regions were followed by Western Europe, with a 24% sales growth, and Russia, which was up 21%.

Throughout the year, we made the necessary investments to strengthen our capabilities in technological platforms and implemented great discipline in operations and in the way we employ our resources.

Through it all, AmRest has continued to prudently manage liquidity, maintaining high cash or cash-like levels which have remained virtually unchanged from 2020. In addition, over the course of the year, our net financial debt was reduced by 100.4 million euros, and by 162 million euros if we compare these figures to the start of the pandemic. Our debt reduction and business improvements contributed to reducing the leverage ratio to 2.3, compared to 12.5 at year-end 2020.

I would like to take this opportunity to congratulate Luis Comas, the new AmRest CEO. With his more than 30 years’ experience in the restaurant business, he has done an excellent job in guiding the management team and brand presidents under demanding circumstances.

We currently have the team and brands we need to move forward in retaking the path to growth, and I am hopeful external conditions will finally be gentler to our business.

These challenging months have brought out the best in our employees, and I want to wholeheartedly thank them for their persistent efforts to serve our customers with dedication and passion. On behalf of the Board of Directors I also wish to extend our appreciation to our shareholders, directors and stakeholders for their committed work and continued trust, even during the most difficult times.

I am certain that we are well on our way to continue our recovery process and to anchoring AmRest as the European leader that inspires the global restaurant industry.

Thank you all for your extraordinary work.

**José Parés Gutiérrez**

*Chairman of the Board of Directors*

# Highlights

AmRest

# Financial highlights (consolidated data)

| | YEAR ENDED | | 3 MONTHS ENDED | |
|---|---|---|---|---|
| | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| Revenue | 1917.0 | 1522.9 | 539.0 | 397.5 |
| EBITDA* | 359.1 | 201.7 | 98.0 | 46.9 |
| EBITDA margin | 18.7% | 13.2% | 18.2% | 11.8% |
| Adjusted EBITDA** | 364.9 | 205.5 | 99.9 | 48.0 |
| Adjusted EBITDA margin | 19.0% | 13.5% | 18.5% | 12.1% |
| Profit from operations (EBIT) | 103.1 | (142.5) | 28.2 | (28.9) |
| EBIT margin | 5.4% | (9.4%) | 5.2% | (7.3%) |
| Profit before tax | 57.9 | (201.4) | 14.0 | (41.0) |
| Net profit | 35.4 | (183.7) | 5.3 | (23.9) |
| Net margin | 1.8% | (12.1%) | 1.0% | (6.0%) |
| Net profit attributable to non-controlling interests | 2.5 | (1.7) | 1.0 | (0.5) |
| Net profit attributable to equity holders of the parent | 32.9 | (182.0) | 4.4 | (23.4) |
| Cash flows from operating activities | 356.9 | 178.8 | 108.6 | 24.2 |
| Cash flows from investing activities | (96.6) | 11.7 | (36.9) | 51.3 |
| Cash flows from financing activities | (270.4) | (95.0) | (46.6) | (50.1) |
| Total cash flows, net | (10.1) | 95.5 | 25.1 | 25.4 |
| Average weighted number of ordinary shares for basic earnings per shares (in thousands) | 219,352 | 219,169 | 219,389 | 219,149 |
| Average weighted number of ordinary shares for diluted earnings per shares (in thousands) | 219,852 | 219,346 | 219,745 | 219,213 |
| Basic earnings per share (EUR) | 0.15 | (0.83) | 0.02 | (0.11) |
| Diluted earnings per share (EUR) | 0.15 | (0.83) | 0.02 | (0.11) |
| Declared or paid dividend per share | - | - | - | - |

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

| | YEAR ENDED | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Total assets | 2 174.9 | 2 114.4 |
| Total liabilities | 1 867.4 | 1 849.7 |
| Non-current liabilities | 1 288.1 | 1 371.6 |
| Current liabilities | 579.3 | 478.1 |
| Equity attr butable to shareholders of the parent | 298.7 | 257.8 |
| Non-controlling interests | 8.8 | 6.9 |
| Total equity | 307.5 | 264.7 |
| Share capital | 22.0 | 22.0 |
| Number of restaurants | 2 436 | 2 338 |

# Group Business Overview

**Basic services provided by the Group**

AmRest Holdings SE ("AmRest", "Company") with its subsidiaries (the "Group") is Europe's leading listed restaurant operator with a portfolio of renowned brands in 25 countries. The Group operates 2,436 restaurants under franchised brands such as KFC, Starbucks, Pizza Hut and Burger King, as well as its own brands such as La Tagliatella, Sushi Shop, Bacoa and Blue Frog. The company also has several virtual brands in its portfolio. The offer of virtual brands in Poland is available also under Food About concept - an umbrella brand that enables the purchasing of different virtual brand dishes within one order. Food About has its own website that contributes to the Virtual Brands sales.

As of 31 December 2021, AmRest managed a network of 2,436 restaurants. Given the current scale of the business, every day almost 48.5 thousand of AmRest employees deliver, on a daily basis, delicious taste and exceptional service at affordable prices, in accordance with the Company's unique culture.

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

- Central and Eastern Europe ("CEE"), where historically the Company was founded and opened its first restaurant under the name of Pizza Hut; today CEE division covers the region of 10 countries (Poland, Czech Republic, Hungary, Bulgaria, Serbia, Croatia, Romania, Austria, Slovenia and Slovakia) and with 1,085 restaurants, accounting for 45.5% of Group´s revenue.
- Western Europe ("WE"), is a segment which primarily consists of Spain, France and Germany, where both franchised and proprietary brands are operated. As a result of dynamic organic expansion supported by previous acquisitions, Western Europe has become a significant operating segment of the Group consisting of 11 countries and generating ca. 38% of AmRest's revenues.
- Russia, where AmRest manages the network of KFC and Pizza Hut restaurants. The segment also includes Pizza Hut restaurants located in Armenia and Azerbaijan.
- China, where the restaurants of Blue Frog proprietary brand are operated.

And one additional segment "Other" which cover corporate office expenses and it does not include any network of owned or franchised restaurants. It accounts for the results of SCM Sp. z o.o. along with its subsidiaries and other support costs and functions rendered for the Group or not allocated to applicable segments such as, for instance, Executive Team, Controlling, Treasury, Investor Relations, Mergers & Acquisitions. The detailed description of the segments is included in Note 5 ('Segment reporting') of the Consolidated Financial Statements.

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

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

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

AmRest restaurants provide on-site catering, take-away and drive-in services at special sales points ("Drive Through"), as well as deliveries of orders placed online or by telephone. The diversification of channels and the continuous enhancement of take away and delivery capabilities has been key to adapting quickly to new consumer habits. Since the outbreak of the pandemic, the take away segment has been the most dynamic segment of AmRest´s operations, with increasing importance during 2021.

(all figures in EUR millions unless stated otherwise)

### Number of AmRest restaurants broken down by brands as at 31 December 2021

| Brand | Restaurants* | Equity share | Franchise share | Share in total |
|---|---|---|---|---|
| **Franchised** | **1 913** | **86%** | **14%** | **79%** |
| KFC | 951 | 100% | 0% | 39% |
| PH | 482 | 48% | 52% | 20% |
| Starbucks* | 387 | 94% | 6% | 16% |
| Burger King | 93 | 100% | 0% | 4% |
| **Own** | **523** | **55%** | **45%** | **21%** |
| La Tagliatella | 235 | 32% | 68% | 10% |
| Sushi Shop | 201 | 69% | 31% | 8% |
| Blue Frog | 77 | 86% | 14% | 3% |
| Bacoa | 5 | 20% | 80% | <1% |
| Shadow Kitchen | 5 | 100% | 0% | <1% |

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

### Number of AmRest restaurants broken down by countries as at 31 December 2021

| Region | Restaurants* | Equity share | Franchise share | Share in total |
|---|---|---|---|---|
| **Total** | **2 436** | **79%** | **21%** | **100%** |
| **CEE** | **1 085** | **99%** | **1%** | **45%** |
| Poland | 600 | 99% | 1% | 25% |
| Czech | 212 | 100% | 0% | 9% |
| Hungary | 142 | 100% | 0% | 6% |
| Romania | 63 | 100% | 0% | 3% |
| Other CEE* | 68 | 100% | 0% | 3% |
| **WE** | **996** | **54%** | **46%** | **41%** |
| Spain | 333 | 50% | 50% | 14% |
| France | 353 | 53% | 47% | 14% |
| Germany** | 260 | 61% | 39% | 11% |
| Other WE* | 50 | 58% | 42% | 2% |
| **Russia*** | **278** | **85%** | **15%** | **11%** |
| **China** | **77** | **86%** | **14%** | **3%** |

**Other CEE includes Bulgaria, Serbia, Slovakia, Croatia, Austria and Slovenia; Other WE includes Belgium, UAE, Switzerland, Portugal, UK, Italy, Luxembourg and Saudi Arabia; Russia includes also Armenia and Azerbaijan*

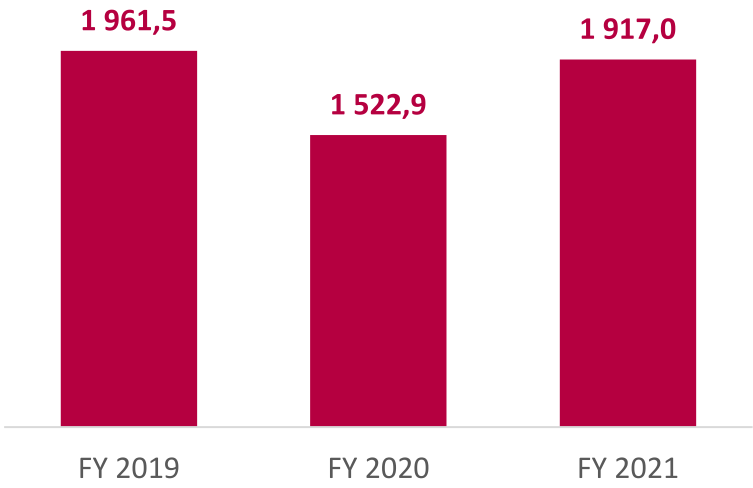
***Germany franchise share includes Starbucks licensed stores for which AmRest offers supply service but does not receive any royalty*

## Financial and asset position of the Group

### Revenues and profitability

AmRest Group's consolidated revenues amounted to EUR 1,917.0 million in 2021. This is 25.9% higher than in 2020.

**AmRest Group revenue for the 12 months ended 31 December 2019-2021**




The new variants of COVID-19 that have emerged during the year have had a lesser impact on the main economies where the Group operates thanks to the progress in vaccination levels, which have enabled the spread of the virus to be contained and the restrictions imposed by governments to be gradually relaxed, thus facilitating greater mobility and social interaction. However, the evolution and impact has varied geographilly areas, and has not followed a homogeneous or synchronised pattern, as can be seen in the breakdown of Group revenues by region.

This gradual reopening of economies was reflected in the upward trend in AmRest's quarterly revenues. Despite the particularly significant impact of the OMICRON variant in November and December, which practically cancelled out the positive seasonal effect that the Christmas holidays traditionally provides to the restaurant business, AmRest recorded all-time revenue records in the third and fourth quarters. In 4Q 2021 revenues reached EUR 539.0 million, a YOY increase of 35.6% related to the same period of 2020, with a comparable same-store sales ratio of 130.7%. This figure represents the highest quarterly revenue volume in the Group's history at the end of the year.

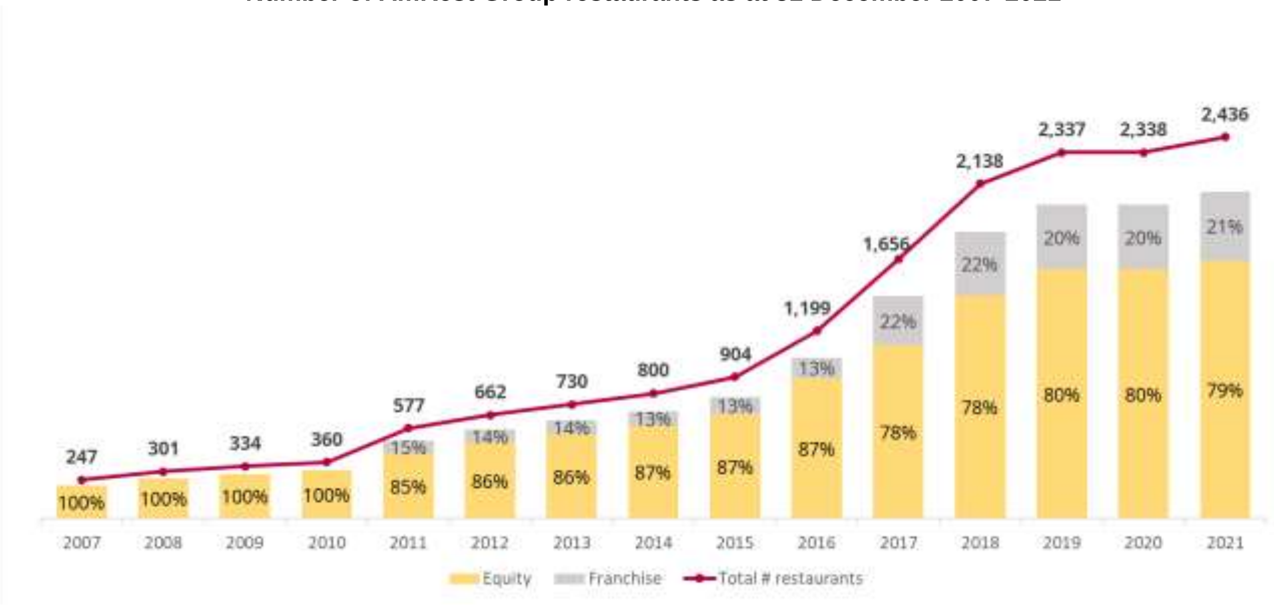
Although the impact of COVID-19 has prevented all of the Group's restaurants from being operational, the evident progress in the fight against the pandemic has also been reflected in the higher number of restaurants in operation, which stood at 99% at the end of 2021, compared to 92% at the end of 2020. In this regard, despite the closures and other restrictions, the assistance programmes implemented by the various governments have helped to partially mitigate the effects of these restrictive measures on the business and speed up the recovery. During 2021, revenues of EUR 37.2 million came from these programmes (EUR 10.5 million from employment programmes and EUR 26.7 million from rents).

The excellent sales performance is also the result of the deep transformational work being carried out in the Group, thanks to the increasing adoption of new distribution channels (*omnichannel model*) where AmRest aims to offer its guests the same consumer experiences regardless of the distribution channel selected. This model has facilitated the increase in the Group's distribution capacity and provides greater flexibility and resilience in the face of possible restrictions on social interaction or mobility, which we will probably have to continue to live with for some time, but above all, it has allowed us to adapt efficiently to the new needs of our customers, while increasing revenue generation capacity and providing greater stability to cash flow generation.

This journey of adaptation and adequacy, especially towards greater digitalisation, is an ongoing process in which each of the brands operated by AmRest maintains its own roadmap according to its capabilities. Thus, during the current financial year, more than half of the aggregate sales generated were made in the Take-away and Drive-Through channels. This contrasts with the predominant contribution of the dine-in channel in previous years. This channel is still weighed down by the effect of less social interaction, the absence of tourism, limitations on permitted capacity and opening hours. However, this channel maintains an enormous latent potential for improvement, largely subject to the evolution of the epidemiological situation. In this regard, brands with a model more biased towards dine-in service have recorded the highest level of recovery in sales compared to 2020, but at the same time remain the most affected when compared to pre-Covid figures for 2019. Finally, the Delivery channel continues to gain weight although its contribution is lower than the other distribution channels. Aggregators have become relevant players in this space although business models are still in the process of being defined. AmRest maintains a close collaboration with these companies with the objective of increasing the potential synergies derived from these relationships. All in all, the comparable same-store sales ratio stood at 120.8% % for the full year but was still 86.9% compared to 2019.

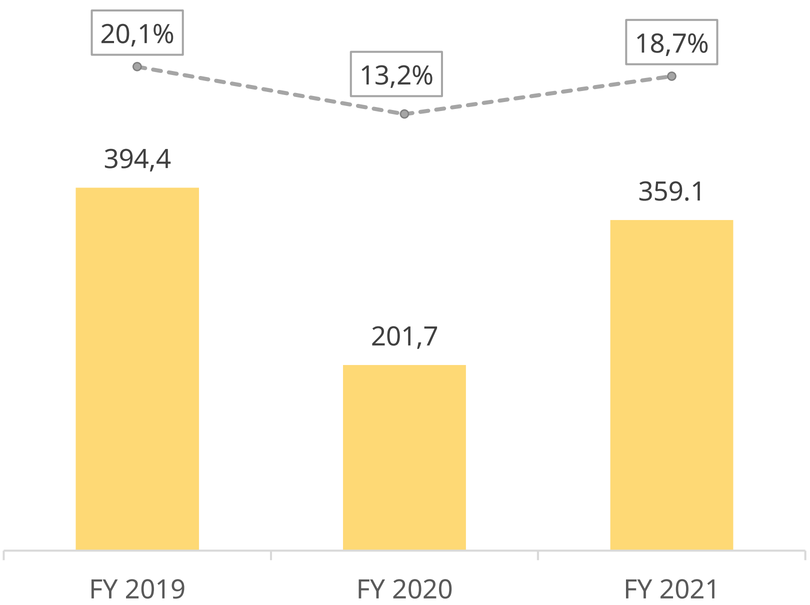
Finally, the Group's installed capacity continued to increase with the opening of 147 new restaurants during the year, well above the target of 130 set at the beginning of the year. This, together with 49 closures, means the number of restaurants in the Group's portfolio totalled 2,436.

**Number of AmRest Group restaurants as at 31 December 2007-2021**




A record number of restaurants, but what is even more relevant is that the portfolio optimisation strategy is bearing fruit, focusing on the efficient allocation of capital and resources, which is leading to the closure or restructuring of businesses that do not meet the Group's objectives, regardless of the brand or segment involved. This process, introduced in recent quarters, is a natural part of the process of adapting business models to the new realities and needs of our customers, and is clearly having a positive impact on profitability, which is now at levels similar to those obtained before the pandemic. As a result, the EBITDA margin rose to 18.7% compared to 13.2% in 2020. This represents an EBITDA generation of EUR 359.1 million in the current year, 78% more than in 2020.

**AmRest Group EBITDA for the 12 months ended 31 December 2019-2021**




In addition, the reopening of economies and increases in activity levels have strained global supply chains and increased the price of supplies and energy. This situation has been particularly intense during the last months of the year, exacerbated by geopolitical tension in Europe, especially the situation in Russia and Ukraine. Moreover, labour markets in many countries seem to be undergoing structural changes, with less workers available and significant increases in wages.

Increasing sales is one of the most important factors in mitigating inflationary pressures and maintaining margins, so adapting quickly to customer needs, proper price management and maintaining value in the products offered become more important than ever in this context. In addition, initiatives aimed at increasing efficiency are analysed and shared among all the Group's brands, generating synergies that go far beyond the individual capabilities of each of them.

AmRest remains committed to investing in technology and increasing the digitalisation of the Group. This provides a competitive advantage that is not easily replicated. The resulting value of this model comes from the fact that the Group can exploits the data provided by the consumption habits of more than 30 million guests who consume in the different channels offered by AmRest brands every month. This allows the Group to continue to optimise processes and commercial actions, and to identify changes in consumer habits at an early stage. Finally, AmRest has centralised purchasing and service management that leverage the Group's capabilities, increasing its negotiation power and providing a clear competitive advantage in the industry.

In this context, the Group's EBIT amounts to EUR 103.1 million, representing a margin of 5.4%, compared to negative figures of EUR -142.5 million during 2020. Finally, the profit attributable to the Company's shareholders amounts to EUR 32.9 million.

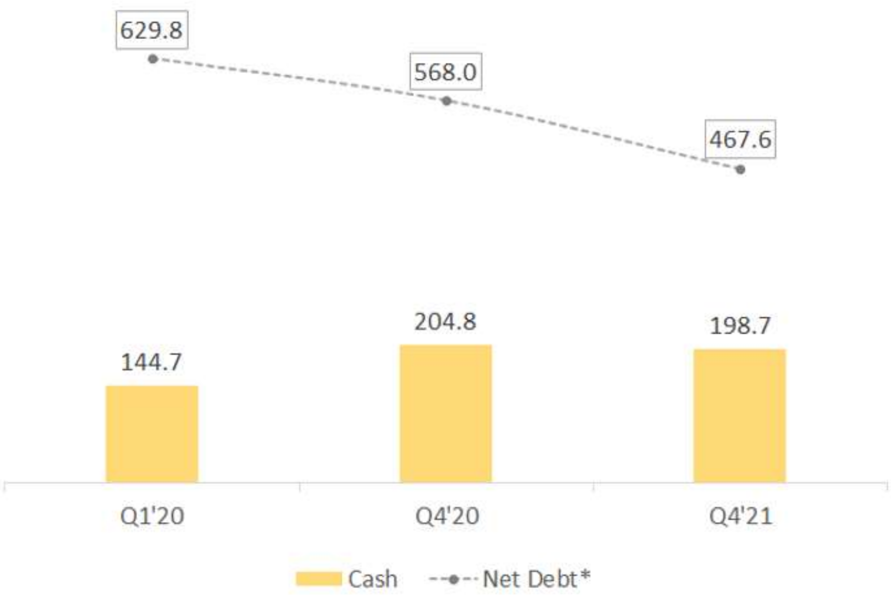
According to the official projections of the main relevant international organisations, as base scenario, the economic recovery is expected to continue to be strong over the coming quarters, favoring an improvement in consumer confidence levels and, foreseeably, the propensity to consume, especially services. Nonetheless, the increasing geopolitical tensions and the possibility of new epidemiological outbreaks cannot be completely ruled out, so the capacities developed over the last few quarters will be key. Finally, inflationary pressures, and the drastic change in their expectations, are changing the roadmap of central banks with respect to their monetary policy, which could end up affecting financial conditions.

In addition, one of the priorities for the year was to strengthen the balance sheet and reduce leverage[1]. As a result, the Group's leverage ratio* was lower to 2.3x times, after reducing debt and improving revenues. In this regard, AmRest has continued to prudently manage its liquidity, maintaining high cash or cash-like levels of EUR 198.7 at the year-end, virtually unchanged from 2020. This provides a solid basis for the further profitable and sustainable expansion of the Group's capacity.

During 2021, net financial debt (ex-IFRS-16) has been reduced by EUR 100.4 million, and by EUR 162 million since the start of the pandemic. Despite this, during 2021 AmRest's capital expenditure increased by 38.9% with respect to 2020, this increase has accompanied the gradual recovery in the business activity and the completion of the balance sheet deleverage objective. It was particularly strong during the last quarter of the year and financed from cash flows from operating activities.

Debt reduction and business improvement reduce the leverage ratio to 2.3 compared to 12.5 at the end of 2020. In addition, in order to provide the Group with more financial flexibility and after evaluating different financing options, on 13 December 2021 it was agreed to extend the maturity of the current credit lines with the banking club. Based on the extended Credit Agreement, the new amounts are equal to the outstanding amounts to be repaid as of September 2021, i.e. EUR 352million and PLN 464million. The new repayment schedule is 10% on each anniversary of 30 September for the next three years and the remaining amount is to be paid on 31 December 2024. The revolving credit facility is available for an amount of up to PLN 450 million and matures on 31 December 2024. In addition, a new undrawn and uncommitted credit facility has been agreed, up to a maximum amount of EUR 100 million.

**Net financial debt evolution and cash position**




[1] Leverage ratio as EBITDA VS net financial debt excluding IFRS 16

(all figures in EUR millions unless stated otherwise)

In summary, during the current financial year, the priorities from a business perspective have been set in terms of organic growth, with the opening of 147 new restaurants. In the continues advances in the implementation and adaptation to new distribution channels that has enabled the Group to achieve two consecutive quarterly revenue records. Greater integration of brands and countries, the fostering and promoting of the AmRest brand and a common culture among all AmRestees, with the clear objective of enhancing synergies and advancing in efficiency, has meant profitability margins are almost back to pre-COVID levels. Finally, AmRest continues to make decisive progress in the digitalization of the Group.

Likewise, from the financial perspective, priority was given to strengthening the balance sheet and prudent liquidity management in an environment of still high uncertainty. In this context, no significant non-organic operations were carried out in 2021, but the Group has the financial capacity and appetite to undertake this type of operation, provided that sustainable value generating opportunities for shareholders are identified.

**Revenues and profitability by segments**

***Table 1. Structure of Group's revenue***

| | YEAR ENDED | | | |
|---|---|---|---|---|
| | **31 December 2021** | | **31 December 2020** | |
| **Revenue** | Amount | Share | Amount | Share |
| Central and Eastern Europe | 873.1 | 45.5% | 685.5 | 45.0% |
| Western Europe | 720.9 | 37.6% | 582.8 | 38.3% |
| Russia | 185.2 | 9.7% | 152.5 | 10.0% |
| China | 100.2 | 5.2% | 76.4 | 5.0% |
| Other* | 37.6 | 2.0% | 25.7 | 1.7% |
| **Total** | **1 917.0** | **100.0%** | **1 522.9** | **100.0%** |

*Central and Eastern Europe (CEE)*

For the full year 2021, sales in this segment amounted to EUR 873.1 million, representing 45.5% of Group sales and a YoY growth of 27.4%. The easing of restrictions during the second half of the year allowed a certain level of recovery in the dine in channel after almost no activity at all during the first months of the year. EBITDA generated was EUR 196.2 million, EUR 70 million higher than in 2020, representing an EBITDA margin of 22.5%.

This segment shows a strong dynamism and concentrates the largest increase in installed capacity during the year. The restaurant portfolio reached 1,085 units after increasing by 60 restaurants. At the end of the period, 100% of the region's establishments were operational.

In the fourth quarter, revenues reached EUR 250.6 million, 46% higher than in the same quarter of 2020. EBITDA was EUR 55.5 million, representing an EBITDA margin of 22%, 7 p.p. higher than 4Q20.

*Western Europe (WE)*

Revenues in this segment were EUR 720.9 million, 23.7% higher than in 2020. It is worth highlighting the strong recovery in Spain, with the reactivation of dine in activity, albeit still with certain restrictions. EBITDA generated amounted to EUR 110.6 million, almost three times the figure generated in 2020, with a strong recovery in all markets. EBITDA margin reached 15.3%.

The total number of restaurants in the region reached 996 units after the net opening of 22 units. At the end of the period, 98% of the region's outlets were operational.

Revenues in the fourth quarter were EUR 201.5 million, 27% higher than in the same period of 2020. EBITDA reached EUR 35.5 million, representing an EBITDA margin of 17.6% and an increase of 12 p.p. vs. 4Q20.

*Russia*

The Russia region generated EUR 185.2 million in revenues in 2021, 21.5% higher than in 2020. EBITDA was EUR 41.3 million, representing a margin of 22.3% and an increase of 2 percentage points year-on-year. Despite the good performance of the figures, this region has been one of the most affected by the restrictions in recent months with a severe impact on the dine-in activity.

The installed capacity in the region is 278 restaurants after increasing by 11 units this year. At the end of the year, 100% of the restaurants were operational.

(all figures in EUR millions unless stated otherwise)

During the fourth quarter, revenues amounted to EUR 50.0 million, 30% higher than in 4Q20. EBITDA reached EUR 9.4 million, representing a margin of 18.8% and down 2 p.p. compared to the same period of the previous year.

*China*

The China segment continues to be one of the Group's most dynamic region. Revenues generated during the year exceeded the EUR 100 million mark for the first time (EUR 100.2 million) after a year-on-year increase of 31.1%. EBITDA generated also broke records at EUR 28.7 million, representing a margin of 28.7%, a recurring figure since the installed capacity has reached an adequate size. AmRest currently has 77 restaurants in the region after increasing the portfolio by 5 units in 2021. At year-end 99% of them were operational.

Revenues in the fourth quarter were EUR 25 million, an increase of 11% compared to 4Q20. EBITDA amounted to EUR 6.1 million with a margin of 24%.

***Table 2. Revenues and margins generated in the particular markets for the years ended 31 December 2021 and 2020.***

| | 12 MONTHS ENDED | | 12 MONTHS ENDED | |
|---|---|---|---|---|
| | 31 December 2021 | | 31 December 2020 | |
| | Amount | % of sales | Amount | % of sales |
| **Revenue** | **1917.0** | **100.0%** | **1522.9** | **100.0%** |
| Poland | 462.5 | 24.1% | 378.7 | 24.9% |
| Czechia | 204.0 | 10.6% | 157.8 | 10.4% |
| Hungary | 122.2 | 6.4% | 92.5 | 6.1% |
| Other CEE | 84.4 | 4.4% | 56.5 | 3.7% |
| **Total CEE** | **873.1** | **45.5%** | **685.5** | **45.1%** |
| **Russia** | **185.2** | **9.7%** | **152.5** | **10.0%** |
| Spain | 232.8 | 12.1% | 172.8 | 11.3% |
| Germany | 128.7 | 6.7% | 119.6 | 7.9% |
| France | 313.5 | 16.4% | 254.6 | 16.7% |
| Other WE | 45.9 | 2.4% | 35.8 | 2.3% |
| **Western Europe (WE)** | **720.9** | **37.6%** | **582.8** | **38.2%** |
| **China** | **100.2** | **5.2%** | **76.4** | **5.0%** |
| **Other** | **37.6** | **2.0%** | **25.7** | **1.7%** |
| | | | | |
| **EBITDA** | **359.1** | **18.7%** | **201.7** | **13.2%** |
| Poland | 92.5 | 20.0% | 64.1 | 16.9% |
| Czechia | 50.5 | 24.7% | 33.4 | 21.2% |
| Hungary | 32.8 | 26.9% | 19.2 | 20.7% |
| Other CEE | 20.4 | 24.1% | 10.1 | 17.9% |
| **Total CEE** | **196.2** | **22.5%** | **126.8** | **18.5%** |
| **Russia** | **41.3** | **22.3%** | **30.8** | **20.2%** |
| Spain | 45.9 | 19.7% | 24.6 | 14.2% |
| Germany | 26.9 | 20.9% | (3.7) | (3.1%) |
| France | 31.6 | 10.1% | 13.1 | 5.2% |
| Other WE | 6.2 | 13.2% | 4.3 | 12.0% |
| **Western Europe (WE)** | **110.6** | **15.3%** | **38.3** | **6.6%** |
| **China** | **28.7** | **28.7%** | **23.2** | **30.3%** |
| **Other** | **(17.7)** | **(47.0%)** | **(17.4)** | **(67.8%)** |
| | | | | |
| **Adjusted EBITDA*** | **364.9** | **19.0%** | **205.5** | **13.5%** |
| Poland | 93.9 | 20.3% | 65.3 | 17.2% |
| Czechia | 51.5 | 25.3% | 34.2 | 21.7% |
| Hungary | 33.5 | 27.4% | 19.5 | 21.1% |
| Other CEE | 20.9 | 24.7% | 10.8 | 19.0% |
| **Total CEE** | **199.8** | **22.9%** | **129.8** | **18.9%** |
| **Russia** | **41.7** | **22.5%** | **31.0** | **20.3%** |
| Spain | 46.5 | 20.0% | 24.7 | 14.3% |
| Germany | 27.3 | 21.2% | (3.3) | (2.8%) |
| France | 31.8 | 10.1% | 13.1 | 5.1% |
| Other WE | 6.5 | 14.1% | 4.8 | 13.3% |
| **Western Europe (WE)** | **112.1** | **15.5%** | **39.3** | **6.7%** |
| **China** | **29.0** | **28.9%** | **23.1** | **30.4%** |
| **Other** | **(17.7)** | **(47.0%)** | **(17.7)** | **(69.1%)** |

(all figures in EUR millions unless stated otherwise)

| | | | | |
|---|---|---|---|---|
| **EBIT** | **103.1** | **5.4%** | **(142.5)** | **(9.4%)** |
| Poland | 30.3 | 6.5% | (9.5) | (2.5%) |
| Czechia | 24.6 | 12.1% | 7.3 | 4.6% |
| Hungary | 17.1 | 14.0% | 1.7 | 1.9% |
| Other CEE | 7.7 | 9.1% | (6.8) | (12.1%) |
| **Total CEE** | **79.7** | **9.1%** | **(7.3)** | **(1.1%)** |
| **Russia** | **14.1** | **7.6%** | **(2.1)** | **(1.4%)** |
| Spain | 13.6 | 5.8% | (20.5) | (11.9%) |
| Germany | (4.5) | (3.5%) | (70.3) | (58.7%) |
| France | 6.1 | 1.9% | (27.0) | (10.6%) |
| Other WE | 1.5 | 3.2% | (0.8) | (2.1%) |
| **Western Europe (WE)** | **16.7** | **2.3%** | **(118.6)** | **(20.3%)** |
| **China** | **11.4** | **11.4%** | **3.9** | **5.1%** |
| **Other** | **(18.8)** | **(50.2%)** | **(18.4)** | **(71.6%)** |

***Table 3. Revenues and margins generated in the particular markets for 3 months ended 31 December 2021 and 2020.***

| | 3 MONTHS ENDED 31 December 2021 | | 3 MONTHS ENDED 31 December 2020 | |
|---|---|---|---|---|
| | Amount | % of sales | Amount | % of sales |
| **Revenue** | **539.0** | **100.0%** | **397.5** | **100.0%** |
| Poland | 130.3 | 24.2% | 93.8 | 23.6% |
| Czechia | 62.4 | 11.5% | 36.8 | 9.3% |
| Hungary | 35.0 | 6.5% | 24.5 | 6.2% |
| Other CEE | 22.9 | 4.3% | 16.4 | 4.1% |
| **Total CEE** | **250.6** | **46.5%** | **171.5** | **43.2%** |
| **Russia** | **50.0** | **9.3%** | **38.3** | **9.6%** |
| Spain | 71.7 | 13.3% | 44.9 | 11.2% |
| Germany | 39.2 | 7.3% | 28.4 | 7.2% |
| France | 79.4 | 14.7% | 74.2 | 18.7% |
| Other WE | 11.2 | 2.1% | 10.7 | 2.7% |
| **Western Europe (WE)** | **201.5** | **37.4%** | **158.2** | **39.8%** |
| **China** | **25.0** | **4.6%** | **22.6** | **5.7%** |
| **Other** | **11.9** | **2.2%** | **6.9** | **1.7%** |
| | | | | |
| **EBITDA** | **98.0** | **18.2%** | **46.9** | **11.8%** |
| Poland | 26.6 | 20.4% | 9.7 | 10.4% |
| Czechia | 15.9 | 25.5% | 6.8 | 18.3% |
| Hungary | 8.0 | 22.7% | 5.7 | 23.3% |
| Other CEE | 5.0 | 21.9% | 3.4 | 20.8% |
| **Total CEE** | **55.5** | **22.2%** | **25.6** | **14.9%** |
| **Russia** | **9.4** | **18.8%** | **7.9** | **20.8%** |
| Spain | 16.1 | 22.4% | 3.9 | 8.7% |
| Germany | 11.8 | 30.1% | (3.0) | (10.5%) |
| France | 6.8 | 8.6% | 5.4 | 7.3% |
| Other WE | 0.7 | 6.7% | 2.3 | 20.9% |
| **Western Europe (WE)** | **35.5** | **17.6%** | **8.6** | **5.4%** |
| **China** | **6.1** | **24.3%** | **7.2** | **31.9%** |
| **Other** | **(8.5)** | **(71.6%)** | **(2.4)** | **(35.0%)** |
| | | | | |
| **Adjusted EBITDA*** | **99.9** | **18.5%** | **48.0** | **12.1%** |
| Poland | 27.3 | 21.0% | 10.1 | 10.7% |
| Czechia | 16.3 | 26.2% | 7.1 | 19.2% |
| Hungary | 8.2 | 23.3% | 5.7 | 23.6% |
| Other CEE | 5.2 | 22.5% | 3.6 | 21.4% |
| **Total CEE** | **57.0** | **22.7%** | **26.5** | **15.4%** |
| **Russia** | **9.5** | **19.0%** | **7.9** | **20.8%** |
| Spain | 16.3 | 22.7% | 4.0 | 8.9% |
| Germany | 11.8 | 30.2% | (2.8) | (10.0%) |
| France | 6.9 | 8.7% | 5.4 | 7.3% |
| Other WE | 0.8 | 7.2% | 2.3 | 21.4% |
| **Western Europe (WE)** | **35.8** | **17.8%** | **8.9** | **5.6%** |
| **China** | **6.1** | **24.6%** | **7.1** | **31.9%** |
| **Other** | **(8.5)** | **(71.5%)** | **(2.4)** | **(35.4%)** |

(all figures in EUR millions unless stated otherwise)

| | | | | |
|---|---|---|---|---|
| **EBIT** | **28.2** | **5.2%** | **(28.9)** | **(7.3%)** |
| Poland | 10.3 | 7.9% | (10.0) | (10.7%) |
| Czechia | 9.6 | 15.5% | 0.3 | 0.9% |
| Hungary | 3.3 | 9.4% | 0.4 | 1.7% |
| Other CEE | 2.6 | 11.3% | (0.2) | (1.5%) |
| **Total CEE** | **25.8** | **10.3%** | **(9.5)** | **(5.5%)** |
| **Russia** | **0.9** | **1.8%** | **1.1** | **2.7%** |
| Spain | 7.6 | 10.5% | (6.1) | (13.8%) |
| Germany | (0.3) | (0.7%) | (12.0) | (42.0%) |
| France | 1.4 | 1.8% | (3.0) | (4.1%) |
| Other WE | (0.3) | (2.8%) | 0.2 | 2.6% |
| **Western Europe (WE)** | **8.4** | **4.2%** | **(20.9)** | **(13.2%)** |
| **China** | **1.7** | **6.7%** | **3.2** | **14.1%** |
| **Other** | **(8.6)** | **(72.3%)** | **(2.8)** | **(40.6%)** |

***Table 4. Reconciliation of the net profit and adjusted EBITDA for years ended 31 December 2021 and 2020***

| | 12 MONTHS ENDED | | 12 MONTHS ENDED | |
|---|---|---|---|---|
| | 31 December 2021 | | 31 December 2020 | |
| | Amount | % of sales | Amount | % of sales |
| **Profit/(loss) for the period** | **35.4** | **1.8%** | **(183.7)** | **(12.1%)** |
| + Finance costs | 48.0 | 2.5% | 61.0 | 4.0% |
| – Finance income | (2.8) | (0.1%) | (2.1) | (0.1%) |
| +/– Income tax expense | 22.5 | 1.2% | (17.7) | (1.2%) |
| + Depreciation and Amortisation | 236.9 | 12.4% | 253.4 | 16.6% |
| + Impairment losses | 19.1 | 1.0% | 90.8 | 6.0% |
| **EBITDA** | **359.1** | **18.7%** | **201.7** | **13.2%** |
| + Start-up expenses* | 5.8 | 0.3% | 4.1 | 0.3% |
| +/– Effect of SOP exercise method modification | (0.0) | (0.0%) | (0.3) | (0.0%) |
| **Adjusted EBITDA** | **364.9** | **19.0%** | **205.5** | **13.5%** |

** operating costs incurred by the company to open a restaurant but before a restaurant starts generating revenue*

***Table 5. Reconciliation of the net profit and adjusted EBITDA for 3 months ended 31 December 2021 and 2020***

| | 3 MONTHS ENDED | | 3 MONTHS ENDED | |
|---|---|---|---|---|
| | 31 December 2021 | | 31 December 2020 | |
| | Amount | % of sales | Amount | % of sales |
| **Profit/(loss) for the period** | **5.3** | **1.0%** | **(23.9)** | **(6.0%)** |
| + Finance costs | 16.0 | 3.0% | 12.6 | 3.2% |
| – Finance income | (1.8) | (0.3%) | (0.5) | (0.1%) |
| +/– Income tax expense | 8.6 | 1.6% | (17.1) | (4.3%) |
| + Depreciation and Amortisation | 59.1 | 11.0% | 60.8 | 15.3% |
| + Impairment losses | 10.8 | 2.0% | 15.0 | 3.8% |
| **EBITDA** | **98.0** | **18.2%** | **46.9** | **11.8%** |
| + Start-up expenses* | 1.9 | 0.4% | 1.1 | 0.3% |
| +/– Effect of SOP exercise method modification | (0.0) | (0.0%) | - | - |
| **Adjusted EBITDA** | **99.9** | **18.5%** | **48.0** | **12.1%** |

***Table 6. Liquidity analysis***

| | YEAR ENDED | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| Current assets | 315.9 | 311.6 |
| Inventory | 33.1 | 26.5 |
| Current liabilities | 579.3 | 478.1 |
| Cash and cash equivalents | 198.7 | 204.8 |
| Trade and other receivables | 67.9 | 60.4 |
| Trade and other accounts payable | 287.2 | 235.4 |

(all figures in EUR millions unless stated otherwise)

***Table 7. Balance sheet leverage analysis***

| | YEAR ENDED | |
|---|---|---|
| | **31 December 2021** | **31 December 2020** |
| Non-current assets | 1 859.0 | 1 802.8 |
| Liabilities | 1 867.4 | 1 849.7 |
| Non-current liabilities | 1 288.1 | 1 371.6 |
| Debt | 1 474.9 | 1 532.2 |
| Share of inventories in current assets (%) | 10.5% | 8.5% |
| Share of trade receivables in current assets (%) | 21.5% | 19.4% |
| Share of cash and cash equivalents in current assets (%) | 62.9% | 65.8% |
| Equity to non-current assets ratio | 0.17 | 0.15 |
| Long-term liabilities to equity ratio | 4.19 | 5.18 |
| Liabilities to equity ratio | 6.08 | 6.98 |
| Debt/equity | 4.80 | 5.79 |

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

**Alternative Performance Measures (APM) description**

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

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

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

3. Adjusted EBITDA – Measures profitability performance without startup costs (operating costs incurred by the Group to open a restaurant but before a restaurant starts generating revenue), indirect tax adjustments, M&A related expenses (all material expenses connected with successful acquisitions, covering all professional services, legal, financial, and other directly connected with a transaction) and effect of Stock Option Plan (SOP) exercise method modification (difference in the accounting costs of employee benefits accounted for under the cash settled versus equity settled option plan). It allows to present profitability for restaurants that already generate revenue and without some unusual costs related to M&A, tax adjustments or accounting adjustments related to SOP. Reconciliation of this APM is provided in tables 4 or 5.

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

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

## Brands operated by the Group

As at the date of publication of the report, the portfolio of AmRest comprises 2 436 restaurants under franchised brands such as KFC, Starbucks, Pizza Hut and Burger King, as well as its own brands such as La Tagliatella, Sushi Shop, Bacoa and Blue Frog. The company also has several virtual brands in its portfolio (Pokaï, Lepieje, 'Oi Poke, Moya Misa Ramen, Pierwsze i Drugie, Sushi Tone, Eat's Fine, Mr. Kebs, Tacos Square, Potato Patata, Viva Salad! and Cremontano.). The offer of virtual brands in Poland is available also under Food About concept - an umbrella brand that enables ordering different virtual brand dishes within one order. Food About holds its own e-commerce that contributes to the Virtual Brands sales

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

Burger King restaurants are operated on a franchise basis. With effect 1st of February 2022, Burger King Europe GMBH has notified the termination of AmRest´s development agreements of the Burger King brand in Poland, the Czech Republic, Slovakia, Bulgaria and Romania. Nonetheless, AmRest will continue to operate the 93 Burger King restaurants that it owns in these countries under the best standards of service and quality, in compliance with the franchise agreements signed, which will continue to be in force

Starbucks restaurants in Poland, the Czech Republic and Hungary are opened by the companies AmRest Coffee (owned in 82% by AmRest and 18% by Starbucks). These companies have the rights and licenses to develop and manage Starbucks restaurants in their respective countries. The license agreements entered into by and between AmRest's affiliates and Starbucks EMEA Limited for Poland, Hungary and Czech Republic are set to expire on May 31, 2022 and are subject to a five year extension. Consistent with AmRest's long-term commitment to its brand portfolio, AmRest and Starbucks EMEA Limited are currently negotiating the terms of such extension. Starbucks restaurants in Romania, Bulgaria, Germany, Serbia and Slovakia are operated by the Group on a franchise basis.

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

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

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

Sushi Shop, a leading European sushi concept, is a proprietary brand of AmRest and became a part of its portfolio through the acquisition of Sushi Shop Group SAS on 31 October 2018. Sushi Shop restaurants are operated by both AmRest (equity stores) and AmRest's franchisees. Sushi Shop network is present in 10 countries and reported within the Western Europe segment.

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

Lepieje and 'Oi Poke are virtual brands invented and launched in Poland by AmRest in 2019. Moya Misa Ramen, Pierwsze i Drugie, Sushi Tone and Eat's Fine virtual brands were introduced to the Polish market by the Company in 2020. Mr. Kebs, Tacos Square and Potato Patata joined the portfolio of Polish virtual brands in 2021.

Cremontano and Viva Salad! brands were launched in Spain, in 2019 and 2020 respectively.

**Quick Service Restaurants (QSR)**

Established in 1952, the KFC brand is the biggest, fastest growing and most popular chain of quick service restaurants serving chicken meals. There are currently about 25 000 KFC restaurants in over 145 countries worldwide.
On 31 December 2021 the Group operated 951 KFC restaurants: 316 in Poland, 114 in the Czech Republic, 80 in Hungary, 218 in Russia, 93 in Spain, 25 in Germany, 73 in France, 13 in Serbia, 8 in Bulgaria, 8 in Croatia, 2 in Austria and 1 in Slovenia.

The beginnings of Burger King date back to 1954. Today, Burger King ("Home of the Whopper") operates about 18 700 restaurants, serving about 11 million customers in over 100 countries every day. Almost 100% of Burger King restaurants are run by independent franchisees and many of them have been managed for decades as family businesses. Burger King brand is owned by 3G Capital.
On 31 December 2021 AmRest ran a total of 93 Burger King restaurants – 47 in Poland, 30 in the Czech Republic, 2 in Bulgaria, 5 in Slovakia and 9 in Romania.

**Casual Dining and Fast Casual Restaurants (CDR, FCR)**

La Tagliatella arose from the experience of more than two decades of specialization in the traditional cuisine of the regions of El Piemonte, La Liguria and La Reggio Emilia. Over the past year the brand has entertained more than 10 million customers, who delighted in the most authentic flavours of Italian cuisine.

On 31 December 2021 AmRest operated 235 La Tagliatella restaurants — 230 in Spain, 1 in Germany and 4 in Portugal.

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

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

On 31 December 2021 AmRest ran 482 Pizza Hut restaurants – 163 in Poland, 49 in Russia, 26 in Hungary, 17 in Czech Republic, 130 in France, 83 in Germany, 6 in Armenia, 5 in Azerbaijan and 3 in Slovakia.

Inclusion of the Blue Horizon Hospitality Group to AmRest structure in 2012 enriched the CDR segment brand portfolio with two new positions operating in the Chinese market: Blue Frog Bar & Grill and KABB. The operation of KABB was ceased in 2021.
Blue Frog Bar & Grill restaurants are serving grilled dishes from the American cuisine and a wide selection of wines and drinks in a nice atmosphere.

On 31 December 2021 AmRest operated 77 Blue Frog restaurants in China.

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

On 31 December 2021, AmRest operated 5 Bacoa restaurants in Spain.

Founded in 1998 Sushi Shop is the leading European chain of restaurants for sushi, sashimi and other Japanese specialties. It is positioned as a premium brand offering freshly prepared food with highest quality ingredients.
Sushi Shop has successfully established an international network of company-operated and franchises stores across 10 countries.

On 31 December 2021, AmRest operated 201 Sushi Shop restaurants (150 in France, 5 in Spain, 1 in Portugal, 11 in Belgium, 2 in Italy, 3 in Luxemburg, 5 in UK, 11 in Switzerland, 3 in Saudi Arabia and 10 in UAE).

**Coffee category**

Starbucks is the world leader in the coffee sector with more than 34 300 stores in about 80 countries. It offers a broad selection of coffees from different parts of the world, as well as teas, soft drinks and a wide range of fresh snacks and desserts. The store designs and their atmosphere refer to the coffee heritage and reflect the culture of the neighborhood.

As at 31 December 2021 AmRest operated 387 stores (69 in Poland, 51 in the Czech Republic, 36 in Hungary, 54 in Romania, 14 in Bulgaria, 151 (including 24 licensed stores) in Germany, 9 in Slovakia and 3 in Serbia).

**Virtual Brands**

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

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

'Oi Poke is a virtual brand. It offers exotic bowls with a meat, fish or prawn base and with original and freshly prepared vegetables. The cuisine comes from Hawaii, where everything "perfect" is called "'Oi" and that's why the brand is called 'Oi Poke. The brand also contributes to the Shadow Kitchen project of AmRest. You may order our Oi bowls on aggregators. The Brand has operated in Poland since December 2019.

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

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

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

Eat's Fine is a virtual brand developed in 2020 in Poland, as part of the Food About concept, committed to responding to specific dietary needs and customer expectations. The brand offers a well-balanced daily menu for those who are curious about healthy plant-based meals!

Sushi Tone is a virtual brand for Japanese cuisine lovers, developed in 2020 in Poland, as part of the Food About concept. It offers 8 sets to choose from and all the most popular rolls, including Nigiri and Futomaki, as well as typical Asian side dishes like Miso soup with tofu or kimchi salad. The brand sources ingredients from AmRest's carefully chosen suppliers, offering only products of outstanding quality. Sushi Tone was created with fast and convenient delivery in mind, and this way the dishes get to the consumer within 30 minutes from placing the order. Sushi Tone is a part of the AmRest's Shadow Kitchen concept and is available through the aggregators sites, as well as via the AmRest's Food About service.

Cremontano is a premium ice cream brand only available through delivery as a Virtual brand. It offers a selection of a dozen delicious Italian flavours with an innovative design where even the finest detail has been taken care of. It provides a fresh image to the brand and highlights the quality of the product. The concept is present in a few Spanish cities and available through Glovo aggregator.

Mr. Kebs was launched in April 2021 as part of AmRest's Shadow Kitchen project in Poland. The concept offers dishes in important CSR category – Doner Kebab. The menu consists of simple dishes such as tortilla wraps or boxes with mix of kebab meat, vegetables and sauces. Mr. Kebs is available on aggregator platforms as well as via Food About website.

(all figures in EUR millions unless stated otherwise)

Tacos Square is a unique proposition for fast food lovers that was launched in September 2021 as an extension of the already well-selling Mr. Kebs. The category is already popular in western Europe (French tacos) and has just started developing in Poland which makes our brand innovative on the Polish market. French taco as a dish is something in between a kebab, a panini and a burrito, and consists of a protein, French fries, melted cheese, sauces, and various toppings such as pickles or green onions. In this concept we offer a range of higher price items than in Mr. Kebs and deliver our usual great quality, innovation and abundance. Tacos Square is a part of Food About shadow kitchens and is available on aggregators as well as on Food About website.

Potato Patata – a fries-based concept that was introduced in August 2021 that offers simple dishes with a base of fries but with various toppings, a category called "loaded fries". It offers a reasonably low range of prices range and makes a great offer for a quick tasty lunch. It can be also ordered to share with friends or family at different gatherings. Potato Patata as a brand is fun and sociable, we keep the range unique offering combinations such as fries with bacon, sour cream, and fresh chives. The brand is a part of the AmRest's Shadow Kitchen concept and is available through the aggregators sites, as well as via the AmRest's Food About service.

## Key investments

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

In 2021 AmRest's capital expenditure increased by 38.9% with respect to 2020. This increase has accompanied the gradual recovery in the business activity and the completion of the balance sheet deleverage objective. It was particularly significant during the last quarter of the year and financed from internal cash flows.

The table below presents purchases of property, plant and equipment, intangible assets as well as the value of acquired goodwill in 12 months ended 31 December 2021 and 31 December 2020.

***Acquisition of property, plant and equipment, intangible assets as well as the value of acquired goodwill in AmRest***

| | YEAR ENDED | |
|---|---|---|
| | **31 December 2021** | **31 December 2020** |
| Intangible assets: | **9.3** | **6.5** |
| Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks | 4.2 | 3.2 |
| Other intangible assets | 5.1 | 3.3 |
| Goodwill | **-** | **-** |
| Property, plant and equipment: | **94.4** | **68.2** |
| Land | - | - |
| Buildings and expenditure on development of restaurants | 9.2 | 6.8 |
| Machinery & equipment | 15.4 | 8.6 |
| Vehicles | - | 0.2 |
| Other tangible assets (including assets under construction) | 69.8 | 52.6 |
| **Total** | **103.7** | **74.7** |

***AmRest's New Restaurants***

| | **AmRest equity restaurants** | **AmRest franchisee restaurants** | **Total** |
|---|---|---|---|
| **31.12.2020** | **1 860** | **478** | **2 338** |
| New Openings | 109 | 38 | 147 |
| Acquisitions | 0 | 0 | 0 |
| Closings | (32) | (17) | (49) |
| Conversions | (15) | 15 | 0 |
| **31.12.2021** | **1 922** | **514** | **2 436** |

(all figures in EUR millions unless stated otherwise)

On 31 December 2021, AmRest operated 2,436 restaurants, including 514 restaurants which are managed by franchisees. Compared with 31 December 2020, the Group runs 98 more restaurants. 147 new restaurants were opened and 49 closed. The openings breakdown is: 66 restaurants in Central and Eastern Europe, 20 in Russia division, 53 in Western Europe and 8 in China.

***Number of AmRest restaurants (as at 31 December 2021)***

| Countries | Brands | 31.12.2020 | 31.03.2021 | 30.06.2021 | 30.09.2021 | 31.12.2021 |
|---|---|---|---|---|---|---|
| **Poland** | **Total** | **565** | **566** | **573** | **579** | **600** |
| | KFC | 296 | 297 | 301 | 306 | 316 |
| | BK | 45 | 45 | 46 | 46 | 47 |
| | SBX | 68 | 68 | 68 | 68 | 69 |
| | PH equity | 151 | 151 | 151 | 151 | 156 |
| | PH franchised | 1 | 1 | 2 | 3 | 7 |
| | Shadow Kitchen | 4 | 4 | 5 | 5 | 5 |
| **Czech Republic** | **Total** | **202** | **203** | **205** | **206** | **212** |
| | KFC | 109 | 109 | 109 | 110 | 114 |
| | BK | 25 | 26 | 28 | 28 | 30 |
| | SBX | 51 | 51 | 51 | 51 | 51 |
| | PH | 17 | 17 | 17 | 17 | 17 |
| **Hungary** | **Total** | **133** | **133** | **134** | **139** | **142** |
| | KFC | 73 | 73 | 73 | 77 | 80 |
| | SBX | 34 | 34 | 35 | 36 | 36 |
| | PH | 26 | 26 | 26 | 26 | 26 |
| **Russia** | **Total** | **262** | **258** | **261** | **265** | **267** |
| | KFC | 206 | 206 | 210 | 214 | 218 |
| | PH equity | 21 | 20 | 20 | 20 | 19 |
| | PH franchised | 35 | 32 | 31 | 31 | 30 |
| **Bulgaria** | **Total** | **24** | **24** | **24** | **24** | **24** |
| | KFC | 8 | 8 | 8 | 8 | 8 |
| | BK | 2 | 2 | 2 | 2 | 2 |
| | SBX | 14 | 14 | 14 | 14 | 14 |
| **Serbia** | **Total** | **15** | **15** | **15** | **15** | **16** |
| | KFC | 12 | 12 | 12 | 12 | 13 |
| | SBX | 3 | 3 | 3 | 3 | 3 |
| **Croatia** | **KFC** | **8** | **8** | **8** | **8** | **8** |
| **Romania** | **Total** | **60** | **61** | **62** | **64** | **63** |
| | SBX | 54 | 55 | 55 | 55 | 54 |
| | BK | 6 | 6 | 7 | 9 | 9 |
| **Slovakia** | **Total** | **15** | **15** | **16** | **17** | **17** |
| | SBX | 8 | 8 | 8 | 9 | 9 |
| | PH | 3 | 3 | 3 | 3 | 3 |
| | BK | 4 | 4 | 5 | 5 | 5 |
| **Armenia** | **PH franchised** | **3** | **3** | **3** | **5** | **6** |
| **Azerbaijan** | **PH franchised** | **2** | **3** | **4** | **4** | **5** |
| **Spain** | **Total** | **334** | **331** | **330** | **329** | **333** |
| | TAG equity | 72 | 70 | 69 | 69 | 70 |
| | TAG franchised | 161 | 160 | 159 | 159 | 160 |
| | KFC | 84 | 86 | 89 | 91 | 93 |
| | Blue Frog equity | 3 | 3 | 2 | - | - |
| | Blue Frog franchised | 1 | 1 | 1 | - | - |
| | Bacoa equity | 1 | 1 | 1 | 1 | 1 |
| | Bacoa franchised | 6 | 4 | 4 | 4 | 4 |
| | Sushi Shop equity | 4 | 4 | 3 | 3 | 3 |
| | Sushi Shop franchised | 2 | 2 | 2 | 2 | 2 |
| **France** | **Total** | **330** | **332** | **340** | **343** | **353** |
| | TAG equity | 3 | 1 | - | - | - |
| | PH equity | 14 | 13 | 10 | 3 | 2 |
| | PH franchised | 109 | 110 | 114 | 121 | 128 |
| | KFC | 72 | 72 | 73 | 73 | 73 |
| | Sushi Shop equity | 96 | 100 | 105 | 108 | 111 |
| | Sushi Shop franchised | 36 | 36 | 38 | 38 | 39 |

(all figures in EUR millions unless stated otherwise)

| Countries | Brands | 31.12.2020 | 31.03.2021 | 30.06.2021 | 30.09.2021 | 31.12.2021 |
|---|---|---|---|---|---|---|
| **Germany** | **Total** | **262** | **266** | **266** | **264** | **260** |
| | SBX | 132 | 134 | 134 | 132 | 127 |
| | SBX licensed | 22 | 24 | 24 | 24 | 24 |
| | TAG equity | 2 | 2 | 1 | 1 | 1 |
| | KFC | 26 | 24 | 24 | 25 | 25 |
| | PH equity | 8 | 8 | 8 | 7 | 6 |
| | PH franchised | 72 | 74 | 75 | 75 | 77 |
| **Austria** | **KFC** | **2** | **2** | **2** | **2** | **2** |
| **Slovenia** | **KFC** | **1** | **1** | **1** | **1** | **1** |
| **Portugal** | **Total** | **6** | **6** | **4** | **5** | **5** |
| | TAG equity | 3 | 3 | 3 | 4 | 4 |
| | Sushi Shop franchised | 3 | 3 | 1 | 1 | 1 |
| **China** | **Total** | **72** | **73** | **76** | **78** | **77** |
| | Blue Frog equity | 65 | 65 | 67 | 67 | 66 |
| | Blue Frog franchised | 6 | 7 | 9 | 11 | 11 |
| | KABB | 1 | 1 | - | - | - |
| **Belgium** | **Total** | **11** | **11** | **11** | **11** | **11** |
| | Sushi Shop equity | 5 | 5 | 5 | 5 | 5 |
| | Sushi Shop franchised | 6 | 6 | 6 | 6 | 6 |
| **Italy** | **Total** | **2** | **2** | **2** | **2** | **2** |
| | Sushi Shop equity | 1 | 1 | 1 | 1 | 1 |
| | Sushi Shop franchised | 1 | 1 | 1 | 1 | 1 |
| **Switzerland** | Sushi Shop equity | **9** | **10** | **10** | **11** | **11** |
| **Luxembourg** | Sushi Shop equity | **3** | **3** | **3** | **3** | **3** |
| **Netherlands** | Sushi Shop equity | **-** | **-** | **-** | **-** | **-** |
| **UK** | Sushi Shop equity | **5** | **5** | **5** | **5** | **5** |
| **UAE** | Sushi Shop franchised | **9** | **10** | **10** | **10** | **10** |
| **Saudi Arabia** | Sushi Shop franchised | **3** | **3** | **3** | **3** | **3** |
| **Total AmRest** | | **2 338** | **2 344** | **2 368** | **2 393** | **2 436** |

## Planned investment activities

During 2020, as a result of the COVID-19 outbreak, AmRest's capital expenditure was limited in order to preserve liquidity in the face of uncertainty posed by the pandemic, and the devastating effect of widespread mobility restrictions on the business. Working groups were set up in each market to monitor and control financial impact. Cost-saving initiatives were also put in place. In addition, to control the leverage, especially after breaking financial covenants. Nonetheless, AmRest's strategic direction and commitment remained unchanged: to run a profitable and sustainable business as a foundation for growth.

The recovery of thriving business activity- reaching new quarterly record sales levels and the completion of the balance sheet deleverage objective- have opened the door for a change of approach, which during the last quarter of 2021 has been reflected in a significantly increased CAPEX.

In this respect, the list of AmRest's working priorities go from increasing and optimizing the restaurant portfolio and to continuing to make progress in a more efficient capital allocation, to the development of own brands and franchising as key pillars of growth in the short term. The development of lighter restaurant formats as a way to increase the availability of new locations across Europe. In addition, the Group intends to continue to pursue its development objectives, increase scale in supply chain management and lead in digitalisation processes.

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

## Significant events and transactions in 2021

### Appointment of new auditor for the years 2021, 2022 and 2023

On 30 June 2021 the Extraordinary General Shareholders' Meeting of AmRest appointed PricewaterhouseCoopers Auditores, SL as new auditor of the Company and its Consolidated Group for the years 2021, 2022 and 2023. KPMG remains as auditor for the French subsidiaries.

(all figures in EUR millions unless stated otherwise)

### Extension of Credit Agreement with Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A and Česká spořitelna, a.s.

On 13 December 2021 AmRest, AmRest Sp. z o.o. ("AmRest Poland") and AmRest s.r.o. ("AmRest Czech") - jointly "the Borrowers" and Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A and Česká spořitelna, a.s. - jointly "the Lenders", had signed an amendment no. 3 providing an extension of the Senior Term and Revolving Facilities Agreement dated 5 October 2017, as amended and restated thereafter. Further information on the Credit Agreement is included in the 'External debt" section of this report.

### Approval of a new Long Term Incentive Plan

On 30 December 2021 AmRest informed that the Board of Directors of the Company has decided to approve a new Long Term Incentive Plan ("LTI"), which substitutes previous management and incentive stock options programs functioning at AmRest.
The LTI provides the potential delivery of shares of the Company to members of the management team and other relevant personnel of AmRest, as long as certain conditions are met. The main terms and conditions of the LTI, such as the number of shares granted, were detailed in the respective regulatory announcement.

## External Debt

As mentioned in the Significant Events and Transactions section of this report, AmRest, AmRest Poland and AmRest Czech had signed on 13 December 2021 with Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A and Česká spořitelna, a.s. (the Lenders) an amendment no. 3 providing an extension of the Credit Agreement dated 5 October 2017.

After evaluating the different funding alternatives available, the Group assessed that extending the maturity of the available credit facilities at that time with the club banks, was the most optimal option.

Based on the extended Credit Agreement, the amounts of the facilities A, B, E and F ("Credit facilities") were equal to the outstanding amounts of Credit facilities, after the scheduled repayments in September 2020 and September 2021, these were EUR 352mln and PLN 464mln. The repayment schedule is 10% on each 30 September anniversary for the next three years and the remaining amount is due on 31 December 2024. The Revolving facility D is available with the amount of up to PLN 450mln and due on December 31st, 2024.

Additionally, a new uncommitted credit facility G, up to a maximum amount of EUR 100mln, was agreed. The purpose is the financing of the general corporate purposes of AmRest Group. All Borrowers bear joint liability for any obligations resulting from the Credit Agreement.

All the credit facilities are provided at a variable interest rate.

AmRest is required to maintain certain pre IFRS16 ratios at agreed levels, in particular, net debt/EBITDA is to be held below 3.5x and EBITDA/interest charge is to stay above 3.5.

More information on the external debt, including state supported bank loans taken to mitigate the COVID-19 impact on the Group's business, can be found in Note 27 ('Borrowings') of the Consolidated Financial Statements.

## Shareholders of AmRest Holdings SE

To the best of AmRest's knowledge as at 31 December 2021 AmRest Holdings had the following shareholder structure:

| Shareholder | Number of shares and votes at the Shareholders' meeting | % of shares and votes at the Shareholders' meeting |
|---|---|---|
| FCapital Dutch B. V.* | 147 203 760 | 67.05% |
| Artal International S.C.A. | 11 366 102 | 5.18% |
| Nationale-Nederlanden OFE | 9 358 214 | 4.26% |
| Aviva OFE | 6 843 700 | 3.12% |
| Other Shareholders | 44 782 407 | 20.40% |

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

## Changes in the Parent Company's Governing Bodies

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

On 12 May 2021, following the appointment by co-option on July 1, 2020 of Mrs. Mónica Cueva Díaz by the Board of Directors, the Annual General Shareholders 'Meeting of AmRest resolved to ratify the appointment by co-option and to appoint Mrs. Mónica Cueva Díaz as a member of the Board of Directors, with the status of independent, for the statutory term of four years, coming into effect from the date of adoption of the resolution.

On 31 December 2021 the composition of the Board of Directors was as follows:

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

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

On the day of publication of this Report the composition of the Board of Directors has not changed.

On 13 April, 2021 Board of AmRest reported the appointment of Mr. Luis Comas as new CEO. Mr. Mark Chandler, CEO of the AmRest Group since May 2019, retired and left AmRest Group effective 30 June 2021.

## Remuneration of the Board of Directors and Senior Management Personnel

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

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Remuneration of the members of the Board of Directors** | **0.7** | **0.4** |
| **Remuneration of Senior Management Personnel:** | | |
| - Remuneration received by the Senior Executives | 3.3 | 3.5 |
| - Gain on share-based renumeration systems | - | 0.5 |
| **Remuneration of Senior Management Personnel** | **3.3** | **3.0** |
| **Total compensation paid to key management personnel** | **4.0** | **4.4** |

Directors Remuneration Policy was approved at the general shareholders' meeting held on 12 May 2021 and will remain in force until 2023 unless the general shareholders' meeting so resolves to amend or replace it. The fixed components accrued during the year by the Directors have not changed with respect to the previous year except for the Executive Chairman compensation package, which was first implemented in 2021 since the Chairman was granted executive powers in November 2020, effective January 2021. In 2020, due to the exceptional circumstances caused by the COVID-19 pandemic, the Board of Directors lowered its remuneration by 50%.

The Group's key management personnel participates in the employee share option plans (note 29). In the year ended 31 December 2021 the provision relating to the options decreased by EUR 4,5 million, due to a significant amount of forfeited option. In the year ended 31 December 2020 the provision increased by EUR 1.1 million. As mentioned in note 29 in 2021 the Group introduced a new Long-Term Incentive (LTI) Program addressed to members of the management team and other relevant personnel of the Group.

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Number of options outstanding (pcs, after split) | 4 071 333 | 6 572 333 |
| Number of available options (pcs, after split) | 912 000 | 445 933 |
| Fair value of outstanding options as at grant date (EUR millions) | 5.4 | 9.9 |

Senior Management Personnel participates also in the Long Term Incentive Plan 2021 introduced on 23rd December 2021.

As at 31 December 2020 and 2019, the Company had no outstanding balances with the key management personnel, apart from accruals for annual bonuses payable in first quarter of the following year. As at 31 December 2021 and 2020 the Company has not extended any advances to the Board of Directors or senior management personnel and had no pension fund, life insurance or other such commitments with these parties, except for the share option plans detailed above and in note 31. As at 31 December 2021 and 31 December 2020 there were no liabilities to former employees.

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

During the year 2021 there were no changes with respect to AmRest shares and stock options held by the members of the Board of Directors of AmRest.

On 31 December 2020 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 31 December 2021, Mr. Carlos Fernández González still owned 147 203 760 AmRest's shares with a total nominal value of EUR 14 720 376 through FCapital Dutch B.V.

On 31 December 2020 Mr. Carlos Fernández González held through his another closely associated person - Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, 1 172 145 AmRest shares with a total nominal value of EUR 117 214.5.

On 31 December 2021 he still owned through Finaccess México, S.A. de C.V. 1 172 145 AmRest shares with a total nominal value of EUR 117 214.5.
The direct holder of the shares is Latin 10, SA de CV, a fund independently managed by Finaccess Mexico, S.A. de C.V. (a subsidiary of Grupo Finaccess).

## Transactions on own shares concluded by AmRest

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

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

In the period between 1 January 2021 and 31 December 2021, AmRest didn't purchase any of its own shares. During the same period, the Company disposed a total of 252,045 own shares with a total nominal value of EUR 25,204.5 and representing 0.1148% 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. A major part of the shares was transferred to the participants free of charge. As of 31 December 2021 AmRest held 371,416 of its own shares with a total nominal value of EUR 37,141.6 and representing 0.1692% of the share capital.

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

## Dividends paid and received

In the period covered by this report the Group has paid dividend to non-controlling interest of SCM Sp. z o.o. totalling the amount of EUR 1.3 million.

## Average period of payment to suppliers

Pursuant to Law 15/2010 of July 5, which stipulates measures to combat late payments in commercial transactions, the information on the average period of payment to suppliers of AmRest and its Spanish subsidiaries at 31 December 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| **Number of days:** | | |
| Average period of payment to suppliers | 41.1 | 48.9 |
| Ratio of payments | 42.8 | 41.8 |
| Ratio of outstanding invoices | 26.2 | 107.9 |
| **Millions of EUR**: | | |
| Total payments | 154.4 | 138.9 |
| Outstanding invoices | 16.7 | 16.5 |

The payments to suppliers of the Spanish consolidated companies reflected in the above table are trade payables as they relate to goods and services.

## Subsequent events

On 1 February 2022 Burger King Europe GMBH has notified AmRest about the termination of the development agreements of the Burger King brand in Poland, the Czech Republic, Slovakia, Bulgaria and Romania effective as of the same day.

AmRest will continue to operate 93 Burger King restaurants that it owns in mentioned territories under the best standards of service and quality, in compliance with the franchise agreements signed, which will continue to be in force. Therefore, the revenues, EBITDA and total assets of AmRest will not be significantly affected by the termination of the development agreements.

## Factors impacting the Group's development

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

**External factors**

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

**Internal factors**

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

## Basic risks and threats the Group is exposed to

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

**Liquidity risk**

Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. The Group is exposed to the risk to a lack of financing at the moment of the maturity of bank loans and bonds.
As of 31 December 2021, the Group has sufficient liquidity to fulfil its liabilities over the next 12 months.
The Group analyses liquidity needs with particular focus on the maturity of debt and proactively investigates various forms of financing that could be utilised as needed.

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

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

This situation is significantly affecting the global economy, including HORECA sector, and the AmRest Group is not immune to this.

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, the 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, people´s behaviours 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 in revenues.

Group management is closely monitoring the development of the situation and looks for the ways of mitigating the impact of COVID-19 spread on the Group. In addition, the Group implemented additional measures to mitigate the risk of infection among its employees, including in particular:

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

**Lease agreements and continuation options**

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

As a consequence of the pandemic and lack of business activity or relatively lower activity in certain locations, the Group performed reviewed of its rental agreements and has entered into negotiations with landlords. One of the outcomes may be that some locations would need to be closed due to worsened economics and the lack of a mutual agreement between the parties. Terminating the relevant rental contract on cost effective terms may prove impossible. This situation may also have an adverse effect on the business activities and operating results of the Group. Additionally, closing any of the franchised restaurants is subject to the approval by the franchisor and it is not certain that such approval will be obtained.
In the case of Russian and Chinese restaurants acquired by AmRest between July 2007 and December 2012 respectively, the average term of the rental contracts is relatively shorter compared to AmRest restaurants in other countries. This results from the specific nature of these markets.

**Dependency on the franchisor**

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

Therefore, in relation to the duration of those agreements, the renewal is not automatic and AmRest cannot guarantee that after the expiry of the initial periods of duration of the franchise agreements, which are typically ten years, a given franchise agreement will be extended. In the case of KFC and Pizza Hut, AmRest and Yum are in continuous dialogue with respect to current and further cooperation.

In the case of Burger King, despite the termination by Burger King Europe GMBH of the development agreement, the franchise agreements for the operation by AmRest of the Burger King restaurants in Europe remain in force in accordance with their established terms and conditions. In relation to Starbucks, the license agreements entered into by and between AmRest's affiliates and Starbucks EMEA Limited for Poland, Hungary and Czech Republic are set to expire on May 31, 2022 and are subject to a five year extension. Consistent with AmRest's long-term commitment to its brand portfolio, AmRest and Starbucks EMEA Limited are currently negotiating the terms of such extension

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

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

If AmRest fails to comply with the obligation to open and run the minimum specified number of cafés, Starbucks Coffee International, Inc. has the right to increase its share in these companies by acquiring shares from AmRest Sp. z o.o. at a price agreed between the parties based on the valuation of the companies.

**No exclusivity rights**

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

**Risks related to the consumption of food products**

Changes in consumer preferences arising from concerns over the nutritious properties of chicken, which is the main ingredient in the KFC menu, or as a result of unfavorable information being circulated by the mass media concerning the quality of the products, could pose a threat to the Group. Furthermore, diseases caused by these (ie food poisoning) and damages to health as a result of eating in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog, Bacoa and Sushi Shop, and as a result of revealing unfavorable data prepared by the government or a given market sector concerning the products served in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog, Bacoa and Sushi Shop, health-related issues and issues related to the functioning patterns of one or more restaurants run both by AmRest and the competition could also pose a threat to the Group. The above-mentioned risks are mitigated by using the highest quality ingredients in AmRest restaurants, which come from reliable and reputable suppliers, in compliance with strict quality control and hygiene standards and the use of top, modern equipment and processes which ensure the absolute safety of the dishes.

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

AmRest´s success depends, to some extent, on the individual effort of selected employees and key members of management. The methods of remunerating and managing human resources developed by the Group help ensure a low rotation of the key personnel. Additionally, the career planning system supports preparing successors ready to execute tasks in key positions. In the event of turnover, a personnel replacement process will be triggered, minimising to the fullest extent possible the adverse effect on business activities and the operating results of the Group.

Excessive turnover of employees and too frequent changes in managerial positions may pose a significant risk to the stability and quality of the business activities. Due to the fact that salaries in the HORECA sector are still relatively lower than in other branches, there is a risk of the outflow of qualified staff. In this regard, the Company is constantly evaluating the competitiveness of the remunerations offered to minimize the risk and to remain market competitive. An additional risk in the employment area may be caused by fluctuations in the unemployment rate in a given market.

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

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

**Risks related to opening restaurants in new countries**

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

**Currency risk**

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

**Risks related to the current geopolitical situation**

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

**Risk of increased financial costs**

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

**Increases in the cost of commodities, raw materials and goods**

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

**Tax risk**

In the process of managing and making strategic decisions, which can affect the tax settlements, AmRest is exposed to tax risk. In the event of irregularities occurring in tax settlements increase of the risk of dispute in the case of a potential tax control. As part of minimising this risk, AmRest works to deepening the knowledge of its employees in the area of tax risk management and compliance with respective to the legal requirements of the different countries the Group is based in.. The Company implements adequate procedures to facilitate the identification and subsequent reduction or elimination of risks in the area of tax settlements. Moreover, in connection with frequent legislative changes, the inconsistency of regulations, as well as differences in the interpretation of legal regulations, AmRest uses professional tax advisory services and applies for binding interpretations of the tax law provisions. Current fiscal supervisions are presented in Note 33 to the Consolidated Financial Statements as for the year ended 31 December 2021.

**Credit risk**

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

**Risks of economic slowdowns**

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

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

Risk of systems failures and communication network failure, as well as the potential partial or complete loss of data in connection with system breakdowns or damage or loss of key tangible fixed assets of the Group might result in temporary interruptions in serving customers in restaurants, which might have an adverse effect on the Group's financial results. In order to minimise this risk, the Group has implemented appropriate business continuity procedures and disaster recovery plans in order to ensure the stability and reliability of its IT systems.

**Cyberattack risk**

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

**Global crisis and disruption**

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

**Remaining factors outside the Group's control**

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

## Activity in Research and Development area

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

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

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

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

# Non-financial Information Statement

AmRest Holdings SE capital Group
**28 FEBRUARY 2022**

AmRest

# Non-financial Information Statement

According to the Royal Decree-Law 11/2018 of 28 December, relating to non-financial information and diversity, the Board of Directors of AmRest Holdings SE is issuing this Non-financial Information Statement (NFIS) for the 2021 Financial Year as part of the Consolidated Directors' Report, which is presented with Consolidated Annual Accounts. This statement has a public character and may be reviewed on the following website: **www.amrest.eu**.

For the purposes of this document, the following should be understood to mean the same: AmRest Holdings SE, AmRest, the AmRest Group and the Group. The reporting scope is from 1 January 2021 to 31 December 2021. All the data is presented as of 31 December 2021 unless stated otherwise.

The statement is an independent part of the Consolidated Directors' Report for 2021 and includes information concerning all the subsidiaries of AmRest Holdings SE. In the cases where the data presented does not apply to all AmRest units, the scope is specified exactly. As of 31 December 2021, AmRest operated 2 436 equity and franchised restaurants and coffee houses in 25 countries, and the Group's registered office was Paseo de la Castellana 163 (10th floor), 28046 Madrid, Spain. Although the franchised restaurants of AmRest are a part of its portfolio, the Group does not disclose information regarding these restaurants, as they are operated by third parties.

The following NFIS has been prepared in accordance with the GRI Sustainability Reporting Standards (used when appropriate to present quantitative information), which are listed in the table at the end of the statement. The material topics covered in the following document were diagnosed during the materiality analysis, as further explained in Section 3 (Materiality analysis) herein.

# Contents

(all figures in EUR millions unless stated otherwise)

## AmRest's business model and operations in 2021

AmRest Holdings SE with its subsidiaries is Europe's leading listed restaurant operator with a portfolio of leading brands in 25 countries. The Group delivers exceptional food and excellent service, winning the hearts of 30 million guests every month. AmRest operates franchised brands such as KFC, Starbucks, Pizza Hut and Burger King, as well as proprietary brands such as La Tagliatella, Sushi Shop, Blue Frog and Bacoa. In addition, AmRest also has several virtual brands in its portfolio. The offer of virtual brands in Poland is available also under Food About concept - an umbrella brand that enables ordering different virtual brand dishes within one order. Food About holds its own e-commerce that contributes to Virtual Brands sales.

Currently, AmRest operates 2 436 restaurants in 25 countries: Armenia, Austria, Azerbaijan, Belgium, Bulgaria, China, Croatia, the Czech Republic, France, Germany, Hungary, Italy, Luxembourg, Poland, Portugal, Romania, Russia, Saudi Arabia, Serbia, Slovakia, Slovenia, Spain, Switzerland, the UAE and the UK.

AmRest's operations are well-diversified across five main categories of the restaurant industry:

- Quick Service Restaurants ("QSR"), represented by KFC and Burger King
- Fast Casual Restaurants ("FCR"), represented by Pizza Hut Fast Casual Dine In, Sushi Shop and Bacoa
- Casual Dining Restaurants ("CDR"), represented by Pizza Hut Dine In, La Tagliatella, Blue Frog
- Coffee category, represented by Starbucks
- Virtual brands, whose offer is available only online, represented by Pokaï, Lepieje, 'Oi Poke, Moya Misa Ramen, Pierwsze i Drugie, Sushi Tone, Eat's Fine, Mr. Kebs, Tacos Square, Potato Patata, Viva Salad! and Cremontano.

## Business strategy

AmRest's business approach to running a multi-branded company is based on crucial elements that have been at the center of company's attention; managing a profitable, sustainable operation to deliver growth.

### Purpose

Service is our recipe for winning.

### Vision

To become the European leader who inspires the global restaurant industry.

### Mission

Winning our guest's hearts through unique service, product and experience in our restaurants, delivered by passionate AmRestees, makes our scalable and sustainable brands thrive.

***Table. Brands operated by AmRest in 2021***

<table>
<tr><th colspan="2">Proprietary brands</th><th colspan="2">Franchise brands</th><th>Virtual brands</th></tr>
<tr><td>La Tagliatella</td><td>Sushi Shop</td><td>KFC</td><td>Starbucks</td><td rowspan="2">Pokaï, Lepieje, 'Oi Poke, Moya Misa Ramen, Pierwsze i Drugie, Sushi Tone, Eat's Fine, Mr. Kebs, Tacos Square, Potato Patata, Viva Salad! and Cremontano</td></tr>
<tr><td>Blue Frog</td><td>Bacoa</td><td>Pizza Hut</td><td>Burger King</td></tr>
</table>

***Table. Restaurant count***

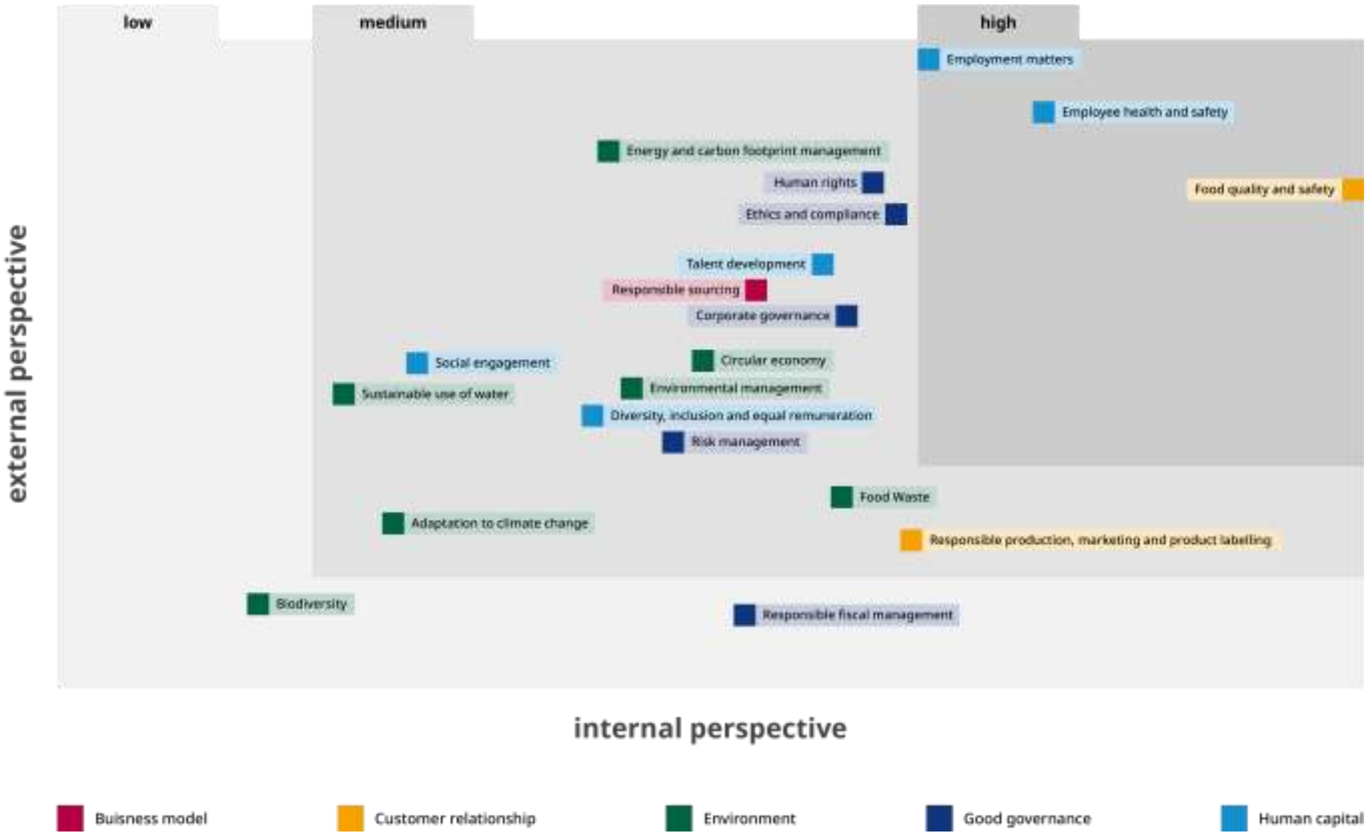
| Brand | Restaurant count (total) | Self-owned restaurants | Franchise restaurants |
|---|---|---|---|
| KFC | **951** | 951 | - |
| Starbucks | **387** | 363 | 24 |
| Pizza Hut | **482** | 229 | 253 |
| Burger King | **93** | 93 | - |
| La Tagliatella | **235** | 75 | 160 |
| Sushi Shop | **201** | 139 | 62 |
| Blue Frog | **77** | 66 | 11 |
| Bacoa | **5** | 1 | 4 |
| Virtual brand outlets | **5** | 5 | - |
| **Total number of restaurant and coffee houses** | **2 436** | 1 922 | 514 |

## Materiality analysis

In 2020, AmRest conducted a comprehensive materiality analysis to identify the social, environmental and ethical issues relevant to defining its approach to sustainability. These issues were included in AmRest Non-financial Information Statement for 2020.

In 2021, AmRest conducted an internal review of the materiality matrix. AmRest Management Team and heads of key functions assessed and prioritized 20 material topics in 5 areas: business model, customer relationships, environment, good governance and Human Resources. The topics that were evaluated to be material to AmRest, with relevant Key Performance Indicators, have been included in this statement.

***Infographic. AmRest material topics assessment***




## Sustainability strategy and governance

In 2021, AmRest updated the Global Sustainability Strategy. The strategy is centred on three pillars – Our Food, Our People and Our Environment. It applies to all AmRest employees and executives, in every geography, across each brand operated by AmRest.

***Infographic. AmRest Global Sustainability Strategy***


The strategy is based on global sustainability standards, benchmarks and trends and reflects the existing and forthcoming legislation applying to ESG (Environmental, Social and Governance) areas.

AmRest defined its sustainability strategy pillars and key initiatives in line with five United Nations Sustainable Development Goals (SDGs):


***Table. Topics covered in AmRest Global Sustainability Strategy***

| Our Food | Our People | Our Environment |
|---|---|---|
| Responsible sourcing | Fair employment practices | Circular economy |
| Nutrition and balanced choice | Diversity & Equality | Climate change |
| Food safety | Social engagement | |

## Governance model

Overall ownership of the sustainability strategy rests with the Sustainability, Health and Safety Committee composed of three independent members of the AmRest Board of Directors. Responsibility for each pillar rests with AmRest Management Team Members: Chief Food Services Officer (Our Food), Chief People Officer (Our People), and Chief Operations Officer (Our Environment). The Executive Chairman leads the Social Engagement agenda. The pillar owners are responsible for delivering the goals and KPIs set under the strategy and for reporting progress to the AmRest Board of Directors.

The member of AmRest Management Team including CEO and global heads of key functions participate in the governance of the strategy through sessions dedicated to sustainability matters held during regular meetings of the Management Team.

Sustainability-related matters, as well as non-financial reporting, are coordinated globally by the External Communications and Corporate Affairs department, whose head reports directly to the Executive Chairman.

***Infographic. Sustainability-related matters governance***


## Risk management at AmRest

AmRest identifies financial and non-financial risks and manages them both at the Group level and at the level of individual companies. The risk management system, internal control system and the review of the effectiveness of these systems, have been supervised by each Risk Owner at the company, Chief Risk and Compliance Officer, Risk and Compliance Committee, Management Team, Audit and Risk Committee and ultimately by the Board of Directors of AmRest Holdings SE.

The Global Risk and Compliance department was established at the beginning of 2021 with the department head reporting directly to the Audit and Risk Committee Chairman (Board of Directors level). Their key responsibilities include:

- Promoting and guiding the organization to establish a consistent risk management culture, through adequate communication, training and awareness building, among all AmRest employees
- Periodically updating the risk catalogue and the risk map
- Overseeing the adequate functioning of the Enterprise Risk Management (ERM) System, specifically to the identify, assess, respond and report to the Audit and Risk Committee critical risks to which the Group is exposed, including emerging risks.
- Fostering the implementation of efficient and complete risk response strategies to mitigate or reduce critical risks to which the Group is exposed, within the risk appetite and tolerance levels approved by the company.
- Reporting to the Audit and Risk Committee regarding the performance and functioning of the Enterprise Risk Management.

AmRest's risk management process begins with the organization's long-term and short-term objective setting. This leads to the identification of risks defined as any event which might pose a threat to the fulfilment of these objectives. Risks are assessed on a periodic basis, at inherent and residual level, based on their expected impact, likelihood and the organization's vulnerability, and are prioritized in the risk map.

For all risks identified as critical, the management defines response strategies to mitigate the inherent risk to a reasonable risk appetite level. The response strategies combine the monitoring of risk performance indicators and the execution of control activities, which are assessed for operating effectiveness purposes on a periodical basis.

The trends in critical risks performance and the effectiveness of the control activities are reported on a quarterly basis to the Risk and Compliance Committee and the Audit and Risk Committee. When risks exceed the defined tolerance level, the action plans implemented to address them are also reported.

***Table. Risks that may have a considerable adverse effect on operating areas of AmRest including corruption prevention, environment protection, respect for human rights and others[2]***

| **Risks[3]** |
|---|
| Adverse impact on the image of the Group or the Brands |
| Cyber threats |
| Disruption in the supply chain |
| ESG priorities not adequately engrained within overall business strategy |
| Failure to adapt to stakeholders' interests |
| Failure to foster an ethical culture |
| Global crisis and disruptions |
| Inadequate sourcing process |
| Increase in the cost of commodities, raw material and goods |
| Key personnel turnover |
| Non-compliance with internal regulations regarding Health & Safety, Data Protection, Tax or other areas |
| Quality issues affecting products and services |
| Threat of financial crime |

Through having implemented the Code of Ethics and Business Conduct and the Global Sustainability Strategy, AmRest aims to minimize among others, exposure to the following risks:

[2] *Other risks identified by AmRest are presented in the Directors' Report in section "Basic risks and threats the Group is exposed to".*
[3] *Listed in alphabetical order.*

- damage to AmRest's reputation caused by cooperation with suppliers who behave unethically;
- inadequate response to environmental trends;
- lack of awareness and sensitivity of managers with regard to the ethics and rules of a responsible business;
- lack of public knowledge of AmRest's implementation of practices in the area of ethics and responsible business;
- major negative impact of the company's operations on the environment;
- negative perception of the company by the public in connection with undue care paid by AmRest to social/public interests;
- unethical practices by AmRest and AmRest employees.

## The response to COVID-19 pandemic

The COVID-19 pandemic had a significant impact on the restaurant sector. Periods of closures, bans or significant restrictions on customer numbers and trading hours were imposed in practically all AmRest markets and limited the company's ability to operate to its full potential. Additionally, customers concerns about health and safety influenced their behavior patterns and impacted the demand for eating out.

With employee and customer health and safety as the priority, AmRest quickly adapted to the changing hygiene and safety regimes. Additionally, through introducing innovative technological solutions such as contactless payments, online ordering and curb pick up AmRest managed to maintain its customer base. As a result, the Group was able to successfully navigate through the pandemic, delivering on its promises to all key stakeholders: employees, customers, investors and business partners.

# Our Food



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

One of the most relevant topics for AmRest as a food company is to ensure the safety and quality of the products served in its restaurants and coffee houses. The Group is committed to applying the highest product safety and quality standards throughout the supply chain and the production process. Wherever possible, fresh products are sourced from local suppliers.

AmRest identified the following key topics in 'Our Food' area of its Global Sustainability Strategy:

- **Responsible sourcing**
  - Animal welfare
  - Ethical practices
  - Sustainable packaging
- **Nutrition and balanced choice**
  - Ingredients
  - Recipes and profile
  - Transparency
- **Food safety**
  - Suppliers
  - Logistics
  - Central Kitchen
  - Restaurants

## Responsible sourcing

Each supplier cooperating with AmRest must meet strict product quality criteria and requirements for sustainable production standards, animal husbandry, and crop cultivation. They must also uphold employment standards, respect human rights and maintain health and safety rules in the workplace.

As of 31 Dec 2021 over 92% of food suppliers in CEE region were signatories of Code of Conduct for AmRest Suppliers, addressing social and environmental matters such as prevention of child labor, discrimination, health and safety and protection of the environment. In other regions, suppliers were covered by the requirements and standards set by AmRest franchisors (YUM, Starbucks, RBI). For example, AmRest KFC operations in Western Europe sourced from suppliers managed by YUM and maintained their standards.

In 2021, the Food Services Sustainability Project Group, under the leadership of the Chief Food Services Officer, regularly monitored and addressed crucial supply chain issues at AmRest. The scope of the team's work included defining and monitoring progress on issues such as responsible sourcing of raw materials, sustainable packaging, and cage free eggs.

| Area | Description |
|---|---|
| **Palm oil** | In 2021 AmRest sourced solely RSPO (Roundtable on Sustainable Palm Oil) certified palm oil globally in 96%[4] of its operations. |
| **Sustainable packaging** | In line with relevant EU law, in 2021 AmRest eliminated single-use plastic products e.g. straws and cutlery in all EU markets. The same solution was introduced in China. |
| **Cage free eggs** | In 2021 AmRest completed transition to cage-free eggs in all brands across all EU markets where the company operates. |

## Nutrition and balanced choice

AmRest has been working to meet customers' expectations and needs for wellbeing, nutrition and balanced choice, through varied menus and specific dietary choices, including vegetarian and vegan products.

## Food safety

AmRest places the highest priority on food safety, complying with relevant legislation, standards and codes of practice. Through programs and training, the Group develops the employee competencies, increases awareness, and manages risk. AmRest constantly works to establish a food safety mindset and to ensure the right behaviors across the organization.

This objective is achieved through:

- an order management system that helps restaurant and coffee house managers optimize the quantity of products they order and to ensure that the inventory is always fresh;
- applying highly effective, professional cleaning agents/disinfectants as well as specific devices to make dosing more efficient; continual monitoring of agent concentration to ensure maximum effectiveness;
- conducting unannounced audits in restaurants by internal and external, independent auditors;

[4] *Taking into account the number of equity restaurants.*

- designing, constructing and maintaining restaurants, equipment, small wares, and consumables to standards that allow the company to maintain safety of our products;
- identifying possible risks and mitigating or eliminating them;
- implementing and executing strict hygiene, food safety and quality standards and procedures;
- implementing systems and procedures for the prevention of pest entry and activity;
- periodic training sessions on hygiene, quality, and food safety maintenance standards;
- systems designed to track expiration dates and manage inventory rotation;
- systems for temperature control throughout the supply chain (from producer to restaurant to customer).

### Quality and food safety audits

In 2021, Food Safety and Quality Systems, Distribution Center and Transportation audits were conducted for every brand and market, taking into account location-specific requirements. Additionally, AmRest-operated restaurants and coffee houses were meticulously audited for hygiene and food safety programs. Individual audit standards and schedules were applied across the different brands to account for their specific needs.

All audit reports with results were uploaded to an online system and analyzed. If the results were not satisfactory, a Corrective Action Plan was put in place.

The total number of audits conducted in restaurants and among suppliers in 2021 was 7 687.

### Customer relations

Customer feedback plays an extremely important role in AmRest operations worldwide. Guests can give their feedback via phone, e-mails, letters, online contact forms, customer satisfaction surveys, third party delivery service provider systems, and social media accounts. They can also voice their opinions directly to the staff at a restaurant, who may invite them to file their comments in writing.

In stores, customers are invited to take part in an online Customer Satisfaction Survey, which frequency is determined at POS (point of sale) level. Every operational leader: restaurant or coffee house manager may access the survey results. The guest satisfaction survey program delivers valuable insights every day, which allow AmRest managers and staff to continuously improve their service. Based on the customer feedback reports, AmRest restaurant managers set weekly priorities to increase customer satisfaction at the restaurant, regional, district and market level.

In 2021 AmRest's equity restaurants and coffee houses handled approx. 220 million transactions.

The total number of complaints received in 2021 was 92 061[5]. The complaint-handling processes are governed by separate procedures for different markets and are in compliance with local legislation. Each complaint is evaluated by the subject matter experts and a dedicated Customer Care representative. Based on its nature, the complaint gets assigned to an appropriate grid tier, which determines the necessary path to follow and the maximum time allowed to solve it. The complaints are resolved by the AmRest restaurant managers and the whole process is carefully monitored.

Customer satisfaction results are distributed to all AmRest's restaurant managers every day. Additionally, once a month, each Brand President communicates the next steps to improve customer satisfaction.

***Table. Summary of main documents at AmRest in terms of food-related matters***

| Name of the document | |
|---|---|
| Food Safety Policy[6] | Procurement Procedure [SCM][7] |
| Food Safety Fundamentals (FSF) | Supplier Approval Procedure |
| Brand Protection Monitoring System | Supply Sourcing Code of Practice[8] |
| Code of Ethics and Business Conduct | Global Procurement Procedure |

*[5] AmRest ensures support with handling customer inquiries for the franchisees. The number of complaints may contain complaints from franchisee restaurants, which are not directly run by AmRest.*
*[6] Document under internal approval process.*
*[7] Document under internal approval process.*
*[8] Document under internal approval process.*

# Our People



5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS

AmRest's success is built on people and the communities they serve. In towns and cities, across diverse countries, AmRest employees share values that create a safe and friendly workplace and nurture ambition that anyone can succeed and make an impact. That impact is not only professional growth; it means making a difference and supporting those in need.

Main areas of focus in "Our People" pillar of AmRest Global Sustainability Strategy are:

- **Fair employment practices**
  - Work ethics
  - Occupational Health & Safety
  - Talent Development
- **Diversity & Equality**
  - Diversity
  - Pay Equality
- **Social engagement**


AmRest employees and associates[9] are expected to maintain the required working conditions of the staff under their responsibility, including contract workers. This means ensuring compliance with all applicable labour regulations, in particular, those related to hygiene, health and safety at work, as well as working hours and rest periods, payment of wages according to law, and no minors at the work place (except in cases provided by law).

Basic employment matters, including internal organization, employee and employer rights and responsibilities are regulated by separate documents adopted by AmRest subsidiaries in accordance with the relevant national laws.

### Work ethics

AmRest is committed to conduct business to the highest ethical standards and in compliance with all relevant law and regulation. The Group has put in place clear practices so that all employees live by consistent work ethics. This includes a company-wide Code of Ethics and Business Conduct and a global Whistleblowing Policy.

The Code of Ethics and Business Conduct is a set of guidelines and rules that all people who make up the company must follow. The Code is an essential tool that serves as a cornerstone for AmRest, informing of actions and setting out the principles of conduct all employees must observe, both when performing their professional duties and in relationships with all stakeholders.

The Group has zero tolerance for any form of corruption, bribery, extortion or kickbacks. AmRest employees must never receive, accept, provide or offer any payments or anything of value for the purpose of obtaining any kind of benefit, advantage or undue consideration, when interacting with public officials or business partners.

AmRest undertakes to comply with all applicable international legislation and provisions to fight against money laundering and terrorist financing.

AmRest recognizes the importance of reporting irregularities related to the Group's operations and therefore the need for protection of anyone making such a report being able to do so in good faith. To this effect, in 2021, AmRest Board of Directors approved the updated Whistleblowing Policy to ensure those standards are protected in accordance with the law. The document gives clear guidelines on how to report irregularities, how to conduct investigations and how to take remedial measures in a way that ensures the protection of "whistleblower". The online service "Speak Openly" guarantees that the communication between the reporting person and case operator can be performed on fully anonymous basis.

The number of potential irregularities filed by the "Speak Openly" in 2021 was 107.[10]

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[9] *Natural persons or legal entities that have an ongoing relationship with AmRest.*

[10] *In total 5 cases were related to human rights area.*

(all figures in EUR millions unless stated otherwise)

Observing human rights is a fundamental responsibility for the Group and is a standard that derives from the AmRest's corporate culture. Respect for human rights governs the relations with internal (employees) and external stakeholders (e.g. customers, suppliers, local communities). The Group does not operate or participate in projects that would infringe on human rights nor does it encourage anybody to do so.

### Occupational health and safety

AmRest applies firm principles and organizational commitment to prevent occupational risks. As a responsible company, AmRest integrates these principles into the general system of management to ensure the safety of employees, partners and customers, during all activities and at all levels. The health & safety at workplace culture is implemented in all countries of operation.

AmRest Board of Directors assumes the role of directly promoting the integration of occupational risk prevention into the Group's management systems, promoting the safety and health of AmRest employees through the application of measures and the development of activities, necessary for the prevention of occupational risks.

In 2021, the Health & Safety Global Guidelines for AmRest were developed, establishing 10 basic principles to follow in order to ensure a safe and stable workplace.

During the continued COVID-19 pandemic, AmRest maintained a strict hygiene regime to protect employee health and safety, both in the AmRest restaurants and while delivering orders to customers through contactless delivery.

### Talent Development

AmRest places a strong emphasis on people development. The Group offers a wide array of internal training courses (vocational and occupational) led by qualified instructors. Managers support their teams, acting as coaches and mentors.

Store-level managers participate in dedicated development programs depending on their position. They are offered training to develop the skills necessary to effectively manage people and restaurants, including food safety, human resource management, customer service, product marketing, promotion and sales.

Restaurant staff are given training that includes a customer-focused approach. Employees who are not covered by the above-mentioned development programs are offered other training opportunities as part of the People Development Initiatives.

***Table. The total number of training hours of AmRest employees. OPS - Employees of restaurants and coffee houses. RST - Restaurant support team***

| | 2020 | 2021 |
|---|---|---|
| **OPS** | 742 591 | 1 843 427 |
| **RST** | 6 246 | 21 024 |

Selected employee development initiatives at AmRest:

- Internal and External Training - AmRest regularly conducts internal training sessions dedicated to progressing employee development. Employees also have the opportunity and are encouraged to take part in external training sessions.
- Mentoring – AmRest leadership teams in local markets conduct special training sessions under mentoring schemes.
- Relocation - AmRest as a global company creates opportunities for employees to work abroad and to continue the career in another market.
- Internships - AmRest offers a range of internships for students, with the possibility of a full-time position afterwards.

### Equality at AmRest[11]

AmRest takes steps to ensure equal treatment and opportunity, regardless of, among others, gender, race or disability. For example:

- Avoiding discriminatory words or inappropriate expressions in internal or external communication channels.
- Including Group's commitment to equal opportunities in job advertisements.
- Training staff responsible for pre-selection (CV review) and selection (telephone and face-to-face interviews) on equality processes to ensure that candidates are assessed solely on their competences.
- Collaborating with non-profit associations that facilitate the labor integration of people at risk of exclusion.

### Work-life balance

The Group uses a flexible working time system. Restaurant employees can adapt their work schedules, which makes it easier for them to maintain a work-life balance.

Continuously in 2021, due to the continuing COVID-19 pandemic, offices in many countries were open, but with limited number of staff performing essential tasks. Work from home (Home Office) was a daily routine for the majority of AmRest office workers. The offices in many countries operated to a limited extent.

[11] *In compliance with local labor law, in Spain equality plans are implemented.*

(all figures in EUR millions unless stated otherwise)

## Collective bargaining

AmRest follows local regulations regarding the freedom of association.

***Table. Organization of dialogue and negotiating with staff in main markets applicable***

| Country | Description |
|---|---|
| **France** | All French entities are covered by Working Councils (French "Comité Economique et Social"). The company representatives must meet with the councils at least 12 times a year. Moreover, AmRest negotiates collective company agreements with unions when required by law. The company is represented by the HR department. |
| **Germany** | AmRest representatives in Germany (HR and Legal Departments) meet regularly with Unions and Workers Councils. All company projects and activities that may impact the employees must be discussed with the Councils. |
| **Spain** | Following the National Labor Law, each AmRest entity has the *Convenio Colectivo* (Collective agreement). The negotiations are held regularly between the work council and the labor law manager who represents the company (with the support of other representatives if needed). |

***Table. Summary of main documents at AmRest in terms of personnel-related matters***

| Name of the document | |
|---|---|
| Code of Ethics and Business Conduct | Social Media Policy |
| Criminal Compliance Policy | Gender Equality Policy |
| Diversity Policy | Community Relations Policy (CSR Policy) |
| Whistleblowing Policy | Global Health & Safety Guidelines |

## Social engagement

AmRest encourages employees to engage in voluntary work to the benefit of their communities. Each year AmRest makes contributions to social or charitable organizations.

### Strategic partnership – SIEMACHA Spot Wrocław

An important project under AmRest social engagement is the strategic partnership with SIEMACHA Spot Wroclaw run by SIEMACHA Association. It is an educational space for children, where they can develop their talents and gain new experiences. The facility was officially opened in June 2017. The total value of AmRest financial support for the place between 2016 and 2021 reached over 500 000 EUR. During a 5-year cooperation with SIEMACHA, more than 600 children have been members of the SIEMACHA Spot Wrocław community. In 2021, SIEMACHA Association and AmRest signed a new cooperation agreement for the next 3 years.

### Employees engagement in charity

In November 2021 AmRest organized a Food Sharing Day in Poland and Spain. The initiative was conducted in cooperation with non-governmental organizations caring for children and youth from underprivileged families such as SIEMACHA Association in Poland and Cuantaya Association in Spain. In total, over 1600 children participated in the event. AmRest volunteers from the offices and restaurants helped to prepare food and delivered it to gathering, where they took part in social activities together with children.

***Table. AmRest engagement in numbers***

| | |
|---|---|
| **Number of projects** | 171 |
| **Number of volunteers** | 864 |
| **Number of beneficiaries** | 3 807 |

## Saving food

AmRest is determined to reduce organic waste, and especially food waste. In 2021, AmRest's brands were involved in two global food waste prevention schemes: Harvest and Too Good To Go.

*Table. AmRest food waste prevention programs*

| Name of the project | Harvest | Too Good To Go |
|---|---|---|
| **Short description** | Donating surplus products to people in need. Cooperation with Food Banks | Selling food products with short expiry date via mobile app. Partnership with Too Good To Go company |
| **AmRest brands involved** | KFC, Pizza Hut, Burger King | Starbucks, Pizza Hut, La Tagliatella, Sushi Shop |
| **Number of stores involved** | 333 | 407 |
| **Amount of food saved in 2021** | 178 943 kilograms | 294 528 boxes saved (950 000 food items) |

*Table. Summary of AmRest  documents governing social issues*

| Name of the document | |
|---|---|
| Code of Ethics and Business Conduct | Community Relations Policy (CSR) |


# Our Environment

AmRest is committed to managing its environmental impact in a thoughtful and responsible manner across all its operations. AmRest aims to develop a coherent, organization-wide understanding of the significance of environmental protection among all internal stakeholders. This understanding must be consistent across all countries and regions in which the Group operates, regardless of any cultural differences.

AmRest Global Sustainability Strategy is focused on the following environmental areas:

- **Circular economy**
  - Management of bio/organic waste
  - Waste recycling
- **Climate change**
  - Carbon footprint
  - Energy efficiency

In 2021, AmRest restaurants and coffee houses were working to minimize the environmental impact of their operations in accordance with the procedures specified for each brand operated by the Group.

Although the Group has no direct operations in protected areas, it has been working closely with suppliers to ensure the highest environmental standards across the whole supply chain regarding protection of biodiversity.

### Circular economy

AmRest aims to minimize waste produced in every aspect of its operations and has implemented food waste prevention programs globally (more information on this topic can be found in “Saving food” sub-chapter in “Our People”).

In 2021, all AmRest brands in European markets and in China replaced single-use plastic in restaurants with sustainable materials such as paper straws and wooden cutlery. Moreover, the Group has been gradually increasing the level of sustainable packaging across its operations, introducing recyclable packaging and packaging made from recycled materials.

AmRest restaurants produce different categories of waste. The waste management solutions used by the Group are based on different legal requirements across individual countries, and are designed for store type and location (such as shopping malls, drive through, in-line street). Management of waste from restaurants in specific categories is done in compliance with the relevant laws, standards and good practices specific to that type of restaurant.

### Climate change

Climate change is an important element of the AmRest Sustainability Strategy. In 2021 AmRest calculated its Scope 1 and Scope 2 emissions. The Group has been continuously reducing greenhouse gas emissions, especially through optimizing energy use or reducing electricity consumption levels.

All of AmRest's restaurants and coffee houses in Poland are monitored by a remotely-operated energy consumption system (media readings), providing analysis of energy use at the store level, in order to conserve energy and identify opportunities to improve efficiency. AmRest is working on implementing this system in each of its operated stores.

- In all core markets AmRest uses optimized equipment-operating procedures that are explained in detail to employees in information materials.
- AmRest restaurants use motion detectors in utility rooms and restrooms as well as energy efficient ventilators. AmRest also uses air conditioning systems with heat pumps.
- Most of the deep fryers, freezers, ovens and other equipment used in the restaurants are energy-saving devices with ENERGY STAR certificates. Fryers are fitted with a special, energy-saving system that makes it possible to reduce the amount of oil used.
- KFC, Burger King and Pizza Hut restaurants in Poland recover heat from their refrigeration systems and use it to heat water.
- KFC and Burger King restaurants recover heat from the kitchen exhaust system to pre-heat fresh air and optimize the consumption of electricity.
- AmRest is working on the development of BMS (Building Management System) to optimize energy consumption by remote supervision of most important equipment and installations. The BMS will provide more functionalities to the currently used system (Media Readings).

### Water

Water consumption at AmRest is mainly related to meal preparation. Consumption is constantly monitored and the Group strives to make every effort to achieve greater efficiency, implementing water-saving aerators and proximity sensors in newly built restaurants and coffee houses.

### Environmental risk prevention

Environmental risks are managed through a dedicated role in the Operations structure. Facility Management and/or Maintenance departments are responsible for ensuring that the national requirements regarding environment are met, including waste management and sustainable use of land and water resources.

With regards to provisions and guarantees for environmental risks, AmRest has no specific environmental insurance.

(all figures in EUR millions unless stated otherwise)

# AmRest Taxonomy disclosure

AmRest as an entity subject to the obligation to disclose non-financial data in accordance with The Non-financial Reporting Directive (NFDR), falls under the Taxonomy Regulation1 , together with the delegated acts in force: Delegated Act supplementing Article 8 of the Taxonomy Regulation ("the Disclosures Delegated Act2") and the EU Taxonomy Climate Delegated Act3, officially published on 9th December 2021.

To meet the obligation under above quoted regulations, AmRest has conducted an analysis of its activities to identify those that are Taxonomy eligible. The analysis was based on the description of Taxonomy-eligible activities according to the final version of Climate Delegated Act, Annex I and Annex II.

Determination whether a given activity was considered taxonomy eligible was based on applying the two taxonomy criteria: 1. Substantial contribution to climate mitigation and 2. Substantial contribution to climate adaptation.

***Table. Taxonomy eligible activities by AmRest in 2021***[12]

| Sector | No. | Activity | Description of the activity | Technical screening criteria: substantial contribution to climate mitigation | Technical screening criteria: substan ial contribu ion to climate adaptation | Explanation of cost calculation method |
|---|---|---|---|---|---|---|
| Energy | 4.16 | Installation and operation of electric heat pumps | Installation and operation of electric heat pumps | Yes | Yes | Heat pumps are an element of the HVAC system used by AmRest. The comments related to a calculation of related Capex and Opex are included in the related part referring to activity 7.3. |
| Construction and real estate | 7.3 | Installation, maintenance and repair of energy efficiency equipment | Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment such as: installation, replacement, maintenance and repair of heating, ventilation and air conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies; | Yes | Yes | Total maintenance costs of complete HVAC installations based on heat pumps which were installed in 2021. Calculation was estimated on the basis of average energy consumption and average market cost of maintenance for a given country.<br>The costs of installation of technological equipment other than HVAC which can be classified as energy saving (installed in 2021).<br>Calculation made based on purchase prices. No maintenance cost were included as the equipment was covered by the producer warranty. |
| | 7.5 | Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings | Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings | Yes | Yes | Costs of installation and maintenance of equipment designed for remote energy reading or for remote control over energy consuming installations. This refers only to media-reading equipment and BMS. |
| | 7.6 | Installation, maintenance and repair of renewable energy technologies | Installation, maintenance and repair of renewable energy technologies, on-site | Yes | Yes | Costs of photovoltaic installations in AmRest restaurants. For 2021 these costs are non-material. |
| Information and communication | 8.2 | Data-driven solutions for GHG emissions reductions | Development or use of ICT solutions that are aimed at collecting, transmitting, storing data and at its modelling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions. | Yes | No | This activity relates to media reading equipment and BMS which are included in the activity in point 7.5. The cost aspect has been addressed in the relevant section referring to the activity 7.5. |

While making the calculations of costs related to activities listed in the table, AmRest Group took into account only CapEx/OpEx directly related to each of the activities, as a result the risk of double counting was eliminated.

*[12] Calculation of CapEx numerator - due to lack of detailed information for the first year of reporting, it has been considered that all the new solutions implemented regarding the activity 7.3. in Germany are energy efficient. For the same reason, in some cases the installation and transport costs of the equipment are also included in CapEx.*

(all figures in EUR millions unless stated otherwise)

## AmRest Taxonomy KPIs for 2021

According to the Article 8 Delegated Act, in the fiscal year 2021 AmRest Group is required to only disclose the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities in the total turnover, CapEx and OpEx.

**Consolidation of CapEx and OpEx data which are considered as taxonomy eligible (numerator) and total turnover, CapEx and OpEx (denominator) at the Group level**.

**Contextual information**

AmRest core business is running and developing restaurant chains. A description of activities conducted by the Group in the year 2021 can be found in the chapter "AmRest business model and operations in 2021" (section 1 of this Statement**). AmRest core activities are not included in the list of activities that are substantially contributing to the first two of the environmental objectives of Taxonomy Regulation: climate change mitigation and adaptation to climate change**. The revenues generated by AmRest in 2021 were derived from activities which did not qualify as environmentally sustainable, Therefore, in 2021 AmRest achieved no turnover meeting taxonomy eligibility criteria.

- **Turnover:** In 2021, AmRest Turnover KPI for taxonomy eligible activities equals to 0%.
- **CapEx:** In 2021, CapEx considered as taxonomy eligible amounted to 9% of the Group capital expenditures. As explained above, the nominator was calculated as the CapEx related to activities listed in table *Taxonomy eligible activities by AmRest in 2021*.

  Denominator: additions to tangible and intangible assets in 2021. Denominator amounted to EUR 163.8 million.

| KPI | Eligible (%) | Non-eligible (%) |
|---|---|---|
| Capital expenditure (CapEx) | 9 | 91 |

- **OpEx:** In 2021 total operating expenses of AmRest Group excluding amortization and depreciation amounted to EUR 1 605.4 million and are described in the note 8 of the Consolidated Financial Statements for the year ended 31 December 2021. Out of that amount, EUR 34.9 million (2,2%) constitutes building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking that are necessary to ensure the continued and effective functioning of such assets incurred during the relevant financial year (mainly direct maintenance expenses).

  In 2021, the taxonomy OpEx for AmRest was non material (under 5%) with respect to the total OpEx of the Group. Therefore, according to section 1.1.3.2 of Annex I of Delegated Regulation of July 6th, **AmRest reports the OpEx numerator as 0 and only discloses the denominator.**

  2021 OpEx denominator: EUR 34.9 million.

## Accounting policy

- **Turnover:**

The turnover covers the revenue recognized pursuant to International Accounting Standard IAS 1.
The Group operates chains of own restaurants under own brands as well as under franchise license agreements. Additionally, Group operates as a franchisor (for own brands) and master-franchisee (for some franchised brand), and develops chains of franchisee businesses, organizing marketing activities for the brands, and supply chain.

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Detailed policy is presented in the note 6 and 38d of the Consolidated Financial Statements for the year ended 31 December 2021.

**Numerator** – revenues derived from products/services associated with economic activities that qualify as environmentally sustainable. None of the activities were classified as Taxonomy-eligible hence the numerator equals zero in the year 2021.

**Denominator** – total revenues presented in the Consolidated income statement for the year ended 31 December 2021.

- **Capital Expenditure (CapEx):**

**Numerator** – equals to the part of the capital expenditure included in the denominator that is any of the following:

a) related to assets or processes that are associated with Taxonomy-aligned economic activities
b) part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned ("CapEx plan")
c) related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or lead to greenhouse gas reductions and provided that such measures are implemented and operational within 18 months.

**Denominator** – additions to tangible and intangible assets during the financial year considered before depreciation, amortization and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The denominator shall also cover additions to tangible and intangible assets resulting from business combinations.

References to the Consolidated Financial Statements for the year ended 31 December 2021:

a) Intangible assets – note 15
b) Property, plant and equipment – note 13
c) Right-of-use assets – note 14

- **Operating Expenditure (OpEx):**

**Numerator –** The numerator equals to the part of the operating expenditure included in the denominator that is any of the following:

a) related to assets or processes associated with Taxonomy-aligned economic activities, including training and other human resources adaptation needs, and direct non capitalized costs that represent research and development;

b) part of the CapEx plan to expand Taxonomy-aligned economic activities or allow Taxonomy-eligible economic activities to become Taxonomy-aligned within a predefined timeframe as set out in the second paragraph of this point 1.1.3.2;

c) related to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures as identified in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) or Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

**Denominato**r – shall cover direct noncapitalized costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking that are necessary to ensure the continued and effective functioning of such assets, incurred during the relevant financial year. Only direct costs should be included, as consequence AmRest includes in the denominator related part of the Restaurant expenses and Franchise and other expenses (lines above Gross Profit).

Denominators of turnover and CapEx KPIs does not differ from any Alternative Performance Measures (APMs) as defined in ESMA.

(all figures in EUR millions unless stated otherwise)

# Key metrics

### 1. Table. Number of suppliers by type[13]

| | 2021 |
|---|---|
| Total suppliers | **7 307** |
| (incl. food suppliers): | **1 363** |

### 2. Table. Main raw material consumption [t][14]

| | 2020 | 2021 |
|---|---|---|
| Meat (incl. Fish) | 40 013 | **46 737** |
| Flour | 10 564 | **13 601** |
| Dairy | 10 643 | **12 882** |
| Fruits & Vegetables | 6 051 | **8 473** |
| Cold drinks | 16 517 | **20 420** |

### 3. Table. AmRest electricity consumption [GJ][15]

| | 2020 | 2021 |
|---|---|---|
| AmRest | 1 088 268 | **1 226 507**[16] |

### 4. Table. Fuel consumption of AmRest car fleet [liter][17]

| | 2020 | | 2021 | |
|---|---|---|---|---|
| | DIESEL | PETROL | **DIESEL** | **PETROL** |
| AmRest | 650 363 | 726 907 | **649 419** | **1 132 387** |

### 5. Table. Scope 1 and Scope 2 for AmRest [tCO2eq][18]

| Carbon footprint | | |
|---|---|---|
| AmRest | Scope 1 | **213 536** |
| | Scope 2 | **157 333**[19] |

### 6. Table. Total amount of waste generated by type [tonnes][20]

| | Type of waste | | | | | |
|---|---|---|---|---|---|---|
| | Mixed waste | Paper and cardboard | Plastic | Glass | Organic | Used oil |
| 2020 | 21 357 | 57% recycled | 27% recycled | 89% recycled | - | 100% reused |
| **2021** | **39 484** | 42% recycled | 26% recycled | 99% recycled | 8% segregated | 100% reused |

### 7. Table. Water consumption [m³][21]

| | 2020 | 2021 |
|---|---|---|
| AmRest | 1 934 161 | **2 532 010** |

*13 The data for 2020 are not presented due to the change in the calculation method in 2021. Therefore the data for 2020 would not be comparable.*
*14 Data collected from 6 biggest AmRest markets.*
*15 8 countries reported the data based on estimations.*
*16 In 2021, 10 990 GJ of AmRest energy consumption came from renewable energy sources.*
*17 8 countries reported the data based on estimations.*
*18 8 countries reported the data based on estimations.*
*19 Potential saved emission in 2021, due to using renewable energy sources: 1 315 tCO2e.*
*20 8 countries reported the data based on estimations.*
*21 8 countries reported the data based on estimations.*

(all figures in EUR millions unless stated otherwise)

### 8. Table. AmRest employees by gender [headcount]

| | Women | Men | Total |
|---|---|---|---|
| **Total** | **27 308** | **21 231** | **48 539** |
| incl. Permanent contract | 18 897 | 14 178 | 33 075 |
| incl. Temporary contract | 8 411 | 7 053 | 15 464 |
| incl. Full-time | 12 608 | 9 283 | 21 891 |
| incl. Part-time | 14 700 | 11 948 | 26 648 |
| Dismissals | 2 102 | 2 489 | 4 591 |

### 9. Table. AmRest employees by age [headcount]

| | <30 | 30-50 | >50 | Total |
|---|---|---|---|---|
| **Total** | **34 721** | **12 323** | **1 495** | **48 539** |
| incl. Permanent contract | 20 668 | 11 136 | 1 271 | 33 075 |
| incl. Temporary contract | 14 053 | 1 187 | 224 | 15 464 |
| incl. Full-time | 13 505 | 7 630 | 756 | 21 891 |
| incl. Part-time | 21 216 | 4 693 | 739 | 26 648 |
| Dismissals | 3 215 | 1 266 | 110 | 4 591 |

### 10. Table. AmRest employees by work classification [headcount]

**OPS - Employees of restaurants and coffee houses. RST - Restaurant support team**

| | OPS | RST | Total |
|---|---|---|---|
| **Total** | **46 328** | **2 211** | **48 539** |
| incl. Permanent contract | 30 957 | 2 118 | 33 075 |
| incl. Temporary contract | 15 371 | 93 | 15 464 |
| incl. Full-time | 19 782 | 2 109 | 21 891 |
| incl. Part-time | 26 546 | 102 | 26 648 |
| Dismissals | 3 795 | 796 | 4 591 |

### 11. Table. AmRest average annual employment [headcount]

| | |
|---|---|
| **Average annual number of employees** | **46 480** |
| Average annual number of men | 20 414 |
| Average annual number of women | 26 066 |
| Average annual number of permanent contract | 32 797 |
| Average annual number of temporary contract | 13 683 |
| Average annual number of full-time employees | 21 348 |
| Average annual number of part-time employees | 25 132 |
| Average annual number of employees <30 | 32 920 |
| Average annual number of employees 30-50 | 12 132 |
| Average annual number of employees >50 | 1 429 |
| Average annual number of OPS employees | 44 301 |
| Average annual number of RST employees | 2 180 |

### 12. Table. AmRest employees covered by collective bargaining agreements [%]

| | 2020 | 2021 |
|---|---|---|
| AmRest Group | 24% | **24%**[22] |

### 13. Table. Average annual salary by gender, positioning within organization[23] and segments, in thousand EUR. The segments are defined in note number 5 of Consolidated Financial Statements. Total salary pay gap between men and women by position within the organization

*Due to data protection and confidentiality, AmRest does not disclose information about remuneration in some segments when there are two or less persons employed on a given level, e.g. China level 6 below.*

| Division | Level | Women | | Men | |
|---|---|---|---|---|---|
| | | 2020 | 2021 | 2020 | 2021 |
| China | Level 1 | 6.0 | **7.8** | 6.1 | **8.0** |
| | Level 2 | 12.9 | **14.6** | 13.4 | **16.2** |
| | Level 3 | 17.5 | **21.0** | 18.0 | **22.6** |
| | Level 4 | 28.1 | **32.9** | 29.6 | **35.0** |
| | Level 5 | 59.3 | **74.3** | 59.9 | **77.4** |
| Western Europe | Level 1 | 15.8 | **17.4** | 17.3 | **18.5** |
| | Level 2 | 23.1 | **22.5** | 22.6 | **23.0** |
| | Level 3 | 22.5 | **26.8** | 24.6 | **27.4** |
| | Level 4 | 37.0 | **37.4** | 38.6 | **38.2** |
| | Level 5 | 59.3 | **57.8** | 59.7 | **57.8** |
| | Level 6 | 103.7 | **106.6** | 102.6 | **90.7** |
| Central Europe | Level 1 | 6.2 | **6.8** | 6.0 | **6.6** |
| | Level 2 | 10.0 | **10.2** | 10.1 | **10.5** |
| | Level 3 | 12.9 | **13.0** | 13.5 | **13.8** |
| | Level 4 | 17.4 | **17.5** | 19.1 | **19.3** |
| | Level 5 | 35.3 | **36.3** | 37.4 | **36.2** |
| | Level 6 | 66.8 | **58.5** | 74.3 | **70.7** |
| Russia | Level 1 | 2.4 | **2.8** | 2.6 | **2.7** |
| | Level 2 | 4.7 | **5.6** | 4.9 | **5.7** |
| | Level 3 | 6.5 | **7.4** | 7.1 | **8.5** |
| | Level 4 | 9.9 | **10.8** | 11.1 | **10.8** |
| | Level 5 | 25.2 | **23.3** | 25.0 | **22.7** |
| | Level 6 | 64.7 | **66.7** | 38.4 | **38.7** |
| Group Pay Gap | | | | | **+0.2%**[24] |

*[22] 11 of formal agreements with unions across AmRest markets covered health & safety topics.*
*[23] The salaries are presented by level in the organization, which is a basis for payroll analysis.*
*[24] In total women earn 0,2% more than men.*

### 14. Table. Total average annual salary by age in thousand EUR

| | thousand EUR |
|---|---|
| <30 | **9.1** |
| 30-50 | **17.7** |
| >50 | **18.3** |

### 15. Table. The average remuneration of directors and executives by gender [25]

| Annual average remuneration | thousand EUR |
|---|---|
| **Board of Directors[26]** | |
| women | **100** |
| men | **85** |
| **Management Team[27]** | |
| women | **n/a** |
| men | **302** |

### 16. Table. Indicator of diversity

| | Number of employees | Percentage of all employees |
|---|---|---|
| Disability | **1 100** | **2%** |

### 17. Table. Information about occupational health and safety in AmRest Holdings[28, 29]

| | | |
|---|---|---|
| **Work-related injuries** | men | **546** |
| | women | **490** |
| **Absenteeism among employees** | men | **1 909 860** |
| | women | **3 797 548** |
| **Type of injuries** | broken hands and legs; bone fractures; dislocations or sprains or tears; hot water, steam or chemical burns; internal injures | |

### 18. Table. Expenditure on social causes

| | EUR |
|---|---|
| AmRest | **177 502** |

*[25] Jose Pares Gutierrez receives additional remuneration as a compensation package, this amount was not included in the numbers presented in the table, which only covers the directors' fixed remuneration in their capacity as such.*
*[26] The fixed remuneration of the Board of Directors Members is equal. The differences are related to the Board Committees where the directors are members.*
*[27] Calculated for the Members of the Management Team active as of 31st December 2021.*
*[28] No work-related fatalities reported.*
*[29] Frequency and severity rates have not been calculated due to the lack of required global data for the denominator. The company will report these indicators for 2022.*

(all figures in EUR millions unless stated otherwise)

### 19. Table. Membership of industry organization

| Country | Name of the organization |
|---|---|
| China | Shanghai GiftCard Association |
| | Shanghai JinQiao Economic and Technological Development Zone Enterprise Association |
| | Shanghai Pudong Foreign Investment Enterprise Association |
| | Shanghai Catering and Cooking Industry Association |
| Croatia | Croatian Chamber of Economics |
| Czech Republic | International Facility Management Association |
| France | SNARR (National Professional Restaurant Union) |
| Germany | Bundesverband Systemgastronomie (The Federal Association of the System Catering) |
| | Industrie- und Handelskammer (Chamber of Commerce and Industry) |
| Hungary | Chamber of Commerce |
| Poland | Związek Pracodawców Hoteli, Restauracji i Cateringu (Association of HORECA Employers) |
| | Polska Rada Centrów Handlowych (Polish Council of Shopping Centers) |
| | American Chamber of Commerce |
| Spain | Comité Horeca de AECOC (HORECA Committee) |
| | Asociación progreso dirección - APD (Formación) (Association for Progress and Management) |
| | Asociación Empresarial de Marcas de Restauración-Fehrcarem (Business Association of Restaurant Brands) |
| | Asociación Española del Franquiciado (Spanish Association of Franchisees) |
| | Asociación del Cluster Food Service de Cataluña (Association of the Food Service Cluster of Catalonia) |

| | EUR |
|---|---|
| Total fees paid | **193 558** |

### 20. Table. Profits earned by country

| Country | Profit/(loss) before tax | EUR |
|---|---|---|
| Austria | | 276 301 |
| Belgium | | (2 698 959) |
| Bulgaria | | 1 880 739 |
| Croatia | | 946 036 |
| Czech Republic | | 18 396 832 |
| China | | 10 724 382 |
| France | | (29 393 299) |
| Germany | | (10 535 299) |
| Hungary | | 13 472 524 |
| Italy | | (61 333) |
| Luxembourg | | 15 528 |
| Poland | | 26 825 660 |
| Portugal | | (2 058 207) |
| Romania | | 224 908 |
| Russia | | 10 032 706 |
| Serbia | | 1 126 060 |
| Slovakia | | (95 902) |
| Slovenia | | (210 599) |
| Spain | | (5 917 965) |
| Switzerland | | 999 513 |
| UK | | 620 283 |
| USA | | 698 867 |

(all figures in EUR millions unless stated otherwise)

### 21. Table. Income taxes paid (unearned)[30]

| Country | Income taxes paid (unearned) | EUR |
|---|---|---|
| Austria | | 1 363 |
| Belgium | | 1 289 |
| Bulgaria | | 122 712 |
| Czech Republic | | 2 386 488 |
| China | | 2 347 099 |
| France | | 369 877 |
| Germany | | 13 181 |
| Hungary | | 1 613 621 |
| Luxembourg | | 30 987 |
| Poland | | 1 239 188 |
| Portugal | | 1 546 |
| Romania | | -2 908 |
| Russia | | 2 751 337 |
| Slovakia | | -23 176 |
| Spain | | 654 575 |

### 22. Table. Public subsidies received

Other operating income and expenses section for year ended 31 December 2021 consists mainly of accounted COVID-19 pandemic governmental programs that amounted to EUR 37.2 million, out of that EUR 10.5 million income was recognized for government assistance programs for payroll and employee benefits (payroll costs EUR 8.9 million and social contribution EUR 1.7 million), whereas EUR 26.7 million was recognized for government support programs for rent and other. The above government grants were in a form of cash grants out of which EUR 1.2 million as of 31 December 2021 was not received yet.

In 2021 grants related to payroll and employee benefits were significantly lower than in the comparative period due to the fact that most of the labour related programs introduced in the previous periods ended gradually in the first half of the 2021.

| Country | |
|---|---|
| **Czech Republic** | During 2020 the companies have applied for the government aid under special COVID-19 regulations. COVID-19 payroll compensations programs finished at the end of May 2021. During Q3-Q4 the only existing government aid program was about to the reimbursement of the company costs connected with employees in COVID-19 quarantine. |
| **France** | The Partial Activity technical unemployment government program started on 15 March 2020 is continued but in the lesser extent (in Q4 2021 when the restaurant is forced to closed due to several cases of COVID-19). |
| **Germany** | Reduced working hours (Kurzarbeitergeld) salary government reimbursement program has been introduced effective on 1 March 2020. From July 2021 on the Group is not eligible to get the government payment anymore. |
| **Hungary** | Under the Act on Special Provisions During COVID-19 (Regulation of 485/2020) released on 10 November 2020 the Hungarian companies applied for:<br>■ 50% reimbursement of gross salaries, but maximum 671 EUR/employee for the period from November 2020 to May 2021,<br>■ suspension for employer social contributions and suspension of employer rehabilitation contribution from November 2020 to May 2021 |

[30] *AmRest has the obligation to pay legally due taxes in any territory where it operates in accordance with the existing legal provisions. The Group follows the relevant rules when determining the amount of the company's tax liabilities, submitting tax returns, paying taxes and disclosing information to tax authorities. In order to ensure compliance with existing tax laws, regulations and principles, AmRest has put in place effective control mechanisms. AmRest's tax professionals monitor the tax situation of the Group and changes in tax laws and practices which may impact the business and its growth. AmRest makes significant investments in people, material resources and technology to ensure that this tax strategy is applied throughout the organization.*

(all figures in EUR millions unless stated otherwise)

| Country | |
|---|---|
| **Poland** | Under the Act on special solutions related to the prevention and combating of COVID-19, other infectious diseases and crisis situations caused by them of 2 March 2020 (Journal of Laws of 2020, item 374), in 2020 the Group took effective measures including the application for compensation for the protection of workplaces from the funds of the Fund of Guaranteed Employee Benefits. In 2021 Polish subsidiaries have not received support from government programs. |
| **Spain** | In accordance with the provisions of article 47 of the Workers Statute, in relation to Royal Decree 1483/2012 and article 22 and 23 of Royal Decree-Law 8/2020, as well as Royal Decree-Law 30/2020, AmRest companies in Spain have filed before the Spanish labor authority a Temporary Employment Regulation File (Expediente de Regulación Temporal de Empleo or “ERTE”). The ERTE covered 3 288 employees. As of 31 December 2020 the ERTE covered 591 employees, since September 2021 there have been no employees under ERTE. |

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

**Other grants – main programs:**

In April 2021, the State-supported loan in Russia in the amount EUR 2.7 million was forgiven. Bank waived it based on the particular indicators (the main indicator being maintaining the required employment rate).

In April 2021 entities operating in Germany applied for "Nov/Dez Hilfe", a state aid program that was meant to support industries hit by the second lockdown and to compensate lost sales in the months of November and December 2020. The Group recognized EUR 12.8 million from that program in H1 2021. In the second part of 2021 the Group applied for another program (Ueberbrueckungshilfe III) that was meant to cover losses from January to June 2021 - the state compensated a part of carried fixed costs, the amount of compensation being dependent on sales decline compared to 2019 – the German entities recognized additional EUR 8.3 million from that program.

Entities operating in Czechia and Slovakia applied for a government program called COVID Najem (government grants for rent costs) and COVID Gastro, entities in France applied for government program called *Fond de solidarité.* The Group has recognized EUR 2.4 million from above described programs in 2021.

Government grants are in some cases associated with requirements to keep the agreed level of workforce for agreed period (or other conditions), there are also subject to external audits. The external audit of the grant received in Germany is expected in June 2022. As of 31 December 2021 the Group does not expect that required conditions would not be met, therefore there is no material risk of returning the government assistance that has been recognised.

(all figures in EUR millions unless stated otherwise)

# Appendix – 2020 data

1. Table. Number of suppliers by type

| | 2020 |
|---|---|
| Total suppliers | **13 493** |
| (incl. food suppliers) | **1 253** |
| Local suppliers | **79%** |
| Foreign suppliers | **21%** |
| Total number of audits conducted in restaurants and among suppliers | **4 993** |

2. Table. Scope 1 and Scope 2 for AmRest [tCO2eq]

| Carbon footprint | | |
|---|---|---|
| AmRest | Scope 1 | **531 551** |
| | Scope 2 | **129 119** |

3. Table. AmRest employees by gender 2020 [headcount]

| | Women | Men | Total |
|---|---|---|---|
| **Total** | **24 867** | **19 913** | **44 780** |
| incl. Permanent contract | 18 403 | 14 194 | **32 597** |
| incl. Temporary contract | 6 464 | 5 719 | **12 183** |
| incl. Full-time | 11 611 | 8 799 | **20 410** |
| incl. Part-time | 13 256 | 11 114 | **24 370** |
| Dismissals | 1 666 | 2 217 | **3 883** |

4. Table. AmRest employees by age 2020 [headcount]

| | <30 | 30-50 | >50 | Total |
|---|---|---|---|---|
| incl. Permanent contract | 20 816 | 10 637 | 1 144 | **32 597** |
| incl. Temporary contract | 11 037 | 903 | 243 | **12.183** |
| Dismissals | 2 867 | 928 | 88 | **3 883** |

5. Table. AmRest employees by work classification 2020 [headcount]
OPS - Employees of restaurants and coffee houses. RST - Restaurant support team

| | OPS | RST | Total |
|---|---|---|---|
| **Total** | **42 549** | **2 231** | **44 780** |
| incl. Permanent contract | 30 476 | 2 121 | **32 597** |
| incl. Temporary contract | 12 073 | 110 | **12 183** |
| Dismissals | 3 801 | 82 | **3 883** |

6. Table. AmRest emplyees by country

| Country | 2020 | 2021 |
|---|---|---|
| Austria | 48 | 49 |
| Belgium | 143 | 155 |
| Bulgaria | 329 | 359 |
| Croatia | 154 | 171 |
| Czech Republic | 6 638 | 7 243 |

| Country | 2020 | 2021 |
|---|---|---|
| China | 2 110 | 2 108 |
| France | 4 783 | 4 772 |
| Germany | 2 735 | 2 610 |
| Hungary | 2 003 | 2 274 |
| Italy | 13 | 12 |
| Luxembourg | 91 | 81 |
| Poland | 14 180 | 16 008 |
| Portugal | 55 | 91 |
| Romania | 720 | 794 |
| Russia | 6 357 | 6 768 |
| Serbia | 363 | 431 |
| Slovakia | 213 | 261 |
| Slovenia | 13 | 16 |
| Spain | 3 576 | 4 090 |
| Switzerland | 179 | 186 |
| UK | 79 | 60 |
| USA | 1 | 0 |

7. Table. AmRest average annual employment [headcount]

| | |
|---|---|
| **Permanent** | **33 285.5** |
| Incl. women | 18 649 |
| Inc. men | 14 636.5 |

8. Table. Total average annual salary by age in thousand EUR 2020

| | thousand EUR |
|---|---|
| <30 | **12.1** |
| 30-50 | **19.9** |
| >50 | **23.3** |

9. Table. Gender Pay Gap 2020

| Group Pay Gap | 2% |
|---|---|

10. Table. The average remuneration of directors and executives by gender 2020

| Annual average remuneration | thousand EUR |
|---|---|
| José Parés Gutiérrez | **37.5** |
| Luis Miguel Álvarez Pérez | **37.5** |
| Carlos Fernández González | **37.5** |
| Pablo Castilla Reparaz | **50** |
| Romana Sadurska | **50** |
| Emilio Fulloaondo Botella | **50** |
| Mustafa Ogretici | **50** |
| Mónica Cueva Díaz | **50** |

(all figures in EUR millions unless stated otherwise)

| Total remuneration | thousand EUR |
|---|---|
| Total | **4 071** |
| Fixed | **2 975** |
| Variable | **607** |
| Share based remuneration schemes | **489** |
| Other | **-** |
| Allowances | **-** |

### 11. Table. Indicator of diversity 2020

| | Number of employees | Percentage of all employees |
|---|---|---|
| Disability | **992** | **2%** |

### 12. Table. Information about occupational health and safety in AmRest Holdings 2020

| | | |
|---|---|---|
| **Work-related injuries** | men | **473** |
| | women | **344** |
| **Absenteeism among employees (days)** | men | **214 950** |
| | women | **476 572** |
| **Type of injuries** | Broken hand and legs; bone fractures; dislocations or sprains or tears; hot water, steam or chemical burns; internal injuries | |

### 13. Table. Expenditure on social causes incl. in kind donations 2020

| | EUR |
|---|---|
| AmRest | **188 278** |

### 14. Table. Total number of complaints received

| | Total |
|---|---|
| Complaints | **92 061** |
| Irregularities (Human Right) | **0** |

### 15. Table. Profits earned by country

| Country | Profit/(loss) before tax | EUR |
|---|---|---|
| Austria | | (18 255,5) |
| Belgium | | (689 357.9) |
| Bulgaria | | 404 221.7 |
| Croatia | | (287 255.5) |
| Czech Republic | | 4 924 469.8 |
| China | | 4 924 469 |
| France | | (43 577 185.6) |
| Germany | | (44 529 494.6) |
| Hungary | | 302 424.3 |
| Italy | | (7 099.9) |
| Luxembourg | | (417 036.1) |

(all figures in EUR millions unless stated otherwise)

| Country | Profit/(loss) before tax | EUR |
|---|---|---|
| Malta | | (29 934.2) |
| Netherlands | | (451 897.1) |
| Poland | | (68 469 364.4) |
| Portugal | | (1 004 922.5) |
| Romania | | (2 633 978.5) |
| Russia | | (1 835 838.9) |
| Saudi Arabia | | 120 020.6 |
| Serbia | | (748 564.5) |
| Slovakia | | (1 210 178.4) |
| Slovenia | | (425 563.2) |
| Spain | | (26 854 821.5) |
| Switzerland | | 300 847.2 |
| UK | | 939 264.0 |
| United Arab Emirates | | 554 515.2 |
| USA | | (713 853.4) |

**16. Table. Income taxes paid (unearned)**

| Country | Income taxes paid (unearned) | EUR |
|---|---|---|
| Czech Republic | | 4 342 293.1 |
| China | | 1 232 075.4 |
| France | | 947 346.3 |
| Germany | | 523 789.3 |
| Hungary | | 2 167 800.3 |
| Poland | | 5 072 338.4 |
| Russia | | 1 456 076.4 |
| Slovakia | | 22 146.1 |
| Spain | | 371 235.6 |

**17. Table. Public subsidies received**

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

- **Spain**

  In accordance with the provisions of article 47 of the Workers Statute, in relation to Royal Decree 1483/2012 and article 22 and 23 of Royal Decree-Law 8/2020, as well as Royal Decree-Law 30/2020, AmRest companies in Spain have filed before the Spanish labor authority a Temporary Employment Regulation File (Expediente de Regulación Temporal de Empleo or “ERTE”). The ERTE covered 3 288 employees. Under the ERTE, the employees remain employed with AmRest with suspended salary and at the same time receive unemployment benefits from authorities of up to 70% of their normal salary. One Spanish entity, The Grill Concept, S.L.U. declined to extend the Temporary Employment Regulation (ERTE) in September. As of 31 December 2020 the ERTE covers 591 employees.

- **Poland**

  Under the Act on special solutions related to the prevention and combating of COVID-19, other infectious diseases and crisis situations caused by them of 2 March 2020 (Journal of Laws of 2020, item 374), the following measures were taken, effective in the period 7 April – 6 July 2020, with respect to 4 050 employees of AmRest Polish companies:

  - introduction of reduced working hours and salary by 20% (2 897 employees),
  - introduction of economic downtime (3 936 employees),
  - application for compensation for the protection of workplaces from the funds of the Fund of Guaranteed Employee Benefits to co-finance the remuneration of employees affected by economic downtime or reduced working hours as a result of COVID-19.

  In the period 1 August – 31 October 2020 following measures were taken: application for compensation for the protection of workplaces from the funds of the Fund of Guaranteed Employee Benefits to co-finance the remuneration of employees affected by economic downtime (August 3 736 crew employees, September 3 628 crew employees, October 3 747 crew employees). From 1 December 2020 following measures were taken: application for compensation for the protection of workplaces from specific industries - Fund of Guaranteed Employee Benefits, article 15gga (December 309 crew employees, 247 managers in stores, 33 RST employees). Applications are continued in January and February 2021.

- **France**

  Introduced “partial activity” technical unemployment government program for 4 188 employees (Sushi Shop, KFC, Pizza Hut). Employees were partially or 100% unemployed by the Companies. With the suspension of the employment contract the gross salary was maintained at 70% and 100% for minimum salary. The employee social security contr butions were also reduced, allowing the employees to receive 84% of net salary (or 100% for those who perceive the minimum salary). The government reimburses 100% of the salary paid to employees in partial activity. The program started from 15 March and is maintained until the end of the year in the same condition. Restaurants continue to use it on rotating employee basis, especially during the second confinement (15 October to 15 December 2020). Refunds requests are in progress. Companies have one year to request the reimbursement.

- **Germany**

  Reduced working hours (Kurzarbeitergeld) salary government reimbursement program has been introduced effective on 1 March 2020 for approx. 3 000 employees. The government reimburses 60% of the employee’s net salary and social contributions. In the period July - September 2020 the companies stopped meeting the conditions but after the second wave of restrictions started in Q4 2020 the companies applied for the next governmental help beginning of November 2020. The government reimburses now 60-87% of the net salary and social contribution depending on the individual situations. The reimbursement is based on not worked hours as compared to the contract hours. The company pays the difference up to 90% of the average salary before March 2020.

- **Czech Republic**

  The companies have applied for the government aid under special COVID-19 regulations. There were two separate programs:

  - employees on downtime between 13 March and 31 May 2020: 80% of salary and social contribution reimbursed by the government (1 600 employees covered),
  - employees with 40% reduction of working hours between 13 March and 31 May 2020: 60% of salary and social contribution reimbursed by the government (80 employees covered).

  Both programs were extended until the end of February 2021. Governmental help for the period June – September was not material as not many employees were on downtime. During the second wave of restrictions (October – December) the companies applied for governmental help in the amount of EUR 1.55 million.

Similar actions are also taken on other markets. The Group has applied for support programs offered by each country’s government, in the form of reimbursement of labor costs, and introducing internal actions, such as shortening of working hours or technical unemployment. Group’s policy is to present government grants related to income as other operating income. For 12 months period ended 31 December 2020 Group has recognized government grants for payroll costs (EUR 21.6 million) and social contr bution (EUR 7.9 million). The total amount of EUR 29.5 million has been recognized as other operating income. The above government grants are in a form of waived social security payables (EUR 3.7 million) and cash grants (EUR 25.8 million, out of which EUR 5.1 million as of 31 December 2020 was not received yet). In August 2020 entities operating in Czechia applied for a government program called COVID Najem, providing the government grants for rent costs (grant limit CZ 20 million per entity). For 12 months period ended 31 December 2020 Group has recognized government grants for rent costs in the amount of EUR 1.7 million as other operating income. Granting of the grant by governments is in some cases associated with requirements to keep the agreed level of workforce for agreed period. As of 31 December 2020 the Group does not expect that such conditions would not be met, therefore there are no material unfulfilled conditions or other contingencies attached to government assistance that has been recognized.

(all figures in EUR millions unless stated otherwise)

# GRI Standards content index

| General information | Non-financial Information Report. Contents index of the Law 11/2018 | GRI selected/Reporting criteria | Pages |
|---|---|---|---|
| Business model | Brief description of the group's business model | GRI 102-2<br>GRI 102-7 | 36 |
| | Geographical presence | GRI 102-3<br>GRI 102-4<br>GRI 102-6 | 36 |
| | Objectives and strategies of the organization | GRI 102-14 | 36-38 |
| | Main factors and trends that may affect future evolution | GRI 102-14<br>GRI 102-15 | 37-40 |
| General | Reporting framework | GRI 102-54 | 34, 66-67 |
| | Materiality principle | GRI 102-46<br>GRI 102-47 | 37 |
| Management approach | Description of the applicable policies | GRI 103-2 | 40, 43, 47, 48 |
| | The results of these policies | GRI 103-2 | 42-43, 45-48 |
| | The main risks related to these issues involving the activi ies of the group | GRI 102-15 | 39-41 |
| | **Environmental questions** | | |
| Environmental management | Current and predictable impacts of the company's activities on the environment and, if applicable, on health and safety. | GRI 102-15 | 50 |
| | Environmental assessment or certification procedures | GRI 103-2 | 50 |
| | Resources dedicated to the prevention of environmental risks | GRI 103-2 | 50 |
| | Application of the precautionary principle | GRI 102-11 | 50 |
| | Amount of provisions and guarantees for environmental risks | GRI 103-2 | 50 |
| Contamination | Measures to prevent, reduce or offset air pollution emissions (including noise and light pollution) | GRI 102-46 | 50 |
| Circular economy and waste prevention and management | Prevention, recycling, reuse, other forms of recovery and types of waste disposal | GRI 103-2<br>GRI 306-2 | 54 |
| | Ac ions to combat food waste | GRI 103-2<br>GRI 306-2 | 48 |
| Sustainable use of resources | Water consumption and water supply according to local constraints | GRI 303-5<br>(2018 GRI version) | 54 |
| | Use of raw materials and measures taken to improve the efficiency of their utilization | GRI 301-1<br>GRI 301-2<br>GRI 301-3 | 54 |
| | Energy use, direct and indirect | GRI 302-1 | 54 |
| | Measures taken to improve energy efficiency | GRI 103-2<br>GRI 302-4 | 50, 54 |
| | Use of renewable energies | GRI 302-1 | 54 |
| Climate change | The important elements of greenhouse gas emissions generated as a result of the company's ac ivities, including the use of the goods and services it produces | GRI 305-1<br>GRI 305-2<br>GRI 305-3 | 50 |
| | Measures taken to adapt to the consequences of climate change | GRI 103-2 | 50 |
| | Reduc ion goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and measures implemented for that purpose | GRI 305-4<br>GRI 305-5 | 50 |
| Protection of biodiversity | Measures taken to protect or restore biodiversity | GRI 102-46 | 42 |
| | Impacts caused by activities or operations in protected areas | GRI 102-46 | n/a |
| | **Social and personnel questions** | | |
| Employees | Total number and distribution of employees according to country, gender, age, country and professional classification | GRI 102-8<br>GRI 405-1 | 55 |
| | Total number and distribution of work contract modalities | GRI 102-8 | 55 |
| | Annual average of work contract modalities (permanent, temporary and part-time) by sex, age, and professional classification | GRI 102-9 | 55 |
| | Number of dismissals by sex, age, and professional classification | GRI 103-2 | 55 |
| | Salary gap | GRI 103-2<br>GRI 405-2 | 56 |
| | The average remunera ions and their evolution disaggregated by sex, age, and professional classification or equal value | GRI 103-2<br>GRI 405-2 | 56 |
| | The average remunera ion of directors and execu ives, including variable remuneration, allowances, compensation, payment to long-term forecast savings and any other perception broken down by gender | GRI 103-2<br>GRI 405-2 | 57 |
| | Implementation of employment termination policies | GRI 103-2 | 45 |
| | Employees with disabilities | GRI 405-1 | 57 |
| Work organization | Work schedule organization | GRI 103-2 | 45-46 |
| | Number of hours of absenteeism | GRI 403-9<br>(2018 GRI version) | 57 |
| | Measures aimed to facilitate the conciliation while encouraging the co-responsible performance by both parents | GRI 103-2<br>GRI 401-3 | 46 |
| Health and safety | Work health and safety conditions | GRI 403-1<br>GRI 403-2<br>GRI 403-3<br>GRI 403-7<br>(2018 GRI version) | 46 |
| | Work accidents, in par icular their frequency and severity, disaggregated by gender | GRI 403-9<br>GRI 403-10<br>(2018 GRI version) | 57 |
| | Occupational diseases, disaggregated by gender | GRI 403-9<br>GRI 403-10<br>(2018 GRI version) | 57 |
| Social relationships | Organization of social dialog, including procedures to inform and consult staff and negotiate with them | GRI 103-2 | 47 |
| | Percentage of employees covered by collective agreement by country | GRI 102-41 | 56 |
| | The balance of collective agreements, particularly in the field of health and safety at work | GRI 403-3 | 56 |

(all figures in EUR millions unless stated otherwise)

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|---|---|---|---|
| **Training** | Policies implemented for training activities | GRI 103-2<br>GRI 404-2 | 46 |
| | The total amount of training hours by professional category | GRI 404-1 | 46 |
| **Universal accessibility for people with disabilities** | Universal accessibility for people with disabilities | GRI 103-2 | 45 |
| **Equality** | Measures taken to promote equal treatment and opportunities between women and men | GRI 103-2 | 46 |
| | Equality plans (Section III of Organic Law 3/2007, of March 22, for the effective equality of women and men) | GRI 103-2 | 46 |
| | Measures adopted to promote employment, protocols against sexual and gender-based harassment, integration, and the universal accessibility of people with disabilities | GRI 103-2 | 46 |
| | Policy against any type of discrimination and, where appropriate, diversity management | GRI 103-2 | 46, 48 |
| **Information about the respect for human rights** | | | |
| **Human rights** | Application of due diligence procedures in the field of human rights; prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage, and repair possible abuses committed | GRI 102-16<br>GRI 102-17<br>GRI 412-1 | 45 |
| | Claims regarding cases of human rights violations | GRI 103-2<br>GRI 406-1 | 45 |
| | Promotion and compliance with the provisions contained in the related fundamental Conventions of the International Labor Organization with respect for freedom of association and the right to collective bargaining; the elimina ion of discrimination in employment and occupation; the elimination of forced or compulsory labor; and the effective abolition of child labor | GRI 103-2<br>GRI 407-1<br>GRI 408-1<br>GRI 409-1 | 45 |
| **Information about anti-bribery and anti-corruption measures** | | | |
| **Corruption and bribery** | Measures adopted to prevent corruption and bribery | GRI 103-2<br>GRI 102-16<br>GRI 102-17<br>GRI 205-2 | 45 |
| | Measures adopted to fight against anti-money laundering | GRI 103-2<br>GRI 102-16<br>GRI 102-17<br>GRI 205-2 | 45 |
| | Contributions to foundations and non-profit-making bodies | GRI 102-13<br>GRI 201-1 | 57 |
| **Information about the society** | | | |
| **Commitment by the company to sustainable development** | Impact of the company's activities on employment and local development | GRI 103-2<br>GRI 203-2<br>GRI 204-1 | 47 |
| | The impact of company activity on local populations and on the territory | GRI 413-1<br>GRI 413-2 | 47 |
| | The relationships maintained with representatives of the local communities and the modali ies of dialog with these | GRI 102-43<br>GRI 413-1 | 47 |
| | Ac ions of association or sponsorship | GRI 103-2<br>GRI 201-1 | 47 |
| **Subcontractors and suppliers** | The inclusion of social, gender equality and environmental issues in the purchasing policy | GRI 103-2 | 42 |
| | Consideration of social and environmental responsibility in relations with suppliers and subcontractors | GRI 102-9<br>GRI 308-1 | 42 |
| | Supervision systems and audits, and their results | GRI 102-9<br>GRI 308-2 | 43 |
| **Consumers** | Customer health and safety measures | GRI 103-2 | 43 |
| | Claims systems, complaints received and their resolution | GRI 103-2<br>GRI 418-1 | 43 |
| **Tax information** | Benefits obtained by country | GRI 103-2<br>GRI 207-4 | 58 |
| | Taxes on paid benefits | GRI 103-2<br>GRI 207-4 | 59 |
| | Public subsidies received | GRI 201-4 | 59-60 |
| **Other indicators** | | | |
| **AmRest Taxonomy disclosure** | | Regula ion (EU) 2020/852 of the European Parliament and of the Council of June 18th 2020 and its Delegated Acts | 51-53 |

# Annual Corporate Governance report of listed companies

**for the year ended 31 December 2021**

**Data identify issuer**

| | |
|---|---|
| Ending date of reference financial year | 31/12/2021 |
| Tax Identification Code [C.I.F] | A88063979 |
| Registered name | AmRest Holdings SE |
| Registered office | Paseo de la Castellana, 163, 10° floor, 28046 Madrid, Spain |

AmRest

**AmRest Holding SE**

**Annual corporate governance report of listed companies**
for the year ended 31 December 2021

# Contents

(all figures in EUR millions unless stated otherwise)

# A. OWNERSHIP STRUCTURE

**A.1 Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:**

**Indicate whether company bylaws contain the provision of double loyalty voting:**

Yes _ **No _X_**

**Indicate whether the company has awarded votes for loyalty:**

Yes _ **No _X_**

| Date of the last modification of the share capital | Share capital (euros) | Number of shares | Number of voting rights (not including additional loyalty-attributed votes) | Number of additional attributed voting rights corresponding to shares with a loyalty vote | Total number of voting rights, including additional loyalty-attributed votes |
|---|---|---|---|---|---|
| 15/10/2018 | 21,955,418.30 | 219,554,183 | 219,554,183 | 0 | 219,554,183 |

| | |
|---|---|
| Number of shares registered in the special register pending the expiry of the loyalty period | 0 |

| **Remarks** |
|---|
| |

**Indicate whether there are different classes of shares with different associated rights:**

Yes _ **No _X_**

**A.2 List the company's significant direct and indirect shareholders at year end, including directors with a significant shareholding:**

| Name or company name of shareholder | % of voting rights attached to the shares (including votes for loyalty) | | % of voting rights through financial instruments | | % of total voting rights | From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote | |
|---|---|---|---|---|---|---|---|
| | Direct | Indirect | Direct | Indirect | | Direct | Indirect |
| **Artal International SCA** | 5.18 | 0.000 | 0.000 | 0.000 | 5.18 | 0.000 | 0.000 |
| **AVIVA Otwarty Fundusz Emerytalny AVIVA BZWBK SA** | 3.12 | 0.000 | 0.000 | 0.000 | 3.12 | 0.000 | 0.000 |
| **Nationale-Nederlanden Open Pension Fund** | 4.26 | 0.000 | 0.000 | 0.000 | 4.26 | 0.000 | 0.000 |
| **FCAPITAL DUTCH, B.V.** | 41.31 | 0.000 | 0.000 | 0.000 | 41.31 | 0.000 | 0.000 |
| **FCAPITAL LUX, S.A.R.L.** | 25.74 | 0.000 | 0.000 | 0.000 | 25.74 | 0.000 | 0.000 |

| Remarks |
|---|
| See Section H.2. |

## Breakdown of the indirect holding:

| Name or company name of the indirect owner | Name or company name of the direct owner | % of voting rights attached to the shares (including votes for loyalty) | % of voting rights through financial instruments | % of total voting rights | From the total number of voting rights attributed to the shares, indicate, where appop,nm ropriate, the additional votes attributed corresponding to the shares with a loyalty vote |
|---|---|---|---|---|---|
| | | | | | |

## Indicate the most significant changes in the shareholder structure during the year:

| Most significant movements |
|---|
| N/A |

**A.3 Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A2 above:**

| Name or company name of director | % of voting rights attached to the shares (including loyalty votes) | | % of voting rights through financial instruments | | % of total voting rights | From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote | | % voting rights that can be transmitted through financial instruments | |
|---|---|---|---|---|---|---|---|---|---|
| | Direct | Indirect | Direct | Indirect | | Direct | Indirect | Direct | Indirect |
| | | | | | | | | | |

| | |
|---|---|
| Total percentage of voting rights held by the Board of Directors | **67.05** |

| Remarks |
|---|
| See Section A.2. |

## Breakdown of the indirect holding

| Name or company name of director | Name or company name of the direct owner | % of voting rights attached to the shares (including loyalty votes) | % of voting rights through financial instruments | % of total voting rights | From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote | % voting rights that can be transmitted through financial instruments |
|---|---|---|---|---|---|---|
| | | | | | | |

### List the total percentage of voting rights represented on the board:

| | |
|---|---|
| Total percentage of voting rights held by the Board of Directors | **67.05** |

**A.4 If applicable, indicate any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, with the exception of those reported in section A.6:**

| Name or company name of related party | Nature of relationship | Brief description |
|---|---|---|
| | | |

**A.5 If applicable, indicate any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or its group, unless they are insignificant or arise in the ordinary course of business:**

| Name or company name of related party | Nature of relationship | Brief description |
|---|---|---|
| | | |

**A.6 Unless insignificant for both parties, describe the relationships that exist between significant shareholders, shareholders represented on the Board and directors or their representatives in the case of directors that are legal persons.**

Explain, if applicable, how the significant shareholders are represented. Specifically, indicate those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or who are linked to significant shareholders and/or companies in their group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of any directors of the listed company, or their representatives, who are in turn members or representatives of members of the Board of Directors of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

| Name or company name of related director or representative | Name or company name of related significant shareholder | Company name of the group company of the significant shareholder | Description of relationship/post |
|---|---|---|---|
| Luis Miguel Álvarez Pérez | FCapital Dutch, B.V. | Grupo Finaccess S.A.P.I. de C.V. | Luis Miguel Álvarez Pérez is a proprietary director of controlling shareholder Grupo Finaccess. |
| José Parés Gutiérrez | FCapital Dutch, B.V. | Grupo Finaccess S.A.P.I. de C.V. | José Parés is an executive director linked to controlling shareholder Grupo Finaccess. |
| Carlos Fernández González | FCapital Dutch, B.V. | Grupo Finaccess S.A.P.I. de C.V. | Carlos Fernández González is a proprietary director of controlling shareholder Grupo Finaccess. |

| **Remarks** |
|---|
| |

**A.7 Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:**

Yes __ **No _X_**

| Parties to the shareholders' agreement | % of share capital concerned | Brief description of the agreement | Expiry date of the agreement, if any |
|---|---|---|---|
| | | | |

Indicate whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

Yes __ **No _X_**

| Parties to the concerted action | % of share capital concerned | Brief description of the concerted action | Expiry date of the concert, if any |
|---|---|---|---|
| | | | |

If any of the aforementioned agreements or concerted actions have been amended or terminated during the year, indicate this expressly:

**A.8 Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:**

**Yes _X_** No __

| Name or company name |
|---|
| CARLOS FERNÁNDEZ GONZÁLEZ |

| Remarks |
|---|
| FCapital Dutch, B.V., FCapital Lux, S.à.r.l. – being direct shareholders of AmRest – hold jointly 67.05% of the voting rights in the company. Finaccess Capital, S.A. de C.V. controls first two direct shareholders (FCapital Dutch, B.V., FCapital Lux, S.à.r.l.), and is in turn owned by Grupo Finaccess, S.A.P.I. de C.V.<br><br>Carlos Fernández González owns the majority of the share capital and voting rights in Grupo Far-Luca, S.A. de C.V., which in turn controls Grupo Finaccess, S.A.P.I. de C.V. |

**A.9 Complete the following table with details of the company's treasury shares:**

At the close of the year:

| Number of direct shares | Number of indirect shares (*) | Total percentage of share capital |
|---|---|---|
| 371 416 | - | 0.1692% |

(*) Through:

| Name or company name of direct shareholder | Number of direct shares |
|---|---|
| | |
| Total: | |

Explain any significant changes during the year:

| Explain significant changes |
|---|
| |

(all figures in EUR millions unless stated otherwise)

**A.10 Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.**

| |
|---|
| The general shareholders' meeting held on 6 June 2018 authorised the company's Board of Directors to buy back treasury shares under the following terms: (i) the acquisition may be executed in the form of a sale and purchase transaction, shares swap, shares distribution or shares in lieu of payment and, in general, via any other lawful acquisition method involving valuable consideration for shares in circulation. Such transaction may be executed once or on several occasions, provided that the acquired shares – added to those already in the company's possession – do not exceed the maximum permitted by law; (ii) the price or exchange value will range between a minimum amounting to their par value and a maximum equivalent to the closing price of the shares on the Continuous Market upon their acquisition; and (iii) the aforementioned authorisation will remain in place for five years as of the following day on which this resolution was adopted. Moreover, the resolution stipulates that the shares acquired under this authorised transaction(s) may be disposed of, used in the successful bidding process of potential corporate deals or applied to the remuneration mechanisms set forth under Article 146.1 a) of the Spanish Capital Companies Act (such as AmRest's long term incentive plan for employees).<br><br>In addition, a resolution was also passed at the general shareholders' meeting to delegate the authority to the Board of Directors to increase the company's share capital and issue convertible securities – including the ability to exclude pre-emptive rights (restricted in this instance to 20% of the share capital) – in accordance with the terms of the Spanish Capital Companies Act. |

**A.11 Estimated float:**

| | % |
|---|---|
| Estimated float | 20.23 |

| **Remarks** |
|---|
| The company's free float amounts to just above 20% once the stakes of shareholders holding at least 3% of the shares, the shares owned by the company's directors closely related to significant shareholders and the treasury stock have been discounted. |

**A.12 Indicate whether there are any restrictions (articles of incorporation, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, indicate the existence of any type of restriction that may inhibit a takeover of the company through acquisition of its shares on the market, as well as such regimes for prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.**

Yes __ **No _X_**

| **Description of restrictions** |
|---|
| |

**A.13 Indicate whether the general shareholders' meeting has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Law 6/2007.**

Yes __ **No _X_**

If so, explain the measures approved and the terms under which such limitations would cease to apply:

| **Explain the measures approved and the terms under which such limitations would cease to apply** |
|---|
| |

**A.14 Indicate whether the company has issued shares that are not traded on a regulated EU market.**

Yes __ **No _X_**

If so, indicate each share class and the rights and obligations conferred.

| **Indicate the various share classes** |
|---|
| |

(all figures in EUR millions unless stated otherwise)

# B. GENERAL SHAREHOLDER'S MEETING

**B.1 Indicate whether there are any differences between the minimum quorum regime established by the Spanish Corporate Enterprises Act for General Shareholders' Meetings and the quorum set by the company, and if so give details:**

**Yes _X_** No __

| | % quorum different from that established in Article 193 of the Spanish Corporate Enterprises Act for general matters | % quorum different from that established in Article 194 of the Spanish Corporate Enterprises Act for special resolutions |
|---|---|---|
| Quorum required at 1st call | At least 40% of share capital subscr bed with voting rights. | At least 60% of share capital subscr bed with voting rights. |
| Quorum required at 2nd call | N/A | At least 40% of share capital subscr bed with voting rights. |

| **Description of differences** |
|---|
| |

**B.2 Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Corporate Enterprises Act and, if so, give details:**

Yes __ **No _X_**

Describe how it is different from the regime provided in the Spanish Corporate Enterprises Act.

| | Qualified majority other than that set forth in Article 201.2 of the Corporate Enterprises Act for matters referred to in Article 194.1 of this Act | Other matters requiring a qualified majority |
|---|---|---|
| % established by the company for the adoption of resolutions | | |

| **Describe the differences** |
|---|
| |

**B.3 Indicate the rules for amending the company's articles of incorporation. In particular, indicate the majorities required for amendment of the articles of incorporation and any provisions in place to protect shareholders' rights in the event of amendments to the articles of incorporation.**

Pursuant to Articles 19 and 20 of AmRest's Articles of Association and Articles 16 and 26 of the Board of Directors Regulation, where an ordinary or extraordinary general shareholders' meeting is arranged to discuss amendments to the Articles of Association, shareholders representing at least 60% of the share capital subscribed with voting rights must be in attendance at the first call ('primera convocatoria') for such meeting(s) to be considered valid. At second call ('segunda convocatoria'), at least 40% of the subscribed capital with voting rights is required.

With regard to the adoption of resolutions, the Articles of Association and Board Regulation refer to the terms set forth by law, i.e. resolutions adopted by way of absolute majority where the present or represented capital equals 50% (60% at the first call). At second call, where shareholders representing less than 50% of the capital subscribed with voting rights are present, resolutions concerning amendments to the Articles of Association may only be validly adopted with a favourable vote of two-thirds of the present or represented shared capital at the general shareholders' meeting.

**B.4 Give details of attendance at General Shareholders' Meetings held during the reporting year and the two previous years:**

(all figures in EUR millions unless stated otherwise)

| | Attendance data | | | | |
|---|---|---|---|---|---|
| Date of General Meeting | % physically present | % present by proxy | % distance voting | | Total |
| | | | Electronic voting | Other | |
| 30/06/2021 | 0.00% | 70.00% | 0.00% | 0.00% | 70.00% |
| Of which floating capital: | 0.00% | 2.95% | 0.00% | 0.00% | 2.95% |
| 12/05/2021 | 0.00% | 68.723% | 0.00% | 0.00% | 68.723% |
| Of which floating capital: | 0.00% | 1.673% | 0.00% | 0.00% | 1.673% |
| 10/06/2020 | 0.00% | 70.32% | 0.00% | 0.00% | 70.32% |
| Of which floating capital: | 0.00% | 4.66% | 0.00% | 0.00% | 4.66% |
| 14/05/2019 | 0.00% | 79.26% | 0.00% | 0.00% | 79.26% |
| Of which floating capital: | 0.00% | 12.18% | 0.00% | 0.00% | 12.18% |
| 06/06/2019 | 0.00% | 76.50% | 0.00% | 8.19% | 84.69% |
| Of which floating capital: | 0.00% | 1.20% | 0.00% | 3.14% | 4.34% |

| **Remarks** |
|---|
| |

**B.5 Indicate whether any point on the agenda of the General Shareholders' Meetings during the year was not approved by the shareholders for any reason.**

Yes __ **No _X_**

| Items on the agenda not approved | % votes against (*) |
|---|---|
| | |

(*) If the non-approval of the point was for a reason other than the votes against, this will be explained in the text part and "N/A" will be placed in the "% votes against" column.

**B.6 Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:**

Yes __ **No _X_**

| | |
|---|---|
| Number of shares required to attend General Meetings | |
| Number of shares required for voting remotely | |

**B.7 Indicate whether it has been established that certain decisions, other than those established by law, entailing an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions must be submitted for approval to the General Shareholders' Meeting.**

Yes __ **No _X_**

| **Explain the decisions that must be submitted to the General Shareholders' Meeting, other than those established by law** |
|---|
| |

**B.8 Indicate the address and manner of access on the company's website to information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.**

| |
|---|
| The company's website address is www.amrest.eu. Information on corporate governance can be found by clicking on the "Investors" tab and subsequently the "Corporate governance" and "General Shareholders Meeting" subsections of the menu (among others). |

(all figures in EUR millions unless stated otherwise)

# C. STRUCTURE OF THE COMPANY'S ADMINISTRATION

## C.1 BOARD OF DIRECTORS

### C1.1 Maximum and minimum number of directors established in the articles of incorporation and the number set by the general meeting:

| | |
|---|---|
| Maximum number of directors | 15 |
| Minimum number of directors | 5 |
| Number of directors set by the general meeting | 7 |

### C1.2 Complete the following table on Board members:

| Name or company name of director | Represen-tative | Category of director | Position on the board | Date first appointed | Date of last appointment | Election procedure | Date of birth |
|---|---|---|---|---|---|---|---|
| **José Parés Gutiérrez** | | Executive | Executive Chairman | October 5, 2017 | October 5, 2017 | General shareholders' meeting resolution | August 12, 1970 |
| **Luis Miguel Álvarez Pérez** | | Proprietary | Vice chairman | October 5, 2017 | October 5, 2017 | General shareholders' meeting resolution | January 31, 1970 |
| **Carlos Fernández González** | | Proprietary | Member | October 5, 2017 | October 5, 2017 | General shareholders' meeting resolution | September 29, 1966 |
| **Romana Sadurska** | | Independent | Vocal | May 14, 2019 | June 10, 2020 | General shareholders' meeting resolution | July 28, 1951 |
| **Emilio Fullaondo Botella** | | Independent | Vocal | May 14, 2019 | June 10, 2020 | General shareholders' meeting resolution | May 22, 1971 |
| **Pablo Castilla Reparaz** | | Independent | Member- Lead Independent Director | October 5, 2017 | October 5, 2017 | General shareholders' meeting resolution | December 6, 1960 |
| **Mónica Cueva Díaz** | | Independent | Member | July 1, 2020 | May 12, 2021 | General shareholders' meeting resolution | April 6, 1965 |
| | | | | | | **Total number of Directors** | **7** |

Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

| Name or company name of director | Category of the director at the time of cessation | Date of last appointment | Date of cessation | Specialised committees of which he/she was a member | Indicate whether the director left before the end of his or her term of office |
|---|---|---|---|---|---|
| | | | | | |

| |
|---|
| **Reason for cessation when this occurs before the end of the term of office and other observations; information on whether the director has sent a letter to the remaining members of the board and, in the case of cessation of non-executive directors, explanation or opinion of the director dismissed by the general meeting** |
| |

## C1.3 Complete the following table on Board members and their different category:

EXECUTIVE DIRECTORS

| Name or company name of director | Post in organizational chart of the company | Profile |
|---|---|---|
| **José Parés Gutiérrez** | **Previously proprietary director. The Executive Chairman was delegated all of the powers that correspond to the Board of Directors except those that are non-delegable by virtue of the current legislation, the Bylaws and the Regulations of the Board of Directors of AmRest.** | CEO of Finaccess Capital since 2013, in charge of portfolio management and Chairman of the Board of Restaurant Brands New Zealand Limited. He spent 19 years of his career working in various roles for Grupo Modelo and was the member of the Board of Crown Imports (Chicago, Illinois), Vice Chairman of the Board of MMI (Toronto, Canada), member of the Board of DIFA (Mexico) and a former member of the Mexican Brewers Association (Cámara de Cerveceros de México). |
| | **Total number of Executive Directors** | **1** |
| | **Percentage of Board** | **14.29** |

### EXTERNAL PROPRIETARY DIRECTORS

| Name or company name of director | Name or company name of the significant shareholder represented by the director or that nominated the director | Profile |
|---|---|---|
| **Luis Miguel Álvarez Pérez** | **Grupo Finaccess S.A.P.I. de C.V.** | Board Member, Audit Committee Member and Investment Committee Member of Finaccess, S.A.P.I. Founder and CEO of Compitalia, S.A. de C.V. Member of the Board of Restaurant Brands New Zealand Limited. Previously held several roles at Grupo Modelo. Currently a member of the board of numerous private companies and NGOs. |
| **Carlos Fernández González** | **Grupo Finaccess S.A.P.I. de C.V.** | Mr. Carlos Fernández has held management functions in various economic sectors for more than 30 years. He currently holds the role of Chairman of the Board of Directors and CEO of Grupo Finaccess S.A.P.I. de C.V. He is also currently a proprietary director of Inmobiliaria Colonial Socimi, S.A. (Spain) and member of the Board of Restaurant Brands New Zealand Limited (New Zealand). Previously held several roles at Grupo Modelo (the last one as Chairman of the Board and CEO) and has also served on the boards of national and international companies (such as independent Board member of Banco Santander). |
| | **Total number of proprietary directors** | 2 |
| | **Percentage of Board** | 28.57 |

### EXTERNAL INDEPENDENT DIRECTORS

| Name or company name of director | Profile |
|---|---|
| **Pablo Castilla Reparaz** | Mr. Pablo Castilla has held the roles of Director of Santander Direkt Bank (Germany), Director of Banco Mercantil (Peru), Non-member Secretary of BT Telecomunicaciones, S.A., Member Secretary of Santander Investment, S.A., Secretary of the Grupo Santander Investment Committee, Director Secretary of OpenBank and Member Secretary of Grupo Vitaldent. Mr. Castilla held the position of International and Corporate Legal Manager of Banco Santander for more than 20 years. |
| **Mónica Cueva Díaz** | Ms. Mónica Cueva worked with Banco Santander for more than 30 years, holding various roles in different jurisdictions, generally linked to the financial, accounting and control areas. Ms. Mónica Cueva has also led important integration processes such as the acquisition of ABN AMRO.<br>Ms. Mónica Cueva has also been a college professor and lecturer, and a member of the European Banking Authority representing Banco Santander.<br>Ms. Mónica Cueva has been a director in numerous companies of the Santander Group and currently holds the position of director of Banco Santander Rio (Argentina). |

(all figures in EUR millions unless stated otherwise)

| | |
|---|---|
| **Romana Sadurska** | Ms. Romana Sadurska holds a Law degree (Warsaw University) and LLM from Yale University and PhD from the Polish Academy of Sciences. She was a professor at the University of Sidney and the Australian National University, as well as partner Secretary General of the Spanish law firm Uria Menedez, being responsible for the practice area of Central and Eastern Europe of said firm. She currently holds the position of Executive Vice Chairman of the Professor Uria Foundation and is a member of the Patronage ("Patronato") of the Aspen Institute Spain. |
| **Emilio Fullaondo Botella** | Mr. Emilio Fullaondo has held senior management positions for more than twenty-three years in the beer industry, leading various departments related to the financial area of the Mexican beer group Grupo Modelo, including the position of Chief Financial Officer for a period of four years and subsequently in the Belgian company AB InBev, following the acquisition by Grupo Modelo as Chief People Officer for Middle Americas until his resignation in January 2019. He is also an independent director of the Restaurant Brands company, which is listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX). |
| **Number of independent directors** | 4 |
| **Percentage of the Board** | 57.14 |

Indicate whether any director classified as independent receives from the company or any company in its group any amount or benefit other than remuneration as a director, or has or has had a business relationship with the company or any company in its group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

| Name or company name of director | Description of the relationship | Reasoned statement |
|---|---|---|
| | | |

### OTHER EXTERNAL DIRECTORS

**Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:**

| Name or company name of director | Reason | Company, manager or shareholder to which or to whom the director is related | Profile |
|---|---|---|---|
| | | | |
| | | | |
| Total number of other external directors | | | |
| Percentage of the Board | | | |

Indicate any changes that have occurred during the period in each director's category:

| Name or company name of director | Date of change | Previous category | Current category |
|---|---|---|---|
| | | | |
| | | | |

**C1.4 Complete the following table with information relating to the number of female directors at the close of the past four years, as well as the category of each:**

| | Number of female directors | | | | % of total directors for each category | | | |
|---|---|---|---|---|---|---|---|---|
| | Year n | Year n-1 | Year n-2 | Year n-3 | Year n | Year n-1 | Year n-2 | Year n-3 |
| Executive | 0 | 0 | 0 | 0 | 0.00% | 0.00% | 0.00% | 0.00% |
| Proprietary | 0 | 0 | 0 | 0 | 0.00% | 0.00% | 0.00% | 0.00% |
| Independent | 2 | 2 | 1 | 0 | 28.57% | 28.57% | 14.29% | 0.00% |

(all figures in EUR millions unless stated otherwise)

| | Number of female directors | | | | % of total directors for each category | | | |
|---|---|---|---|---|---|---|---|---|
| | Year n | Year n-1 | Year n-2 | Year n-3 | Year n | Year n-1 | Year n-2 | Year n-3 |
| Other external | 0 | 0 | 0 | 0 | 0.00% | 0.00% | 0.00% | 0.00% |
| Total | 2 | 2 | 1 | 0 | 28.57% | 28.57% | 14.29% | 0.00% |

| Remarks |
|---|
| |

**C1.5 Indicate whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability, education and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Spanish Auditing Act, will have to report at least the policy that they have implemented in relation to gender diversity.**

**Yes _X_** No ___ Partial policies __

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why

| Description of policies, objectives, measures and how they have been applied, and results achieved |
|---|
| AmRest counts with a Directors' Selection Policy, dated December2018, that apply to the selection of prospective directors. The purpose of that policy is to ensure that, in the process for the selection of prospective directors, those individuals who meet the requirements laid down in this Policy and who, given their profile and description, favour diversity of knowledge, skills, experiences and gender on the Board of Directors, shall be considered and any implicit bias which might entail any manner of discrimination and specifically hamper selection of female directors shall be prevented. The aim of this policy is to comply with AmRest's commitment to the diverse composition of its board of directors.<br><br>Specifically and with regard to gender diversity, AmRest Director Selection Policy specifically states that all possible efforts shall be made so that within five years from approval of the policy, female directors would represent at least 30% of the Board members. The Company shall encourage females to apply for director roles during selection processes. In this sense, the first female member of AmRest Board of Directors, Ms. Romana Sadurska, was appointed in May 2019, followed by the second female director of the Company, Ms Mónica Cueva Díaz, appointed in July 2020, which evidence AmRest's commitment with the compliance of its diversity goals.<br><br>In accordance with the AmRest Director Selection Policy, Prospective directors of the Company shall meet the following requirements (i) be honest, appropriate persons of well-known ability, competence, experience and merits, (ii) be trustworthy professionals, whose conduct and career are in line with the principles laid down in the Code of Business Conduct and with the views and values of the AmRest Group. In the process for the selection of directors, efforts shall be made so that the Board of Directors would reach an appropriate balance of profiles, knowledge, skills, careers and experiences so that multiple viewpoints are contributed to the discussion of the business transacted and the decision-making process is enriched so that the diversity within AmRest Board of Directors is ensured.<br><br>AmRest is firmly convinced that diversity in all its facets and at all levels of its professional team, is an essential factor in ensuring the Company's competitiveness and an important element that favours a critical attitude, as well as members having different points of view and different positions. |

**C1.6 Describe the measures, if any, agreed upon by the nomination committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:**

| Explanation of measures |
|---|
| Board members are selected and appointed based on the company's needs and in compliance with the requirements set out in the AmRest Director Selection Policy. The Board of Directors and Appointments Committee seek candidates who bring a wealth of diverse knowledge, abilities, experience and profile within the company. Searches are essentially based on the notion that the chosen candidates provide experience, know-how and professional merit, as well as demonstrating conduct and a background aligned to AmRest's values. Any male or female who meets these requirements can be included in the selection process.<br><br>In the last two years, Ms Romana Sadurska and Ms Mónica Cueva Díaz have been appointed as directors.<br>The Group strives to ensure that senior management has the necessary diversity of knowledge, skills, experience and gender, although there is no specific policy to this effect. |

If in spite of any measures adopted there are few or no female directors or senior managers, explain the reasons for this:

(all figures in EUR millions unless stated otherwise)

| Explanation of reasons |
|---|
| Recently, there has been a restructuring in the composition of senior management, so that gender diversity has been affected. The Company is aware of the situation and is dedicating efforts to balance the gender diversity at senior management level. |

**C1.7 Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.**

AmRest Director Selection Policy specifically states that all possible efforts shall be made so that within five years from approval of the policy (December 2018), female directors would represent at least 30% of the Board members. The Company shall encourage females to apply for director roles during selection and Board member re-appointment processes. To comply with this commitment, the first female member of AmRest Board of Directors, Ms. Romana Sadurska, was appointed in May 2019, followed by the second female director of the Company, Ms Mónica Cueva Díaz, appointed in July 2020.

**C1.8 If applicable, explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:**

| Name or company name of shareholder | Reason |
|---|---|
| | |

Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

Yes ___ **No _X_**

| Name or company name of shareholder | Explanation |
|---|---|
| | |

**C.1.9 Indicate the powers, if any, delegated by the Board of Directors, including those relating to the option of issuing or re-purchasing shares, to directors or board committees:**

| Name or company name of director or committee | Brief description |
|---|---|
| Executive Committee | The Executive Committee has been delegated all of the Board's faculties, aside from those which may not be delegated according to the law, the Articles of Association and the Board of Directors Regulation. |
| Mr. José Parés Gutiérrez | The board of directors delegated to Mr. José Parés Gutiérrez all the powers inherent to the position of executive director at the time of his appointment in November 2020, with effects from 1 January 2021. |

**C.1.10 Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:**

| Name or company name of director | Company name of the group entity | Position | Does the director have executive powers? |
|---|---|---|---|
| | | | |

**C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:**

| Identity of the director or representative | Company name of the listed or non-listed entity | Position |
|---|---|---|
| José Parés Gutierrez | Finaccess Capital, S.A. de C.V. | Sole Director |
| José Parés Gutierrez | Finaccess Filantropía, A.C. | Member of the managers board |

| | | |
|---|---|---|
| José Parés Gutierrez | Fundación Antonino y Cinia, A.C. | Member of the managers board |
| José Parés Gutierrez | Grupo Far-Luca, S.A. de C.V. | Director |
| José Parés Gutierrez | Grupo Finaccess, S.A.P.I. de C.V. | Director |
| José Parés Gutierrez | Wafi, S.A. de C.V. | Sole Director |
| José Parés Gutierrez | Tenedora PGB, S.A. de C.V. | Sole Director |
| José Parés Gutierrez | Finaccess Capital USA, Inc. | Chairman |
| José Parés Gutierrez | Fincap USA, Inc. | Manager |
| José Parés Gutierrez | Grupo RBNZ México, S.A. de C.V. | Sole Director |
| José Parés Gutiérrez | Restaurant Brands New Zealand Limited. | Chairman |
| José Parés Gutierrez | GD Holdings USA Inc. | Sole Director |
| José Parés Gutierrez | Destilados GD SAPI de CV | Chairman |
| Luis Miguel Álvarez Pérez | Finaccess Filantropía, A.C. | Chairman |
| Luis Miguel Álvarez Pérez | Finaccess Social, S.A. de C.V. | Director |
| Luis Miguel Álvarez Pérez | Grupo Finaccess, S.A.P.I. de C.V. | Director |
| Luis Miguel Álvarez Pérez | Cristel House Mexico, A.C. | Director |
| Luis Miguel Álvarez Pérez | Gestación de Proyectos Sociales, A.C. | Director |
| Luis Miguel Álvarez Pérez | Compitalia, S.A. de C.V. | CEO |
| Luis Miguel Álvarez Pérez | Restaurant Brands New Zealand Limited | Director |
| Luis Miguel Álvarez Pérez | Rancho La Escandalera, S.A. de C.V. | Sole Director |
| Luis Miguel Álvarez Pérez | Destilados GD, S.A.P.I. de C.V. | Director |
| Luis Miguel Álvarez Pérez | Global Beverage Team, LLC | Director |
| Luis Miguel Álvarez Pérez | Sueños y Conceptos Inmobiliarios, S.A. de C.V. | Director Secretary |
| Luis Miguel Álvarez Pérez | Fornix, S.A. de C.V. | Chairman |
| Luis Miguel Álvarez Pérez | Cima Everest, S.A. de C.V. | Chairman |
| Luis Miguel Álvarez Pérez | Grupo Aradam, S.A.P.I. de C.V. | Director |
| Carlos Fernández González | Inmobiliaria Colonial SOCIMI, S.A. | Director |
| Carlos Fernández González | Restaurant Brands New Zealand Limited. | Director |
| Carlos Fernández González | Centros de Conocimiento Tecnológico, S.A. de C.V. | Director |
| Carlos Fernández González | Estudia Mas, S.A.P.I. de C.V. (antes Promotora de Credito Educativo, S.A.P.I. de C.V.) | Director |
| Carlos Fernández González | Prepárate, S.A. de C.V. | Director |
| Carlos Fernández González | Fundación CEPA González Díez | Chairman |
| Carlos Fernández González | Grupo Finaccess, S.A.P.I. de C.V. | Chairman and CEO |

| | | |
|---|---|---|
| Carlos Fernández González | Endeavor España | Patron |
| Carlos Fernández González | Grupo Far-Luca, S.A. de C.V. | Chairman |
| Carlos Fernández González | Finacprom, S.A. de C.V. | Chairman |
| Carlos Fernández González | Fundación Antonino y Cinia, A.C. | Chairman |
| Carlos Fernández González | Finaccess Filantropía, A.C. | Director |
| Emilio Fullaondo Botella | Restaurant Brands New Zealand Limited | Director |
| Romana Sadurska | Fundación Profesor Uría | Executive Vice Chairman |
| Romana Sadurska | Aspen Institute España | Patron |
| Pablo Castilla Reparaz | Procurator Litigation Advisors, S.A. | Director |
| Pablo Castilla Reparaz | Fundación Dádoris | Patron Secretary |
| Mónica Cueva Díaz | Banco Santander Argentina | Director |

| **Remarks** |
|---|
| See Section H.2. |

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table

| Identity of the director or representative | Other paid activities |
|---|---|
| Luis Miguel Alvarez Pérez | Member of the Investment Committee of Grupo Educación, S.A. de C.V. |

### C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:

**Yes _X_** No __

| **Explanation of the rules and identification of the document where this is regulated** |
|---|
| Pursuant to Article 22 of the AmRest Board of Directors Regulation, directors shall not form part of more than four other listed companies' boards of directors. In this regard, all of the companies' boards of directors belonging to the same group will be considered to have one single mandate as well as those holding board memberships as proprietary directors proposed by a company of the same group even if the stock held in the company, or the level of control, may not qualify that company to be considered as part of the group.<br><br>Exceptionally, and provided there is just cause, the Company's Board may exempt directors from this proh bition. In addition, directors shall inform to the Appointments and Remuneration Committee of any material changes to their professional situation and any that may affect the nature or condition by virtue of which they have been appointed as a director. |

### C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:

| | |
|---|---|
| Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros) | 745 |
| Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros) | 0 |
| Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros) | 0 |
| Pension rights accumulated by former directors (thousands of euros) | 0 |

| Remarks |
|---|
| |

**C.1.14 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:**

| Name or company name | Position(s) |
|---|---|
| Luis Comas | Chief Executive Officer |
| Ismael Sánchez Moreno | Chief People Officer |
| Daniel del Río Benitez | Chief Operations Officer |
| Eduardo Zamarripa | Chief Financial Officer |
| Santiago Gallo | Chief Marketing Officer |
| Robert Żuk | Chief Information Officer |
| Ramanurup Sen | Food Services President |
| Mauricio Gárate Meza | General Counsel |

| | |
|---|---|
| **Number of women in senior management** | 0 |
| Percentage of total senior management | 0.00% |

| | |
|---|---|
| **Total remuneration of senior management (thousands of euros)** | **3 279** |

| Remarks |
|---|
| During 2021, there was an important restructuring in the composition of senior management.<br>Above table reflects the composition of the senior management as of December 31st, 2021. Although, presented total remuneration of senior management includes salaries of persons who departed the Company during 2021. |

**C.1.15 Indicate whether the Board regulations were amended during the year:**

Yes ___ **No _X_**

| Description of amendment(s) |
|---|
| |

**C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.**

Pursuant to Article 14 of the AmRest Articles of Association and Article 7 of the General Shareholders' Meeting Regulation, said shareholders' meeting shall be responsible for appointing and removing directors, as well as ratifying directors appointed by co-optation.

Nevertheless, in accordance with Article 6 of the Board of Directors Regulation, the Board is responsible for appointing directors in the event of vacancies, until the general shareholders' meeting next meets.
The Appointments and Remuneration Committee assesses the capabilities, knowledge and experience required for a place on the Board. In this regard, the Committee is tasked with defining the duties and suitability of the candidates needed to fill each vacancy, as well as gauging the specific time and dedication required for them to properly perform such duties.
The Committee issues proposals to the Board concerning the appointment of independent members and those to be appointed by co-optation. Said proposals, as well as those relating to the re-appointment and removal of directors, are submitted for approval to the general shareholders' meetings. Moreover, the Committee must inform the Board of the appointment, re-election and removal of directors from their roles on the Board.
The appointment, ratification and re-appointment proposals issued to the general shareholders' meeting by the Board must be preceded by the corresponding report prepared by the Appointments and Remuneration Committee for the appointment of the remaining non-independent

| |
|---|
| members. Each director's performance and dedication throughout their tenure will be taken into consideration upon their re-appointment or ratification.<br>Board members shall be appointed for a term of four years. They may be re-appointed on one or several occasions for periods of the same maximum duration. Once the term has expired, the tenure will be terminated upon the next general shareholders' meeting, or when the legal term for holding such meeting to approve the accounts for the preceding fiscal year has elapsed. |

### C.1.17 Explain to what extent the annual evaluation of the Board has given rise to significant changes in its internal organisation and in the procedures applicable to its activities:

| **Description of amendment(s)** |
|---|
| |

Describe the evaluation process and the areas evaluated by the Board of Directors with or without the help of an external advisor, regarding the functioning and composition of the Board and its committees and any other area or aspect that has been evaluated.

| **Description of the evaluation process and areas evaluated** |
|---|
| The Board has evaluated its performance for the year 2020 at a meeting held in February 2021.<br>The conclusions were contained in a report approved by the Board that focused on pandemic management, leading role of the chairman, execution team composition, and also, among other aspects, analysed the structure and composition of the Board, its internal efficiency and performance, and its relationship with the senior management team; the performance of the Board and committees' duties; and the latest improvements and recommendations for the next year.<br><br>The Company engaged in 2021 EY to evaluate the Board of Directors and its committees' functioning as recommended by the Unified Code on Good Governance to have the Board evaluated by an external advisor at least every three years. EY's conclusions were evaluated by the board of directors at a meeting held in January 2022. The conclusions of the evaluation were highly satisfactory in the board's opinion. Nevertheless, a plan of action was approved to improve certain aspects evaluated in certain areas, such as the role of the Lead Independent Director, Board and Committee's agenda, and delegated committees coordination between themselves and with management. |

### C.1.18 Provide details, for years in which the evaluation was carried out with the help of an external advisor, of the business relationships that the external advisor or company in its group maintains with the company or any company in its group.

| |
|---|
| The Company's evaluation of the Board of Directors for the year 2020 has been engaged to EY in 2021. EY has provided other services to certain companies within the AmRest Group related to particular and concrete tax advisory and other services related to compliance. The fees for those services do not represent a significant percentage of EY annual income. |

### C.1.19 Indicate the cases in which directors are obliged to resign.

| |
|---|
| Pursuant to Article 25 of the Articles of Association and Article 11 of the Board of Directors Regulation, the directors shall make their position available to the Board and execute, where deemed appropriate, the relevant resignation in the following cases: (a) when they cease to hold the executive positions to which their appointment as director was associated; (b) when they are involved in any of the situations deemed to be incompatible or prohibited according to law; (c) when they have committed a serious breach of their obligations as director; or (d) when remaining on the Board may endanger the company's interests, negatively affect the Board's credibility or reputation, or when the reasons for which they were appointed disappear (for example, when proprietary directors transfer or reduce their shareholding in the company). |

### C.1.20 Are qualified majorities other than those established by law required for any particular kind of decision?

Yes ___ **No _X_**

If so, describe the differences.

| **Description of differences** |
|---|
| |

### C.1.21 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.

Yes ___ **No _X_**

| Description of requirements |
|---|
| |

**C.1.22 Indicate whether the articles of incorporation or Board regulations establish any limit as to the age of directors:**

Yes ___ **No _X_**

| | Age limit |
|---|---|
| Chairman | |
| Managing Director/CEO | |
| Director | |

**C.1.23 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:**

Yes ___ **No _X_**

| Additional requirements and/or maximum number of years of office |
|---|

**C.1.24 Indicate whether the articles of incorporation or Board regulations establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of director to whom votes may be delegated beyond the limits imposed by law. If so, briefly describe these rules.**

Pursuant to Article 13 of the Board of Directors Regulation, directors should attend the sessions in person. Where this is not possible, they may, using any written means including email and for that session alone, delegate their representation to another director, with the appropriate instructions. This representation will be notified to the chairman or secretary of the Board. A single director may hold several representations. Non-executive directors may only delegate their representation to another non-executive director.

**C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.**

| | |
|---|---|
| **Number of Board meetings** | **34** |
| **Number of Board meetings held without the chairman's presence** | **0** |

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

| | |
|---|---|
| **Number of meetings** | **0** |

| Remarks |
|---|
| |

Indicate the number of meetings held by each Board committee during the year:

(all figures in EUR millions unless stated otherwise)

| | |
|---|---|
| **Number of meetings held by the Executive Committee** | **5** |
| **Number of meetings held by the Audit Committee** | **8** |
| **Number of Meetings held by the Nomination and Remuneration Committee** | **9** |
| **Number of meetings held by the Nomination Committee** | **N/A** |
| **Number of meetings held by the Remuneration Committee** | **N/A** |
| **Number of meetings held by the Sustainability, Health and Safety Committee** | **4** |

| **Remarks** |
|---|
| |

**C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data.**

| | |
|---|---|
| **Number of meetings in which at least 80% of directors were present in person** | **34** |
| Attendance in person as a % of total votes during the year | 98% |
| **Number of meetings with attendance in person or proxies given with specific instructions, by all directors** | **30** |
| Votes cast in person and by proxies with specific instructions, as a % of total votes during the year | 98% |

**C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:**

Yes ___ **No _X_**

Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

| Name | Position |
|---|---|
| | |

**C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations.**

Pursuant to Article 19 of the Board of Directors Regulation and Article 5 of the Audit and Risk Committee Regulation, the Audit and Risk Committee is responsible for the following, among other, duties: (i) to explain the results of the audit and how it contributed to the integrity of the financial information and the Audit and Risk Committee's role in this process; and (ii) to oversee the effectiveness of the company's internal control system, the internal audit and the risk management system, and discuss with the statutory auditor the significant weaknesses of the internal control system revealed in the course of the audit, while maintaining its independence. For such purposes, the Committee may, if appropriate, submit recommendations or motions to the Board of Directors, with the relevant term for follow-up.

Moreover, Article 9 of the Audit and Risk Committee Regulation states that the Committee shall review the content of the audit reports and, as the case may be, the limited review of the interim accounts, as well as other mandatory reports to be prepared by the auditors prior to the issue of the former, in order to avoid the issuance of qualified reports, endeavoring to ensure that the Board of Directors submits the accounts to the general shareholders' meeting in an audit report without reservations or, in exceptional circumstances when such reservations do exist, for the Committee chair and the auditors to be able to explain the content and scope of the reservations to shareholders in a clear manner.

**C.1.29 Is the secretary of the Board also a director?**

Yes ___ **No _X_**

If the secretary is not a director, please complete the following table:

| Name or company name of the secretary | Representative |
|---|---|
| Eduardo Rodríguez-Rovira | |

**C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of the external auditors, and any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.**

Pursuant to the Board of Directors Regulation, the Audit and Risk Committee is responsible for proposing motions regarding the recruitment, appointment, re-election and replacement of the accounts auditor to the Board of Directors, taking charge of the recruitment process, as well as the terms and conditions of the agreement, the scope of their professional mandate and the renewal or termination of their mandate. In accordance with Article 19 of the Board of Directors Regulation, the Audit and Risk Committee shall also liaise with the auditor to receive information on matters that could represent a threat to its independence; any matter related to the implementation of the audit process; and, where appropriate, the authorisation of any services, other than those forbidden under the terms of the applicable audit regulations, and other communications envisaged by these regulations.

In any event, the Audit and Risk Committee must receive the following from the accounts auditor on an annual basis: (i) written confirmation of its independence regarding the entity or those entities that it has direct or indirect links to; and (ii) information on any additional services rendered of any kind and the relevant fees received by the auditor or those persons, natural or legal, related to the auditor, from the abovementioned entities, pursuant to the provisions of the prevailing audit regulations.

Moreover, the Audit and Risk Committee shall issue – annually prior to the issue of the audit report – a report expressing an opinion on whether the independence of the accounts' auditor has been jeopardised. Such report must include a reasoned assessment of the provision of each and every additional service referred to in the foregoing paragraph (other than the legal audit), individually and as a whole, and in relation to the independence system or the audit regulations.

**C.1.31 Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:**

**Yes _X_** No __

| Outgoing auditor | Incoming auditor |
|---|---|
| KPMG Auditores, S.L. | PricewaterhouseCoopers Auditores, S.L. |

If there were any disagreements with the outgoing auditor, explain their content:

Yes __ **No _X_**

| Explanation of disagreements |
|---|
| |

**C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:**

**Yes _X_** No __

| | Company | Group Companies | Total |
|---|---|---|---|
| Amount invoiced for non-audit services (thousand euros) | 52.0 | 46.0 | 98.0 |
| Amount invoiced for non-audit services/Amount for audit work (in %) | 35% | 7% | 12% |

**C.1.33 Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.**

Yes __ **No _X_**

| Explanation of the reasons and direct link to the document made available to the shareholders at the time that the general meeting was called in relation to this matter |
|---|
| |

**C.1.34 Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:**

| | Individual | Consolidated |
|---|---|---|
| Number of consecutive years | 1 | 1 |

| | Individual | Consolidated |
|---|---|---|
| Number of years audited by the current audit firm/number of years in which the company has been audited (in %) | 25% | 25% |

| Remarks |
|---|
| This calculation has been made using data since the company's registered office had been relocated to Spain. |

**C.1.35 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details if applicable:**

**Yes _X_** No __

| Details of the procedure |
|---|
| Article 25 of the Board of Directors Regulation sets forth the directors' right to counsel and information, insofar as they shall have access to all of the company's services and may, with the broadest powers, obtain any information and advice they may need to perform their duties. The right to information is extended to the subsidiaries, in Spain or overseas, and shall be channelled through the chairman or secretary of the Board of Directors. Said chairman or secretary will fulfil all requests from directors by supplying the information directly, putting the directors in touch with the appropriate persons or taking such measures as may be necessary for the requested examination.<br><br>Directors shall also be entitled to propose to the Board of Directors, by way of majority, the engagement of any legal, accounting, technical, financial, commercial or other advisors as they may consider necessary for the company's interests in a bid to assist them in the performance of their functions when facing specific, important or complex problems relating to their duties. Likewise, directors have a specific App from which they can easily access meeting documentation to prepare for meetings.<br><br>The secretary of the Board must notify the company's CEO of the proposal. The Board of Directors may withhold its approval if it considers the engagement unnecessary for the performance of the commissioned duties, either in view of its cost (disproportionate to the importance of the problem and the company's assets and revenues) or if it considers that the technical assistance requested could be adequately given by experts and officers within the company. |

**C.1.36 Indicate whether the company has established rules obliging directors to inform the Board of any circumstances, whether or not related to their actions in the company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:**

**Yes _X_** No __

| Explain the rules |
|---|
| As set forth in the Articles of Association and the Board Regulations, the cases in which directors must tender their resignation to the Board and, as the case may be, tender the corresponding resignation, include cases in which their continued presence on the Board may jeopardise the interests of the Company or negatively affect the credit and reputation of the Company or when the reasons for which they were appointed disappear (e.g. when a proprietary director disposes of or reduces his or her shareholding in the Company). |

**C.1.37 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:**

Yes __ **No _X_**

| Director's name | Nature of the situation | Remarks |
|---|---|---|
| | | |

Indicate whether the Board of Directors has examined the case. If so, explain with reasons whether, given the specific circumstances, it has adopted any measure, such as opening an internal enquiry, requesting the director's resignation or proposing his or her dismissal.

Indicate also whether the Board decision was backed up by a report from the nomination committee.

Yes __ No __

| Decision/Action taken | Reasoned explanation |
|---|---|
| | |

**C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.**

The Change of Control Clause is included in the agreements concerning the issue of Schuldscheindarlehen („SSD") and in the bank credit agreements, both agreements signed in 2017.

**C.1.39 Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.**

| **Number of beneficiaries** | **0** |
|---|---|
| **Type of beneficiary** | **Description of agreement** |
| Executives (other than Directors) and employees | Few selected officers and employees of the Company have in their contracts, specific severance clauses, which provides for higher severance payments than envisaged in applicable general labour law, in case of termination. The amount of the severance is determined on a case-by-case basis taking into account seniority, function and possible impact on the Company's business in case of withdrawal from office of such officer. In any case the severance payments do not exceed a maximum of two times annual salary. |

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

| | Board of Directors | General Shareholders' Meeting |
|---|---|---|
| **Body authorising the clauses** | X | |

| | YES | NO |
|---|---|---|
| **Are these clauses notified to the General Shareholders' Meeting?** | | X |

## C.2 COMMITTEES OF THE BOARD OF DIRECTORS

**C.2.1 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:**

**EXECUTIVE COMMITTEE**

| Name | Position | Current category |
|---|---|---|
| José Parés Gutiérrez | Chairman | Executive |
| Luis Miguel Álvarez Pérez | Member | Propietary |
| Pablo Castilla Reparaz | Member | Independent |

| | |
|---|---|
| % of executive directors | 33.33% |
| % of proprietary directors | 33.33% |
| % of independent directors | 33.33% |
| % of external directors | 0.00% |

| Remarks |
|---|
| |

Explain the functions delegated or assigned to this committee, other than those that have already been described in Section C.1.9, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The rules regarding the Executive Committee are found under Article 18 of the Board of Directors Regulation. The Executive Committee shall consist of a minimum of three and a maximum of five directors, in similar proportions to their weight on the Board of Directors. At least two-thirds of the Board members currently in office must vote in favour to appoint members of the Executive Committee. The chairman and secretary of the Board of Directors shall be the chairman and secretary, respectively, of the Executive Committee, and may also be assisted by the deputy secretary.

The members will step down from the Executive Committee when they relinquish the role of director or whenever agreed by the Board. The Board of Directors shall promptly fill any vacancies.

The Board of Directors will permanently delegate all of its powers to the Executive Committee, aside from those which may not be delegated according to law, the Articles of Association or the Board of Directors Regulation.

The Executive Committee shall meet as and when called by the chairman or requested by the majority of its members. The secretary shall record the resolutions adopted in the meeting minutes, a copy of which shall be made available to the Board members. The Executive Committee shall inform the Board of Directors about the important matters and decisions adopted at its sessions.

**AUDIT AND RISK COMMITTEE**

| Name | Position | Current category |
|---|---|---|
| Emilio Fullaondo Botella | Chairman | Independent |
| Pablo Castilla Reparaz | Member | Independent |
| Mónica Cueva Díaz | Member | Independent |

| | |
|---|---|
| % of proprietary directors | 0.00% |
| % of independent directors | 100% |
| % of external directors | 0.00% |

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The rules regarding the AmRest Audit and Risk Committee are found under Article 19 of the Board of Directors Regulation and the Committee's own Regulation. The Audit and Risk Committee will be made up of a minimum of three and a maximum of five directors and shall be chaired by whoever among them is appointed by the Board of Directors, as long as they are an independent director. All of the Audit and Risk Committee members will be appointed by the Board of Directors and shall be non-executive directors, the majority of whom, at least, must be independent directors. At least one of them must be appointed based on their knowledge and experience in accounting, auditing or both. The Audit and Risk Committee members, as a group, must have the relevant know-how regarding the industry that the entity subject to the audit belongs to.

The chairman of the Audit and Risk Committee will exercise their office for four years and may not be re-appointed until at least one year after stepping down.

Basic responsibilities: (i) To report, through its chairman, to the General Shareholders' Meeting on questions raised by the shareholders regarding matters within its remit, and explain the audit results and how it contributed to the integrity of the financial information and the Audit and Risk Committee's role in this process; (ii) To oversee the effectiveness of the company's internal control system, the internal audit, and the risk management system and discuss with the accounts auditor the significant weaknesses of the internal control system revealed in the course of the audit, while maintaining its independence. For such purposes, the Committee may, if appropriate, submit recommendations or motions to the Board of Directors, with the relevant term for follow-up; (iii) To oversee the process for preparing and disclosing mandatory financial information regarding the company and submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of such financial information; (iv) To propose motions regarding the recruitment, appointment, re-election and replacement of the accounts auditor to the Board of Directors, taking charge of the recruitment process, as well as the terms and conditions of the agreement, the scope of their professional mandate, the renewal or termination of their mandate and where appropriate, regularly gather information about the audit plan and its implementation, while preserving its independence in the performance of its duties; (v) To liaise with the auditor to receive information on matters that could represent a threat to its independence; any matter related to the implementation of the audit process; and, where appropriate, the authorisation of any services, other than those forbidden under the terms of the applicable audit regulations, and other communications envisaged by these regulations; (vi) To issue – annually prior to the issue of the audit report – a report expressing an opinion on whether the independence of the accounts auditor has been jeopardised. Such report must include a reasoned assessment of the provision of each and every additional service referred to in the foregoing paragraph (other than the legal audit), individually and as a whole, and in relation to the independence system or the audit regulations; (vii) To advise the company's Board of Directors, in advance, of all of the topics covered by law, the Articles of Association and this Regulation, and namely, of: (a) The financial information that the company must disclose on a regular basis; (ii) The creation or acquisition of interests in special purpose vehicles or entities resident in countries or territories considered to be tax havens; and (iii) Any transactions with related parties.

The Audit and Risk Committee's annual report for 2021 – which will be available to shareholders on the AmRest website – details the key activities performed by the Committee during such period, including the following: (i) review of the company's individual and consolidated annual accounts and non-financial information report for the 2021 fiscal year and other financial information prior to them being put together by the Board of Directors; (ii) with regard to external auditing, the Committee monitored the actions and services provided by PWC (and KPMG for the audit of 2020 fiscal year); (iii) with regard to internal auditing, the Audit and Risk Committee promoted a project to review and update the Company's risk map, in addition to perform the duties relating to the internal auditing of the Company as assigned thereto under the Board of Directors Regulation and Audit and Risk Committee Regulation; (iv) has continued to work on improving consolidation and reporting systems for better control of information and more efficient preparation to enhance the performance of operations; (v) in regard to the related party transactions, has followed up those transactions and, as the case may be, informed the board of directors in relation to them, and (vi) analysed and took note of the company's treasury stock balance and the transactions executed using its own shares on a quarterly basis.

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.

| | |
|---|---|
| Name of directors with experience | Emilio Fullaondo Botella / Pablo Castilla Reparaz / Mónica Cueva Díaz |
| Date of appointment of the chairperson | 14 May 2019 |

**APPOINTMENTS AND REMUNERATION COMMITTEE**

| Name | Position | Current category |
|---|---|---|
| Pablo Castilla Reparaz | Chairman | Independent |
| Luis Miguel Álvarez Pérez | Member | Propietary |
| Romana Sadurska | Member | Independent |
| Emilio Fullaondo Botella | Member | Independent |

| | |
|---|---|
| % of proprietary directors | 25.00% |
| % of independent directors | 75.00% |
| % of external directors | 0.00% |

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The rules regarding the Appointments and Remuneration Committee (ARC) are found under Article 20 of the Board of Directors Regulation. The ARC shall be made up of no less than three and no more than five non-executive directors, at least two of which must be independent directors.

Under Article 20.2 of the Board of Directors Regulation, the Board of Directors shall endeavour to ensure that the members, and in particular the chairman, of the ARC have the appropriate knowledge, qualifications and expertise to perform the duties entrusted to them. The ARC shall appoint the chairman from among its members.

Basic responsibilities: (i) To assess the qualifications, knowledge and experience required for the Board of Directors. For such purposes, to define the functions and qualifications required from candidates who must fill each vacancy and evaluate the exact amount of time and dedication required for them to effectively perform their duties; (ii) Submit proposals on independent directors to be appointed by co-optation to the Board of Directors to be subject to decision at the General Shareholders' Meeting, as well as the proposals for the re-appointment or removal of said directors; (iii) To issue a report regarding proposals to appoint the remaining directors for their appointment by co-optation or to be submitted to the General Shareholders' Meeting, as well as the proposals for their re-appointment or removal; (iv) To inform the Board of Directors about the appointment, re-election and removal of internal positions on the company's Board of Directors; (v) To issue a report regarding the motions to appoint and remove senior executives (including, for these purposes, the brand and area managers) and the basic terms of their contracts; (vi) To inform the Board about gender diversity matters and, particularly, to ensure that the selection procedures for directors and senior executives do not implicitly bias female candidates; (vii) To propose to the Board of Directors: (a) the remunerations policy for the directors and general managers or for those who have senior management functions and report directly to the Board of Directors, committees or the CEOs; (b) the individual remuneration for executive directors and other conditions of their contracts, ensuring that they are followed; and (c) the basic conditions of senior executive contracts; (viii) To analyse, pose and periodically review the remuneration policy applied to senior executives and the management team, including the remuneration packages with shares and their application, and ensure that it is proportionate to that paid to the other directors and members of the management team and to other personnel of the company; (ix) To ensure compliance with the remuneration policy established by the company; (x) To review and arrange for the succession of the chairman of the Board of Directors and the company's CEO and, where appropriate, to propose motions to the Board of Directors for such succession to take place in an orderly and well-planned manner; (xi) To inform the shareholders about the exercise of its functions, attending the General Shareholders' Meeting for this purpose; and (xii) To assist the Board in the preparation of the report on the remuneration policy and submit to the Board any other remuneration reports foreseen in this Regulation, verifying the information about the directors and senior executives' remuneration established in different corporate documents, including the annual report on directors' remuneration.

The ARC shall meet each time the chairman deems it necessary. The chairman will call a meeting whenever a report is issued or proposals need to be adopted and, in any case, whenever it is suitable for the successful performance of its functions.

**SUSTAINABILITY, HEALTH AND SAFETY COMMITTEE**

| Name | Post | Category |
|---|---|---|
| Romana Sadurska | Chairman | Independent |
| Mónica Cueva Díaz | Member | Independent |
| Pablo Castilla Reparaz | Member | Independent |

| | |
|---|---|
| % of proprietary directors | 0.00% |
| % of independent directors | 100.00% |
| % of external directors | 0.00% |

Explain the functions assigned to this committee and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The Sustainability, Health and Safety Committee must be made up of a minimum of three and a maximum of five directors, all of them non-executive and, at least two of them, must be independent directors. The Chairman must be an independent director. The Sustainability, Health and Safety Committee shall be validly formed when the majority of its members attended, being present or represented by proxy. The agreements shall be adopted by a majority of concurrent members, present or represented by proxy.

The competencies of the Sustainability, Health and Safety Committee are: (i) to review, to supervise and to suggest to the Board of Directors the framework and policies of the Sustainability, Health and Safety Risk Management of the Company; (ii) to evaluate and to advise the Board of Directors on the various strategies to achieve the Sustainability, Health and Safety goals of the Company; (iii) to review and to suggest to the Board of Directors, the Sustainability, Health and Safety performance goals and to evaluate the performance in relation to those goals; (iv) to monitor the compliance by the Company with both, the Sustainability, Health and Safety policies and the applicable sustainability, health and safety laws; (v) to ensure that the systems used to identify and to manage the Sustainability, Health and Safety risks of the Company are adequate for the intended purposes and are applied effectively, periodically reviewed and continually improved; (vi) the Committee should ensure that the Board of Directors is kept informed and updated on issues related to Sustainability, Health and Safety risks; (vii) to ensure that the Company is effectively structured to manage and to prevent risks related to Sustainability, Health and Safety, which includes having trained employees, adequate communication proceedings and enough documentation; (viii) to examine and to advise the Board of Directors on the suitability of the resources available for the Sustainability, Health and Safety management systems and programmes of the Company; and (ix) to monitor and to supervise all incidents or matters related to sustainability, health and safety, as well as the measures taken by the Board of Directors to avoid their repetitions.

(all figures in EUR millions unless stated otherwise)

The Sustainability, Health and Safety Committee's annual report for 2021 – which will be available to shareholders on the AmRest website – details the key activities performed by the Committee during such period including the following: (i) operation of the food safety policy, (ii) review of the KPIs audits carried out in suppliers and logistic, (iii) implementation of new policies and advances in relation to nutrition, (iv) analysis of waste management and environmental strategies within the market, (v) review of the Health and Safety and Working Conditions policy, (vii) approval of the amendment of the Committee's name too Sustainability, Health and Safety Committee, in order to include the sustainability area.

**C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:**

| | Number of female directors | | | |
|---|---|---|---|---|
| | Year n<br>Number % | Year n-1<br>Number % | Year n-2<br>Number % | Year n-3<br>Number % |
| Executive committee | 0.00% | 0.00% | 0.00% | 0.00% |
| Audit committee | 33.33% | 33.33% | 0.00% | 0.00% |
| Nomination and remuneration committee | 25.00% | 25.00% | 25.00% | 0.00% |
| Nomination committee | N/A | N/A | N/A | N/A |
| Remuneration committee | N/A | N/A | N/A | N/A |
| Sustainability, Health and Safety committee | 66.67% | 66.67% | 0.00% | N/A |

**C.2.3 Indicate, where applicable, the existence of any regulations governing Board committees, where these regulations are to be found, and any amendments made to them during the year. Also indicate whether any annual reports on the activities of each committee have been voluntarily prepared.**

The rules regarding the committees are set out in the Articles of Association and the Board of Directors Regulation, both of which are available on the company's website at www.amrest.eu. Moreover, the Audit and Risk Committee has its own internal regulation, which is also available on the company's website. Those regulations have not been changed during the year. Performance reports on each of the Audit. Appoinments and Remuneration and Sustainability, Health and Safety committee committees have been prepared by the respective committee, which shall also be available to shareholders on the website.

# D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

**D.1 Explain, where appropriate, the procedure and competent bodies relating to the approval of transactions with related and intragroup parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.**

The procedure and competent bodies relating to the approval of transactions with related and intragroup parties are as established by the recently amended article 231 bis and 529 vicies et seq of the Spanish Capital Companies Act. The Board of the Company has not delegated the approval of intragroup and related party transactions as per article 529 duovicies of the Capital Companies Act so no specific procedure of periodic control has been established in this regard.

In addition to the above, pursuant to Article 19 of the Board of Directors Regulation and Article 5 of the Audit and Risk Committee Regulation, the Audit and Risk Committee is responsible for advising the Board of transactions with related parties. For the approval of such transactions, any directors or related individuals with a direct or indirect conflict of interest must refrain from participating in the discussion and vote on the corresponding resolutions or decisions. Any resolutions or decisions which affect these individuals in their role as director, such as their appointment or removal from the Board and similar concepts, are excluded from the aforementioned obligation.

Lastly, according to Article 3 of the Internal Code of Conduct, the Company shall keep an updated list of the related parties to People Developing Managerial Responsibilities.

**D.2 Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:**

| Name or company name of the shareholder or any of its subsidiaries | % Share-holding | Name or company name of the company or entity within its group | Nature of the relationship | Type of operation and other information required for its evaluation | Amount (thousand of euros) | Approving body | Identity of the significant shareholder or director who has abstained | The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents |
|---|---|---|---|---|---|---|---|---|

**D.3 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:**

| Name or company name of the administrators or managers or their controlled or jointly controlled entities | Name or company name of the company or entity within its group | Relationship | Nature of the operation and other information necessary for its evaluation | Amount (thousand of euros) | Approving body | Identity of the shareholder or director who has abstained | The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents |
|---|---|---|---|---|---|---|---|

**D.4 Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.**

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

| Company name of the entity within the group | Brief description of the operation and other information necessary for its evaluation | Amount (thousand of euros) |
|---|---|---|

| Remarks |
|---|
| |

**D.5 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.**

| Company name of the related party | Brief description of the operation and other information necessary for its evaluation | Amount (thousand of euros) |
|---|---|---|

**D.6 Give details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management, significant shareholders or other associated parties.**

The director shall take the necessary measures to avoid incurring situations in which his or her own or other interests may conflict with the corporate interest and their duties towards the company.

Article 24 of the Board of Directors Regulation stipulates that directors must inform the Board of any direct or indirect conflicts which they or related individuals may have with the company's interests. In this regard, directors' related parties shall be understood as the following: a) The director's spouse or persons with a similar relationship; b) The director or their spouse's parents, children and s blings; c) The spouses of the director's parents, children and siblings; d) Companies with which the director, directly or by proxy, is affiliated in any of the manners described under article 42, paragraph one of the Spanish Commercial Code. When directors are legal entities, their related parties shall be understood as the following persons: a) Partners or shareholders who are affiliated with such entity in any of the manners described in article 42, paragraph one of the Commercial Code; b) De jure or de facto directors, liquidators and attorneys with general powers of attorney in the company's legal entity director; c) Companies forming part of the same group and their partners or shareholders; d) Persons who, pursuant to the provisions of the preceding paragraph, qualify as affiliates in respect of the above legal entity's representative.

As set forth in said Regulation with regard to the duty of loyalty, directors are obliged to refrain from participating in the discussion and vote on resolutions or decisions with which they or a related individual have a direct or indirect conflict of interest. Any resolutions or decisions which affect these individuals in their role as director, such as their appointment or removal from the Board and similar concepts, are excluded from the aforementioned obligation.

Article 24 of the Board of Directors Regulation obliges the directors to refrain from: (a) Carrying out transactions with the company, except when they are part of the company's ordinary business, are carried out under normal market conditions and are of little significance, with these being understood to be those involving information that is not required to express a true image of the company's property, financial situation and results; (b) Using the company's name or adducing their standing as director to have undue influence when carrying out private transactions; (c) Making use of the corporate assets, including the company's confidential information, for private means; (d) Taking advantage of the company's business opportunities; (e) Obtaining advantages or remuneration from third parties other than the company or its group, associated to the discharge of their duties, other than minor matters of mere courtesy; (f) Carrying out activities on their own, or another's, behalf which entail effective competition, whether currently or potentially, or which, in any other way, places them in permanent conflict with the company's interests.

Additionally, the Company set the Procedure for Conflicts of Interest and Related-Party Transactions with Senior Officers (the "Procedure") of AmRest Holdings, SE, establishing the rules that must be followed in those situations in which there is a direct or indirect conflict of interest between the interest of the Company or any of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law and the interest of said persons or of other persons that the Audit and Risk Committee decides to make subject to the conflict of interest rules or the persons related thereto, as well as in transactions that said persons engage in with the companies of the Group. The Code of Ethics and Business Conduct also governs this matter under section 2 - Honesty, Integrity and Transparency.

Global Internal Audit and Internal Control Departments review during their assignments any risks related to potential or existing conflicts of interest. In case of identifying such risks, these departments provide recommendations, request for action plans and later monitor & verify their implementation. The audit reports, including risks, recommendations, action plans and status of action plans monitoring & verification, are communicated to the Audit and Risk Committee and the Top Management.

**D.7 Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them**

**Yes _X_** No ___

The Company is controlled by the Finaccess Group.

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely:

Yes ___ **No _X_**

| Report covering the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported |
|---|
| Not reported as there are no business relationships between the parent company or its group and the Company or any of its subsidiaries and no activities related to those of any of them. |

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

| Mechanisms for resolving possible conflicts of interest |
|---|
| No specific mechanisms have been established other than those already existing in the applicable regulations in relation to resolving poss ble conflicts of interest between the parent of the listed company and the other group companies. |

# E. RISK MANGEMENT AND CONTROL SYSTEMS

### E.1 Explain the scope of the company's financial and non-financial risk management and control system, including tax risk.

To effectively govern and manage AmRest enterprise approach to the risk management, the Group has implemented a 3-line of defense model within the organization.
Each of the 3 lines play a distinct role within the framework, and the responsibilities allocated, from the first line assigned to the risk owners and risk delegates, the second line is supported by Risk and Compliance Department, and 3rd line held by the Global Internal audit and Internal Controls Department.
Global Internal Audit and Internal Control Departments support AmRest Management by realizing ad-hoc and planned audit assignments, according to the Annual Audits Plan.
The Management is responsible for preparing action plans addressing identified by the Global Internal Audit and Internal Control Departments risks and opportunities. The Global Internal Audit and Internal Control Departments regularly monitor, verify and report to the Audit and Risk Committee and the Top Management, the status of the action plans implementation declared by the Management.

The Global Risk and Compliance Department was established in the beginning of 2021 with the department head reporting directly to the Audit and Risk Committee Chairman (Board of Directors level). Their key responsibilities include:

- Promoting and guiding the organization in the creation of a consistent risk management culture, through an adequate communication, training and building awareness of all AmRest employees
- Periodically updating the risk catalogue and the risk map
- Overseeing the adequate functioning of the ERM System, specifically regarding the identification, assessment, response and reporting to the Audit and Risk Committee over the critical risks to which the Group is exposed, including emerging risks.
- Fostering the implementation of efficient and complete risk response strategies to mitigate or reduce critical risks to which the Group is exposed within the risk appetite and tolerance levels approved by the Group.
- Reporting to the Audit and Risk Committee regarding the performance and functioning of the ERM.

AmRest risk management process begins with the organization's long-term and short-term objective setting, which leads to the identification of risks defined as any event which might pose a threat to the fulfilment of such objectives. Risks are assessed on a periodical basis at inherent and residual level, based on their expected impact, likelihood and the organization's vulnerability, and prioritized in the risk map.
For all the risks identified as critical risks based on such assessment, the management defines risk response strategies to mitigate the inherent risk to a reasonable risk appetite level. The response strategies combine the monitoring of risk performance indicators and the execution of control activities, which are assessed for operating effectiveness purposes on a periodical basis.

AmRest identify financial and non-financial risks and manage them both at the Group level and at the level of individual companies.
The Group has set up as well a Global AmRest Tax Policy that establishes the rules and procedures on this matter and are supervised by the Tax Department and, ultimately, by the Audit and Risk Committee.

### E.2 Identify the bodies within the company responsible for preparing and executing the financial and non-financial risk management and control system, including tax risk.

The risk management system, the internal control system and review of effectiveness of such systems were supervised by risk owners, Chief Risk & Compliance Officer, Risk & Compliance Committee, Senior Management, Audit and Risk Committee and ultimately by the Board of Directors of AmRest Holdings SE.

AmRest's risk management process begins with the organization's long-term and short-term objective setting, which leads to the identification of risks defined as any event which might pose a threat to the fulfilment of such objectives. Risks are assessed on a periodical basis at inherent and residual level, based on their expected impact, likelihood and the organization's vulnerability, and prioritized in the risk map.

Audit and Risk Committee is responsible to oversee the effectiveness of the Group's risk management system.
Senior Management is respons ble for the sponsorship of the ERM, with the aim to foster and promote a common and consistent risk culture throughout the organization.
Global Risk & Compliance Function is respons ble for the global coordination of the risk identification, assessment, and response processes; and provides recommendations supporting risk reduction.
Employees and Co-workers is responsible to comply with risk management policies and procedures.
The finance team, led by the Chief Financial Officer, is responsible for the Group's tax policy and for the implementation of its tax strategy. Tax strategy is reviewed on an ongoing basis as part of the regular financial planning cycle. The Audit and Risk Committee is responsible for monitoring all significant tax matters. Audit and Risk Committee meetings are usually attended by a number of Group officers and employees including representatives from the tax, internal audit, compliance and risk and financial reporting areas, including the Chief Financial Officer.

### E.3 Indicate the main financial and non-financial risks, including tax risks, as well as those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant and may affect the achievement of business objectives.

The AmRest group is subject to various risks in the different markets in which it does business.

1. Liquidity risk

Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. The Group is exposed to the risk to a lack of financing at the moment of the maturity of bank loans and bonds.
As of 31 December 2021, the Group has sufficient liquidity to fulfil its liabilities over the next 12 months.
The Group analyses liquidity needs with particular focus on the maturity of debt and proactively investigates various forms of financing that could be utilised as needed.

2. Risks 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 includes isolation, confinement, quarantine and restrictions to the free movement of people and the closure of public and private facilities.

This situation is significantly affecting the global economy, including HORECA sector, and the AmRest Group is not immune to this.

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, the 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, people´s behaviours 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 in revenues.

Group management is closely monitoring the development of the situation and looks for the ways of mitigating the impact of COVID-19 spread on the Group. In addition, the Group implemented additional measures to mitigate the risk of infection among its employees, including in particular:

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

3. Lease agreements and continuation options

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

As a consequence of the pandemic and lack of business activity or relatively lower activity in certain locations, the Group performed reviewed of its rental agreements and has entered into negotiations with landlords. One of the outcomes may be that some locations would need to be closed due to worsened economics and the lack of a mutual agreement between the parties. Terminating the relevant rental contract on cost effective terms may prove impossible. This situation may also have an adverse effect on the business activities and operating results of the Group. Additionally, closing any of the franchised restaurants is subject to the approval by the franchisor and it is not certain that such approval will be obtained.
In the case of Russian and Chinese restaurants acquired by AmRest between July 2007 and December 2012 respectively, the average term of the rental contracts is relatively shorter compared to AmRest restaurants in other countries. This results from the specific nature of these markets.

4. Dependency on the franchisor

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

Therefore, in relation to the duration of those agreements, the renewal is not automatic and AmRest cannot guarantee that after the expiry of the initial periods of duration of the franchise agreements, which are typically ten years, a given franchise agreement will be extended. In the case of KFC and Pizza Hut, AmRest and Yum are in continuous dialogue with respect to current and further cooperation.

In the case of Burger King, despite the termination by Burger King Europe GMBH of the development agreement, the franchise agreements for the operation by AmRest of the Burger King restaurants in Europe remain in force in accordance with their established terms and conditions.
In relation to Starbucks, the license agreements entered into by and between AmRest’s affiliates and Starbucks EMEA Limited for Poland, Hungary and Czech Republic are set to expire on May 31, 2022 and are subject to a five year extension. Consistent with AmRest’s long-term commitment to its brand portfolio, AmRest and Starbucks EMEA Limited are currently negotiating the terms of such extension.

5. Dependency on cooperation with minority shareholders and Starbuck’s call option

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

If AmRest fails to comply with the obligation to open and run the minimum specified number of cafés, Starbucks Coffee International, Inc. has 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.

6. No exclusivity rights

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

7. Risks related to the consumption of food products

Changes in consumer preferences arising from concerns over the nutritious properties of chicken, which is the main ingredient in the KFC menu, or as a result of unfavorable information being circulated by the mass media concerning the quality of the products, could pose a threat to the Group. Furthermore, diseases caused by these (ie food poisoning) and damages to health as a result of eating in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog, Bacoa and Sushi Shop, and as a result of revealing unfavorable data prepared by the government or a given market sector concerning the products served in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog, Bacoa and Sushi Shop, health-related issues and issues related to the functioning patterns of one or more restaurants run both by AmRest and the competition could also pose a threat to the Group. The above-mentioned risks are mitigated by using the highest quality ingredients in AmRest restaurants, which come from reliable and reputable suppliers, in compliance with strict quality control and hygiene standards and the use of top, modern equipment and processes which ensure the absolute safety of the dishes.

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

AmRest´s success depends, to some extent, on the individual effort of selected employees and key members of management. The methods of remunerating and managing human resources developed by the Group help ensure a low rotation of the key personnel. Additionally, the career planning system supports preparing successors ready to execute tasks in key positions. In the event of turnover, a personnel replacement process will be triggered, minimising to the fullest extent possible the adverse effect on business activities and the operating results of the Group.

Excessive turnover of employees and too frequent changes in managerial positions may pose a significant risk to the stability and quality of the business activities. Due to the fact that salaries in the HORECA sector are still relatively lower than in other branches, there is a risk of the outflow of qualified staff. In this regard, the Company is constantly evaluating the competitiveness of the remunerations offered to minimize the risk and to remain market competitive. An additional risk in the employment area may be caused by fluctuations in the unemployment rate in a given market.

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

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

10. Risks related to opening restaurants in new countries

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

11. Currency risk

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

12. Risks related to the current geopolitical situation

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

13. Risk of increased financial costs

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

14. Increases in the cost of commodities, raw materials and goods

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

15. Tax risk

In the process of managing and making strategic decisions, which can affect the tax settlements, AmRest is exposed to tax risk. In the event of irregularities occurring in tax settlements increase of the risk of dispute in the case of a potential tax control. As part of minimising this risk, AmRest works to deepening the knowledge of its employees in the area of tax risk management and compliance with respective to the legal requirements of the different countries the Group is based in.. The Company implements adequate procedures to facilitate the identification and subsequent reduction or elimination of risks in the area of tax settlements. Moreover, in connection with frequent legislative changes, the inconsistency of regulations, as well as differences in the interpretation of legal regulations, AmRest uses professional tax advisory services and applies for binding interpretations of the tax law provisions. Current fiscal supervisions are presented in Note 33 to the Consolidated Financial Statements as for the year ended 31 December 2021.

16. Credit risk

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

17. Risks of economic slowdowns

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

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

Risk of systems failures and communication network failure, as well as the potential partial or complete loss of data in connection with system breakdowns or damage or loss of key tangible fixed assets of the Group might result in temporary interruptions in serving customers in restaurants, which might have an adverse effect on the Group's financial results. In order to minimise this risk, the Group has implemented appropriate business continuity procedures and disaster recovery plans in order to ensure the stability and reliability of its IT systems.

19. Cyberattack risk

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

20. Global crisis and disruption

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

21. Remaining factors outside the Group's control

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

### E.4 Indicate whether the entity has risk tolerance levels, including for tax risk.

The Global Risk and Compliance Department is responsible for the regular updating of AmRest Risk Map, incorporating the risks to which the Group is exposed in the form of a chart, in which the impact of the risk materialization; and the likelihood of the risk materialization are captured.
The objectives of the AmRest Risk Map:

- collect comprehensive and structured information about risks at AmRest Group (identification);
- perform risk prioritization of the identified risks (assessment);
- have an updated and integrated risk map for AmRest Group.

In line with the 3-line of defense risks management framework, both risk owners and risk delegates are accountable for risk identification and risk response strategies development, risk identified are assessed documented within the process system and risk map documented.
The Risk Map is communicated to the AmRest Risk and Compliance Committee and to the Audit and Risk Committee for review and overseeing adequate action plans addressing identified risks.

The AmRest Risk structure included a 3-level risk classification system:

- The first level (main categories of risks) was divided into 5 areas:
  - Governance,
  - Strategy & Planning,
  - Operations & Infrastructure,
  - Compliance,
  - Reporting.
- The second level contained specific risks.

The risks are evaluated by using the consistent parameters: impact (refers to the extent a risk event might affect the Group and measured as a % of EBITA), and likelihood (represents the probability that a given event will occur, is measured as a % materialization possibility).

The Group identifies and assesses risks that may impact the achievement of the entity's strategy and business objectives, by monitoring key risk indicators to gauge behavior and exposure, providing early warnings which are then combined with strategies of acceptance, reduction or mitigation measures.
The Group has further developed control activities for the risks in the processes with the aim to mitigate the exposure to the risk materialization, either reducing its likelihood or minimizing its impact.
Risks are prioritized according to their severity and considering the entity's risk appetite. The organization then selects risk responses and monitors performance for change. The organization determines a portfolio view of the amount of risk the entity has assumed in the pursuit of its strategy and business objectives.

## E.5 Indicate which risks, including tax risks, have materialised during the year.

Liquidity risk
The Group was exposed to the liquidity risk due to the breach of covenants and reclassification of long-term debt to short-term which could be therefore due in the next 12 months.
The positive business performance recorded during 2021 reduced the Group's leverage below the thresholds established in the financial covenants with its financing banks and bondholders, ahead of the schedule established in the waiver signed in 2020. In addition, this positive evolution, together with the support of its financing bank, allowed the Group to sign a 3-year debt maturity extension for the outstanding club banks funding.

Increase in the cost of commodities, raw material and goods
Increases in the cost of commodities, raw materials and goods can have an adverse impact on Group's operating profit margins. In order to mitigate these risks, the Group has implemented sourcing strategies, from Spec optimizations and value engineering initiatives to avoid price increase, to bulk orders to secure stock, periodical tender procedures, and established preventative controls to monitor deviations in actual expenditure, monitoring of pricing trends, and active review of tender processes.
Price increases had no significant impact throughout the 2021, however partially in Q4 2021, with tangible effects across specialized services (IT, Digital area, etc.) and services connected to crude oil price (transport, delivery services)

Risk related to coronavirus and its implication for the economy and society.
The COVID-19 pandemic had 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.

Some other risks related to the activity of the Company have materialized during the year. None of these risks had a relevant impact on the AmRest business since the measures for their prevention and/or mitigation worked properly.

## E.6 Explain the response and oversight plans for the company's main risks, including tax risks, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise.

In order to address and supervise the Group's risk management and control (including fiscal risks), model is based on a series of tools/processes described in section E.1 and E.2 of this report.

Global Internal Audit and Internal Control Departments support AmRest Management in risks identification and provide recommendations in area of risk management, collect action plans from the Management, which address risks, and monitor and verify their implementation.

There are the committees operating at AmRest in order to respond and supervise entity's main risks, including:
1. Committees composed of the members of the Board of Directors:
   - Audit and Risk Committee;
   - Sustainability, Health and Safety Committee;
   - Appointments and Remuneration Committee;
   - Executive Committee;
2. Other committees:
   - Risk and Compliance Committee.
   - Crisis Management Committee;
   - Sustainability Committee.
   - Ethics Committee;
   - Information Security Committee

To reduce unnecessary tax risk AmRest introduced the following rules:
1. applies the Tax Policy which includes good practices in respect of taxes,
2. ensures that the company has the accounting and control mechanisms needed to handle day to day tax and reporting requirements,
3. ensures that tax is properly considered as part of corporate decision making processes,
4. considers the probability of a different approach of tax authority to the application of the tax law and acting in a manner which mitigates such risk

# F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms forming your company's Internal Control over Financial Reporting (ICFR) system.

## F.1 THE ENTITY'S CONTROL ENVIRONMENT

Report on at least the following, describing their principal features:

### F.1.1 The bodies and/or departments that are responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) its implementation; and (iii) its supervision.

The Board of Directors is ultimately respons ble for the internal control and risk management systems. In this sense, in accordance with article 19.4.b) of the Regulations of the Board of Directors, this function is entrusted to the Audit and Risk Committee. In particular, the audit and Risk committee shall:

- oversee the effectiveness of the Company's internal control system, the internal audit, and the risk management system and discuss with the accounting auditor the significant weaknesses of the internal control system revealed in the course of the audit, while maintaining its independence;
- oversee the process for preparing and disclosing mandatory financial information regarding the Company and submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of such financial information.

Regulations adopted on Audit and Risk Committee, develop and supplement the provisions of the Status and Regulations of the Board of Directors. With regard to the process of preparing economic and financial information, Audit and Risk Committee shall:

- oversee the process of preparation and submission and the clarity and integrity of the regulated financial information relating to the Company and its Group, ensuring that the half-yearly financial reports and the quarterly management statements are drafted in accordance with the same accounting standards as the annual financial reports and to oversee the review of the interim financial statements requested from the auditor, with the scope and frequency that may be defined, as the case may be
- review compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of such generally accepted accounting principles and international financial reporting standards as may be applicable
- submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of the financial information
- advice the Board of Directors on any significant change of accounting standard and of the significant risks on the balance sheet and off-balance sheet;

The Finance Department prepares the financial information and submits it for approval of the Audit and Risk Committee and the Board, and keeps the daily interaction and communication with the Group's external auditor.
The Internal Audit and Internal Control Department of the Group, with regard to its function of supporting the Audit and Risk Committee when supervising the efficiency of the Internal Control System and company Risk Management, includes in its audit plan periodic revisions of the internal, financial and operational controls; the results of these revisions are summarized in the audit reports indicating the deficiencies detected and the action plans proposed by the Group Management to remedy them.
Additionally, the Global Risk and Compliance Department was established in the beginning of 2021 with the department head reporting directly to the Audit and Risk Committee Chairman.

The Company has also adopted the Regulatory Compliance Policy implementing:

- Set of operating principles associated with the main compliance areas affecting organization;
- Set of mechanisms and procedures to prevent, identify and resolve situations in which unethical, unlawful practice or regulatory breaches occur in the course of our activities.

Lastly, the code of business conduct sets out the main ethical principles and regulations on behavior for all Group employees..

### F.1.2 Indicate whether the following exist, especially in relation to the drawing up of financial information:

- **Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination throughout the entity.**

The Group, through the corporate organisation division and the organisational units for each country, defines, implements and maintains the organisational structures, set of job positions aligned with the size and complexity of the units and strategy of the Group, addressing appropriate distribution of work and segregation of duties.

With respect to the process of preparing financial information group has set in place, several policies, instruction and manuals (l ke Group Reporting and Accounting Manual, Group Charts of Accounts, Financial Calendar, Corporate Fiscal Policy, Finance and Investment Policy, Regulatory Compliance Policy, Risk Management Policy) determining responsibilities and authorities. Preparation of financial information concerns planning, the distribution of tasks and functions, specific timeline, various reviews to be performed at several levels and dissemination thereof. To this end, the Group has financial accounting and control functions in each of its operating markets or countries where it has presence; which are headed up by a controller respons ble for implementing and integrating at the local level of global policies defined by Group ensuring the unified reporting standards across all the Group. The consolidation work is carried out in the corporate unit, in the finance department, which has overall responsibility for the preparation and issuance of the group's financial information. As a consequence of all the former, AmRest's organisational structure defines lines of action and responsibility for the areas involved in the generation of financial information, both at the individual entity level and consolidated Group level.

- **Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.**

In December 2021 AmRest reviewed and revitalized its Code of Ethics and Business Conduct. The Board of Directors of AmRest Group has an exclusive authority to approve and amend the Code. The document underlines AmRest's commitment to ethics and compliance with the law as a fundamental part of the company's culture. The Code covers aspects related to the compliance the law, prevention of bribery and corruption, good accounting and tax practices, as well as respect in the workplace including due regard for human rights, equal opportunities, diversity and health and safety.

All Personnel must familiarize themselves and comply with the Code, and cooperate to facilitate its implementation throughout AmRest which includes reporting any breach of the Code of which they become aware through AmRest's whistleblowing channel.
AmRest set up the process to analyse breaches and propose corrective actions and sanctions where the body charged with these responsibilities is Global Ethics Committee on AmRest Group level and Local Ethics Committees on the country level. Global Ethics Committee consists, among others, of representatives from Global HR, Legal, Finance, and the Internal Audit Director, Chief Risk and Compliance Officer and Global Compliance Lead, proposed by the Risk and Compliance Committee and approved by the Audit and Risk Committee.

- **Whistleblower channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential and whether anonymous notifications can be made, protecting the rights of the whistleblower and the person reported.**

AmRest operates whistleblowing channels, including the online Speak Openly solution, to allow employees and other stakeholders to report any irregularities and breaches of external or internal regulations. The online solution currently operates in all countries where AmRrest is present except for: France, Hungary, Russia and China.
The rules and commitments related to the whistleblowing channels are documented in the Whistleblowing Group Policy, approved by the Board of Directors and ensure among others the confidentiality, possibility of anonymous reporting, protection of whistleblowers and person reported, impartiality of the investigation and prohibition of retaliation.

- **Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.**

With regard to employee training in financial and control issues, AmRest provides through internal and external trainings.

Financial reporting personnel attend technical sessions run by external consultancy firms and covering developments in accounting. Likewise, the Group relies on the external advice of experts in specific areas related to the financial reporting.

AmRest supports also financial reporting personnel in getting professional and internationally recognized certificates like ACCA or CIMA. AmRest supports Internal Auditors in getting professional and internationally recognized certificates like CIA, CISA and others.

## F.2 ASSESSMENT OF RISKS IN FINANCIAL REPORTING

Report on at least the following:

### F.2.1 The main characteristics of the risk identification process, including risks of error and fraud, as regards:

- **Whether the process exists and is documented.**

AmRest Group's risk identification and assessment is an internal process, defined by Global Risk Management Policy adopted by the Company and cascaded to all subsidiaries within the Group.
Per this policy, process carried out by:

- the Board of Directors and Audit and Risk Committee (oversight the effectiveness of the Group's risk management system),
- Top Management (promoting risk management culture),
- Risk Owners (Identifying current, conducting risk assessment and keeping the risk map updated, defining and executing risk response strategies to mitigate risks
- Risk and Compliance Committee (fostering the implementation of efficient and complete risk response strategies)
- Risk and Compliance Department (coordinating, promoting and supervising risk management process)
- Internal Audit and Internal Control Department (evaluating risk management, internal controls and corporate governance and providing recommendations)
- Employees and Co-workers (complying with Global Risk Management Policy and procedures)

Section E.4 of this report indicates the risk classification system, which takes into account all classes of risk. Its scope is greater than the risks directly related to the preparation of the Group's financial information.

In relation to reporting of financial information the Group additionally ensures the existence of specific controls covering the potential risk of error or fraud in the issuance of the financial information, i.e., potential errors in terms of: the existence of the assets, liabilities and transactions as of the corresponding date and reporting period; proper and timely recognition and correct measurement of its assets, liabilities and transactions; and
the correct application of the accounting rules and standards and adequate disclosures.
These controls are applied dynamically and updated continually to reflect the reality of the Group's business as it evolves..

- **Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.**

Identification of risks is carried out for each process identified as relevant based on the objectives of the financial reporting: existence and occurrence, completeness, valuation, presentation, breakdown and comparability, and rights and obligations.

- **The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.**

In the process of identifying the consolidation scope, the Group Controller (Head of Group Accounting Department), regularly updates the consolidation scope, verifying all changes (additions and removals) in the Group structure. Any changes within the scope of consolidation are subject to Audit and Risk Committee approval.

- **Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.**

The process of identifying risks leading to errors in the financial reporting takes into account also qualitative factors, together with other types of risk (like operational, financial, strategic, regarding regulatory compliance) as they ultimately affect the financial statements.

- The governing body within the company that supervises the process.

The Board through the Audit and Risk Committee supervises this process.

## F.3 CONTROL ACTIVITIES

Report on whether the company has at least the following, describing their main characteristics:

### F.3.1 Review and authorisation procedures for financial information and a description of the ICFR, to be disclosed to the securities markets, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including accounting closing procedures and the specific review of significant judgements, estimates, valuations and projections.

As indicated in F.1.1 section of this report, the Board of Directors relies on the Audit and Risk Committee to supervise the process of preparing and presenting the required financial information relating to the Company and the Group, including related nonfinancial information, as well as its integrity, reviewing the Audit and Risk Committee in the first place compliance with regulatory requirements, the proper determination of the scope of consolidation and the correct application of accounting standards.

The Audit and Risk Committee also has the duty to report to the board, in advance of the adoption by it of the corresponding decisions, regarding the financial information that the Group must periodically make public, ensuring that such information is prepared in accordance with the same principles and practices used to prepare the financial statements and is as reliable as such statements.

Each quarter the Group Accounting Department submits the periodic consolidated financial information to the Audit and Risk Committee, highlighting the main assumptions and accounting criteria applied and clarifying any significant events which occurred during the reporting period.

L kewise, the AmRest Group has in place documented financial processes, which implies common criteria for preparing financial information for all subsidiaries within the Group. The Group Accounting Department issues mandatory instructions setting out the calendar and contents for the financial reporting period for the preparation of the consolidated financial statements.

The Group Accounting Department also follows documented procedures for preparing consolidated financial information (provided in section F.4.2).

The Group Accounting Department reviews the key judgments, estimates, valuations and forecasts to identify critical accounting policies that require the use of estimates and value judgments. The most relevant are dealt with by the Audit and Risk Committee. Senior management defines the format for presenting the financial statements prior to approval by the Board.

The most significant aspects of the accounting process and the review of the material judgements, estimates, measurements and projections used are as follows:
- impairment losses on certain assets,
- the useful life of the tangible and intangible assets,

- the measurement of goodwill arising on consolidation,
- recognition of provisions for potential tax obligations and uncertain tax provisions
- going concern
- leases.

The Board of Directors is responsible for approving the financial information that the Group, being a listed company, is obliged to publish.

**F.3.2 Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) which support significant processes within the company relating to the preparation and publication of financial information.**

The Group's IT systems are directly or indirectly related to the financial reporting and financial statements as such. They are configured to ensure the correct preparation and publication of financial information at all times by means of a specific internal control procedures. The Group has internal policies and procedures, which are duly updated and distr buted, relating to systems security and access to the IT applications and systems based on roles and in accordance with the duties and clearances ensuring proper separation of powers. The Group's internal policies establish that access to all systems storing or processing data shall be strictly controlled, and that the level of access control required is determined by potential impact on the business. Access rights are assigned by Group experts in this area, by roles and functions. In addition, to ensure compliance, the user and profile maintenance control and review processes in which responsible personnel in each area are involved ensure that information is only available to persons who need it for their work.

Per Group's methodology, any new software developments and any updates of existing IT solutions go through 3 phases, i.e. design, development, and test before final implementation to the productive environment, which guarantees that financial information is handled reliably.

The Group have taken necessary steps to ensure on-going performance of key functions in the event of disasters or other events that could halt or interrupt business operations. These steps constitute specific initiatives mitigating the scale and severity of IT incidents and ensuring that operations are up and running again as quickly and with as little damage as possible. The Group has highly automated back-up systems to ensure the continuity of the most critical systems. In addition, there are specific risk mitigation strategies in place, such as cloud and virtual data processing centres, back-up power suppliers and offsite storage facilities.

**F.3.3. Internal control policies and procedures for overseeing the management of activities subcontracted to third parties, as well as of those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect financial statements.**

AmRest Group does not usually outsource to third parties' activities that have the impact on the financial reporting process. In case a process or its part is outsourced to an independent party, the same set of policies and procedures applicable for internal reporting purposes is put in place for the external contractor, to ensure coverage of the risks associated with such outsourcing. The Group puts in place service level agreements ensuring the integrity and quality of information provided by external contractors. The Group mostly assesses its estimates in house. Whenever it is advisable to hire a third-party contractor, it does so having verified their expertise and independence, and validated their methods and the reasonableness of the assumptions made.

## F.4 INFORMATION AND COMMUNICATION

Report on whether the company has at least the following, describing their main characteristics:

**F. 4.1 A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.**

Group Accounting department is responsible for defining, updating and disseminating the accounting policies of the AmRest Group. Accordingly, it has a Group Reporting and Accounting Manual adapted to the needs of the Group. These accounting policies are developed based on the International Financial Reporting Standards adopted by the European Union (IFRS).

The Group Reporting and Accounting Manual is disseminated throughout all the personnel involved in the financial reporting process.

Any significant changes affecting Group Reporting and Accounting Manual, are communicated to the organization together with the updated Manual. Group Accounting department consist of high qualified personnel and resolves queries or conflicts deriving from the interpretation of the accounting standards and/or policies.

**F.4.2 Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or group, and support its main financial statements and notes, as well as disclosures concerning ICFR.**

The Group's reporting structure supplies different kinds of services, including:

- General IT systems
- Management systems providing information for business monitoring and control purposes.

- Business systems encompassing the operation (sales) related systems
- Structural systems providing the data shared and used by all the applications and services. These systems include all those related to the accounting and financial information.

The same accounting system has been already implemented already in main subsidiaries; the Group's though is still in progress of implementing it in remaining subsidiaries. Group is in the process of integration of subsidiaries and business acquired during last years.

L kewise, Group has a consolidation system that enables standardized information to be obtained about the Group's companies for the consolidation purposes.

As stated above, there is a Group Accounting and Reporting Manual and Group Charts of Accounts, which include specific instructions on preparing the financial statements.

Preventive controls have been defined, ensuring safe data input to the consolidation system. The implementation of this solution ensures for the financial statement information and the annual accounts standardization.

The data in native currencies reported by subsidiaries are within the consolidation system automatically and in standardized way converted to euro and are subsequently aggregated to the consolidated figures.

The consolidation process is designed to identify intragroup transactions, ensuring they are correctly eliminated. In addition, in order to ensure the quality and comprehensiveness of the information, the consolidation system is configured to make investment-equity elimination adjustments and to eliminate intragroup transactions, which are generated automatically in keeping with the system settings and checks.

This entire process is highly automated and includes automatic controls to enable the detection of incidents in the consolidation process. The Group Accounting and Planning & Analysis departments perform additionally oversight and analytical controls.

## F.5 SUPERVISION OF THE FUNCTIONING OF THE SYSTEM

Report on at least the following, describing their principal features:

**F.5.1 The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the committee in its task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible for performing the assessment communicates its results, whether the company has an action plan detailing possible corrective measures, and whether their impact on financial reporting has been considered.**

The Corporate Bylaws and Regulations of the Board of Directors state that the primary duty of the Audit and Risk Committee shall be to support the Board of Directors in its supervisory duties, with its main functions including: supervising the effectiveness of the Company's internal control system and risk management systems, and discussing with the Auditors significant or material weaknesses in the internal control system detected during the audit. The Audit and Risk Committee is responsible for supervising the effectiveness of the internal controls carried out by the AmRest Group's Internal Audit function.

The Internal Audit function and Risk and Compliance function report functionally to the Audit and Risk Committee, with the primary goal of lending them support in their responsibilities concerning:

- ensuring governance,
- risk management
- the Group's Internal Control System.

The Internal Audit function is carried out in accordance with Internal Audit Articles of Association.
With regard to supervision of internal control over Financial Reporting (ICFR), AmRest is listed on the Spanish Stock Exchanges (and Warsaw Stock Exchange) and is subject to the regulatory requirements established by the supervision authority (CNMV) applicable to companies being traded on Spanish Stock Exchange.

**F.5.2 Whether there is a discussion procedure whereby the auditor (as defined in the Spanish Technical Audit Standards), the internal auditor and other experts can report to senior management and the audit committee or directors of the company any significant weaknesses in internal control identified during the review of the annual financial statements or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.**

According to the Internal Audit Articles of Association, the Internal Audit Department reports progress of Annual Audits Plan realization, issues with controls, corporate governance, significant AmRest risks, progress of management action plans implementation and others which are required by the Audit and Risk Committee.

Any irregularities identified in standalone and/or consolidated financial statements are reported to Audit and Risk Committee as Summary Report (after the half-year review and audit of the annual accounts). Audit and Risk Committee meets the Financial Auditors at least twice a year.

According to the "Regulations Audit and Risk Committee of the Board of Directors of AmRest Holdings SE", the Audit and Risk Committee should, among others, oversee the effectiveness of the Company's internal control system, the internal audit, and the risk management system and discuss with the accounting auditor the significant weaknesses of the internal control system revealed in the course of the audit, while maintaining its independence  For such purposes, the Committee may, if appropriate, submit recommendations or motions to the Board of Directors.

With regard to the preparation of the regulated financial information of the Company and its Group, the Committee shall have the following main duties:

a) To oversee the process of preparation and submission and the clarity and integrity of the regulated financial information relating to the Company and its Group, ensuring that the half-yearly financial reports and the quarterly management statements are drafted in accordance with the same accounting standards as the annual financial reports and to oversee the review of the interim financial statements requested from the auditor, with the scope and frequency that may be defined, as the case may be. The Committee meets often with the external auditor to comply with this function;

b) To review compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of such generally accepted accounting principles and international financial reporting standards as may be applicable;

c) To submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of the financial information; and

d) To advice the Board of Directors on any significant change of accounting standard and of the significant risks on the balance sheet and off-balance sheet.

### F.6 OTHER RELEVANT INFORMATION

N/A

### F.7 EXTERNAL AUDITOR´S REPORT

Report:

**F.7.1 Whether the ICFR information sent to the markets has been subjected to review by the external auditor, in which case the entity should include the corresponding report as an attachment. If not, reasons why should be given.**

The information on the internal control over the financial reporting system has been not submitted for review by the external auditor as the Group continues implementing the improvements and recommendations arising from the ICFR implementation process at corporate level in Spain and in its main subsidiaries.

## G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company’s degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company´s conduct. General explanations are not acceptable.

**1. That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.**

**Complies X** | Explain

**2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:**

**a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.**
**b) The mechanisms in place to resolve any conflicts of interest that may arise.**

Complies | Complies partially | Explain | **Not Applicable X**

**3. That, during the ordinary General Shareholders’ Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:**

**a) Changes that have occurred since the last General Shareholders’ Meeting.**

**b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.**

Complies | Complies partially | **Explain X**

At the Annual General Meeting held in May 2021, such a verbal presentation was not made, since all the attending shareholders other than the controlling shareholder, who has representation on the Board, attended through proxies to the members of the Board of Directors, thus no such explanation was necessary.

**4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.**

**And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.**

Complies | **Complies partially X** | Explain

The Group does not have a specific independent policy regarding the communication of economic-financial, non-financial and corporate information, although these aspects are dealt with in the policy on communication and contacts with shareholders and institutional investors.

**5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of preemptive rights in an amount exceeding 20% of the capital at the time of delegation.**

**And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of preemptive rights, the company should immediately publish the reports referred to by company law on its website.**

**Complies X** □ Complies partially □ Explain

**6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:**

- **a) Report on the auditor's independence.**
- **b) Reports on the workings of the audit and nomination and remuneration committees.**
- **c) Report by the audit committee on related party transactions.**

Complies | **Complies partially X** | Explain

Although the external auditors are fully independent and was so stated in the Audit and Risk Committee report on the auditor's independence, in 2021 such report was not published on AmRest's website. Audit and Risk Committee reports on related party transactions have not been prepared independently but instead that information was part of the annual report on activities of the Audit and Risk Committee.

**7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.**

**And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.**

Complies □ **Explain X**

Thus far, the holding of the General Shareholders' Meeting has not been transmitted via the corporate website since the implementation of the mechanisms required for such retransmission has not been considered necessary, taking into account the shareholder structure of the Company.
The Company has mechanisms that allow the delegation and exercise of votes by remote means. The Company is not a highly capitalized company and therefore does not consider attendance and active participation in the General Shareholders' Meeting to be necessary or convenient.

**8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.**

**Complies X** □ Complies partially □ Explain

**9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.**

**And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.**

**Complies X** □ Complies partially □ Explain

**10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:**

- **a) Should immediately distribute such complementary points and new proposals for resolutions.**
- **b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.**
- **c) Should submits all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.**
- **d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.**

Complies □ Complies partially □ Explain □ **Not Applicable X**

**11. That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.**

Complies □ Complies partially □ Explain □ **Not Applicable X**

**12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.**

**And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.**

**Complies X** □ Complies partially □ Explain

**13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.**

**Complies X** □ Explain

**14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:**

- **a) Is concrete and verifiable.**
- **b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and**
- **c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.**

**That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.**

**The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.**

Complies  **Complies partially X**  Explain

The Company has a Director Selection Policy aimed at promoting an appropriate composition of the Board of Directors. There is no specific policy for the appointment of senior executives other than the provisions included in the Board Regulations regarding the competencies of the Appointments and Remuneration Committee.

**15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.**

**And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.**

Complies | **Complies partially X** | Explain

Proprietary and Independent directors represent 85%, being only one Executive Director. With regards of the number of female directors, that number represents shy of 30% (28.57%).

**16. That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.**

**This criterion may be relaxed:**

- **a) In large-cap companies where very few shareholdings are legally considered significant.**
- **b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.**

**Complies X**| Explain

**17. That the number of independent directors should represent at least half of the total number of directors. That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.**

**Complies X** | Explain

**18. That companies should publish the following information on its directors on their website, and keep it up to date:**

- **a) Professional profile and biography.**
- **b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.**
- **c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.**
- **d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.**
- **e) Company shares and share options that they own.**

Complies | **Complies partially X** | Explain

Information of letter b) is not included in the Company's website.

**19. That the annual corporate governance report, after verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.**

Complies | Complies Partially | Explain | **Not Applicable X**

**20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.**

**Complies X** | Complies Partially | Explain | Not Applicable

**21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.**

**The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.**

**Complies X** | Explain

**22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.**

**And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.**

**Complies X** | Complies partially | Explain

**23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.**
**Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.**

**This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.**

**Complies X** | Complies Partially | Explain | Not Applicable

**24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.**

**And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.**

**Complies X** | Complies Partially | Explain | Not applicable

**25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.**

**And that the Board regulations establish the maximum number of company Boards on which directors may sit.**

**Complies X** | Complies partially | Explain

**26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.**

**Complies X** | Complies partially | Explain

**27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.**

**Complies X** | Complies partially | Explain

**28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.**

**Complies X** | Complies Partially | Explain | Not Applicable

**29. That the company should establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.**

**Complies X** | Complies partially | Explain

**30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.**

**Complies X** | Explain | Not Applicable

**31. That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time. When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.**

**Complies X** | Complies partially | Explain

**32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.**

**Complies X** | Complies partially | Explain

**33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.**

**Complies X** | Complies partially | Explain

**34. That when there is a coordinating director, the articles of incorporation or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.**

Complies | **Complies Partially X** | Explain | Not Applicable

AmRest partially complies with the recommendation to the extent that the Regulations of the Board of Directors attribute in article 16 the following functions to the Coordinating Director: a) to reflect the concerns of non-executive directors and to meet them when it considers it appropriate; b) to request the calling of the Board of Directors or the inclusion of new items of the day in a meeting of the Board already called; and c) to direct the periodic evaluation of the Chairman of the Board of Directors.

**35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.**

**Complies X** | Explain

**36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:**

- **a) The quality and efficiency of the Board of Directors' work.**
- **b) The workings and composition of its committees.**
- **c) Diversity in the composition and skills of the Board of Directors.**
- **d) Performance of the chairman of the Board of Directors and of the chief executive officer of the company.**
- **e) Performance and input of each director, paying special attention to those in charge of the various Board committees.**

**In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee.**

**Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the nomination committee.**
**Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.**
**The process and the areas evaluated must be described in the annual corporate governance report.**

**Complies X** | Complies partially | Explain

**37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.**

**Complies X** | Complies Partially | Explain | Not Applicable

**38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.**

**Complies X** | Complies Partially | Explain | Not Applicable

**39. That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.**

**Complies X** | Complies partially | Explain

**40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.**

**Complies X** | Complies partially | Explain

**41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.**

**Complies X** | Complies Partially | Explain | Not Applicable

**42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:**

**1. With regard to information systems and internal control:**

- **a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational , technological, legal, social,**

**environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.**

b) **Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.**

c) **Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.**

d) **Generally ensuring that internal control policies and systems are effectively applied in practice.**

**2. With regard to the external auditor:**

a) **In the event that the external auditor resigns, examining the circumstances leading to such resignation.**

b) **Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.**

c) **Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.**

d) **Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.**

e) **Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.**

**Complies X** | Complies partially | Explain

**43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.**

**Complies X** | Complies partially | Explain

**44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.**

**Complies X** | Complies Partially | Explain | Not Applicable

**45. That the risk management and control policy identify or determine, as a minimum:**

a) **The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.**

b) **A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.**

c) **The level of risk that the company considers to be acceptable.**

d) **Measures in place to mitigate the impact of the risks identified in the event that they should materialised.**

e) **Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.**

**Complies X** | Complies partially | Explain

**46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:**

**a) Ensuring the proper functioning of the risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.**
**b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.**
**c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.**

**Complies X** | Complies partially | Explain

**47. That in designating the members of the nomination and remuneration committee – or of the nomination committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.**

**Complies X** | Complies partially | Explain

**48. That large-cap companies have separate nomination and remuneration committees.**

Complies | Explain | **Not Applicable X**

**49. That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.**

**And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.**

Complies | **Complies partially X** | Explain

Although it is not expressly contemplated in AmRest's internal regulations for the Appointments and Remunerations Committee to consult the Chairman of the Board and the chief executive when dealing with matters relating to executive directors, in practice said Committee indeed consult the Chairman and the Chief Executive on those matters.

**50. That the remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:**

**a) Proposing the basic conditions of employment for senior management to the Board of Directors.**
**b) Verifying compliance with the company's remuneration policy.**
**c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.**
**d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.**
**e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.**

**Complies X** | Complies partially | Explain

**51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.**

Complies | **Complies partially X** | Explain

Although it is not expressly contemplated in AmRest's internal regulations for the Appointments and Remunerations Committee to consult the Chairman of the Board and the chief executive when dealing with matters relating to executive directors and senior management, in practice said Committee indeed consult the Chairman when needed. The Company does not have a Chief Executive Officer, but just one executive director, who happens to also be the Chairman of the Board.

**52. That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:**

**a) That they be composed exclusively of non-executive directors, with a majority of independent directors.**
**b) That their chairpersons be independent directors.**
**c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require**

**them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.**

**d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.**

**e) That their meetings be recorded and their minutes be made available to all directors.**

**Complies X** | Complies Partially | Explain | Not Applicable

**53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.**

Complies | **Complies partially X** | Explain

See response to recommendation 54.

**54. The minimum functions referred to in the foregoing recommendation are the following:**

**a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.**

**b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.**

**c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.**

**d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.**

e) **Supervision and evaluation of the way in which relations with the various stakeholders are handled.**

Complies | **Complies partially X**| Explain

Although not expressly contemplated in the Company's internal regulations, the Audit and Risk Committee, the Appointments and Remuneration Committee and the Sustainability, Health and Safety Committee perform the functions referred to in this recommendation.

**55. That environmental and social sustainability policies identify and include at least the following:**

**a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct**

**b) Means or systems for monitoring compliance with these policies, their associated risks, and management.**

**c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.**

**d) Channels of communication, participation and dialogue with stakeholders.**

e) **Responsible communication practices that impede the manipulation of data and protect integrity and honour.**

Complies | **Complies partially X** | Explain

The Company partially complies with this recommendation to the extent that it has a Corporate Sustainability and Social Responsibility Policy, available on its website, although it does not include all the principles contained in the recommendation. The Company also has a Global Sustainability Strategy which addresses key topics from environmental, social and governance areas.

**56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.**

**Complies X** | Explain

**57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.**
**Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.**

**Complies X** | Complies partially | Explain

**58. That, as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.**

**And, in particular, that variable remuneration components:**

a) **Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.**
b) **Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.**
c) **Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.**

Complies | Complies Partially | Explain | **Not Applicable X**

AmRest policy on Director's Remuneration does not allow any variable component.

**59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.**

**That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.**

Complies | Complies Partially | Explain | **Not Applicable X**

AmRest policy on Director's Remuneration does not allow any variable component.

**60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.**

Complies | Complies Partially | Explain | **Not Applicable X**

AmRest policy on Director's Remuneration does not allow any variable component.

**61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.**

Complies | Complies Partially | Explain | **Not Applicable X**

AmRest policy on Director's Remuneration does not allow any variable component.

**62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.**

**An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.**

**The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.**

Complies | Complies Partially | Explain | **Not Applicable X**

No executive director currently holds shares, options or financial instruments corresponding to remuneration schemes.

**63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.**

Complies | Complies Partially | Explain | **Not Applicable X**

AmRest policy on Director's Remuneration does not allow any variable component.

**64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.**

**For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.**

**Complies X** | Complies Partially | Explanation | Not Applicable

## H. FURTHER INFORMATION OF INTEREST

1. If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which it is necessary to include in order to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.

2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

In relation to section A.2:
Carlos Fernández González owns the majority of the share capital and voting rights in Grupo Far-Luca, S.A. de C.V., which in turn controls Grupo Finaccess, S.A.P.I. de C.V. The latter owns 99.99% of the capital and voting rights of Finaccess Capital, S.A. de C.V., which controls the two direct shareholders: FCapital Dutch, B.V. (100%) and FCapital Lux S.à.r.l. (100%). Thus, the direct shareholders are controlled by an entity linked to Mr. Carlos Fernández González.

In relation to Mr. Carlos Fernández González, additionally, and as "other close ties" of the Board Members, the following information is indicated:

D. Carlos Fernández González has a close relationship with Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión. This company has a 0.53% interest in the capital stock of the company. The holder of the participation is Latin 10, SA de CV, a fund managed independently by Finaccess Mexico, SA de CV.

In relation to section C.1.11:
Mr. José Parés Gutierrez's positions in Restaurant Brands New Zealand and Finaccess Capital USA, Inc.; Luis Miguel Alvarez's positions in Restaurant Brands New Zealand, Grupo Finaccess, S.A.P.I. de C.V. and Compitalia, S.A. de C.V.; Mr. Carlos Fernández Gonzalez's positions in Restaurant Brands New Zealand, Grupo Finaccess, S.A.P.I. de C.V., Inmobiliaria Colonial Socimi, S.A. and Grupo Far-Luca, S.A. de C.V.; Mr. Emilio Fullaondo's position in Restaurant Brands New Zealand, Ms. Mónica Cueva Díaz's position in Banco Santander Rio and Mr. Pablo Castilla's position in Procurator Litigation Advisors, S.A. are remunerated.

3. The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In such case, name the code in question and the date on which the company

subscribed to it. Specific mention must be made as to whether the company adheres to the Code of Good Tax Practices of 20 July 2010

As AmRest is listed on the Warsaw Stock Exchange, the Company periodically reports on the degree of compliance with the corporate governance recommendations required by applicable law through the publication of the Declaration of Compliance with the Principles of Good Practice for Companies Listed on the Warsaw Stock Exchange.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on 28 February, 2022.

State whether any directors voted against or abstained from voting on this report.

Yes | **No X**

| Name or company name of the member of the Board of Directors who has not voted for the approval of this report | Reasons (against, abstention, non-attendance) | Explain the reasons |
|---|---|---|
| | | |

# Annual Report on Director Remuneration of listed companies

## for the year ended 31 December 2021

**Data identify issuer**

| | |
|---|---|
| Ending date of reference financial year | 31/12/2021 |
| Tax Identification Code [C.I.F] | A88063979 |
| Registered name | AmRest Holdings SE |
| Registered office | Paseo de la Castellana 163, Madrid |

**AmRest Holding SE**

Annual Report on Director Remuneration of listed companies

# Contents

# A. REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

**A1.1 Explain the current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.**

**Such specific determinations for the current year as the board may have made in accordance with the contracts signed with the executive directors and with the remuneration policy approved by the General Shareholders' Meeting must be described, as regards directors' remuneration both in their capacity as such and for executive functions carried out.**

In any case, the following aspects must be reported, as a minimum:

a) Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.
b) Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.
c) Information on whether any external advisors took part in this process and, if so, their identity.
d) Procedures set forth in the current remuneration policy for directors in order to apply temporary exceptions to the policy, conditions under which those exceptions can be used and components that may be subject to exceptions according to the policy.

At the recommendation of the Appointments and Remuneration Committee (the "**ARC**"), the Board of Directors of AmRest Holdings, SE (the "**Company**") drew up the "2021-2023 Directors Remuneration Policy" (the "**Policy**") for its subsequent approval by the general shareholders' meeting held on May 12th, 2021.

Basic principles of the Policy: (i) to assess the dedication, qualification and responsibility required by the position, remaining in line with the market remuneration paid by peer companies; (ii) to balance the directors and shareholders' interests and, in particular, alignment with the values of the Company, its commitment to maximise its shareholder dividend and returns; (iii) to ensure that the remuneration system promotes the achievement of the strategic goals set by the Company and its group; and (iv) to ensure commitment with the principle of full transparency of the Directors' Remuneration Policy, providing timely, sufficient and clear information in line with the applicable regulations and corporate governance recommendations followed in international markets regarding directors' remuneration.

Competent bodies: The GSM determines the maximum annual statutory remuneration for all the members of the Board of Directors. The Board defines for each financial year the method and time of payment and agrees upon the exact allocation among its members of the overall remuneration.

Structure of the Remuneration of Directors in their Capacity as such: The Board members, in their capacity as such, shall receive remuneration comprising the following items: (i) a fixed payment; and (ii) allowances for attending the meetings of the Board of Directors and its delegate or advisory committees.

(i) The maximum amount the Company will pay to its directors as a fixed annual amount in their capacity as board members for each financial year in which this policy is in force shall not exceed the total sum of EUR 1,500,000.

Within the above mentioned maximum annual remuneration, the allocation among the Board members would be as follows: (i) Member of the board: 75,000 euros for each director; (ii) Independent director member of the Executive Committee or of any of the advisory Committees of the Board (irrespective of the number of Committees on which the independent director serves): 25,000 additional euros for each independent director.

(ii) Attendance Fees and Coverage of Risk and Civil Liability Benefits: Directors, in their capacity as such, may receive attendance fees for every meeting of the Board of Directors or the committees they actually attend. The total annual amount of attendance fees will depend on the number of meetings effectively held and on the number of directors attending the meetings. The Company may pay the premiums of the insurance policies taken out with several insurance companies covering the death or disability of directors caused by accidents or due to natural causes, as well as any potential civil liability against the directors in their position as such.

Aside from the remuneration indicated in the previous sections, the directors will not be entitled to receive any other remuneration from the Company or its Group, regardless of the concept.

Structure of Remuneration of Executive Directors for the performance of executive duties

The Board of Directors will determine the remuneration that executive director will receive for performing the executive functions delegated or entrusted to them by the Board of Directors, in addition to what executive director are entitled to receive. The remuneration of the executive director according to the applicable policy as detailed in the following sections includes a fixed remuneration and a compensation package. The main terms and conditions of the contracts should include, in particular: their term, compensation for early termination or termination of the contractual relationship and exclusivity agreements, as well as post-contractual non-compete and length of service or loyalty clauses.
The Company analysed the policies of other Spanish listed entities as a reference when drafting the terms of the Remuneration Policy. AmRest did not hire any external advisors to assist with the creation of the Policy.

No procedure is foreseen in the current Directors' Remuneration Policy in relation with the application of temporary exceptions to the policy.

**A1.2 Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to ensure an appropriate balance between the fixed and variable components of the remuneration. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to align it with the long-term objectives, values and interests of the company, which will include, as the case may be, mention of the measures taken to ensure that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of personnel whose professional activities have a material impact on the risk profile of the company and measures in place to avoid conflicts of interest.**

**Furthermore, indicate whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or delivery of accrued and vested financial instruments, or whether any clause has been agreed reducing the deferred remuneration not yet vested or obliging the director to return remuneration received, when such remuneration has been based on figures that have since been clearly shown to be inaccurate.**

The Directors' Remuneration Policy does not foresee the possibility of remunerating directors by means of variable remuneration.

**A1.3 Amount and nature of fixed components that are due to be accrued during the year by directors in their capacity as such.**

The following fixed components are expected to be paid, subject to the approval of the mandatory bodies, to the directors in 2022:

Board member: 82,500 euros per director.

Independent director and member of the Executive Committee or any of the advisory committees: 27,500 additional euros per independent director.

**A1.4 Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.**

There are no fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors other than the compensation package the Executive Chairman is entitled to in the amount of EUR 72,000 net per year.

**A1.5 Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.**

In 2022, it is not expected that any remunerations in kind will be accrued.

**A1.6 Amount and nature of variable components, differentiating between those established in the short and long terms. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration for the current year, explaining the extent to which these parameters are related to performance, both of the director and of the company, and to its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance, at the end of the year, with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.**

**Indicate the range, in monetary terms, of the different variable components according to the degree of fulfilment of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.**

The current Directors´ Remuneration Policy does not foresee any possible variable remuneration.

**A1.7 Main characteristics of long-term savings schemes. Among other information, indicate the contingencies covered by the scheme, whether it is a defined contribution or a defined benefit scheme, the annual contribution that has to be made to defined contribution schemes, the benefits to which directors are entitled in the case of defined benefit schemes, the vesting conditions of the economic rights of directors and their compatibility with**

**any other type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director.**
**Indicate whether the accrual or vesting of any of the long-term savings plans is linked to the attainment of certain objectives or parameters relating to the director's short- or long-term performance.**

N/A

**A1.8 Any type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director, whether at the company's or the director's initiative, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, minimum contract term or loyalty, that entitles the director to any kind of remuneration.**

N/A

**A1.9 Indicate the conditions that the contracts of executive directors performing senior management functions should contain. Among other things, information must be provided on the duration, limits on amounts of indemnification, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to signing bonuses, as well as compensation or golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the pacts or agreement on non-competition, exclusivity, minimum contract terms and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.**

The contract with the current Executive Director is for an indefinite duration, it does not provide indemnification or permanence clause.

The contract does not establish a specific notice period for its termination, which may take place through unilateral resolution by either party, mutual agreement or by decision of either party in the event of non-compliance by the other, leaving safe in this case, the claim that for damages may correspond to the other party.

The contract does not foresee clauses relating to hiring bonuses, indemnities or shields for early resolution or termination of the contractual relationship between the company and the executive director, nor pacts or agreements of non-competition, exclusivity, permanence or loyalty and post-contractual non-competition.

The contract provides a standard confidentiality clause.

**A1.10 The nature and estimated amount of any other supplementary remuneration that will be accrued by directors in the current year in consideration for services rendered other than those inherent in their position.**

As at the date of this report, no supplementary remuneration as consideration for services other than those intrinsic to the role are foreseen.

**A1.11 Other items of remuneration such as any deriving from the company's granting the director advances, loans or guarantees or any other remuneration.**

No advance payments, loans or guarantees imposing contrary common or market conditions are expected to be granted to any director this fiscal year.

**A1.12 The nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the foregoing sections, whether paid by the company or by another group company.**

There are no further remuneration concepts to those listed above.

**A.2 Explain any significant change in the remuneration policy applicable in the current year resulting from:**

a) A new policy or an amendment to a policy already approved by the General Meeting.
b) Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.

c) Proposals that the Board of Directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and for which it is proposed that they be applicable to the current year.

The "2021-2023 Directors Remuneration Policy" will apply to this year. Notwithstanding, pursuant to the amendment introduced in the Capital Spanish Companies Act by Law 5/2021, the "2021-2023 Directors´ Remuneration Policy" is expected to be modified during 2022.

**A.3 Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.**

The "2021-2023 Directors Remuneration Policy" is available on the Company's website at https://www.amrest.eu/es/inversores/politica-e-informes-anual-de-remuneraciones-de-los-consejeros

**A.4 Explain, taking into account the data provided in Section B.4, how account has been taken of the voting of shareholders at the General Shareholders' Meeting to which the annual report on remuneration for the previous year was submitted on a consultative basis.**

The annual report on remuneration for the previous financial year has been submitted to the consultative vote of the Annual General Meeting of Shareholders, with positive outcome, with 99.977 % of the votes in favour and 0.023 % against.

This result reflects the broad support the annual report on directors' remuneration received from the Company's shareholders.

# B. OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED

**B1.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and the identity and role of any external advisors whose services may have been used in the process of applying the remuneration policy in the year last ended.**

The ARC drafted the "2021-2023 Directors´ Remuneration Policy" and issued it to the Board of Directors, with the Policy then approved at the AmRest general shareholders' meeting held on 12 May 2021.

In order for the Remuneration Policy to come into force during the 2021 fiscal year, the ARC performed the following duties: (i) to propose to the Board of Directors: (a) the remuneration policy for the directors; (b) the individual remuneration for the executive director and other conditions of its contract, ensuring that they are followed; and (c) the basic conditions of senior executive contracts; (ii) to analyse, pose and periodically review the remuneration policy applied to senior executives and the management team, including the remuneration packages with shares and their application, and ensure that it is proportionate to that paid to the personnel of the company; (iii) to ensure compliance with the remuneration policy established by the Company; and (iv) to assist the Board in the preparation of the report on the remuneration policy and submit to the Board any other remuneration reports foreseen in Board's internal regulation, verifying the information about the directors and senior executives' remuneration established in different corporate documents, including the annual report on directors' remuneration.

The general shareholders' meeting held on 12 May 2021 agreed to set the maximum fixed annual remuneration for the entire group of Board members at EUR 1,500,000. In turn, the meeting delegated the duty of allocating such amount among the Board members to the Board itself, with said allocation to be based on the duties and responsibilities of each member, their involvement in the numerous committees and other objective elements deemed relevant.

No external advisors have been used in the process to apply the remuneration policy in the year ended.

**B1.2 Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year.**

There has been no deviation in the application of the "2021-2023 Directors´ Remuneration Policy".

**B1.3 Indicate whether any temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the entity believes that these exceptions have been necessary to serve the long-term interests and sustainability of the society as a whole or ensure its viability. Similarly, quantify the impact that the application of these exceptions has had on the remuneration of each director over the year.**

No temporary exception has been applied to the remuneration policy.

**B.2 Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks, aligning it with the long-term objectives, values and interests of the company, including a reference to the measures adopted to ensure that the long-term results of the company have been taken into consideration in the remuneration accrued. Ensure that an appropriate balance has been attained between the fixed and variable components of the remuneration, the measures adopted in relation to those categories of personnel whose professional activities have a material effect on the company's risk profile and the measures in place to avoid any possible conflicts of interest.**

The measures or actions taken by the Company in relation to the remuneration system in a bid to reduce exposure to excessive risks and align the system to the long-term objectives, values and interests of the Company are summarised as follows:

(i) The executive director's remuneration can only be of fixed nature, it may vary based on the specific responsibilities and nature of the duties performed and will be reviewed annually by the Board of Directors at the request of the Appointments and Remuneration Committee. In any event, said fixed remuneration must remain in line with the market remuneration paid by peer companies;

(ii) To balance the directors and shareholders' interests and, in particular, alignment with the values of the Company, its commitment to maximise its shareholder dividend and returns; and

(iii) To align the policy to economic conditions and the international landscape.

**B.3 Explain how the remuneration accrued and consolidated over the financial year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the company's long-term and sustainable performance.**

**Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, if applicable, how variations in the company's performance have influenced changes in directors' remuneration, including any accrued remuneration payment of which has been deferred, and how such remuneration contributes to the short- and long-term results of the company.**

The remuneration owed in relation to the 2021 fiscal year fulfils the terms of the Remuneration Policy insofar as the amounts accrued fall within the maximum annual amount approved by the general shareholders' meeting and correspond to the allocation agreed by the Board of Directors. Moreover, the numerous concepts set out in the Remuneration Policy have been covered in the sense that the directors' remuneration in their position as such comprised only a fixed amount, and in the case of the Executive Chairman remuneration, a compensation package.

Directors' remuneration is austere and balanced, reflecting the Company's corporate and personal ethics, thus contr buting to its sustainability and results.

**B.4 Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:**

| | Number | % of total |
|---|---|---|
| Votes cast | 150,884,919 | 68.723 |

| | Number | % of total cast |
|---|---|---|
| Votes against | 34,607 | 0.023 |
| Votes in favour | 150,850,332 | 99.977 |
| Blank ballots | 0 | 0 |
| Abstentions | 0 | 0 |

| Observations |
|---|

**B.5 Explain how the fixed components accrued and vested during the year by the directors in their capacity as such were determined, their relative proportion with regard to each director and how they changed with respect to the previous year**

The following fixed components for directors in their position as such accrued during the 2021 fiscal year:

Member of the board: 75,000 euros for each director.

Independent director member of the Executive Committee or of any of the advisory Committees of the Board: 25,000 additional euros for each independent director.

Executive Chairman: compensation package in the amount of Eur 72,000, net, annually.

The fixed components accrued during the year by the directors have not changed with respect to the previous year except for the Executive Chairman compensation package, which was first implemented in 2021 since the Chairman was granted executive powers in November 2020, effective January 2021.

It should be noted that in 2020, exceptionally, given the circumstances created by the Covid-19 pandemic, the Board of Directors agreed on March 26th to reduce its remuneration by 50% and to defer its payment until December 2020.

**B.6 Explain how the salaries accrued and vested by each of the executive directors over the past financial year for the performance of management duties were determined, and how they changed with respect to the previous year.**

There are no salaries accrued for the executive directors over the past financial year related to the performance of management duties.

**B.7 Explain the nature and the main characteristics of the variable components of the remuneration systems accrued and vested in the year last ended.**

In particular:

a) Identify each of the remuneration plans that determined the different types of variable remuneration accrued by each of the directors in the year last ended, including information on their scope, date of approval, date of implementation, any vesting conditions that apply, periods of accrual and validity, criteria used to evaluate performance and how this affected the establishment of the variable amount accrued, as well as the measurement criteria used and the time needed to be able to adequately measure all the conditions and criteria stipulated, explaining the criteria and factors applied in regard to the time required and the methods of verifying that the performance or any other kind of conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.
b) In the case of share options and other financial instruments, the general characteristics of each plan must include information on the conditions both for acquiring unconditional ownership (vesting) of these options or financial instruments and for exercising them, including the exercise price and period.
c) Each director that is a beneficiary of remunerations systems or plans that include variable remuneration, and his or her category (executive director, external proprietary director, external independent director or other external director).
d) Information is to be provided on any periods for accrual, vesting or deferment of payment of vested amounts applied and/or the periods for retention/unavailability of shares or other financial instruments, if any.

| Explain the short-term variable components of the remuneration systems |
|---|
| N/A |

| Explain the long-term variable components of the remuneration systems |
|---|
| N/A |

**B.8 Indicate whether certain variable components have been reduced or clawed back when, in the former case, payment of non-vested amounts has been deferred or, in the latter case, they have vested and been paid, on the**

**basis of data that have subsequently been clearly shown to be inaccurate. Describe the amounts reduced or clawed back through the application of the "malus" (reduction) or clawback clauses, why they were implemented and the years to which they refer.**

| |
|---|
| Not applicable since there are no variable components in directors' remuneration. |

**B.9 Explain the main characteristics of the long-term savings schemes where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit, whether financed in whole or in part by the company or through internal or external contributions, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies covered, the conditions on which the economic rights vest in favour of the directors and their compatibility with any type of indemnification for early termination or cessation of the contractual relationship between the company and the director.**

| |
|---|
| Not applicable since directors are not entitled to benefit from long-term savings schemes. |

**B.10 Explain, where applicable, the indemnification or any other type of payment deriving from the early cessation, whether at the company's or the director's initiative, or from the termination of the contract in the terms provided therein, accrued and/or received by directors during the year last ended.**

| |
|---|
| N/A |

**B.11 Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, if so, explain them. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.**

| |
|---|
| N/A |

**B.12 Explain any supplementary remuneration accrued by directors in consideration of the provision of services other than those inherent in their position.**

| |
|---|
| No supplementary remuneration as consideration for services other than those intrinsic to the role were paid to the directors in 2021. |

**B.13 Explain any remuneration deriving from advances, loans or guarantees granted, indicating the interest rate, their key characteristics and any amounts returned, as well as the obligations assumed on their behalf by way of guarantee.**

| |
|---|
| No advance payments, loans or guarantees imposing contrary common or market conditions were granted to any director in 2021. |

**B.14 Itemise the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the various salary components.**

| |
|---|
| There was not any remuneration in kind accrued by the directors during the year. |

**B.15 Explain the remuneration accrued by any director by virtue of payments made by the listed company to a third company in which the director provides services when these payments seek to remunerate the director's services to the company.**

| |
|---|
| No payments of this type were made in 2021. |

**B.16 Explain and detail the amounts accrued in the year in relation to any other remuneration concept other than that set forth above, whatever its nature or the group entity that pays it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true image of the total remuneration accrued by the director. Explain the amount granted or pending payment, the nature of the**

**consideration received and the reasons for those that would have been considered, if applicable, that do not constitute remuneration to the director or in consideration for the performance of their executive functions and whether or not has been considered appropriate to be included among the amounts accrued under the "Other concepts" heading in Section C.**

No remuneration under concepts other than those listed above was paid out in 2021.

# C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

| Name | Type | Period of accrual in year n |
|---|---|---|
| José Parés Gutiérrez | Executive | From 01/01/2021 to 31/12/2021 |
| Luis Miguel Álvarez Pérez | Proprietary | From 01/01/2021 to 31/12/2021 |
| Carlos Fernández González | Proprietary | From 01/01/2021 to 31/12/2021 |
| Pablo Castilla Reparaz | Independent | From 01/01/2021 to 31/12/2021 |
| Romana Sadurska | Independent | From 01/01/2021 to 31/12/2021 |
| Emilio Fullaondo Botella | Independent | From 01/01/2021 to 31/12/2021 |
| Mónica Cueva Díaz | Independent | From 01/01/2021 to 31/12/2021 |

**C.1 Complete the following tables regarding the individual remuneration of each director (including remuneration received for performing executive duties) accrued during the year.**

**a) Remuneration from the reporting company:**

**i) Remuneration accruing in cash (thousands of euros)**

| Name | Fixed remuneration | Attendance fees | Remuneration for membership of board committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Indemnification | Other items | Total year n | Total year n-1 |
|---|---|---|---|---|---|---|---|---|---|---|
| **José Parés Gutiérrez** | 75 | | | | | | | 120 | 195 | 38 |
| **Luis Miguel Álvarez Pérez** | 75 | | | | | | | | 75 | 38 |
| **Carlos Fernández González** | 75 | | | | | | | | 75 | 38 |
| **Pablo Castilla Reparaz** | 75 | | 25 | | | | | | 100 | 50 |
| **Romana Sadurska** | 75 | | 25 | | | | | | 100 | 50 |
| **Emilio Fullaondo Botella** | 75 | | 25 | | | | | | 100 | 50 |
| **Mónica Cueva Díaz** | 75 | | 25 | | | | | | 100 | 50 |

**Observations**

| |
|---|
| In 2020, due to the exceptional circumstances caused by the Covid-19 pandemic, the Board lowered its remuneration by 50%. |

### ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

| Name | Name of plan | Financial instruments at start of year n | | Financial instruments granted during year n | | Financial instruments vested during the year | | | | Instruments matured but not exercised | Financial instruments at end of year n | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent / vested shares | Price of vested shares | EBITDA from vested shares or financial instruments (thousands of euros) | No. of instruments | No. of instruments | No. of equivalent shares |
| Director 1 | Plan 1 | | | | | | | | | | | |
| | Plan 2 | | | | | | | | | | | |

| Observations |
|---|
| In 2020, due to the exceptional circumstances caused by the Covid-19 pandemic, the Board lowered its remuneration by 50%. |

### iii) Long-term savings schemes

| | Remuneration from vesting of rights to savings schemes |
|---|---|
| Director 1 | |

| Name | Contribution for the year by the company (thousands of euros) | | | | Amount of accrued funds (thousands of euros) | | | |
|---|---|---|---|---|---|---|---|---|
| | Savings schemes with vested economic rights | | Savings schemes with non-vested economic rights | | Year n | | Year n-1 | |
| | Year n | Year n-1 | Year n | Year n-1 | Schemes with vested economic rights | Schemes with non-vested economic rights | Schemes with vested economic rights | Schemes with non-vested economic rights |
| Director 1 | | | | | | | | |

| Observations |
|---|
| |

### iv) Details of other items

| Name | Concept | Amount of remuneration |
|---|---|---|
| Director 1 | | |

| Observations |
|---|
| |

## b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies:

### i) Remuneration accruing in cash (thousands of euros)

| Name | Fixed remuneration | Attendance fees | Remuneration for membership of board committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Indemnification | Other items | Total year n | Total year n-1 |
|---|---|---|---|---|---|---|---|---|---|---|
| Director 1 | | | | | | | | | | |
| Director 2 | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |

| Observations |
|---|
| |

### ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

| Name | Name of plan | Financial instruments at start of year n | | Financial instruments granted during year n | | Financial instruments vested during the year | | | | Instruments matured but not exercised | Financial instruments at end of year n | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent / vested shares | Price of vested shares | EBITDA from vested shares or financial instruments (thousands of euros) | No. of instruments | No. of instruments | No. of equivalent shares |
| Director 1 | Plan 1 | | | | | | | | | | | |
| | Plan 2 | | | | | | | | | | | |

| Observations |
|---|
| |

### iii) Long-term savings schemes

| | Remuneration from vesting of rights to savings schemes |
|---|---|
| Director 1 | |

| Name | Contribution for the year by the company (thousands of euros) | | | | Amount of accrued funds (thousands of euros) | | | |
|---|---|---|---|---|---|---|---|---|
| | Savings schemes with vested economic rights | | Savings schemes with non-vested economic rights | | Year n | | Year n-1 | |
| | Year n | Year n-1 | Year n | Year n-1 | Schemes with vested economic rights | Schemes with non-vested economic rights | Schemes with vested economic rights | Schemes with non-vested economic rights |
| Director 1 | | | | | | | | |

| Observations |
|---|
| |

### iv) Details of other items

| Name | Concept | Amount of remuneration |
|---|---|---|
| Director 1 | | |

| Observations |
|---|
| |

### c) Summary of remuneration (thousands of euros):

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

| | Remuneration accruing in the Company | | | | | Remuneration accruing in group companies | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Name | Total cash remuneration | EBITDA from vested shares or financial instruments | Remuneration by way of savings systems | Other items of remuneration | Total in year n, company | Total cash remuneration | Gross benefit of vested shares or financial instruments | Remuneration by way of savings systems | Other items of remuneration | Total in year n. group | Total in year n, company + group |
| José Parés Gutiérrez | 75 | | | 120 | 195 | | | | | | |
| Luis Miguel Álvarez Pérez | 75 | | | | 75 | | | | | | |
| Carlos Fernández González | 75 | | | | 75 | | | | | | |
| Pablo Castilla Reparaz | 100 | | | | 100 | | | | | | |
| Romana Sadurska | 100 | | | | 100 | | | | | | |
| Emilio Fullaondo Botella | 100 | | | | 100 | | | | | | |
| Mónica Cueva Díaz | 100 | | | | 100 | | | | | | |
| **Total:** | **625** | | | **120** | **745** | | | | | | |

| Observations |
|---|
| |

(all figures in EUR millions unless stated otherwise)

**C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.**

| | Total amounts accrued and % annual variation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Year n | % variation n/n-1 | Year n-1 | % variation n-1/n-2 | Year n-2 | % variation n-2/n-3 | Year n-3 | % variation n-3/n-4 | Year n-4 |
| **Executive directors** | | | | | | | | | |
| José Parés Gutiérrez | 195 | >100.00% | 38 | -50 00 % | 75 | - | 75 | | |
| **External directors** | | | | | | | | | |
| Luis Miguel Álvarez Pérez | 75 | 100.00% | 38 | -50 00 % | 75 | - | 75 | | |
| Carlos Fernández González | 75 | 100.00% | 38 | -50 00 % | 75 | - | 75 | | |
| Pablo Castilla Reparaz | 100 | 100.00% | 50 | -50.00% | 100 | - | 100 | | |
| Romana Sadurska | 100 | 100.00% | 50 | -16.67% | 60 | - | - | | |
| Emilio Fullaondo Botella | 100 | 100.00% | 50 | -16.67% | 60 | - | - | | |
| Mónica Cueva Díaz | 100 | 100.00% | 50 | - | - | - | - | | |
| **Consolidated results of the company** | 57,875 | >100.00% | -201,462 | <-100.00% | 93,358 | 62.26% | 57,537 | | |
| **Average employee remuneration** | 10 | 11% | 9 | -10% | 10 | 25% | 8 | | |

| Observations |
|---|
| The Company moved its registered office to Spain and set up a Board of Directors in March 2018. Therefore, there is no comparable information for year n-4 (2017). |
| Ms. Romana Sadurska and Mr. Emilio Fullaondo joined AmRest Board in May 2019. Ms. Mónica Cueva joined in July 2020. |
| In 2020, due to the exceptional circumstances caused by the Covid-19 pandemic, the Board lowered its remuneration by 50%. In 2021 there was no increase in directors' remuneration but just the reinstatement of the ordinary remuneration, which has been maintained with no modification since year 2017. |

## D. OTHER INFORMATION OF INTEREST

**If there are any significant issues relating to directors' remuneration that it has not been possible to include in the foregoing sections of this report, but which it is necessary to include in order to provide more comprehensive and reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.**

This annual remuneration report was approved
by the Board of Directors of the company in its meeting of February 28, 2022.

Indicate whether any director voted against or abstained from approving this report.

Yes ___ **No _X_**

| Name or company name of any member of the Board of Directors not voting in favour of the approval of this report | Reasons (against, abstention, non attendance) | Explain the reasons |
|---|---|---|
| | | |

## 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, 28 February 2022

## Statement of responsibility of AMREST HOLDINGS, SE

The members of the Board of Directors of AMREST HOLDINGS, SE ("**AmRest**" or the "**Company**") on its meeting held on 28 February 2022, and according to article 118 of the reinstated text of the Spanish Securities Markets Act approved by Royal Legislative Decree 4/2015 of 23 October as well as to article 8.1. b) of Royal Decree 1362/2007, of 19 October, declare that, as far as they are aware, the individual Annual Accounts of the Company, as well as the consolidated ones with its dependent companies, corresponding to the financial year ended 31 December 2021, drawn up by the Board of Directors on the referred meeting of 28 February 2022 and prepared in accordance with the applicable accounting principles, offer a true and fair image of the equity, the financial situation and the results of the Company and the companies within the consolidation taken as a whole, and the complementary management reports of the individual and consolidated Annual Accounts include an accurate analysis of the business evolution and results and of the position of AmRest and the companies within the consolidation taken as a whole, together with the main risks and uncertainties which they face.

Madrid, on 28 February 2022

**AmRest Holding SE**
2846 Madrid, Spain

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