Consolidated Directors' Report
for the 6 months ended 30 June 2023

AmRest Holdings SE capital group
30 August 2023

AmRest

AmRest Holding SE

Directors' Report
for 6 months ended 30 June 2023

Contents

Highlights

Financial highlights (consolidated data)

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

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

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

Group Business Overview

Basic services provided by the Group

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

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

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

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

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

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

1) Quick Service Restaurants ("QSR"), represented by KFC and Burger King,
2) Fast Casual Restaurants ("FCR"), represented by Pizza Hut Delivery and Express, Bacoa and Sushi Shop,
3) Casual Dining Restaurants ("CDR"), represented by Pizza Hut Dine-in, La Tagliatella and Blue Frog,
4) Coffee category, represented by Starbucks,
5) Virtual brands.

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

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

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

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

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

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

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

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

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

Financial and asset position of the Group

Revenues and profitability

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

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

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

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

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

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

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

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

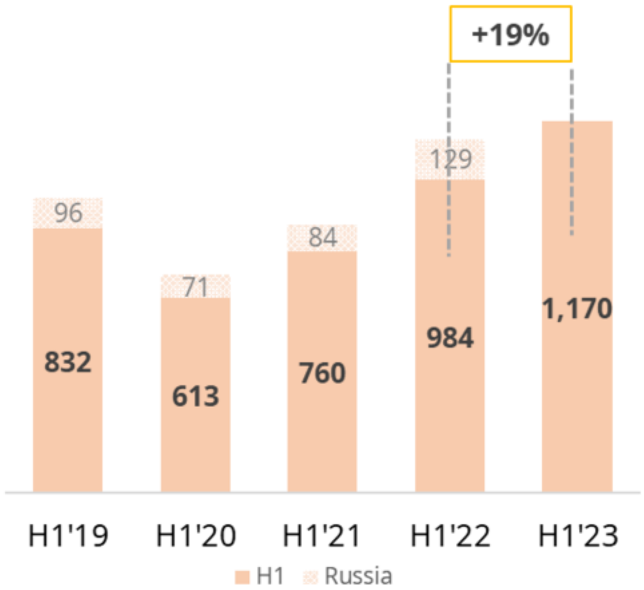
Strong commercial momentum continues. AmRest's second quarter revenues of EUR 606.7 million are a new all-time high for this period of the year. Organic revenue growth of 16.6% overcompensated for the effect of the deconsolidation of the Russian results after the disposal of AmRest's 213 KFC restaurants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

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

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

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

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



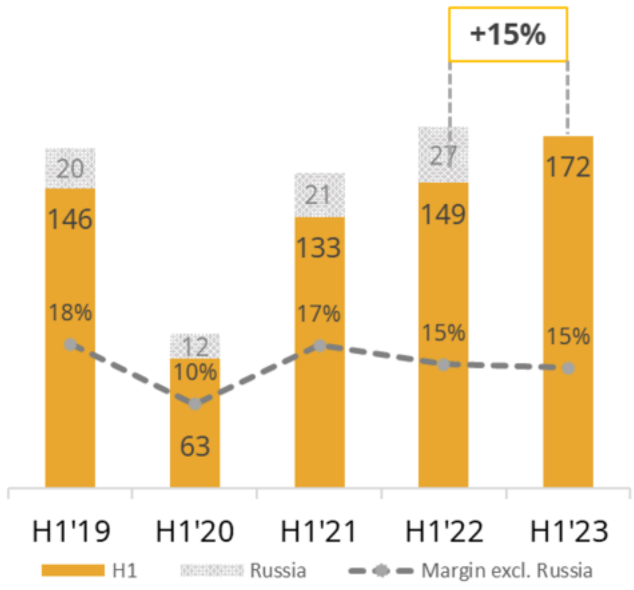
**percentage change excluding Russia business*

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

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

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

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



**percentage change excluding Russia business*

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

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

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

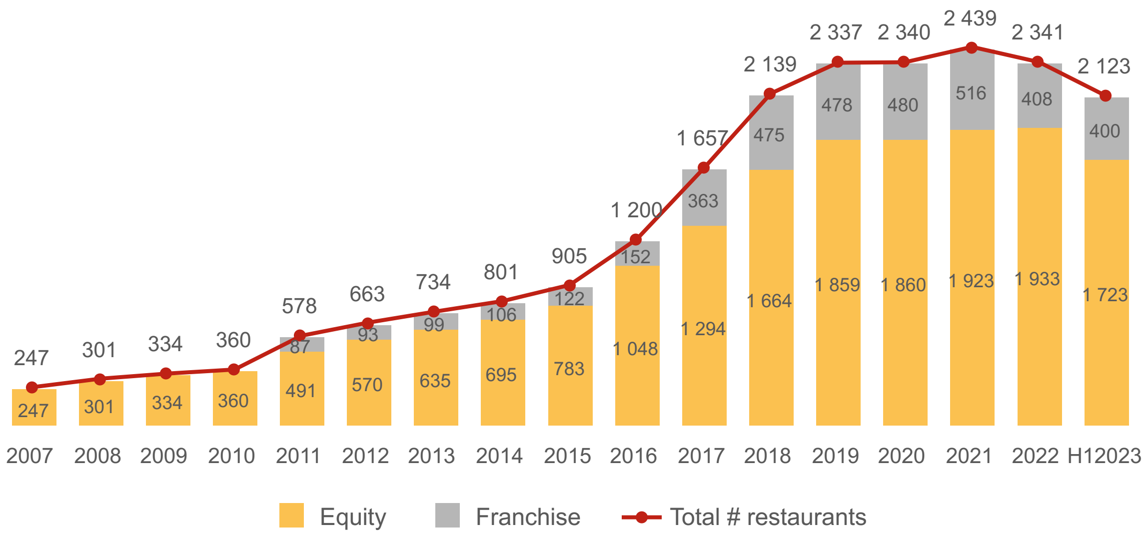
Change in the perimeter of the total number of restaurants under management following the disposal of the remaining business in Russian. The organic evolution of the portfolio maintains a marked seasonality between the first and second half of the year.

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

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

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

Number of AmRest Group restaurants from 2007 to H1 2023



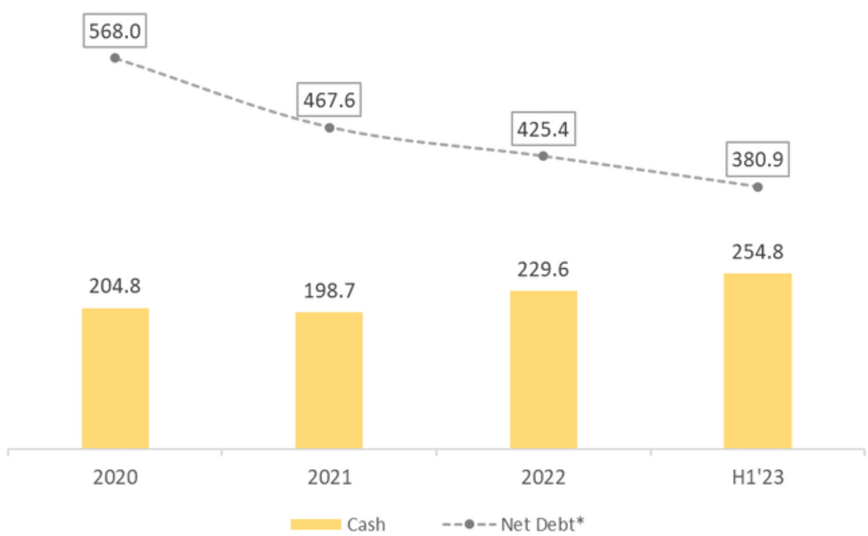
Extraordinary financial position thanks to the accumulation of equity, improved profitability and reduction of net financial debt. The Group's leverage is reduced to 1.9x.

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

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

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

Net financial debt evolution and cash position



**Net Debt pre IFRS16*

Table 1. Structure of Group's revenue

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

**Other includes non restaurant businesses performed by AmRest Holdings SE, SCM Sp. z o.o. and its subsidiaries and other minor entities performing holding and/or financing services.*
***Re-presented - excluding Russia business.*

Revenues and profitability by segments

Central and Eastern Europe (CEE)

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

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

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

Western Europe (WE)

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

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

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

Russia

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

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

China

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 6. Liquidity analysis

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

Table 7. Balance sheet leverage analysis

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

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

Alternative Performance Measures (APM) description

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

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

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

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

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

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

Brands operated by the Group

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

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

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

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

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

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

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

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

Quick Service Restaurants (QSR)

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

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

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

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

Casual Dining and Fast Casual Restaurants (CDR, FCR)

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

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

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

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

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

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

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

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

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

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

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

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

Coffee category

Starbucks is the world leader in the coffee sector with more than 37 200 stores in about 85 countries. It offers a broad selection of coffees from different parts of the world, as well as teas, soft drinks and a wide range of fresh snacks and desserts. The store designs and their atmosphere refer to the coffee heritage and reflect the culture of the neighbourhood.

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

Key investments

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

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

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

Acquisition of property, plant and equipment and intangible assets

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

AmRest's New Restaurants

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

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

Number of AmRest restaurants (as at 30 June 2023)

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

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

Planned investment activities

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

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

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

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

Significant events and transactions in H1 2023

Agreement to sale the business in Russia

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

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

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

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

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

External Debt

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

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

Shareholders of AmRest Holdings SE

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

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

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

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

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

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

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

To the best of AmRest’s knowledge as at 30 June 2023 AmRest Holdings had the following shareholder structure:

Shareholder	Number of shares and votes at the Shareholders’ meeting	% of shares and votes at the Shareholders’ meeting
FCapital Dutch S.L.*	147 203 760	67.05%
Artal International S.C.A.	11 366 102	5.18%
Nationale-Nederlanden OFE	10 718 700	4.88%
PTE Allianz Polska SA	9 531 792	4.34%
Other Shareholders	40 733 829	18.55%

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

Changes in the Parent Company's Governing Bodies

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

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

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

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

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

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

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

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

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

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

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

As of 31 December 2022 Mr. Carlos Fernández González (honorary chairman, non-Board member) held through its closely associated person, FCapital Dutch B.V., 147 203 760 shares of the Company with a total nominal value of EUR 14 720 376. On 30 June 2023, Mr. Carlos Fernández González still owned (through FCapital Dutch S.L.) 147 203 760 AmRest's shares with a total nominal value of EUR 14 720 376.

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

Transactions on own shares concluded by AmRest

In the period between 1 January 2023 and 30 June 2023, AmRest didn't purchase any own shares. During the same period, the Company disposed a total of 2 022 own shares with a total nominal value of EUR 202.2 and representing 0.0009% of the share capital to entitled participants of the stock options plans. Disposal transactions under these plans were executed in three settlement methods, which impacted the sale price. Major part of the shares was transferred to the participants free of charge. As at 30 June 2023 AmRest held 339 623 own shares with a total nominal value of EUR 33 962.3 and representing 0.1547% of the share capital.

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

The commencement of the purchase of treasury shares occurred on the basis of Resolution No. 7 of the General Meeting of AmRest of 19 May 2015 concerning the authorization for the Management Board to acquire treasury shares in the

Company and the establishment of reserve capital and (replacing it) Resolution No. 9 of the General Meeting of the Company of 6 June 2018 concerning the authorization to the Board of Directors for the derivative acquisition of the Company's own shares made directly by the Company or indirectly through its subsidiaries as well as for the sale of the own shares. The Ordinary General Shareholders' Meeting of AmRest held on May 12, 2022 resolved to renew the previous authorization granted by the General Shareholders' Meeting of June 6, 2018, revoking it in the unused part.

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

Dividends paid and received

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

Subsequent events

Start of a share Buy-back Program

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

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

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

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

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

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

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

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

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

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

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

Factors impacting the Group's development

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

External factors

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

Internal factors

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

Basic risks and threats the Group is exposed to

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

Liquidity risk

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

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

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

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

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

Dependency on the franchisor

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

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

Dependency on cooperation with minority shareholders and Starbucks' call option

AmRest operates Starbucks restaurants in Poland, the Czech Republic and Hungary based on partnership agreements with Starbucks Coffee International, Inc. The partnerships establishes that Starbucks Coffee International, Inc. is the minority shareholder of companies operating Starbucks stores in mentioned countries. Therefore, some decisions as part of the joint business activities are dependent on Starbucks' consent.
If AmRest fails to comply with the obligation to open and run the minimum specified number of cafés, Starbucks Coffee International, Inc. has the right to increase its share in these companies by acquiring shares from AmRest Sp. z o.o. at a price agreed between the parties based on the valuation of the companies.

No exclusivity rights

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

Risks related to the consumption of food products

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

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

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

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

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

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

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

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

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

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

Currency risk

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

Risks related to the current geopolitical situation

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

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

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

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

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

Risk of increased financial costs

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

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

Increases in the cost of energy and utilities

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

Tax risk

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

Credit risk

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

Risks of economic slowdowns

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

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

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

Cyberattack risk

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

Global crisis and disruption

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

Adverse regulatory change or evolution

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

Remaining factors outside the Group's control

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

Activity in Research and Development area

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

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

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

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

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Begoña Orgambide García
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Repáraz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Warsaw, 30 August 2023

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