AmRest Group

Consolidated annual report 2023

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AmRest Group's consolidated annual report has been prepared
in XHTML format.

Independent auditor's report on the consolidated financial statements

To the shareholders of AmRest Holdings, SE

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of AmRest Holdings, SE (the Parent company) and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, and the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2023, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated financial statements in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matters	How our audit addressed the key audit matters
Recoverability of property, plant and equipment and right-of-use assets	
At 31 December 2023, the consolidated statement of financial position of the Group includes 580.4 million euros of property, plant and equipment and 825.6 million euros of right-of-use assets. As explained in note 16 of the accompanying notes to the consolidated financial statements, Group management evaluates the existence of indicators that property, plant and equipment and right-of-use assets may be impaired twice a year. If it detects any such indicators, Group management estimates the recoverable amount of each cash generating unit (CGU), understood to be the higher of a CGU's fair value less costs to sell and its value in use, being value in use the initial method used by management. The Group views each of the restaurants it operates as a CGU. To calculate those recoverable amounts, when estimating value in use, Group management uses cash flow projections based on financial budgets that require the use of significant judgements and estimates, including, among others, growth in sales and discount rates. When using fair value less costs to sell, management relies on market information that takes into account location and updated market metrics, among other aspects. As a result of the analyses performed, as indicated in note 16 of the accompanying notes to the consolidated financial statements, the Group has recognised impairment losses against its property, plant and equipment and right-of-use assets of 2.5 and 7.3 million euros, respectively. Deviations in the assumptions underpinning the estimates made by management could drive significant changes in the conclusions reached and, therefore, in the recoverability analysis with respect to property, plant and equipment and right-of-use assets. For this reason, we view this area as a key audit matter.	We gained an understanding of the processes relating to the impairment evaluation of its property, plant and equipment and right-of-use assets undertaken by Group management. We focussed our procedures for assessing the impairment tests performed by the Group on analysing the model, the estimation methodology and the calculations performed by Group management, as well as on assessing the reasonableness of the budgets prepared for those CGUs for which there are indications of impairment. In addition, based on our assessment of the circumstances applicable in each instance, we relied on the support of our valuation experts to evaluate the discount rates used to calculate the net present value of the cash flows. With respect to the assets for which the Group determined their recoverable amount based on fair value less costs to sell, we assessed the reasonableness of the sources of information used and the conclusions reached. We evaluated the information disclosed in the consolidated financial statements with respect to the impairment analysis of these assets performed by the Group. We believe that we have obtained adequate and sufficient evidence regarding the assessment performed by Group management regarding the recoverability of the property, plant and equipment and right-of-use assets line items, as well as the consistency of the disclosures made in the accompanying consolidated financial statements with respect to the information available.

Key audit matters	How our audit addressed the key audit matters
Recoverability of goodwill	
At 31 December 2023, the consolidated statement of financial position includes an amount of 253.3 million euros in the goodwill line item. As disclosed in note 16 of the accompanying notes to the consolidated financial statements, the Group estimates, at least at each year end, the recoverable amount of each goodwill balance. To calculate the recoverable amount, the Group uses cash flow projections based on financial budgets prepared by management that require the use of significant judgement and estimates, including, among others, growth in sales, discount rates and terminal growth rates. As a result of the analyses performed, as indicated in note 16 of the accompanying notes to the consolidated financial statements, the Group has registered an impairment loss in the consolidated income statement against goodwill of 29.2 million euros, relating to the goodwill allocated to Sushi Shop Group. Deviations in the assumptions used in the estimates made by management could drive significant changes in the conclusions reached and, therefore, in the goodwill recoverability analysis. For this reason, we view this area as a key audit matter.	We gained an understanding of the processes followed by Group management to assess the impairment of goodwill, including those relating to the preparation of budgets, analysis and follow-up of projections, that constitute the basis for the principal judgements and estimates used by Group management. In relation to the cash flows, we assessed the reasonableness of the plans and budgets prepared by Group management. We also evaluated the reasonableness of budgets prepared in the past by comparing them to actual results. In addition, based on our assessment of the circumstances applicable in each instance, we relied on the support of our valuation experts to evaluate the discount rates and the terminal growth rates used by the Group to calculate the net present value of the cash flows. We also assessed the reasonableness of the sensitivity analysis disclosed in the notes to the accompanying consolidated financial statements. We believe that we have obtained adequate and sufficient evidence of the assessment performed by Group management regarding the recoverable amount of the goodwill line item and the consistency of the disclosures made in the accompanying consolidated financial statements with respect to the information available.

Other information: Consolidated directors' report

Other information comprises only the consolidated directors' report for the 2023 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility regarding the consolidated directors' report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the consolidated statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Director Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated directors' report and the consolidated financial statements as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated directors' report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated directors' report is consistent with that contained in the consolidated financial statements for the 2023 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit and risk committee for the consolidated financial statements

The Parent company's directors are responsible for the preparation of the accompanying consolidated financial statements, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit and risk committee is responsible for overseeing the process of preparation and presentation of the consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit and risk committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent company's audit and risk committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company's audit and risk committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of AmRest Holdings, SE and its subsidiaries for the 2023 financial year that comprise an XHTML file which includes the consolidated financial statements for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of AmRest Holdings, SE are responsible for presenting the annual financial report for the 2023 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated financial statements included in the aforementioned digital files completely agrees with that of the consolidated financial statements that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit and risk committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit and risk committee of the Parent company dated 28 February 2024.

Appointment period

The General Extraordinary Shareholders' Meeting held on 30 June 2021 appointed us as auditors of the Group for a period of three years, as from the year ended 31 December 2021.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 32 to the consolidated financial statements.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Álvaro Moral Atienza (21428)

28 February 2024

AUDITORES
INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

2024 Núm. 01/24/00083

SELLO CORPORATIVO: 96,00 EUR

Informe de auditoría de cuentas sujeto a la normativa de auditoría de cuentas española o internacional

Consolidated Financial Statements

for the year ended 31 December 2023

AmRest Group
27 February 2024

AmRest

AmRest

AMREST GROUP Consolidated Financial Statements

for the the year ended 31 December 2023

Contents

(all figures in EUR millions unless stated otherwise)

Consolidated income statement for the year ended 31 December 2023

	Note	YEAR ENDED 31 December 2023	YEAR ENDED 31 December 2022 Re-presented
Continuing operations			
Restaurant sales		2 265.9	1 972.2
Franchise and other sales		165.7	154.5
Total revenue	6,7	**2 431.6**	**2 126.7**
Restaurant expenses:			
Food and merchandise	8	(644.3)	(569.6)
Payroll and other employee benefits	8	(555.3)	(491.5)
Royalties	8	(112.5)	(95.8)
Occupancy, depreciation and other operating expenses	8	(682.4)	(615.5)
Franchise and other expenses	8	(128.9)	(121.5)
Gross Profit		**308.2**	**232.8**
General and administrative expenses	8	(170.6)	(146.3)
Net impairment losses on financial assets	28	(2.6)	(2.2)
Net impairment losses on non-financial assets	16	(38.6)	0.3
Other operating income/expenses	9	7.1	18.4
Profit/loss from operations		**103.5**	**103.0**
Finance income	10	9.0	1.8
Finance costs	10	(63.5)	(48.5)
Profit/loss before tax		**49.0**	**56.3**
Income tax expense	11	(4.6)	(15.5)
Profit/loss for the period from continuing operations		**44.4**	**40.8**
Discontinued operations			
Profit/loss for the period from discontinued operation	5	6.5	(34.2)
Profit/loss for the period		**50.9**	**6.6**
Attributable to:			
Shareholders of the parent		44.9	1.3
Non-controlling interests		6.0	5.3

		YEAR ENDED 31 December 2023	YEAR ENDED 31 December 2022 Re-presented
Earnings per share for profit/loss from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per ordinary share in EUR	22	0.18	0.16
Diluted earnings per ordinary share in EUR	22	0.18	0.16
Earnings per share for profit/loss attributable to the ordinary equity holders of the company:			
Basic earnings per ordinary share in EUR	22	0.21	0.01
Diluted earnings per ordinary share in EUR	22	0.21	0.01

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 2023

	Note	YEAR ENDED 31 December 2023	YEAR ENDED 31 December 2022 Re-presented
Profit/loss for the period		**50.9**	**6.6**
Other comprehensive income/loss	20		
Exchange differences on translation of disposed operation		(8.4)	19.0
Exchange differences reclassified on loss of control	5	28.6	-
Exchange differences on translation of foreign operations		(7.1)	0.3
Net investment hedges		9.5	(2.9)
Income tax related to net investment hedges		(1.7)	0.5
Other comprehensive income/loss for the period		**20.9**	**16.9**
Total comprehensive income/loss for the period		**71.8**	**23.5**
Attributable to:			
Shareholders of the parent		65.5	18.1
Non-controlling interests		6.3	5.4
Total comprehensive income/loss for the period attributable to owners arises from:			
Continuing operations		45.1	38.7
Discontinued operations		26.7	(15.2)

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 as at 31 December 2023

	Note	31 December 2023	31 December 2022
Assets			
Property, plant and equipment	12	580.4	501.5
Right-of-use assets	13	825.6	813.3
Goodwill	15	253.3	283.2
Intangible assets	14	236.7	236.4
Investment properties	19	1.2	4.7
Other non-current assets	19	23.0	24.0
Deferred tax assets	11	55.0	44.5
Total non-current assets		**1 975.2**	**1 907.6**
Inventories	19	34.9	37.5
Trade and other receivables	17, 28	102.4	89.1
Income tax receivables		1.3	3.3
Other current assets	19	10.4	13.1
Cash and cash equivalents	18	227.5	229.6
Total current assets		**376.5**	**372.6**
Total assets		**2 351.7**	**2 280.2**
Equity			
Share capital	20	22.0	22.0
Reserves	20	174.1	166.5
Retained earnings	20	193.7	148.8
Translation reserve	20	(4.4)	(17.2)
Equity attributable to shareholders of the parent		**385.4**	**320.1**
Non-controlling interests	21	15.3	11.1
Total equity	20	**400.7**	**331.2**
Liabilities			
Loans and borrowings	23, 28	571.4	551.5
Lease liabilities	13	715.9	705.6
Provisions	26	17.8	18.7
Deferred tax liability	11	35.2	43.0
Other non-current liabilities and employee benefits	27	6.2	3.8
Total non-current liabilities		**1 346.5**	**1 322.6**
Loans and borrowings	23, 28	52.5	102.2
Lease liabilities	13	171.1	173.1
Provisions		6.2	4.4
Trade payables and other liabilities	27	362.9	340.0
Income tax liabilities		11.8	6.7
Total current liabilities		**604.5**	**626.4**
Total liabilities		**1 951.0**	**1 949.0**
Total equity and liabilities		**2 351.7**	**2 280.2**

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 2023

	Note	YEAR ENDED	
		31 December 2023	31 December 2022
Cash flows from operating activities			
Profit/loss for the period		50.9	6.6
Adjustments for:			
Amortisation and depreciation		243.1	251.9
Net interest expense		59.1	43.5
Foreign exchange result		(4.0)	3.1
Result on disposal of property, plant and equipment and intangibles		(0.9)	(0.9)
Result on sale of discontinued operation	5	(3.5)	-
Impairment of non-financial assets		38.6	55.4
Share-based payments		6.0	3.5
Tax expense		5.5	20.9
Rent concessions		-	(2.0)
Other		(1.9)	(0.9)
Working capital changes:	18		
Change in trade and other receivables and other assets		(14.0)	(25.2)
Change in inventories		1.0	(4.3)
Change in payables and other liabilities		8.3	46.0
Change in provisions and employee benefits		0.7	(9.2)
Cash generated from operations		388.9	388.4
Income tax paid		(18.4)	(25.9)
Net cash from operating activities		**370.5**	**362.5**
Cash flows from investing activities			
Net cash outflows on acquisition		(0.9)	(1.1)
Net proceeds from the sale of the business	5	61.6	0.1
Proceeds from the sale of property, plant and equipment, and intangible assets		-	0.9
Purchase of property, plant and equipment		(185.9)	(128.0)
Purchase of intangible assets		(11.2)	(10.0)
Proceeds from investment property		3.4	**-**
Net cash from investing activities		**(133.0)**	**(138.1)**
Cash flows from financing activities			
Purchase of treasury shares		(6.6)	-
Proceeds from loans and borrowings	23	615.4	128.6
Repayment of loans and borrowings	23	(636.6)	(132.3)
Payments of lease liabilities including interests paid	13	(168.8)	(163.6)
Transaction costs paid	23	(4.5)	-
Interest paid	23	(35.2)	(24.6)
Interest received		4.9	3.9
Dividends paid to non-controlling interest		(2.1)	(1.8)
Transactions with non-controlling interest		-	(2.3)
Net cash from financing activities		**(233.5)**	**(192.1)**
Net change in cash and cash equivalents		**4.0**	**32.3**
Effect of foreign exchange rate movements		(6.1)	(1.4)
Balance sheet change of cash and cash equivalents		(2.1)	30.9
Cash and cash equivalents, beginning of period		229.6	198.7
Cash and cash equivalents, end of period	**18**	**227.5**	**229.6**

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 2023

		ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT						
		Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As of 1 January 2023		**22.0**	**166.5**	**148.8**	**(17.2)**	**320.1**	**11.1**	**331.2**
Profit/loss for the period		-	-	44.9	-	**44.9**	6.0	**50.9**
Other comprehensive income/loss		-	7.8	-	12.8	**20.6**	0.3	**20.9**
Total comprehensive income/loss		**-**	**7.8**	**44.9**	**12.8**	**65.5**	**6.3**	**71.8**
Dividends to non-controlling interests	20	-	-	-	-	**-**	(2.1)	**(2.1)**
Transactions on treasury shares	20	-	(6.6)	-	-	**(6.6)**	-	**(6.6)**
Share based payments	20	-	6.4	-	-	**6.4**	-	**6.4**
As of 31 December 2023		**22.0**	**174.1**	**193.7**	**(4.4)**	**385.4**	**15.3**	**400.7**

		ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT						
		Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As of 1 January 2022		**22.0**	**165.6**	**147.5**	**(36.4)**	**298.7**	**8.8**	**307.5**
Profit/loss for the period		-	-	1.3	-	**1.3**	5.3	**6.6**
Other comprehensive income/loss		-	(2.4)	-	19.2	**16.8**	0.1	**16.9**
Total comprehensive income/loss		**-**	**(2.4)**	**1.3**	**19.2**	**18.1**	**5.4**	**23.5**
Transaction with non-controlling interests	20	-	(1.0)	-	-	**(1.0)**	(3.1)	**(4.1)**
Share based payments	20	-	4.3	-	-	**4.3**	-	**4.3**
As of 31 December 2022		**22.0**	**166.5**	**148.8**	**(17.2)**	**320.1**	**11.1**	**331.2**

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

(all figures in EUR millions unless stated otherwise)

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.

Paseo de la Castellana 163, 28046 (Madrid), Spain is the Company's registered office as of 31 December 2023 and has not changed during the year 2023.

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

The shares of AmRest Holdings SE are listed in the Warsaw Stock Exchange ("WSE") and in all four Spanish stock exchanges through the Spanish Automated Quotation System (Sistema de Interconexión Bursátil – SIBE).

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

The Group operates Kentucky Fried Chicken ("KFC"), Pizza Hut ("PH"), Burger King ("BK") and Starbucks ("SBX") restaurants through its subsidiaries in Poland, the Czech Republic (hereinafter Czechia), Hungary, Slovakia, Serbia, Croatia, Bulgaria, Romania, Germany, France, Austria, Slovenia and Spain, on the basis of franchise rights granted. Starting from 1 October 2016 the Group as a master-franchisee has the right to grant a license to third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise) in countries of Central and Eastern Europe, while ensuring a certain share of restaurants operated directly by AmRest. Pizza Hut restaurants acquired in France in May 2017 are operated both by AmRest and its sub-franchisees based on master-franchise agreements ("MFA"). In 2023 AmRest sold its KFC business in Russia. Transaction is further described in note 5.

In Spain and Portugal the Group operates its own brand La Tagliatella. In China the Group operates its own brand called Blue Frog. Both businesses are based on operating equity and franchise restaurants supported by the central kitchens located in Spain (La Tagliatella) and in China (for Blue Frog) that produce and deliver products to the whole network.

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

The table below summarizes key types of AmRest Group activities including area of that activities and a Franchisor name (if applicable) as of 31 December 2023.

ACTIVITY PERFORMED THROUGH OWN BRANDS		
Brand	**Franchisor**	**Area of the activity**
La Tagliatella	Own brand	Spain, Portugal
Blue Frog	Own brand	China
Sushi Shop	Own brand	France, Spain,Switzerland, Luxembourg, UK
ACTIVITY WHERE AMREST IS A FRANCHISOR (OWN BRAND OR BASED ON MASTER-FRANCHISE AGREEMENTS)		
Brand	**Franchisor**	**Area covered by the agreement**
La Tagliatella	Own brand	Spain
Blue Frog	Own brand	China
Sushi Shop	Own brand	France, Belgium, United Arab Emirates, Saudi Arabia, UK
Bacoa [1]	Own brand	Spain
Pizza Hut Express, Delivery	Pizza Hut Europe Limited, Pizza Hut Europe S.a.r.l	France, Hungary, Czechia, Poland, Slovakia, Slovenia
ACTIVITY WHERE AMREST IS A FRANCHISEE		
Brand	**Franchisor**	**Area covered by the agreement**
KFC	YUM! Restaurants Europe Limited and its affiliates and ISHKFC GmbH	Poland, Czechia, Hungary, Bulgaria, Serbia, Croatia, Spain, Germany, France, Austria, Slovenia
Pizza Hut Dine-In	Pizza Hut Europe Limited	Poland
Pizza Hut Express, Delivery	Pizza Hut Europe Limited	Poland, Czechia, Hungary, France, Slovakia.
Burger King	Burger King Europe GmbH, Rex Concepts BK Poland S.A,and Rex Concepts BK Czech S.R.O.	Poland, Czechia, Bulgaria, Slovakia, Romania
Starbucks [2]	Starbucks Coffee International, Inc/Starbucks EMEA Ltd., Starbucks Manufacturing EMEA B.V.	Poland, Czechia, Hungary, Romania, Bulgaria, Germany, Slovakia, Serbia

1) Bacoa restaurants are currently operated under trademark license agreements.
2) AmRest, through AmRest Sp. z o.o. owns 82% and Starbucks 18% of the share capital of the companies in Poland (AmRest Coffee Sp. z o.o), Czechia (AmRest Coffee s.r.o.) and Hungary (AmRest Kavezo Kft.). Upon occurrence of an event of default, both AmRest and Starbucks (as the case may be, acting as non-defaulting shareholder) will have the option to purchase all of the shares of the other shareholder (the defaulting shareholder) in the terms and conditions foreseen in the corresponding agreements. In the event of a deadlock, Starbucks will have, in the first place, the option to purchase all the shares of AmRest and, if Starbucks does not exercise that option, AmRest will have the option to purchase all the shares of Starbucks, in the terms and conditions foreseen in the corresponding agreements. In the event of a change of control in AmRest Holdings, Starbucks will have the right to increase its participation in each of the companies up to 100%.

Where AmRest acts as a franchisee, the agreements are signed for individual restaurants to operate under a franchised brand. The majority of the agreements are entered into for a 10-year period with the possibility of further extension. Under the agreements AmRest is required to pay an agreed initial fee when the restaurant opens, and variable royalties and marketing fees.
AmRest operates Starbucks stores under license agreements entered into per each country where the brand is present.

(all figures in EUR millions unless stated otherwise)

2. Group Structure

As of 31 December 2023, 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.[5]	Birkirkara, Malta	AmRest Holdings SE	100.00%	May 2007
AmRest TAG S.L.U.	Madrid, Spain	AmRest Sp. z o.o.	100.00%	March 2011
AmRest China Group PTE Ltd	Singapore	AmRest Holdings SE	100.00%	December 2012
Bigsky Hospitality Group Ltd	Hong Kong, China	AmRest China Group PTE Ltd	100.00%	December 2012
New Precision Ltd	Mriehel, Malta	AmRest China Group PTE Ltd	100.00%	December 2012
Horizon Consultants Ltd.	Mriehel, Malta	AmRest China Group PTE Ltd	100.00%	December 2012
GM Invest SRL	Brussels, Belgium	AmRest TAG S.L.U.	100.00%	October 2018
Sushi Shop Group SAS	Paris, France	GM Invest SRL AmRest TAG S.L.U.	9.47% 90.53%	October 2018
AmRest France SAS	Paris, France	AmRest Holdings SE	100.00%	December 2018
Sushi Shop Management SAS	Paris, France	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Luxembourg SARL	Luxembourg	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Switzerland SA	Fribourg, Switzerland	Sushi Shop Management SAS	100.00%	October 2018
		Restaurant, franchise and master-franchise activity		
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czechia	AmRest Holdings SE	100.00%	December 2000
AmRest Kft	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	March 2007
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
AmRest Coffee s.r.o.	Prague, Czechia	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	August 2007
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	August 2007
AmRest d.o.o.	Belgrade, Serbia	AmRest Sp. z o.o.	100.00%	October 2007
Restauravia Food S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
Pastificio Service S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
AmRest Adria d.o.o.	Zagreb, Croatia	AmRest Sp. z o.o.	100.00%	October 2011
AmRest GmbH i.I.[1]	Cologne, Germany	AmRest TAG S.L.U.	100.00%	March 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 (Shanghai) Ltd.	Shanghai, China	New Precision Ltd	100.00%	December 2012
Shanghai Kabb Western Restaurant Ltd	Shanghai, China	Horizon Consultants Ltd.	100.00%	December 2012
AmRest Skyline GmbH i.I.[4]	Cologne, Germany	AmRest TAG S.L.U.	100.00%	October 2013
AmRest Coffee EOOD	Sofia, Bulgaria	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee S.r.l.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Food Srl.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	July 2019
AmRest Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o. AmRest Sp. z o.o.	99.00% 1.00%	December 2015
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o. AmRest TAG S.L.U.	23.00% 77.00%	May 2016
AmRest DE Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
Kai Fu Food and Beverage Management (Shanghai) Co. Ltd	Shanghai, China	Blue Frog Food&Beverage Management Co. Ltd	100.00%	December 2016
LTP La Tagliatella Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	100.00%	February 2017
LTP La Tagliatella II Franchise Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	100.00%	April 2019
AmRest AT GmbH	Vienna, Austria	AmRest Sp. z o.o.	100.00%	March 2017
AmRest Topco France SAS	Paris, France	AmRest France SAS	100.00%	May 2017
AmRest Delco France SAS	Paris, France	AmRest Topco France SAS	100.00%	May 2017
AmRest Opco SAS	Paris, France	AmRest France SAS	100.00%	July 2017
AmRest Coffee SRB d.o.o.	Belgrade, Serbia	AmRest Holdings SE	100.00%	November 2017
AmRest Chamnord SAS	Paris, France	AmRest Opco SAS	100.00%	March 2018
AmRest SK s.r.o.[3]	Bratislava, Slovakia	AmRest s.r.o.	100.00%	April 2018
AmRest Pizza GmbH	Munich, Germany	AmRest DE Sp. z o.o. & Co. KG	100.00%	June 2018
Sushi Shop Restauration SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi House SA	Luxembourg	Sushi Shop Luxembourg SARL	100.00%	October 2018
Sushi Shop London Pvt LTD	London, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Belgique SA	Bruxelles, Belgium	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Louise SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop UK Pvt LTD	Charing, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Anvers SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Geneve SA	Geneva, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Lausanne SARL	Lasanne, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Madrid S.L.U.	Madrid, Spain	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Milan SARL in liquidazione[2]	Milan, Italy	Sushi Shop Management SAS Vanray SRL	70.00% 30.00%	October 2018
Sushi Shop Zurich GMBH	Zurich, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018

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

[1] *On 25 November 2016 AmRestavia, S.L.U., the sole shareholder of AmRest GmbH, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.*
[2] *On 27 January 2023 Sushi Shop Management SAS and VANRAY S.r.l., shareholders of Sushi Shop Milan SARL, decided to liquidate this company. The company is officially in liquidation and the mention "in liquidazione" has been added to the company's name. The liquidation process has not been finished up until the date of this Report.*
[3] *On 18 August 2023 share transfer agreement was signed resulting in the transfer of 1% AmRest SK s.r.o. shares from AmRest Sp. z o.o. to AmRest s.r.o.*
[4] *On 12 October 2023 AmRest TAG S.L.U., the sole shareholder of AmRest Skyline GmbH, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.*
[5] *On 31 December 2023 AmRest Holdings SE, the sole shareholder of AmRest Acquisition Subsidiary Ltd, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.*

- *On 20 January 2023 AmRest HK Ltd. was deregistered.*
- *On 23 February 2023 La Tagliatella International Kft was deregistered.*
- *In December 2022 AmRest entered into a share purchase agreement for the sale of its KFC restaurant business in Russia. On 28 April 2023 after the fulfilment of the conditions precedent to which it was subject, the transaction between AmRest's subsidiaries AmRest Sp. z o.o. and AmRest Acquisition Limited and Smart Service Nord Ltd. for the sale of AmRest's KFC business in Russia has been closed.The registration took place on 15 May 2023, and this date was assessed as a date of loss of control over Russian KFC operations. Transaction is further described in note 5.*
- *On 27 July 2023 the dissolution and liquidation deed of Black Rice, S.L.U. and Bacoa Holding, S.L.U. was registered, which effects with termination of both companies.*
- *On 15 November 2023 AmRest SAS was 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 27 February 2024.

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 34.

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 2022, except for the adoption of new standards, interpretations, and amendments to standards effective as of 1 January 2023, as described below and in the note 34. Several amendments and interpretations apply for the first time in 2023, 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.

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

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 analysed, 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 a majority of contracts the Group holds options for extension/termination of the lease period, on 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.

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 34. The key assumptions used to determine the recoverable amount of the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 16.

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 24.

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 contribution 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 29.

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 11.

Inflation and rising interest rates

Increased inflation and interest rates may cause significant estimation uncertainty for both short and long duration assets and liabilities. They affect amongst others fair value measurements, expected future cash flows estimates, discount rates used to determine present value of cash flows, and impairment tests.

International Tax Reform – Pillar Two Model Rules- Expected changes to income tax legislation

In 2021 agreement was reached between 136 countries for a two-pillar approach to international tax reform (‘the OECD agreement’). Amongst other things, Pillar One proposes a reallocation of a proportion of tax to market jurisdictions, while Pillar Two seeks to apply a global minimum effective tax rate of 15%. The OECD agreement is likely to see changes in corporate tax rates in a number of countries in the next few years. In 2022, European Union Member States unanimously adopted the Minimum Tax Directive. The Directive is subject to transposition into national legislations.
The impact of changes in corporate tax rates on the measurement of tax assets and liabilities depends on the nature and timing of the legislative changes in each country. The Group is closely monitoring enaction process in various jurisdictions and its potential impact on future AmRest Group operations and reported tax results. Further details are disclosed in note 11.

5. Loss of control

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

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

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

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

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

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

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

- For consolidated income statement:
  - Discontinued operations were presented as a single line item comprising of post-tax profit or loss of discontinued operations, and post tax gain or loss on loss of control, with further details in note 5 below
  - Comparative figures were re-presented to separate continuing operations from discontinued operations
- For consolidated cash flow statement:
  - Net operating, investing and financing cash flows from discontinued operations were presented in note 5 below, and there is no separate presentation of cash flows from discontinued operations on the face of the cash flow statement

(all figures in EUR millions unless stated otherwise)

- For segment reporting:
  - Segment reporting does not include Russia operations, and consequently comparative figures were re-presented to reflect only continued operations.

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

Below table presents details of result of discontinued operation:

• For 2023: discontinued operations reflect operations for the period of 4.5 months ended 15 May 2023 and the result on deconsolidation,

• For 2022: discounted operations reflect operations for the year ended 31 December 2022

	YEAR ENDED	
	31 December 2023	**31 December 2022**
		Re-presented
Restaurant sales	85.7	295.3
Restaurant expenses	(78.4)	(259.1)
General and administrative expenses	(3.0)	(9.5)
Net impairment losses on assets	-	(56.0)
Other operating income/expenses	0.3	0.9
Net finance result	(0.7)	(0.4)
Income tax expense	(0.9)	(5.4)
Result from operating activities, after tax	**3.0**	**(34.2)**
Gain/loss on sale after income tax	3.5	-
Profit/loss from discontinued operation	**6.5**	**(34.2)**
Exchange differences	20.2	19.0
Other comprehensive income from discontinued operations	**26.7**	**(15.2)**

Details of accounting for loss of control are presented below:

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

Details of net assets deconsolidated as a result of transaction are presented below:

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

(all figures in EUR millions unless stated otherwise)

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

	YEAR ENDED	
	31 December 2023	31 December 2022
Net cash flows from operating activities	9.9	56.9
Net cash flows from investing activities	58.1	(8.8)
Net cash flows from financing activities	(4.6)	(18.7)
Net cash flows of discontinued operation	**63.4**	**29.4**

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

6. 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 are analysed for three 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). Fourth 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: ▪ Poland – KFC, Pizza Hut, Starbucks, Burger King, ▪ Czechia – KFC, Pizza Hut, Starbucks, Burger King, ▪ Hungary – KFC, Pizza Hut, Starbucks, ▪ Bulgaria – KFC, Starbucks, Burger King, ▪ Croatia, Austria, Slovenia – KFC, ▪ Slovakia – Starbucks, Pizza Hut, Burger King, ▪ Romania – Starbucks, Burger King, ▪ Serbia – KFC, Starbucks.
Western Europe	Restaurant operations together with supply chain and franchise activity in: ▪ Spain – KFC, La Tagliatella, Sushi Shop, ▪ France – KFC, Pizza Hut, Sushi Shop, ▪ Germany – Starbucks, KFC, Pizza Hut (until December 2022 when it was transferred to other MFA operator) ▪ Portugal – La Tagliatella ▪ Belgium, Switzerland, Luxembourg, United Kingdom and other countries with activities of Sushi Shop.
China	▪ Blue Frog operations in China.
Other	Segment Other includes global support functions such as e.g. Executive Team, Controlling, Global Finance, IT, Global Human Resources, Treasury and Investors Relations. Segment Other also includes expenses related to M&A transactions not finalised during the period, whereas expenses related to finalised merger and acquisition are allocated to applicable segments. Additionally, Other includes non-restaurant businesses performed by AmRest Holdings SE, SCM Sp. z o.o. and its subsidiaries and other minor entities performing holding and/or financing services.

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

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

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

Segment measure and the reconciliation to profit/loss from operations for the year ended 31 December 2023 and for the comparative year ended 31 December 2022 is presented below.

(all figures in EUR millions unless stated otherwise)

YEAR ENDED 31 December 2023	CEE	Western Europe	China	Other	Total
Restaurant sales	1 341.2	830.3	94.4	-	2 265.9
Franchise and other sales	0.9	72.5	5.5	86.8	165.7
Inter-segment revenue	-	-	-	-	-
Segment revenue	**1 342.1**	**902.8**	**99.9**	**86.8**	**2 431.6**
EBITDA	**267.2**	**118.9**	**20.5**	**(27.4)**	**379.2**
Depreciation and amortisation	124.6	91.0	18.1	0.8	234.5
Net impairment losses on financial assets	-	2.1	0.2	0.3	2.6
Net impairment losses on other assets	2.0	35.8	0.8	-	38.6
Profit/loss from operations	**140.6**	**(10.0)**	**1.4**	**(28.5)**	**103.5**
***Capital investment**	**143.1**	**58.4**	**8.4**	**1.4**	**211.3**

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

YEAR ENDED 31 December 2022 Restated**	CEE	Western Europe	China	Other	Total
Restaurant sales	1 133.3	756.5	82.4	-	1 972.2
Franchise and other sales	0.5	72.7	0.2	81.1	154.5
Segment revenue	**1 133.8**	**829.2**	**82.6**	**81.1**	**2 126.7**
EBITDA	**221.3**	**107.5**	**15.6**	**(18.6)**	**325.8**
Depreciation and amortisation	112.2	89.0	19.0	0.7	220.9
Net impairment losses on financial assets	0.2	2.0	-	-	2.2
Net impairment losses on other assets	(3.9)	2.9	0.4	0.3	(0.3)
Profit/loss from operations	**112.8**	**13.6**	**(3.8)**	**(19.6)**	**103.0**
***Capital investment**	**83.6**	**48.0**	**7.7**	**0.8**	**140.1**

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

Information on geographical areas

Significant geographical regions are disclosed below with their key characteristics:

		YEAR ENDED 31 December 2023	31 December 2022 Re-presented
Revenue from external customers	Poland	670.1	580.2
	Spain	338.7	305.2
	Czechia	324.7	282.2
	France	321.2	309.4

		31 December 2023	31 December 2022 Re-presented
Total of non-current assets other than financial instruments and deferred tax assets	Poland	476.3	351.2
	Spain	430.3	421.2
	France	406.2	422.3
	Czechia	185.9	153.1

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.

7. 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 a 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 34d. Additional disaggregation by geographical market is included in the note 6.

(all figures in EUR millions unless stated otherwise)

Restaurant sales

Restaurant revenues are the most significant source of revenues representing over 93% 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.

8. Operating costs and losses

The table below presents an additional analysis of operating expenses by nature.

	YEAR ENDED	
	31 December 2023	**31 December 2022 Re-presented**
Food, merchandise and other materials	774.9	689.9
Payroll	551.9	483.8
Social security and employee benefits	136.7	116.4
Royalties	115.2	100.6
Utilities	122.7	106.2
Marketing expenses	98.5	83.4
Delivery fees	87.2	83.1
Other external services	115.8	107.5
Occupancy cost	30.7	27.9
Depreciation of right-of-use assets	136.8	128.7
Depreciation of property, plant and equipment	87.8	81.1
Amortisation of intangible assets	9.9	11.1
Other	25.9	20.5
Total cost by nature	**2 294.0**	**2 040.2**

Summary of operating expenses by functions:

	YEAR ENDED	
	31 December 2023	**31 December 2022 Re-presented**
Restaurant expenses	1 994.5	1 772.4
Franchise and other expenses	128.9	121.5
General and administrative expenses	170.6	146.3
Total costs	**2 294.0**	**2 040.2**

9. Other operating income/expenses

	YEAR ENDED	
	31 December 2023	**31 December 2022 Re-presented**
Government grants for payroll and employee benefits	0.1	0.2
Government grants for rent and other	0.5	1.6
Supply chain services	5.6	7.6
Reversal (creation) of provision	(2.8)	4.1
Compensations and insurance claims	0.3	2.9
Gains/losses on disposal and liquidation of non current assets	0.9	(0.1)
Other gains and losses	2.5	2.1
Total other operating income and expenses	**7.1**	**18.4**

10. Finance income/costs

Finance income for the year ended 31 December 2023 consists mainly of income from net foreign exchange differences in an amount of EUR 4.7 million and bank and other interests received in an amount of EUR 4.0 million. As of 31 December 2022 finance income represents mainly bank and other interests received in amount of EUR 3.9 million and other income in amount of EUR 0.1 million.

(all figures in EUR millions unless stated otherwise)

Finance costs for the years ended 31 December 2023 and 2022 consists mainly of bank and lease interests.

	YEAR ENDED	
	31 December 2023	31 December 2022 Re-presented
Interest expense	33.6	21.7
Interest expense on lease liability	29.3	23.1
Net cost from exchange differences	-	**3.1**
Other	0.6	0.6
Total finance cost	**63.5**	**48.5**

With the repayments of Syndicated bank loan 2017 and Bilateral loans as disclosed further in note 23 the Group incurred loss on extinguishment on those borrowings. The loss represents mainly unamortised transaction costs of early repaid loans in amount EUR 2.3 million presented as interest expense and breakage fees in amount EUR 0.2 million presented as other costs.

11. Income taxes

	YEAR ENDED	
	31 December 2023	31 December 2022 Re-presented
Current tax	(20.6)	(17.0)
Deferred tax recognised in the income statement	16.0	1.1
Income tax recognised in the income statement	**(4.6)**	**(15.5)**
Deferred tax asset		
Opening balance	44.5	45.7
Closing balance	55.0	44.5
Deferred tax liability		
Opening balance	43.0	45.4
Closing balance	35.2	43.0
Change in deferred tax assets/liabilities	**18.3**	**1.2**
Change in deferred tax assets/liabilities from continuing operation	15.4	-
Change in deferred tax assets/liabilities from discontinued operation	2.9	1.2

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

	Asset		Liability	
	31 December 2023	31 December 2022 Restated	31 December 2023	31 December 2022 Restated
Property, plant and equipment and intangible assets	4.2	14.8	18.4	48.3
Leases	176.2	158.7	165.5	149.0
Trade and other receivables	-	0.3	-	-
Provisions and other liabilities	0.6	7.4	-	1.3
Tax losses carried forward	(0.1)	14.6	-	-
Other differences	2.1	5.8	(0.3)	1.5
Total temporary differences	**183.0**	**201.6**	**183.6**	**200.1**
The offset of tax	**(128.0)**	**(157.1)**	**(148.4)**	**(157.1)**
Net total amount	**55.0**	**44.5**	**35.2**	**43.0**

Deferred 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 taxes relate to the same fiscal authority. The current financial situation and strategic plans allow to consider the level of recognised deferred tax assets to be reasonable.

Upon the implementation of the amendments to IAS 12 "Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction" the Group has reported increased values of deferred tax assets and deferred tax liabilities related to lease agreements in explanatory note above. Total balance of deferred tax assets or liabilities reported in prior periods has not changed, but the implementation of amendment resulted in increase of deferred tax assets and liabilities on leases reported as of 31 December 2022 by EUR 148.7 million (net nil change).

(all figures in EUR millions unless stated otherwise)

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

	YEAR ENDED	
	31 December 2023	31 December 2022 Re-presented
Change in deferred tax assets/liabilities	**18.3**	**1.2**
of which:		
Deferred taxes recognised in the income statement	16.0	1.1
Deferred tax of discontinued operation	2.9	1.2
Deferred taxes recognised in other comprehensive income - net investment hedges	(1.7)	0.5
Deferred taxes recognised in equity - valuation of share based payments	0.4	(1.1)
Exchange differences	0.7	(0.5)

The Group operates in various tax jurisdictions. Income taxes and deferred 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 nominal tax rate applicable to consolidated companies were applied:

	YEAR ENDED	
	31 December 2023	31 December 2022 Re-presented
Profit before tax	**49.0**	**56.3**
Income tax calculated according to domestic tax rates applicable to income in particular countries*	**0.9**	**7.3**
Impairment of goodwill	7.4	-
Tax losses for the current period for which no deferred tax asset was recognised	4.9	4.0
Effect of local taxes reported as income tax	3.3	3.0
Tax effect of liquidations of subsidiaries	(5.5)	-
Utilization of tax losses not recognised in prior periods	(2.6)	-
Permanent differences and changes in estimates	(3.3)	2.2
Change in tax rates	(0.5)	(1.0)
Corporate income tax in the income statement	**4.6**	**15.5**

**The applicable weighted average nominal tax rate amounted to 1.8% (for the period ended 31 December 2022: 13.0%).*

As of 31 December 2023 the Group has the following tax losses for which no deferred tax asset was recognised:

	2023	Expiry date	2022	Expiry date
Expire	22.7	2024-2029	22.2	2023 – 2028
Never expire	193.6		188.7	
Tax losses in respect of which no deferred tax asset was recognised	**216.3**		**210.9**	

The Group analyses recoverability of deferred taxes on tax losses based on the guidance in IAS 12. Group subsidiaries analyses the periods in which tax losses can be utilised, 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 utilised.

The Group analyses business plans and cash flows forecasts of subsidiaries in terms of recoverability of deferred tax assets recognised. As a starting point, the Group uses projections from goodwill impairment tests to estimate future tax payments. The balances of tax losses for which deferred taxes were recognised are verified against projected tax cash outflows. In case projections for the business unit changes, the deferred tax assets are reassessed in terms of recoverability.

The total tax effect for the period ended 31 December 2023 of tax losses for the current period for which no deferred tax asset was recognised amounted EUR 4.9 million. As of 31 December 2023 deferred tax was recognised on tax losses in Germany on the trade tax rate of 15%, on top of that the deferred tax was recognised on the corporate income tax rate of 15,82% at the shareholders level.

A tax authority may inspect 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 2023 and 2022.

Country	Income tax rates		Deferred tax assets and liabilities	
	2023	2022	2023	2022
Spain	25.00%	25.00%	25.00%	25.00%
Poland	19.00%	19.00%	19.00%	19.00%
Czechia**	19.00%	19.00%	21.00%	19.00%
Russia	20.00%	20.00%	20.00%	20.00%
Hungary	9.00%	9.00%	9.00%	9.00%

(all figures in EUR millions unless stated otherwise)

Country	Income tax rates		Deferred tax assets and liabilities	
	2023	2022	2023	2022
Serbia	15.00%	15.00%	15.00%	15.00%
Bulgaria	10.00%	10.00%	10.00%	10.00%
Malta	35.00%	35.00%	35.00%	35.00%
Germany*	15.00%	15.00%	15.00%	15.00%
France	25.00%	25.00%	25.00%	25.00%
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%	22.00%	19.00%
Austria**	24.00%	24.00%	23.00%	24.00%
Portugal	21.00%	21.00%	21.00%	21.00%
UK***	19.00%	19.00%	19.00%	19.00%
Switzerland****	8,5%	8,5%	8,5%	8,5%
Italy	24.00%	24.00%	24.00%	24.00%
Luxembourg	17.00%	17.00%	17.00%	17.00%
Belgium	25.00%	25.00%	25.00%	25.00%

**Tax rates in Germany consist of two components: 15% of trade tax and 15,82% of corporate income tax.*
***From 1 January 2024 tax rates in Czechia, Slovenia and Austria have changed.*
****The main rate of corporation tax in UK is 25%. This main rate applies to companies with profits in excess of GBP 250.000. For companies with profits below GBP 50,000, a lower rate of 19% is applicable.*
*****Tax rates in Switzerland consist of two components: 8,5% of direct federal corporate income tax and canton/communal corporate income tax at different rates for each canton. The overall approximate range of the maximum CIT rate on profit before tax for federal, cantonal, and communal taxes is between 11.9% and 21.0%, depending on the company's location of corporate residence at a specific capital of a canton/communal.*

International Tax Reform – Pillar Two Model Rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalisation of the global economy. The Pillar Two Global anti-Base Erosion rules (GloBE Rules) represent the first substantial overhaul of the international tax rules in almost a century. The GloBE Rules propose four new taxing mechanisms under which multinational enterprises (MNEs) would pay a minimum level of tax (Minimum Tax).

Under IAS 12 Income Tax, a new tax law is effective when it is enacted or substantively enacted in a particular jurisdiction. MNEs need to monitor the regulatory developments in respect of (substantive) enactment of the GloBE Rules in all of the jurisdictions where they operate either through wholly- or partially-owned subsidiaries, joint ventures, flow through entities or permanent establishments.

In 2023, the IASB amended IAS 12 to provide timely relief for affected entities, to avoid diverse interpretations of IAS 12 and to improve disclosures. The amendments have introduced a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.
The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. Furthermore, the Group has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in various jurisdictions.

At of 31 December 2023, some of the countries in which AmRest operates have already enacted the Pillar Two requirements. In this regard, Spain, as country of parent entity subject to Pillar Two, released Draft Law for the implementation of the Pillar Two Directive in Spain, subject to consultation process. The final law would be applicable in Spain for fiscal periods starting after 31 December 2023.

No Pillar Two current tax expense is applicable for AmRest Group for the year ended 31 December 2023.

Based on status of implementation process AmRest Group assesses that Pillar Two would only have implications in Bulgarian entities and the impact would not be material.

(all figures in EUR millions unless stated otherwise)

12. Property, plant and equipment

The table below presents changes in the value of property, plant and equipment in 2023 and 2022:

2023	Leasehold improvements, land, buildings	Restaurants equipment and vehicles	Furniture and other assets	Assets under construction	Total
PPE as of 1 January	**263.3**	**153.4**	**36.8**	**48.0**	**501.5**
Acquisitions	-	-	0.7	-	0.7
Additions	5.1	14.1	2.7	181.2	203.1
Depreciation (note 8)	(39.6)	(37.7)	(13.6)	-	(90.9)
Impairment losses (note 16)	(1.0)	(0.2)	(1.4)	0.1	(2.5)
Loss of control	(25.6)	(7.9)	(2.0)	(1.6)	(37.1)
Disposals, liquidations	(0.3)	(0.8)	(0.1)	(0.3)	(1.5)
Transfers	81.9	58.4	20.1	(161.5)	(1.1)
Exchange differences	3.1	2.0	0.4	2.7	8.2
PPE as of 31 December	**286.9**	**181.3**	**43.6**	**68.6**	**580.4**
Gross book value	661.3	446.7	132.6	69.2	1 309.8
Accumulated depreciation and impairments	(374.6)	(265.3)	(89.0)	(0.5)	(729.4)
Net book value	**286.7**	**181.4**	**43.6**	**68.7**	**580.4**

2022	Leasehold improvements, land, buildings	Restaurants equipment and vehicles	Furniture and other assets	Assets under construction	Total
PPE as of 1 January	**259.5**	**139.9**	**35.5**	**26.0**	**460.9**
Acquisitions	-	-	0.3	0.3	0.6
Additions	8.2	18.9	2.7	108.3	138.1
Depreciation (note 8)	(42.3)	(37.5)	(13.1)	-	(92.9)
Impairment losses (note 16)	(1.3)	(2.7)	0.3	-	(3.7)
Disposals, liquidations	(0.6)	(2.2)	(0.5)	-	(3.3)
Transfers	37.5	36.6	11.3	(86.1)	(0.7)
Exchange differences	2.3	0.4	0.3	(0.5)	2.5
PPE as of 31 December	**263.3**	**153.4**	**36.8**	**48.0**	**501.5**
Gross book value	644.9	414.3	110.3	48.6	1 218.1
Accumulated depreciation and impairments	(381.6)	(260.9)	(73.5)	(0.6)	(716.6)
Net book value	**263.3**	**153.4**	**36.8**	**48.0**	**501.5**

Due to the nature of the Group business the balance of the property, plant and equipment consists of assets in over 1.8 thousand properties. There are no individually significant assets.

Depreciation was charged as follows:

	YEAR ENDED	
	31 December 2023	**31 December 2022**
Costs of restaurant operations	87.5	89.7
Franchise expenses and other	1.4	1.6
General and administrative expense	2.0	1.6
Total depreciation	**90.9**	**92.9**
from continuing operation	87.8	81.1
from discontinued operation	3.1	11.8

Increasing the average useful lives of property, plant and equipment by 10% would lead to a decrease in depreciation for the year ended 31 December 2023 by around EUR 8.3 million. Increasing the average useful lives of property, plant and equipment by 10% would lead to a decrease in depreciation for the year ended 31 December 2022 by around EUR 8.4 million.

13. Leases

The Group leases over 1.8 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.

(all figures in EUR millions unless stated otherwise)

The table below presents the reconciliation of the right-of-use assets and lease liabilities for years ended 31 December 2023 and 2022:

	Right-of-use asset			Lease liabilities
2023	**Restaurant properties**	**Other**	**Total right-of-use asset**	**Total liabilities**
As of 1 January	**793.0**	**20.3**	**813.3**	**878.7**
Additions – new contracts	75.5	5.0	80.5	80.3
Remeasurements and modifications	136.5	6.4	142.9	140.7
Depreciation (Note 8)	(136.1)	(5.9)	(142.0)	-
Impairment (Note 16)	(7.3)	-	(7.3)	-
Interest expense (Note 10)	-	-	-	30.2
Payments	-	-	-	(168.8)
Exchange differences	5.2	0.1	5.3	1.0
Loss of control	(63.6)	(1.5)	(65.1)	(73.0)
Disposals, liquidations	(1.7)	(0.3)	(2.0)	(2.1)
As of 31 December	**801.5**	**24.1**	**825.6**	**887.0**

	Right-of-use asset			Lease liabilities
2022	**Restaurant properties**	**Other**	**Total right-of-use asset**	**Total liabilities**
As of 1 January	**756.8**	**14.2**	**771.0**	**822.9**
Additions – new contracts	50.0	7.8	57.8	57.5
Remeasurements and modifications	127.2	6.7	133.9	131.9
Depreciation (Note 8)	(138.7)	(8.3)	(147.0)	-
Impairment (Note 16)	(5.2)	-	(5.2)	-
Interest expense (Note 10)	-	-	-	25.7
Payments	-	-	-	(163.6)
Exchange differences	4.6	0.1	4.7	7.1
Disposals, liquidations	(1.7)	(0.2)	(1.9)	(2.8)
As of 31 December	**793.0**	**20.3**	**813.3**	**878.7**

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.

	31 December 2023	**31 December 2022**
Up to 1 year	177.7	178.0
Between 1 and 3 years	275.8	277.3
Between 3 and 5 years	205.7	197.1
Between 5 and 10 years	257.7	242.2
More than 10 years	182.7	160.0
Total contractual lease payments	**1 099.6**	**1 054.6**
Future finance costs of leases	212.6	175.9
Total lease liabilities	**887.0**	**878.7**

Depreciation was charged as follows:

	YEAR ENDED	
	31 December 2023	**31 December 2022**
Costs of restaurant operations	136.9	141.6
General and administrative expenses	5.1	5.4
Total depreciation	**142.0**	**147.0**
from continuing operation	136.8	128.7
from discontinued operation	5.2	18.3

The Group recognised in 2023 rent expense from short-term leases of EUR 0.7 million, leases of low-value assets of EUR 6.0 million and variable lease payments of EUR 23.3 million for the year ended 31 December 2023. Impairment test procedures, assumptions used and tests' results are disclosed in note 16.

Amounts recognised in statement of cash flows amounted to EUR 168.8 million presented in financing activity as repayment of lease liability and EUR 30.0 million in operating activity as lease payments not included in the lease liabilities. Total cash outflow for leases amounts to EUR 198.8 million in the year ended 31 December 2023.

In the comparable period, in 2022, the Group recognised rent expense from short-term leases of EUR 0.8 million, leases of low-value assets of EUR 5.8 million and variable lease payments of EUR 24.6 million (including negative amount of EUR 2.0 million COVID-19-related rent concessions) for the year ended 31 December 2022. Impairment test procedures, assumptions used and tests' results are disclosed in note 16.

In the comparable period, in 2022, amounts recognised in statement of cash flows amounted to EUR 163.6 million presented as repayment of lease liability and EUR 31.2 million as lease payments not included in the lease liability. Total cash outflow for leases amounted to EUR 194.8 million in the year ended 31 December 2022.

(all figures in EUR millions unless stated otherwise)

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 recognised the excess of turnover based rent as variable lease payments. In such cases variable lease payments depend on restaurant's revenue level. In the year ended 31 December 2023, the total value of variable payments represents 14% of fixed lease payments (2022: 16%).

The intention of the Group is to secure 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.

14. Intangible assets

The table below presents changes in the value of intangible assets in 2023 and 2022:

2023	Own brands	Licenses for franchise brands	Relations with franchisees and customers	Other intangible assets	Total
IA as of 1 January	**153.8**	**22.9**	**25.8**	**33.9**	**236.4**
Additions	-	3.8	-	7.3	**11.1**
Amortisation (Note 8)	(0.3)	(3.9)	(2.4)	(3.6)	**(10.2)**
Impairment losses (Note 16)	-	0.3	-	0.3	**0.6**
Loss of control	-	(2.4)	-	(0.1)	**(2.5)**
Disposals, liquidations	-	(0.5)	-	(0.7)	**(1.2)**
Transfers between categories	-	0.5	-	0.6	**1.1**
Exchange differences	(0.2)	0.8	-	0.8	**1.4**
IA as of 31 December	**153.3**	**21.5**	**23.4**	**38.5**	**236.7**
Gross book value	**155.8**	**47.5**	**51.9**	**87.2**	**342.4**
Accumulated amortisation and impairments	**(2.5)**	**(26.0)**	**(28.5)**	**(48.7)**	**(105.7)**
Net book value	**153.3**	**21.5**	**23.4**	**38.5**	**236.7**

2022	Own brands	Licenses for franchise brands	Relations with franchisees and customers	Other intangible assets	Total
IA as of 1 January	**154.1**	**23.1**	**28.9**	**30.8**	**236.9**
Additions	-	3.2	-	6.8	**10.0**
Amortisation (Note 8)	(0.3)	(3.7)	(3.1)	(4.9)	**(12.0)**
Impairment losses (Note 16)	-	0.1	-	0.8	**0.9**
Disposals, liquidations	-	(0.1)	-	(0.2)	**(0.3)**
Transfers between categories	-	-	-	0.7	**0.7**
Exchange differences	-	0.3	-	(0.1)	**0.2**
IA as of 31 December	**153.8**	**22.9**	**25.8**	**33.9**	**236.4**
Gross book value	158.8	48.8	51.9	83.5	**343.0**
Accumulated amortisation and impairments	(5.0)	(25.9)	(26.1)	(49.6)	**(106.6)**
Net book value	**153.8**	**22.9**	**25.8**	**33.9**	**236.4**

Amortisation was charged as follows:

	YEAR ENDED	
	31 December 2023	**31 December 2022**
Costs of restaurant operations	4.7	5.0
Franchise expenses and other	1.8	1.8
General and administrative expense	3.7	5.2
Total amortisation	**10.2**	**12.0**
from continuing operation	9.9	11.1
from discontinued operation	0.3	0.9

Impairment test procedures, assumptions used and tests' results are disclosed in note 16.

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 16.

(all figures in EUR millions unless stated otherwise)

The table below presents details of Proprietary brands as of 31 December 2023. 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	4.7	(2.5)	-	2.2
Total			**155.8**	**(2.5)**	**-**	**153.3**

Other intangible assets include key monies in the amount of EUR 18.0 million (EUR 18.0 million as of 31 December 2022), sales and business intelligence systems of EUR 10.6 million (EUR 5.9 million as of 31 December 2022), exclusivity rights and other.

15. Goodwill

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

The table below presents goodwill allocated to particular levels on which it is monitored by the Group. In all cases is not higher than the operating segment level:

2023	1 January	Increases (provisional)	Impairment	Exchange differences	31 December
Sushi Shop (all markets)	141.0	-	(29.2)	-	111.8
Spain - La Tagiatella and KFC	90.9	0.5	-	-	91.4
China - Blue Frog	21.1	-	-	(1.3)	19.8
France - KFC	14.0	-	-	-	14.0
Germany - Starbucks	8.6	-	-	-	8.6
Hungary - KFC	3.1	-	-	0.1	3.2
Romania - SBX	2.5	-	-	-	2.5
Czechia - KFC	1.4	-	-	-	1.4
Poland - Other	0.6	-	-	-	0.6
Total	**283.2**	**0.5**	**(29.2)**	**(1.2)**	**253.3**

2022	1 January	Increases (provisional)	Impairment	Exchange differences	31 December
Sushi Shop (all markets)	140.5	0.5	-	-	141.0
Spain - La Tagiatella and KFC	90.9	-	-	-	90.9
Russia - KFC	33.1	-	(46.9)	13.8	-
China - Blue Frog	21.5	-	-	(0.4)	21.1
France - KFC	14.0	-	-	-	14.0
Germany - Starbucks	8.6	-	-	-	8.6
Hungary - KFC	3.4	-	-	(0.3)	3.1
Romania - SBX	2.5	-	-	-	2.5
Czechia - KFC	1.5	-	-	(0.1)	1.4
Poland - Other	0.6	-	-	-	0.6
Total	**316.6**	**0.5**	**(46.9)**	**13.0**	**283.2**

Impairment test procedures, assumptions used and tests' results are disclosed in note 16.

16. Net impairment of non-financial assets

Details of impairments losses recognised:

		YEAR ENDED	
	Note	31 December 2023	31 December 2022 Re-presented
Continued operations			
Net impairment of property, plant and equipment	12	2.5	0.2
Net impairment of intangible assets	14	(0.6)	(1.1)
Net impairment of right of use assets	13	7.3	0.2
Net impairment of goodwill	15	29.2	-
Net impairment of inventories and other assets		0.2	0.4
Net impairment losses of non- financial assets		**38.6**	**(0.3)**
Discontinued operations			
Net impairment losses of discontinued operations		**-**	**55.7**

(all figures in EUR millions unless stated otherwise)

Restaurant level tests

The Group periodically reviews the carrying amounts of its non-financial non-current 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 34.

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. As a starting point, the Group uses most recent budgets and forecasts prepared on the level of brands in certain countries. Next those assumptions are enhanced or worsen, to reflect the best estimate for expected cash projections of analysed restaurants, if needed. Individual projections for sales and costs may depend on restaurant's main streams of revenues (different for take-away business, dine-in, food courts), cost pressure in various markets, supply chain related issues and other. The restaurant tests cash flow projection periods are correlated to restaurant's rental agreements periods.

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.

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

Discounts rates applied are shown in the table below.

	Post-tax discount rate YE 2023	Implied pre-tax discount rate YE 2023	Pre-tax discount rate HY 2023	Pre-tax discount rate YE 2022
Spain	10.1%	13.5%	13.3%	14.6%
Germany	8.0%	11.4%	10.8%	12.7%
France	8.4%	11.2%	11.0%	9.6%
Poland	11.8%	14.6%	13.8%	14.0%
Czechia	9.2%	11.4%	11.3%	11.5%
Hungary	13.9%	15.3%	14.9%	16.0%
Russia	N/A	N/A	N/A	36.5%
China	9.2%	12.3%	11.8%	11.8%
Romania	13.4%	15.9%	15.8%	15.2%
Serbia	14.3%	16.9%	16.9%	17.0%
Bulgaria	11.1%	12.3%	12.0%	12.2%
Croatia	11.4%	13.9%	13.5%	16.3%
Slovakia	9.5%	12.1%	11.9%	14.0%
Portugal	11.2%	14.1%	14.0%	14.0%
Austria	8.9%	11.8%	11.0%	11.8%
Slovenia	10.9%	13.4%	13.2%	13.7%
Switzerland	8.0%	9.7%	8.5%	9.3%
Luxembourg	8.2%	10.9%	10.6%	10.9%
United Kingdom	8.9%	11.9%	11.3%	12.4%

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 12, 13, 14 and 15.

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

Summary of impairment tests results on the level of restaurants for the year ended 31 December 2023 is presented in the table below:

YE 2023	Impairment loss	Impairment reversals	Net/Total
Number of units tested			332.0
Units with impairment/reversal recognised	116.0	89.0	

(all figures in EUR millions unless stated otherwise)

YE 2023	Impairment loss	Impairment reversals	Net/Total
Impairment of property, plant and equipment and intangible assets	(8.2)	6.3	(1.9)
Impairment of right of use assets	(10.8)	3.5	(7.3)
Five highest individual impairment loss/ reversals totalled	(4.1)	2.6	
Average impairment loss/ reversal per restaurant	(0.2)	0.1	

Summary of impairment tests results on the level of restaurants for the year ended 31 December 2022 is presented in the table below:

YE 2022 re-presented	Impairment loss	Impairment reversals	Net/Total
Number of units tested			412.0
Units with impairment/reversal recognised	108.0	140.0	
Impairment of property, plant and equipment and intangible assets	(9.2)	10.1	0.9
Impairment of right of use assets	(0.2)	—	(0.2)
Five highest individual impairment loss/ reversals totalled	(3.2)	2.6	
Average impairment loss/ reversal per restaurant	(0.1)	—	

Business (goodwill) level tests

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

Mandatory impairment tests are performed at year ends.

Present value technique model (discounted cash flow) is used by Group for the purpose of determining fair value. The discounted cash flow (DCF) 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 discounted cash flow 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 normalised 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, the weighted average budgeted EBITDA margins and restaurant sales growths. EBITDA margin represents EBITDA divided by total sales. 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 arithmetical average growth rates for restaurant sales reflected in impairment models.

Following approach towards determination of key assumptions is used by the Group:

- Discount rate represent the current market assessment of the risks specific to business, calculated using weighted average cost of capital formula based on market inputs
- Growth rate (for residua value) is based on forecasts included in industry reports
- Budgeted margin EBITDA is based on past performance and expectations for the future
- Sales growth rate is based on past performance and expectations of market development and current industry trends in future

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

- discount rate applied,
- weighted average budgeted EBITDA margin,
- growth rate for residual value,
- restaurant sales growths 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 recognised.

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

(all figures in EUR millions unless stated otherwise)

Test results for YE 2023

The main input assumptions used in test performed as of year end 2023 are as follows:

YE 2023	Post-tax discount rate	Implied pre-tax discount rate	Growth rate for residual value	Average restaurant sales growth 2024-2028	Weighted average budgeted EBITDA margin
Sushi Shop (all markets)	8.4%	10.2%	1.8%	5.6%	14.0%
Spain - KFC and TAG	10.1%	12.5%	1.9%	4.7%	19.4%
France - KFC	8.4%	10.1%	1.8%	4.8%	12.2%
Germany - Starbucks	8.0%	10.2%	2.2%	16.6%	22.1%
China - BF	9.2%	11.1%	2.1%	11.0%	21.9%
Romania - SBX	13.4%	15.2%	2.9%	9.5%	24.5%
Czechia - KFC	9.2%	10.8%	2.3%	8.5%	22.5%
Hungary - KFC	13.9%	14.8%	3.4%	10.7%	20.7%

Impairment loss of EUR 29.2 million was recognised for goodwill of Sushi Shop business unit. The main factors that led to recognition of impairment loss were the reduction in profitability of the brand, affected by the increase in the price of fresh salmon, and the increase in the discount rates.

For all other units the recoverable amount exceeded the carrying amount and no impairment loss was recognised. Additionally, based on the sensitivity analysis performed a reasonably possible change in any of the key assumptions used would not lead to recognition of impairment losses i.e. carrying amount would not exceed the recoverable amount.

Results of sensitivity analysis for Sushi Shop Group business unit

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

Input/ change in input	(Increase)/Decrease in impairment loss
Discount rate - in model (post-tax discount rate (8.4%)	
-10% of base value	29.2
-5% of base value	16.9
+5% of base value	(14.9)
+10% of base value	(28.1)
Growth rate for residual value - in model (1.8%)	
-10% of base value	(5.4)
-5% of base value	(2.7)
+5% of base value	2.8
+10% of base value	5.7
Weighted average budgeted EBITDA margin value - in model (14.0%)	
-10% of base value	(36.0)
-5% of base value	(18.0)
+5% of base value	18.0
+10% of base value	29.2
Restaurant Sales	
-5% in each year of projection	(10.0)
-3% in each year of projection	(6.0)
+3% in each year of projection	6.0
+5% in each year of projection	10.0

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

Input value	Post tax discount rate	Growth rate
Applied in model	8.4 %	1.8 %
When carrying amount of CGU equals to recoverable amount	7.7%	2.6%

Test results reported in HY 2023

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

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

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

The following table presents the results of the sensitivity analysis for Sushi Shop business. The table presents the scenarios where changes in assumptions would lead to the potential impairment. For remaining scenarios, no impairment risk was identified.

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

Comparative information for the goodwill impairment tests performed during year ended 31 December 2022

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

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

The key assumptions used in year end 2022 test were as follows:

YE 2022	Post-tax discount rate	Implied pre-tax discount rate	Growth rate for residual value	Average restaurant sales growth 2023-2027	Weighted average budgeted EBITDA margin
Sushi Shop (all markets)	7.2%	8.8%	1.9%	28.0%	18.1%
Spain – KFC and TAG	10.9%	13.6%	2.1%	12.6%	22.3%
France – KFC	7.2%	8.7%	1.9%	4.2%	11.9%
Germany – Starbucks	8.9%	11.2%	2.4%	15.5%	19.3%
China – BF	8.9%	11.0%	2.0%	11.1%	24.4%
Romania – SBX	12.7%	14.3%	3.1%	14.4%	27.2%
Czechia – KFC	9.3%	10.9%	2.5%	9.6%	23.7%
Hungary – KFC	14.5%	15.6%	3.9%	10.5%	20.1%

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

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

The key assumptions used in HY 2022 test were as follows:

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

17. Trade and other receivables

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

	31 December 2023	31 December 2022
Trade receivables	45.1	44.2
Other tax receivables	34.4	27.2
Credit cards, coupons and food aggregators receivables	33.8	26.9
Loans and borrowings	0.3	1.7
Government grants	0.4	0.6
Other	2.2	1.7
Allowances for receivables (note 28)	(13.8)	(13.2)
Total	**102.4**	**89.1**

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 28.

(all figures in EUR millions unless stated otherwise)

18. Cash and cash equivalents

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

	31 December 2023	31 December 2022
Cash at bank	213.9	216.8
Cash in hand	13.6	12.8
Total cash	**227.5**	**229.6**

Reconciliation of working capital changes as of 31 December 2023 and 31 December 2022 is presented in the table below:

2023	Balance sheet change	Loss of control	Debt transaction	Change in investment liabilities	Exchange differences	Working capital changes
Change in trade and other receivables	(13.3)	(2.6)	-	-	1.3	(14.6)
Change in inventories	2.6	(2.0)	-	-	0.4	1.0
Change in other assets	3.7	(3.9)	-	-	0.8	0.6
Change in payables and other liabilities	25.3	11.3	(7.6)	(17.2)	(3.5)	8.3
Change in other provisions and employee benefits	0.9	-	-	-	(0.2)	0.7

2022	Balance sheet change	Loss of control	Change in investment receivables	Change in investment liabilities	Exchange differences	Working capital changes
Change in trade and other receivables	(21.2)	-	-	-	(1.5)	(22.7)
Change in inventories	(4.4)	-	-	-	0.1	(4.3)
Change in other assets	(2.7)	-	-	-	0.2	(2.5)
Change in payables and other liabilities	53.0	-	-	(10.1)	3.1	46.0
Change in other provisions and employee benefits	(10.3)	-	-	-	1.1	(9.2)

19. Other assets

Other currents assets

As of 31 December 2023 and 2022 the balances of other current assets consists mainly of prepayments for IT and digital services, utilities, marketing, insurance and other services.

Investment properties

In June 2023 the Group sold a part of investment property in Poland with a book value of EUR 3.8 million. The profit from this transaction of EUR 0.2 million was recognised and presented in other operating income.

As of 31 December 2023 the balance of investment properties consists of the unsold part of the investment property in Poland.

Other non-currents assets

As of 31 December 2023 and 2022 the balances of other non-current assets were as follows:

	31 December 2023	31 December 2022
Deposit for rentals	22.6	23.6
Other	0.4	0.4
Total other non-currents assets	**23.0**	**24.0**

Inventories

As of 31 December 2023 and 2022, inventories cover mainly food and packaging used in the restaurants and stocks in central kitchen for sale by La Tagliatella restaurants. Inventories are presented at net value including write-downs.

(all figures in EUR millions unless stated otherwise)

20. Equity

Share capital

Share capital consists of ordinary shares. All shares issued are subscribed and fully paid. The par value of each share is EUR 0.1. There were no changes in share capital of the Company in year 2023.

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

All the shares are ordinary shares and have the same economic and voting rights. 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 2023, in accordance with the information publicly available, 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%

** Mr. Carlos Fernández González indirectly controls the majority of the shareholding and voting rights in FCapital Dutch, S.L. (direct shareholder of the stake appearing in the above table).*

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Shareholder	Number of shares and votes at the Shareholders' meeting	% of shares and votes at the Shareholders' meeting
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Artal International S.C.A.	11 366 102	5.18%
Nationale-Nederlanden OFE	10 718 700	4.88%
Aviva OFE Aviva BZWBK SA	7 013 700	3.19%
Other Shareholders	43 251 921	19.70%

** Mr. Carlos Fernández González indirectly controls the majority of the shareholding and voting rights in FCapital Dutch, S.L. (direct shareholder of the stake appearing in the above table).*

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. in the amount of EUR 2.1 million.

(all figures in EUR millions unless stated otherwise)

Reserves

The structure of Reserves is as follows:

2023	Share premium	Share based payments unexercised	Share based payments exercised	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As of 1 January	**236.3**	**15.5**	**(38.1)**	**(3.7)**	**(11.9)**	**(31.6)**	**166.5**
Net investment hedges	-	-	-	-	9.5	-	9.5
Income tax related to net investment hedges	-	-	-	-	(1.7)	-	(1.7)
Total comprehensive income	**-**	**-**	**-**	**-**	**7.8**	**-**	**7.8**
Purchases of treasury shares	-	-	-	(6.6)	-	-	(6.6)
Value of disposed treasury shares	-	-	(0.4)	0.4	-	-	-
Share based payments - reclassifications	-	(3.1)	3.1	-	-	-	-
Share based payments - remeasurements	-	6.0	-	-	-	-	6.0
Share based payments - deferred tax effect	-	0.4	-	-	-	-	0.4
Total share based payments	**-**	**3.3**	**2.7**	**0.4**	**-**	**-**	**6.4**
Total distributions and contributions	**-**	**3.3**	**2.7**	**(6.2)**	**-**	**-**	**(0.2)**
As of 31 December	**236.3**	**18.8**	**(35.4)**	**(9.9)**	**(4.1)**	**(31.6)**	**174.1**

2022	Share premium	Share based payments unexercised	Share based payments exercised	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As of 1 January	**236.3**	**14.1**	**(40.7)**	**(4.0)**	**(9.5)**	**(30.6)**	**165.6**
Net investment hedges	-	-	-	-	(2.9)	-	(2.9)
Income tax related to net investment hedges	-	-	-	-	0.5	-	0.5
Total comprehensive income	**-**	**-**	**-**	**-**	**(2.4)**	**-**	**(2.4)**
Transaction with non - controlling interests	-	-	-	-	-	(1.0)	(1.0)
Total transaction with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(1.0)**	**(1.0)**
Value of disposed treasury shares	-	-	(0.3)	0.3	-	-	-
Share based payments - reclassifications	-	(3.0)	3.0	-	-	-	-
Share based payments - remeasurements	-	5.5	(0.1)	-	-	-	5.4
Share based payments - deferred tax effect	-	(1.1)	-	-	-	-	(1.1)
Total share based payments	**-**	**1.4**	**2.6**	**0.3**	**-**	**-**	**4.3**
Total distributions and contributions	**-**	**1.4**	**2.6**	**0.3**	**-**	**-**	**4.3**
As of 31 December	**236.3**	**15.5**	**(38.1)**	**(3.7)**	**(11.9)**	**(31.6)**	**166.5**

(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 2023.

Treasury shares

As of 31 December 2023 the Group had 1 412 446 treasury shares for a total purchase value of EUR 9.9 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).

In 2023 the Group has paid dividend to non-controlling shareholders.

	Transactions with NCI	Non-controlling interest	Total Equity
Dividends for non-controlling shareholders	-	(2.1)	(2.1)
Total transactions with non-controlling interests	**-**	**(2.1)**	**(2.1)**

In 2022 the Group has acquired 40% of shares of Amrest d.o.o. for total amount of EUR 2.3 million. After the transaction the Group became the sole shareholder of Amrest d.o.o.

	Transactions with NCI	Non-controlling interest	Total Equity
Acquisition of non-controlling interests in Sushi Shop Group	(1.0)	(1.3)	(2.3)
Dividends for non-controlling shareholders	-	(1.8)	(1.8)
Total transactions with non-controlling interests	**(1.0)**	**(3.1)**	**(4.1)**

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.

On 1 January 2023 AmRest Holdings had a part of Syndicated bank loan 2017 in the amount of PLN 196.0 million assigned as a hedging instrument for the net investment in Polish subsidiary. Following scheduled debt repayments of PLN 28.0 million, the hedging instrument decreased to PLN 168.0 million in Q3. In December 2023 debt was fully repaid and the hedging relationship ceased.
On 11 December 2023, the AmRest Group signed financing agreement referred as Syndicated bank loan 2023, under which the Group assigned the amount of PLN 508.0 million as a hedging instrument for the net investment in Polish subsidiary.
During the year ended 31 December 2023 and 2022 hedges were fully effective.
As of 31 December 2023, the value of net investment hedge resulting from the Syndicated bank loan 2023 amounted to PLN 508.0 million (PLN 0 million as of 31 December 2022).

On 1 January 2023 AmRest Sp. z o.o., a Polish subsidiary, with PLN as functional currency, had a part of Syndicated bank loan 2017 in the amount of EUR 177.0 million assigned as a hedging instrument for the net investment in its Spanish subsidiaries. Following scheduled debt repayments of EUR 24.0 million, the hedging instrument decreased to EUR 153.0 million in Q3. In December 2023 debt was full repaid and the hedging relationship ceased.
On 11 December 2023, in connection with the signed new financing referred as Syndicated bank loan 2023, under which the Group assigned the amount of EUR 156.0 million as a hedging instrument for the net investment in its Spanish subsidiaries.
During the year ended 31 December 2023 and 2022 hedges were fully effective.
As of 31 December 2023, the value of net investment hedge resulting from the Syndicated bank loan 2023 amounted to PLN 156.0 million (EUR 0 million as of 31 December 2022).

For all net investment hedges, exchange gains or losses arising from the translation of liabilities that are hedging instruments are charged to other comprehensive income.

During the year ended 31 December 2023 the total hedge valuation recognised in other comprehensive income amounted to EUR 9.5 million, and deferred tax related to net investment hedges amounted to EUR (1.7) million.

During the year ended 31 December 2022 the total hedge valuation recognised in other comprehensive income amounted EUR (2.9) million, and deferred tax related to net investment hedges amounted to EUR 0.5 million.

Translation reserves

The balance of translation reserves depends on the changes in the foreign exchange rates. Total change in translation reserves allocated to shareholders of the parent in year 2023 amounted to EUR 12.8 million (after recycling of translation reserve in Russia of EUR 28.6 million). The most significant impact has a change in Russian rouble of EUR (8.4) million to EUR. Other significant changes result from change of Chinese yuan of EUR (2.7) million, Czech crown of EUR (1.5) million, Hungarian forint of EUR 1.2 million and Polish zloty of EUR (5.0) to EUR. Total change in translation reserves in year 2022 amounted to EUR 19.2 million. The most significant impact on that balance had a change in Russian rouble in the amount of EUR 19.0 million, Polish zloty of EUR 2.9 million, Czech crown of EUR 1.6 million and Hungarian forint of EUR (2.6) million.

(all figures in EUR millions unless stated otherwise)

21. Non-controlling interests

Key compositions of non-controlling interests are presented in the table below:

	31 December 2023	31 December 2022
AmRest Coffee s.r.o.	5.7	4.9
SCM Sp. z o.o.	4.8	3.8
SCM s.r.o	2.4	1.9
AmRest Coffee Sp. z o.o.	1.6	0.3
AmRest Kávézó Kft	0.9	0.4
Sushi Shop Milan Sarl in liquidazione	(0.1)	(0.2)
Non-controlling interests	**15.3**	**11.1**

(all figures in EUR millions unless stated otherwise)

At 31 December 2023 and 31 December 2022 the summarised financial information for each subsidiary that has non-controlling interests is as follows:

Summarised balance sheet

31 December 2023	AmRest Coffee s.r.o.	AmRest Kávézó Kft	AmRest Coffee Sp. z o. o.	SCM Sp. z o.o.	SCM Czech s.r.o.	Sushi Shop Milan SARL in liquidazione
Current assets	18.1	4.7	2.5	15.5	7.0	0.2
Current liabilities	11.4	7.2	12.1	8.3	3.1	-
Total current net assets	6.7	(2.6)	(9.4)	7.3	4.0	0.2
Non-current assets	31.8	18.7	32.5	2.9	0.1	-
Non-current liabilities	17.2	10.8	16.8	0.2	-	-
Total non-current net assets	14.5	7.9	15.6	2.6	0.1	-
Net assets	21.2	5.2	6.1	9.9	4.1	0.2

31 December 2022	AmRest Coffee s.r.o.	AmRest Kávézó Kft	AmRest Coffee Sp. z o. o.	SCM Sp. z o.o.	SCM Czech s.r.o.	Sushi Shop Milan SARL in liquidazione
Current assets	13.6	3.9	2.4	11.1	7.6	0.2
Current liabilities	9.9	6.2	9.7	5.7	4.0	0.2
Total current net assets	3.7	(2.3)	(7.3)	5.4	3.6	-
Non-current assets	28.8	16.6	23.7	2.0	-	(0.4)
Non-current liabilities	16.0	11.0	14.4	0.4	-	0.1
Total non-current net assets	12.8	5.6	9.3	1.6	-	(0.5)
Net assets	16.5	3.3	2.0	7.0	3.6	(0.5)

(all figures in EUR millions unless stated otherwise)

Summarised income statement

Year ended 31 December 2023	AmRest Coffee s.r.o.	AmRest Kávézó Kft	AmRest Coffee Sp. z o.o.	SCM Sp. z o.o.	SCM Czech s.r.o.	Sushi Shop Milan SARL in liquidazione
Total sales	47.4	28.1	51.8	54.8	36.8	0.1
Profit before tax	6.3	2.6	5.9	7.0	1.6	0.4
Income tax expense/income	1.1	0.5	(1.0)	1.4	0.4	-
Profit/loss for the period	5.2	2.2	6.9	5.6	1.3	0.4
Profit/loss for the period allocated to NCI	0.9	0.4	1.2	2.8	0.6	0.1

Year ended 31 December 2022	AmRest Coffee s.r.o.	AmRest Kávézó Kft	AmRest Coffee Sp. z o. o.	SCM Sp. z o.o.	SCM Czech s.r.o.	Sushi Shop Milan SARL in liquidazione	AmRest d.o.o.*
Total sales	38.8	21.3	40.3	42.6	38.5	0.9	14.2
Profit before tax	6.0	1.1	4.0	7.5	2.1	(0.8)	0.7
Income tax expense/income	1.2	0.3	-	1.4	0.4	-	0.1
Profit/loss for the period	4.8	0.8	4.0	6.1	1.7	(0.8)	0.6
Profit/loss for the period allocated to NCI	0.9	0.1	0.7	2.8	0.9	(0.2)	0.1

**Summarised balance sheet of AmRest d.o.o. is presented till acquisition of non-controlling interests shares i.e. till 6 September 2022.*

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.

22. Earnings per share

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

Table below presents calculation of basic and diluted earnings per share ("EPS") for the year 2023 and 2022.

Basic EPS is calculated by dividing net profit attributable to shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

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.

EPS calculation	**31 December 2023**	**31 December 2022**
Net profit attributable to shareholders of the parent (EUR millions)	44.9	1.3
Weighted average number of ordinary shares for basic EPS (in thousands of shares)	218 875	219 269
Weighted average number of ordinary shares for diluted EPS (in thousands of shares)	219 097	219 269
Basic earnings per share (EUR)	**0.21**	**0.01**
From continuing operations attributable to the ordinary equity holders of the company	0.18	0.16
From discontinued operation	0.03	(0.15)
Total basic earnings per share attributable to the ordinary equity holders of the company (EUR)	**0.21**	**0.01**
Diluted earnings per share (EUR)	**0.21**	**0.01**
From continuing operations attributable to the ordinary equity holders of the company	0.18	0.16
From discontinued operation	0.03	(0.15)
Total diluted earnings per share attributable to the ordinary equity holders of the company (EUR)	**0.21**	**0.01**

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

	YEAR ENDED	
Weighted-average number of ordinary shares in thousands of shares	**31 December 2023**	**31 December 2022**
Shares issued at the beginning of the period	219 554	219 554
Effect of treasury shares held	(756)	(357)
Effect of share based payments vested	77	72
Weighted average number of ordinary shares for basic EPS	**218 875**	**219 269**

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

	YEAR ENDED	
Weighted-average number of ordinary shares for diluted EPS in thousands of shares	**31 December 2023**	**31 December 2022**
Weighted-average number of ordinary shares for basic EPS	218 875	219 269
Effect of share based payments unvested	222	-
Weighted average number of ordinary shares for diluted EPS	**219 097**	**219 269**

The intrinsic value of the vested SOP and MIP options is included in the determination of basic EPS, from the date on which options vested. The LTI plans are included in the determination of basic EPS if vested and if the performance conditions are met at the reporting date.

The intrinsic value of unvested SOP and MIP options is included in the determination of diluted EPS, to the extent to they are dilutive. The unvested LTI plan are included in the determination of diluted EPS if performance conditions are met at the reporting date, and to the extent to which are dilutive. Details relating to the share based programs are disclosed in note 24.

Instruments that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share, because they are antidilutive for the year ended 31 December 2023 include 8 841 thousand of options for SOP and MIP plans and 2 629 thousand of shares for LTI plans (10 567 thousand of options for SOP and MIP plans and 1 830 thousand of shares for LTI plans for the year ended 31 December 2022).

(all figures in EUR millions unless stated otherwise)

23. Loans and borrowings

The Group has the following balances of loans and borrowings:

	31 December 2023	31 December 2022
Non-current		
Syndicated bank loan 2023	549.5	-
Syndicated bank loan 2017	-	497.3
Schuldscheinedarlehen (SSD) Bonds	-	35.5
Other bank loans	21.9	18.7
Total non-current	**571.4**	**551.5**
Current		
Syndicated bank loan 2023	-	-
Syndicated bank loan 2017	-	68.6
Schuldscheinedarlehen (SSD) Bonds	35.9	0.4
Other bank loans	16.6	33.2
Total current	**52.5**	**102.2**
Total	**623.9**	**653.7**

Key characteristics of loans and borrowings:

Currency	Country	Loans/bonds	Effective interest rate	Final maturity	31 December 2023	31 December 2022
EUR	Poland, Spain	Syndicated bank loan 2023	3M EURIBOR+margin	2028	391.1	-
PLN	Poland, Spain	Syndicated bank loan 2023	3M WIBOR+margin	2028	158.4	-
EUR	Poland, Spain	Syndicated bank loan 2017	3M EURIBOR+margin	n/a	-	478.9
PLN	Poland, Spain	Syndicated bank loan 2017	3M WIBOR+margin	n/a	-	87.1
EUR	Spain	SSD Bonds	Fixed	2024	26.4	26.4
EUR	Spain	SSD Bonds	6M EURIBOR+margin	2024	9.5	9.5
EUR	Spain	Bilateral loans	3M EURIBOR+margin	2025	2.5	-
EUR	France	State supported loan(SSL)	Fixed	2026	23.3	30.1
EUR	Spain	State supported loan(SSL)	Fixed	2026	11.7	20.3
EUR	Germany	Bank loans/overdrafts	EONIA+margin	2024	1.0	1.4
Total					**623.9**	**653.7**

The Group is required to meet certain ratios as agreed with financing institutions. Those covenants were met as of 31 December 2023.

Tables below presents the reconciliation of loans and borrowings as of 31 December 2023 and 31 December 2022:

2023	Syndicated bank loan 2023	Syndicated bank loan 2017	SSD Bonds	Bilateral loans	SSL loans	Other borrowings	Total
As of 1 January	**-**	**567.3**	**35.9**	**-**	**50.5**	**-**	**653.7**
Repayments	-	(569.2)	-	(51.5)	(15.9)	-	(636.6)
New loans	560.4	-	-	54.0	-	1.0	615.4
Interest expense	1.9	27.1	1.3	2.0	1.1	0.2	33.6
Payment of interests	-	(31.0)	(1.3)	(2.0)	(0.7)	(0.2)	(35.2)
Transaction costs	(12.1)	-	-	-	-	-	(12.1)
Exchange differences	(0.7)	5.8	-	-	-	-	5.1
As of 31 December	**549.5**	**-**	**35.9**	**2.5**	**35.0**	**1.0**	**623.9**

2022	Syndicated bank loan 2017	SSD Bonds	SSL loans	Other borrowings	Total
As of 1 January	**525.4**	**83.5**	**55.7**	-	**664.6**
Repayments	(80.0)	(47.0)	(5.3)	-	(132.3)
New loans	127.1	1.4	0.1	-	128.6
Interest expense	19.7	1.0	0.9	0.1	21.7
Payment of interests	(21.9)	(1.7)	(0.9)	(0.1)	(24.6)
Exchange differences	(3.0)	(1.3)	-	-	(4.3)
As of 31 December	**567.3**	**35.9**	**50.5**	-	**653.7**

New debt: Syndicated bank loan 2023

On 11 December 2023 AmRest Group signed a new financing agreement for an amount of EUR 800.0 million referred as "Syndicated bank loan 2023". The following significant terms and conditions apply:

- Lenders: Banco Bilbao Vizcaya Argentaria, S.A., BNP Paribas Bank Polska S.A., Bank Polska Kasa Opieki S.A., Česká Spořitelna, A.S., Coöperatieve Rabobank U.A., ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, Santander Bank Polska S.A. and Banco Santander, S.A. (acting as agent)
- Borrowers: AmRest Holdings SE, AmRest sp. z o.o. (Polish subsidiary, fully owned)
- Tranches and purposes:
  - Facility A: for an amount of EUR 560.0 million for the repayment of the existing debt and general corporate purposes (A1: EUR 400.0 million and A2: PLN 693.1 million)
  - Facility B: for an amount of EUR 110.0 million to finance the organic growth and for general corporate purposes
  - Revolving Facility: for an amount of EUR 130.0 million to finance current business activities and the working capital needs of the Group.
- The payment calendar does not foresee any mandatory prepayment during the first two years, with a quarterly repayment calendar starting on 31 December 2025 and a final maturity in December 2028.
- Interest payments scheduled quarterly.
- Cost of the debt: Euribor3m/Wibor3M + margin (depended on the leverage ratio of the Group).
- Securities: submissions to execution from the Borrowers, personal guarantees from Group companies, pledge on shares of Sushi Shop Group and AmRest SAS France, part of which were foreseen as condition subsequent under the Facilities Agreement and have already been fulfilled.
- The loan foresees that the parties undertake to use their respective reasonable endeavours to negotiate and agree, within a year after 11 December 2023, a sustainability scheme for the financing granted under this Agreement. No amendment to the conditions will apply if the parties do not reach any agreement on a sustainability scheme.
- The Group is required to maintain certain ratios at agreed levels. In particular, net debt/adjusted consolidated EBITDA is to be held below 3.5 and debt service coverage ratio is to be above 1.5. Both ratios are calculated according to the definitions mentioned in the loan agreement and on non-IFRS16 basis. Additionally, the Group is obliged to maintain the equity ratio, above 8%.

As a consequence of the withdrawal of the Facility A of the new agreement, the Group successfully early re-paid in December 2023 existing borrowings on previous syndicated bank loan (originated in 2017) and Spanish Bilateral loans with Santander and BBVA of parent entity (originated in 2023). All cash payments were made on gross basis. Based on the qualitative and quantitative analysis the repaid borrowings were derecognised and a Syndicated Bank Loan 2023 was accounted for.

Facility B and the Revolving Facility were fully available (and not withdrawn) as of 31 December 2023.

The Group incurred various transaction costs directly attributable to the issue of new syndicated bank loan. Those included fees and commissions paid to lenders, advisors, lawyers, and would not have been incurred if new debt was not issued. Those costs were deducted from the initial fair value of new debt and are included in the calculation of the amortised cost of the borrowing. In effect, they will be increasing the amount of interest expense recognised over the life of the bank loan.

Until 31 December 2023 total of EUR 12.1 million of transaction costs was deducted from the value of borrowings, out of which EUR 4.5 million was already paid and reflected in cash flow statement as financial outflows.

Other sources of AmRest Group financing during year 2023

Syndicated bank loan 2017

The previous syndicated bank loan from 2017, that had been subsequently amended and extended, was fully repaid on 14 December 2023, before its maturity date which was 31 December 2024.
Earlier, in May 2023, the Group repaid the Tranche D of Syndicated bank loan 2017 in the amount of EUR 67.5 million, and in September 2023, the Group repaid EUR 66.5 million according to the amortization schedule in the agreement.

As of 31 December 2023, the balance related to Syndicated bank loan 2017 is nil.

Schuldscheinedarlehen ("SSD")

Schuldscheinedarlehen "SSD" is a debt instrument under German law issued by AmRest Holdings SE in 2017.
As of 31 December 2023, payables concerning SSD issued amount to EUR 35.5 million plus interests. No repayments were scheduled or made during 2023. According to the schedule, SSD will be repaid during 2024.

Bilateral loans signed during the first half of 2023

In March 2023 and according to the permitted conditions in the Syndicated loan agreement 2017, the Group signed with Banco Santander, S.A. an unsecured bilateral loan agreement for EUR 30.0 million. This bilateral loan was repaid in December 2023.

(all figures in EUR millions unless stated otherwise)

In April 2023 and according to the permitted conditions in the Syndicated loan agreement 2017, the Group signed with Banco Bilbao Vizcaya Argentaria, S.A. an additional unsecured bilateral loans agreement for EUR 26.5 million:

- EUR 21.5 million was taken by AmRest Holdings and repaid in December 2023.
- Spanish subsidiary Restauravia Food, S.L. was granted a EUR 2.5 million loan to be repaid in July 2025, and a credit line up to EUR 2.5 million with date of maturity July 2025. As of 31 December 2023, this bilateral loan remains unpaid and credit line is unused.

State supported loans ("SSL")

State supported loans ("SSL") were taken on by Spanish and French subsidiaries in 2020 and are guaranteed (70% and 90% respectively) by the Spanish and French governments.

On Spanish market, Restauravia Food, S.L. and Pastificio Service, S.L.U. were parties of two loan agreements each and one credit agreement each, for a total amount of EUR 22.5 million each company.
In April 2023, the two credit lines entered into by the two Spanish entities expired, so that as of 31 December 2023, no amount was available in SSL under the form of credit lines. Regarding the rest of the Spanish SSL debt, formalised under the form of two loans entered into by Restauravia Food, S.L. and two loans entered into by Pastificio Service, S.L.U., is scheduled to be repaid according to the amortization calendar, until 2026.

On French market, Sushi Shop Restauration SAS received EUR 20.0 million and AmRest Opco SAS EUR 10.0 million. After the annexes signed by the Group regarding its French subsidiaries SSLs, the loans will be repaid until 2026.During 2023, French entities repaid the EUR 7.2 million and Spanish entities repaid EUR 8.7 million as scheduled for state supported loans.

Maturity information and available credit limits

The maturity and information about contractual, undiscounted expected cash flows on loans and borrowings as of 31 December 2023 and 2022 is presented in the note 28.

The Group had the following unused, credit limits and available tranches as of 31 December 2023 and 31 December 2022:

	31 December 2023	31 December 2022
Available Tranche B of Syndicated bank loan 2023	110.0	-
Syndicated bank loan 2023 credit line	130.0	-
Syndicated bank loan 2017 credit line	-	28.2
Credit line Spain	2.5	17.6
Credit line Poland	4.6	4.2
Credit line Germany	5.1	4.6
Credit line Czechia	2.3	2.3
Total	**254.5**	**56.9**

Collaterals on borrowings

The group granted several guarantees to finance institutions under the previous syndicated bank loan agreement. Those guarantees were fully cancelled together with the repayment of cancellation of that loan, which took place on 14 December 2023.
The new Syndicated bank loan 2023 is jointly and severally guaranteed by the Borrowers (AmRest Holdings SE and AmRest Sp. z o.o.) and other group companies, in particular, AmRest S.R.O., AmRest Coffee Deutschland Sp. z o.o. & Co.KG, AmRest DE Sp. z o.o. & Co.KG, AmRest Vendéglátó Korlátolt Felelősségű Társaság, AmRest Coffee SRL, AmRest Tag S.L.U., Restauravia Food S.L.U., Pastificio Service S.L.U.

Additionally, the agreement foresees as a condition subsequent that a pledge on the shares of Sushi Shop Group and AmRest France SAS. That pledge has been granted before the date of approval of these consolidated financial statements and all the conditions subsequent have been fulfilled.

24. Share based payments and employee benefits

There are several shares based payments plans in AmRest Group as of 31 December 2023. Since 2021 the Group introduced share based payments programs referred as Long Term Incentive plan (LTI). Earlier, the Group was granting options within programs referred as Stock Option and Management Incentive Plans.

One of the Stock Option plan is partially cash-settled, all other plans are equity-settled.

Long Term Incentive Plans (LTI 2021, 2022 and 2023)

In 2021 the Group introduced Long Term Incentive (LTI) Program which is addressed to members of the management team and other relevant personnel of the Group. Participants of the LTI plans have the opportunity to receive AmRest shares.Under each annual program participant are granted three tranches. LTI programs vest after the following periods: 60% after 30 months, 20% after 42 months, 20% after 54 months. The number of shares to be finally received by participant that stays within Group during vesting period is linked to the Group's performance defined as realization of Global EBITDA for three years following the date of approval of each annual grant. Once vested, the LTI rights are evaluated and converted (if applicable) into shares, and the shares transferred to the participant's brokerage account. There are no cash settlement alternatives. The grant date for each annual plan takes place at the vesting date of the 1st tranche.

(all figures in EUR millions unless stated otherwise)

The principal terms and conditions for each LTI plan as of 31 December 2023 are presented in the table below:

LTI Plan	Approval date	Terms and conditions for vesting of the performance shares	Performance condition factor
LTI 2021	23 December 2021	3-5 years, 60% after 30 months, 20% after 42 months, 20% after 54 months	Global EBITDA 2021-2023
LTI 2022	30 November 2022		Global EBITDA 2022-2024
LTI 2023	29 November 2023		Global EBITDA 2023-2025

In LTI programs the participants are entitled to receive AmRest shares instead of share options. The rights under the LTI Plans were granted as an amount (denominated in payroll currency of each participant), which next is to be converted into number of shares at the vesting date of the 1st tranche. The number of shares to be received is determined according to the following formula:

$$N = [(Grant \div ExRate) \div VWAP] \times M,$$

where:

- Grant is the amount of the grant denominated in payroll currency,
- ExRate is the average exchange rate for the month preceding the vesting date of the 1st tranche that is applicable to the payroll currency being converted into EUR,
- VWAP is the volume weighted average price of AmRest expressed in EUR, during the month preceding the vesting date of the 1st tranche,
- M is the multiplier - the value of Performance condition factor (minimum 0%, maximum 200%) of which will depend on the degree to which non-market performance conditions are met.

Fair value of the LTI grant, recognised according to the IFRS2. In these consolidated financial statements, the fair value of the LTI grants was determined on the basis of the following parameters:

- Share price at the valuation date: EUR 6.2 (YE 2023),comparing to EUR 4.06 in 2022,
- No expected dividends,
- Risk-free interest rates for each currency according to the table below:

	BGN	CHF	CNY	CZK	EUR	GBP	HUF	PLN	RON	RSD
LTI 2021	3.76%	-	2.33%	4.74%	3.75%	-	6.69%	4.67%	6.08%	5.07%
LTI 2022	3.20%	-	2.33%	4.74%	2.92%	-	7.02%	4.90%	6.09%	5.07%
LTI 2023	3.28%	1.06%	2.33%	4.75%	2.44%	4.31%	6.19%	4.71%	6.09%	5.11%

The total fair value for each LTI grant, determined based on the actuary valuation, is presented in the table below.

Cost of plans recognised in income statement are calculated based taking into account the below fair values adjusted by the multiplier M and recognised over time based on the vesting scheme (described above).

	LTI 2021	LTI 2022	LTI 2023
As of 1 January 2023	**5.9**	**7.6**	**-**
Granted during the period	-	-	9.1
Forfeited and remeasured during the period	(0.1)	(0.6)	-
Outstanding as of 31 December 2023	**5.8**	**7.0**	**9.1**
- including exercisable as of the end of the period	-	-	-
As of 1 January 2022	**7.0**	**-**	**-**
Granted during the period	-	7.6	-
Forfeited and remeasured during the period	(1.1)	-	-
Outstanding as of 31 December 2022	**5.9**	**7.6**	**-**
-including exercisable as of the end of the period	-	-	-

Stock Option and Management Incentive Plans

Stock Option and Management Incentive Plans are share option plans. Under these plans, entitled participants receive the options at agreed exercise prices. Annual plans consisted of 3 tranches each, with vesting period of 3, 4 and 5 years. Participants are entitled to exercise options and received shares if remain within the group during the vesting periods. 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.

The fair value of the equity-settled instruments and the fair value of cash-settled options has been measured using the Black-Scholes formula and determined by an external actuary.

As of 31 December 2023 there are 5 share option plans:

Stock Option Plan (SOP 2005-2016)

The granting of the options finished in 2016. The only program with immaterial part that is accounted as a cash settled share based payment. Currently plan is fully vested, partially exercised.

(all figures in EUR millions unless stated otherwise)

Stock Option Plan (SOP 2017-2019)

The granting took place in 2017-2019. Plan will be fully vested in April 2024. Plan is partially exercised.

Management Incentive Plan (MIP 2017-2019)

The granting took place in 2017-2019. Plan will be fully vested in May 2024. Plan is not exercised yet.

Stock Option Plan (SOP 2020)

The granting took place in 2020. Plan will be fully vested in October 2025. Plan is partially exercised.

Management Incentive Plan (MIP 2020-2021)

The granting took place in 2020 and 2021. Plan will be fully vested in May 2026. Plan is not exercised yet.

The key terms and conditions for the share options plans as of 31 December 2023 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
SOP 2005-2016				
30 April 2014			1.96	Equity or equity/cash*
9 December 2015	1-5 years, 20% per annum	10 years	3.14	Equity or equity/cash*
30 April 2016			5.35	Equity
SOP 2017-2019				
30 May 2017			8.14	Equity
1 January 2018			9.66	Equity
30 April 2018	3-5 years, 60% after 3rd year, 20% after 4th and 5th year	10 years	10.91	Equity
1 October 2018			10.63	Equity
10 December 2018			9.40	Equity
30 April 2019			9.62	Equity
MIP 2017- 2019				
1 October 2018			14.54	Equity
26 March 2019	3-5 years, 33% p.a.	10 years	14.49	Equity
13 May 2019			12.10	Equity
SOP 2020				
13 July 2020	3-5 years, 60% after 3rd year, 20% after 4th and 5th year	10 years	4.99	Equity
1 October 2020			5.78	Equity
MIP 2020-2021				
10 February 2020			15.10	Equity
1 October 2020			7.90	Equity
1 February 2021	3-5 years, 33% p.a.	10 years	7.71	Equity
23 March 2021			6.08	Equity
1 May 2021			9.50	Equity

**For some options only the equity method is applicable, as some employees can decide upon the settlement method, as disclosed in SOP 2005-2016 description above.*

The number of options, movements in number of options and weighted average of the exercise prices (WAEP) of options during the year ended 31 December 2023 and 2022 are presented in table below:

Number of options 2023	**WAEP in EUR**	**MIP 2020-2021**	**SOP 2020**	**MIP 2017- 2019**	**SOP 2017-2019**	**SOP 2005-2016**
At the beginning of the period	8.56	2 400 000	2 443 000	700 000	4 707 100	468 482
Granted during the period	-	-	-	-	-	-
Exercised during the period	4.11	-	-	-	-	(99 878)
Expired during the period	9.05	-	-	-	(900 500)	(113 950)
Forfeited during the period	6.52	-	(412 000)		(96 150)	-
Outstanding at the end of the period	8.14	2 400 000	2 031 000	700 000	3 710 450	254 654
- including exercisable as of the end of the period	8.45	599 998	1 222 200	533 333	3 388 440	254 654
Number of options 2022	**WAEP in EUR**	**MIP 2020-2021**	**SOP 2020**	**MIP 2017- 2019**	**SOP 2017-2019**	**SOP 2005-2016**
At the beginning of the period	8.63	2 400 000	2 913 620	1 600 000	5 799 400	545 752
Granted during the period	-	-	-	-	-	-
Exercised during the period	2.60	-	-	-	-	(39 450)
Expired during the period	9.87	-	-	(900 000)	(368 200)	(37 820)
Forfeited during the period	8.16	-	(470 620)	-	(724 100)	-
Outstanding at the end of the period	8.56	2 400 000	2 443 000	700 000	4 707 100	468 482
- including exercisable as of the end of the period	9.37	-	-	300 000	3 644 680	468 482

The weighted average share price at the dates of exercise of the options was EUR 6.17 in 2023 and EUR 4.07 in 2022.

(all figures in EUR millions unless stated otherwise)

The weighted average remaining contractual life for the share options outstanding as of 31 December 2023 was 5.21 years (2022: 6.11 years).

Summary of share-based payments balances recognised as equity and as liabilities

The Group recognises costs of equity-settled options in reserve capital. The total reserves related to share based payments not exercised, without deferred tax effect, as of 31 December 2023 and 31 December 2022 are presented in a table below:

	31 December 2023	31 December 2022
LTI 2021, 2022, 2023	5.3	1.3
SOP 2005-2016	0.7	1.2
SOP 2017-2019	10.0	11.4
MIP 2017- 2019	1.3	1.2
SOP 2020	1.3	1.0
MIP 2020-2021	1.5	1.1
Total	**20.1**	**17.2**

The Group recognises costs of cash settled plans as liabilities. The liabilities related to SOP 2005-2016 plan amount to EUR 0.1 million both as of 31 December 2023 and 31 December 2022.

Summary of share-based payments recognised in income statement

The total costs recognised in income statement for share based payments for the years ended 31 December 2023 and 2022 are presented below:

	YEAR ENDED	
	31 December 2023	31 December 2022
LTI 2021, 2022, 2023	4.0	1.3
SOP 2005-2016	(0.5)	0.2
SOP 2017-2019	1.7	2.7
MIP 2017- 2019	0.1	0.2
SOP 2020	0.3	0.5
MIP 2020-2021	0.4	0.5
Total	**6.0**	**5.4**

Social contributions, pensions and health care costs

The costs recognised in connection with the employee benefits contributions for the years ending on 31 December 2023 and 31 December 2022 respectively are presented below:

	YEAR ENDED	
	31 December 2023	31 December 2022
Social contributions, pensions and health care costs	109.5	106.1

25. Employee information

The information required under the reporting requirement established in Spanish Mercantile Law and Spanish Commercial Code:

AmRest Group average annual employment distributed by professional category:

	31 December 2023	31 December 2022
Senior Executives	8	8
Office employees	2 323	2 279
Restaurant employees	43 831	47 852
Total	**46 162**	**50 139**

Year end distribution of Group employees and members of the Board of Directors by gender:

	31 December 2023		31 December 2022	
	Female	Male	Female	Male
Board of Directors (not employees)	3	4	2	5
Senior Executives	-	8	-	8
Office employees	1 304	965	1 350	969
Restaurant employees	24 308	18 879	27 612	20 994
Total	**25 615**	**19 856**	**28 964**	**21 976**

In 2023 Spanish AmRest Group companies employed on average 19 people with a disability greater than or equal to 33% (16 in 2022).

(all figures in EUR millions unless stated otherwise)

26. Provisions

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

2023	As of 1 January	Increases	Releases	Usage	Exchange differences	As of 31 December	of which presented as short term
Asset retirement obligation	9.3	0.2	-	(0.1)	-	9.4	-
Court and legal proceedings	2.8	2.7	(0.4)	(0.1)	0.1	5.1	0.8
Provision for tax risks	0.5	0.5	(0.1)	(0.2)	-	0.7	-
Franchise and development agreements risks	7.2	1.1	(0.1)	(2.8)	0.1	5.5	4.3
Other provisions	3.3	1.3	(0.1)	(1.1)	(0.1)	3.3	1.1
Total	**23.1**	**5.8**	**(0.7)**	**(4.3)**	**0.1**	**24.0**	**6.2**

2022	As of 1 January	Increases	Releases	Usage	Exchange differences	As of 31 December	of which presented as short term
Asset retirement obligation	9.6	0.2	-	(0.5)	-	9.3	-
Court and legal proceedings	5.4	0.1	(1.1)	(1.5)	(0.1)	2.8	-
Provision for tax risks	0.8	-	(0.3)	-	-	0.5	-
Franchise and development agreements risks	12.0	4.5	(3.9)	(5.4)	-	7.2	2.9
Other provisions	5.6	1.5	(3.3)	(0.4)	(0.1)	3.3	1.5
Total	**33.4**	**6.3**	**(8.6)**	**(7.8)**	**(0.2)**	**23.1**	**4.4**

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.

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 the Group recognised provisions 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.

Franchise agreements and development agreements

Group restaurants are operated under franchise, development and master franchise agreements with YUM! and subsidiaries of YUM!, ISHKFC GmbH, Burger King Europe GmbH, Rex Concepts BK Poland S.A, Rex Concepts BK Czech S.R.O., Starbucks Coffee International, Inc. and its affiliates. In accordance with these agreements, the Group is obliged to meet certain development commitments as well as to make the renovations required to maintain the identity, reputation and high operating standards of each brand.

If the Group believes the development commitments will not be attained the respective provisions are recognised.

27. Trade payables and other liabilities

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

	31 December 2023	31 December 2022
Trade payables	105.8	104.2
Accruals and uninvoiced deliveries	85.3	78.8
Employee payables	21.1	21.0
Employee related accruals	35.3	32.7
Accrual for holiday leave	16.2	13.1
Social insurance payables	16.2	22.3
Other tax payables	27.7	25.2
Investment payables	41.6	24.2
Contract liabilities – initial fees, loyaltee programs, gift cards	12.1	11.1
Deferred income	6.0	5.9
Other payables	1.8	5.3
Total trade payables and other liabilities	**369.1**	**343.8**

	31 December 2023	31 December 2022
Current	**362.9**	**340.0**
Non-current	**6.2**	**3.8**
Total trade payables and other liabilities	**369.1**	**343.8**

The information required from Spanish AmRest Group companies under the reporting requirement established in Spanish Law 18/2022 of 29 September and introduced measures to combat late payments in commercial transactions, is as follows:

	2023	2022
Number of days:		
Average payment period to suppliers	41.2	33.6
Ratio of payments	40.0	31.8
Ratio of outstanding invoices	54.4	54.4
Millions of EUR:		
Total payments	251.5	204.5
Outstanding invoices	22.2	17.6
Amount payments < 60 days	220.2	188.0
Other:		
Number of invoices paid < 60 days	86 580	74 903
% Amount of payments made < 60 days out of the total payments	88%	92%
% Number of invoices paid < 60 days out of the total payments	81%	81%

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

28. 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 approximates their carrying amounts largely due to the short-term maturities of these instruments. Fair values of non-current rental deposits, 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 2023 and 2022 the Group did not have equity instrument measured at fair value. There were no transfers between fair value hierarchy levels in year 2023 and in year 2022.

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

31 December 2023	Note	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets not measured at fair value			
Rental deposits	19	22.6	-
Trade and other receivables	20	67.7	-
Cash and cash equivalents	22	227.5	-
Financial liabilities not measured at fair value			
Loans and borrowings	27	-	588.0
SSD	27	-	35.9
Lease liabilities	14	-	887.0
Trade and other liabilities to suppliers	32	-	308.8

31 December 2022	Note	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets not measured at fair value			
Rental deposits	19	23.6	-
Trade and other receivables	20	89.1	-
Cash and cash equivalents	22	229.6	-
Financial liabilities not measured at fair value			
Loans and borrowings	27	-	617.8
SSD	27	-	35.9
Lease liabilities	14	-	878.7
Trade and other liabilities to suppliers	32	-	278.4

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 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 317.8 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 2023 the Group derecognised an impairment of the Group's receivables exposed to credit risk in an net amount of EUR 0.2 million.

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

	Current	Overdue in days				Total
2023		Less than 90	91 - 180	181 - 365	More than 365	
Trade and other receivables	53.0	15.1	1.3	3.4	8.7	81.5
Loss allowance (note 17)	(0.7)	(1.0)	(1.0)	(3.0)	(8.1)	(13.8)
Total	**52.3**	**14.1**	**0.3**	**0.4**	**0.6**	**67.7**

	Current	Overdue in days				Total
2022		Less than 90	91 - 180	181 - 365	More than 365	
Trade and other receivables	74.8	8.0	5.8	3.3	8.7	100.6
Loss allowance (note 17)	(1.1)	(0.2)	(1.3)	(2.3)	(8.3)	(13.2)
Total	**73.7**	**7.8**	**4.5**	**1.0**	**0.4**	**87.4**

Value of loss allowance for receivables as of 31 December 2023 and 31 December 2022 is presented in table below:

	31 December 2023	**31 December 2022**
Value at the beginning of the period	(13.2)	(12.9)
Allowance created	(4.4)	(4.5)
Allowance released	1.7	2.0
Allowance used	1.9	2.6
Other	0.2	(0.4)
Value at the end of the period	**(13.8)**	**(13.2)**

Interest rate risk

Bank borrowings drawn by the Group are most often based on fluctuating interest rates (note 23). As of 31 December 2023 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 analysed in quarterly periods.

Had the interest rates on loans denominated in Polish zlotys during the year ended 31 December 2023 been 30 base points higher/lower, the profit before tax for the period would have been EUR 268 thousand lower/higher (2022: EUR 285 thousand).

(all figures in EUR millions unless stated otherwise)

Had the interest rates on loans denominated in euro during the year ended 31 December 2023 been 30 base points higher/lower, the profit before tax for the period would have been EUR 1 420 thousand lower/higher. (2022: EUR 653 thousand).

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, 22% of Group's total lease liabilities are agreements expressed in EUR and USD in subsidiaries whose functional currency is different than EUR or USD. Nevertheless, the Group is trying to sign lease agreements in local currencies whenever possible.

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 20.

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 2023 and 31 December 2022 is presented in the table below:

31 December 2023

	Contractual, undiscounted cash flows							Carrying amount
	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	
Trade and other liabilities	234.4	-	-	-	-	-	234.4	234.4
Loan instalments	50.6	34.6	80.6	74.6	391.8	-	632.2	632.2
Interest and other charges	43.3	40.7	36.9	31.5	26.2	-	178.6	-

31 December 2022

	Contractual, undiscounted cash flows							Carrying amount
	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	
Trade and other liabilities	211.3	-	-	-	-	-	211.3	211.3
Loan instalments	97.9	544.1	7.4	3.3	-	-	652.7	652.7
Interest and other charges	26.6	22.9	0.2	-	-	-	49.7	-

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.

29. Tax risks and uncertain tax positions

Tax inspections in AmRest Sp. z o.o.

a) On 28 September 2022, the Tax Authorities in Wrocław initiated a customs and tax inspection on VAT for the periods from April to September 2018. On 17 July 2023 the Company received the decision issued by the Tax Authorities, stating that the Company could not benefit from 5% VAT rate and the biding power of the rulings held by the Company. The total VAT liability assessed by the Tax Authorities amounts to EUR 2.2 million (PLN 9.8 million). No additional sanction imposed. The Company appealed against the decision to the Tax Authorities of second instance. The decision of second instance upholding the decision of first instance has been received on 11 December 2023. The Company did not agree with the decision and on 11 December 2023 submitted the compliant to the Local Administrative Court. In parallel, the Company secured the VAT liability within the form of bank guarantee that was accepted by the Tax Authorities.

b) On 17 May 2019, the Tax Authorities in Katowice initiated a customs and tax inspection on VAT for the periods from October 2018 to March 2019. On 14 March 2023 the Company received the decisions issued by the Tax Authorities, stating that the Company could not benefit from 5% VAT and the biding power of the rulings held by the Company. The total VAT liability assessed by the Tax Authorities amounts to EUR 4.0 million (PLN 17.9 million) which includes a penalty of 30%. The Company appealed against the decisions to the Tax Authorities of second instance and to date no decisions of second instance have been received. On 21 August 2023, the Company received an information that fiscal-penal proceeding has been started and the limitation period has been suspended.

c) On 12 October 2023, the Company received an authorization initiating the customs and tax control conducted by the Tax Authorities in Warsaw, in VAT for the periods from April 2019 to August 2019. The control is in progress, no tax assessment has been received at the date of this report.

The Group analysed 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 management' 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 2023 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.

d) On 26 November 2018 a tax inspection began at AmRest Sp. z o.o. regarding CIT for 2013. On 30 March 2021 the Company received the final decision for 2013 CIT. The Company did not agree with the decision and submitted a compliant to the Local Administrative Court. The decision of the Tax Authorities was repealed by the Court on 6 April 2022 and the case was sent to the Tax Authorities to reconsider it again. On 7 August 2023, the Company received a decision of second instance (issued again). The Tax Authorities confirmed that the limitation period has been suspended in a correct way and did not cancel the proceedings. On 5 September, the Company filed a complaint to the Court (again). No additional liability assessed based on the decision (the liability was paid in 2021).

Tax inspections in other Group companies

e) Pastificio Service S.L.U., AmRest Tag S.L.U. and AmRest Holdings SE (Spain): On 22 March 2021, the entities received tax settlement agreement indicating the additional tax liability amounting to EUR 1.1 million for CIT 2014-2017 with regards to certain tax benefits related to intangible assets (i.e. patent box regimen), which was paid on 14 June 2021. The Group disagree and submitted on 26 July 2021 economic-administrative claim which was rejected. On 21 December 2022, the companies filed before the National Audience the allegations writ and to date the Court's resolution has not been received. On 18 April 2023, AmRest Holdings SE (as head of the CIT Group) and Pastificio Service S.L.U received a notice of initiation of tax audit relating to the patent box regime for fiscal years 2018 and 2019. In relation to this tax audit a tax assessment it is expected to be received amounting to EUR 0.45 million. However, on 1 December 2023, the companies submitted allegations before the Tax Auditors which are pending of resolution.

f) Sushi Shop Group (France): On 9 June 2022, the Company received two tax assessments relating to corporate income tax (CIT) for fiscal years 2018, 2019 and 2020.

- The first tax assessments included corrections for CIT of fiscal years 2018 and 2019 in the amount of EUR 1 million. The Company proceeded to pay EUR 0.7 million and not agreeing with the rest of the tax assessment (EUR 0.3 million) filed allegations before the Tax Authorities which were rejected. Subsequently the Company filed allegations before the French Courts on 11 April 2023 and has provided further clarifications to the Court. The case is still pending of resolution.
- The second tax assessments for fiscal year 2020 amounted EUR 2.8 million. The Company did not agree with this tax assessment and filed an appeal before the Tax Authorities, obtaining a favourable ruling on 14 February 2023. Bank guarantee requested for filing allegations (amounting EUR 3.1 million) was refunded for an amount of EUR 2.8 million. The rest (EUR 0.3 million) will be maintained until the procedure for FY 2018 and 2019 is closed.

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

30. Future commitments and contingent liabilities

As in the previous reporting period, the Group's future liabilities are derived mainly from the franchise agreements, development agreements and master franchise agreements. Group restaurants are operated in accordance with franchise, development and master franchise agreements with YUM! and subsidiaries of YUM!, ISHKFC GmbH, Burger King Europe GmbH, Rex Concepts BK Poland S.A, Rex Concepts BK Czech S.R.O., Starbucks Coffee International, Inc. and its affiliates. In accordance with these agreements, the Group is obliged to meet certain development commitments as well as to make the renovations required to maintain the identity, reputation and high operating standards of each brand. Details of the agreements together with other future commitments have been described in note 1 and 34d.

Commitments regarding credit agreement are described in note 23.

31. Transactions with related entities

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

Parent entities

As of 31 December 2023, FCapital Dutch, S.L. was the largest shareholder of AmRest and held 67.05% of its shares and voting rights.

Grupo Finaccess S.A.P.I. de C.V. is the ultimate parent of the Group. There were no transactions with FCapital Dutch, S.L., Grupo Finaccess S.A.P.I. de C.V. and their related parties in 2023 and 2022.

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

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

	YEAR ENDED	
	31 December 2023	**31 December 2022**
Remuneration of the members of the Board of Directors	**0.8**	**0.8**
Remuneration of Senior Management Personnel:		
- Remuneration received by the Senior Executives*	3.7	3.3
- Gain on share-based remuneration systems	-	-
Remuneration of Senior Management Personnel	**3.7**	**3.3**
Total compensation paid to key management personnel	**4.5**	**4.1**

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

The current Directors Remuneration Policy was approved at the General Shareholders' Meeting held on 12 May 2022 and will remain in force until 31 December 2025 unless the General Shareholders' Meeting so resolves to amend or replace it during this period.

As of 31 December 2023 and 2022, the members of the Board of Directors, other than Executive Chairman, who has a life insurance from 1 August 2023 and health insurance from 1 October 2023, had no life insurance nor pension fund at the Company's expense. Members of the Board of Directors do not participate neither in Stock Option, Management Incentive nor LTI Plans. Senior Management Personnel participates in that Plans (details below). The Group had not granted any advance, loan or credit in favour of the Board Members or the Senior Management.

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

The Group's Senior Management Personnel participates in the shares based payments plans that are described in note 24.

The total fair value for LTI grants, determined based on the actuary valuation, is presented in the table below.

	LTI 2021, 2022, 2023
As of 1 January 2023	**1.9**
Granted during the period	1.0
Forfeited and remeasured during the period	-
Outstanding as of 31 December 2023	**2.9**
- including exercisable as of the end of the period	-
As of 1 January 2022	**0.9**
Granted during the period	1.0
Forfeited and remeasured during the period	-
Outstanding as of 31 December 2022	**1.9**
- including exercisable as of the end of the period	-

Total number of outstanding and exercisable options, as well grant's date fair value of SOP and MIP programs for Group's Senior Management Personnel is presented below:

	31 December 2023	**31 December 2022**
Number of outstanding options	3 285 000	3 285 000
Number of exercisable options	1 265 931	352 000
Fair value of outstanding options as at grant date (EUR millions)	3.5	3.5

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

Conflicts of interest concerning the Board Directors

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

Other related entities

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

(all figures in EUR millions unless stated otherwise)

32. Audit fees

The services commissioned to the auditors meet the independence requirements stipulated by the Spanish Audit Law 22/2015, July 20. PwC Auditores S.L., and other related companies rendered professional services to the Group during the years ended 31 December 2023 and 2022, as detailed below:

2023	PwC Auditores, S.L.	Other entities affiliated with PwC International	Other auditors	Total
Audit and other assurance services	0.3	0.7	0.4	1.4
Other verification services	0.1	-	-	0.1
Other services	-	-	-	-
Total	**0.4**	**0.7**	**0.4**	**1.5**

2022	PwC Auditores, S.L.	Other entities affiliated with PwC International	Other auditors	Total
Audit and other assurance services	0.3	0.6	0.4	1.3
Other verification services	0.1	-	-	0.1
Other services	-	-	-	-
Total	**0.4**	**0.6**	**0.4**	**1.4**

Other assurance services include limited review of interim financial statements. Other verification services include the verification of the non-financial information in the annual reports and agreed upon-procedures performed by the auditors.

The amounts detailed in the above table include the total fees for 2023 and 2022, irrespective of the date of invoice.

33. Events after the reporting period

There were no significant subsequent events after the reporting date.

34. Material 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. For Russian rouble the Group was using exchange rate as published by National Bank of Russia as European Central Bank has suspended its publication of a euro reference rate for the Russian rouble from 1 March 2022.

The functional currency of none of the subsidiaries is the currency of a hyperinflationary economy as of 31 December 2023.

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 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 utilisation (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.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right of-use asset is depreciated over the underlying asset's useful life.

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 – Amendments 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 applied 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 labour, 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 capitalised 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.

(all figures in EUR millions unless stated otherwise)

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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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 capitalised 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
Favourable lease agreements	Contract based	2-10 years over the period to the end of the agreement

Intangible asset		
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.

Impairment 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.

Twice a year out of all Group's own restaurants that are operating over 24 months in AmRest structures are checked for impairment indicators. If at least one of the below indicators is met, then a restaurant impairment test is performed.

- Restaurant EBITDA for last 12 month is negative.
- Store was already fully or partially impaired during previous impairment processes.
- Store is planned to be closed or sold after 3 months.

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 analysed:

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,
- FVTPL: 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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 recognised 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 recognised. 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.

Contingent liabilities and assets

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed, where an inflow of economic benefits is probable.

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.

Share capital

Ordinary shares are classified as share capital. 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".

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

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

Newly applied standards, amendments and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standard, interpretations, and amendments to standards effective as of 1 January 2023. The amendments and interpretations below were applied in 2023 and had no material impact on the accounting policies applied by the Group.

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.

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.

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.

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.

Amendments to IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments were issued on 7 May 2021 and are effective for annual periods beginning on or after 1 January 2023. Upon the implementation of the amendment the Group has reported increased values of deferred tax assets and deferred tax liabilities related to lease agreements in explanatory note 13 "Income taxes". The amendments had not impact on total balance of deferred tax assets or liabilities related to lease transactions.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules

The narrow-scope amendments to IAS 12 were issued in May 2023 and provide a temporary exception from accounting for deferred taxes arising from legislation enacted to implement the OECD's Pillar Two model rules. The amendments related to deferred tax must be applied immediately. The amendments were endorsed by European Union and applied by the Group in these consolidated financial statements.

Re-presentation of comparative data

During year 2023 the Group has disposed its business held in Russia and assessed that disposal met the definition of discontinued operation under IFRS 5. The comparative data for income statement, statement of comprehensive income and explanatory notes was re-presented as required by IFRS 5. Details are presented in note 5 "Loss of control".

36. Standards issued but not yet effective

Below amendments to standards are effective for annual periods beginning after 1 January 2024. The Group has not early adopted the new or amended standards in these consolidated financial statements.

Amendments to IAS 1: Classification of liabilities as current or non-current and Non-current Liabilities with Covenants

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include: the carrying amount of the liability, information about the covenants, and facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The new guidance will be effective for annual periods starting on or after 1 January 2024. It is expected that amendments will not have a material impact on Group.

Amendments to IFRS 16 –Lease Liability in a Sale and Leaseback

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. Amendments are effective for annual periods beginning on or after 1 January 2024. It is expected that amendments will not have a material impact on Group.

Amendments to IAS 7 and IFRS 7- Supplier finance arrangements

The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. Amendments are effective for annual periods beginning on or after 1 January 2024. Amendments that and are issued but not yet approved by European Union. The Group will apply the standard once approved by the European Union. It is expected that amendments will not have a material impact on Group.

Amendments to IAS 21 - Lack of Exchangeability

The amendments were published in Augusts 2023 and will impact the entities when they have a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The new guidance will be effective for annual periods starting on or after 1 January 2025. It is expected that amendments will not have a material impact on Group.

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Begoña Orgambide García
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 27 February 2024

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Directors' Report

for the year ended 31 December 2023

AmRest Group
27 FEBRUARY 2024

AmRest

AmRest Group

Directors' Report
for the year ended 31 December 2023

Contents

Dear Shareholders,

I have the honour to present to you the financial report and non-financial information statement of AmRest Holdings SE for the full year 2023.

Our mission is to win our guest´s hearts. The recipe for success in this endeavour, which all of us at AmRest are passionate about, is service excellence and being true to our company values. This is how we make our brands thrive, how we make them sustainable and how we create value for our shareholders and society.

This year has not been free of significant challenges stemming from an environment of low economic growth in most European economies, high inflation rates, restrictive monetary policies and high geopolitical risk.

These factors have affected our customers' consumption decisions and have once again highlighted the adaptability of our business model, as well as the excellent management of AmRest's executive team.

As a result, AmRest generated record revenues of EUR 2,431.6 million, despite selling the entire Russian business of 213 KFC restaurants during the year. We also increased our profitability and made new investments for EUR 214.9 million, the highest in our history, to increase the number of restaurant openings, carry out a large number of refurbishments and further consolidate our position in technology and digitalisation.

The successful achievement of these milestones has been compatible with a reduction in our level of financial leverage and a higher generation of returns for our shareholders, thus, the combined result of continuing and discontinued operations results in an increase of EUR 70 million in AmRest's equity, whose total amount increases by 21.1% compared to the closing level of 2022.

Let me point out that these results imply the successful fulfilment of each and every one of the commitments shared by the AmRest team a year ago. This once again justifies the trust that our shareholders and partners have placed in AmRest and its management. And that translates into tangible progress, such as the successful signing of an EUR 800 million loan agreement at the end of the year with very favourable terms, which corroborates our long-term relationship with all the financial partners we have been working with for years and allows for the incorporation of new leading pan-European banks with which we guarantee coverage in the 21 countries where we operate.

We have the recipe, the right ingredients and the right tools to continue to grow and create value in a responsible and sustainable way. At AmRest, we believe that each of us has a responsibility to build a sustainable future for the world around us. This belief guides us in everything we do. Hence, our unequivocal commitment to reducing our environmental impact, advancing the nutritional quality of our products and promoting a healthier lifestyle.

These accomplishments would not have been possible without the arduous work of the whole AmRest team and the unwavering support of our management. To them my gratitude for their professionalism and resilience over the past few years. Thank to the more than 30 million customers who choose us every month. My appreciation also goes to our Board of Directors and shareholders for their guidance and continued trust.

I am proud to say that the future remains bright for AmRest.

José Parés Gutiérrez

Chairman of the Board of Directors

Highlights

Financial highlights (consolidated data)

	YEAR ENDED		3 MONTHS ENDED	
	31 December 2023	31 December 2022 Re-presented***	31 December 2023	31 December 2022 Re-presented***
Revenue	2 431.6	2 126.7	628.9	575.8
EBITDA*	379.2	325.8	96.2	81.7
EBITDA margin	15.6%	15.3%	15.3%	14.2%
Adjusted EBITDA**	386.0	331.2	99.5	84.6
Adjusted EBITDA margin	15.9%	15.6%	15.8%	14.7%
Profit from operations (EBIT)	103.5	103.0	(0.5)	22.6
EBIT margin	4.3%	4.8%	(0.1)%	3.9%
Profit before tax	49.0	56.3	(11.3)	4.8
Profit/loss for the period from continuing operations	44.4	40.8	(4.8)	1.4
Profit/loss for the period from discontinued operation	6.5	(34.2)	-	2.2

** 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.*

	YEAR ENDED		3 MONTHS ENDED	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Net profit	50.9	6.6	(4.8)	3.6
Net margin	2.1%	0.3%	(0.8)%	0.6%
Net profit attributable to non-controlling interests	6.0	5.3	1.0	1.0
Net profit attributable to equity holders of the parent	44.9	1.3	(5.8)	2.6
Cash flows from operating activities	370.5	362.5	108.2	112.9
Cash flows from investing activities	(133.0)	(138.1)	(79.9)	(53.9)
Cash flows from financing activities	(233.5)	(192.1)	15.7	(76.9)
Total cash flows, net	4.0	32.3	44.0	(17.9)
Average weighted number of ordinary shares for basic earnings per shares (in thousands)	218 875	219 269	219 052	219 265
Average weighted number of ordinary shares for diluted earnings per shares (in thousands)	219 097	219 269	219 843	219 265
Basic earnings per share (EUR)	0.21	0.01	(0.03)	0.01
Diluted earnings per share (EUR)	0.21	0.01	(0.03)	0.01
Declared or paid dividend per share	-	-	-	-

	YEAR ENDED	
	31 December 2023	31 December 2022
Total assets	2 351.7	2 280.2
Total liabilities	1 951.0	1 949.0
Non-current liabilities	1 346.5	1 322.6
Current liabilities	604.5	626.4
Equity attributable to shareholders of the parent	385.4	320.1
Non-controlling interests	15.3	11.1
Total equity	400.7	331.2
Share capital	22.0	22.0
Number of restaurants*	2 188	2 127

**Excluding Russia business.*

Group Business Overview

Basic services provided by the Group

AmRest Holdings SE ("AmRest", "Company") with its subsidiaries (the "Group") is Europe's leading publicly listed restaurant operator with a portfolio of renowned brands in 21 countries. The Group operates 2 188 restaurants under franchised brands such as KFC, Starbucks, Pizza Hut and Burger King, as well as through its own brands such as La Tagliatella, Sushi Shop, Blue Frog 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.

As of 31 December 2023, AmRest managed a network of 2 188 restaurants. Given the current scale of the business, every day almost 45.5 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 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 1 176 restaurants, accounting for 55.2% 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, 924 restaurants and generating 37.1% of AmRest's revenues.
- China, where the 88 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 6 ('Segment reporting') of the Consolidated Financial Statements.
The brands of AmRest are well-diversified across four 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.

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 is showing the strongest growth during the last quarters.

(all figures in EUR millions unless stated otherwise)

Number of AmRest restaurants broken down by brands as at *31 December 2023*

Brand	Restaurants*	Equity share	Franchise share	Share in total
Franchised	**1 680**	**90%**	**10%**	**77%**
KFC	840	100%	-	38%
PH	326	56%	44%	15%
Starbucks*	415	94%	6%	19%
Burger King	99	100%	-	5%
Own	**508**	**55%**	**45%**	**23%**
La Tagliatella	229	32%	68%	10%
Sushi Shop	189	67%	33%	9%
Blue Frog	88	89%	11%	4%
Bacoa	2	-	100%	<1%

** Starbucks franchise share refers to Starbucks licensed stores for which AmRest offers supply service..*

Number of AmRest restaurants broken down by countries as at 31 December 2023

Region	Restaurants*	Equity share	Franchise share	Share in total
Total	**2 188**	**82%**	**18%**	**100%**
CEE	**1 176**	**99%**	**1%**	**54%**
Poland	635	98%	2%	29%
Czech	232	100%	0%	11%
Hungary	158	99%	1%	7%
Romania	69	100%	0%	3%
Other CEE*	82	100%	0%	4%
WE	**924**	**60%**	**40%**	**42%**
Spain	358	56%	44%	16%
France	338	52%	48%	15%
Germany**	179	85%	15%	8%
Other WE*	49	47%	53%	2%
China	**88**	**89%**	**11%**	**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.*

Financial and asset position of the Group

External Environment

Most of the economies of the European Union recorded significant weakness in 2023, especially in the second half of the year, suffering the impact of monetary tightening and the notable loss of competitiveness of the most energy intensive industries. In the case of the euro area, after a first half of the year with almost quarter-on-quarter growth of just 0.1%, GDP fell by 0.1% in Q3 and stagnated in Q4. GDP development in 2023 points to an increase of 0.5% in both the euro zone and the EU, according to Eurostat at the end of January 2024.
By countries, the weakness of Germany, the only one of the large economies in the region that contracted in 2023, stood out.

Against this backdrop of economic cooling and monetary tightening, inflation declined steadily throughout the year, in the case of the euro area falling from 9.2% in December 2022 to 2.9% at the end of 2023. Lower energy prices were one of the major tailwinds in reducing inflationary pressure, but as the indirect effects of the energy shock faded, core inflation also began to decelerate and stood at 3.4% in December 2023, after a peak of 5.7% in March.

After the sharp interest rate hikes in the first three quarters of the year, the major central banks ended 2023 by maintaining rates and reorienting their monetary policy towards a strategy of keeping rates at sufficiently restrictive levels for a good period of time. However, the tightening of monetary policy continues to be transmitted to the global economy and leveraged companies have experienced a substantial increase in financing costs during 2023.

Finally, geopolitical tensions remain a major threat to economic growth and social stability.

As a result, consumption in the major advanced economies has slowed, labour markets are gradually becoming less tight and nominal wage growth is moderating.

AmRest's commercial positioning and financial profile has been efficiently adapted to this challenging environment. AmRest transferred in May 2023 all its business in Russia, after agreeing to sell its 213 restaurants in the country for EUR 100 million. In addition, having significantly reduced its leverage level, 1.8x EBITDA at the end of 2023, not only limited the increase in financial costs but also favoured the successful signing of a new loan agreement in December for EUR 800 million with very attractive conditions. In addition, a careful and appropriate value offer enabled sales to increase 14.3% in the year, with greater penetration and compatible with a recovery in margins. All this, supported by the advances in technology and automation in the Group, which have gone from being an optional improvement to an essential component of the business strategy, customer acquisition and advances in sustainability.

Revenues

AmRest's annual revenues amounted to EUR 2 431.6 million, an increase of 14.3% compared to FY2022. Like-for-like sales (SSS) growth was 11.2%, while the number of total transactions increased by 5.3%.

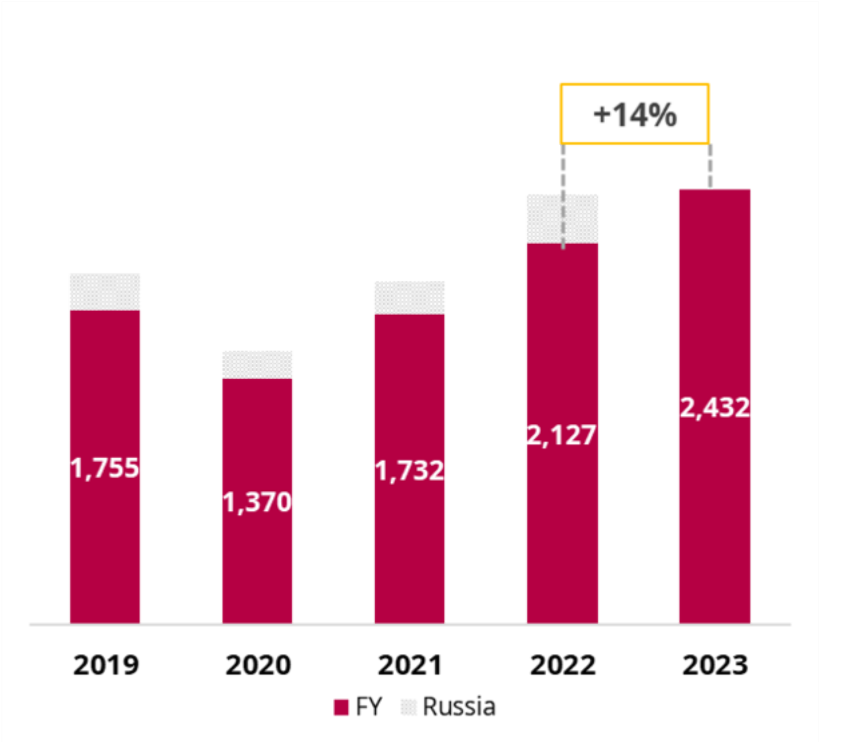
During the fourth quarter of the year, revenues amounted to EUR 628.9 million, 9.2% higher than in the same period of 2022.

This outstanding commercial dynamic is the result of a customer centric culture focused on service excellence and listening to our clients, a highly experienced management committed on the search for operational improvements and innovation, as well as a team of passionate professionals aligned on a common goal, to win the hearts of our customers. Finally, the delivery of this value proposition is underpinned by a company that continues to strengthen its financial profile.

Transmitting excellence in service is one of the values that AmRest expects of all Group employees. The positioning of the brands in each country, customer ratings and comments, or an exhaustive analysis of any complaints received, are some of the indicators used to ensure the correct achievement of this strategic objective and to quickly correct any possible deviations.

Operational improvements and innovation are key to efficiently adapting to the tastes and needs of our customers. Our aim is to ensure that any of the 30 million customers who visit us every month find in our restaurants an attractive, relevant and competitive offer. Our customers are increasingly digital; in the fourth quarter of the year 54% of orders received were placed through digital channels. At the same time, the recovery of dine-in consumption continues and accounted for 45% of the Group's total sales in 2023. Its highest point since Covid's pandemia.

AmRest Group revenue for the 12 months ended 31 December 2019-2023*



**percentage change excluding Russia business*

Improved operations allowed EBITDA generation to increase to EUR 379.2 million, an increase of 16.3% compared to FY2022 and an EBITDA margin of 15.6% compared to 15.3% in FY2022.

During the fourth quarter of the year, EBITDA generated amounted to EUR 96.2 million, advancing by 17.7% vs. the same period of 2022. This is an EBITDA margin of 15.3% compared to 14.2% a year earlier. Operating profit was EUR -0.5 million, negative after recording a EUR 29.2 million impairment charge on Sushi Shop's goodwill.

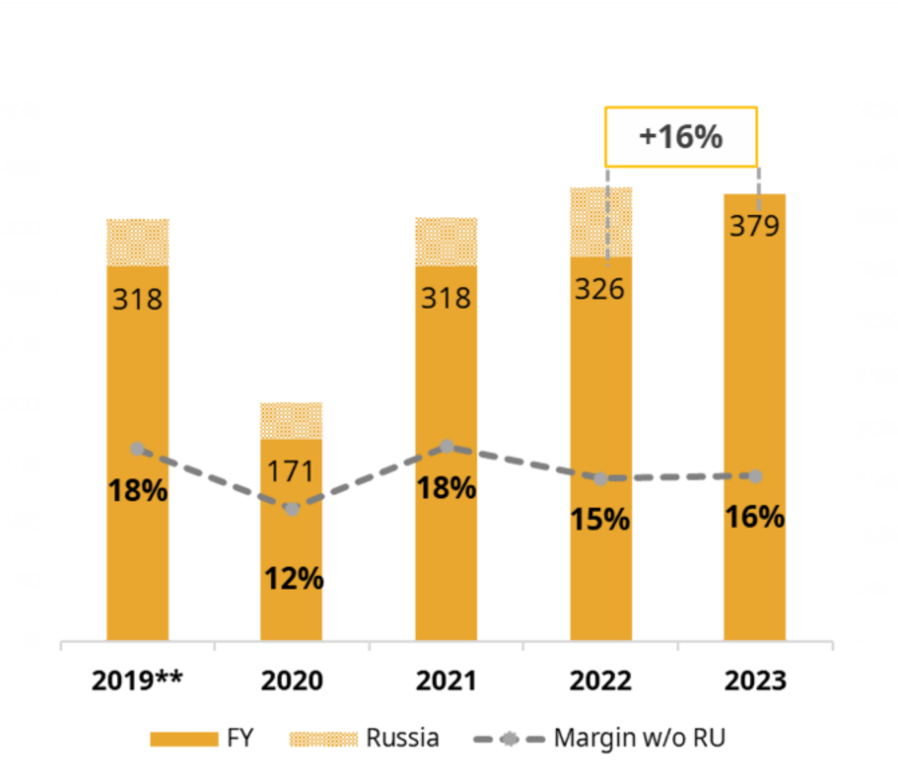
The EBITDA growth and margin expansion were the result of economies of scale, efficiency gains and a moderation of cost pressures in the last months of the year.

Average sales per restaurant set a record at EUR 1.26 million, creating a positive effect on the distribution of fixed costs. Efficiency gains continue to be driven by initiatives identified in the added value generation programs which, through multidisciplinary teams from different brands and countries, identify, develop, apply and share opportunities for savings in cost of sales, staff, semis and CAPEX. This allows for increased visibility on costs, facilitating the implementation of best practices, with clear targets traceable through operational KPIs and establishing new routines and work processes. Some of the main blocks of work have been energy efficiency improvements, process control over suppliers, waste reduction, packaging management and delivery model efficiencies. The savings generated by these initiatives amounted to more than EUR 29 million in the 2023 financial year alone, generating structural improvements in the business model. Finally, reduced cost pressures in raw materials and energy during the last months of the year helped to reduce the cost of sales.

In terms of EBIT, AmRest generated EUR 103.5 million in FY2023 with a margin of 4.3%, after recording impairments of EUR 41.2 million, of which EUR 29.2 million related to the revaluation of Sushi Shop goodwill, EUR 9.4 million to impairments at restaurant level and finally EUR 2.6 million in financial assets.

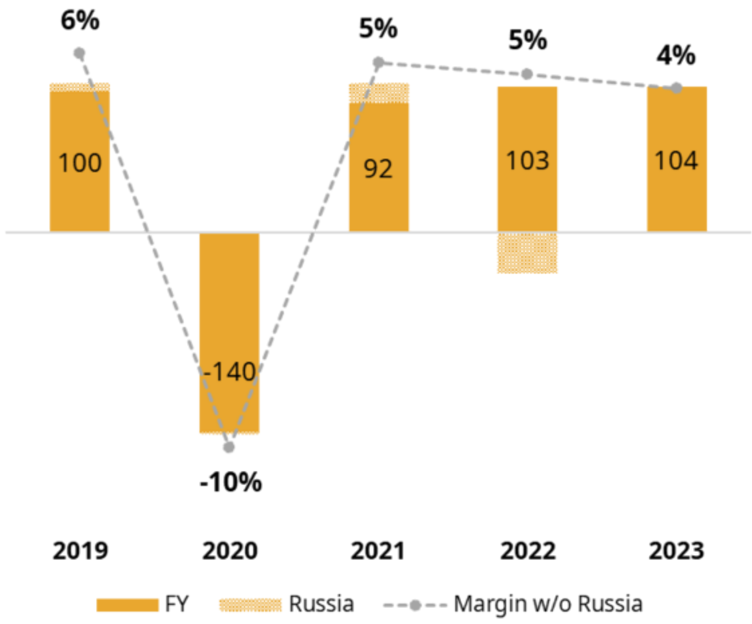
The Group periodically reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated for impairment testing purposes. This was the case for the valuation of the goodwill of Sushi Shop whose current value stands at EUR 111.8 million after booking an impairment charge of EUR 29.2 million. The main factors that have led to this valuation adjustment are the drop in profitability of the brand, whose main market is France, affected by the significant increase in the price of fresh salmon and the new tax approved by the Norwegian government on salmon farms, which generated uncertainty for some months for producers and final prices. This situation led the Group to revise its cash generation forecasts for Sushi Shop in the short term, which together with the increase in the discount rates for future cash flows lowered the estimated net present value of the business.

AmRest Group EBITDA for the 12 months ended 31 December 2019-2023*



** margin percentage excluding extraordinary gain in 2019 and Russia in all years.*
*** 2019 excluding gain from PP disposal.*

AmRest Group EBIT for the 12 months ended 31 December 2019-2023*



** margin percentage excluding extraordinary gain in 2019 and Russia in all years.*

Profit attributable to shareholders in 2023 amounts to EUR 44.9 million compared to EUR 1.3 million in 2022.

Profit generated in the period amounts to EUR 50.9 million, of which EUR 44.4 million from continuing operations and EUR 6.5 million from discontinued operations following the sale of the remaining business in Russia in May 2023.

Profit generated in the fourth quarter of 2023 was EUR -4.8 million compared to EUR 3.6 million in 2022.

AmRest continues to strengthen its financial risk profile after signing a new EUR 800 million loan agreement and increasing both cash generation and equity accumulation.

The Group's net financial debt stood at EUR 397.4 million at the end of 2023. It showed a reduction of EUR 28.0 million during the year. The Group's leverage ratio (net financial debt/EBITDA ex-IFRS16) stood at 1.8x, below the target range defined for the Group and the level of 2.0x reported at the end of 2022.

AmRest's liquidity remains at healthy levels at year-end at EUR 227.5 million, virtually unchanged from 2022. However, additional capacity of EUR 254.5 million in unused credit lines is maintained. During 2023, the Group's CAPEX level amounts to EUR 214.9 million, an increase of 44.5% compared to 2022. Record investment that proves AmRest commitment to expand the restaurant portfolio, to renovate and modernise existing restaurants and to advance the Group's technological capabilities.

Lastly, AmRest's equity increased by EUR 70 million in 2023, an increase of 21.1%, to EUR 401.2 million, thanks to the accumulation of profits from continued operations and comprehensive income from discontinued operations.

This financial situation allows AmRest to comfortably meet the financial covenants set out in its financing agreements at the date of this report.

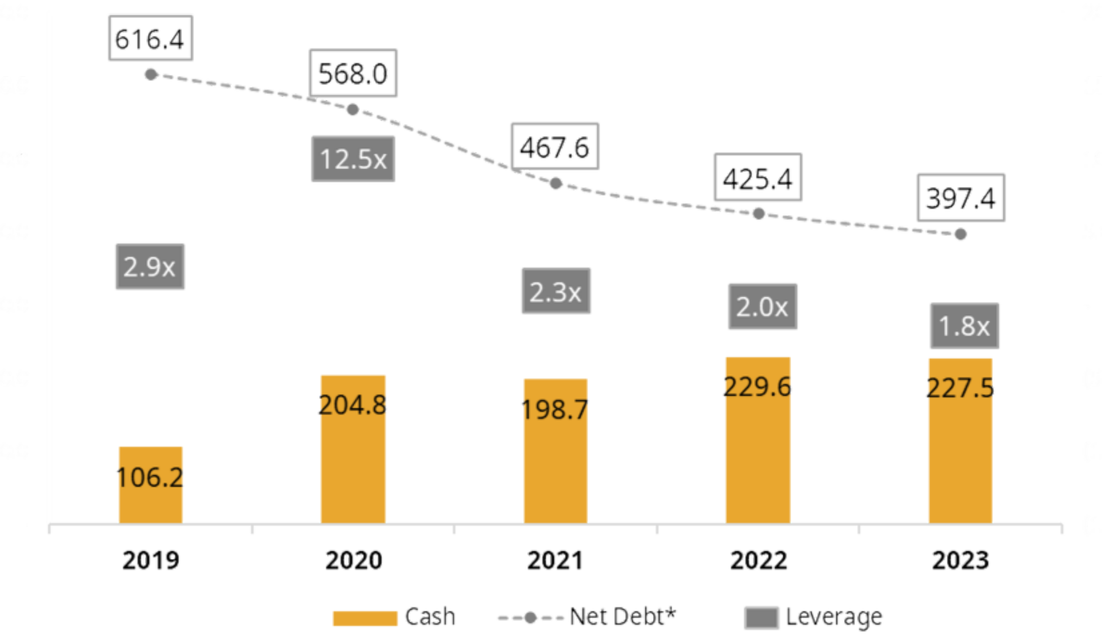
In addition, in December 2023 AmRest announces the signing of a new loan agreement for an amount of EUR 800 million with 8 leading European financial institutions. The financing is distributed in 3 tranches:

- Tranche A: in the amount of EUR 560 million for the repayment of the debt existing at that time.
- Tranche B: EUR 110 million to finance the Company's CAPEX, corporate purposes and organic growth.
- Tranche C: revolving facility in the amount of EUR 130 million to finance the Group's working capital.

The payment schedule foresees no mandatory repayments during the first two years, with a quarterly repayment schedule starting on 31 December 2025 and a final maturity in December 2028. Finally, the Group must maintain certain ratios at the agreed levels. In particular, the adjusted net debt/adjusted consolidated EBITDA must remain below 3.5x and the debt service coverage ratio must be above 1.5x. Both ratios are calculated according to the definitions mentioned in the loan agreement and on a non-IFRS16 basis. In addition, the Group is obliged to maintain the equity ratio above 8%.

On 18 December 2023, AmRest announced that it had withdraw EUR 560 million corresponding to the entire Tranche A, and that it had repaid EUR 492.5 million of existing debt, which had therefore been duly cancelled.

Net financial debt evolution and cash position



*Net Debt pre IFRS16

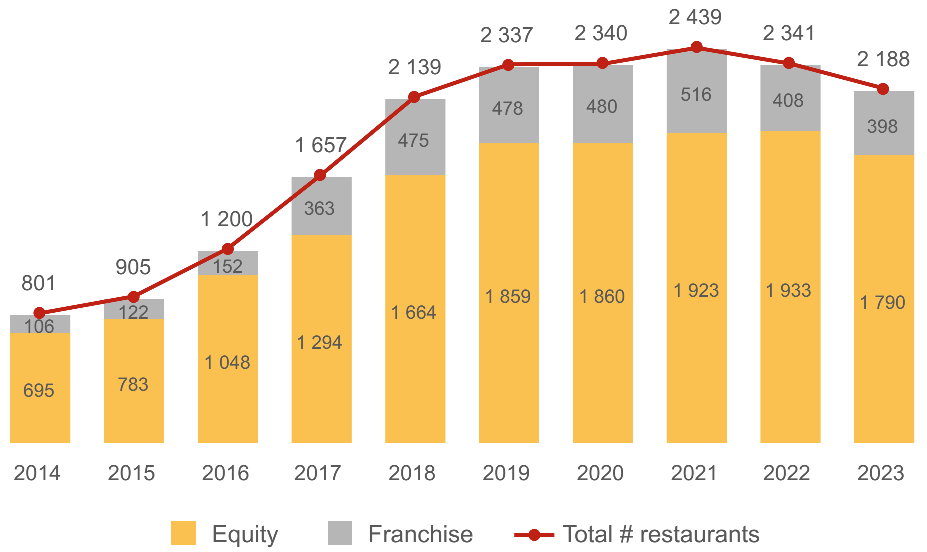
Changes in the restaurant portfolio. Organic growth combined with strategic adjustments.

AmRest opened 114 restaurants during 2023, exceeding the target of opening more units than in 2022 when 109 were opened. In addition, 28 company-owned restaurants and 26 from franchisees were closed. This gives a net organic growth of 60 units compared to 47 in 2022.

During the last quarter of the year, gross openings reached 61 units and closures 16, for a net growth of 45 restaurants in the period.

In addition, the Group continued to make progress in its strategy of portfolio optimisation and efficient allocation of resources with non-organic operations. In this regard, in May 2023, AmRest sold its entire Russian business, 213 KFC restaurants, to Smart Service Nord Ltd. The sale of the Russian business involved the deconsolidation of EUR 152.7 million of assets and EUR 91.5 million of liabilities, for which a compensation of EUR 100 million was received, generating a profit after tax of EUR 3.5 million, of which EUR 6.5 million is included in the 2023 income statement as Profit from discontinued operations.

Number of AmRest Group restaurants at 31 December 2014-2023



(all figures in EUR millions unless stated otherwise)

Our commitment to society

At AmRest we have integrated sustainability into all our processes and decisions. Aligning our growth objectives, generating value for our shareholders and society, and meeting the demands of our customers.

AmRest's commitment to society continues to accelerate as evidenced by some of the initiatives carried out during the year, among which the following stand out:

- More than 700,000 meals donated to those in need as part of the Harvest food waste prevention programme.
- Under our Foodsharing Day initiative: AmRest donated food to children from 150 NGOs in 60 cities in 9 markets with the participation of more than 350 AmRest volunteers.
- The La Tagliatella brand, in collaboration with the Cima University of Navarra, launched a heart-healthy menu and donated a percentage of the profits from product sales to support research into cardiovascular diseases.
- Too Good To Go food waste prevention programme saved more than one million food products from being wasted.

At AmRest, there is also an unwavering and ongoing commitment to advancing the nutritional quality of our food, our gastronomic offerings and promoting a healthier life style.

Sustainability is a crucial aspect of our industry, and technology plays a key role in this process. From energy efficient appliances to waste reduction algorithms, technology-driven sustainability initiatives are becoming increasingly important. In short, the role of technology has evolved from being an optional enhancement to an essential component of business strategy, customer acquisition and sustainability advancements.

The Group intends to continue to make progress in all these areas with clear and measurable commitments. As part of this positioning, it is our intention that the new financing obtained will include sustainability indicators. The loan foresees that the parties commit to use their respective reasonable efforts to negotiate and agree, within one year from 11 December 2023, a sustainability plan for the financing granted.

Revenues and profitability by segments

Table 1. Structure of Group's revenue

	YEAR ENDED			
	31 December 2023		31 December 2022 Re-presented**	
Revenue	Amount	Share	Amount	Share
Central and Eastern Europe	1 342.1	55.2%	1 133.8	53.3%
Western Europe	902.8	37.1%	829.2	39.0%
China	99.9	4.1%	82.6	3.9%
Other*	86.8	3.6%	81.1	3.8%
Total	**2 431.6**	**100.0%**	**2 126.7**	**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.*

Central and Eastern Europe (CEE)

In FY2023, sales in this segment amounted to EUR 1 342.1 million, representing 55.2% of Group sales and a year-on-year growth of 18.4%. EBITDA generated was EUR 267.2 million, EUR 50.8 million more than in 2022, representing an EBITDA margin of 19.9%.

These figures represent a new record in sales and EBITDA generation in nominal terms. Commercial activity has been gaining momentum throughout the year and all channels have recorded growth.

In the fourth quarter, revenues amounted to EUR 349.5 million, 13.0% higher than in the same quarter of 2022. EBITDA was EUR 71.9 million, representing an EBITDA margin of 20.6%.

The restaurant portfolio reached 1 176 units after increasing by 49 restaurants with the opening of 65 new restaurants and the closure of 16 restaurants.

Western Europe (WE)

Revenues in this segment amounted to EUR 902.8 million, 8.9% more than in 2022. EBITDA generated amounted to EUR 118.9 million, with an EBITDA margin of 13.2%.

Dine-in consumption is once again the most dynamic channel, showing uninterrupted growth since the pandemic was overcome.

However, there were significant performance differences among countries, while Spain and Germany recorded double-digit sales growth, revenue generation remained soft in France, a situation that is amplified from a country-by-country profitability perspective.

Fourth-quarter sales stood at EUR 234.5 million, 4.9% higher than in the same period of 2022. EBITDA reached EUR 29.3 million, representing an EBITDA margin of 12.5%.

The total number of restaurants in the region stood at 924 units with a net growth of 4 during 2023. From an organic perspective, there were 37 new openings and 33 closures, of which 12 were Pizza Hut sub-franchisees in France.

China

Revenues generated during the year stood at EUR 99.9 million, 20.9% higher than in 2022. The depreciation of the Yuan against the Euro significantly impacts the figures shown. In constant Euros, annual sales increased by 31%. On the other hand, the EBITDA generated, EUR 20.5 million, represents a margin of 20.5%.

The annual comparison is conditioned by the end of the Covid restrictions at the beginning of 2023. In addition, the Chinese economy entered a deflationary period in the third quarter of the year, which has accentuated in the last few months, reflecting the weakness of consumption in the country. Nevertheless, AmRest's presence in the country through the Blue Frog chain continues to be a story of growth and good commercial positioning.

AmRest closed 2023 with 88 restaurants in the region after increasing the portfolio by 8 units during the year with the opening of 12 new units and the closure of 4.

Revenue in the fourth quarter stood at EUR 22.7m, an increase of 12.6% compared to the same period in 2022. EBITDA amounted to EUR 3.7m, with a margin of 16.5%.

(all figures in EUR millions unless stated otherwise)

Table 2. Revenues and margins generated in the particular markets for the years ended 31 December 2023 and 2022

	12 MONTHS ENDED			
	31 December 2023		31 December 2022 Restated*	
	Amount	% of sales	Amount	% of sales
Revenue	**2 431.6**	**100.0%**	**2 126.7**	**100.0%**
Poland	670.1	27.5%	580.2	27.3%
Czechia	324.7	13.4%	282.2	13.3%
Hungary	198.4	8.2%	151.7	7.1%
Other CEE	148.9	6.1%	119.7	5.6%
Total CEE	**1 342.1**	**55.2%**	**1 133.8**	**53.3%**
Spain	338.7	13.9%	305.2	14.4%
Germany	208.7	8.6%	173.0	8.1%
France	321.2	13.2%	309.4	14.5%
Other WE	34.2	1.4%	41.6	2.0%
Western Europe (WE)	**902.8**	**37.1%**	**829.2**	**39.0%**
China	**99.9**	**4.1%**	**82.6**	**3.9%**
Other	**86.8**	**3.6%**	**81.1**	**3.8%**
EBITDA	**379.2**	**15.6%**	**325.8**	**15.3%**
Poland	124.6	18.6%	107.2	18.5%
Czechia	73.7	22.7%	61.6	21.8%
Hungary	37.8	19.0%	26.8	17.7%
Other CEE	31.1	20.9%	25.7	21.5%
Total CEE	**267.2**	19.9%	**221.3**	**19.5%**
Spain	67.9	20.1%	61.8	20.3%
Germany	36.8	17.6%	24.5	14.2%
France	12.0	3.7%	17.1	5.5%
Other WE	2.2	6.5%	4.1	9.9%
Western Europe (WE)	**118.9**	**13.2%**	**107.5**	**13.0%**
China	**20.5**	**20.5%**	**15.6**	**18.8%**
Other	**(27.4)**	**(31.5)%**	**(18.6)**	**(22.9)%**
Adjusted EBITDA	**386.0**	**15.9%**	**331.2**	**15.6%**
Poland	126.8	18.9%	108.7	18.7%
Czechia	74.5	22.9%	62.6	22.2%
Hungary	38.6	19.5%	27.5	18.1%
Other CEE	31.5	21.2%	26.3	21.9%
Total CEE	**271.4**	**20.2%**	**225.1**	**19.9%**
Spain	69.5	20.5%	62.9	20.6%
Germany	37.1	17.8%	24.6	14.2%
France	12.0	3.7%	17.1	5.5%
Other WE	2.2	6.5%	4.1	9.9%
Western Europe (WE)	**120.8**	**13.4%**	**108.7**	**13.1%**
China	**21.1**	**21.1%**	**16.0**	**19.4%**
Other	**(27.3)**	**(31.5)%**	**(18.6)**	**(22.9)%**
EBIT	**103.5**	**4.3%**	**103.0**	**4.8%**
Poland	60.6	9.0%	55.7	9.6%
Czechia	44.1	13.6%	33.9	12.0%
Hungary	22.1	11.1%	12.5	8.2%
Other CEE	13.8	9.3%	10.7	8.9%
Total CEE	**140.6**	**10.5%**	**112.8**	**10.0%**
Spain	24.2	7.1%	24.3	8.0%
Germany	14.1	6.8%	(0.8)	(0.5)%
France	(45.8)	(14.2)%	(8.1)	(2.6)%
Other WE	(2.5)	(7.5)%	(1.8)	(4.4)%
Western Europe (WE)	**(10.0)**	**(1.1)%**	**13.6**	**1.6%**
China	**1.4**	**1.4%**	**(3.8)**	**(4.6)%**
Other	**(28.5)**	**(33.0)%**	**(19.6)**	**(24.2)%**

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

(all figures in EUR millions unless stated otherwise)

Table 3. Revenues and margins generated in the particular markets for 3 months ended 31 December 2023 and 2022

	3 MONTHS ENDED			
	31 December 2023		31 December 2022 Restated*	
	Amount	% of sales	Amount	% of sales
Revenue	**628.9**	**100.0%**	**575.8**	**100.0%**
Poland	173.0	27.5%	152.0	26.4%
Czechia	84.4	13.4%	78.0	13.5%
Hungary	52.2	8.3%	44.2	7.7%
Other CEE	39.9	6.4%	35.0	6.1%
Total CEE	**349.5**	**55.6%**	**309.2**	**53.7%**
Spain	93.0	14.8%	86.0	14.9%
Germany	53.1	8.4%	46.7	8.1%
France	80.5	12.8%	81.0	14.1%
Other WE	7.9	1.3%	9.8	1.7%
Western Europe (WE)	**234.5**	**37.3%**	**223.5**	**38.8%**
China	**22.7**	**3.6%**	**20.2**	**3.5%**
Other	**22.2**	**3.5%**	**22.9**	**4.0%**
EBITDA	**96.2**	**15.3%**	**81.7**	**14.2%**
Poland	36.6	21.2%	26.2	17.2%
Czechia	18.5	21.9%	15.1	19.3%
Hungary	8.3	16.0%	7.7	17.4%
Other CEE	8.5	21.1%	6.0	17.0%
Total CEE	**71.9**	**20.6%**	**55.0**	**17.8%**
Spain	21.1	22.7%	17.4	20.2%
Germany	8.0	15.0%	7.6	16.3%
France	0.2	0.2%	3.9	4.8%
Other WE	-	0.6%	0.6	6.4%
Western Europe (WE)	**29.3**	**12.5%**	**29.5**	**13.2%**
China	**3.7**	**16.5%**	**2.9**	**14.4%**
Other	**(8.7)**	**(39.2)%**	**(5.7)**	**(24.9)%**
Adjusted EBITDA	**99.5**	**15.8%**	**84.6**	**14.7%**
Poland	37.9	21.9%	27.1	17.9%
Czechia	19.0	22.6%	15.6	20.0%
Hungary	8.8	16.8%	8.1	18.4%
Other CEE	8.6	21.5%	6.4	18.2%
Total CEE	**74.3**	**21.3%**	**57.2**	**18.5%**
Spain	21.5	23.3%	17.9	20.7%
Germany	8.2	15.4%	7.6	16.3%
France	0.2	0.2%	3.9	4.9%
Other WE	0.1	0.6%	0.6	6.4%
Western Europe (WE)	**30.0**	**12.8%**	**30.0**	**13.4%**
China	**3.9**	**17.0%**	**3.1**	**15.4%**
Other	**(8.7)**	**(39.2)%**	**(5.7)**	**(24.9)%**
EBIT	**(0.5)**	**(0.1)%**	**22.6**	**3.9%**
Poland	18.9	10.9%	12.5	8.2%
Czechia	10.7	12.7%	8.3	10.7%
Hungary	3.9	7.5%	3.7	8.4%
Other CEE	4.1	10.4%	2.3	6.7%
Total CEE	**37.6**	**10.8%**	**26.8**	**8.7%**
Spain	7.9	8.5%	4.4	5.2%
Germany	3.3	6.3%	1.5	3.1%
France	(37.1)	(46.1)%	(1.4)	(1.7)%
Other WE	(1.6)	(20.3)%	(1.1)	(11.2)%
Western Europe (WE)	**(27.5)**	**(11.7)%**	**3.4**	**1.5%**
China	**(1.6)**	**(7.2)%**	**(1.9)**	**(9.4)%**
Other	**(9.0)**	**(40.8)%**	**(5.7)**	**(25.1)%**

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

(all figures in EUR millions unless stated otherwise)

Table 4. Reconciliation of the net profit and adjusted EBITDA for years ended 31 December 2023 and 2022

	12 MONTHS ENDED			
	31 December 2023		31 December 2022 Re-presented**	
	Amount	% of sales	Amount	% of sales
Profit/(loss) for the period	**44.4**	**1.8%**	**40.8**	**1.9%**
+ Finance costs	63.5	2.6%	48.5	2.3%
– Finance income	(9.0)	(0.4)%	(1.8)	(0.1)%
+/– Income tax expense	4.6	0.2%	15.5	0.7%
+ Depreciation and Amortisation	234.5	9.6%	220.9	10.4%
+ Impairment losses	41.2	1.7%	1.9	0.1%
EBITDA	**379.2**	**15.6%**	**325.8**	**15.3%**
+ Start-up expenses*	6.8	0.3%	5.4	0.3%
Adjusted EBITDA	**386.0**	**15.9%**	**331.2**	**15.6%**

* *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 31 December 2023 and 2022

	3 MONTHS ENDED			
	31 December 2023		31 December 2022 Re-presented**	
	Amount	% of sales	Amount	% of sales
Profit/(loss) for the period	**-4.8**	**(0.8)%**	**1.4**	**0.2%**
+ Finance costs	14.3	2.3%	16.3	2.8%
– Finance income	-3.5	(0.6)%	1.6	0.3%
+/– Income tax expense	-6.5	(1.0)%	3.4	0.6%
+ Depreciation and Amortisation	61.5	9.8%	55.0	9.5%
+ Impairment losses	35.2	5.6%	4.0	0.7%
EBITDA	**96.2**	**15.3%**	**81.7**	**14.2%**
+ Start-up expenses*	3.3	**0.5%**	2.9	**0.5%**
Adjusted EBITDA	**99.5**	**15.8%**	**84.6**	**14.7%**

* *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

	YEAR ENDED	
	31 December 2023	**31 December 2022**
Current assets	376.5	372.6
Inventory	34.9	37.5
Current liabilities	604.5	626.4
Cash and cash equivalents	227.5	229.6
Trade and other receivables	102.4	89.1
Trade and other accounts payable	362.9	340.0

(all figures in EUR millions unless stated otherwise)

Table 7. Balance sheet leverage analysis

	YEAR ENDED	
	31 December 2023	**31 December 2022**
Non-current assets	1 975.2	1 907.6
Liabilities	1 951.0	1 949.0
Non-current liabilities	1 346.5	1 322.6
Debt	1 510.9	1 532.4
Share of inventories in current assets (%)	9.3%	10.1%
Share of trade receivables in current assets (%)	27.2%	23.9%
Share of cash and cash equivalents in current assets (%)	60.4%	61.6%
Equity to non-current assets ratio	0.20	0.17
Long-term liabilities to equity ratio	3.36	3.99
Liabilities to equity ratio	4.86	5.88
Debt/equity	3.77	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 year end 2023, the portfolio of AmRest comprises 2 188 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.

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 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. 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.

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. They are the original experts in fried chicken, and everything they do celebrates a passion for serving finger lickin' good food. There are currently about 29 900 KFC restaurants in over 145 countries worldwide.

On 31 December 2023 the Group operated 840 KFC restaurants: 360 in Poland, 128 in the Czech Republic, 95 in Hungary, 125 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 more than 19 300 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 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 12 million yearly customers in all of our restaurant types (La Tagliatella, La Tagliatella Piccola, La Tagliatella Senza Glutine and La Tagliatella Espresso).

On 31 December 2023 AmRest operated 229 La Tagliatella restaurants — 225 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 31 December 2023 AmRest ran 326 Pizza Hut restaurants – 155 in Poland, 25 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 31 December 2023 AmRest operated 88 Blue Frog restaurants in China.

(all figures in EUR millions unless stated otherwise)

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 31 December 2023 there were 2 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 31 December 2023, AmRest operated 189 Sushi Shop restaurants (138 in France, 6 in Spain, 9 in Belgium, 3 in Luxembourg, 7 in UK, 11 in Switzerland, 4 in Saudi Arabia and 11 in UAE).

Coffee category

Starbucks is the world leader in the coffee sector with more than 38 500 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 31 December 2023 AmRest operated 415 stores (74 in Poland, 55 in the Czech Republic, 38 in Hungary, 59 in Romania, 16 in Bulgaria, 12 in Slovakia, 7 in Serbia and 154, including 26 licensed stores, in Germany).

Key investments

In the overall strategy of AmRest, capital expenditure are 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 depend mainly on the number and type of restaurants opened, IT investments, as well as the scale and profile of M&A activities.

In 2023 AmRest's capital expenditure stood at EUR 214.9 million with an increased of 44.5% with respect to 2022. This increase was due to 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 12 months ended 31 December 2023 and 31 December 2022.

Acquisition of property, plant and equipment and intangible assets

	YEAR ENDED	
	31 December 2023	31 December 2022
Intangible assets:	**11.1**	**10.0**
Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	3.8	3.2
Other intangible assets	7.3	6.8
Property, plant and equipment:	**203.8**	**138.7**
Buildings and expenditure on development of restaurants	5.1	8.2
Machinery & equipment	14.1	18.9
Other tangible assets (including assets under construction)	184.6	111.6
Total	**214.9**	**148.7**

(all figures in EUR millions unless stated otherwise)

AmRest's New Restaurants

	AmRest equity restaurants	AmRest franchisee restaurants	Total
31/12/2022	**1 933**	**408**	**2 341**
New Openings	102	12	114
Acquisitions / Disinvestments	-213	0	-213
Closings	-28	-26	-54
Conversions	-4	4	0
31/12/2023	**1 790**	**398**	**2 188**

On 31 December 2023, AmRest operated 2 188 restaurants, including 398 restaurants which were managed by franchisees. Compared with 31 December 2022, the Group operates 153 restaurants less. 114 new restaurants were opened and 54 closed. The openings breakdown is: 65 restaurants in Central and Eastern Europe, 37 in Western Europe and 12 in China. The KFC business in Russia consisting of 213 restaurants was sold in 2023.

Number of AmRest restaurants (as at 31 December 2023)

Countries	Brands	31.12.2022	31.03.2023	30.06.2023	30.09.2023	31.12.2023
Poland	**Total**	**615**	**617**	**613**	**617**	**635**
	KFC	335	340	340	342	360
	BK	47	46	46	46	46
	SBX	68	69	69	72	74
	PH equity	151	148	143	142	140
	PH franchised	14	14	15	15	15
Czechia	**Total**	**220**	**220**	**220**	**221**	**232**
	KFC	119	119	119	120	128
	BK	33	33	33	33	33
	SBX	52	52	52	52	55
	PH equity	16	16	16	16	16
Hungary	**Total**	**149**	**151**	**152**	**153**	**158**
	KFC	86	88	89	89	95
	SBX	37	37	37	37	38
	PH equity	26	26	26	26	24
	PH franchised	-	-	-	1	1
Russia	**Total**	**214**	**213**	**-**	**-**	**-**
	KFC	214	213	-	-	-
Bulgaria	**Total**	**26**	**26**	**26**	**26**	**26**
	KFC	8	8	8	8	8
	BK	2	2	2	2	2
	SBX	16	16	16	16	16
Serbia	**Total**	**20**	**20**	**20**	**21**	**22**
	KFC	15	15	15	15	15
	SBX	5	5	5	6	7
Croatia	**KFC**	**8**	**8**	**8**	**8**	**8**
Romania	**Total**	**65**	**65**	**65**	**66**	**69**
	SBX	55	55	55	56	59
	BK	10	10	10	10	10
Slovakia	**Total**	**21**	**21**	**21**	**23**	**23**
	SBX	10	10	10	12	12
	PH equity	3	3	3	3	3
	BK	8	8	8	8	8
Spain	**Total**	**340**	**341**	**345**	**350**	**358**
	TAG equity	71	71	71	71	70
	TAG franchised	156	156	157	156	155
	KFC	105	106	109	115	125
	BCA franchised	3	3	3	3	2
	SSG equity	5	5	5	5	6
France	**Total**	**355**	**352**	**340**	**341**	**338**
	PH equity	1	1	1	1	1
	PH franchised	137	134	126	126	126
	KFC	73	73	73	73	73

(all figures in EUR millions unless stated otherwise)

	SSG equity	104	104	101	102	101
	SSG franchised	40	40	39	39	37
Germany	**Total**	**177**	**177**	**177**	**176**	**179**
	SBX	126	126	126	124	128
	SBX licensed	26	26	26	27	26
	KFC	25	25	25	25	25
Austria	**KFC**	**2**	**2**	**2**	**2**	**2**
Slovenia	**KFC**	**1**	**1**	**1**	**1**	**2**
Portugal	**Total**	**4**	**4**	**4**	**4**	**4**
	TAG equity	4	4	4	4	4
China	**Total**	**80**	**84**	**87**	**90**	**88**
	BF equity	69	73	76	78	78
	BF franchised	11	11	11	12	10
Belgium	**Total**	**10**	**10**	**8**	**8**	**9**
	SSG equity	3	3	-	-	-
	SSG franchised	7	7	8	8	9
Italy	**Total**	**1**	**1**	**-**	**-**	**-**
	SSG equity	1	1	-	-	-
Switzerland	SSG equity	**11**	**11**	**11**	**11**	**11**
Luxembourg	SSG equity	**3**	**3**	**3**	**3**	**3**
UK	Total	**6**	**7**	**7**	**8**	**7**
	SSG equity	5	5	5	5	5
	SSG franchised	1	2	2	3	2
UAE	SSG franchised	**10**	**10**	**10**	**11**	**11**
Saudi Arabia	SSG franchised	**3**	**3**	**3**	**3**	**4**
Total AmRest		**2 341**	**2 347**	**2 123**	**2 143**	**2 188**

Planned investment activities

The recovery of the business activity and cash flow generation, in addition to achieve target level of deleveraging, has resulted in over 40% CAPEX increased.

AmRest's investment priorities comprise increasing the number of restaurants in the portfolio, enhance commercial and operational capabilities, including digitalization and IT projects, and maintain 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 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.

Share Buy-back Program

On 4 July 2023 AmRest informed that the Company's Board of Directors had 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 had been 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 had 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 was to have a maximum monetary amount of EUR 6.3 million. The maximum monetary amount of the Buy-back Program could 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 would 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 was to be dependent on the average price at which purchases took place but could not exceed 10% of the Company's share capital.

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

  • AmRest could 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 was made, even if the shares were 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 were to be considered.

  • AmRest could 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 commenced on 5 July 2023 and was to remain in force until 4 July 2024. However, AmRest reserved 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. was appointed as the manager of the Buy-Back Program, which was to independently make decisions regarding the purchase of the AmRest shares without any influence or interference from the Company. Purchases under the Buy-back Program could be made on the Continuous Market of the Spanish Stock Exchanges or, as the case may be, the Warsaw Stock Exchange.

On 23 October the Company informed that, as a result of the last of the acquisitions of own shares, the maximum investment foreseen in the Buy-Back Program (i.e. EUR 6.3 million) was reached, which constituted the acquisition of a total of 1 052 235 own shares, representing 0.4793% of the share capital.

All acquisitions under the Buy-Back Program were carried out and duly reported on a regular basis 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 and the Market Abuse Regulation.

As a consequence of the above, the Buy-Back Program was terminated.

Share Buy-back Program II

On 1 December 2023 AmRest informed that the Company's Board of Directors had resolved unanimously to set-up a new buy-back program for the repurchase of its own shares (the "Buy-back Program II"), 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 is 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 has 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 shall have a maximum monetary amount of EUR 12 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 shall 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 shall depend on the average price at which purchases take place but will not exceed 10% of the Company's share capital. If, for illustrative purposes only, closing listing price on the day of announcement of the Buy-back Program, i.e., EUR 5.83, was taken as a reference purchase price, the maximum number of shares to be acquired, would be 2,058,319, representing 0.94% of the Company's share capital.

- Price and volume: the acquisition of the shares shall 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 shall 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 commenced on 4 December 2023 and shall remain in force for a period of one year. 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. was 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.

Signing of the financing agreement

On 11 December 2023 AmRest announced that on the same day it signed a loan agreement for an amount of EUR 800 million.

The Agreement is subject to the fulfillment of certain obligations that are customary in this type of transactions (including maintaining certain financial ratios) and is guaranteed by certain companies of the Group.

In addition, in the period covered by this report, the Company reached minor agreements to refinance existing debt.

Further information on external debt can be found in Note 23 ("Financial debt") of the consolidated annual accounts.

External Debt

As explained in the *Significant events and transactions* section, on 11 December 2023 AmRest signed a financing agreement for an amount of EUR 800 million (the "Agreement") with Banco Bilbao Vizcaya Argentaria, S.A., BNP Paribas Bank Polska S.A., Bank Polska Kasa Opieki S.A., Česká Spořitelna, A.S., Coöperatieve Rabobank U.A., ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, Santander Bank Polska S.A. and Banco Santander, S.A. as the Lenders. The Agreement implied following tranches:

- Facility A: for an amount of EUR 560 million - for the repayment of the existing debt and general corporate purposes,

- Facility B: for an amount of EUR 110 million - for CAPEX, general corporate purposes and to finance the organic growth of the Company and its Group, and

- Facility C: revolving facility for an amount of EUR 130 million - to finance the Group's working capital.

The payment calendar does not foresee any mandatory prepayment during the first two years, with a quarterly repayment calendar starting on 31 December 2025 and a final maturity in December 2028.

Cost of the debt - Euribor/Wibor + 2.50% - will be reduced or increased depending on the leverage ratio of the Group.

The Agreement is subject to the fulfillment of certain obligations that are customary in this type of transactions (including maintaining certain financial ratios) and is guaranteed by certain companies of the Group.

(all figures in EUR millions unless stated otherwise)

On 18 December 2023, AmRest announced that it had withdrawn EUR 560 million corresponding to the entire Facility A, and had paid EUR 492,5 million of existing debt, including Syndicated bank loan 2017 and bilateral loans granted in the first half of 2023, which had been consequently duly cancelled.

The Company is allowed to dispose of the rest of the facilities in accordance with its needs during the validity of the Agreement.

Additionally, in the reporting period covered by this Report, the Company reached minor refinancing agreements on existing debt.

More information on the external debt, can be found in Note 23 ('Loans and borrowings') of the Consolidated Financial Statements.

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%.

Subsequently, according to the notification sent by the shareholder on May 18, 2023 to the CNMV, on May 12, 2023 the merger between Drugi Allianz Polska Otwarty Fundusz Emerytalny (liquidated) and Allianz Polska Otwarty Fundusz Emerytalny was carried out. The share of voting rights of PTE Allianz in AmRest Holdings, SE (4.34%) remained unchanged.

To the best of AmRest's knowledge as at 31 December 2023, in accordance with the information publicly available, 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%

** Mr. Carlos Fernández González indirectly controls the majority of the shareholding and voting rights in FCapital Dutch, S.L. (direct shareholder of the stake appearing in the above table).*

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 when his resignation was formalized.

(all figures in EUR millions unless stated otherwise)

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 31 December 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.

Remuneration of the Board of Directors and Senior Management Personnel

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

	31 December 2023	31 December 2022
Remuneration of the members of the Board of Directors	**0.8**	**0.8**
Remuneration of Senior Management Personnel:		
- Remuneration received by the Senior Executives*	3.7	3.3
- Gain on share-based remuneration systems	-	-
Remuneration of Senior Management Personnel	**3.7**	**3.3**
Total compensation paid to key management personnel	**4.5**	**4.1**

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

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

As of 31 December 2023 and 2022, the members of the Board of Directors, other than Executive Chairman, who has a life insurance from 1 August 2023 and health insurance from 1 October 2023, had no life insurance nor pension fund at the Company's expense. Members of the Board of Directors do not participate neither in Stock Option, Management Incentive nor LTI Plans. Senior Management Personnel participates in that Plans (details below). The Group had not granted any advance, loan or credit in favour of the Board Members or the Senior Management.

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

The Group's Senior Management Personnel participates in the shares based payments plans that are described in note 24. The total fair value for LTI grants, determined based on the actuary valuation, is presented in the table below.

	LTI 2021, 2022, 2023
As of 1 January 2023	**1.9**
Granted during the period	1.0
Forfeited and remeasured during the period	-
Outstanding as of 31 December 2023	**2.9**
- including exercisable as of the end of the period	-
As of 1 January 2022	**0.9**
Granted during the period	1.0
Forfeited and remeasured during the period	-
Outstanding as of 31 December 2022	**1.9**
- including exercisable as of the end of the period	-

Total number of outstanding and exercisable options, as well grant's date fair value of SOP and MIP programs for Group's Senior Management Personnel is presented below:

	31 December 2023	31 December 2022
Number of outstanding options	3 285 000	3 285 000
Number of exercisable options	1 265 931	352 000
Fair value of outstanding options as at grant date (EUR millions)	3.5	3.5

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

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

During the year 2023 there were no significant changes with respect to AmRest shares and stock options held by the members of the Board of Directors of AmRest.

Transactions on own shares concluded by AmRest

At 31 December 2022, the Company owned a total of 341 645 treasury shares, representing 0.1556% of its share capital.

The Company's Board of Directors approved during 2023 two buy-back programs for the repurchase of its own shares (the "Buy-back Programs"), pursuant to the authorization granted by resolution of the AmRest General Meeting of Shareholders held on 12 May 2022 under item nine of the agenda, relating to the authorization to the Board of Directors for the derivative acquisition of AmRest shares and in accordance with Article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council, of 16 April 2014, on market abuse, and Articles 2.2 and 2.3 of Commission Delegated Regulation (EU) 2016/1052, of March 8, 2016.

These Buy-back Programs of treasury shares were communicated to the Spanish National Securities Market Commission and Polish KNF by means of communication of Inside Information dated July 4, 2023 and December 1, 2023, respectively.

In the period between 1 January 2023 and 31 December 2023, AmRest purchased 1 109 569 own shares with a total nominal value of EUR 110 956.9, representing 0.5054% of the share capital of the Company. The aggregate consideration for those purchases was PLN 29.8 million (EUR 6.7 million).

Also, in the period between 1 January 2023 and 31 December 2023, 38 768 treasury shares with a total nominal value of EUR 3 876.8 and representing 0.0177% of the share capital were delivered to the beneficiaries of the stock options plans in force for the AmRest Group.

As at 31 December 2023 AmRest held 1 412 446 own shares with a total nominal value of EUR 141 244.6 and representing 0.6433% of the share capital.

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

Dividends paid and received

In the period covered by this report the Group has paid dividend to non-controlling interest of SCM Sp. z o.o. in the amount of EUR 2.1 million.

Average period of payment to suppliers

Pursuant to Law 18/2022 of September 28, amending Law 15/2010 of July 5, which established measures against late payment in commercial transactions, the information on the average period of payment to suppliers of AmRest and its Spanish subsidiaries at 31 December 2023 and 2022 is as follows:

	2023	2022
Number of days:		
Average payment period to suppliers	41.2	33.6
Ratio of payments	40.0	31.8
Ratio of outstanding invoices	54.4	54.4
Millions of EUR:		
Total payments	251.5	204.5
Outstanding invoices	22.2	17.6
Amount payments < 60 days	220.2	188.0
Other:		
Number of invoices paid < 60 days	86 580	74 903
% Amount of payments made < 60 days out of the total payments	88%	92%
% Number of invoices paid < 60 days out of the total payments	81%	81%

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

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.

In addition, the use of data analytics is having an increasing impact on business decisions and impacts firms' innovation processes. Automation, technology and data analytics tools to extract insights from data, enhance efficiency, visibility, and the overall customer experience are core areas of research and development for AmRest.

Subsequent events

There were no significant subsequent events after the reporting date.

Factors impacting the Group's development

AmRest considers that the factors listed below may have a significant effect on the Group's future development and results.

External factors

- competitors – in terms of prices,
- demographic changes,
- consumer habits and trends (i.e. number of people using the restaurants), changes in consumer trust, consumers' disposable income and individual spending patterns,
- changes in laws and regulations which impact the functioning of the restaurants and the employees,
- changes 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 environment in all countries where the business is run,
- changes in legal and tax determinants,
- adverse changes in the financial markets.

Internal factors

- acquiring and training the human resources necessary for the development of existing and new restaurant networks,
- securing attractive restaurant locations,
- effective launch 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.

AmRest has a Global Risk Inventory, considering the following 5 risk taxonomies: Operations/infrastructure, Compliance, Strategy and Planning, Governance and Reporting. Under these taxonomies, the AmRest' Global risk inventory considers different categories of the risk.

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 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 utilized as needed.

Dependency on the franchisor

AmRest manages KFC, Pizza Hut, Burger King and Starbucks (in Romania, Bulgaria, Serbia, 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.

Risk related to 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.

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. 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. The product price increases may have an adverse effect on the Group's results, operations and financial standing.

Disruption in the supply chain

Disruption to supply of goods, or to logistics suppliers, resulting in limited access to essential supplies

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, problems with delivery infrastructure, reduction in available sources withdrawing some foodstuffs from trading, third-party breach of transport obligations, key suppliers' bankruptcy or lack of alternative sources of supply.

The shortages may have an adverse effect on the Group's results, operations and financial standing.

Risks related to the incorporation of new business and failed openings of new restaurants

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, the ability to obtain the permits required by relevant bodies, the possibility of delays in opening new restaurants,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 2023, 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.

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.

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 failures, 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.

Risk of an inadequate security protection of our data and IT systems and lack of capabilities to respond to cybersecurity threats

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 unauthorized 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.

Likewise, a potential adverse impact on the Group's image or brands may deteriorate its perception with the different stakeholders.

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 licenses or other restrictions.

Loss of market share due to a volatile customer trends or an increase in competition

Failure to anticipate or respond to competitors leads to a loss of market share for the Group and failure to anticipate or address consumer's preferences in the Group's products, services, or channels.

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.

Statement of Non-financial Information

AmRest Group
27 February 2024

AmRest

Statement of Non-financial Information

This report is a Statement of Non-financial Information ("SNFI") prepared by AmRest Holdings SE according to the Royal Decree-Law 11/2018 of 28 December, relating to non-financial information and diversity. It also contains EU Taxonomy disclosures. Reporting on the EU Taxonomy is mandatory under Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020. This statement is of a public nature and may be reviewed on the following website: www.amrest.eu.

The statement is an independent part of the Consolidated Directors' Report for 2023 and includes information concerning all the subsidiaries of AmRest Holdings SE. In cases where the data presented does not apply to all AmRest units, the scope is specified accordingly. As of 31 December 2023, AmRest operated 2 188 equity and franchised restaurants and coffee houses in 21 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 those restaurants, as they are operated by third parties.

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 2023 to 31 December 2023. All the data is presented as of 31 December 2023 unless stated otherwise.

The following SNFI has been prepared in line with the Global Reporting Initiative ("GRI") Sustainability Reporting Standards, used when appropriate to present quantitative information, which are listed in the table at the end of this statement. The material topics covered in this document were identified during the double-materiality analysis process, as further explained in Section 3 (Material topics assessment)

The qualitative and quantitative information included in the report have undergone external assurance conducted by an independent entity, PricewaterhouseCoopers Auditores, S.L. This has been executed in line with International Standards on Assurance Engagements ("ISAE") 3000 Revised and Action Guide on the verification of Non-Financial Statement engagements issued by the Instituto de Censores Jurados de Cuentas de España. The Independent verification opinion can be found in Annex I.

Contents

Business-related information

AmRest Group is Europe's leading publicly listed restaurant operator, with a portfolio of renowned brands in 21 countries of Europe and Asia*: Austria, Belgium, Bulgaria, China, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, Poland, Portugal, Romania, Saudi Arabia, Serbia, Slovakia, Slovenia, Spain, Switzerland, United Arab Emirates, United Kingdom. The Group operates the restaurants under franchised brands such as KFC, Starbucks, Pizza Hut and Burger King, as well as through its own brands such as La Tagliatella, Sushi Shop, Blue Frog and Bacoa. As of 31 December 2023, AmRest managed a network of 2 188 restaurants.

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 Delivery and Express, Bacoa and Sushi Shop
- Casual Dining Restaurants ("CDR"), represented by Pizza Hut Dine In, La Tagliatella and Blue Frog
- Coffee category, represented by Starbucks.

AmRest operates a 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.

Table. Brands operated by AmRest

Proprietary brands		Franchise brands	
La Tagliatella	Sushi Shop	KFC	Starbucks
Blue Frog	Bacoa	Pizza Hut	Burger King

Table. Restaurant count

Brand	Restaurant count (total)	Self-owned restaurants	Franchise restaurants
KFC	**840**	840	-
Starbucks	**415**	389	26
Pizza Hut	**326**	184	142
Burger King	**99**	99	-
La Tagliatella	**229**	74	155
Sushi Shop	**189**	126	63
Blue Frog	**88**	78	10
Bacoa	**2**	-	2
Total number of restaurant and coffee houses	**2 188**	1 790	398

** During second quarter of 2023 AmRest sold the KFC business in Russia, ceased operations and ended its corporate presence in this country. Consequently, the cumulative figures for 2023 in this report include estimates for Russia, covering 4.5 months (from 1 January to 15 May 2023).*

Corporate Governance

AmRest Holdings SE shares are listed on both the Spanish Stock Exchanges and on the Warsaw Stock Exchange ("WSE"). The Group applies the principles of corporate governance specified in the Good Governance Code of Spanish listed companies (Código de Buen Gobierno de las sociedades cotizadas) and the Code of Best Practice for WSE Listed Companies.

The Company is managed by the Board of Directors. Members of the Board of Directors are appointed by the General Shareholders' Meeting. Directors exercise their office for a four-year term and may be re-appointed for one or more additional periods of the same duration.

The Board of Directors operates under the regulations of the Bylaws and the Regulations of the Board of Directors of the Company, Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company, and the Spanish Capital Companies Law (Ley de Sociedades de Capital).

The list of the Members of the Board of Directors of AmRest Holdings is included in the Directors' Report, in section "Changes in the Parent Company's Governing Bodies".

The Board of Directors has established an Executive Committee, an Audit and Risk Committee, an Appointments, Remuneration and Corporate Governance Committee, and a Sustainability, Health, and Safety Committee. Their respective responsibilities and governance are detailed in the Regulations of the Board of Directors which may be viewed on the following website: www.amrest.eu.

Material topics assessment

In 2023 AmRest conducted a double-materiality assessment, which is a comprehensive stakeholder dialogue aimed at defining priorities in the environmental, social and governance areas. The aim of this process was to integrate the key considerations into the reporting, risk management, strategic planning, and decision-making processes.

Double materiality refers to two perspectives: impact materiality (positive and negative impacts of the company on the environment and society) and financial materiality (financial risks and opportunities that may affect the company economically). This assessment is conducted to determine which sustainability topics are most important to AmRest and its stakeholders.

Table. AmRest material topics assessment results

Topic	Materiality Impact Indicator	Financial Materiality Indicator	Material topic evaluation
Business conduct	■	□	■
Food and Customers	■	□	■
Own workforce	■	■	■
Workers in the value chain	■	□	■
Affected communities	■	□	■
Climate Change	■	■	■
Circular Economy	■	■	■
Water and Marine resources	■	□	■
Biodiversity and ecosystems	■	□	□
Pollution	□	□	□

Sustainability strategy

AmRest believes that continued success can only be achieved if the Company operates in a sustainable way. That is why AmRest Group has been integrating the responsible practices into daily operations.

In 2015 the Company developed the Corporate Social Responsibility ("CSR") Strategy. In 2022 AmRest revised the CSR Strategy. The new document, AmRest Global Sustainability Strategy, is based on global sustainability standards (e.g. United Nations Sustainable Development Goals), benchmarks, and trends, and reflects the existing and forthcoming legislation applying to Environmental, Social, and Governance aspects (“ESG”).

The strategy consists of three pillars – Our Food, Our People and Our Environment – and applies to all AmRest employees and executives across each brand operated by AmRest and in every market where the Company is present.

Responsibility for implementation of the Sustainability Strategy belongs to the respective members of the AmRest Management Team (Pillar Owners):

- Food Services President (Our Food)
- Chief People Officer (Our People)
- Chief Operations Officer (Our Environment)

Table. Key pillars of AmRest Global Sustainability Strategy

Pillar	Our Food	Our People	Our Environment
Key areas of focus	Responsible sourcing Nutrition and balanced choice Food safety	Fair employment practices Diversity & Equality Social engagement	Circular economy Climate change

Progress in the implementation of the AmRest Sustainability Strategy is reported by Pillar Owners on a regular basis to the Members of the Management Team, Sustainability, Health and Safety Committee (Board of Directors level), and to the Board of Directors.

Risk management at AmRest

AmRest has a Risk Management Framework implemented consistently throughout the Group, inspired by best practices and, based on the Committee of Sponsoring Organizations (“COSO”), best industry external framework.

AmRest monitors, identifies and assesses the financial and non-financial risks the Group is exposed to.

AmRest established a Global Risk Inventory including the following 5 risk taxonomies: Operations/Infrastructure, Compliance, Strategy and Planning, Governance and Reporting. Under these taxonomies, the AmRest Global Risk Inventory considers different categories of risk.

This catalogue is updated periodically, considering the current context in which AmRest operates and the increasing relevance of risks that relate to intangibles and are of global significance, such as sustainability, the geopolitical environment, supply chain risks and inflation, among others.

Risks are evaluated on a periodic basis and assessed for impact and likelihood. Each inherent risk is determined and prioritized in the annual risk map for the Group.

For risks identified as critical, the Risk Owners define response strategies and risk monitoring plans, implementing key risk indicators ("KRI"). This combines strategies for risk monitoring with the execution of control activities, which are then assessed on a periodic basis for operating effectiveness.

This Risk Management System and its operating efficiency is the responsibility of the Global Risk and Compliance Department. The Global Risk and Compliance Department is constantly analyzing and reviewing risks that the Group may be exposed to. As the entire organization has the responsibility to contribute to the identification and management of risks, the Global Risk and Compliance Department also plays an important role in training and involving employees in the culture of risk management. Employees are asked to consider risk management as part of the culture at AmRest, to identify risks and actively participate in their mitigation.

The critical risk performance and the effectiveness of the control activities are reported on a regular basis to the Risk and Compliance Committee (Management level) and to the Audit and Risk Committee (Board level). When risks are identified as exceeding the defined tolerance level, action plans are implemented and monitored by Risk Owners and Risk Delegates. Risk Owners actively participate both in the risk strategy and the important decisions regarding their assurance and control.

The Risk and Compliance Committee oversees the appropriate functioning of the Enterprise Risk Management system and fosters the implementation of complete risk response strategies to mitigate or reduce critical risks within the approved Risk Appetite and Risk Tolerance levels approved by the Board of Directors. The Audit and Risk Committee is responsible for overseeing the effectiveness of the Enterprise Risk Management system in the Company.

Risk Management System Governance Model

Roles and responsibilities are based on a three line of defence model:

- First Line of Defence: includes Risk Owners and Risk Delegates who are responsible for day-to-day ownership and management of risks and controls. Risk identification includes analysis of the internal/external factors that may affect the Group, updating the risks in each area and, where appropriate, collaborating with the different areas to monitor the risks. Risk owners are responsible for identifying, assessing, and managing risks within their respective areas of responsibility and reporting the Key Risk Indicators to the Global Risk and Compliance Department.

- Second Line of Defence: includes the Global Risk and Compliance Department which is responsible for developing and implementing the company's risk management framework, policies, and procedures. The Global Risk and Compliance Department also ensures that the Enterprise Risk Management ("ERM") functions correctly and provides guidance and support to the Risk Owners/Risk Delegates. It also ensures that risks and controls are properly managed, regularly monitored and reported to the Risk and Compliance Committee and Risk and Audit Committee.
- Third Line of Defence: includes the Internal Audit and Control Department, which supervises the effectiveness of the Enterprise Risk Management system. Its role is to analyze and evaluate the Risk Management process, Internal Controls and Corporate Governance and provide recommendations to mitigate risks, and also to focus on increasing the efficiency of business processes and the optimization of control mechanisms. This line of defence provides assurance to the Audit and Risk Committee that the efforts of the first and second lines are consistent with expectations.

The main current risks and threats related to sustainability-related matters have been summarized in the following tables.

AmRest considers that the factors listed below may have a significant effect on the Group's future development and results.

Table. Factors that may have impact on the Group's development

Category	Factors
External	■ competitors – in terms of prices, ■ demographic changes, ■ consumer habits and trends, i.e., the number of people using the restaurants, changes in consumer trust, consumers' disposable income and individual spending patterns, ■ changes in laws and regulations which impact the functioning of the restaurants and the employees, ■ changes 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 environment in all countries where the business is run, ■ changes in legal and tax determinants, ■ adverse changes in the financial markets.
Internal	■ acquiring and training the human resources necessary for the development of existing and new restaurant networks, ■ securing attractive restaurant locations, ■ effective launch of new brands and products, ■ building an integrated information system.

Table. Sustainability-related risks that may have a considerable adverse effect on operating areas of AmRest. Listed in alphabetical order

Risks
Adverse macroeconomic conditions or trends can lead to a decrease in consumption levels including economic slowdowns, recessions, adverse changes in personal income or consumer spending, increases in the unemployment rate, and adverse changes in income.
Disruption to the supply of goods, or to logistics suppliers, resulting in limited access to essential supplies
Failure to anticipate, identify and respond to new regulations that may result in fines, litigations, and/or the loss of operating licenses or other restrictions such as inadequate identification/monitoring of the legislation changes related to the Group's business, new regulation enacted that threatens the current business model in a specific country, and the organization not being prepared to comply with the requirements of the new regulation.
Failure to define and implement the response strategy and communication plan of the Group regarding ESG (CO2 emission, use of plastic, waste management) resulting in an adverse impact on the Group's reputation and competitive position
Failure to have relevant security measures to protect information acquired, generated, or used by the Group due to cyber-attack, breach, unintentional disclosure or system failure
Failure to identify and meet trends and expectations from the Group's main stakeholders including shareholders, workforce, creditors, customers, and regulators
Increases in the cost of commodities, raw materials and goods which can impact the Group's operating profit margins
Internal or external fraud committed by employees/customers/3rd parties which result in a loss of the Groups' revenue, operations, liquidity and/or reputation
Lack of a consistent and proper framework, to assure alignment with the ethical standards and Group values; including procedures, communication, training and awareness regarding culture and values of the Group, to secure a consistent understanding of obligations and responsibilities.

Risks
Loss of knowledge and expertise due to key personnel turnover and lack of succession plans
Non-compliance with internal regulations regarding Health & Safety, Data Protection, Tax, or other areas
Products and services offered at stores do not meet the Group's quality standards
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. Likewise, a potential adverse impact on the Group's image or brands may deteriorate its perception by different stakeholders.

* *Other risks identified by AmRest are presented in the Directors’ Report in section “Basic risks and threats the Group is exposed to”.*

Our Food

Food Services Excellence

AmRest operates more than 2 100 restaurants, manages daily supplies, negotiates contracts, and supervises the distribution and quality control of food and packaging. The Group is working towards creating a secure, more sustainable future for food, by advancing safety and quality, prioritizing animal health and welfare, and increasing the availability of balanced meals.

“Our Food” pillar mission is to provide the highest quality, safe products, while maintaining competitive prices and excellent operational and service levels. The main goal is to create a sustainable competitive advantage by leveraging the business scale, investing in long-term relationships with strategic suppliers, proactively analyzing market opportunities and threats, and utilizing the know-how and experience.

A robust Food Safety action plan is the cornerstone of AmRest’s food strategy. Another key focus area is the Nutrition Program and the transparency of nutrition content. AmRest’s goal is to satisfy customers’ needs by offering ingredients such as the plant-based proteins they expect to see on AmRest menus. The Company is also making continuous improvements in animal welfare standards.

Responsible sourcing

AmRest has introduced the Supply Code of Practice which suppliers must sign as part of agreement. This document sets out the ethical, environmental, and social responsibilities that AmRest suppliers must comply with. The Code covers four key areas: Ethical Business Practice, Quality Assurance, Responsible Sourcing and Animal Welfare. It ensures that these topics have full visibility of and traceability, throughout the supply chain.

AmRest’s relationships with business partners extend beyond quality, price and capability. Supplier policies and values are assessed across a range of ethical aspects, from human rights and working conditions to animal welfare and the environment. AmRest values long-term cooperation with its suppliers, the majority of whom are appointed on multi-year contracts.

Nutrition and balanced choice

In 2023 AmRest continued the implementation of its Nutrition Group Policy, setting out commitments to exceed customer expectations by providing varied menus that enhance consumers’ well-being, nutrition, and enjoyment needs.

The most relevant nutritional topics covered by the Policy are:

- Enhancement of the nutritional content of the menus, focusing on recipe and menu reformulation;
- Food allergens management system;
- Fruit and vegetable programs;
- Children's menus.

In line with the Nutrition Group Policy, every AmRest brand ensures that its menu offers a range of food and beverages, including, but not limited to:

- Lower calorie products and adequate portion sizes;
- A range of non-meat offerings;
- Low/no sugar beverages.

Food safety at AmRest

AmRest’s priority is to ensure food safety and the highest product quality. The Company only sources from suppliers that meet the requirements outlined in the Food Safety Group Policy, implemented since 2022, and all must be approved by the Quality Assurance and Food Safety Department. These requirements apply to all suppliers, contractors, and third parties who provide ingredients, beverages, and packaging to AmRest brands, whether owned or franchised. AmRest has also established a robust Hazard Analysis and Critical Control Point ("HACCP") plan to assure product safety for the customers.

AmRest continually strives to foster a food safety mindset and promote a strong Food Safety Culture throughout the organization. This includes enhancing the skills, awareness, and risk management of personnel through development programs and training.

Quality and food safety audits

At AmRest, quality and food safety audits are carried out by experienced and independent auditors to ensure compliance with food safety standards. These audits are regularly conducted in every stage of the supply chain, including suppliers, central kitchens, distribution and logistics, and restaurants.

- All AmRest suppliers are subject to audit schemes approved by the Quality Assurance and Food Safety Department based on the risk assessment of the suppliers and/or provided by the franchisors. The audits are performed either by third-party auditors who have been selected by the Quality Assurance and Food Safety Department or by the Franchisors, or by AmRest Quality Assurance Managers/team, qualified as auditors.
- Each distributor that delivers to AmRest restaurants is audited by a third-party expert that specializes in the audit of warehouses, cross-dock facilities, and transportation. The main purpose of the audit is to evaluate the systems and procedures, as well as product and process controls, involved in storing and distributing food.
- Independent auditors conduct unannounced inspections of AmRest restaurants and coffee houses to ensure strict adherence to food safety standards. These inspections are tailored to meet the specific needs of each brand and are carried out on a regular basis.

All audit reports are uploaded to an online system and the results analyzed. If the results are not satisfactory, a Corrective Action Plan will be put in place. AmRest has rigorous processes to identify food quality issues. All incidents of non-compliance raised during an audit require a mandatory corrective action to be developed and implemented. Additionally, AmRest has special systems which ensure suppliers' certifications are up to date and meet the necessary food safety guidelines.

The total number of audits conducted in restaurants and among suppliers in 2023 was 7 249 (and 7 903 in 2022).

Human rights in the supply chain

AmRest recognizes its responsibility to ensure compliance with human rights within its supply chains. AmRest employs customized risk analysis to consistently identify, assess, and take specific preventive actions against the risks of human rights violations.

In 2023, AmRest issued the Declaration of Principles on Human Rights Strategy and Environmental Risks in accordance with the Supply Chain Due Diligence Act ("SCDDA")*. The document can be viewed on the Company's corporate website: www.amrest.eu.

** As of 1 January 2024 Supply Chain Due Diligence Act ("SCDDA") came into force in Germany, where AmRest operates.*

Table. Summary of main documents at AmRest in terms of supply chain matters

Name of the document	
Food Safety Policy	Procurement Procedure [SCM]
Nutrition Policy	Supplier Approval Program
Supply Code of Practice	Global Procurement Procedure
Declaration of Principles on Human Rights Strategy and Environmental Risks	

Our People

AmRest strives to create an environment and working conditions that generate high job satisfaction and employee well-being. The Group human resources strategy aims to stimulate employees' motivation, commitment, and involvement with the Company.

Workplace ethics and human rights

AmRest conducts business in compliance with all relevant laws and regulations and maintains the highest ethical standards. This means the Company acts in accordance with all applicable labour regulations, including those related to hygiene, health and safety at work, working hours and rest periods, and payment of wages according to law. Respect for human rights is a fundamental pillar of AmRest's business conduct and corporate responsibility commitments. The Company has established an HR Compliance Senior Manager role to safeguard human rights, ensuring strict adherence to all relevant regulations and policies.

Basic employment matters, including internal organization, employee and employer rights and responsibilities. are governed by separate documents adopted by AmRest subsidiaries, in accordance with the relevant national laws. On a global level, the Group has put in place clear practices so that all employees can live by consistent ethics while at work:

- Code of Ethics and Business Conduct – a set of guidelines and rules for all employees. The Code serves as a cornerstone for AmRest, detailing actions and setting out the principles of conduct all employees must observe, both when performing their professional duties and in relationships with all stakeholders. To ensure the alignment with the principles, all new employees are required to complete mandatory training, which concludes with certification. Additionally, all employees must undergo annual recertification to assess their knowledge of the company's rules.
- Whistleblowing Policy – 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 a "whistleblower". The number of records filed through the whistleblowing system in 2023 was 498 (and 226 in 2022)*.
- 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 against money laundering and financing of terrorism. To build awareness of these issues, AmRest has introduced a Gifts, Entertainment and Hospitality Policy and Conflict of Interests Group Policy, both requiring obligatory training for all employees.

** In 2023 there were 2 discrimination cases at the restaurant level. In 2022 the number of cases from this area was 3.*

Occupational health and safety

AmRest places a high priority on health and safety in the workplace and therefore integrates the prevention of occupational risks into its general management systems, across all activities and at all job levels. The Company implements and executes mandatory Health & Safety at Workplace culture training and certifications in every country where it operates, and runs preventative campaigns supported with other forms of communication.

Talent Development

The Group promotes the development of its employees, by fostering their skills and competencies development and providing transparent communication of performance evaluation policies. AmRest uses clear criteria related to skills, competencies and professional merit in the selection, training and internal promotion of staff.

Selected employee development initiatives at AmRest:

- Internal and External Training – the most crucial part of the training is focusing on providing solutions for job effectiveness.
- International Career – AmRest, as a global Company, creates opportunities for employees to work abroad and to continue their career in other markets.

Table. The total number of training hours of AmRest employees*

	2022	2023
Restaurant employees	2 851 431	**3 458 070**
Office employees	81 297	**24 130**

** In 2022 AmRest introduced a set of new policies and procedures that required employees to undertake a set of additional trainings.*

Equality at AmRest

At AmRest, there is zero tolerance for any form of discrimination, harassment or intimidation based on gender, race, age, religion, sexual orientation, ideology, nationality, social origin, disability, or any other reason. AmRest offers stable, quality jobs and actively monitors equal pay between men and women, by comparing relative pay in positions of equal responsibility. In particular in Spain, as directed by local legislation, all AmRest Spanish entities have equality plans implemented.

The company has taken a significant step to promote diversity and inclusion by establishing a Global Diversity and Inclusion Manager ("D&I") position. This role will play a pivotal part in advancing D&I initiatives by leveraging its expertise to develop and execute strategies to enhance diversity, equity, and inclusion, across the organization.

To create a more inclusive workplace, the company partnered with an external provider to conduct employee engagement surveys. The New AmRest Barometer was distributed to 37 372 employees across 15 countries, translated into local languages for accessibility. The survey included questions about fair treatment, the freedom to express oneself, and the Company's approach to diversity in recruitment.

The remuneration area in AmRest is part of the Global Compensation Strategy, adopted by the Appointments, Remuneration and Corporate Governance Committee of the Board of Directors. The strategy is executed through salary level analyses vs. market and salary increase governance model. The analyses are conducted at departmental and country levels, taking into account market benchmarking data, salary budgets and local considerations (government minimum salary levels, remuneration regulations and agreements with workers councils). The governance model includes the annual salary increase process, internal promotion process and salary increase approval matrix.

Group Pay Gap is established based on a weighted average of gender wage gap by work classification for the same segment:

$$\sum_{x=1}^{n^\circ \text{ of work classification}} \frac{\text{Gender wage gap}_x \times n^\circ \text{ of employees}_x}{n^\circ \text{ total of employees}}$$

Table. Total salary pay gap between men and women by position within the organization*

	2022	**2023**
Group Pay Gap	-2.6%	**-1.9%**

** As of 31 December 2023 AmRest had no equity restaurants in Belgium, and conducted no operations in Italy and Russia, therefore, the data from these countries have not been included in the calculation of Pay Gap.*

The tables below present the average annual salaries by gender and age, considering base salary, fixed and variable. The salaries are calculated based on real-time FTE remuneration.

Table. Average annual salary by gender and professional category, in thousand EUR, presented by segments. The segments are defined in note number 6 of Consolidated Financial Statements*

Due to data protection and confidentiality, AmRest does not disclose information about remuneration in some countries where there are two or less persons employed in a given position.

		Women		Men	
		2022	**2023**	2022	**2023**
Central Europe	Restaurant employees	7.4	**8.8**	6.8	**8.2**
	Office employees**	28.8	**35.0**	42.4	**48.3**
Western Europe	Restaurant employees	17.1	**16.5**	17.9	**17.8**
	Office employees**	47.8	**48.9**	62.0	**63.9**
Russia	Restaurant employees	3.7	**-**	3.7	**-**
	Office employees**	15.3	**-**	21.8	**-**
China	Restaurant employees	8.6	**8.0**	8.9	**8.1**
	Office employees**	28.4	**21.6**	42.0	**36.9**

** As of 31 December 2023 AmRest had no equity restaurants in Belgium, and conducted no operations in Italy and Russia, therefore, the data from these countries have not been included in the calculation of average annual salary.*

*** The office workers category represents 5% of the headcount in total.*

Table. Average annual salary by age in thousand EUR*

	2022	**2023**
<30	7.7	**9.1**
30-50	18.4	**20.3**
>50	16.2	**18.9**

** As of 31 December 2023 AmRest had no equity restaurants in Belgium, and conducted no operations in Italy and Russia, therefore, the data from these countries have not been included in the calculation of average annual salary.*

Table. The average remuneration of directors and executives by gender*

Annual average remuneration	2022	2023
Board of Directors**		**thousand EUR**
women	**106**	**101**
men	**90**	**94**
Senior Management Personnel***		
women	n/a	**n/a**
men	**396**	**408**

** The remuneration of the Board of Directors derives only from the exercise of the position of director. More information is included in the 2023 Annual Report on Director Remuneration available on the corporate website www.amrest.eu.*

*** The fixed remuneration of the Board of Directors Members is equal. The differences are related to the membership in the Board Committees. Due to changes in the composition of the Board during 2023, average remuneration was calculated on annualized basis.*

**** Senior Management Personnel as defined in note 31 of the Consolidated Financial Statements for the year ended 31 December 2023.*

Collective bargaining

The Group respects the freedom of association and the employees' right to organize. AmRest recognizes membership in organizations whose purpose is to promote employees' interests and the Company will refrain from any intervention that seeks to limit or hinder their legal exercise. Collective bargaining agreements (where applicable) regulate the working time organization of employees alongside compliance with the respective labour law.

Table. Organization of dialogue and negotiating with staff in main markets applicable

Country	Description
France	All AmRest French entities are covered by Works Councils ("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 Works Councils. All Company projects and activities that may impact the employees must be discussed with the Councils.
Spain	Following the National Labour Law, each AmRest entity has the Convenio Colectivo (Collective agreement). The negotiations are held regularly between the works council ("Comité de empresa") and the labour law manager who represents the Company (with the support of other representatives if needed).

Table. Summary of main documents at AmRest governing personnel matters

Name of the document	
Code of Ethics and Business Conduct	Conflict of Interests Group Policy
Anti-Corruption Group Policy	Gender Equality Policy
Whistleblowing Policy	Global Health & Safety Guidelines
Gifts, Entertainment and Hospitality Policy	

Community relations

The Group encourages its employees to participate in activities that can have a positive impact on their communities. The Company also makes direct contributions to charitable and non-profit organizations, which include both cash and product donations. The social engagement agenda is managed at the brand level by appointed brand representatives and overseen globally by the External Communications and Corporate Affairs department.

Table. Selected AmRest social engagement initiatives. Listed in alphabetical order

Initiative	Scope	Description
Cuore Felice	Spain	In 2023, La Tagliatella brand collaborated with Cima Universidad de Navarra to create a heart-healthy menu and donated a percentage of profits from the products' sales to support the research of cardiovascular diseases.
Food Sharing Day	Global	In November 2023, AmRest conducted its annual "Food Sharing Day". Burger King, KFC, La Tagliatella, Pizza Hut and Starbucks in nine countries, delivered meals to children in 150 locations.
Saving food – Harvest program	Global	AmRest donated surplus products from its restaurants, Central Kitchen and warehouses. KFC, La Tagliatella, Starbucks, Pizza Hut and Burger King cooperated with Food Banks and saved 250 tons of food in total.
Strategic partnership with SIEMACHA Association	Poland	In 2023, AmRest continued to support SIEMACHA Spot Wrocław, an educational facility for young people run by SIEMACHA Association, by providing in-kind and financial donations.

Customer Relations

For AmRest, service is the recipe for winning. The Company values customer feedback and uses it to improve guest satisfaction. Customers can share their opinions through various channels such as phone, e-mail, letter, online contact form, Customer Satisfaction Surveys (online), third party delivery service provider systems, and social media accounts. They can also give their feedback directly to the restaurant staff.

Complaints are handled according to procedures for specific markets and the local legislation. Each complaint is evaluated by subject matter experts and a dedicated Customer Care representative. Based on its nature, each complaint is assigned an appropriate grid tier, which determines the necessary resolution path and the maximum time allowed to solve it. The entire process is carefully monitored.

In 2023 the complaint ratio per 10 000 transactions in AmRest was 11.15 (and 12.65 in 2022). The total number of complaints received in 2023 was 216 869 (and 234 728 in 2022).

Data privacy

AmRest Group, as an international company headquartered in Spain, is bound by the EU General Data Protection Regulation ("GDPR"). Therefore, the GDPR serves as the foundation for the entire group, regardless of the geographical location or jurisdiction of the entity. Outside the European Economic Area, if AmRest Group processes personal data and that jurisdiction has a more protective framework than GDPR, the local legislation prevails. Consequently, the group is committed to incorporating relevant rules for this region.

Table. Summary of AmRest documents governing social issues

Name of the document	
Code of Ethics and Business Conduct	Global Data Protection Policy
Gifts, Entertainment and Hospitality Policy	Internal Control Charter
Conflicts of Interest Policy	Global Compliance Group Policy

Our Environment

AmRest aims to balance growth with an organization-wide understanding of the importance of managing environmental impact. In line with the precautionary principle, the Company monitors environmental performance, evaluates risks, seizes opportunities, and implements measures to prevent or mitigate potential negative effects on the environment.

Environmental management*

Environmental aspects of AmRest restaurants are handled by a dedicated team within the Operations structure. The Facility Management department is responsible for ensuring compliance with national environmental requirements. The Group adheres to relevant laws, standards, and environmental guidelines in the countries where it operates.

In 2023, AmRest continued its annual Value Added Program ("VA") – a coordinated, structured and analytical process, involving multi-disciplinary and multifunctional teams. The main goals are to increase operational efficiency through implementation of the "Open the Gap" approach, continuous improvement and sharing best practices. The team is now identifying initiatives that deliver a sustainability impact. For example, in Facility Management, AmRest seeks to limit resource consumption (electricity, gas, heat, water) or to optimize their use, whenever possible.

Value Added initiatives in 2023 included:

- Waste Management, including waste monitoring - a methodology for applying an operational benchmark based on waste data, to share and implement best practices to improve waste management.
- Energy Efficiency - for example, reducing electricity consumption by recovering the energy used in Heating, Ventilation, Air Conditioning ("HVAC") systems.
- Cooking oil waste - for example, reducing the oil waste in the production process through implementation of additional draining and cleansing routines.

** The Company does not have specific environmental insurance provisions or guarantees. AmRest has never applied for an external environmental management assessment or certification.*

Climate change

AmRest strives to minimize its impact on climate change, recognizing it as a global challenge directly and indirectly affecting businesses worldwide. In 2023 AmRest began to develop its approach to climate risk management through consultations with climate change experts and dedicated training for employees.

The Company is monitoring its carbon footprint on an annual basis. In 2023 AmRest calculated its direct and indirect emissions (Scope 1 and Scope 2).

AmRest is implementing numerous solutions to adapt and mitigate climate change:

- Monitoring systems to optimize energy consumption
- Energy optimization audits to prevent energy "leaks"
- Installing heat recovery systems from cooling and freezing installations (to pre-heat water)
- Installing heat recovery systems from the cooking hood (exhaust air)
- Photovoltaic installations in selected stores
- Temperature management systems to optimize the ambient temperature in the restaurants
- Training programs for restaurant crew to implement environment protection and optimized use of cooking equipment
- Installing variable air volume systems, to reduce unnecessary air flow (resulting in less air to be heated or cooled)
- Voltage optimizers in selected restaurants

AmRest is rolling out the Building Management System (BMS) to optimize energy consumption of its most important equipment and installations, by remote supervision. The BMS provides more functionality to the currently used system (Media Readings). As of 31 December 2023 AmRest had more than 900 restaurants connected to BMS.

Waste management

The Group's approach to waste management is based on legal requirements in individual countries. It is customized according to the type and location of stores (such as shopping malls, drive-throughs, and in-line streets). Waste management for each restaurant category is carried out in accordance with the applicable laws, standards, and best practices, specific to each type of establishment.

Waste streams identified at AmRest:

- Mixed waste is a combination of different types of waste materials that cannot be easily separated. It includes a combination of organic waste, recyclable materials, and non-recyclable materials.
- Paper and cardboard waste refers to any form of paper packaging, or cardboard commonly used for shipping.
- Plastic waste refers to packaging, containers, bottles, bags, or other plastic products, used in AmRest restaurants.
- Glass waste at AmRest refers mostly to empty soft drink bottles.
- Organic waste is primarily food scraps and ground coffee.
- Used oil is oil from fryers. It is collected from AmRest restaurants by authorized facilities to be processed into biofuel.

Packaging commitments

Packaging waste (either paper or plastic) is a significant environmental matter for AmRest due to its scale of use in AmRest restaurants. Therefore, AmRest developed the Customer Packaging Group Policy which describes the Company's commitments:

- AmRest commits to source customer packaging from certified Certificate Highest Grade ("GFSI") or audited suppliers.
- AmRest will give preference to suppliers who provide paper-packaging with fibre from responsibly managed forests or recycled sources and who avoid sourcing from non-sustainable sources. These should be certified by a third-party applying the most rigorous forest management standards, including The Forest Stewardship Council ("FSC") standard, The Program for the Endorsement of Forestry Certification ("PEFC"),The Sustainable Forestry Initiative ("SFI"),
- AmRest is committed to using recyclable or reusable plastic-based packaging and not to use single-use plastic (straws, cutlery, plates, drink stirrers).
- AmRest does not use Styrofoam and expanded polystyrene ("EPS") packaging.
- All packaging must comply with local and international regulations, franchisors' and industry standards. AmRest will comply with whichever standards, levels and norms are the most rigorous.

Saving food

AmRest, as a restaurant company, aims to reduce food loss throughout its operations. The Company has been implementing its Harvest food saving program since 2016 and participating in Too Good To Go scheme since 2018.

Table. AmRest food waste prevention programs*

Name of the project	Harvest	Too Good To Go
Short description	Donating surplus of ready to eat 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, La Tagliatella	Starbucks, Pizza Hut, La Tagliatella, Sushi Shop
Number of stores involved	414	483
Amount of food saved in 2023	250 349 kg	397 643 boxes saved (1 273 761 products saved)

** In 2022 the numbers of stores participating in the program were: 379 for Harvest and 519 for Too Good To Go. The amount of food saved in 2022 was: 241 448 kg via Harvest and 365 298 boxes (1 198 995 products saved) via Too Good To Go.*

Pollution

While the operational activities of a single restaurant may not have a significant impact on air, noise, or light pollution, the industry needs to be proactive in implementing measures to minimize or reduce its environmental footprint. AmRest has adopted energy-efficient practices, such as using low-emission cooking equipment, investing in energy-efficient lighting sources, and properly maintaining ventilation systems, to ensure optimal air quality. AmRest also provides used oil from its cooking fryers for biofuel processing.

Natural resource protection

The Group acknowledges the significance of safeguarding natural resources, and closely monitors the water usage at AmRest. However, as water is mainly utilized for meal preparation, its consumption is not regarded as having a critical environmental impact. The Group is dedicated to maximizing efficiency and has introduced water-saving aerators and proximity sensors in newly constructed restaurants and coffee houses.

Although the Group has no direct operations in environmentally protected areas, it has been working closely with its suppliers to ensure the highest environmental standards across the whole supply chain regarding biodiversity protection, especially marine resources.

Table. Summary of main documents at AmRest governing environmental matters

Name of the document	
Code of Ethics and Business Conduct	Customer Packaging Group Policy

AmRest Taxonomy disclosure

The EU Taxonomy, which entered into force on July 12, 2020, is one of the measures implemented by the European Commission with the end goal of directing capital flows towards more sustainable activities and advancing the European Union towards its environmental and social targets.

Scope of the analysis

The first part of the analysis was carried out to identify the percentage of AmRest's activities which could be defined as "eligible" under the Taxonomy criteria. The list of potential activities that may satisfy the conditions outlined in the Taxonomy Regulation was derived from a comprehensive cross-departmental (Cost Management, Development, Facility, Financial, IT and Procurement) analysis of the company from which the data had been retrieved.

To calculate the eligibility percentage of AmRest's activities, the analysis followed the mandates outlined in Annex I of the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, amendments to Delegated Regulation (EU) 2021/2139 Annex I and Annex II, and Annexes I, II, III, IV and V of the supplementary Regulation (EU) 2020/852 (Commission Delegated Regulation (EU) 2023/2486).

The second part of the analysis was conducted vis a vis specific requirements ensuring alignment of taxonomy eligible activities: meeting Technical Screening Criteria, Do No Significant Harm ("DNSH") criteria and complying with minimum social safeguards.

For the sake of clarity, the mandates of Commission Delegated Regulation (EU) 2021/2178 have been reported in the following paragraphs.

Calculation of turnover %

The proportion of turnover referred to in Article 8(2), point (a), of Regulation (EU) 2020/852 shall be calculated as the part of the net turnover derived from products or services – including intangibles – associated with Taxonomy-aligned economic activities (numerator), divided by the net turnover (denominator) as defined in Article 2, point (5), of Directive 2013/34/EU. The turnover shall cover the revenue recognized pursuant to International Accounting Standards ("IAS") 1, paragraph 82(a), as adopted by Commission Regulation (EC) No 1126/2008.

The Key Performance Indicator ("KPI"), referred to in the first subparagraph shall exclude from its numerator the part of the net turnover derived from products and services associated with economic activities that have been adapted to climate change in line with Article 11(1), point (a) of Regulation (EU) 2020/852 and in accordance with Annex II to Delegated Regulation (EU) 2021/2139, unless those activities are either qualified as enabling activities in accordance with Regulation (EU) 2020/852; or are themselves Taxonomy-aligned.

In the case of AmRest, the turnover covers the revenue recognized pursuant to International Accounting Standard IAS 1. In the first place, the numerator includes all revenues derived from products or services associated with economic activities that qualify as environmentally sustainable. In the second place, the denominator covers the total revenues presented in the Consolidated Income Statement for the year 2023. With regards to the denominator, its measure does not differ from any Alternative Performance Measures ("APMs") as defined in the European Securities and Markets Authority ("ESMA").

AmRest Group operates chains of restaurants under own brands as well as under franchise license agreements. Additionally, the Group operates as a franchisor (for own brands) and master-franchisee (for some franchised brands), and develops chains of franchisee businesses, organizing marketing activities for the brands, and supply chain.

Revenues from contracts with customers are 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.

AmRest Group classified its activities in accordance with the criteria established by the most recent version and amendments of the European Taxonomy (Delegated Regulation (EU) 2021/2178 of the Commission of 6 July 2021), so that none of the activities identified generate income for the Company. Therefore, the reference indicator relating to turnover takes on a value of 0%.

Calculation of CapEx %

The proportion of CapEx referred to in Article 8(2), point (b), of Regulation (EU) 2020/852 shall be calculated as in the previous subsection by the means of a division between the numerator and the denominator.

However, there are some differences between the two approaches that must be highlighted.

On the one hand, in this framework, the denominator covers 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. Furthermore, the denominator covers additions to tangible and intangible assets, resulting from business combinations.

References to the Consolidated Financial Statements for the year 2023:

- Intangible assets – note 14
- Property, plant and equipment – note 12
- Right-of-use assets – note 13

For non-financial undertakings applying international financial reporting standards (IFRS) as adopted by Regulation (EC) No 1126/2008, CapEx shall cover costs that are accounted based on:

- IAS 16 Property, Plant and Equipment, paragraphs 73, (e), point (i) and point (iii);
- IAS 38 Intangible Assets, paragraph 118, (e), point (i);
- IAS 40 Investment Property, paragraphs 76, points (a) and (b) (for the fair value model);
- IAS 40 Investment Property, paragraph 79(d), points (i) and (ii) (for the cost model);
- IAS 41 Agriculture, paragraph 50, points (b) and (e);
- IFRS 16 Leases, paragraph 53, point (h).

For non-financial undertakings applying national generally accepted accounting principles ("GAAP"), CapEx shall cover the costs accounted under the applicable GAAP that correspond to the costs included in the capital expenditure by non-financial undertakings applying IFRS. Leases that do not lead to the recognition of a right-of-use over the asset and are not counted as CapEx.

As before, in this framework, the denominator of CapEx KPI does not differ from any Alternative Performance Measures ("APMs") as defined in ESMA.

On the other hand, the numerator equals to the part of the capital expenditure included in the denominator that is any of the following:

- related to assets or processes that are associated with Taxonomy-aligned economic activities;
- part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned ('CapEx plan') under the conditions specified in the second subparagraph of this point 1.1.2.2;
- related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon, lead to greenhouse gas reductions or contribute to one of the other four environmental objectives, notably activities listed in points 7.1, 7.3, 7.5 and 7.6 of Annex I of the Climate Delegated Act, as well as activities 3.2, 4.1, 5.1, 5.3, 5.4, 5.5 and 5.6 of Annex II to the transition to a circular economy objective of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

Calculation of OpEx %

The proportion of OpEx referred to in Article 8(2), point (b), of Regulation (EU) 2020/852 shall be calculated again by dividing the numerator with the denominator as specified in what follows.

In the first place, the denominator shall cover direct non-capitalized 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 or third party to whom activities are outsourced, 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. Consequently, AmRest includes in the denominator part of the restaurant expenses and franchise as well as other expenses (lines above Gross Profit).

Non-financial undertakings, that apply national GAAP and are not capitalizing right-of-use assets, shall include lease costs in the OpEx.

In the second place, the numerator equals to the part of the operating expenditure included in the denominator that is any of the following:

- 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;
- 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;
- related to the purchase of output from Taxonomy-aligned economic activities established in the last amended version of Delegated Regulation 2021/2139 referred to mitigation and adaptation to climate change, and Delegated Regulation 2023/2486 referred to protection of water and marine resources, transition to a circular economy, pollution prevention and control, or protection and restoration of biodiversity. As well as to individual measures enabling the target activities to become low-carbon, lead to greenhouse gas reductions or contribute to one of the other four environmental objectives, 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.

Results

Table. Presentation of turnover [EUR, %]

Financial year 2023		Year 2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code	Turnover	Proportion of Turnover, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or -eligible	Category enabling activity	Category transitional activity
		M€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0	0	0	0	0	0	N	N	N	N	N	N	N	0%		
Of which enabling		0	0%	0	0	0	0	0	0	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%							N	N	N	N	N	N	N	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0	0	0	0	0	0								0%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		0	0%	0	0	0	0	0	0								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities		**2 432**	**100%**																
TOTAL A + B		**2 432**	**100%**																

	Proportion of turnover / Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate Change Mitigation	**0%**	**0%**
Climate Change Adaptation	**0%**	**0%**
Water	**0%**	**0%**
Pollution	**0%**	**0%**
Circular Economy	**0%**	**0%**
Biodiversity	**0%**	**0%**

- CapEx

The process that was carried out to outline the specific AmRest's activities that could be identified as "eligible" and then "aligned" – according to the last version of Commission Delegated Regulation (EU) 2021/2139 and Commission Delegated Regulation (EU) 2023/2486 – is accurately described in the following paragraphs.

Eligibility Analysis

An initial analysis was undertaken on AmRest's Enterprise Resource Planning extract ("ERP extract") by an independent sustainability advisory firm. The goal was to detect those CapEx entries related to AmRest's activities that could potentially fulfil the eligibility criteria mentioned above.

In the next step, the company experts from relevant departments (listed above in the second paragraph of Taxonomy Chapter) were involved to provide technical information and collect from their internal systems supporting evidence such as company's expenses related to the financial year 2023.

In accordance with Commission Delegated Regulation (EU) 2021/2139 and Commission Delegated Regulation (EU) 2023/2486 the following activities from the AmRest portfolio were selected as taxonomy eligible:

Table. List of AmRest Taxonomy-eligible activities (in accordance with Commission Delegated Regulation (EU) 2021/2139)

Activity	Description
Installation and operation of electric heat pumps	Includes all expenses related to refrigeration systems that are either delivered or installed within AmRest's buildings.
Construction of new buildings	Includes all expenses related to the construction of new buildings, and in particular restaurants, to ensure the expansion of AmRest business activities.
Installation, maintenance, and repair of energy efficient equipment	Includes all expenses related to the installation, repairment and maintenance of specific kitchen equipment used within AmRest restaurants, to increase the internal level of energy efficiency and therefore to reduce the footprint of the company.
Installation, maintenance, and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Includes all expenses related to the installation, reparation or maintenance of electrical control systems to help monitor and analyse the energy performance of AmRest's restaurants.
Installation, maintenance, and repair of renewable energy technologies	Includes all the expenses carried out by AmRest to install, maintain and repair renewable technologies that are essential to support the energy transition.

Table. List of AmRest Taxonomy-eligible activities (in accordance with Commission Delegated Regulation (EU) 2023/2486)

Activity	Description
Provision of IT/OT data-driven solutions and software	Includes all expensed linked to the manufacturing, development, installation, deployment, maintenance, reparation or provision of professional services that improve the efficiency of the activity carried out by AmRest through the implementation of data automation systems.
Repair, refurbishment, and remanufacturing	Includes all expenses that result from the reparation of items that are essential for the proper functioning of AmRest's business, with the final objective of extending their useful life.

In 2023 AmRest increased the financial resources allocated to the installation, maintenance, and repair of electric heat pumps as well as renewable energy technologies. Therefore, in comparison to the Taxonomy analysis carried out in 2022, the current assessment reveals that the contribution of AmRest to the climate change mitigation and adaptation objectives in 2023 has increased by 0.55 percentage points (4.76%).

Additionally, with the extension of the Taxonomy Regulation analysis to the remaining four environmental objectives outlined in the 2020/852 Delegated Act Annex I, II, III, IV and V, two new activities were added to the eligibility scope (see: Table. List of AmRest Taxonomy-eligible activities (in accordance with Commission Delegated Regulation (EU) 2023/2486). These activities are strictly related to the achievement of the circular economy target, included in the 2020/852 delegated Act Annex II, and have contributed to a 4.82 percentage points (41.92%) increase in the final eligibility percentage.

It is important to note that in the initial phases of the analysis a broader range of activities was considered due to the potential relevance for AmRest's business, specifically including Construction of new buildings; Preparation for re-use of end-of-life products and product components; Sale of second-hand goods and Marketplace for the trade of second-hand goods for reuse. After thorough internal evaluation, the conclusion was that at this stage these activities lacked relevance for the inclusion in the eligibility percentage and therefore they were not further included in the analysis.

Alignment Analysis

A transversal working group analyzed whether the list of eligible activities could be regarded as aligned with the Taxonomy Regulation. To do that, first it was necessary to demonstrate whether the eligible activities were complying with the specific "Technical Screening Criteria" laid out in Commission Delegated Regulation (EU) 2021/2139 and 2023/2486. The next steps in this process were to identify and prove that the activities were not causing significant harm to the other objectives and that they were adhering to a set of minimum social safeguards.

The alignment analysis was conducted in all six objectives. In this regard, AmRest assessed whether its activities complied with these criteria and to what extent its corporate processes were adequate to assure compliance with such criteria. While making the cost calculations of the activities listed in the table, AmRest considered only the CapEx directly related to each one of these activities. As a result, the risk of double counting was eliminated. The data employed to assess the alignment status of AmRest's activities was retrieved from technical manuals, interpersonal meetings, and expert consultations.

The conclusion of this analysis is that the alignment of CapEx KPI of AmRest equals "0". This is resulting from the fact that taxonomy eligible activities identified in the process were not fully meeting all Technical Screening Criteria and DNSH criteria. Also, while most of the minimum social safeguards have been implemented by the company (taxation, anti-corruption, bribery, and fair competition), the requirement regarding Human Rights due diligence still needs more work to be completed. AmRest has already launched work on the Human Rights Policy and related due diligence process to meet this obligation.

The results of internal analyses which disclose the level of eligibility and alignment in percentage terms of AmRest's CapEx according to the criteria set out in the Taxonomy Regulation are presented in the following tables.

Table. Presentation of CapEx [EUR, %]

Financial year 2023		Year 2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code	CapEx	Proportion of CapEx, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or - eligible (A.2.) CapEx, year 2022	Category enabling activity	Category transitional activity
		M€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**0**	**0**	**0**	**0**	**0**	**0**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		
Of which enabling		**0**	**0%**	**0**	**0**	**0**	**0**	**0**	**0**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**	**E**	
Of which transitional		**0**	**0%**							**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Installation and operation of electric heat pumps	CCM 4.16 / CCA 4.16	5	2%	EL	EL	N/EL	N/EL	N/EL	N/EL								1%		
Installation, maintenance and repair of energy efficient equipment	CCM 7.3 / CCA 7.3	24	8%	EL	EL	N/EL	N/EL	N/EL	N/EL								9%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5 / CCA 7.5	4	1%	EL	EL	N/EL	N/EL	N/EL	N/EL								2%		
Installation, maintenance and repair of renewable energy technologies.	CCM 7.6 / CCA 7.6	2	1%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Provision of IT/OT data-driven solutions and software	CE 4.1	1	0%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								N/A		
Repair, refurbishment and remanufacturing	CE 5.1	11	4%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								N/A		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**48**	**16%**	**12%**	**0%**	**0%**	**0%**	**4%**	**0%**								**12%**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**48**	**16%**	**12%**	**0%**	**0%**	**0%**	**4%**	**0%**								**12%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**248**	**84%**																
TOTAL A + B		**295**	**100%**																

** According to the Taxonomy legislation, in this exercise only the eligibility KPI has been calculated with respect to these objectives.*

Table. Presentation of CapEx [EUR, %]

	Proportion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate Change Mitigation	0%	16%
Climate Change Adaptation	0%	0%
Water	0%	0%
Pollution	0%	0%
Circular Economy	0%	0%
Biodiversity	0%	0%

- OpEx

In 2023 total operating expenses of AmRest Group excluding amortization and depreciation amounted to EUR 2 059.5 million and are described in the note 8 of the Consolidated Financial Statements for the year 2023.

Out of that amount, EUR 39.9 million (1.9%) 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 2023, 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 only discloses the denominator. 2023 OpEx denominator: EUR 39.9 million.

Table. Presentation of OpEx [EUR, %]*

Financial year 2023	Year 2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code	OpEx	Proportion of OpEx, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or -eligible (A.2.) OpEx, year 2022	Category enabling activity	Category transitional activity
		M€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Of which enabling		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	E	
Of which transitional		N/A	N/A	N/A						N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A								N/A		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A								N/A		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy non-eligible activities		**N/A**	**N/A**																
TOTAL A + B		**40**	**100%**																

** According to the Taxonomy legislation, in this exercise only the eligibility KPI has been calculated with respect to these objectives.*

	Proportion of OpEx / Total OpEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
Climate Change Mitigation	**0%**	**0%**
Climate Change Adaptation	**0%**	**0%**
Water	**0%**	**0%**
Pollution	**0%**	**0%**
Circular Economy	**0%**	**0%**
Biodiversity	**0%**	**0%**

Table. Activities related to nuclear energy

Row	Nuclear energy activities	YES/NO
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Key metrics

1. Table. Number of suppliers by type

	2022	2023
Total suppliers	12 783	**13 537**
Direct suppliers*	1 095	**1 299**
Indirect suppliers**	11 688	**12 238**

** Direct suppliers are those who provide food products, packaging products, as well as warehouses and transportation services.*

*** Indirect suppliers are those who provide goods or services other than food products and direct food packaging.*

2. Table. Main raw material consumption [t]

	2022	2023
Meat (incl. Fish)	63 135	**55 965**
Flour	19 415	**16 796**
Dairy	18 874	**21 566**
Fruits & Vegetables	12 000	**12 128**
Cold drinks	26 607	**25 811**

3. Table. AmRest energy consumption [GJ]*, **

	2022	2023
Electricity	1 327 487	**1 157 948**
Heating	49 305	**18 570**
Natural gas	206 855	**185 964**

** Energy data has been calculated based on the invoices from third parties. For the stores where the consumption data was not available (e.g. restaurants located in shopping malls) the numbers were estimated based on average consumption.*

*** In 2023 renewable energy covered 37 887 GJ (68 709 GJ in 2022). AmRest do not consider nuclear power as renewable, however, due to the lack of identification of the specific energy mix (not provided by the supplier) in France nuclear power was included.*

4. Table. Fuel consumption of AmRest car fleet [l]*

	2022		2023	
	DIESEL	PETROL	DIESEL	PETROL
AmRest	800 815	1 448 209	593 178	**1 140 874**

** Fuel data has been calculated based on reports and invoices from third parties. Part of the data was estimated based on average fuel consumption.*

5. Table. Scope 1 and Scope 2 for AmRest [tCO2eq]*

Carbon footprint		2022	2023
AmRest	Scope 1	16 843	**14 347**
	Scope 2	161 259	**155 981**

** The standards used in 2023 were Defra, Association of Issuing Bodies (AIB), Climate Transparency Report, European Residual Mixes.*

6. Table. Waste generation [tonnes, percentage]*,**

	Types of waste										
	Non-hazardous									Hazardous	
	Mixed waste	Paper and cardboard		Plastic		Glass		Organic		Used oil	
2022	33 102	54%	recycled	69%	recycled	100%	recycled	14%	segregated	100%	reused
2023	**27 088**	**70%**	**recycled**	**97%**	**recycled**	**79%**	**recycled**	**13%**	**segregated**	**99%**	**reused**

** The main hazardous waste for AmRest is the used cooking oil. The company recovers the oil and forwards it to the biofuel producers. Other types of hazardous waste are considered non-material.*

*** For stores where the waste generation data was not available (e.g. restaurants located in shopping malls) the numbers were estimated.*

7. Table. Water consumption [m³]*

	2022	2023
AmRest	2 634 795	**2 130 029**

** For stores where water consumption data was not available (e.g. restaurants located in shopping malls) the numbers were estimated.*

8. Table. AmRest employment and dismissals [headcount]

Employment	2022	2023
Total	50 933	**45 464**
Women	28 962	**25 612**
Men	21 971	**19 852**
<30	36 359	**31 270**
30-50	12 628	**12 421**
>50	1 946	**1 773**
Restaurant employees	48 606	**43 187**
Office employees	2 327	**2 277**
Permanent contract	35 786	**29 503**
Temporary contract	15 147	**15 961**
Full-time	22 450	**16 511**
Part-time	28 483	**28 953**
Dismissals*		
Total	4 476	**2 632**
Women	2 010	**1 149**
Men	2 466	**1 483**
<30	3 283	**1 843**
30-50	1 029	**708**
>50	164	**81**
Restaurant employees	4 398	**2 586**
Office employees	78	**46**

** Changes in the legislation regarding temporary contracts in some markets impacted the definition of dismissals between 2022 and 2023.*

9. Table. AmRest employees covered by collective bargaining agreements [headcount, percentage]*,**

	2022	**2023**
France	4 405	**4 115**
Germany	2 598	**2 828**
Italy	11	**-**
Portugal	91	**92**
Spain	5 055	**5 110**
Switzerland	165	**160**
Percentage of total employment	24%	**27%**

** As of 31 December 2023 AmRest conducted no operations in Italy.*
*** Restating of the data for 2022 and previous reports. In Luxembourg there are no collective bargaining agreements.*

10. Table. AmRest average annual employment [headcount]

	2022	**2023**
Average annual number of employees	50 139	**46 162**
Average annual number of women	28 430	**26 114**
Average annual number of men	21 709	**20 048**
Average annual number of employees <30	35 867	**31 912**
Average annual number of employees 30-50	12 599	**12 502**
Average annual number of employees >50	1 673	**1 749**
Average annual number of restaurant employees	47 852	**43 831**
Average annual number of office employees	2 287	**2 331**
Average annual number of permanent contract	34 867	**30 554**
Average annual number of temporary contract	15 272	**15 608**
Average annual number of full-time employees	22 393	**17 778**
Average annual number of part-time employees	27 746	**28 384**

11. Table. AmRest employees by country [headcount]*

	2022	2023
Austria	53	**65**
Belgium	72	**-**
Bulgaria	414	**506**
China	2 140	**2 107**
Croatia	125	**150**
Czech Republic	7 832	**8 403**
France	4 405	**4 115**
Germany	2 712	**2 961**
Hungary	2 643	**2 858**
Italy	11	**-**
Luxembourg	66	**49**
Poland	17 213	**17 120**
Portugal	91	**92**
Romania	965	**1 049**
Russia	6 366	**-**
Serbia	169	**194**
Slovakia	364	**446**
Slovenia	17	**18**
Spain	5 055	**5 110**
Switzerland	165	**160**
UK	55	**61**

** As of 31 December 2023 AmRest had no equity restaurants in Belgium, and conducted no operations in Italy and Russia.*

12. Table. Indicator of diversity

	2022	2023
Number of employees with disabilities	1 109	**1 052**
Percentage of all employees	2%	**2%**

13. Table. Information about occupational health and safety in AmRest Holdings*

Work related injuries	2022	2023
women	298	**315**
men	316	**266**
Absenteeism among employees [hours]		
women	4 028 008	**1 898 390**
men	1 786 296	**864 411**
Types of injuries		
hot water, steam or chemical burns; internal injuries; bone fractures; dislocations or sprains;		
Frequency rate**		
women	10.46	**12.70**
men	13.42	**13.30**
Severity rate***		
women	0.27	**0.42**
men	0.31	**0.37**

** In 2023 AmRest reported the data from the information system used by local Payrolls, taking into account the FTE and/or hours worked by the employees. This method ensures better accuracy. Previously, the data had been estimated.*

*** Frequency rate calculated using the following formula: Total number of accidents that led to sick leave *10^6/Total number of working hours for a year.*

**** Severity rate calculated using the following formula: Days lost due to accidents that led to sick leave *10^3/Total number of working hours for a year.*

14. Table. Expenditure on social causes [EUR]

	2022	2023
AmRest	247 017	**109 460**

15. Table. Membership of industry organization [EUR]

Country	Name of the organization	
Bulgaria	Bulgarian Food and Restaurant Association	
China	Shanghai GiftCard Association	
	Shanghai JinQiao Economic and Technological Development Zone Enterprise Association	
	Shanghai Catering and Cooking Industry Association	
Croatia	Croatian Chamber of Economics	
Czech Republic	International Facility Management Association	
France	Syndicat National de L'alimentation et de la Restauration Rapide (National Union of Food and Fast-Food Services)	
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	
Portugal	Associação da hotelaria, restauração e similares de Portugal (Association of HoReCA in Portugal)	
Romania	Organizația Patronală a Hotelurilor și Restaurantelor din România - HORA (Organization of Hotel and Restaurant Operators in Romania)	
Serbia	Chamber of Commerce	
Slovenia	GS 1 Slovenija	
Spain	Comité Horeca de AECOC (HORECA Committee)	
	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)	
	2022	2023
Total fees paid	185 380	**261 845**

16. Table. Profits earned by country*, **

Country	Profit/(loss) before tax	in thousands of EUR
	2022	2023
Austria	19.4	**(45.2)**
Belgium	(2 489.3)	**(550.8)**
Bulgaria	3 057.7	**4 308.7**
Croatia	1 279.1	**1 255.6**
Czech Republic	29 485.0	**37 497.4**
China	(3 240.0)	**2 976.0**
France	(35 843.0)	**(21 099.1)**
Germany	(3 411.0)	**7 241.4**
Hungary	9 124.8	**16 884.3**
Italy	(756.6)	**420.7**
Luxembourg	(329.4)	**(423.3)**
Malta	(3 343.5)	**(24 693.8)**
Poland	43 717.6	**77 007.1**
Portugal	(843.1)	**(675.2)**
Romania	2 496.0	**3 218.6**
Russia	17 922.2	**4 758.1**
Serbia	824.1	**1 079.2**
Slovakia	(236.7)	**194.9**
Slovenia	223.4	**129.5**
Spain	9 617.5	**36 174.4**
Switzerland	(1 270.5)	**2 497.7**
UK	531.0	**(1 490.0)**
USA	77.4	**(16.5)**

** Profit/(loss) before tax was prepared based on input data used for consolidation purposes before consolidation adjustments (intercompany elimination, IFRS16 adjustments and other).*

*** The Group structure with the registered office and type of activity is presented in note 31 of the Consolidated Financial Statements for the year ended 31 December 2023.*

17. Table. Income taxes paid (unearned)*

Country	Income taxes paid (unearned) 2022	in thousands of EUR 2023
Austria	14.5	**18.2**
Belgium	57.6	**-**
Bulgaria	351.5	**337.0**
Czech Republic	5 115.9	**8 594.7**
China	2 373.4	**413.6**
France	2 638.0	**(1 433.1)**
Germany	(0.5)	**1.4**
Hungary	3 189.0	**3 207.6**
Italy	1.5	**0.3**
Luxembourg	66.5	**(63.4)**
Poland	5 414.5	**4 948.7**
Portugal	6.1	**13.0**
Romania	-	**162.0**
Russia	7 537.4	**1 193.8**
Serbia	74.1	**218.8**
Slovakia	-	**338.7**
Slovenia	22.1	**1.4**
Spain	(1 153.0)	**162.3**
Switzerland	167.9	**333.3**

** In order to ensure compliance with existing tax laws, regulations and principles, AmRest has put in place effective control mechanisms. AmRest's tax professionals and external advisors 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. Apart from Corporate Income Tax, some entities of AmRest Group are subject to local taxes levied on income earned such as Hungary (HIPA-Helyi Iparűzési Adó) and France (CVAE or Cotisation sur la Valeur Ajouté des Entreprises).*

18. Table. Public subsidies received [million EUR]

	2022	2023
Government grants for payroll and employee benefits	0.4	**0.1**
Government grants for rent and other	1.6	**0.5**

Index of the contents required by Law 11/2018

Non-financial Information Report, Contents index of the Law 11/2018			
General information		**GRI selected/Reporting criteria**	**Pages**
Business model	Brief description of the group's business model	GRI 2-1 GRI 2-6	37
	Geographical presence		37
	Objectives and strategies of the organization	GRI 2-22	39
	Main factors and trends that may affect future evolution	GRI 2-22 GRI 3-3	39-41
General	Reporting framework	GRI 1	35
	Materiality principle	GRI 3-1 GRI 3-2	38
Management approach	Description of the applicable policies	GRI 3-3	43, 46, 47, 50
	The results of these policies		42-43, 45-46, 47, 48-50
	The main risks related to these issues involving the activities of the group		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 3-3	48
	Environmental assessment or certification procedures	GRI 3-3	48
	Resources dedicated to the prevention of environmental risks	GRI 3-3	48
	Application of the precautionary principle	GRI 2-23	48
	Amount of provisions and guarantees for environmental risks	GRI 3-3	48
Contamination	Measures to prevent, reduce or offset air pollution emissions (including noise and light pollution)	GRI 3-3	48-49, 59
Circular economy and waste prevention and management	Prevention, recycling, reuse, other forms of recovery and types of waste disposal	GRI 3-3 GRI 306-1 GRI 306-2	48-49, 60
	Actions to combat food waste	GRI 3-3 GRI 306-1 GRI 306-2	49
Sustainable use of resources	Water consumption and water supply according to local constraints	GRI 303-5	60
	Use of raw materials and measures taken to improve the efficiency of their utilisation	GRI 301-1 GRI 301-2 GRI 301-3	59
	Energy use, direct and indirect	GRI 302-1	59
	Measures taken to improve energy efficiency	GRI 3-3 GRI 302-4	48
	Use of renewable energies	GRI 302-1	59
Climate change	The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	GRI 305-1 GRI 305-2	60
	Measures taken to adapt to the consequences of climate change	GRI 3-3	48
	Reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and measures implemented for that purpose	GRI 305-5	48
Protection of biodiversity	Measures taken to protect or restore biodiversity	GRI 3-3	49
	Impacts caused by activities or operations in protected areas	GRI 3-3	n/a
Social and personnel questions			
Employees	Total number and distribution of employees according to country, gender, age, country and professional classification	GRI 2-7 GRI 405-1	60, 62
	Total number and distribution of work contract modalities	GRI 2-7	60
	Annual average of work contract modalities (permanent, temporary and part-time) by sex, age, and professional classification	GRI 2-7	61
	Number of dismissals by sex, age, and professional classification	GRI 3-3	60
	Salary gap	GRI 3-3 GRI 405-2	45
	The average remunerations and their evolution disaggregated by sex, age, and professional classification or equal value	GRI 3-3 GRI 405-2	45
	The average remuneration of directors and executives, including variable remuneration, allowances, compensation, payment to long-term forecast savings and any other perception broken down by gender	GRI 3-3 GRI 405-2	46
	Implementation of employment termination policies	GRI 3-3	44
	Employees with disabilities	GRI 405-1	62

Work organization	Work schedule organization	GRI 3-3	44
	Number of hours of absenteeism	GRI 403-9	63
	Measures aimed to facilitate the conciliation while encouraging the co-responsible performance by both parents	GRI 3-3 GRI 401-3	44-45
Health and safety	Work health and safety conditions	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-7 GRI 403-8	45, 64
	Work accidents, in particular their frequency and severity, disaggregated by gender	GRI 403-9 GRI 403-10	63
	Occupational diseases, disaggregated by gender	GRI 403-9 GRI 403-10	63
Social relationships	Organization of social dialog, including procedures to inform and consult staff and negotiate with them	GRI 3-3	46
	Percentage of employees covered by collective agreement by country	GRI 2-30	61
	The balance of collective agreements, particularly in the field of health and safety at work	GRI 403-3	46
	Mechanism and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation	GRI 3-3	46
Training	Policies implemented for training activities	GRI 3-3 GRI 404-2	44
	The total amount of training hours by professional category	GRI 404-1	44
Universal accessibility for people with disabilities	Universal accessibility for people with disabilities	GRI 3-3	44-45
Equality	Measures taken to promote equal treatment and opportunities between women and men	GRI 3-3	44-45
	Equality plans (Section III of Organic Law 3/2007, of March 22, for the effective equality of women and men)	GRI 3-3	44-45
	Measures adopted to promote employment, protocols against sexual and gender-based harassment, integration, and the universal accessibility of people with disabilities	GRI 3-3	44-45
	Policy against any type of discrimination and, where appropriate, diversity management	GRI 3-3	44-45
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 2-23 GRI 2-26 GRI 2-24	44-45
	Claims regarding cases of human rights violations	GRI 3-3 GRI 406-1	44
	Promotion and compliance with the provisions contained in the related fundamental Conventions of the International Labour Organization with respect for freedom of association and the right to collective bargaining; the elimination of discrimination in employment and occupation; the elimination of forced or compulsory labour; and the effective abolition of child labour	GRI 3-3 GRI 407-1 GRI 408-1 GRI 409-1	44-45
Information about anti-bribery and anti-corruption measures			
Corruption and bribery	Measures adopted to prevent corruption and bribery	GRI 3-2 GRI 2-23 GRI 2-26 GRI 205-2	44
	Measures adopted to fight against anti-money laundering		44
	Contributions to foundations and non-profit-making bodies	GRI 2-28 GRI 201-1	63
Information about the society			
Commitment by the company to sustainable development	Impact of the company's activities on employment and local development	GRI 3-3 GRI 203-2 GRI 204-1	47
	The impact of company activity on local populations and on the territory	GRI 413-1 GRI 413-2	47
	The relationships maintained with representatives of the local communities and the modalities of dialog with these	GRI 2-29 GRI 413-1	46-47
	Actions of association or sponsorship	GRI 3-3 GRI 201-1	64
Subcontractors and suppliers	The inclusion of social, gender equality and environmental issues in the purchasing policy	GRI 3-3	42
	Consideration of social and environmental responsibility in relations with suppliers and subcontractors	GRI 2-6 GRI 308-1	42
	Supervision systems and audits, and their results	GRI 2-6 GRI 308-2	43-44

Consumers	Customer health and safety measures	GRI 3-3	47
	Claims systems, complaints received and their resolution	GRI 3-3 GRI 418-1	47
Tax information	Benefits obtained by country	GRI 3-3 GRI 207-4	65
	Taxes on paid benefits		66
	Public subsidies received	GRI 201-4	66
Other indicators			
AmRest Taxonomy disclosure		Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18th 2020 and its Delegated Acts	50-58

Independent verification report

To the shareholders of AmRest Holdings, SE:

Pursuant to article 49 of the Code of Commerce, we have verified, with the scope of a limited assurance engagement, the accompanying Consolidated Statement of Non-Financial Information ("SNFI") for the year ended 31 December 2023 of AmRest Holdings, SE (Parent company) and subsidiaries (hereinafter "AmRest Group" or the Group) which forms part of the AmRest Group's consolidated management report.

Responsibility of the directors of the Parent company

The preparation of the SNFI included in AmRest Group's consolidated management report and the content thereof, are the responsibility of the directors of AmRest Holdings, SE. The SNFI has been drawn up in accordance with the provisions of current mercantile legislation and following the criteria of the *Sustainability Reporting Standards* of the *Global Reporting Initiative* ("GRI Standards") selected as per the details provided for each matter in the "Index of the contents required by Law 11/2018" of the aforementioned Statement.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the SNFI to be free of material misstatement due to fraud or error.

The directors of AmRest Holdings, SE are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the SNFI is obtained.

Our independence and quality management

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code of Ethics) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team consisted of professionals specialising in Non-financial Information reviews, specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in a limited assurance independent report based on the work we have performed. We carried out our work in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and in the Guidelines for verification engagements of the Statement of Non-Financial Information issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

Our work consisted of posing questions to management as well as to the various units of AmRest Group that were involved in the preparation of the SNFI, of the review of the processes for compiling and validating the information presented in the SNFI, and in the application of certain analytical procedures and review procedures on a sample basis, as described below:

- Meetings with the AmRest Holdings, SE personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content of the SNFI for the year 2023, based on the materiality analysis carried out by AmRest Group and described in section "Materiality Analysis", taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the SNFI for the year 2023.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the SNFI for the year 2023.
- Verification, by means of sample testing, of the information relating to the content of the SNFI for the year 2023 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the directors and management of the Parent company.

Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that the SNFI of AmRest Holdings, SE and its subsidiaries, for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the provisions of current mercantile legislation and following the criteria of GRI selected as per the details provided for each matter in the "Index of the contents required by Law 11/2018" of the aforementioned Statement.

pwc

Emphasis of matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 relating to the establishment of a framework to facilitate sustainable investments, as well as the Delegated Acts promulgated in accordance with the provisions of the aforementioned Regulation, establish the obligation to disclose information on the manner and extent to which the company's activities are associated with eligible economic activities in relation to the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution and protection and restoration of biodiversity and ecosystems (the rest of the environmental objectives), and with respect to certain new activities included in the objectives of mitigation and adaptation to climate change, for the first time for the 2023 financial year, in addition to the information referring to eligible and aligned activities already required in the 2022 financial year in relation to the objectives of climate change mitigation and climate change adaptation. Consequently, comparative information on eligibility in relation to the rest of the environmental objectives indicated above or on new activities included in the objectives of climate change mitigation and climate change adaptation, has not been included in the accompanying SNFI. Furthermore, to the extent that the information relating to the 2022 financial year was not required with the same level of detail as in the 2023 financial year, the information disclosed in the accompanying SNFI is not strictly comparable either. In addition, it should be noted that AmRest Holdings, SE's directors have incorporated information on the criteria that, in their opinion, allow for improved compliance with the aforementioned obligations and which have been defined in section "AmRest Taxonomy disclosure" of the accompanying SNFI. Our conclusion has not been modified in relation to this matter.

Use and distribution

This report has been drawn up in response to the requirement established in current Spanish mercantile legislation and therefore may not be suitable for other purposes and jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Joaquín Guerola Gonzálvez

28 February 2024

INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

2024 Núm. 01/24/00181
SELLO CORPORATIVO: 30,00 EUR

Sello distintivo de otras actuaciones

Annual Corporate Governance Report

for the year ended 31 December 2023

Data identify issuer

Ending date of reference financial year	31/12/2023
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 Holdings SE

Annual Corporate Governance Report
for the year ended 31 December 2023

Contents

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_**

Date of the last modification of the share capital	Share capital (euros)	Number of shares	Number of voting rights
15/10/2018	21,955,418.30	219,554,183	219,554,183

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		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
Artal International, S.C.A.	5.18	0.00	0.00	0.00	5.18
FCapital Dutch, S.L.	67.05	0.00	0.00	0.00	67.05
Nationale-Nederlanden Open Pension Fund	4.88	0.00	0.00	0.00	4.88
Powszechne Towarzystwo Emerytalne Allianz Polska, S.A.	0.00	4.34	0.00	0.00	4.34

Remarks
Mr. Carlos Fernández González owns indirectly the majority of the share capital and voting rights of FCapital Dutch, S.L. (direct holder of the shareholding stated in the table above).

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	% of voting rights through financial instruments	% of total voting rights
Powszechne Towarzystwo Emerytalne Allianz Polska, S.A.	Allianz Polska Otwarty Fundusz Emerytalny	4.339	0.00	4.339
Powszechne Towarzystwo Emerytalne Allianz Polska, S.A.	Allianz Polska Dobrowolny Fundusz Emerytalny	0.002	0.00	0.002

Indicate the most significant changes in the shareholder structure during the year:

Most significant movements
Pursuant to the notification sent on March 7, 2023 by Powszechne Towarzystwo Emerytalne Allianz Polska, S.A. (PTE Allianz) to the Spanish National Securities Market Commission ("CNMV"), the merger between the fund managers PTE Allianz and Aviva Powszechne Towarzystwo Emerytalne Aviva Santander, S.A. (PTE Aviva) was completed on December 30, 2022. Following the merger, PTE Allianz managed three funds: - Drugi Allianz Polska Otwarty Fundusz Emerytalny - ex Aviva Otwarty Fundusz Emerytalny Aviva Santander (formerly called Aviva Otwarty Fundusz Emerytalny Aviva BZWBK) - Allianz Polska Otwarty Fundusz Emerytalny - Allianz Polska Dobrowolny Fundusz Emerytalny After the merger, the total share of voting rights of PTE Allianz in AmRest Holdings, SE became 4.34% Subsequently, according to the notification sent on May 18, 2023 to the CNMV, on May 12, 2023 the merger between Drugi Allianz Polska Otwarty Fundusz Emerytalny (liquidated) and Allianz Polska Otwarty Fundusz Emerytalny was carried out, and the share of voting rights of PTE Allianz in AmRest Holdings, SE (4.34%) remained unchanged.

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 votes for loyalty)		% of voting rights through financial instruments		% of total voting rights	From % 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

Total percentage of voting rights held by the Board of Directors	0.00

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 votes for loyalty)	% of voting rights through financial instruments	% of total voting rights	From % total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote

List the total percentage of voting rights represented on the board:

Total percentage of voting rights held by the Board of Directors	67.05

Remarks
See Section A.2.

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
Mr. José Parés Gutiérrez	FCapital Dutch, S.L.	Grupo Finaccess S.A.P.I. de C.V.	Director of Grupo Finaccess S.A.P.I. de C.V.
Mr. Luis Miguel Álvarez Pérez	FCapital Dutch, S.L.	Grupo Finaccess S.A.P.I. de C.V.	Director of Grupo Finaccess S.A.P.I. de C.V.
Ms. Begoña Orgambide García	FCapital Dutch, S.L.	Grupo Finaccess S.A.P.I. de C.V.	Director of FCapital Dutch, S.L.

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**

Indicate whether the company is aware of any concerted actions among its shareholders, If so, provide a brief description:

Yes _ **No X**

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
Mr. Carlos Fernández González

Remarks
Mr. Carlos Fernández González owns indirectly the majority of the share capital and voting rights of FCapital Dutch, S.L. (owns 67.05% of the share capital of AmRest Holdings, SE).

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
1,412,446	-	0.64%

(*) Through:

Name or company name of direct shareholder	Number of direct shares

Explain any significant changes that have occurred during the financial year:

Explain significant changes
The significant changes in the Company's treasury shares during the financial year 2023 are due to the treasury stock acquisition transactions carried out under the two Share Buyback Programs approved by the Board of Directors of AmRest within the framework of the authorization granted to it by resolution of the Company's General Shareholders' Meeting, held on May 12, 2022, under the ninth item on the agenda, and in accordance with Article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council, of 16 April 2014, on market abuse, and Articles 2.2 and 2.3 of Commission Delegated Regulation (EU) 2016/1052, of March 8, 2016. These Share Buyback Programs of treasury shares were communicated to the Spanish National Securities Market Commission by means of communication of Inside Information dated July 4, 2023 and December 1, 2023, respectively.

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.

In connection with the authorization granted to the Board of Directors by the General Shareholders' Meeting to acquire the Company's 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, on the terms that are literally set forth below:

"*Leave without value or effect, in the unused part of the resolution approved under item nine of the Agenda of the Ordinary General Shareholders Meeting, held on 6 June 2018, concerning the authorisation granted to the Board of Directors for the derivative acquisition of Company treasury shares, directly or through companies of the group and for the disposal of the same.*

Grant express authorisation for the derivative acquisition of Company treasury shares, directly through the Company or through any of its subsidiaries.

Approve the limits or requirements of these acquisitions, which will be as follows:

(i) Methods of acquisition: by share purchase deed or by any other "inter vivos" transfer for valuable consideration.

(ii) Maximum amount: That the nominal value of the shares acquired directly or indirectly, added to the value of those already held by the Company and its subsidiaries, and, where applicable, the parent company and its subsidiaries, does not exceed, at any time, the permitted legal maximum.

(iii) Characteristics of the acquired shares: That the acquired shares are free of any charge or encumbrance, are fully disbursed and are not affected by the fulfilment of any kind of obligation.

(iv) Required reserve: That a restricted reserve, equivalent to the amount of the treasure shares reflected in the assets, may be provided in the Company's equity. This reserve must be maintained as long as the shares are not sold or redeemed or there is a legislative amendment authorising it.

(v) Term: five (5) years from the date of approval of this resolution.

(vi) Minimum and maximum price: The acquisition price must not be less than the nominal value or more than 20% of the listed price in both cases at the time of the acquisition in question. The acquisition of treasury shares will be in accordance with the rules and practices of the securities markets. All the above, without prejudice to the application of the general scheme of derivative acquisitions provided for in Article 146 of the current Companies Act.

It is expressly stated that the shares acquired as a result of this authorisation may be traded or redeemed, as well as applied to remuneration schemes, plans or agreements, in effect at any time, by providing shares and stock options to members of the Board of Directors and to management personnel of the Company or its Group. In addition, it is expressly authorised that the shares acquired by the Company or its subsidiaries in the use of this authorisation, and those owned by the Company at the date of this General Meeting, may be allocated in whole or in part to facilitate the fulfilment of these plans or agreements, as well as for the development of programmes that promote equity participation in the Company, such as dividend reinvestment plans, loyalty bonds or other similar instruments.

The Board of Directors is also authorised to replace the powers delegated to it by this General Shareholders Meeting in relation to this resolution, in favour of the Chairman of the Board of Directors, the Secretary or the Deputy Secretary of the Board."

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 (within the maximum period of five years from the date of the resolution, once or more times, and up to a maximum amount equivalent to half the share capital at the time of the authorisation), as well as to issue bonds, debentures and other fixed income securities convertible into shares, warrants or other similar securities that may grant the right to the subscription of shares, as well as promissory notes and preference shares or debt instruments of a similar nature, in turn delegating the authority to exclude the pre-emptive subscription right in these issued securities up to a limit of 20% of the share capital, in accordance with the terms of the Spanish Capital Companies Act.

A.11 Estimated float:

	%
Estimated float	17.91

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_**

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:

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.

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	40%	60%
Quorum required at 2nd call		40%

Description of differences

% quorum different from that established in Article 193 of the Spanish Corporate Enterprises Act for general matters

Quorum required at 1st call: at least 40% of share capital subscribed with voting rights
Quorum required at 2nd call: N/A

% quorum different from that established in Article 194 of the Spanish Corporate Enterprises Act for special resolutions

Quorum required at 1st call: at least 60% of share capital subscribed with voting rights
Quorum required at 2nd call: at least 40% of share capital subscribed with voting rights

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 _X_ No _

	Qualified majority different from that established in Article 201.2 of the Spanish Corporate Enterprises Act for matters referred to by Article 194.1 of said Act	Other matters requiring a qualified majority
% established by the company for the adoption of resolutions	0	50

In accordance with the provisions of Article 20 of the Company's Bylaws, corporate resolutions shall be approved by the General Shareholders' Meeting by the majority of votes required by law in each case, with the sole exception of the majority required to waive the prohibition of competition in accordance with the provisions of Article 25 bis of the Company's Bylaws, which provides that the waiver shall require the favourable vote of at least more than half of the share capital with voting rights.

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 Article 19 of AmRest's Bylaws and Article 16 of the General Shareholders' Meeting Regulation, where an ordinary or extraordinary General Shareholders' Meeting is arranged to discuss amendments to the Bylaws, included increasing or reducing the share capital, issuing bonds within the scope of its powers, cancelling or limiting shareholders' preferential subscription rights over new shares, transforming, merging, splitting off, globally assigning assets and liabilities, moving the registered office abroad or winding up of the Company, 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 the majorities required for amendments to the Bylaws, Article 20 of AmRest's Bylaws and Article 26 of the General Shareholders' Meeting Regulation refer to the terms set forth by law, i.e. at the first call, absolute majority where shareholders representing at least 50% of the capital subscribed with voting rights are present. At second call, where shareholders representing less than 50% of the capital subscribed with voting rights are present, resolutions concerning amendments to the Bylaws may only be validly adopted with a favourable vote of two-thirds of the present or represented shared capital at the General Shareholders' Meeting.

Also, and in pursuance to section 286 of the Spanish Capital Companies Act, if the Bylaws are amended, the Directors or, if appropriate, the shareholders who made the proposal must draw up in full the text of their proposed amendment and a written report justifying the amendment, which must be made available to the shareholders when the General Shareholders' Meeting is called to deliberate on the amendment.

Furthermore, and pursuant to section 287 of the Capital Companies Act, the notice calling the General Shareholders' Meeting must clearly state the items that might be amended, and note that all the shareholders are entitled to analyse the full text of the proposed amendment and the report on such amendment at the registered offices, as well as to request such documents to be delivered or sent to them free of charge.

Pursuant to section 291 of the Capital Companies Act, when new obligations are established for the shareholders due to an amendment of the Bylaws, the resolution must be passed with the approval of the affected shareholders. Furthermore, if the amendment directly or indirectly affects a type of shares, or part of them, the provisions of section 293 of such Act shall apply.

The procedure for voting on proposed resolutions at the General Shareholders' Meeting is regulated in section 197 bis of the Capital Companies Act and in the internal regulations of AmRest, in particular, article 24 of the Regulations for the General Shareholders' Meeting. This article states, among other things, that when amendments are made to the Bylaws, each article or group of articles which is materially different will be voted on separately (voting, as an exception, as a whole on those proposals that are configured as unitary and indivisible, such as those related to the approval of a consolidated text of the Bylaws).

B.4 Give details of attendance at General Shareholders' Meetings held during the reporting year and the two previous years:

	Attendance data				
Date of General Meeting	% physically present	% present by proxy	% distance voting		Total
			Electronic voting	Other	
11/05/2023	0.00%	69.49%	0.00%	0.00%	69.49%
Of which floating capital:	0.00%	1.77%	0.00%	0.00%	1.77%
12/05/2022	0.00%	74.61%	0.00%	0.00%	74.61%
Of which floating capital:	0.00%	7.02%	0.00%	0.00%	7.02%
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%	68.72%	0.00%	0.00%	68.72%
Of which floating capital:	0.00%	1.67%	0.00%	0.00%	1.67%

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_**

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_**

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_**

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, including information on the General Shareholders' Meeting, can be found by accessing directly from AmRest's home page (www.amrest.eu) to the "Investors" section (https://www.amrest.eu/en/investors/investors-and-shareholders) and, from there, to the "Corporate Governance" and "General Shareholders' Meeting" subsections, which include not only all the information that is legally required but also information that the Company considers to be of interest.

C STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1 BOARD OF DIRECTORS

C.1.1 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

C.1.2 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
Mr. José Parés Gutiérrez		Executive	Chairman	October 5, 2017	May 12, 2022	General shareholders' meeting resolution	August 12, 1970
Mr. Luis Miguel Álvarez Pérez		Proprietary	Vice Chairman	October 5, 2017	May 12, 2022	General shareholders' meeting resolution	January 31, 1970
Ms. Begoña Orgambide García		Proprietary	Director	May 11,2023	May 11, 2023	General shareholders' meeting resolution	March 1, 1979
Ms. Romana Sadurska		Independent	Director	May 14, 2019	June 10, 2020	General shareholders' meeting resolution	July 28, 1951
Mr. Emilio Fullaondo Botella		Independent	Director	May 14, 2019	June 10, 2020	General shareholders' meeting resolution	May 22, 1971
Mr. Pablo Castilla Reparaz		Independent	Lead Independent Director	October 5, 2017	May 12, 2022	General shareholders' meeting resolution	December 6, 1960
Ms. Mónica Cueva Díaz		Independent	Director	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
Mr. Carlos Fernández González	Proprietary	May 12, 2022	May 11, 2023		YES

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.

Mr. Carlos Fernández González, by means of a letter addressed to all the members of the Board of Directors, communicated his resignation as director of the Company, being such resignation effective after the termination of the Ordinary General Shareholders' Meeting held on May 11, 2023. The reasons for his resignation were professional.

The Board of Directors accepted the resignation submitted by Mr. Carlos Fernández González and approved to distinguish him, effective as of the date of his resignation as director (May 11, 2023) with the appointment as Chairman of Honour of AmRest Holdings, SE (honorary position that, in accordance with Article 15 of the Regulations of the Board of Directors, the Board might grant in favour of whom, having been a director, has left the Board and that, because of his merits and extraordinary dedication to the purposes of the Company, has earned that distinction).

C.1.3 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
Mr. José Parés Gutiérrez	Executive Chairman	Graduated from Universidad Panamericana, Mexico (Business and Finance) and completed his MBA at ITAM, Mexico, as well as the Business D-1 Program at IPADE, Mexico, and Executive Programme at Wharton, San Francisco. CEO of Finaccess Capital (Mexico) since 2013 and Chairman of the Board of Directors of Restaurant Brands New Zealand Limited. He has international experience in marketing, sales, finance and operational management. He spent 19 years of his career working in various roles for Grupo Modelo (Mexico) 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 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
Mr. Luis Miguel Álvarez Pérez	FCapital Dutch, S.L.	Graduated from Universidad Iberoamericana (Industrial Engineering) and completed the International Management Program at Fort Lauderdale, Florida (IPADE Business School), the International Top Management Program (ITAM, Ashridge, Kellog, IMD, Standford) and the Building Skills for Success Program at Wharton, San Francisco. Board Member, Audit Committee Member and Investment Committee Member of Finaccess, S.A.P.I. (since 2013). Founder and CEO of Compitalia, S.A. de C.V. Member of the Board of Directors and of the Appointments and Remuneration Committee of Restaurant Brands New Zealand Limited. Previously held several roles at Grupo Modelo (Mexico) for more than 25 years. Currently he is a member of the Board of Directors of numerous private companies and NGOs, in addition to holding various positions in the Finaccess Group.

Ms. Begoña Orgambide García	FCapital Dutch, S.L.	She holds a degree in Administration and Finance with honors from Universidad Panamericana, where she also studied a Master's Degree in Investment Project Evaluation. She holds a Diploma in Communication and Corporate Reputation from Universidad Anáhuac and a Senior International Management Program (PADI), taught by ITAM, in collaboration with Kellogg, Stanford and Ashridge. She is currently Director of Investor Relations at Finaccess Capital, S.A. de C.V. and has developed expertise in investment analysis, mainly in the restaurant and real estate sector, and return evaluation. She is also responsible for the design and implementation of the communication strategy for the investor group regarding the financial situation and evolution of the different investments. Previously she was Director of Investor Relations at Grupo Modelo S.A.B. de C.V. and subsequently held the same position at Grupo Sports World S.A.B. de C.V. In 2015 she joined Walmart de México S.A.B. de C.V. as Director of Strategic Planning and M&A.
	Total number of proprietary directors	**2**
	Percentage of Board	**28.57**

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	Profile
Mr. Pablo Castilla Reparaz	He holds a Bachelor's Degree of Laws (Universidad Complutense - CEU) as well as a Master's Degrees in Tax Legal Advice and EU Law (ICAI – ICADE) and finished Advanced Management Program for Overseas Bankers (the Wharton School of the University of Pennsylvania). He has more than 30 years of experience in the banking sector as a lawyer for Banco Santander, S.A., having been responsible for M&A transactions in several jurisdictions. He has also served as Director of Santander Direkt Bank (Germany), Director of Banco Mercantil (Peru), Secretary non director of BT Telecomunicaciones S.A., director Secretary of Santander Investment, S.A., Secretary of the Investment Committee of Grupo Santander, director Secretary of OpenBank and director Secretary of Grupo Vitaldent.
Ms. Mónica Cueva Díaz	She holds a degree in Economic and Business Sciences and Executive MBA from the Instituto de Empresa. She worked with Banco Santander for more than 30 years, holding various roles in different jurisdictions, generally linked to the financial, accounting and control areas, also participating in important integration processes such as the acquisition of ABN AMRO. Ms. Mónica Cueva has also been a college professor and lecturer, a member of the European Banking Authority representing Banco Santander, and a director in numerous companies of the Santander Group. She currently holds the position of director of Banco Santander Río (Argentina).
Ms. Romana Sadurska	Law graduate (University of Warsaw), 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. She was also partner Secretary General of the Spanish law firm Uría Menédez, being responsible for the practice area of Central and Eastern Europe of said firm. She currently is a member of the Patronage ("Patronato") of the Aspen Institute Spain.
Mr. Emilio Fullaondo Botella	He holds a degree in Public Accounting and an MBA from the Instituto Tecnológico Autónomo de México (ITAM) and completed the Executive Management of the Instituto Panamericano de Alta Dirección de Empresa (IPADE). He has held senior management positions for more than 23 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 4 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. Currently, he is an independent director of the Restaurant Brands New Zealand Limited.
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

C.1.4 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 2023	Year 2022	Year 2021	Year 2020	Year 2023	Year 2022	Year 2021	Year 2020
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	1	0	0	0	50.00%	0.00%	0.00%	0.00%
Independent	2	2	2	2	50.00%	50.00%	50.00%	50.00%
Other external	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	3	2	2	2	42.86%	28.57%	28.57%	28.57%

C.1.5 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 polices __

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.

If the company does not apply a diversity policy, explain the reasons why

AmRest has a Diversity Policy in relation to the Board of Directors and the Selection of Directors, adapted to the applicable regulations and the recommendations of the Good Governance Code of the Spanish National Securities Market Commission (CNMV) currently in force.

This Policy ensures that the procedures for selecting directors are based on a prior analysis of the skills required by the Board of Directors, and favours thereof diversity of knowledge, training and professional experience, age and gender on the Board, free from any implicit bias that might imply any form of discrimination, particularly on account of gender, disability or any other personal condition, and that facilitate the selection of female directors in a number that allows the achievement of an equal balance of women and men.

In accordance with the provisions of said Policy and with the Regulations of the Board of Directors, and in accordance with the criteria applied in practice by the Company, the selection of candidates to serve as a director at AmRest adheres to the following principles:

1. An effort is made to ensure that the Board of Directors has a balanced composition, with a large majority of non-executive directors and an appropriate mix of proprietary and independent directors, while also endeavouring to ensure that independent directors have sufficient weight within the Board of Directors.

2. The Board of Directors endeavours to ensure that the procedures for the selection of directors favour diversity of knowledge, training, professional experience, age and gender, and are free from any implicit biases that might imply any form of discrimination. All of the foregoing is in order for the Board of Directors to have an appropriate, diverse and balanced composition overall, which i) enriches analysis and debate, ii) contributes multiple viewpoints and positions, iii) favours decision-making, iv) gives it maximum independence, and v) allows for compliance with legal requirements and good governance recommendations in relation to composition and suitability required to be met by the members of the Board of Directors. It shall also ensure that the candidates for director have sufficient available time to properly perform their duties.

3. The process for the selection of candidates to serve as directors is also based on a prior analysis of the skills required by the Board of Directors. Such analysis is conducted by the Company's Board of Directors, with the advice and with the required report or proposal, if applicable, of the Appointments, Remuneration and Corporate Governance Committee.

4. In the case of re-election or ratification, the report or proposal of the Appointments, Remuneration and Corporate Governance Committee contains an evaluation of the work and effective dedication to the position for the most recent period of time during which the proposed director has been in that position, as well as the director's ability to continue to perform satisfactorily.

5. The required report or proposal of the Appointments, Remuneration and Corporate Governance Committee is published upon the call to the General Shareholders' Meeting at which the appointment, ratification or re-election of each director is submitted.

Furthermore, the Board of Directors and the Appointments, Remuneration and Corporate Governance Committee ensure, within the scope of their respective powers, that the candidates chosen for the position of director are persons of recognized probity, competence and experience, who are willing to devote the time and effort required for the performance of their duties.

Accordingly, all the candidates for the position of director shall be professionals of integrity, whose conduct and professional career is in line with the principles set out in the Code of Business Conduct and with the criteria and values of the AmRest Group.

Candidates for directors shall be considered in particular if they have training and professional experience in different fields of activity, especially in economic-financial matters, consumer knowledge, ESG knowledge, marketing, technology, accounting, auditing and risk management -both financial and non-financial-.

Likewise, it should be noted that the same criteria and principles that the Company applies in the process of selection and appointment of the members of the Board of Directors are applied in the appointment of the directors that are part of the different committees of the Board of Directors of the Company.

The Appointments, Remuneration and Corporate Governance Committee verifies compliance with the Diversity Policy in relation to the Board of Directors and the Selection of Directors on an annual basis, and information thereon is included in the Annual Corporate Governance Report and in such other documents as are deemed appropriate.

As of December 31, 2023, the composition of the Board complies with the objectives contemplated in the applicable regulations and recommendations, in its Regulations and in the Diversity Policy in relation to the Board of Directors and the Selection of Directors, highlighting that there is an adequate balance between the different categories of directors, with an ample majority of non-executive directors (85.71%) and independent directors (57.14%); with a percentage of gender diversity in line with best practices (women represent 42.86% of the directors); and with a wide diversity of skills, knowledge and experience, both national and international. In conclusion, the Board, as a whole, has an adequate and diverse composition and a deep knowledge of the environment, strategy, activities, business and risks of the Company and its Group, resulting in a balanced composition adjusted to the needs of the corporate bodies, and thus contributing to ensure the proper performance of its functions.

AmRest is firmly convinced that diversity in all its facets and at all levels, as well as the fact that its members have different points of view and positions, is an essential factor in ensuring the competitiveness of the Company and an important element favouring a critical attitude.

C.1.6 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
As already mentioned, Board members are selected and appointed based on the Company's needs and the skills required by the Board of Directors itself. Thus, the Board of Directors and the Appointments, Remuneration and Corporate Governance Committee seek candidates who bring a wealth of diverse knowledge, abilities, experience and profiles to the Company, the search being based, essentially, on the ability and professional merits of the candidates and on their showing conduct and a track record aligned with AmRest's values. Any male or female who meets these requirements can be included in the selection process. Specifically, with regard to gender diversity, the Diversity Policy in relation to the Board of Directors and the Selection of Directors establishes that the Board of Directors, as far as possible and in the best interest of the Company, promotes the objective of the presence of female directors, as well as measures that encourage the Company to have a balanced representation at senior management level, taking into account the recommendations of good governance in force at any given time, and without prejudice to the essential criteria of merit and ability that must govern all selection processes of the Company. As of December 31, 2023, the percentage of women on the Board of Directors is 42.86%, with a balanced presence of women and men.

If in spite of any measures adopted there are few or no female directors or senior managers, explain the reasons for this:

Explanation of reasons
On the other hand, as regards the number of women in senior management, in recent years there has been a significant restructuring in the composition of the Company's senior management, thus affecting gender diversity. Due to the low turnover in senior management following this restructuring, the number of female senior managers has not increased during the year 2023. In this context, one of the Company's objectives is to continue working to ensure that future selection processes to be carried out as vacancies arise continue to favour gender diversity.

C.1.7 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.

In accordance with the provisions of the applicable regulations and policies, in 2023, the Appointments, Remuneration and Corporate Governance Committee reported favourably on the proposal submitted by the Board of Directors to the Ordinary General Shareholders' Meeting regarding the appointment of Ms. Begoña Orgambide García as proprietary director, having verified, in order to proceed with said appointment, compliance with the Diversity Policy in relation to the Board of Directors and Selection of Directors in terms of the objective of favouring diversity of knowledge, training and professional experience, age and gender. In relation to said report, the Committee evaluated and weighed the training, competence, professional profile and suitability of the proposed candidate, as well as her experience and knowledge in diverse sectors and matters relevant to the Company, and her capacity to adequately dedicate herself to the performance of the position and to effectively contribute to the Company's governing bodies being able to perform their functions with the highest standards of quality and efficiency.

C.1.8 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_**

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 Executive Chairman 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. The Board of Directors delegated to Mr. José Parés Gutiérrez all the powers inherent to the position of Executive Chairman 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
Mr. José Parés Gutiérrez	Finaccess Capital, S.A. de C.V.	Sole Director
Mr. José Parés Gutiérrez	Grupo Far-Luca, S.A. de C.V.	Director
Mr. José Parés Gutiérrez	Grupo Finaccess, S.A.P.I. de C.V.	Director
Mr. José Parés Gutiérrez	Wafi, S.A. de C.V.	Sole Director
Mr. José Parés Gutiérrez	Tenedora PGB, S.A. de C.V	Sole Director
Mr. José Parés Gutiérrez	Finaccess Capital USA, Inc.	Chairman
Mr. José Parés Gutiérrez	Fincap USA, Inc.	Manager
Mr. José Parés Gutiérrez	Grupo RBNZ México, S.A. de C.V.	Sole Director
Mr. José Parés Gutiérrez	Restaurant Brands New Zealand Limited	Chairman
Mr. José Parés Gutiérrez	GD Holdings USA Inc.	Sole Director
Mr. José Parés Gutiérrez	Destilados GD, S.A.P.I. de C.V.	Chairman
Mr. Luis Miguel Álvarez Pérez	Finaccess Filantropía, A.C.	Chairman
Mr. Luis Miguel Álvarez Pérez	Finaccess Social, S.A. de C.V.	Director

Mr. Luis Miguel Álvarez Pérez	Grupo Finaccess, S.A.P.I. de C.V.	Director
Mr. Luis Miguel Álvarez Pérez	Cristel House Mexico, A.C.	Director
Mr. Luis Miguel Álvarez Pérez	Gestación de Proyectos Sociales, A.C.	Director
Mr. Luis Miguel Álvarez Pérez	Compitalia, S.A. de C.V.	CEO
Mr. Luis Miguel Álvarez Pérez	Restaurant Brands New Zealand Limited	Director
Mr. Luis Miguel Álvarez Pérez	Rancho La Escandalera, S.A. de C.V.	Sole Director
Mr. Luis Miguel Álvarez Pérez	Destilados GD, S.A.P.I. de C.V.	Director
Mr. Luis Miguel Álvarez Pérez	Global Beverage Team, LLC	Director
Mr. Luis Miguel Álvarez Pérez	Sueños y Conceptos Inmobiliarios, S.A. de C.V.	Director Secretary
Mr. Luis Miguel Álvarez Pérez	Fornix, S.A. de C.V.	Chairman
Mr. Luis Miguel Álvarez Pérez	Cima Everest, S.A. de C.V.	Chairman
Mr. Luis Miguel Álvarez Pérez	Grupo Aradam, S.A.P.I. de C.V.	Director
Mr. Luis Miguel Álvarez Pérez	LI América S.A.P.I.	Chairman
Mr. Emilio Fullaondo Botella	Restaurant Brands New Zealand Limited	Director
Ms. Romana Sadurska	Aspen Institute España	Patron
Mr. Pablo Castilla Reparaz	PLA Litigation Funding, S.A.	Director
Mr. Pablo Castilla Reparaz	Fundación Dádoris	Patron Secretary
Ms. Mónica Cueva Díaz	Banco Santander Río Argentina	Director
Ms. Begoña Orgambide García	Inmobiliaria Colonial, SOCIMI, S.A.	Director
Ms. Begoña Orgambide García	FCapital Dutch, S.L.	Director
Ms. Begoña Orgambide García	Finaccess Restauración, S.L.	Director
Ms. Begoña Orgambide García	Finaccess Inmobiliaria, S.L.	Director
Ms. Begoña Orgambide García	Finaccess Capital Inversores, S.L.	Director
Ms. Begoña Orgambide García	Atrides	Director

Remarks

Listed below are the positions indicated in the table above that are remunerated:

Mr. José Parés Gutiérrez: Chairman of Restaurant Brands New Zealand Limited; Chairman of Finaccess Capital USA, Inc.

Mr. Luis Miguel Álvarez Pérez: Director of Restaurant Brands New Zealand Limited; Director of Grupo Finaccess, S.A.P.I. de C.V.; CEO of Compitalia, S.A. de C.V.

Mr. Emilio Fullaondo Botella: Director of Restaurant Brands New Zealand Limited

Ms. Mónica Cueva Díaz: Director of Banco Santander Río Argentina

Mr. Pablo Castilla Reparaz: Director of PLA Litigation Funding, S.A.

Ms. Begoña Orgambide García: Director of Inmobiliaria Colonial, SOCIMI, S.A.

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
Mr. Luis Miguel Álvarez 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 23 of the AmRest Board of Directors Regulations and Article 2 of the Diversity Policy in relation to the Board of Directors and the Selection of Directors, 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. Exceptionally, and provided there is just cause, the Board of Directors may exempt directors from this prohibition. In addition, directors shall inform to the Appointments, Remuneration and Corporate Governance 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)	826
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

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)
Mr. Luis Comas Jiménez	Chief Executive Officer
Mr. Ismael Sánchez Moreno	Chief People Officer
Mr. Daniel del Río Benítez	Chief Operations Officer
Mr. Eduardo Zamarripa Escamilla	Chief Financial Officer
Mr. Santiago Gallo Pérez	Chief Marketing Officer
Mr. Robert Żuk	Chief Information Officer
Mr. Ramanurup Sen	Food Services President
Mr. Mauricio Gárate Meza	General Counsel
Mr. Jacek Niewiadomski	Chief Internal Audit and Control Officer

Number of women in senior management	0
Percentage of total senior management	0,00%

Total remuneration of senior management (thousands of euros)	3,674

C.1.15 Indicate whether the Board regulations were amended during the year:

Yes _X_ No __

Description of amendment(s)
The Board of Directors, at its meeting held on March 30, 2023, and at the proposal of the Appointments, Remuneration and Corporate Governance Committee (which, as provided in article 4 of the Regulations of the Board of Directors, prepared the respective Supporting Report), approved the partial amendment of the Regulations of the Board of Directors of AmRest Holdings, SE. The aforementioned amendment consisted basically of: (i) including the figure of Honorary Chairman, an honorary position that may be approved by the Board of Directors in favour of someone who, having been a director, has ceased to belong to the Board of Directors and who, because of his merits and extraordinary dedication to the Company, deserves to attain such category, in the opinion of the Board of Directors; and (ii) modifying the regulation of the prohibition of competition applicable to directors, in accordance with the proposed amendment included in this same matter in the Company's Bylaws, amendment that was approved by the General Shareholders' Meeting of May 11, 2023. Likewise, notice of the aforementioned amendment of the Regulations of the Board of Directors was given to the Spanish National Securities Exchange Commission, and the amendment was registered with the Madrid Commercial Registry on May 22, 2023, registration number 48; it was also made available to the shareholders on the Company's website. Such amendment also was reported at the General Shareholders' Meeting held on May 11, 2023.

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.

Selection and Appointment

AmRest's Bylaws provide that the Board of Directors shall consist of a minimum of five and a maximum of fifteen members, who shall be appointed by the shareholders at the General Meeting.

Directors will exercise their office for a four-year term, and may be re-appointed for one or more additional periods of the same maximum duration. Once the period has expired, the appointment will be terminated when the next General Shareholders' Meeting is held, or when the legal period for holding the Meeting that must approve the previous year's annual accounts has elapsed.

If a vacancy arises during the term of appointment of the Directors, the Board may appoint a person by co-optation to fill that vacancy up to the next General Shareholders' Meeting. Directors appointed by co-optation may be ratified in their position at the first General Shareholders' Meeting held after their appointment. If the vacancy arises after a General Shareholders' Meeting is called but before it is held, the Board of Directors may appoint a director to perform the corresponding duties until the next General Shareholders' Meeting is held.

Otherwise, and in any event, the proposals for the appointment of directors must comply with the provisions of the Bylaws and the Board of Directors Regulations.

In this regard, and in accordance with the responsibilities assigned to the Appointments, Remuneration and Corporate Governance Committee, this Committee must evaluate the skills, knowledge and experience required on the Board of Directors, defining the functions and competencies required of the candidates who must fill each vacancy, and evaluating the specific amount of time and dedication that will allow them to perform their duties effectively.

Similarly, Appointments, Remuneration and Corporate Governance Committee must submit to the Board of Directors the proposals for the appointment of independent directors, whether for their appointment on an interim basis or for their submission to a decision by the shareholders at the General Shareholders' Meeting. Likewise, it must report on the proposals for the appointment of the remaining directors of the Company, whether for their appointment on an interim basis or for their submission to a decision by the shareholders at the General Shareholders' Meeting.

The category of each director shall be explain by the Board of Directors at the General Shareholders' Meeting at which the shareholders must make or ratify their appointment. Furthermore, such category shall be reviewed annually by the Board, after verification by the Appointments, Remuneration and Corporate Governance Committee, reporting thereon in the Annual Corporate Governance Report.

The Board of Directors and the Appointments, Remuneration and Corporate Governance Committee shall ensure, within the scope of their respective powers, that the candidates proposed for the position of director are persons of recognized probity, competence and experience, who are willing to devote the time and effort required for the performance of their duties.

Likewise, the Board of Directors and the Appointments, Remuneration and Corporate Governance Committee shall endeavour, in accordance with the Diversity Policy in relation to the Board of Directors and the Selection of Directors, the applicable regulations and the recommendations of the Good Governance Code of the National Securities Market Commission in force at any given time, that the procedures for the selection of its members favour diversity of knowledge, professional training and experience, age and gender on the Board of Directors, avoiding any type of implicit bias that may imply any discrimination, particularly on the account of gender, disability or any other personal condition.

Re-election

The Company's directors may be re-elected one or more times for periods of the same length as that of the initial period.

In the same way as proposals for appointments, proposals for the re-election of directors must be preceded by the corresponding report of the Appointments, Remuneration and Corporate Governance Committee, and, in the case of independent directors, by the corresponding proposal.

In any case, and in the event of the re-election or ratification of Directors at the General Meeting, the report of the Appointments, Remuneration and Corporate Governance Committee or, in the case of independent directors, the proposal of said committee, shall contain an assessment of the work and effective dedication to the position during the last period of time in which it was held by the proposed director, in addition to compliance with the Company's corporate governance rules.

Cessation or Removal

Directors will be terminated from their position when: so decided by the General Shareholders' Meeting, they notify the Company of their resignation and at the expiration of the period for which they were appointed. The effective date of termination in this last case shall be the date of the first General Shareholders' Meeting.

The Board will not propose the removal of any independent director before the expiry of their tenure as mandated by the Articles of Association, except when there is just cause, as determined by the Board after a report from the Appointments, Remuneration and Corporate Governance Committee. In particular, just cause will be presumed to exist when: directors take up new posts or responsibilities that prevent them from allocating sufficient time to their work as a Board member, are in breach of their fiduciary duties, or fall under one of the disqualifying grounds for classification as independent established in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the Company's capital structure, provided the changes to the structure of the Board of Directors promotes the proportionality criterion set out in the good governance recommendations adopted by the Company.

When a director ceases to hold office before the end of his or her term, whether by resignation or by resolution of the General Meeting, the director must adequately explain in a letter which will be sent to all members of the Board of Directors the reasons for leaving office or, in the case of non-executive directors, the director's views as to the grounds for removal by the shareholders acting at the General Meeting.

In addition, to the extent material to investors, the Company shall as soon as possible make public the cessation in office, including sufficient information as to the reasons or circumstances stated by the director.

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)
Once a year, all of the Company's directors evaluate the performance of the Board of Directors of AmRest Holdings, SE and of its committees. In relation to the assessment corresponding to the financial year 2022, the Appointments, Remuneration and Corporate Governance Committee, at its meeting held on August 28, 2023, reviewed and analysed the results of the assessment of said financial year, carried out by the Company's directors regarding the operation of the Board of Directors and its committees. In general terms, it was concluded that the directors had expressed a high degree of satisfaction with the organization and activities of the aforementioned governing bodies, considering them to be optimal and suitable as a whole. However, as a result of this assessment, and in order to continue improving the functioning of the Company's corporate governance system, certain areas for optimization were identified, in view of which, and after a detailed examination and analysis of the results achieved, the Board of Directors, at the proposal of the Appointments, Remuneration and Corporate Governance Committee, established an Action Plan for the implementation of certain suggestions and recommendations, related, among others, to continue working on the continuous improvement of the documentation and information sent to the Board of Directors, with the agenda and with the matters and issues to be discussed at the meetings of the Board and its committees; all with, a view to optimizing as much as possible the organization, operation and activities of the Company's governing and management bodies.

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
As already indicated, once a year, all of the Company's directors evaluate the performance of the Board of Directors and of its committees. The assessment for the financial year 2020 was carried out with the assistance of the external consultant Ernst & Young, S.L. (EY), and the assessment for the 2021 and 2022 financial year has been carried out internally by the Company, without the support of an external advisor. Subsequently, the Appointments, Remuneration and Corporate Governance Committee reviews and analyses the results of the assessment carried out by the directors, identifying those areas that could be improved. After a detailed review and analysis of the results achieved, the Appointments, Remuneration and Corporate Governance Committee proposes to the Board of Directors the implementation of the suggestions and recommendations deemed appropriate. Specifically, and with respect to financial year 2022, in July 2023, a questionnaire was made available to all the directors in order to carry out the assessment process for that year. The questionnaire contained a wide range of questions grouped under the following headings: - The Board of Directors and the committees of the Board of Directors: Composition, Function and Powers. - Directors: Performance and contribution, expressly including the adequacy of the performance and contribution of: i) each director on the Board of Directors and on the committees of the Board of Directors, ii) the Chairman of the Board, iii) the Chairmen of the committees, and iv) the lead independent director. - Follow-up of the Action Plan resulting from the evaluation for year 2021. - Suggestions and comments. As previously indicated, once the questionnaires were received and completed with the opinions and suggestions of all the directors, action plans were established on those matters that were identified as susceptible to improvement. The Board of Directors unanimously approved the improvement proposals made by the Appointments, Remuneration and Corporate Governance Committee in order to continue optimizing the functioning of the Company's governing bodies.

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.

In 2023 (and with respect to year 2022), the assessment of the Board of Directors was carried out internally by the Company, without the support of an external advisor.

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. (d) When remaining on the Board of Directors may endanger the Company's interests, generate a situation of structural conflict of interest or when there are situations affecting them, whether or not related to their conduct within the Company itself, that may adversely affect the credit and reputation thereof. (e) 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 _X_ No __

If so, describe the differences,

Article 25 bis of the Bylaws ("Prohibition of Competition") and Article 25 of the Regulations of the Board of Directors ("Conflicts of interest and non-compete obligation") establish, in addition to what has already been indicated in section B.2 of this Report, that the Directors may not provide advisory or representation services to companies competing with the Company, unless the Board of Directors, following a favourable report from the Appointments, Remuneration and Corporate Governance Committee, authorizes them to do so with the favourable vote of two thirds of the members not involved in a conflict of interest. If these requirements are not met, the authorization must be approved by the General Shareholders' Meeting.

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_**

C.1.22 Indicate whether the articles of incorporation or Board regulations establish any limit as to the age of directors:

Yes __ **No _X_**

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_**

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. A single director may hold several delegations. This delegation will be notified to the Chairman or Secretary of the Board of Directors. 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	**15**
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	**2**

Indicate the number of meetings held by each Board committee during the year:

Number of meetings held by the Executive Committee	**1**
Number of meetings held by the Audit and Risk Committee	**8**
Number of meetings held by the Appointments, Remuneration and Corporate Governance Committee	**7**
Number of meetings held by the Sustainability, Health and Safety Committee	**6**

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	**15**
Attendance in person as a % of total votes during the year	98.10%
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	**15**
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	100%

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:

Yes _X_ No __

Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

Name	Position
Mr. Luis Comas Jiménez	Chief Executive Officer
Mr. Eduardo Zamarripa Escamilla	Chief Financial Officer

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.

Through the Audit and Risk Committee, the Board of Directors plays an essential role in supervising the preparation of the Company's financial information.

In this context, and in accordance with Article 20 of the Regulations of the Board of Directors and with Article 5 of the Regulations of the Audit and Risk Committee, this Committee is responsible for the following, among other, duties:

(a) To report, through its Chair, to the General Shareholders' Meeting on questions raised by the shareholders regarding matters within its remit, and explain the audit's results and how it contributed to the integrity of the financial information and the Audit and Risk Committee's role in this process.

(b) To oversee the effectiveness of the Company's internal control system, the internal audit, and the risk management system (both financial and non-financial) 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 the relevant term for follow-up.

(c) To oversee and assess the preparation and presentation process and the integrity of the financial and non-financial information, reviewing compliance with legal requirements, the proper determination of the scope of consolidation and the correct application of accounting standards, and submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of such financial information.

(d) To ensure that the annual accounts are prepared in accordance with the legal provisions on accounting. However, in cases where the statutory auditor has included a qualification in its audit report, the Chair of the committee shall clearly explain the content and scope thereof at the General Meeting. In addition, a summary of such explanation shall be made available to the shareholders at the time of publication of the call to the General Meeting.

(e) Ensure that the auditor meets annually with the full Board of Directors to inform the Board of Directors of the work performed and on the accounting status and the risks of the Company.

Moreover, in accordance with articles 8 and 9 of the Audit and Risk Committee Regulations, this Committee is responsible for the following, among other, duties:

- With regard to the preparation process of the regulated financial and non-financial information of the Company and its Group:

a) To oversee and assess the process of preparation and presentation and the clarity and integrity of the regulated financial and non-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.

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 criteria and international financial and non-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 and non-financial information.

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.

e) The functions relating to the process of collecting, preparing, and elaborating non-financial information shall be carried out in constant coordination with other Committees that the Board of Directors may designate from among its members with competencies in sustainability matters.

- With regard to the audit of the accounts of the Company and its Group:

  To review the contents of the account audit reports and, where appropriate, of the reports on limited review of interim accounts, as well as other mandatory reports to be prepared by the auditors, prior to the issue thereof, in order to avoid qualified reports, ensuring that the Board of Directors shall present the accounts to the General Shareholders' Meeting with an unqualified audit report and without reservations. However, in cases where the auditor has included a qualification in its audit report, the Chairman of the committee shall clearly explain the Committee's view of its content and scope, being a summary of such view available to the shareholders at the time of publication of the call to the General Meeting.

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
Mr. Eduardo Rodríguez-Rovira Rodríguez	

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.

With regard to the independence of the Company's external auditor, the Audit and Risk Committee, as part of its fundamental powers (Article 20 of the Board of Directors Regulations and Article 5 of the Audit and Risk Committee Regulations), has established and maintains the appropriate relationships with the external auditors to receive information on those matters that may threaten their independence, to be considered by the Committee, and any others related to the process of carrying out the audit, and, where appropriate, the authorization of services other than those prohibited in accordance with the terms set forth in the applicable law, as well as other communications set forth in audit legislation and audit regulations.

In any case, the Audit and Risk Committee annually receives the external auditor's declaration of independence with regard to the Company or entities directly or indirectly related to it, as well as information on the additional services of any kind provided and the corresponding fees received from these entities by the reported auditor, or the persons or entities related to him/her in accordance with the provisions of current regulations.

Furthermore, the Committee issues, prior to issuing the audit report of the accounts, an annual report that expresses an opinion on whether the independence of the external auditor has been compromised. This report states, in any case, the evaluation, with supporting evidence/ rationale, of the provision of each and every one of the additional services referred to in the previous paragraph, taken into account individually and together, different to the statutory audit and in relation to the independence regime or the regulations governing account auditing.

In any event, the Audit and Risk Committee must preserve the independence of the external auditor in the performance of its duties, and in this regard: (i) in the event of the resignation of the external auditor, examine the circumstances giving rise to such resignation; (ii) endeavour to ensure that the compensation received by the external auditor for its work does not compromise the quality or independence thereof; (iii) ensure that the Company communicates through the CNMV any change in auditor and attaches a statement regarding any disagreements with the outgoing auditor and, if any, the substance thereof; (iv) ensure that the external auditor meets annually with the full Board of Directors to inform the Board of Directors of the work performed and on the accounting status and the risks of the Company; and (v) ensure that the Company and the external auditor applicable legal provisions regarding the provision of non-audit services, limits on the concentration of the auditor's business, and generally all other provisions regarding the independence of the auditors.

In addition, and in accordance with the Board of Directors Regulations (Article 20) and with the Audit and Risk Committee Regulations (Article 9), the Audit and Risk Committee puts forward proposals to the Board of Directors for the selection, appointment, re-election and replacement of the accounting auditor, taking responsibility for the selection process, as well as the terms and conditions of his/her contract, regularly obtaining information from the auditor on the audit plan and the execution thereof, as well as preserving his/her independence in the exercise of his/her duties.

The Committee shall refrain from proposing to the Board of Directors, and, this latter, also, shall refrain from submitting to the General Shareholders' Meeting the appointment as Company's auditor of any audit firm which is affected by any incompatibility pursuant to the laws governing financial audits, as well as of any audit firm where the fees that the Company intends to pay on all grounds are in excess of the limits set by the mentioned financial audit legislation.

Furthermore, the external auditor has direct access to the Audit and Risk Committee, participating in some of its meetings, without the presence of members of the Company's executive team when this is deemed necessary. In addition, the auditor shall hold an annual meeting with the full Board of Directors to provide an update on the work carried out and the evolution of the Company´s accounting and risk situation.

Finally, and also in line with the legal requirements, contracting any service with the Company's external auditor must be approved beforehand by the Audit and Risk Committee. Furthermore, this contracting of services, other than those of the audit itself, is carried out in strict compliance with the Audit Act and European regulations. Likewise, the Company states in its Annual Report, in accordance with the legal requirements in force, how much the Company's external auditor is paid, including those fees related to services of a different nature from auditing.

Consequently, the Company has implemented, in practice, the legal provisions on this matter as indicated in the preceding paragraphs.

C.1.31 Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

Yes _ **No _X_**

If there were any disagreements with the outgoing auditor, explain their content:

Yes _ **No _X_**

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)	75	47	122
Amount invoiced for non-audit services/Amount for audit work (in %)	40%	6%	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_**

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	3	3

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	50%	50%

Remarks
This calculation has been made using existing data since the Company's registered office had been relocated to Spain (year 2018).

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

The Company adopts the measures that are necessary in order for the directors to have, whenever possible and sufficiently in advance, the necessary information, which shall be drawn up and oriented specifically toward the preparation of the meetings of the Board and of its committees.

In this regard, the Board of Directors and its committees shall draw up a calendar of the ordinary meetings to be held during the year. Such calendar may be modified by resolution of the Board itself or of the corresponding committee, or pursuant to a decision by its Chairman, in which case the modification must be disclosed to the Directors as soon as possible.

The Board and its committees also have an Action Plan (Agenda) that contains a detailed description and the frequency of the activities to be carried out in each fiscal year, according to the powers and duties assigned to them.

Similarly, all of the meetings of the Board and of the committee have a pre-established agenda, which is communicated at least three working days before the date on which the meeting is scheduled to be held, along with the call to the meeting. The Agenda for each meeting indicates the items regarding which the Board of Directors must make a decision or adopt a resolution.

With the same goal, in general, the documentation associated with the agenda for the meetings is made available to the directors sufficiently in advance. In relation to this, the directors have a specific App from which they can easily access meeting documentation to prepare for meetings.

Likewise, and in compliance with the provisions of article 14 of the Regulations of the Board of Directors, the Chairman of the Board of Directors organizes the discussions, seeking and encouraging the active participation of all of the directors in the deliberations, safeguarding the unconstrained statement of their viewpoints. Similarly, with the assistance of the Secretary and Vice Secretary , the Chairman ensures that the directors receive beforehand sufficient information to deliberate on the items on the Agenda. He also ensures that sufficient time is devoted to the discussion of strategic issues and stimulates debate during the meetings.

To facilitate the provision of all of the information and clarifications that may be necessary regarding some of the issues to be addressed, the meetings of the Board of Directors and its committees are attended, when previously requested to do so, and only at the stage of presentation of the agenda item relating to matters within their competence, by the Company's main officers and/or the speakers deemed appropriate.

Furthermore, and in general, the Board of Directors Regulations (article 26) 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. This 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.

Directors shall also be entitled to propose to the Board of Directors, by way of majority, the engagement, at the company's expense, 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.

The proposal shall be communicated to the Chairman through the Secretary of the Board. 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.

Furthermore, the Company shall provide the necessary support so that new directors may acquire a rapid and sufficient knowledge of the Company, as well as of its corporate governance rules, and may, for this purpose, establish training and orientation programs. Likewise, the Company shall offer training and continuous refresher programs for directors when circumstances so require.

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

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, when remaining on the Board of Directors may endanger the Company's interests, generate a situation of structural conflict of interest, or when there are situations affecting them, whether or not related to their conduct within the Company itself, that may adversely affect the credit and reputation thereof.

In this regard, the directors must report to the Board of Directors any situation affecting them, whether or not related to their conduct within the Company itself, that may adversely affect the credit or reputation thereof and, in particular, of any criminal cases in which they are under investigation, as well as their procedural vicissitudes.

Having been notified or otherwise become aware of any of the circumstances mentioned in the preceding paragraph, the Board of Directors shall examine the case as soon as possible and, based on the specific circumstances, and after a report from the Appointments, Remunerations and Corporate Governance Committee, shall decide, whether or not to take any action, such as opening an internal investigation, requesting the resignation of the director or proposing his removal to the next General Shareholders' Meeting. Any such matter shall be included in the annual corporate governance report unless special circumstances justify otherwise, which circumstances must recorded in formal minutes. Those obligations shall be without prejudice to any information that the Company must disseminate at the time that any such measures are adopted.

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_**

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.

A change of control clause is included in the agreements concerning the issue of Schuldscheindarlehen ("SSD"), 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 and employees	No executives or employees of the Company have in their agreements indemnity or golden parachutes 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.

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		

	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
Mr. José Parés Gutiérrez	Chairman	Executive
Mr. Luis Miguel Álvarez Pérez	Member	Propietary
Mr. Pablo Castilla Reparaz	Member	Independent

% of executive directors	33.33%
% of proprietary directors	33.33%
% of independent directors	33.33%
% of other external directors	0.00%

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 Board of Directors has delegated its authority, except for those that by the Law, the Articles of Association and the Board of Directors Regulations of AmRest Holdings, SE cannot be delegated, to an Executive Committee.

In accordance with the provisions of article 30 of the Articles of Association, article 19 of the Company's Board of Directors Regulations governs the Executive Committee in the following terms:

The Executive Committee shall consist of a minimum of three and a maximum of five directors. At least two of them shall be non-executive directors, at least one of whom shall be independent.

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. The Secretary may be assisted by the Vice Secretary.

The members will step down from the Executive Committee when they retire as directors or whenever else so resolved by the Board of Directors. The Board of Directors shall promptly fill any vacancies.

The Executive Committee shall meet as and when called by the Chairman. The Executive Committee meetings shall be quorate when attended, in person or by proxy, by one half plus one of the 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 of the important matters and decisions adopted at its meetings.

AUDIT AND RISK COMMITTEE

Name	Position	Current category
Ms. Mónica Cueva Díaz	Chairman	Independent
Mr. Pablo Castilla Reparaz	Member	Independent
Mr. Emilio Fullaondo Botella	Member	Independent

% of executive directors	0.00%
% of proprietary directors	0.00%
% of independent directors	100%
% of other 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 Audit and Risk Committee is governed by the provisions of article 20 of the Board of Directors Regulations and in the Regulations of the Audit and Risk Committee itself, approved by the Company's Board of Directors in order to comply with the recommendations set forth in Technical Guide 3/2017 of the Spanish National Securities Market Commission ("CNMV") regarding Audit Committees of Public Interest Entities.

Composition.

The Audit and Risk Committee will be made up of a minimum of three and a maximum of five directors.

All of the Audit and Risk Committee members will be appointed and, if necessary, replaced, by the Board of Directors and shall be non-executive directors, the majority of whom, at least, must be independent directors. The members of the Committee as a whole, and particularly its Chair, shall be appointed taking into account their knowledge and experience in matters of accounting, auditing and management of both financial and non-financial risks. The Audit Committee members, as a group, must have the relevant know-how regarding the industry of the Company.

The Committee shall appoint the Chair out of its members. The Chair must be an independent director The Chair of the Audit and Risk Committee will exercise his/her office for four years, and may not be re-elected until at least one year after his/her removal has elapsed.

The Committee also has a Secretary and a Vice-Secretary.

Responsibilities.

The Audit and Risk Committee shall be responsible, in any case, without prejudice to any other duties that may be assigned to it from time to time by the Board of Directors and by the applicable legislation:

(a) To report, through its Chair, to the General Shareholders' Meeting on questions raised by the shareholders regarding matters within its remit, and explain the audit's results and how it contributed to the integrity of the financial information and the Audit and Risk Committee's role in this process.

(b) To oversee the effectiveness of the Company's internal control system, the internal audit, and the risk management system (both financial and non-financial) 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 the relevant term for follow-up.

(c) To oversee and assess the preparation and presentation process and the integrity of the financial and non-financial information, reviewing compliance with legal requirements, the proper determination of the scope of consolidation and the correct application of accounting standards, and submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of such financial information.

(d) To ensure that the annual accounts are prepared by the Board of Directors in accordance with the legal provisions on accounting. However, in cases where the statutory auditor has included a qualification in its audit report, the Chair of the committee shall clearly explain the content and scope thereof at the General Meeting. In addition, a summary of such explanation shall be made available to the shareholders at the time of publication of the call to the General Meeting.

(e) To submit to the Board of Directors motions regarding the recruitment, appointment, re-election and replacement of the accounting auditor, taking charge of the recruitment process, as well as the terms and conditions of the agreement to be executed with him/her, the scope of his/her professional mandate, the renewal or not of their mandate and where appropriate, and regularly gather information about the audit plan and its implementation, while preserving its independence in the performance of its duties.

(f) 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.

In any event, the Audit and Risk Committee must receive, annually from the accounting auditor: a declaration of its independence regarding the entity or those entities that it has direct or indirect links to; information on any additional services rendered of any kind and the relevant fees received by the auditor or persons, natural or legal, related to the auditor, from the above mentioned entities, pursuant to the provisions of the prevailing audit regulations.

(g) Regarding the auditor, the Audit and Risk Committee shall also be responsible for the following duties:

- In the event of the resignation of the auditor, examine the circumstances giving rise to such resignation.
- Ensure that the compensation received by the auditor for its work does not compromise the quality or independence thereof.
- Oversee that the Company communicates through the CNMV any change in auditor and attaches a statement regarding any disagreements with the outgoing auditor and, if any, the substance thereof.
- Ensure that the auditor meets annually with the full Board of Directors to inform the Board of Directors of the work performed and on the accounting status and the risks of the Company.
- Ensure that the Company and the auditor applicable legal provisions regarding the provision of non-audit services, limits on the concentration of the auditor's business, and generally all other provisions regarding the independence of the auditors.

(h) To issue, annually prior to the issue of the audit report, a report expressing an opinion on whether the independence of the accounting 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 f (other than the legal audit), individually and as a whole, and in relation to the independence system or the audit regulations.

(i) To report on related-party transactions that must be approved by the shareholders acting at a General Shareholders' Meeting or by the Board of Directors and to supervise the internal process established by the Company for those transactions for which approval has been delegated by the Board of Directors.

(j) To advise the Company's Board of Directors, in advance, of all of the topics covered by law, the Statute and these Regulations, and namely, of:

- The financial information and the directors' report that the Company must disclose on a regular basis;
- The creation or acquisition of interests in special purpose vehicles or entities resident in countries or territories considered to be tax havens; and
- The structural modifications and corporate transactions that the Company plans to carry out, analysing and reporting to the Board of Directors on their financial terms, accounting impact and in particular, if applicable, on the proposed exchange ratio.

(k) Ensure the independence of the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or make a proposal for approval to the board of the priorities and annual work programme of the internal audit unit, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

(l) Establish and supervise the mechanisms that allow employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors to report, confidentially and, if deemed appropriate, anonymously, any irregularities of potential significance, financial, accounting or those of any other nature, that are noticed within the Company, respecting in all cases the personal data protection regulations and the fundamental rights of the parties involved.

(m) Ensure in general that the internal control policies and systems established are applied effectively in practice.

In particular, regarding the Company's risk control and management policy, the Audit and Risk Committee is responsible for supervising that it identifies or determines, at least:

- The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, and risks relating to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
- A risk control and management model based on different levels.
- The level of risk that the company considers acceptable.
- The measures in place to mitigate the impact of identified risk events should they occur.
- The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

(n) Oversee the risk control and management unit, which shall perform the following responsibilities:

- Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.
- Participate actively in the preparation of risk strategies and in key decisions about their management.
- Ensure that the risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the Board of Directors.

Operation.

The Audit and Risk Committee must meet at least four times a year and can meet as many times as it is called by its own resolutions or by its Chair. The Chair is obliged to attend the Audit Committee's meetings and to collaborate and give access to the information that any executive or the employees of the Company may have. The Audit Committee can require the accounting auditor to attend its meetings. One of the Audit Committee's meetings must be held to prepare the financial information that the Board of Directors has to approve and include within the public annual documentation.

The Audit and Risk Committee shall be validly quorate when the majority of its members, present or represented, attend. The resolutions shall be adopted by the absolute majority of the attending members, present or represented.

The Audit and Risk Committee may seek the advice of external experts up to the amount approved by the Board of Directors (and in excess with the authorization of the Board of Directors).

Most important activities during the fiscal year 2023.

The primary activities and actions performed by the Audit and Risk Committee during fiscal year 2023 have been associated with the powers and functions of such Committee, either by legal requirements or by internal regulations of AmRest Holdings, SE.

The Annual Report on the Operation of the Audit and Risk Committee for 2023 – which will be available to shareholders on the AmRest website – details the key activities performed by the Committee during such period, including the following:

- In the financial and non-financial area: i) review of the Company's annual financial information (Annual Accounts and Directors Reports, including non-financial information report) for 2022 and of the AmRest Group's quarterly and half-yearly 2023 periodic financial information, prior to their formulation by the Board of Directors; ii) financial accounting aspects of corporate operations; iii) review of specific presentations on financial and fiscals aspects; and iv) review of the Group's level of leverage, being promptly informed of the debt refinancing process; of the signing, on December 11, 2023, of the financing agreement for the amount of 800,000,000 euros; and of the cancellation of the existing debt following the disposal of the entire Tranche A of this agreement.

- Regarding the external auditor: i) monitoring of actions and services provided by PWC; ii) a review of the audit work conducted by the external auditor with regard to the above-mentioned financial information; iii) approval of the fee proposal for PwC for financial year 2022; and iv) analysis of the results obtained in the evaluation process of the external auditor and how the external auditor has contributed to the quality of the audit and the integrity of the financial information.

- Regarding audit and internal control: i) review and follow-up of the work performed by the internal audit and internal control area; and ii) follow-up of the project to review and update the company's risk map, as well as the implementation process of the Global Risk Management Policy, Global Compliance Policy and Business Continuity Management Policy to manage the Group's risks.

- Regarding compliance: review and follow-up of the activities carried out by the compliance area, including cybersecurity and whistleblowing.

- Other items of interest: i) the 2022 report of the Audit and Risk Committee on related-party transactions on the independence of the external auditor; ii) quarterly report and analysis of the Company's treasury stock balance and the transactions executed using its own shares; iii) monitoring of the work carried out to improve the consolidation and reporting systems for better control of information and more efficient preparation to enhance the performance of operations; iv) detailed analysis of the functions of the Committee for a more efficient distribution and assignment of the competencies assigned to each of the Committees, and v) preparation of the Annual Report on the Operation of the Audit and Risk Committee.

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	Ms. Mónica Cueva Díaz / Mr. Emilio Fullaondo Botella / Mr. Pablo Castilla Reparaz
Date of appointment of the chairperson	August 21, 2023

APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

Name	Position	Current category
Mr. Pablo Castilla Reparaz	Chairman	Independent
Mr. Luis Miguel Álvarez Pérez	Member	Propietary
Mr. Emilio Fullaondo Botella	Member	Independent
Ms. Romana Sadurska	Member	Independent

% of executive directors	0.00%
% of proprietary directors	25.00%
% of independent directors	75.00%
% of other 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 Appointments, Remuneration and Corporate Governance Committee is governed by the provisions of article 21 of the Board of Directors Regulations.

Composition.

The Appointments, Remuneration and Corporate Governance Committee shall be made up of no less than three and not greater than five non-executive directors, the majority of whom must be independent directors.

The Board of Directors shall endeavour to ensure that the members, and in particular the Chair, of the Appointments and Remuneration Committee have the appropriate knowledge, qualifications and expertise to discharge the duties entrusted to them.

The Appointments, Remuneration and Corporate Governance Committee shall appoint the Chair out of its members. The Chair must be an independent director.

The committee also has a Secretary.

Responsibilities.

Notwithstanding other tasks the Board of Directors and applicable legislation may entrust to it, the Appointments, Remuneration and Corporate Governance Committee shall have the following basic responsibilities:

(a) 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, evaluate the exactly amount of time and dedication required for them to effectively discharge their duties, and ensure that the non-executive directors have sufficient time available for the proper performance of their duties.

(b) Submit proposals on independent directors to be appointed by co-option to the Board of Directors for it to put for decision before the General Shareholders' Meeting, as well as the proposals for the re-election or removal of said directors.

(c) To issue a report regarding proposals to appoint the remaining directors for their appointment by co-option or to be submitted to the General Shareholders' Meeting, as well as the proposals for their re-election or removal.

(d) To inform on proposals for the appointment, re-election and removal of internal positions on the Company's Board of Directors.

(e) To inform on the design of the overall organizational structure of the Group and its modification, establishing appropriate policies, systems or procedures for performance assessment and compensation.

(f) To inform on proposals for the appointment and removal of members of senior management, the basic conditions of their contracts, their periodic performance and the corresponding decisions regarding remuneration, promotion or any other decisions related to their employment relationship; as well as those relating to any other executive that, due to their relevance, merit being assessed by the committee and the Board of Directors. For this purposes, senior management is understood to be those executives who report directly to the Board of Directors, the chief executive officer or the first executive of the Company.

(g) To inform the Board of Directors about gender matters and, particularly, to ensure that the selection procedures for directors and executives do not implicitly bias female candidates.

(h) To propose to the Board of Directors: (i) the remunerations policy for the directors and senior management; and (ii) the individual remuneration for the executive directors and the other conditions of their contracts, ensuring that they are followed.

(i) To analyse, and periodically review the remuneration policy applied for executive directors and senior executives and the , including the remuneration packages with shares and their application, and ensure that their individual remuneration is proportionate to that paid to the other directors and executives of the Company.

(j) To check the compliance with the remuneration policy established by the Company.

(k) To review and arrange for the succession of the Chair of the Board of Directors and of the Company's Chief Executive Office and, where appropriate, to propose motions to the Board of Directors for such succession to take place in an orderly and well-planned manner, as well as ensuring that succession plans are in place for the various key functions and positions in the organization..

(l) To inform the shareholders about the exercise of its functions, attending the General Shareholders' Meeting for this purpose.

(m) To assist the Board of Directors in the elaboration of the directors' remuneration report and submit to the Board any other remuneration reports foreseen in these Regulations, verifying the information about the directors and senior executives' remuneration established in different corporate documents, including the annual report on directors' remuneration.

(n) To oversee compliance with corporate governance policies and rules, as well as the Company's internal codes of conduct in force from time to time, also ensuring that the corporate culture is aligned with its purpose and values.

(o) To evaluate and periodically review the Company's corporate governance system, so that it fulfils its mission of promoting the corporate interest and takes into account the legitimate interests of the remaining stakeholders.

(p) To oversee and evaluate the relationship processes with the different stakeholders.

(q) To ensure that possible conflicts of interest do not impair the independence of the external advice provided to the Committee.

(r) To oversee application with the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders, monitoring the way in which the Company communicates and relates to small and medium-sized shareholders.

(s) To oversee compliance with the Company's other policies.

Operation.

The Appointments, Remuneration and Corporate Governance Committee shall meet at least three times a year and each time the Chair deems it necessary. The Chair 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.

The Appointments, Remuneration and Corporate Governance Committee shall be validly quorate when the majority of its members, present or represented, attend. The resolutions shall be adopted by the absolute majority of the attending members, present or represented.

The Appointments, Remuneration and Corporate Governance Committee shall consult with the Chair of the Board of Directors, especially when dealing with matters relating to executive directors and senior management.

The Appointments, Remuneration and Corporate Governance Committee may seek the advice of external experts up to the amount approved by the Board of Directors (and in excess with the authorization of the Board of Directors).

Most important activities during the fiscal year 2023.

The primary activities and actions performed by the Appointments, Remuneration and Corporate Governance Committee during fiscal year 2023 have been associated with the powers and functions of such Committee, either by legal requirements or by internal regulations of AmRest Holdings, SE.

The Annual Report on the Operation of the Appointments, Remuneration and Corporate Governance Committee for 2023 – which will be available to shareholders on the AmRest website – details the key activities performed by the Committee during such period, including the following:

- Proposed appointments associated with the Board of Directors and its committees.
    - Regarding the proposals to be submitted to the Company’s General Meeting in 2023, the Committee, at its meeting held on March 29, 2023, advised favourably on the proposed appointment of Ms. Begoña Orgambide García as a director of the Company, with the category of proprietary director, for the statutory term of four years as from the date of the General Shareholders' Meeting (May 11, 2023).
    - The Committee also advised favourably on the appointment of Mr. Carlos Fernández González as Honorary Chairman (non-director) of the Company, effective May 11, 2023.
- Verification of the Diversity Policy in relation to the Board of Directors and the Selection of Directors.
- Policy and compensation plan for the executives of the AmRest Group (in terms of fixed and variable compensation and share plans).
- Analysis and report to the Board of Directors in connection with the Corporate Governance Report and the Directors' Remuneration Report.
- 2023-2024 Board of Directors’ Training Plan.
- 2022 Assessment for the Board of Directors and its committees, as well as monitoring of the Action Plan approved as a result of the 2021 assessment.
- Report on the proposed amendment of the Regulations of the Board of Directors.
- Reports on gender diversity.
- Report on the proposed amendment of the Internal Code of Conduct on matters relating to the Securities Market.
- Report on the proposed approval of the Group Policy on implementation of internal regulations.
- Preparation of the Annual Report on the Operation of the Appointments, Remuneration and Corporate Governance Committee.

SUSTAINABILITY, HEALTH AND SAFETY COMMITTEE

Name	Post	Category
Ms. Romana Sadurska	Chairman	Independent
Mr. Pablo Castilla Reparaz	Member	Independent
Ms. Mónica Cueva Díaz	Member	Independent

% of executive directors	0.00%
% of proprietary directors	0.00%
% of independent directors	100.00%
% of other 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 is governed by the provisions of article 21 bis of the Board of Directors Regulations.

Composition.

The Sustainability, Health and Safety Committee shall be made up of no less than three and not greater than five non-executive directors, the majority of whom must be independent directors.

The Board of Directors shall endeavour to ensure that the members, and in particular the Chair, of the Sustainability, Health and Safety Committee have the appropriate knowledge, qualifications and expertise to discharge the duties entrusted to them.

The Sustainability, Health and Safety Committee shall appoint the Chair out of its members. The Chair must be an independent director.

The Committee also has a Secretary and a Vice-Secretary.

Functions.

Notwithstanding other tasks the Board of Directors and applicable legislation may entrust to it, the Sustainability, Health and Safety Committee shall have the following basic responsibilities:

(a) Regarding occupational safety, nutrition, food safety and sustainability:

- Reviewing, monitoring and recommending to the Board of Directors the respective management framework and policies.
- Advising, reviewing, and recommending to the Board of Directors for approval strategies for achieving the Company's objectives in these areas, and assessing performance against those targets.
- Aiming the Company's compliance with its sustainability and health policies as well as with the laws applicable to such matters, particularly in relation to the areas referred to in this item (a).
- Aiming that the systems used to identify and manage the risks related to these areas are fit-for-purpose, being effectively implemented, regularly reviewed and continuously improved.
- Ensuring that the Board of Directors is properly and regularly informed and updated on matters relating to the risks related to the areas referred to in this item (a).
- Aiming that the Company is effectively structured to manage risks related to these areas, including having competent workers, adequate communication procedures and proper documentation.
- Reviewing and recommending to the Board of Directors regarding the appropriateness of resources available for operating the health and safety management systems and programmes, in particular for the areas already indicated.
- Reviewing and monitoring all health and safety related incidents / issues in particular those related to the areas referred to in this item (a) and the actions taken by the Board of Directors to prevent recurrence.

(b) To oversee and evaluate the preparation and presentation process and the integrity of the non-financial information, reporting to the Audit and Risk Committee and submitting recommendations or proposals on the same.

(c) To assist the Board of Directors in the supervision of the process of preparation and presentation of the mandatory non-financial information and to submit recommendations or proposals to the Board of Directors, aimed at safeguarding the integrity of such information.

(d) To evaluate and periodically review the Company's environmental and social policy, in order to ensure that it fulfils its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of the remaining stakeholders.

(e) To oversee that the Company's practices in environmental and social matters are in line with the strategy and policy established.

Operation.

The Sustainability, Health and Safety Committee shall meet each time the Chair deems it necessary. The Chair 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.

The Sustainability, Health and Safety Committee shall be validly quorate when the majority of its members, present or represented, attend. The resolutions shall be adopted by the absolute majority of the attending members, present or represented.

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The Sustainability, Health and Safety Committee may seek the advice of external experts up to the amount approved by the Board of Directors (and in excess with the authorization of the Board of Directors).

Most important activities during the fiscal year 2023.

The primary activities and actions performed by the Sustainability, Health and Safety Committee during fiscal year 2023 have been associated with the powers and functions of such Committee, either by legal requirements or by internal regulations of AmRest Holdings, SE.

The Annual Report on the Operation of the Sustainability, Health and Safety Committee for 2023 – which will be available to shareholders on the AmRest website – details the key activities performed by the Committee during such period, including the following:

- Monitoring of the key pillars of the Group's Sustainability Policy: Food, People and Environment.
- Overseeing of the management of food safety policy, divided into the supplier, main kitchen, logistics and restaurant pillars.
- Review of Key Performance Indicators (KPI) audits performed on suppliers and logistics.
- Overseeing the implementation of nutrition policies and related roadmaps.
- Monitoring/review the results of the waste management and environmental strategies of the restaurants of the Group.
- Review of the Group's Animal Welfare Policy and Customer Packaging Policy.
- Review of the health and safety policy at the workplace, and monitoring that all restaurants in the Group follow the safety measures to prevent accidents at work.
- Overseeing of the preparation of the Group's non-financial information.
- Analysis of the process aimed at collecting the Group's non-financial information in order to introduce the necessary improvements.
- Meeting with the external auditor PwC to supervise the audit of the non-financial information, including review of the scope and development of the audit of the Statement of Non-Financial Information corresponding to financial year 2023.

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 2023 Number %	Year 2022 Number %	Year 2021 Number %	Year 2020 Number %
Executive Committee	0	0	0	0
Audit and Risk Committee	1 (33.33%)	1 (33.33%)	1 (33.33%)	1 (33.33%)
Appointments, Remuneration and Corporate Governance Committee	1 (25.00%)	1 (25.00%)	1 (25.00%)	1 (25.00%)
Sustainability, Health and Safety Committee	2 (66.67%)	2 (66.67%)	2 (66.67%)	2 (66.67%)

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 committees of AmRest's Board of Directors are regulated in the Company's Board of Directors Regulations. In addition, and in order to comply with the recommendations of the Technical Guide 3/2017 of the Spanish National Securities Market Commission on Audit Committees of Public Interest Entities, the Audit and Risk Committee is regulated in its own Regulations, approved by the Company's Board of Directors. The Board of Directors, at its meeting held on December 12 and 13, 2023, and at the proposal of the Audit and Risk Committee (which prepared the corresponding Memorandum), approved the partial amendment of the Committee's Regulations.

The aforementioned amendment consisted basically of: (i) adapting the Regulations to the current text of the Company's Bylaws and the Regulations of the Board of Directors of the Company following the amendment approved of such documents in May 2023 and December 2022, respectively; ii) consequently, and in coordination with the amendments made to the Bylaws and the Board of Directors Regulations, to adapt the Regulations to the Recommendations of the Good Governance Code that the Company already complies with at present, and to adapt their wording to that of Article 529 quaterdecies of the Spanish Capital Companies Act ("LSC"), essentially in relation to the functions of the Audit and Risk Committee (including the new regulation of related-party transactions introduced in the LSC by Law 5/2021); iii) to incorporate certain other aspects derived from Technical Guide 3/2017 on Audit Committees of Public Interest Entities; and iv) to incorporate certain technical and drafting improvements.

The Board of Directors Regulations and the Audit and Risk Committee Regulations are available for consultation on the corporate website (www.amrest.eu).

Each year, all the Committees of the Board of Directors prepare a Annual Report, containing a summary of the main activities and actions carried out during the financial year, detailing the matters examined and dealt with at the meetings held, and outlining aspects related to their duties and responsibilities, composition and performance. These reports are published on the Company's website sufficiently in advance of the Ordinary General Shareholders' Meeting.

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 Article 231 bis and 529 vicies and following of the Spanish Capital Companies Act.

In this regard, Article 6 the Board of Directors' Regulations includes the following non-delegable powers of the Board, among others:

The approval of related party transactions, after a report from the Audit and Risk Committee, of upon the terms set forth in Article 24 bis of these Regulations, unless approval thereof is reserved to the shareholders acting at General Shareholders' Meeting. The Board of Directors of the Company may delegate the approval of transactions between companies forming part of its Group that are executed within the scope of day-to-day management and on arms-length terms, as well as transactions concluded pursuant to contracts with standardized terms that apply generally to a large number of customers, are carried out at generally established prices or rates, and the amount of which does not exceed 0.5% of the net revenue of the Company, determined in accordance with the calculation rules provided for by law.

Likewise, and in accordance with the provisions of article 25.1(a) of the Board of Directors' Regulations, *the director must refrain from 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, except for those transactions that are approved by the Company upon the terms set forth in the rules on related party transactions established by law, the Statute and these Regulations.*

In addition, Article 25 bis of the Board of Directors' Regulations establishes the following with regard to the regime on related-party transactions:

1. *The Board of Directors, after a favourable report from the Audit and Risks Committee, shall approve transactions of the Company or subsidiaries thereof with Directors, with shareholders owning 10% or more of the voting rights or represented on the Company's Board of Directors, or with any other persons who should be considered related parties as provided by law, provided that they are considered related-party transactions under applicable law, and unless approval thereof is reserved to the shareholders acting at a General Shareholders' Meeting. This power may not be delegated, except in the cases and upon the terms provided by law and Article 6 of these Regulations.*

2. *Where the Board of Directors has the power to adopt the resolution approving related-party transactions and this power has not been delegated, the affected Director, or the Director representing or connected to the affected shareholder must abstain from participating in the deliberation and voting as provided by law.*

3. *If the Board of Directors delegates the approval of related-party transactions as provided by law and Article 6 of these Regulations, the Board of Directors shall establish in relation thereto an internal regular reporting and control procedure, in which the Audit and Risks Committee shall participate, to verify the fairness and transparency of these transactions and, where appropriate, compliance with the applicable legal standards. The approval of these transactions shall not require a prior report from the Audit and Risks Committee.*

4. *As regards related-party transactions for which approval is reserved to the shareholders at a General Shareholders' Meeting, the proposed resolution on approval adopted by the Board of Directors must be submitted to the shareholders at the General Shareholders' Meeting along with a statement as to whether it has been approved by the Board of Directors with or without the dissenting vote of a majority of the independent Directors.*

Likewise, Article 20.4 (i) of the Board of Directors Regulations establishes, among the competencies of the Audit and Risks Committee, the following:

To report on related-party transactions that must be approved by the shareholders acting at a General Shareholders' Meeting or by the Board of Directors and to supervise the internal process established by the Company for those transactions for which approval has been delegated by the Board of Directors.

It should be noted that the Board of the Company has not delegated the approval of intragroup and related party transactions, so no specific procedure of periodic control has been established in this regard. Likewise, during financial year 2023, no related-party transactions were carried out that required authorization or, consequently, a report from the Audit and Risk Committee.

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)

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.

In accordance with the Company's corporate governance rules, the principles governing possible conflicts of interest that may affect directors, executives or significant shareholders are as follows:

- With respect to directors, Articles 24 and 25 of the Board of Directors Regulations establish the following:

Directors 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. In any case, directors must inform the Board of Directors of any direct or indirect conflicts which they or related individuals may have with the Company's interests.

Likewise, as set forth in said Regulations 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 person -understanding as such those defined in the Capital Companies Act-, 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.

Also, Article 25 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, except for those transactions that are approved by the Company upon the terms set forth in the rules on related party transactions established by law, the Statute and these Regulations.

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 ends.

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, unless the following circumstances apply:

- it is reasonably foreseeable that the competitive situation will not cause damage to the Company or that the foreseeable damage it may cause to the Company is outweighed by the expected benefit the Company may reasonably obtain by allowing such competitive situation;

- that, after having received advice from an independent external consultant of recognized standing in the financial community and after hearing the shareholder or director concerned, the Appointments, Remuneration and Corporate Governance Committee issues a report assessing compliance with the requirement set forth in the above paragraph; and

- the General Shareholders' Meeting expressly resolves to waive the prohibition of competition with the favourable vote of, at least, one-half of the share capital with voting right.

  At the time of convening the General Shareholders' Meeting called to deliberate on the waiver of the competition prohibition, the Board of Directors shall make available to the shareholders the aforementioned reports of the Appointments, Remuneration and Corporate Governance Committee and of the independent external consultant and, if it deems appropriate, its own report thereon. During the General Meeting, the shareholder or director concerned shall have the right to present to the meeting the reasons supporting the request for dispensation.

  The resolutions to be adopted by the General Shareholders' Meeting pursuant to the provisions of this article shall be submitted to the General Meeting under a separate item on the agenda.

  If the competitive situation arises after the appointment of a director, the director concerned shall resign immediately from his office.

  For the purposes of this Article:

- a person shall be deemed to be engaged for his own account in activities constituting competition with the Company when he carries on such activities directly or indirectly through controlled companies.

- a person shall be deemed to be engaged for his own account in activities which constitute competition with the Company when he has a significant shareholding or holds an executive position in a competing company or in another company concerted with the latter for the pursuit of a common policy and, in any case, when he has been appointed as a proprietary director of the Company at the request of one of those companies; and

- (i) companies belonging to the same controlling group as the Company; and (ii) companies with which AmRest Holdings SE has entered into a strategic alliance, even if they have the same, similar or complementary corporate purpose and as long as the alliance remains in force, shall not be deemed to be in competition with the Company. Those who are proprietary directors of competing companies appointed at the request of the Company or in consideration of the Company's interest in the capital of such companies shall not be deemed to be covered by the competition prohibition for this reason alone.

  Directors may also not provide advisory or representation services to companies competing with the Company, unless the Board of Directors, following a favourable report from the Appointments,, Remuneration and Corporate Governance Committee, authorises them to do so with the favourable vote of two thirds of the members not involved in a conflict of interest. If these requirements are not met, the authorisation must be approved by the General Shareholders' Meeting.

- With regard to significant shareholders, Article 25 bis of the Board Regulations establishes that the Board of Directors, following a favourable report from the Audit and Risk Committee, shall approve transactions that the company or its subsidiaries carry out with shareholders holding 10% or more of the voting rights or represented on the Company's Board of Directors, provided that, under current legislation, they are considered to be related-party transactions, and unless their approval corresponds to the General Shareholders' Meeting. This power cannot be delegated, except in the cases and under the terms provided by law and in Article 6 of the Company's Board of Directors' Regulations, as described in section D.1 above.

- With respect to executives, the Conflict of Interest Group Policy establishes the principles and rules to prevent and manage potential, actual or perceived conflict of interest situations regarding employees and any person or company who AmRest does business with, and how such principles and rules are to be implemented.

This policy sets out guidelines for detecting conflict of interest situations, rules on how to disclose them and establishes the responsibilities of each internal body with regard to reporting and managing conflict of interest situations.

According to the policy, all employees have an obligation to report conflicts of interest at the time such situations arise. In order to actively manage conflicts of interest situations, AmRest has introduced an annual conflict of interest declaration. This declaration is mandatory for employees in certain categories, including managers, officers, senior executives, and directors.

Conflict of interest situations involving senior executives are reported to the Chairman of the Board of Directors and the Chairman of the Audit and Risk Committee.

The Group's Risk and Compliance Department is responsible for making recommendations for the management of disclosed conflicts of interest, as well as for supervising and monitoring the implementation of mitigating measures.

The Code of Ethics and Business Conduct also governs this matter under section 2 ("Honesty, Integrity and Transparency").

Global Internal Audit and Internal Control Department identifies and reviews during their assignments any risks, including ones related to potential or existing conflicts of interest. In case of identifying such risks, this department provides recommendations, requests for action plans and later monitors and verifies action plans implementation. The audit reports, including risks, recommendations, action plans and status of action plans monitoring and verification, are communicated to the Audit and Risk Committee and the senior 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
No information is publicly disclosed about the respective areas of activity and/or about possible business relationships, as there are no business relationships or related activities between any of the parties.

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 possible 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.

AmRest has a Risk Management Framework implemented consistently throughout the Group, inspired by best practices and based on the Committee of Sponsoring Organizations ("COSO"), best industry external framework.

AmRest monitors, identifies, and assesses the financial and non-financial risks the Group is exposed to.

AmRest established a Global Risk Inventory, including the following 5 risk taxonomies: Operations/infrastructure, Compliance, Strategy and Planning, Governance and Reporting. Under these taxonomies, the AmRest Global Risk Inventory considers different categories of the risk.

AmRest risk management process begins with the Group'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.

The Group's Risk Inventory is updated periodically, considering the current dynamic context in which we operate and the increasing relevance of those risks related to intangibles and of global significance, such as Sustainability (ESG) aspects, geopolitical environment, supply chain risks, inflation among others.

Risks are evaluated on a periodic basis and assessed for impact and likelihood. Each inherent risk is determined and prioritized in the annual Risk Inventory for the Group.

For risks identified as critical, the Risk Owners defines response strategies and risk monitoring plans, implementing key risk indicators (KRI). This combines strategies for risk monitoring, with the execution of control activities, which are assessed for operating effectiveness on a periodic basis.

The Global Risk and Compliance Department was established in the beginning of 2021 and reports directly to the Audit and Risk Committee. Department 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.
- Identifying, evaluating and prioritizing the most significant risks that could affect achievement of strategic objectives.
- Periodically updating the risk catalogue and the Risk Inventory.
- Overseeing the adequate functioning of the ERM System (Enterprise Risk Management), 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.

The trends in critical risks performance and the effectiveness of the control activities are reported on a regular basis to the Risk and Compliance Committee and to the Audit and Risk Committee. When risks exceed the defined tolerance level, action plans are implemented and monitored with Risk Owners and Risk Delegates. Risk Owners actively participate in the risk strategy and in the important decisions about their assurance and control.

The Group has set up as well a Global Tax Governance Group 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.

AmRest has defined a Risk Management governance where the Global Risk and Compliance Department is responsible for the risk management system and its operating efficiency, so that risks which may prevent the execution of the long-term objectives of the Group are identified and managed.

The Global Risk and Compliance Department is constantly analysing and reviewing risks that the Group may be exposed to. As the entire organization has the responsibility to contribute to the identification and management of risks, the Global Risk and Compliance Department also plays an important role in training and involving employees in the culture of risk management. Employees are asked to consider risk management as part of the culture to be implemented in their activities, to identify risks and actively participate in their mitigation.

The Enterprise Risk Management system is a crucial aspect of AmRest business where the roles and responsibilities are defined based on COSO framework following three lines of defence model:

- First Line of Defence: includes Risk Owners and Risk Delegates: This line of defence is responsible for day-to-day ownership and management of risks and controls. Risk identification includes analysis of the internal/external factors that may affect the Group, updating the risks in each area and, where appropriate, collaborate with the different areas in updating the risks. Risk Owners are responsible for identifying, assessing, and managing risks within their respective areas of responsibility and reporting the Key Risk Indicators to the Global Risk and Compliance Department.

- Second Line of Defence: includes the Global Risk and Compliance Department which is responsible for developing and implementing the Group's risk management framework, policies, and procedures. The Global Risk and Compliance Department also ensures the correct performance and functioning of the ERM (Enterprise Risk Management) and provides guidance and support to the Risk Owners/Risk Delegates. It also ensures that risks and controls are properly managed, regularly monitored and reported to the Risk and Compliance Committee and Risk and Audit Committee.

- Third Line of Defence: includes the Internal Audit and Control Department, which supervise the effectiveness of the Enterprise Risk Management system. They analyse and evaluate the Risk Management process, Internal Controls and corporate governance and provide recommendations to mitigate risks. They also focus on increasing the efficiency of business processes and the optimization of control mechanisms. This line of defence provides assurance to the Audit and Risk Committee that the efforts of the first and second lines are consistent with expectations.

The Risk and Compliance Committee oversees the appropriate functioning of the Enterprise Risk Management system and fosters the implementation of complete risk response strategies to mitigate or reduce critical risks within the approved Risk Appetite and Risk Tolerance levels approved by the Board of Directors.

The Audit and Risk Committee is responsible for overseeing the effectiveness of the Enterprise Risk Management system in the Company.

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.

AmRest has a Global Risk Inventory, considering the following 5 risk taxonomies: Operations/infrastructure, Compliance, Strategy and Planning, Governance and Reporting. Under these taxonomies, the AmRest' Global Risk Inventory considers different categories of the risk.

- **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 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 utilized as needed.

- **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.

- Risk related to 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.

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. 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. The product price increases may have an adverse effect on the Group's results, operations and financial standing.

- Disruption in the supply chain

Disruption to supply of goods, or to logistics suppliers, resulting in limited access to essential supplies.

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, problems with delivery infrastructure, reduction in available sources withdrawing some foodstuffs from trading, third-party breach of transport obligations, key suppliers' bankruptcy or lack of alternative sources of supply.

The shortages may have an adverse effect on the Group's results, operations and financial standing.

- Risks related to the incorporation of new business and failed openings of new restaurants

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, the ability to obtain the permits required by relevant bodies, the possibility of delays in opening new restaurants, 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 2023, 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.

- **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.

- **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 failures, 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.

- **Risk of an inadequate security protection of our data and IT systems and lack of capabilities to respond to cybersecurity threats**

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 unauthorized 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.

Likewise, a potential adverse impact on the Group's image or brands may deteriorate its perception with the different stakeholders.

- **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 licenses or other restrictions.

- **Loss of market share due to a volatile customer trends or an increase in competition**

Failure to anticipate or respond to competitors leads to a loss of market share for the Group and failure to anticipate or address consumer's preferences in the Group's products, services, or channels.

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 Inventory, 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 Inventory are:

- 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 defence risks management framework, both Risk Owners and Risk Delegates are accountable for risk identification and risk response strategies development. Risk identified are assessed within the process system and Risk Inventory is documented.

The Risk Inventory 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 includes a 3-level risk classification system:

- The first level (main categories of risks) is divided into 5 areas:

- Governance
- Strategy & Planning
- Operations & Infrastructure
- Compliance
- Reporting

- The second level includes risk categories.
- The third level contains 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 strategy and business objectives, by monitoring key risk indicators to gauge behaviour 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 Group'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 AmRest has assumed in the pursuit of its strategy and business objectives.

E.5 Indicate which risks, including tax risks, have materialised during the year.

The risks materialised during the year were inherent to the activity itself, such as the volatility of gas and electricity prices in Spain and Europe, exchange rates and interest rates.

- **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.

During 2023, there has been a volatile commodity price situation as well as an increase in additional taxes on raw materials, which has had a direct effect on the Group's costs.

Therefore, during 2023, the Group has been monitoring raw material prices with the market on a regular basis in order to identify any risks arising therefrom. Furthermore, in order to mitigate these risks, the Group has implemented sourcing strategies, from Value Added Programs and value engineering initiatives to avoid price increase, offsetting can be done also by consumption reduction and by adjusted purchasing strategies (short term – long term price fixing, spot pricing etc.), periodical tender procedures, and established preventative controls to monitor deviations in actual expenditure, monitoring of pricing trends, and active review of tender processes. The Group will continue to keep long term relationship with suppliers and keep right portfolio of the producers.

- **Geopolitical Risks and Financial Risks**

In 2022, the conflict between Russia and Ukraine generated a lot of uncertainty and has negatively affected the economy and the tourist sector in general. In May 2023, it was informed that AmRest definitively ceased all its operations and corporate presence in Russia.

- **Increases in the cost of energy and utilities**

In 2023, higher regulated electricity and gas prices and the end of the fuel rebate in most part of the countries, pushed up energy inflation. Food inflation also spiked, as higher energy and commodity prices eventually fed through to consumer prices. This has affected the cost of production of our final product.

At AmRest, this impact is offset by reducing consumption and adjusting purchasing strategies, trying to optimize energy consumption and achieve the highest possible energy efficiency.

- **Risk of increased financial costs**

Rising inflationary pressure led many central banks to raise interest rates significantly as a countermeasure. As a consequence, the financial cost borne by leveraged companies increased.

AmRest has mitigated the effects of this tightening financial situation through a significant deleveraging process of the company combining increased cash flow generation with reduced financial indebtedness.

With the exception of those previously mentioned, no other risk has materialized with a negative impact during 2023 for the Group. 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), the model is based on a series of processes described in section E.1 and E.2 of this report.

Global Internal Audit and Internal Control Department supports AmRest Management in risks identification and provides recommendations in area of risk management, collects action plans from the Management, which address risks, and monitors and verifies action plans implementation.

Audit & Risk Committee with the Board of Directors, oversees the degree of implementation of the Risk Inventory's action plans or the TOP 10 risks.

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, Remuneration and Corporate Governance Committee
   - Executive Committee

2. Other committees:

- Risk and Compliance Committee
- Crisis Management Committee
- Global Ethics Committee
- Local Ethics Committees

To mitigate tax risks, AmRest:

- Applies the Global Tax Governance Group Policy which includes good practices in respect of taxes.
- Ensures that the Company has the accounting and control mechanisms needed to handle day to day tax and reporting requirements.
- Ensures that tax is properly considered as part of corporate decision making processes.
- 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 responsible for the internal control and risk management systems, reserving for itself, as a non-delegable power, to approve the Company's control and risk management policy, including taxation, and supervision of the internal information and control systems.

Likewise, and in accordance with article 20.4.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 (both financial and non-financial) and discuss with the accounting auditor any significant weaknesses of the internal control system that may be 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 time period for follow-up.

• Oversee and assess the preparation and presentation process and the integrity of the financial and non-financial information, reviewing compliance with legal requirements, the proper determination of the scope of consolidation and the correct application of accounting standards, and submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of the financial information.

• Ensure that the annual accounts are prepared by the Board of Directors in accordance with the legal provisions on accounting. However, in cases where the auditor has included a qualification in its audit report, the Chairman of the committee shall clearly explain the Committee's view of its content and scope, being a summary of such view available to the shareholders at the time of publication of the call to the General Meeting.

• Liaise with the external 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.

• Monitor the independence of the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service’s budget; approve or make a proposal for approval to the board of the priorities and annual work programme of the internal audit unit, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

The head of the internal audit service will submit an annual work program to the Audit and Risk Committee, for approval by this committee or the Board of Directors, and shall report to the committee on (i) its execution, as well as any incidents or scope limitations arising during its implementation, (ii) the results, and (iii) the follow-up of its recommendations.

• Monitor in general that the internal control policies and systems established are applied effectively in practice.

In particular, regarding the Company's risk control and management policy, the Audit and Risk Committee is responsible for supervising that it identifies or determines, at least:

(i) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, and risks relating to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.

(ii) A risk control and management model based on different levels.

(iii) The level of risk that the company considers acceptable.

(iv) The measures in place to mitigate the impact of identified risk events should they occur.

(v) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

• Oversee the risk control and management unit, which shall perform the following responsibilities:

(i) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.

(ii) Participate actively in the preparation of risk strategies and in key decisions about their management.

(iii) Ensure that the risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the Board of Directors.

Also, Regulations adopted on Audit and Risk Committee develop and supplement the provisions of the Regulations of the Board of Directors. With regard to the process of preparing economic and financial information, Audit and Risk Committee shall:

• Oversee and assess the process of preparation and presentation and the clarity and integrity of the regulated financial and non-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 criteria and international financial and non-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 and non-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 functions relating to the process of collecting, preparing, and elaborating non-financial information shall be carried out in constant coordination with other Committees that the Board of Directors may designate from among its members with competencies in sustainability matters.

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, which reports directly to the Audit and Risk Committee.

The Company has also adopted the Global Compliance Group 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 Ethics and Business Conduct sets out the main ethical principles and regulations on behaviour 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 Organisational Design 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 (like Group Accounting Policies, Group Charts of Accounts, Financial Calendar, Global Tax Governance Group Policy, Capex Procedure, Global Compliance Group Policy and Global Risk Management Group Policy) determining responsibilities and authorities. Those documents are internally available on the Intranet and/or are communicated through the internal emails.

Group has financial accounting and controlling functions in each of its operating markets or countries where it has presence; those functions are headed up by a Finance Directors that reports to Regional Chief Financial Officers. Those teams are responsible for implementation and integration of global policies at the local level ensuring the unified reporting standards across all the Group. The consolidation process is carried out in the corporate unit, in the Corporate Finance Policy & Reporting 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.

Internal Audit reviews during its assignments any risks related to responsibilities and reporting lines, distribution of work and duties. In case of identifying such risks, Internal Audit provides recommendations, requests for action plans and later monitors and verifies their implementation. Audit reports, including risks, recommendations, action plans and status of action plans implementation are communicated to the Audit and Risk Committee and to the Management.

Internal Audit functionally reports to the Audit and Risk Committee.

- **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 the Company has an exclusive authority to approve and amend the Code. The document underlines Group'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 with 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 the Group 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 of representatives from Global Human Resources, Legal, Finance, and the Internal Audit, proposed by the Risk and Compliance Committee and approved by the Audit and Risk Committee. Works of Global Ethics Committee are supported by Chief Risk and Compliance Officer together with Global Compliance Director.

- **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.**

With regard to the whistleblowing channel, as specified in Article 20 of the Regulations for the Board of Directors, the Audit and Risk Committee has as competency: "establish and supervise the mechanisms that allow employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors to report, confidentially and, if deemed appropriate, anonymously, any irregularities of potential significance, financial, accounting or those of any other nature, that are noticed within the Company, respecting in all cases the personal data protection regulations and the fundamental rights of the parties involved.”

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 major markets where AmRest is present except for China (extension to China expected in 2024).

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 it through internal and external trainings.

Financial reporting personnel attend technical sessions run by external consultancy firms, 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 (Association of Chartered Certified Accountants) or CIMA (Chartered Institute of Management Accountants). AmRest supports Internal Auditors in getting professional and internationally recognized certificates like CIA (Certified Internal Auditor), CISA (Certified Information Systems Auditor) 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 is carried out by:

- Board of Directors and Audit and Risk Committee (oversight the effectiveness of the Group's risk management system).
- Senior Management (promoting risk management culture).
- Risk Owners (Identifying current risks, 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, 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 different categories of risks. Its scope includes also risks directly related to the preparation of the Group's financial information.

The Group's Risk Inventory is formally documented and it is updated annually following the validation and approval process described in the 3 lines of defence explained in E.2.

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; 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. Assessment criteria are established from a quantitative perspective in accordance with parameters such as turnover and from a qualitative perspective in accordance with different issues such as transactions standardising and processes automation, changes versus the previous year, complexity of accounting, likelihood of fraud or error. Assessment covers all the objectives of financial information: (i) existence and occurrence; (ii) integrity; (iii) assessment; (iv) release and breakdown; and (v) 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 Corporate Finance and Reporting 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 non-financial information, as well as its integrity, reviewing 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 has also the duty to report to the Board of Directors prior to the adoption of the corresponding decisions, regarding the financial information that the Group must periodically disclose to the public, ensuring that such information is prepared in accordance with the same principles and practices used to prepare the financial statements.

AmRest Group issues financial information to the stock market quarterly. This information is prepared by Corporate Finance Policy & Reporting Department that during the closing follows documented procedures (described in the section F.4.2) to ensure the reliability of the information. Each quarter the Corporate Finance Policy & Reporting 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.

Likewise, AmRest Group has in place documented financial processes, which implies common criteria for preparing financial information for all subsidiaries within the Group. The Corporate Finance Policy & Reporting Department issues mandatory instructions setting out the calendar (taking into account regulatory deadlines) and contents for the financial reporting period for the preparation of the consolidated financial statements.

The Corporate Finance Policy & Reporting 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 determines the presentation format of the financial statements prior to approval by the Board. In this regard, the Consolidated Financial Statements of the AmRest Group contain full disclosure on all material areas of uncertainty in relation to the use of judgment, estimates made and the criteria followed in the assessment of such matters.

The most significant areas of material judgements and estimates include:

- Impairment of non-financial assets including goodwill.
- Share-based payments valuations.
- Recognition of provisions for potential tax obligations and uncertain tax provisions.
- Taxes, including deferred taxes.
- Determination of the lease term, whether the Group is reasonably certain to exercise extension or termination options.
- Going concern.

The Board of Directors is responsible for approving the financial information that the Group, being a listed company, is obliged to publish. At the end of the fiscal year, the Board of Directors prepares the financial information, the directors' report and the proposed allocation of the Company’s profit, as well as the consolidated reports, and submits them to the General Shareholders’ Meeting for approval. For quarterly and half-yearly reporting, the Board reserves the power to approve the financial information that the AmRest Group regularly discloses to the public.

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 distributed, 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 material 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.

Corporate Finance Policy & Reporting Department is responsible for defining, updating and disseminating the accounting policies of the AmRest Group. Accordingly, it has a set of Group Accounting Policies adapted to the needs of the Group. The objectives of the Group Accounting Policies are: to adapt the accounting principles and policies developed based on the International Financial Reporting Standards adopted by the European Union (IFRS), to maintain accounting principles and policies which enable that the information is comparable within the Group, to improve the quality of the accounting information of the various Group companies and of the Consolidated Group by disclosing, agreeing and implementing accounting principles which are unique to the Group; and to facilitate the accounting integration of acquired and newly-created companies into the Group's accounting system by means of having a reference manual.

The Group Accounting Policies are disseminated throughout all the personnel involved in the financial reporting process.

Any significant changes affecting Group Accounting Policies as well as clarifications regarding interpretation of accounting policies are communicated to the organization together with the updated policy. Corporate Finance Policy & Reporting Department consist of high qualified personnel and supports managements in resolving queries or conflicts deriving from the interpretation of the accounting standards and/or policies. The Corporate Finance Policy & Reporting Director and Group Chief Financial Officer meets with the Audit Committee at least every quarter to submit the Group's financial statements for validation, explains the criteria used to make important estimates, assessments and conclusions as well as discuss the disclosures of significant and/ or unusual transactions.

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.

As stated above, AmRest Group possess Group Accounting Policies and Group Chart of Accounts which provide specific instructions for the preparation of the group reporting packages by all components that are base for the consolidated financial statements including the explanatory notes.

AmRest Group has consolidation system, which supports the reporting of the group reporting packages of its subsidiaries, carries out the consolidation procedures including eliminations of intercompany balances. Consolidation tool supports Group in preparation of consolidated financial statements, including explanatory notes.

The system is managed centrally, and all components of the AmRest Group use it consistently. All consolidated units prepare group reporting packages using unified and standardized Group Chart of Accounts.

The financial information in local currencies reported by subsidiaries is automatically converted to the Group's presentation currency and is subsequently aggregated to the consolidated figures. The consolidated procedures are highly automated and includes preventive and detective automatic controls to minimize the occurrence of incidents in the consolidation process. The Corporate Finance Policy & Reporting as well as Planning & Analysis departments perform additional supervision 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 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 (both financial and non-financial), and discussing with the external auditor 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 AmRest Group's Internal Audit function.

The Internal Audit and Internal Control function and Risk and Compliance function report functionally to the Audit and Risk Committee, with the primary goal of providing support in Audit and Risk Committee responsibilities concerning overseeing company:

- Risk management
- Internal control system

The Internal Audit function is carried out in accordance with Internal Audit Charter.

With regard to the supervision of internal control over financial reporting (ICFR), AmRest is listed on the Spanish Stock Exchanges and on the Warsaw Stock Exchange and is subject to the regulatory requirements established by the National Securities Market Commission (CNMV) for companies listed on the Spanish Stock Exchanges as well as those established by Polish Financial Supervision Authority (KNF) for companies listed on the Warsaw 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 Charter, the Internal Audit Department reports progress of Annual Audits Plan realization, issues with controls, governance, significant AmRest risks, recommendations, progress of management action plans implementation and others which are required by the Audit and Risk Committee.

Any irregularities identified by accounting auditor in standalone and/or consolidated financial statements are reported to the Audit and Risk Committee as Summary Report (after the half-year review and audit of the annual accounts). The Audit and Risk Committee meets the accounting auditor at least twice a year.

As mentioned above, according to the Regulations of the Board of Directors, 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 (both financial and non-financial) 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 the relevant term for follow-up.

Likewise, according to the Regulations of the Board of Directors and the Regulations of the Audit and Risk Committee, 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 and assess the preparation and presentation process and the integrity of the financial and non-financial information, reviewing compliance with legal requirements, the proper determination of the scope of consolidation and the correct application of accounting standards, and submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of such financial information.

b) To ensure that the annual accounts are formulated by the Board of Directors in accordance with the legal provisions on accounting. However, in cases where the statutory auditor has included a qualification in its audit report, the Chair of the committee shall clearly explain the content and scope thereof at the General Meeting. In addition, a summary of such explanation shall be made available to the shareholders at the time of publication of the call to the General Meeting.

c) To ensure 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.

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

Not applicable

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 risk management and control systems relating to the process of publishing financial information (ICFR) has not been submitted for review by the external auditor as the AmRest Group is currently in the process of redesigning and improvements of existing controls and implementation of new controls within the Group.

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 X | Complies partially | Explain

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 X | Complies partially | Explain

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 X | Complies partially | Explain

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 | **Complies partially X** | Explain

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, taking into account the shareholder structure of the Company, has not been considered necessary.

On the other hand, the Company has mechanisms that allow remote delegation and exercise of votes by telematic means. However, since the Company is not a highly capitalized company, attendance and active participation in the General Shareholders' Meeting through telematic means is not considered a priority.

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 X | Complies partially | Explain

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 X | Complies partially | Explain

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 X | Complies Partially | Explain

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 | Complies Partially | Explain | **Not Applicable X**

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 | Complies Partially | Explain | **Not Applicable X**

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 | Complies Partially | Explain | **Not Applicable X**

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 X | Complies partially | Explain | Not Applicable

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 X | Complies partially | Explain

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 X | Complies partially | Explain

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 X | Complies Partially | Explain

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 X | Complies Partially | Explain

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 X | Complies partially | Explain

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**

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**

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**

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**

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**

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**

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.

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.

Since the Company's shares are listed in both Spain and Poland, AmRest periodically reports on its degree of compliance with the Code of Best Practices for Warsaw Stock Exchange Listed Companies, drawn up by the Warsaw Stock Exchange Council.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on 27 February, 2024.

State whether any directors voted against or abstained from voting on this report.

Yes | **No X**

Annual Report on Director Remuneration

for the year ended 31 December 2023

Data identify issuer	
Ending date of reference financial year	31/12/2023
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 Holdings SE

Annual Report on Director Remuneration
for the year ended 31 December 2023

Contents

A. REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1.1 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.

The Board of Directors of AmRest Holdings, SE (the "Company"), at the proposal of the Appointments, Remuneration and Corporate Governance Committee, drew up the "Remuneration Policy for Directors 2022-2025" (the "Policy" or the "Remuneration Policy") approved by the General Shareholders' Meeting on May 12, 2022.

The main purpose of the AmRest Remuneration Policy is to contribute to the development of the values, mission and vision of the AmRest Group, so that the remuneration corresponding to the members of the Company's governing body is appropriate to the achievement of the objectives and duties that concern the directors. The Remuneration Policy contributes to the Company's business strategy, interests and long-term sustainability, with the objective of creating shareholder value in a sustainable way over time, incorporating the necessary precautions to avoid excessive risk-taking and the rewarding of unfavourable results.

In this context, the basic principles that inspire the Remuneration Policy to achieve this contribution to the Company's strategy, interests and long-term sustainability are as follows:

- Assess the dedication, qualification and responsibility required for the office, seeking moderation and in any case relating to the remuneration that is paid in the market in comparable companies, so that they align with best market practices.

- The remuneration of external directors, and in particular independent directors, will be as necessary to correspond to the effective dedication, qualification and responsibility required by the office, but not so high as to compromise their independence in judgement.

- Maintain a balance between the interests of the directors and shareholders and, in particular, align the policy with the Company's values, the maximization of the company dividend and profitability for shareholders.

- Ensure that the remuneration system promotes the achievement of the strategic objectives established by the Company and its Group.

- Ensure commitment to the principle of full transparency of the Remuneration Policy by providing timely, sufficient and clear information in line with applicable regulations and corporate governance recommendations, as recognized in international markets for the remuneration of directors.

Likewise, in the preparation of the Remuneration Policy and in determining the remuneration scheme and the other terms and conditions of directors' remuneration, the Board of Directors has paid special attention to the remuneration and employment terms of the Company's employees, to the extent that directors shall not be granted any remuneration concept that is not similar to that which other employees of the Company may have.

In this sense, the Remuneration Policy is aligned with that of the other employees and executives of the Company, with regard to the principles that inspire it, such as, among others:

(i) remuneration equity: ensuring non-discrimination on grounds of gender, age, culture, religion or race in the application of remuneration practices and policies. In this regard, AmRest professionals, including employees, executives and directors, are paid in a manner consistent with the level of responsibility, leadership and performance within the organization, favouring the retention of key professionals and the attraction of the best talent;

(ii) proportionality and risk management: remuneration levels are appropriate to the importance of the Company, its current economic situation and market standards in comparable sectors and companies. In addition, provisions to mitigate inappropriate risk-taking are included; and

(iii) values: the Remuneration Policy is designed to attract and retain the best professionals and to motivate a high performance culture.

Furthermore, in preparing the Remuneration Policy, the Appointments, Remuneration and Corporate Governance Committee and the Board of Directors have taken into account the pay schemes of comparable companies, and no external advisors have participated in the preparation of the policy.

Moreover, regarding the procedures and company bodies involved in determining, approving and applying the remuneration policy:

General Shareholders' Meeting: it approves the Remuneration Policy at least every three years as a separate item on the agenda. Likewise, it approves the maximum amount of the annual remuneration for all the directors in their positions as such. It has an advisory vote on the Annual Report about the directors' remuneration, detailing the remuneration accrued during the last financial year.

Board of Directors: in accordance with the Regulations of the Board of Directors of the Company, the Board is responsible for determining the remuneration of directors for the performance of their duties, including those within the statutory framework, the Remuneration Policy of the directors, and the ceiling set by the General Shareholders' Meeting, as well as for setting up the remuneration package of the executive directors for the performance of their executive duties, within the statutory framework and the Remuneration Policy, and approve the remaining terms and conditions of their contracts.

Appointment, Remuneration and Corporate Governance Committee: in accordance with the Regulations of the Board of Directors, this Committee is responsible for proposing to the Board the Remuneration Policy for directors, as well as the individual remuneration and other contractual conditions of the executive directors, ensuring also their observance. Likewise, the Appointment and Remuneration Committee is responsible for analysing and periodically reviewing the remuneration policy applied to the directors; checking the compliance with the remuneration policy established by the Company; and verifying the information on the remuneration for directors.

- **Structure of remuneration for directors in their capacity as such**

The Board members will receive, as such, statutory remuneration whose maximum annual amount for the entire Board of Directors is determined by the General Meeting and is updated according to the rates or magnitudes that the Meeting itself defines. The maximum remuneration of the directors in their capacity as such is set, as a whole, at EUR 1,500,000.

The Board of Directors is responsible for determining the distribution among its members of the agreed amount of remuneration. The distribution may be made on an individual basis, taking into account the duties and responsibilities assigned to each director, membership in Board committees, and any other objective circumstances deemed relevant by the Board of Directors.

In this context, the remuneration of directors may be made up of the following items:

- Annual fixed remuneration for participation in the Board of Directors

The maximum amount of the annual fixed remuneration for this item is 82,500 euros gross per director annually.

Any remuneration that a director may receive in cash or in kind from the Company or its Group as an employee will be deducted from this amount, with the understanding that this discount will not apply to what is received as executive director.

- Fixed annual remuneration for participation in the Board Committees

In addition to the remuneration provided in section above, Independent Directors will receive an additional annual remuneration of 27,500 euros gross for their membership in the Executive Committee or in any of the committees delegated by the Board (regardless of the number of committees of which the independent director is a member).

- Allowances

The directors, in their capacity as such, may receive allowances for attendance at each of the Board and committee meetings they actually attend. The annual amount of the allowance for attendance will depend on the number of meetings actually held and the number of directors attending these meetings.

Currently, the directors do not receive, and are not expected to receive, allowances for attending the meetings of the Board of Directors and the committees they attend.

- Coverage of risk and liability benefits

The Company may pay the amount of the premiums corresponding to the insurance policies contracted by the Company with different insurers to cover the death and disability benefits of directors due to accident or natural causes, as well as contracting a liability insurance for all its directors under the usual market conditions and proportionate to the circumstances of the Company itself.

- Expenses associated with Board and Committee meetings

Expenses associated with travel and stays for attendance at Board and Committee meetings will be covered directly by the Company and/or reimbursed to the directors, provided that these expenses have been previously notified to the Company and accepted by it and are duly justified.

Other than the remuneration indicated in the preceding sections and without prejudice to the provisions of the following section for executive directors, directors will not be entitled to receive any other remuneration from the Company or its Group, regardless of its concept.

- **Structure of the remuneration for executive directors for the performance of executive duties**

In addition to what they may receive as directors in their capacity as such, executive directors may receive, for the performance of the executive duties delegated or entrusted to them by the Board, remuneration as determined by the Board itself.

The basic principles governing the remuneration of executive directors are as follows:

- Ensure that remuneration, in terms of its overall structure and size, complies with market best practices and is competitive in relation to comparable companies.

- Establish objective criteria for the calculation of the individual remuneration of each executive director, taking into account individual performance and the achievement of the Company's business objectives.

- Maintain commitment to the values pursued by the Company and the Group, including corporate and personal ethics, meritocracy and conciliation, so as to retain the best talent.

The remunerative items that make up the remuneration of the executive directors, as well as the basic terms for the performance of his duties, must be included in a contract signed with these directors. This contract must be approved in advance by the Board with the favourable vote of two-thirds of its members, at which time, the director in question must abstain from voting and deliberation.

Remuneration of executive directors may consist of fixed salaries; compensation for termination of the director office for reasons other than failure to perform his duties; pensions; insurance; social security systems and retirement plans; or other remuneration in kind.

- Fixed remuneration

Fixed remuneration for executive directors will vary according to the responsibility assumed and the characteristics of the duties performed by the director, which will be reviewed annually by the Board of Directors at the proposal of the Appointment, Remuneration and Corporate Governance Committee.

Fixed remuneration for executive directors may not exceed EUR 500,000 per year. This figure may be increased during the Policy's period of validity, in accordance with the AmRest Group general salary update rules, which may not exceed 10% per year.

- Variable remuneration

Executive directors of the Company will not receive variable remuneration, nor will they form part of remuneration plans through shares or linked to the share price of the Company.

- Remuneration for the performance of the office of director or other duties in other companies of the Group

Executive directors may receive additional remuneration for the provision of services to other companies of the Group, although the overall amount of remuneration to be received may not exceed the maximum limits set out in this policy.

- Health-care benefits and other remuneration in kind

The remuneration system for executive directors may be complemented by health and life insurance contracted by the Company, in line with the practice followed in the market by comparable companies. Also, executive directors may be paid with other remuneration in kind, such as rental of vehicles, garage spaces, housing, travel expenses, travel allowances, coverage of transfer expenses, including transfer to a location abroad, and other social benefits generally applicable to the executives of the Company. This will be decided by the Board of Directors at the proposal of the Appointment, Remuneration and Corporate Governance Committee.

The relative proportion of health-care benefits and other remuneration to fixed remuneration, will be 20%, unless the executive director receives no fixed remuneration for the performance of executive duties, in which case, the limit on the value of the health-care benefits and other remuneration will be the same as provided for the fixed remuneration.

It should be noted that, of all the above concepts, the only executive director of the Company, the Executive Chairman, receives, in addition to the fixed annual remuneration for his participation in the Board of Directors (82,500 euros gross per year), an annual remuneration package amounting, in 2023, to 135,085 euros gross.

Regarding this remuneration package, the Board of Directors, at its meeting held on March 30, 2023 and with effect from January 1, 2023, and at the proposal and following a favourable report from the Appointments, Remuneration and Corporate Governance Committee, approved, with the abstention in the deliberation and vote of the Executive Chairman and the vote in favour of the rest of the directors, the updating of the amount of the annual remuneration package to the amount resulting from applying accumulated inflation from the date of his appointment as Executive Chairman until December 31, 2022, going from 120,000 euros gross per year to the referred 135,085 euros gross per year; all within the framework of the provisions of the Company's Bylaws and the current Remuneration Policy.

Likewise, since August 1, 2023 and October 1, 2023, respectively, the Executive Chairman has, as an assistance benefit and in accordance with the provisions of the Company's Bylaws and the current Directors' Remuneration Policy, a life insurance and a general health insurance, the premiums of which are paid by the Company and are considered part of his remuneration.

Finally, the Remuneration Policy does not set forth any procedures in order to apply temporary exceptions or any component that may be subject to exception.

A.1.2 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 Remuneration Policy for directors of AmRest Holdings, SE does not provide for variable remuneration items, neither in the remuneration for directors in their capacity as such, nor in that of executive directors for the performance of executive duties.

A.1.3 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 accrue to the directors in their capacity as such during the financial year 2024:

- Annual fixed remuneration for participation in the Board of Directors: The maximum amount of the annual fixed remuneration for this item is 82,500 euros gross per director annually.

- Annual fixed remuneration for participation in the Board committees: Independent directors will receive an additional annual remuneration of 27,500 euros gross for their membership in the Executive Committee or in any of the committees of the Board of Directors (regardless of the number of committees of which the independent director is a member).

Directors are not expected to receive allowances for attending meetings of the Board of Directors and the committees they attend.

A.1.4 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.

During the financial year 2024, no fixed components are expected to accrue for the performance of senior management functions by the executive directors, other than the compensation package entitled to the only executive director of the Company, the Executive Chairman, in the amount of 135,085 euros gross per year, which will be updated to apply the accumulated inflation from January 1, 2023.

A.1.5 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.

During the financial year 2024, the Executive Chairman will receive, as an assistance benefit, a life insurance and a general health insurance contracted by AmRest, and the amount to be paid as a premium for the aforementioned insurances is expected to be 936 euros per year and 832 euros per year, respectively, subject to any updates that may be made by the insurance company.

Besides this, no remuneration in kind is expected to accrue in favour of the Company's directors during the financial year 2024.

This regardless of the civil liability policy (D&O) that the Company has contracted for directors and executives, with the usual conditions for this type of insurance.

A.1.6 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.

As indicated above, the Remuneration Policy for Directors of AmRest Holdings, SE does not provide for variable remuneration items, neither in the remuneration for directors in their capacity as such, nor in that of executive directors for the performance of executive duties.

A.1.7 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.

The Company's directors do not participate in long-term savings schemes.

A.1.8 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.

There is no provision for any type of payment or indemnification to directors in these cases.

A.1.9 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 of the Executive Chairman 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.

Likewise, 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.

Finally, the contract provides a standard confidentiality clause.

A.1.10 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 of the date of this report, no supplementary remuneration is foreseen to the directors as consideration for services rendered other than those intrinsic to the role.

A.1.11 Other items of remuneration such as any deriving from the company's granting the director advances, loans or guarantees or any other remuneration.

As of the date of this report, no advance payments, loans or guarantees are expected to be granted by the Company to the directors.

A.1.12 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.

As of the date of this report, no supplementary remuneration not included in the foregoing sections is foreseen to be paid by the Company or by another Group company to the directors.

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.

As already indicated, the Board of Directors, at the proposal of the Appointments, Remuneration and Corporate Governance Committee, submitted the current Remuneration Policy for approval at the 2022 General Shareholders' Meeting, which came into force on the date of the General Shareholders' Meeting (May 12, 2022) and will remain in force until December 31, 2025, unless the General Shareholders' Meeting decides to amend or replace it during this period.

During financial year 2024, no relevant changes to the current Remuneration Policy are foreseen.

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 current Remuneration Policy for directors is available on the Company's website at https://www.amrest.eu/en/investors/corporate-governance/board-directors-regulations-and-reports

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 directors' remuneration for the 2022 financial year was submitted to the consultative vote of the General Shareholders' Meeting held on May 11, 2023, being approved by the 100% of the votes issued, with 0.00% of votes against and 0.00% of abstentions.

This result reflects the total support the annual report on directors' remuneration received from the Company's shareholders, for which reason it has been considered appropriate to prepare the report for the 2023 financial year in similar terms.

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED

B.1.1 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 remuneration accrued and paid to the Company's directors in 2023 has followed the terms of the Remuneration Policy approved by the General Shareholders' Meeting held on May 12, 2022, without any deviation from the procedure for the application of this Policy, nor has any temporary exception been applied thereto.

In this regard, the remuneration accrued and paid in 2023 to the directors (both to the directors in their capacity as such and to the Executive Chairman) has been composed of the elements and remuneration items described above in relation to the current Remuneration Policy.

Regarding the process followed for the application of the Remuneration Policy during the financial year 2023, the following should be noted:

- The General Shareholders' Meeting held on May 12, 2022 agreed to set the maximum annual amount of remuneration for all of the Company's directors in their capacity as such at 1,500,000 euros.

- In turn, the General Shareholders' Meeting delegated to the Company's Board of Directors the distribution among its members of the agreed amount, taking into account the functions and responsibilities attributed to each director, their membership of the Board's committees, and any other objective circumstances deemed relevant.

- Furthermore, the Appointments, Remuneration and Corporate Governance Committee's role in applying the Remuneration Policy during the 2023 financial year has been based on, among other functions:

(i) to develop the proposal to the Board of Directors for updating the individual remuneration of the Executive Chairman.

In this context, the Board of Directors, at its meeting held on March 30, 2023 and with effect from January 1, 2023, and at the proposal and following a favourable report from the Appointments, Remuneration and Corporate Governance Committee, approved, with the abstention in the deliberation and vote of the Executive Chairman and the vote in favour of the rest of the directors, the updating of the amount of his annual remuneration package to the amount resulting from applying accumulated inflation from the date of his appointment as Executive Chairman until December 31, 2022, going from 120,000 euros gross per year to the referred 135,085 euros gross per year; all within the framework of the provisions of the Company's Bylaws and the current Remuneration Policy.

Likewise, since August 1, 2023 and October 1, 2023, respectively, the Executive Chairman has, as an assistance benefit and in accordance with the provisions of the Company's Bylaws and the current Directors' Remuneration Policy, a life insurance and a general health insurance, the premiums of which are paid by the Company and are considered part of his remuneration.

(ii) to analyse, pose and periodically review the remuneration policy applied to executives, 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.

(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 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 services of external advisors have not been used in the process of applying the remuneration policy in the 2023 financial year.

B.1.2 Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year.

During the financial year 2023 there has been no deviation from the procedure established for the application of the Remuneration Policy.

B.1.3 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.

During the financial year 2023 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 main purpose of the AmRest Remuneration Policy for Directors is to contribute to the development of the values, mission and vision of the AmRest Group, so that the remuneration corresponding to the members of the Company's governing body is appropriate to the achievement of the objectives and duties that concern the directors. The Remuneration Policy contributes to the Company's business strategy, interests and long-term sustainability, with the objective of creating shareholder value in a sustainable way over time, incorporating the necessary precautions to avoid excessive risk-taking and the rewarding of unfavourable results.

In this context, the basic principles that inspire the Remuneration Policy to achieve this contribution to the Company's strategy, interests and long-term sustainability are as follows:

- Assess the dedication, qualification and responsibility required for the office, seeking moderation and in any case relating to the remuneration that is paid in the market in comparable companies, so that they align with best market practices.

- The remuneration of external directors, and in particular independent directors, will be as necessary to correspond to the effective dedication, qualification and responsibility required by the office, but not so high as to compromise their independence in judgement.

- Maintain a balance between the interests of the directors and shareholders and, in particular, align the policy with the Company's values, the maximization of the company dividend and profitability for shareholders.

- Ensure that the remuneration system promotes the achievement of the strategic objectives established by the Company and its Group.

- Ensure commitment to the principle of full transparency of the Company's Remuneration Policy by providing timely, sufficient and clear information in line with applicable regulations and corporate governance recommendations, as recognized in international markets for the remuneration of directors.

Likewise, in the preparation of the Remuneration Policy and in determining the remuneration scheme and the other terms and conditions of the directors' remuneration, the Board of Directors has paid special attention to the remuneration and employment terms of the Company's employees, to the extent that directors shall not be granted any remuneration concept that is not similar to that which other employees of the Company may have.

In this sense, the Remuneration Policy is aligned with that of the other employees and executives of the Company with regard to the principles that inspire it, such as, among others:

(i) remuneration equity: ensuring non-discrimination on grounds of gender, age, culture, religion or race in the application of remuneration practices and policies. In this regard, AmRest professionals, including employees, executives and directors, are paid in a manner consistent with the level of responsibility, leadership and performance within the organization, favouring the retention of key professionals and the attraction of the best talent,

(ii) proportionality and risk management: remuneration levels are appropriate to the importance of the Company, its current economic situation and market standards in comparable sectors and companies. In addition, provisions to mitigate inappropriate risk-taking are included; and

(iii) values: the Remuneration Policy is designed to attract and retain the best professionals and to motivate a high performance culture.

Within the framework of this Remuneration Policy, 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) No variable remuneration items are provided for, neither in the remuneration for directors in their capacity as such, nor in that of executive directors for the performance of executive duties.

The Executive Chairman will not receive variable remuneration, nor will he form part of remuneration plans through shares or linked to the share price of the Company. His remuneration can only be of fixed nature, it may vary based on the specific responsibilities and nature of the duties performed. 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.

(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 accrued in the financial year 2023 fulfils the terms of the current AmRest Directors' 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. In addition, the principles and criteria set out in the Policy have been followed, among others, that the remuneration of the directors in their capacity as such consists only of a fixed amount and, in the case of the remuneration of the Executive Chairman, of a compensation package (together with the receipt of life insurance and general health insurance as an assistance benefit).

Directors' remuneration is austere and balanced, reflecting the Company's corporate and personal ethics, thus contributing 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	152,568,739	69.49

	Number	% of total cast
Votes against	0	0
Votes in favour	152,568,739	100
Blank ballots	0	0
Abstentions	0	0

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:

During the financial year 2023 the following fixed components have been accrued for the directors in their condition as such:

- Annual fixed remuneration for participation in the Board of Directors:

  The amount of annual fixed remuneration for this item was 82,500 euros gross per director annually.

- Annual fixed remuneration for participation in the Board committees:

  Independent directors received an additional annual remuneration of 27,500 euros gross for their membership in the Executive Committee or in any of the committees of the Board of Directors (regardless of the number of committees of which the independent director is a member).

These amounts are those established in the Directors' Remuneration Policy approved by the General Shareholders' Meeting of May 12, 2022.

The amount accrued for these same fixed components during the financial year 2022 was as follows:

- Annual fixed remuneration for participation in the Board of Directors:

  From January to May 2022 (date of approval of the current Remuneration Policy): 75,000 euros gross per director per year.

  From May to December 2022: 82,500 euros gross per director per year.

- Annual fixed remuneration for participation in the Board committees:

  From January to May 2022 (date of approval of the current Remuneration Policy): an additional 25,000 euros gross per year per independent director.

  From May to December 2022: an additional 27,500 euros gross per year per independent director.

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.

During the financial year 2023, no salaries were accrued by the Executive Chairman of the Company for the performance of management duties.

In financial year 2023, the Executive Chairman accrued an amount of 135,085 euros gross per year as a compensation package. In financial year 2022, this amount was 120,000 euros gross per year.

Regarding this remuneration package, the Board of Directors, at its meeting held on March 30, 2023 and with effect from January 1, 2023, and at the proposal and following a favourable report from the Appointments, Remuneration and Corporate Governance Committee, approved, with the abstention in the deliberation and vote of the Executive Chairman and the vote in favour of the rest of the directors, the updating of the amount of his annual remuneration package to the amount resulting from applying accumulated inflation from the date of his appointment as Executive Chairman until December 31, 2022, going from 120,000 euros gross per year to the referred 135,085 euros gross per year; all within the framework of the provisions of the Company's Bylaws and the current Remuneration Policy.

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
During the financial year 2023 no short-term variable components have been accrued for any of the directors.

Explain the long-term variable components of the remuneration systems
During the financial year 2023 no long-term variable components have been accrued for any of the directors.

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. The Remuneration Policy for Directors of AmRest Holdings, SE does not provide for variable components, neither in the remuneration for directors in their capacity as such, nor in that of executive directors for the performance of executive duties.

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. The Remuneration Policy for Directors of AmRest Holdings, SE does not provide for the participation of directors in 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.

Not applicable.

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.

During the financial year 2023, there have been no significant changes in the contract of the Company's Executive Chairman.

The only non-significant changes made to this contract were as follows:

- The update of the annual amount of the remuneration package (compensation package) of the Executive Chairman from 120,000 euros gross per year to the amount resulting from applying the accumulated inflation from the date of his appointment as Executive Chairman until December 31, 2022, all this with effect from January 1, 2023, within the framework of the provisions of the Bylaws and the current Directors' Remuneration Policy approved by the General Shareholders' Meeting of May 12, 2022. Following this update of the amount of his annual remuneration package, the amount of the annual remuneration package increased from 120,000 euros gross per year to 135,085 euros gross per year.

- The receipt by the Executive Chairman, as an assistance benefit, of life insurance and general health insurance contracted by AmRest, whose premiums will be paid by the Company and will be considered part of his remuneration; this is also in accordance with the provisions of the Company's Bylaws and the current Directors' Remuneration Policy.

B.12 Explain any supplementary remuneration accrued by directors in consideration of the provision of services other than those inherent in their position.

During the financial year 2023, no supplementary remuneration has been accrued by the directors as consideration for services rendered other than those inherent to their position.

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 advances payments, loans or guarantees have been granted to any director during the financial year 2023.

B.14 Itemise the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the various salary components.

During financial year 2023 (and, specifically, from August 1, 2023 and October 1, 2023, respectively), the only remuneration in kind accrued by the directors was the receipt by the Executive Chairman, as an assistance benefit, of life insurance and general health insurance contracted by AmRest, with the amount paid by the Company as premiums for the aforementioned insurances amounting to 390 euros per year and 208 euros per year, respectively.

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 2023.

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.

During the financial year 2023, no amounts have been accrued in relation to any other remuneration concept other than that set forth above.

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in year 2023
Mr. José Parés Gutiérrez	Executive Chairman	From 01/01/2023 to 31/12/2023
Mr. Luis Miguel Álvarez Pérez	Proprietary Vice Chairman	From 01/01/2023 to 31/12/2023
Mr. Pablo Castilla Reparaz	Independent Director	From 01/01/2023 to 31/12/2023
Ms. Romana Sadurska	Independent Director	From 01/01/2023 to 31/12/2023
Mr. Emilio Fullaondo Botella	Independent Director	From 01/01/2023 to 31/12/2023
Ms. Mónica Cueva Díaz	Independent Director	From 01/01/2023 to 31/12/2023
Ms. Begoña Orgambide García	Proprietary Director	From 11/05/2023 to 31/12/2023
Mr. Carlos Fernández González	Proprietary Director	From 01/01/2023 to 11/05/2023

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 2023	Total year 2022
Mr. José Parés Gutiérrez	83							135	218	200
Mr. Luis Miguel Álvarez Pérez	83								83	80
Mr. Pablo Castilla Reparaz	83		27						110	106
Ms. Romana Sadurska	83		27						110	106
Mr. Emilio Fullaondo Botella	83		27						110	106
Ms. Mónica Cueva Díaz	83		27						110	106
Ms. Begoña Orgambide García	53								53	0
Mr. Carlos Fernández González	30								30	80

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 2023		Financial instruments granted during year 2023		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2023	
		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
No data												

iii) Long-term savings schemes

Name	Remuneration from vesting of rights to savings schemes
No data	

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		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022
No data								

iv) Details of other items

Name	Concept	Amount of remuneration
Mr. José Parés Gutiérrez	Life Insurance Premium	1
Mr. José Parés Gutiérrez	Health Insurance Premium	1

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 2023	Total year 2022
No data										

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 2023		Financial instruments granted during year 2023		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2023	
		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
No data												

iii) Long-term savings schemes

Name	Remuneration from vesting of rights to savings schemes
No data	

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		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022
No data								

iv) Details of other items

Name	Concept	Amount of remuneration
No data		

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.

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					
	Total cash remuneration	EBITDA from vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2023 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 2023 group	Total in year 2023 company + group
Mr. José Parés Gutiérrez	218			2	220						220
Mr. Luis Miguel Álvarez Pérez	83				83						83
Mr. Pablo Castilla Reparaz	110				110						110
Ms Romana Sadurska	110				110						110
Mr. Emilio Fullaondo Botella	110				110						110
Ms. Mónica Cueva Díaz	110				110						110
Ms. Begoña Orgambide García	53				53						53
Mr. Carlos Fernández González	30				30						30
Total:	**824**			**2**	**826**						**826**

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 2023	% variation 2023/2022	Year 2022	% variation 2022/2021	Year 2021	% variation 2021/2020	Year 2020	% variation 2020/2019	Year 2019
Executive directors									
Mr. José Parés Gutiérrez	220	10.00	200	2.56	195	413.16	38	-49.33	75
External directors									
Mr. Luis Miguel Álvarez Pérez	83	3.75	80	6.67	75	97.37	38	-49.33	75
Mr. Pablo Castilla Reparaz	110	3.77	106	6.00	100	100.00	50	-50.00	100
Ms. Romana Sadurska	110	3.77	106	6.00	100	100.00	50	-16.67	60
Mr. Emilio Fullaondo Botella	110	3.77	106	6.00	100	100.00	50	-16.67	60
Ms. Mónica Cueva Díaz	110	3.77	106	6.00	100	100.00	50		0
Ms. Begoña Orgambide García	53		0		0		0		0
Mr. Carlos Fernández González	30	-62.50	80	6.67	75	97.37	38	-49.33	75
Consolidated results of the company	49,031	77.97	27,550	-52.40	57,875	-71.27	201,462	115.80	93,358
Average employee remuneration	12	9.09	11	10.00	10	11.11	9	-10.00	10

Observations
Ms. Romana Sadurska and Mr. Emilio Fullaondo joined AmRest Board in May 2019. Ms. Mónica Cueva joined in July 2020 and Ms. Begoña Orgambide in May 2023. 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 had remained unchanged since 2017. Likewise, in 2023 the amount of the annual remuneration package of the Executive Chairman was updated to the amount resulting from applying the accumulated inflation from the date of his appointment as Executive Chairman until December 31, 2022, going from 120,000 euros gross per year to 135,085 euros gross per year; all within the framework of the provisions of the Company's Bylaws and the current Remuneration Policy. Regarding consolidated results, during the year 2023 the Group sold its business operations in Russia. Consolidated result of the Group for the year 2023, in amount of 49.0 million euros, represents the profit before taxes from continuing operations of the Group. Additionally, the Group recognized 11 million euros of profit before tax for discontinued operations in year 2023. Consolidated results of the Group for previous years were not restated.

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.

Note to Section C "ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR".

This section includes the amounts accrued and received by the directors, in thousands of euros and without decimals.

With decimals and without rounding, the amounts are as follows: 83 (82.5); 27 (27.5); 110 (110.0); 53 (52.8); 30 (29.6); 135 (135.1); 218 (217.6); 220 (218.2), 824 (822.5) 826 (823.1). Life Insurance (0.4) and Health Insurance (0.2).

This annual remuneration report was approved
by the Board of Directors of the company in its meeting of February 27, 2024.

Indicate whether any director voted against or abstained from approving this report.

Yes _ **No _X_**

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Begoña Orgambide García
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 27 February 2024

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 27 February 2024, and according to article 99 of Law 6/2023, of 17 March, on Securities Markets and Investment Services 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 2023, drawn up by the Board of Directors on the referred meeting of 27 February 2024 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 Directors' 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 27 February 2024

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