Condensed Consolidated Financial Statements for 6 months ended 30 June 2020

AmRest Holdings SE capital group

24 September 2020

AmRest

Contents

(all figures in EUR millions unless stated otherwise)

Condensed consolidated income statement for 6 months ended 30 June 2020

	Note	6 months ended 30 June 2020	6 months ended 30 June 2019 (restated*)
Continuing operations			
Restaurant sales		653.8	878.9
Franchise and other sales		30.2	48.8
Total revenue	4,6	**684.0**	**927.7**
Restaurant expenses			
Food and merchandise		(187.6)	(249.3)
Payroll, social security and employee benefits		(198.6)	(227.2)
Royalties		(30.2)	(41.3)
Occupancy, depreciation and other operating expenses		(258.9)	(264.8)
Franchise and other expenses		(23.8)	(32.7)
General and administrative expenses		(69.7)	(72.2)
Total operating costs and losses	7	**(768.8)**	**(887.5)**
Net impairment losses on financial assets	4	(2.2)	(0.3)
Net impairment losses on other assets	4, 14	(73.1)	(8.6)
Other operating income/expenses	7	20.0	3.9
Profit/(loss) from operations		**(140.1)**	**35.2**
Finance income	8	0.8	2.2
Finance costs	8	(33.2)	(22.1)
Profit/(loss) before tax		**(172.5)**	**15.3**
Income tax expense	9	10.2	(4.3)
Profit/(loss) for the period		**(162.3)**	**11.0**
Attributable to:			
Shareholders of the parent		(160.7)	10.4
Non-controlling interests		(1.6)	0.6
Basic earnings per ordinary share in EUR	18	(0.73)	0.05
Diluted earnings per ordinary share in EUR	18	(0.73)	0.05

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.
**The comparative data were restated as a result of a reclassification adjustment for delivery fee expenses described in note 7*

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of comprehensive income for 6 months ended 30 June 2020

	Note	6 months ended	
		30 June 2020	**30 June 2019**
Profit/(loss) for the period		**(162.3)**	**11.0**
Other comprehensive income	7		
Exchange differences on translation of foreign operations		(12.5)	8.3
Net investment hedges		(7.2)	1.9
Income tax related to net investment hedges		1.2	(0.3)
Total items that may be reclassified to the income statement		*(18.5)*	*9.9*
Other comprehensive income/(loss) for the period		**(18.5)**	**9.9**
Total comprehensive income/(loss) for the period		**(180.8)**	**20.9**
Attributable to:			
Shareholders of the parent		(178.9)	20.3
Non-controlling interests		(1.9)	0.6

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

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of financial position as at 30 June 2020

	Note	30 June 2020	31 December 2019
Assets			
Property, plant and equipment	10	511.1	584.9
Right-of-use assets	11	779.3	852.7
Goodwill	13	317.2	350.2
Intangible assets	12	245.1	253.5
Investment properties		5.0	5.2
Financial assets measured at fair value	25	76.2	76.2
Other non-current assets		23.7	25.1
Deferred tax assets	9	26.8	22.4
Total non-current assets		**1 984.4**	**2 170.2**
Inventories		27.0	29.9
Trade and other receivables	15	66.9	104.6
Corporate income tax receivables		5.0	4.8
Other current assets		14.7	19.3
Cash and cash equivalents	16	217.7	106.2
Assets held for sale		4.8	
Total current assets		**336.1**	**264.8**
Total assets		**2 320.5**	**2 435.0**
Equity			
Share capital		22.0	22.0
Reserves		174.2	178.3
Retained earnings		135.9	296.6
Translation reserve		(41.9)	(29.7)
Equity attributable to shareholders of the parent		**290.2**	**467.2**
Non-controlling interests	17	7.3	9.5
Total equity	17	**297.5**	**476.7**
Liabilities			
Interest-bearing loans and borrowings	19	155.4	656.0
Lease liabilities	11	683.5	719.4
Employee benefits liability	20	0.2	0.6
Provisions		25.3	22.8
Deferred tax liability	9	43.4	51.4
Other non-current liabilities		8.3	9.2
Total non-current liabilities		**916.1**	**1 459.4**
Interest-bearing loans and borrowings	19	671.7	64.1
Lease liabilities	11	147.7	144.7
Trade and other accounts payable	211	281.0	279.5
Corporate income tax liabilities		6.5	10.6
Total current liabilities		**1 106.9**	**498.9**
Total liabilities		**2 023.0**	**1 958.3**
Total equity and liabilities		**2 320.5**	**2 435.0**

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

(all figures in EUR millions unless stated otherwise)

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

	Note	6 months ended 30 June 2020	6 months ended 30 June 2019
Cash flows from operating activities			
Profit/(loss) before tax from continued operations		(172.5)	15.3
Adjustments for:			
Amortisation and depreciation	7	129.4	121.7
Net interest expense		22.5	20.2
Foreign exchange result	8	9.5	(1.9)
Result on disposal of property, plant and equipment and intangibles	7	-	0.3
Impairment of non-financial assets	14	73.1	8.6
Share-based payments		2.5	2.5
Other		1.0	(0.1)
Working capital changes:	6		
Change in trade and other receivables		15.0	(18.4)
Change in inventories		2.1	(0.9)
Change in other assets		4.7	(3.9)
Change in payables and other liabilities		17.8	12.5
Change in provisions and employee benefits		2.1	0.4
Income tax paid		(5.8)	(8.6)
Net cash from operating activities		**101.4**	**147.7**
Cash flows from investing activities			
Net cash outflows on acquisition	5	-	(22.7)
Proceeds from the sale of the business	22	20.0	-
Proceeds from the sale of property, plant and equipment		-	0.4
Purchase of property, plant and equipment		(46.3)	(83.3)
Purchase of intangible assets		(3.3)	(4.6)
Net cash used in investing activities		**(29.6)**	**(110.2)**
Cash flows from financing activities			
Proceeds from share transfers (employees options)	7	-	0.5
Purchase of treasury shares	7	-	(0.5)
Proceeds from loans and borrowings	19	136.9	46.2
Repayment of loans and borrowings	19	(25.8)	(15.5)
Payments of lease liabilities including interests paid	11	(65.2)	(72.0)
Interest paid	19	(9.4)	(7.5)
Interest received		0.7	0.3
Dividends paid to non-controlling interest owners		(0.3)	-
Transactions with non-controlling interest	7	-	(5.3)
Net cash from financing activities		**36.9**	**(53.8)**
Net change in cash and cash equivalents		**108.7**	**(16.3)**
Effect of exchange rates movements		2.8	(0.8)
Balance sheet change of cash and cash equivalents		111.5	(17.1)
Cash and cash equivalents, beginning of period		106.2	118.4
Cash and cash equivalents, end of period	16	**217.7**	**101.3**

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

(all figures in EUR millions unless stated otherwise)

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

	Note	Attributable to the shareholders of the parent						
		Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As at 1 January 2020		**22.0**	**178.3**	**296.6**	**(29.7)**	**467.2**	**9.5**	**476.7**
Profit/(loss) for the period		-	-	(160.7)	-	**(160.7)**	(1.6)	**(162.3)**
Other comprehensive income		-	(6.0)	-	(12.2)	**(18.2)**	(0.3)	**(18.5)**
Total comprehensive income		-	**(6.0)**	**(160.7)**	**(12.2)**	**(178.9)**	**(1.9)**	**(180.8)**
Transaction with non-controlling interests		-	-	-	-	**-**	(0.3)	**(0.3)**
Total transactions with non-controlling interests	17	**-**	**-**	**-**	**-**	**-**	**(0.3)**	**(0.3)**
Purchases of treasury shares		-	-	**-**	**-**	**-**	**-**	**-**
Share based payments	17	-	1.9	-	-	**1.9**	-	**1.9**
Total distributions and contributions		**-**	**1.9**	**-**	**-**	**1.9**	**-**	**1.9**
As at 30 June 2020		**22.0**	**174.2**	**135.9**	**(41.9)**	**290.2**	**7.3**	**297.5**

	Note	Attributable to the shareholders of the parent						
		Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As at 1 January 2019		**22.0**	**206.1**	**231.5**	**(38.9)**	**420.7**	**9.9**	**430.6**
Profit for the period		-	-	10.4	-	**10.4**	0.6	**11.0**
Other comprehensive income		-	1.6	-	8.3	**9.9**	-	**9.9**
Total comprehensive Income		-	**1.6**	**10.4**	**8.3**	**20.3**	**0.6**	**20.9**
Transaction with non-controlling interests		-	(4.8)	-	-	**(4.8)**	(0.5)	**(5.3)**
Total transactions with non-controlling interests	17	**-**	**(4.8)**	**-**	**-**	**(4.8)**	**(0.5)**	**(5.3)**
Deferred payment in shares	17	-	(13.0)	-	-	**(13.0)**	**-**	**(13.0)**
Purchases of treasury shares		-	(0.5)	**-**	**-**	**(0.5)**	-	**(0.5)**
Share based payments	17	-	1.6	-	-	**1.6**	**-**	**1.6**
Total distributions and contributions		**-**	**(11.9)**	**-**	**-**	**(11.9)**	-	**(11.9)**
As at 30 June 2019		**22.0**	**191.0**	**241.9**	**(30.6)**	**424.3**	**10.0**	**434.3**

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

Notes to the Condensed Consolidated Financial Statements

1. General information on the Group

AmRest Holdings SE ("The Company", "AmRest") was incorporated in the Netherlands in October 2000 and since 2008 the Company operates a European Company (Societas Europaea, SE). The Company's registered office is Paseo de la Castellana 163, 28046 (Madrid), Spain.

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

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

The Group operates Kentucky Fried Chicken ("KFC"), Pizza Hut ("PH"), Burger King ("BK") and Starbucks ("SBX") restaurants through its subsidiaries in Poland, the Czech Republic (hereinafter Czechia), Hungary, Slovakia, Russia, Serbia, Croatia, Bulgaria, Romania, Germany, France, Austria, Slovenia and Spain, on the basis of franchise rights granted. Starting from 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 2017, in Germany in 2017 and in Russia in 2018 are operated both by AmRest and its sub-franchisees based on master-franchise agreements.

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

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

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

As at 30 June 2020 the Group operates 2 318 restaurants (own and franchise) comparing to 2 337 restaurants operating as at 31 December 2019.

(all figures in EUR millions unless stated otherwise)

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

Activity where AmRest is a franchisee					
Brand	**KFC**	**Pizza Hut Dine-In**	**Pizza Hut Express, Delivery**	**Burger King**	**Starbucks [1)]**
Franchisor/ Partner	Yum! Restaurants Europe Limited	Pizza Hut Europe Limited	Pizza Hut Europe Limited	Burger King Europe GmbH	Starbucks Coffee International, Inc/Starbucks EMEA Ltd., Starbucks Manufacturing EMEA B.V.
Area covered by the agreement	Poland, Czechia, Hungary, Bulgaria, Serbia, Croatia, Russia, Spain, Germany, France, Austria, Slovenia	Poland	Poland, Czechia, Hungary, France, Russia, Germany, Slovakia. Possibility of opening in: Bulgaria, Serbia, Croatia, Slovenia	Poland, Czechia, Bulgaria, Slovakia, Romania	Poland, Czechia, Hungary, Romania, Bulgaria, Germany, Slovakia, Serbia
Term of agreement	10 years with possibility of extension for a further 10 years	10 years with possibility of extension for a further 10 years	10 years with possibility of extension for a further 10 years and 5 years	Poland, Czechia, Bulgaria, Slovakia, Romania – 20 years or 10 years [4)] Since 20 November 2018: 10 years for restaurants opened during the agreed development period.	15 years, possibility of extension for a further 5 years; in Romania till 10 October 2023 16 years, in Bulgaria till 1 October 2027 20 years
Preliminary fee	up to USD 52.2 thousand [2)]	up to USD 52.2 thousand [2)]	USD 26.1 thousand [2)]	USD 50 thousand or USD 25 thousand, in Czechia USD 60 thousand [4)] Since 20 November 2018: USD 30 thousand for restaurants opened during the agreed development period.	USD 25 thousand
Franchise fee	6% of sales revenues [3)]	6% of sales revenues [3)]	6% of sales revenues [3)]	5% of sales revenues, in Czechia (for 5 restaurants) 3% of sales revenues for first 5 years, then 5% Since 20 November 2018 for restaurants opened during the agreed development period: 3,5% of revenues in first 2 years growing to 4%, 4,5% and 5% in next years.	6% of sales revenues [5)]
Marketing costs	5% of sales revenues	5% of sales revenues	6% or 5% of sales revenues depending on the concept [3)]	5% of sales revenues, in Czechia 3% of sales revenues for first 3 years, then 5%. Since 20 November 2018 for restaurants opened during the agreed development period 4% or 5% of sales revenues (depending on the country) and 3% for flagships.	amount agreed each year

(all figures in EUR millions unless stated otherwise)

Activity performed through own brands					
Brand	**La Tagliatella**	**Blue Frog**	**KABB**	**Bacoa**	**Sushi Shop**
Area of the activity	Spain, France, Germany, Portugal	China, Spain	China	Spain	France, Spain, Belgium, Italy, Switzerland, Luxemburg, UK, the Netherlands

Activity where AmRest is a franchisor (own brand or based on master-franchise agreements)						
Brand	**Pizza Hut Dine-In**	**Pizza Hut Express, Delivery**	**La Tagliatella**	**Blue Frog**	**BACOA**	**Sushi Shop**
Partner	Yum Restaurants International Holdings LLC	Pizza Hut Europe Limited, Yum Restaurants International Holdings LLC	Own brand	Own brand	Own brand	Own brand
Area covered by the agreement	Germany, Russia, Armenia and Azerbaijan	Germany, France, CEE (Bulgaria, Hungary, Czechia, Poland, Slovakia, Slovenia, Serbia, Croatia), Russia, Armenia and Azerbaijan	Spain, France	Spain, China	Spain	France, Belgium, Spain, United Arab Emirates, Saudi Arabia, Switzerland, United Kingdom, Luxembourg, Italy, Germany, Portugal, the Netherlands
Term of agreement	10 years with possibility of extension	10 years with possibility of extension	10 years with possibility of extension	10 years with possibility of extension	10 years with possibility of extension	Franchise agreements: 5 years with a limited territorial exclusivity and EADA i.e. "master franchise": exclusivity for specific territories granted to from 2 up to 14 years.

1) AmRest Group took up 82% and Starbucks 18% of the share capital of the newly-established companies in Poland, Czechia and Hungary. In the event of default, deadlock, or disputed take-over or change of control over AmRest Holdings SE and/or its shareholders, Starbucks will be entitled to increase its share to 100% by purchasing shares from the Group. Option upon termination for event of default or deadlock are symmetric for both parties, so that AmRest will also be entitle to exercise the option to purchase all of the Shares of Starbucks. According to Group assessment as at the day of this report issuance there are no indicators making the mentioned above options realizable. The Group acquired 100% of shares in Romanian and Bulgarian entities, being the sole operators in these markets. In Germany the Group acquired 100% of shares in a key operator in this market.

2) The fee is updated at the beginning of each calendar year for inflation.

3) Preliminary franchise fees and marketing costs might be changed if certain conditions set in the agreement are met.

4) Validity period of franchisee agreement, therefore licenses for Burger King restaurants opened in Poland in the period from 1 March 2009 till 30 June 2010, and also for newly-opened restaurants in Poland was extended from 10 to 20 years since the date of restaurant opening, however, without the option of prolongation for the next 10 years, which was provided in the original development agreement with AmRest Sp. z o.o. In relation to restaurants opened in Poland in the period from 1 March 2009 to 30 June 2010 and in relation to restaurants opened after this period (for franchise agreements for 20 years) the initial franchise payment was increased from USD 25,000 to USD 50,000. On 20 November 2018 a new Development Agreement was signed.

5) Due to global Starbucks decision, the franchisee fee was decreased to 0% for the period April – June 2020.

(all figures in EUR millions unless stated otherwise)

2. Group Structure

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

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
		Holding activity		
AmRest Acquisition Subsidiary Ltd.	Birkirkara, Malta	AmRest Holdings SE	100.00%	May 2007
AmRest TAG S.L.U.	Madrid, Spain	AmRest Sp. z o.o.	100.00%	March 2011
AmRest HK Ltd	Hong Kong, China	AmRest Holdings SE	100.00%	September 2011
AmRest China Group PTE Ltd	Singapore	AmRest Holdings SE	100.00%	December 2012
Bigsky Hospitality Group Ltd	Hong Kong, China	AmRest China Group PTE Ltd	100.00%	December 2012
New Precision Ltd	Mriehel, Malta	AmRest China Group PTE Ltd	100.00%	December 2012
Horizon Consultants Ltd.	Mriehel, Malta	AmRest China Group PTE Ltd	100.00%	December 2012
AmRest Management Kft	Budapest, Hungary	AmRest Kft AmRest TAG S.L.U.	99.00% 1.00%	August 2018
GM Invest SRL	Brussels, Belgium	AmRest TAG S.L.U.	100.00%	October 2018
Sushi Shop Group SAS	Paris, France	GM Invest SRL 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 Belgique SA	Bruxelles, Belgium	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Holding USA LLC	Dover Kent, USA	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Luxembourg SARL	Luxembourg	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Switzerland SA	Fribourg, Switzerland	Sushi Shop Management SAS	100.00%	October 2018
		Restaurant, franchise and master-franchise activity		
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czechia	AmRest Holdings SE	100.00%	December 2000
AmRest Kft	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	March 2007
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd. AmRest Sp. z o.o.	44.72% 55.28%	July 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. ProFood Invest GmbH	60.00% 40.00%	October 2007
Restauravia Food S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
Pastificio Service S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
AmRest Adria d.o.o.	Zagreb, Croatia	AmRest Sp. z o.o.	100.00%	October 2011
AmRest GmbH i.L.[1]	Cologne, Germany	AmRest TAG S.L.U.	100.00%	March 2012
AmRest SAS	Lyon, France	AmRest TAG S.L.U.	100.00%	April 2012
AmRest Adria 2 d.o.o.	Ljubljana, Slovenia	AmRest Sp. z o.o.	100.00%	August 2012
Frog King Food&Beverage Management Ltd	Shanghai, China	Bigsky Hospitality Group Ltd	100.00%	December 2012
Blue Frog Food&Beverage Management Ltd	Shanghai, China	New Precision Ltd	100.00%	December 2012
Shanghai Kabb Western Restaurant Ltd	Shanghai, China	Horizon Consultants Ltd.	100.00%	December 2012
AmRest Skyline GMBH	Cologne, Germany	AmRest TAG S.L.U.	100.00%	October 2013

(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
Kai Zhen Food and Beverage Management (Shanghai) Ltd	Shanghai, China	BlueFrog Food&Beverage Management Ltd	100.00%	March 2014
AmRest Coffee EOOD	Sofia, Bulgaria	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee S.r.l.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Food Srl.	Bucharest, Romania	AmRest Sp. z o.o.	99.00%	July 2019
		AmRest Holdings SE	1.00%	July 2019
AmRest Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	December 2015
		AmRest Sp. z o.o.	1.00%	
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	23.00%	May 2016
		AmRest TAG S.L.U.	77.00%	
AmRest DE Sp. z o.o. & Co. KG	Berlin, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
The Grill Concept S.L.U.	Madrid, Spain	Pastificio Service S.L.U.	100.00%	December 2016
Kai Fu Food and Beverage Management (Shanghai) Co. Ltd	Shanghai, China	Blue Frog Food&Beverage Management Ltd	100.00%	December 2016
LTP La Tagliatella Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	100.00%	February 2017
LTP La Tagliatella Franchise II Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	100.00%	April 2019
AmRest AT GmbH	Vienna, Austria	AmRest Sp. z o.o.	100.00%	March 2017
AmRest Topco France SAS	Paris, France	AmRest France SAS	100.00%	May 2017
AmRest Delco France SAS	Paris, France	AmRest Topco France SAS	100.00%	May 2017
AmRest Opco SAS	Paris, France	AmRest France SAS	100.00%	July 2017
OOO Chicken Yug	Saint Petersburg, Russia	OOO AmRest	100.00%	October 2017
OOO AmRest Pizza	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	99.999996%	November 2017
		OOO AmRest	0.000004%	
AmRest Coffee SRB d.o.o.	Belgrade, Serbia	AmRest Holdings SE	100.00%	November 2017
AmRest Chamnord SAS	Paris, France	AmRest Opco SAS	100.00%	March 2018
AmRest SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	April 2018
		AmRest Sp. z o.o.	1.00%	
AmRest Pizza GmbH	Munich, Germany	AmRest DE Sp. z o.o. & Co. KG	100.00%	June 2018
Black Rice S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	July 2018
Bacoa Holding S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	July 2018
Sushi Shop Restauration SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Orphus SARL	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
CMLC Troyes	Troyes, France	Sushi Shop Management SAS	100.00%	July 2019
Sushiga SARL	Paris France	Sushi Shop Management SAS	50.00%	October 2018
		Emmanuel GARFIN	50.00%	
SSW 1 SPRL	Waterloo, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
SSW 2 SPRL	Wavre, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi House SA	Luxembourg	Midicapital	14.00%	October 2018
		Sushi Shop Luxembourg SARL	86.00%	
Sushi Sablon SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop London Pvt LTD	London, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Louise SA	Bruxelles, Belgium	Sushi Shop Belgique SA	54.80%	October 2018
		Midicapital	45.20%	
Sushi Shop UK Pvt LTD	Charing, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Uccle SA	Uccle, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Anvers SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Geneve SA	Geneva, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Lausanne SARL	Lasanne, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Madrid S.L.	Madrid, Spain	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Milan SARL	Milan, Italy	Sushi Shop Management SAS	70.00%	October 2018
		Vanray SRL	30.00%	

(all figures in EUR millions unless stated otherwise)

Company name	Registered office	Parent/non-controlling undertaking	Ownership interest and total vote	Date of effective control
Sushi Shop NE USA LLC	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop NY1	New York, USA	Sushi Shop Holding USA LLC	64.00%	October 2018
		Sushi Shop NE USA LLC	36.00%	
Sushi Shop NY2	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop International SA	Bruxelles, Belgium	Sushi Shop Group SAS	99.90%	October 2018
		Sushi Shop Belgique SA	0.10%	
Sushi Shop Zurich GMBH	Zurich, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Nyon SARL	Nyon, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop NL B.V.	Amsterdam, Netherlands	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Vevey SARL	Vevey, Switzerland	Sushi Shop Switzerland SA	100.00%	November 2019
Sushi Shop Fribourg SARL	Fribourg, Switzerland	Sushi Shop Switzerland SA	100.00%	November 2019
Sushi Shop Yverdon SARL	Yverdon, Switzerland	Sushi Shop Switzerland SA	100.00%	Novemner 2019
Financial services and others for the Group				
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2012
La Tagliatella International Kft	Budapest, Hungary	AmRest TAG S.L.U.	100.00%	November 2012
La Tagliatella SAS	Lyon, France	AmRest TAG S.L.U.	100.00%	March 2014
AmRest FSVC LLC	Wilmington, USA	AmRest Holdings SE	100.00%	November 2014
AmRest Kaffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2016
AmRest Estate SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Leasing SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Franchise Sp. z o.o.	Wrocław, Poland	AmRest Sp. z o.o.	100.00%	December 2018
AmRest Traugutta Sp. z o.o.[2]	Wrocław, Poland	AmRest Sp. z o.o.	99.9999%	June 2020
		Michał Lewandowski	0.0001%	
Supply services for restaurants operated by the Group				
SCM Czech s.r.o.	Prague, Czechia	SCM Sp. z o.o.	90.00%	March 2007
		Ondrej Razga	10.00%	
SCM Sp. z o.o.	Warsaw, Poland	AmRest Sp. z o.o.	51.00%	October 2008
		R&D Sp. z o.o.	33.80%	
		Beata Szafarczyk-Cylny	5.00%	
		Zbigniew Cylny	10.20%	

[1] On 25 November 2016 Amrestavia, S.L.U. (AmRest Tag S.L.U. after the merger described in point 12 below), the sole shareholder of AmRest GmbH, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.

[2] On 30 June 2020 a new company was registered - AmRest Traugutta Sp. z o.o. with registered office is Wroclaw, Poland. Company has two shareholders: AmRest Sp. z o.o. owns 99,9999% of shares, 0,0001% of shares owns to Michal Lewandowski.

- *On January 2nd 2020 the company La Tagliatella Financing Kft has been deregistered.*
- *On 27 March 2020 the company OOO RusCo Food has been deregistered.*
- *On 12 June 2020 the company AmRest Trademark Kft "v.a." (Hungary) has been deregistered.*
- *On 2 September 2020 a new company was registered - AmRest Global S.L.U. with registered office in Madrid, Spain (100% subsidiary of AmRest Holdings, SE).*

3. Basis of preparation

These condensed consolidated financial statements for 6 months ended 30 June 2020 have been prepared in accordance the IAS 34 Interim Financial Reporting and were authorised for issue by the Company's Board of Directors on 24 September 2020.

These condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read with conjunction with the consolidated financial statements for the year ended 31 December 2019.

Amounts in these consolidated financial statements are presented in euro (EUR), rounded off to full millions with one decimal place.

The preparation of this condensed consolidated financial statements requires to make certain assumptions and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. 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. The results of the estimates and the respective assumptions are the basis for assessing the values of assets or liabilities which do not result directly from other sources. Actual results may differ from these estimates.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2019.

Several amendments and interpretations apply for the first time in 2020, but do not have any material impact on the interim report of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The above amendments were not approved by European Union as at the date of publication of these interim consolidated financial statements, and consequently were not applied by the Group.

The Group expects to apply the amendments when they were approved by European Union. The impact of these amendments in these interim consolidated financial statements would be: (i) Group's right-of-use assets balance would be EUR 10.7 million higher, (ii) deferred tax assets balance EUR 2.3 million lower, (iii) the Group's total restaurant expenses would be EUR 10.7 million lower and (iv) the Group's total income tax expense would be EUR 2.3 million higher.

Therefore, Group's net results before tax and after tax would be higher by EUR 10.7 million and EUR 8.4 million respectively.

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

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

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

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

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

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

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

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

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

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

4. Segment reporting

AmRest as a group of dynamic developing entities running operations in many markets and various restaurant business segments is under constant analysis by 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.

(all figures in EUR millions unless stated otherwise)

The Board of Directors analyses the Group's performance by geographical breakdown in divisions described in the table below.

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

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

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

Segment measures and the reconciliation to profit/loss from operations for the 6 months ended 30 June 2020 and for the comparative 6 months ended 30 June 2019 is presented below.

6 months ended 30 June 2020	**CEE**	**Western Europe**	**Russia**	**China**	**Other**	**Total**
Restaurant sales	315.0	238.5	71.2	29.1	-	653.8
Franchise and other sales	0.4	18.8	0.2	-	10.8	30.2
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**315.4**	**257.3**	**71.4**	**29.1**	**10.8**	**684.0**
EBITDA	**52.9**	**6.1**	**9.6**	**5.5**	**(9.5)**	**64.6**
Depreciation and amortisation	55.3	48.5	15.8	9.4	0.4	129.4
Net impairment losses on financial assets	-	2.1	0.1	-	-	2.2
Net impairment losses on other assets	15.7	53.3	3.5	0.6	-	73.1
Profit/loss from operations	**(18.1)**	**(97.8)**	**(9.8)**	**(4.5)**	**(9.9)**	**(140.1)**
Finance income and costs	(14.4)	(4.7)	(2.7)	(0.5)	(10.1)	(32.4)
Profit before tax	**(32.5)**	**(102.5)**	**(12.5)**	**(5.0)**	**(20.0)**	**(172.5)**
Capital investment*	**17.4**	**14.4**	**3.6**	**0.7**	**0.1**	**36.2**

(all figures in EUR millions unless stated otherwise)

6 months ended 30 June 2019	CEE	Western Europe	Russia	China	Other	Total
Restaurant sales	388.7	351.1	95.1	44.0	-	878.9
Franchise and other sales	0.4	35.3	0.8	-	12.3	48.8
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**389.1**	**386.4**	**95.9**	**44.0**	**12.3**	**927.7**
EBITDA	**83.7**	**59.7**	**19.5**	**12.3**	**(9.4)**	**165.8**
Depreciation and amortisation	51.6	44.5	15.4	9.6	0.6	121.7
Net impairment losses on financial assets	-	0.3	-	-	-	0.3
Net impairment losses on other assets	2.2	5.4	0.6	0.4	-	8.6
Profit/loss from operations	**29.9**	**9.5**	**3.5**	**2.3**	**(10.0)**	**35.2**
Finance income and costs	(5.1)	(4.6)	(0.4)	(0.6)	(9.2)	(19.9)
Profit before tax	**24.8**	**4.9**	**3.1**	**1.7**	**(19.2)**	**15.3**
Capital investment*	**34.7**	**32.9**	**9.0**	**2.8**	**0.1**	**79.5**

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

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

5. Business combinations

There were no business combinations in H1 2020. In the first half of 2020 AmRest Group has not performed any final reconciliation of purchase price accounting for past acquisitions.

Several acquisitions including Sushi Shop, Bacoa and KFC France, have been finalised in the period of Q3-Q4 2019. Adjustments introduced during those final purchase price accounting did not materially affect the comparative data presented in this interim condensed consolidated report for the consolidated statement of comprehensive income; cash flows from operating, investing and financing activities in the consolidated cash flow statement and earnings per share, hence there was no need to restate comparative data.

6. Revenues

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

- Restaurant sales,
- Franchise and other sales.

Restaurant revenues are the most significant source of revenues representing over 96% of total revenues during 6 months period ended 30 June 2020.

Revenues from the sale of food items by Group – owned restaurants are recognised as Restaurant revenues when a customer purchases the food, which is when our obligation to perform is satisfied.

Group's customers are mainly individual guests, that are served in the restaurants, therefore the Groups' customer base is widely spread. The Group does not have any risk related to dependency to any group of customers. There are no significant concentration of revenues risks. Payments for the restaurant sales are settled immediately in cash or by credit, debit and other cards. There are no material credit risks related to this type of operations.

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

Below table shows the number of operating restaurants per markets at the end of each month of second quarter. The table shows the data for owned- operated restaurants as well for franchised restaurants.

(all figures in EUR millions unless stated otherwise)

Own stores				
Operating stores				Total count
Country	**30.04.2020**	**30.05.2020**	**30.06.2020**	**30.06.2020**
China	69	69	68	68
Czechia	102	189	191	191
France	118	164	174	182
Germany	148	169	169	178
Hungary	115	122	130	130
Poland	319	544	544	557
Romania	14	47	47	54
Russia	149	160	181	236
Spain	42	74	135	159
Other	33	66	86	89
Total	1 109	1 604	1 725	1 844
Total number of restaurants	1 848	1 850	1 844	
% operating	**60%**	**87%**	**94%**	
Franchised stores				
Operating stores				Total count
Country	**30.04.2020**	**30.05.2020**	**30.06.2020**	**30.06.2020**
Total	208	291	423	474
Total number of restaurants	474	474	474	
% operating	**44%**	**61%**	**89%**	

Still, even with opened restaurants and depending on the legal jurisdiction various limitations were and are put on restaurant business that limit number of potential customers. Additionally, the process of returning of the guests to restaurants is not immediate within the lifting of any restrictions. Consequently, with the pandemic still being in place, the level of sales revenues generated by the restaurants is lower than before the COVID-19 outbreak. It is not possible to reliably and objectively quantify the economic impact of pandemic situation on the Group's revenues.

7. Operating and other income/costs

Analysis of operating expenses by nature:

	6 months ended	
	30 June 2020	**30 June 2019 (*restated)**
Food, merchandise and other materials	210.2	279.8
Payroll*	201.6	228.7
Social security and employee benefits	52.6	58.0
Royalties	32.0	43.9
Utilities	33.9	37.0
External services - marketing	30.2	37.4
External services – other*	57.2	52.5
Rental and occupancy costs	8.8	13.0
Depreciation of right-of-use assets	70.9	68.0
Depreciation of property, plant and equipment	51.4	47.2
Amortisation of intangibles	7.1	6.5
Insurance	1.1	1.1
Business travel	3.0	5.5
Other	8.8	8.6
Total cost by nature	**768.8**	**887.2**
Result on restaurants and non-current assets disposal	-	0.3
Total operating costs and losses	**768.8**	**887.5**

Summary of operating expenses by functions:

	6 months ended	
	30 June 2020	**30 June 2019**
Restaurant expenses	675.3	782.6
Franchise and other expenses	23.8	32.7
Total cost of sales	**699.1**	**815.3**
General and administrative expenses	69.7	72.2
Total operating costs and losses	**768.8**	**887.5**

*During 2019 the Group undertook a review of delivery fee expenses. All delivery fees and expenses were presented as payroll costs, irrespective if incurred internally or externally. During 2019 annual reporting Group made a respective reclassification in presentation of expenses by function that resulted in adjusting the presentation between payroll, social security and employee benefits and occupancy and other operating expenses, in particular for restaurant expenses as presented on the face of income statement

Due to change in presentations of these expenses Group adjusted data in this interim report for comparative period as follows:

6 months ended	**Published**	**Adjustment**	**Restated**
30 June 2019	EUR million	EUR million	EUR million
Payroll, social security and employee benefits	(242.3)	15.1	(227.2)
Occupancy and other operating expenses	(249.7)	(15.1)	(264.8)
Total operating costs and losses	**(887.5)**	**-**	**(887.5)**

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

In order to enable Group companies to operate in a possibly smooth manner, procedures have been put in place to ensure prompt reaction of appropriate services. In addition, the Group implemented additional measures to mitigate the risk of infection among its employees, including in particular:

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

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

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

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

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

For the main markets of operation the Group has filled the following programs in the area of labor costs:

- Spain
  In accordance with the provisions of article 47 of the Workers Statute, in relation to Royal Decree 1483/2012 and article 23 of Royal Decree-Law 8/2020, AmRest companies in Spain have filed before the Spanish labor authority a Temporary Employment Regulation File (Expediente de Regulación Temporal de Empleo or "ERTE"). The ERTE covered 3 288 employees. Under the ERTE, the employees remain employed with AmRest with suspended salary and at the same time receive unemployment benefits from authorities of up to 70% of their normal salary. As at 30 June 2020 the ERTE covers 1 957 employees.
- Poland
  Under the Act on special solutions related to the prevention and combating of COVID-19, other infectious diseases and crisis situations caused by them of 2 March 2020 (Journal of Laws of 2020, item 374), the following measures were taken, effective in the period 7 April – 6 July 2020, with respect to 4 050 employees of AmRest Polish companies:
  - introduction of reduced working hours and salary by 20% (2 897 employees),
  - introduction of economic downtime (3 936 employees),
  - application for compensation for the protection of workplaces from the funds of the Fund of Guaranteed Employee Benefits to co-finance the remuneration of employees affected by economic downtime or reduced working hours as a result of COVID-19.
- France
  Introduced "partial activity" technical unemployment government program for 4 188 employees. The program started from 15 March 2020 and continued until 30 June 2020. Employees were partially or 100% unemployed by the Companies. With the suspension of the employment contract the gross salary was maintained at 70%. The employee social security contributions were also reduced, allowing the employees to receive 84% of net salary. The government reimburses 100% of the salary paid to employees in partial activity.
- Germany
  Reduced working hours (Kurzarbeitergeld) salary government reimbursement program has been introduced effective on 1 March 2020 for approx. 3 000 employees. The government reimburses 60% of the employee's net salary and social contributions.
- Czechia
  The companies have applied for the government aid under special COVID-19 regulations. There were two separate programs:
  - employees on downtime between 13 March and 31 May 2020: 80% of salary and social contribution reimbursed by the government (1 600 employees covered),
  - employees with 40% reduction of working hours between 13 March and 31 May 2020: 60% of salary and social contribution reimbursed by the government (80 employees covered).

  The applications were approved and payments received.

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

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

For 6 months period ended 30 June 2020 Group has recognized government grants for payroll costs (EUR 14.2 million) and social contribution (EUR 5.3 million). The total amount of EUR 19.5 million has been recognized as other operating income. The above government grants are in a form of waived social security payables (EUR 2.6 million) and cash grants (EUR 16.9 million, out of which EUR 6,6 million as at 30 June 2020 was not received yet).

Granting of the grant by governments is in some cases associated with requirements to keep the agreed level of workforce for agreed period of time. As at 30 June 2020 the Group does not expect that such conditions would not be met, therefore there are no material unfulfilled conditions or other contingencies attached to government assistance that has been recognised.

(all figures in EUR millions unless stated otherwise)

8. Financial income and costs

Finance income

	6 months ended	
	30 June 2020	**30 June 2019**
Income from bank interest	0.8	0.3
Net income from exchange differences	**-**	**1.9**
Net income from exchange differences on lease liabilities	-	1.7
Net income from exchange differences - other	-	0.2
Total finance income	**0.8**	**2.2**

Finance costs

	6 months ended	
	30 June 2020	**30 June 2019**
Interest expense	(9.0)	(8.1)
Interest expense on lease liabilities	(13.4)	(12.4)
Financial fees recognised as interest expense	(0.9)	(1.0)
Financial fees - other	(0.3)	(0.3)
Net cost from exchange differences	**(9.5)**	**-**
Net cost from exchange differences on lease liabilities	(8.9)	-
Net cost from exchange differences - other	(0.6)	-
Other	(0.1)	(0.3)
Total finance cost	**(33.2)**	**(22.1)**

9. Taxes

Income taxes

	6 months ended	
	30 June 2020	**30 June 2019**
Current tax	(2.9)	(11.4)
Deferred income tax	13.1	7.1
Income tax recognised in the income statement	**10.2**	**(4.3)**
Deferred tax asset		
Opening balance	22.4	21.3
Closing balance	26.8	28.4
Deferred tax liability		
Opening balance	51.4	49.5
Closing balance	43.4	45.1
Change in deferred tax assets/ liabilities	**12.4**	**11.5**

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

	6 months ended	
	30 June 2020	**30 June 2019**
Change in deferred tax assets/liabilities	**12.4**	**11.5**
of which:		
Deferred taxes recognised in the income statement	13.1	7.1
Deferred taxes recognised in other comprehensive income – net investment hedges	(1.2)	0.3
Deferred taxes recognised in equity-valuation of employee options	2.2	0.6
Exchange differences	(1.7)	3.5

(all figures in EUR millions unless stated otherwise)

Income tax calculated according to domestic tax rates applicable to income in particular countries as at 30 June 2020 would amount EUR 43.4 million (credit entry). The key positions affecting effective tax rate include:

- Change of assumptions on deferred tax asset from tax losses related to previous years – total effect of EUR 10.6 million
- Tax loss for the current period for which no deferred tax asset was recognise – total effect of 8.2 million
- Goodwill impairment for which no deferred tax was recognise- total effect of EUR 7.9 million

Tax risks and uncertain tax positions

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

Tax settlements of AmRest entities are subject to several tax inspections which were widely described in the note 35 "Tax risks and uncertain tax position" to the consolidated financial statements for 2019.

On 30 July 2020 Supreme Court announced a positive court verdict in regards to VAT settlements of AmRest Sp. z o.o. for the year 2012 and January – September 2013. The court rejected the complaint of the tax chamber against the earlier verdict of the local administrative court. The verdict was based on the statute of limitations on the tax liability for these years.

Since 31 December 2019 till the date of approval of these condensed consolidated financial statements the status of other reported tax related risks has not changed. The Group did not receive any new decisions except the one described above and no new tax inspections took place.

The Group's risk assessment regarding tax risks and uncertainties has not changed since the publication of the consolidated financial statements for 2019. Therefore, as at 30 June 2020 and as at the date of publication of this Report, no new provisions were created.

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

10. Property, plant and equipment

The table below presents changes in the value of property, plant and equipment in 6 months ended 30 June 2020 and 2019:

2020	Land	Buildings and expenditure on development of restaurants	Machinery & equipment	Vehicles	Other tangible assets	Assets under construction	Total
PPE as at 1 January	**11.4**	**291.8**	**183.5**	**0.8**	**31.4**	**66.0**	**584.9**
Additions	-	4.1	7.8	0.1	0.1	20.7	32.8
Depreciation	-	(22.4)	(22.5)	(0.2)	(6.3)	-	(51.4)
Impairment losses	-	(17.6)	(8.9)	(0.2)	(0.1)	-	(26.8)
Disposals and deconsolidation of assets	-	(2.0)	(0.4)	-	-	(0.1)	(2.5)
Transfers to asset held for sale	-	-	-	-	-	(4.8)	(4.8)
Transfers between categories	0.0	28.4	12.9	-	2.7	(44.0)	(0.0)
Exchange differences	(0.4)	(10.7)	(5.5)	0.6	(2.1)	(3.0)	(21.1)
PPE as at 30 June	**11.0**	**271.6**	**166.9**	**1.1**	**25.7**	**34.8**	**511.1**
Gross book value	11.1	583.0	376.8	1.9	77.9	36.4	1 087.1
Accumulated depreciation and impairment write-downs	(0.1)	(311.4)	(209.9)	(0.8)	(52.2)	(1.6)	(576.0)
Net book value	**11.0**	**271.6**	**166.9**	**1.1**	**25.7**	**34.8**	**511.1**

(all figures in EUR millions unless stated otherwise)

2019	Land	Buildings and expenditure on development of restaurants	Machinery & equipment	Vehicles	Other tangible assets	Assets under construction	Total
PPE as at 1 January	**11.7**	**262.4**	**156.1**	**1.3**	**28.6**	**41.3**	**501.4**
Application of IFRS16	(0.2)	(1.4)	(0.6)	(0.4)	-	-	(2.6)
Acquisition	-	-	0.4	-	-	-	0.4
Additions	-	32.5	29.0	0.2	7.2	5.7	74.6
Depreciation	-	(20.8)	(20.0)	(0.3)	(6.1)	0.0	(47.2)
Impairment losses	-	(1.6)	(1.4)	-	(0.5)	0.0	(3.5)
Disposals and deconsolidation of assets	-	(0.9)	(1.2)	-	-	(0.3)	(2.4)
Exchange differences	0.3	4.3	2.1	-	1.0	0.5	8.2
PPE as at 30 June	**11.8**	**274.5**	**164.4**	**0.8**	**30.2**	**47.2**	**528.9**
Gross book value	11.9	543.3	334.9	1.6	71.1	49.1	1 011.9
Accumulated depreciation and impairment write-downs	(0.1)	(268.8)	(170.5)	(0.8)	(40.9)	(1.9)	(483.0)
Net book value	**11.8**	**274.5**	**164.4**	**0.8**	**30.2**	**47.2**	**528.9**

Depreciation was charged as follows:

	6 months ended	
	30 June 2020	**30 June 2019**
Costs of restaurant operations	49.4	45.2
Franchise expenses and other	0.7	0.7
General and administrative expenses	1.4	1.3
Total depreciation	**51.5**	**47.2**

11. Leases

The table below presents the reconciliation of the right-of-use assets and lease liabilities for 6 months ended 30 June 2020 and 2019:

	Right-of-use asset			**Lease liabilities**
	Restaurant properties	Other	Total right-of-use asset	Total liabilities
As at 1 January 2020	**835.5**	**17.2**	**852.7**	**864.1**
Additions – new contracts	25.9	1.1	27.0	27.0
Modifications and reassessments	14.3	1.2	15.5	13.4
Amortisation expense	(68.2)	(2.7)	(70.9)	-
Impairment	(15.5)	(0.2)	(15.7)	-
Interest expense	-	-	-	13.6
Payments	-	-	-	(65.2)
Exchange differences	(28.8)	(0.5)	(29.3)	(21.7)
As at 30 June 2020	**763.2**	**16.1**	**779.3**	**831.2**

(all figures in EUR millions unless stated otherwise)

	Right-of-use asset			Lease liabilities
	Restaurant properties	Other	**Total right-of-use asset**	Total liabilities
As at 1 January 2019	**790.8**	**8.7**	**799.5**	**790.8**
Additions – new contracts	40.6	1.0	41.6	41.6
Modifications and reassessments	2.9	2.8	5.7	5.6
Amortisation expense	(65.7)	(2.3)	(68.0)	-
Impairment	(5.0)		(5.0)	-
Interest expense	-	-	-	12.6
Payments	-	-	-	(72.0)
Exchange differences	12.2	0.2	12.4	10.9
As at 30 June 2019	**775.8**	**10.4**	**786.2**	**789.5**

Amortisation was charged as follows:

	6 months ended	
	30 June 2020	**30 June 2019**
Costs of restaurant operations	68.6	66.1
Franchise expenses and other	0.0	0.1
General and administrative expenses	2.3	1.8
Total amortisation	**70.9**	**68.0**

The Group recognised rent expense from short-term leases of EUR 0.8 million, leases of low-value assets of EUR 2.3 million and variable lease payments of EUR 5.7 million for the six months ended 30 June 2020.

For the six months ended 30 June 2019 the Group recognised rent expense from short-term leases of EUR 1.2 million, leases of low-value assets of EUR 4.2 million and variable lease payments of EUR 8.3 million.

The maturity of lease liabilities is presented in the table below:

	30 June 2020	**31 December 2019**
Up to 1 year	147.7	144.7
Between 1 and 3 years	242.8	254.3
Between 3 and 5 years	160.5	170.4
Between 5 and 10 years	188.3	199.2
More than 10 years	91.9	95.5
Total lease liabilities	**831.2**	**864.1**

12. Intangible assets

The table below presents changes in the value of intangible assets in 6 months ended 30 June 2020 and 2019:

2020	**Proprietary brands**	**Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks**	**Other intangible assets**	**Relations with franchisees and customers**	**Total**
IA as at 1 January	**156.7**	**25.9**	**35.8**	**35.1**	**253.5**
Additions	-	1.6	1.8	-	3.4
Amortisation	(0.2)	(2.0)	(2.9)	(2.0)	(7.1)
Impairment losses	(2.4)	(0.7)	-	-	(3.1)
Disposals and derecognition of assets	-	-	-	-	-
Exchange differences	-	(1.2)	(0.4)	-	(1.6)
IA as at 30 June	**154.1**	**23.6**	**34.3**	**33.1**	**245.1**
Gross book value	158.4	44.7	74.5	51.9	329.5
Accumulated amortisation and impairment write-downs	(4.3)	(21.1)	(40.2)	(18.8)	(84.4)
Net book value	**154.1**	**23.6**	**34.3**	**33.1**	**245.1**

(all figures in EUR millions unless stated otherwise)

2019	Proprietary brands	Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	Other intangible assets	Relations with franchisees and customers	Total
IA as at 1 January	**157.7**	**22.1**	**43.2**	**38.2**	**261.2**
Application of IFRS16	-	-	(0.4)	-	(0.4)
Additions	-	2.9	1.6	-	4.5
Amortisation	(0.1)	(1.8)	(3.7)	(0.9)	(6.5)
Impairment losses	-	(0.1)	-	-	(0.1)
Disposals and derecognition of assets	-	(0.1)	(0.1)	-	(0.2)
Exchange differences	-	0.3	0.3	-	0.6
IA as at 30 June	**157.6**	**23.3**	**40.9**	**37.3**	**259.1**
Gross book value	159.1	40.9	73.3	51.9	325.2
Accumulated amortisation and impairment write-downs	(1.5)	(17.6)	(32.4)	(14.6)	(66.1)
Net book value	**157.6**	**23.3**	**40.9**	**37.3**	**259.1**

Amortisation was charged as follows:

	6 months ended	
	30 June 2020	**30 June 2019**
Costs of restaurant operations	2.8	2.5
Franchise expenses and other	0.9	1.2
General and administrative expenses	3.4	2.8
Total amortisation	**7.1**	**6.5**

Other intangible assets cover mainly exclusivity rights including master-franchise rights in the amount of EUR 5.1 million (EUR 5.7 million as at 31 December 2019), key monies in the amount of EUR 18.6 millions (EUR 18.6 millions as at 31 December 2019) and computer software.

13. 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 is monitored by the Group, which is not higher than the operating segment level:

2020	1 January	Impairment	Exchange differences	30 June
Sushi Shop	140.5	-	-	140.5
Spain- La Tagiatella and KFC	90.9	-	-	90.9
Spain - Bacoa	1.2	(1.2)	-	-
Russia - KFC	40.4	-	(4.8)	35.6
Germany - Starbucks	35.0	(26.4)	-	8.6
China- Blue Frog	19.8	-	(0.2)	19.6
France - KFC	14.0	-	-	14.0
Hungary-KFC	3.8	-	(0.3)	3.5
Romania	2.6	-	-	2.6
Czechia-KFC	1.4	-	(0.1)	1.3
Poland – Other	0.6	-	-	0.6
Total	**350.2**	**(27.6)**	**5.4**	**317.2**

(all figures in EUR millions unless stated otherwise)

2019	1 January	Increases	Exchange differences	30 June
Sushi Shop	139.0	-	-	139.0
Spain- La Tagiatella and KFC	89.6	1.3	-	90.9
Spain - Bacoa	1.2	-	-	1.2
Russia - KFC	35.7	-	3.9	39.6
Germany - Starbucks	35.0	-	-	35.0
China- Blue Frog	19.7	-	0.2	19.9
France - KFC	14.0	-	-	14.0
France – PH	8.8	-	-	8.8
Germany - KFC	4.6	-	-	4.6
Hungary-KFC	3.8	-	-	3.8
Romania	2.7	-	(0.1)	2.6
Czechia-KFC	1.5	-	-	1.5
Poland – Pizza Portal	0.7	-	-	0.7
Poland – Other	0.6	-	-	0.6
Total	**356.9**	**1.3**	**4.0**	**362.2**

Impairment tests performed during 6 months period ended 30 June 2020 are disclosed in note 14.

14. Impairment of non-current assets

Restaurant level tests

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

Impairment indicators 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.

Carrying amount of each CGU consists of carrying amount of above described assets decreased by balance of lease liabilities assigned to the restaurants (net assets of CGU). To determine the recoverable amount of CGU the lease liabilities balance is also deducted from total discounted cash flows (without the base rental charge). Carrying amount of CGU is compared with recoverable amount and impairment loss is accounted up to total balance of net assets of CGU.

The adoption of IFRS 16 had significant impact on the amount of assets recorded in the statement of financial position of Group. The carrying amount of the assets in the CGU increased (by including right of use assets) and the value in use of the CGU increased (by excluding lease payments (base rent payments) from cash flow projections).These two effects may not be fully offsetting as generally discount rate for impairment test may differ from discount rate for valuation of lease assets and liabilities under IFRS 16. Lease liabilities are included in the total value of net assets allocated to each CGU, as well decrease the value in use as described above.

As presented below it can be observed that discount rates used for the impairment test have increased comparing to year end 2019 tests. This is the effect of turbulences on the global market due to COVID-19 pandemic and increase markets risk premium and/or risk free rates.

Apart of changes in discount rates due to changes in economy and environment, the decrease of discount rate after application of IFRS 16 results from the fact that composition of assets tested has changed (new right of use asset is included in carrying amount of unit tested comparing to prior tests) and also cash flow variability has decreased (as base lease payments are no longer part of free cash flows used in value in use determination, the gross free cash flows increased and relative volatility decreased). As discount rate should reflect the risk of the items tested and respective cash flows, the corresponding decrease of discount rates is observed.

(all figures in EUR millions unless stated otherwise)

Discounts rates applied are shown in the table below.

	Pre-tax discount rate 30 June 2020	Pre-tax discount rate 31 December 2019	Pre-tax discount rate 30 June 2019
Poland	6.8%	6.1%	5.4%
Czechia	6.0%	5.7%	5.0%
Hungary	7.7%	6.4%	5.8%
Russia	10.5%	9.9%	8.2%
Serbia	9.9%	8.1%	7.3%
Bulgaria	7.0%	5.2%	5.0%
Spain	7.3%	5.7%	5.2%
Germany	5.4%	4.4%	4.2%
France	6.1%	5.0%	4.7%
Croatia	8.6%	6.3%	5.9%
China	7.4%	7.2%	5.9%
Romania	9.4%	8.2%	6.7%
Slovakia	6.2%	4.8%	4.7%
Portugal	7.7%	5.8%	5.7%
Austria	5.4%	4.6%	4.4%
Slovenia	6.9%	5.3%	5.0%
Belgium	5.9%	-	-
Italy	8.2%	-	-
Switzerland	4.6%	-	-
Luxemburg	4.8%	-	-
Netherland	4.9%	-	-
United Kingdom	5.5%	-	-

Details of impairments losses recognised:

		6 months ended	
	Note	**30 June 2020**	**30 June 2019**
Net impairment of property, plant and equipment	10	26.8	3.5
Net impairment of intangible assets	11	3.1	0.1
Net impairment of right of use assets	12	15.6	5.0
Net impairment of goodwill	13	27.6	-
Net impairment losses of non- current other assets		**73.1**	**8.6**

Details of impairments losses recognised per category of assets (property, plant and equipment, right of use assets, intangible assets or goodwill) are presented in notes 10, 11, 12 and 13.

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

COVID-19 pandemic is having a significant impact on the Group's operations in almost all areas. With regards to the impairment tests, more restaurants showed impairment indicators then in prior periods, and consequently more restaurants were tested for the impairment.

Cash flow projections, that were used for determining recoverable amounts for the CGUs, include period of second half of year 2020 and subsequent years. The Group used its best estimate on the recovery path for pre-pandemic levels of revenues and margins, but overall the cash flow projections decreased comparing to those used in tests made for year end 2019. Level of impairment losses recognized was also affected by the increase of the discount rates used.

For 6 months period ended 30 June 2020 Group has tested 543 restaurants as separate cash generating units. Impairment loss or partial impairment loss was recognized for 253 restaurants. Reversal of impairment or partial reversal of impairment was accounted for 32 restaurants.
As a result of tests performed, impairment in the amount of EUR 42.9 million (EUR 27.3 million for property, plant and equipment and intangible assets, EUR 15.7 million for right of use assets) was recognized. Five

(all figures in EUR millions unless stated otherwise)

highest individual impairment losses amounted in total EUR 6.2 million. An average impairment loss per restaurant was less then EUR 0,2 million.

Five highest individual reversals of impairment losses amounted in total EUR 0.6 million. An average reversal of impairment per restaurants was less then EUR 0,1 million.

For 6 months period ended 30 June 2019 Group has tested 283 restaurants as separate cash generating units. As a result of tests performed, impairment in the amount of EUR 11.0 million (EUR 6.0 million for property, plant and equipment and intangible assets, EUR 5.0 million for right of use assets) was recognized. Reversal of impairment losses in amount of EUR 2.4 million.

Goodwill and intangibles with undefined useful lives level

The Group performs impairment test for goodwill together with any intangible assets with indefinite useful lives, other intangibles, property plant and equipment, right of use assets, as well any other non-current assets that operate on the group of CGUs where goodwill is allocated. Mandatory impairment tests are performed at year ends.

Group's market capitalization has not fallen below the carrying value of consolidated net assets, which would be an indicator of impairment tests. However, as COVID-19 pandemic has a significant impact on Group's operations, as a response to potential impairment risk do to COVID-19 outbreak, the Group has decided to perform all tests also in this interim reporting.

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

The cash flows were derived from the budget for the next 18 months, most recent plans and forecasts for the next years.

The 5th year projections are used to extrapolate cash flows into the future if the 5th year represents a steady state in the development of the business. The adjustments may be necessary to reflect the expected development of the business (normalization of cash flows). Growth rates do not exceed the long-term average growth rate for the products, industries, or country or market in which the asset is used.

The recoverable amount is most sensitive to the discount rate used, growth rate used for extrapolation purposes and the weighted average budgeted EBITDA margin. The weighted average budgeted EBITDA margin is calculated as an average for the 5 years projection period i.e. without any impact of the residual value element. Budgeted revenues are used as weights.

The main input assumptions used in test are as follows:

HY 2020	**Post-tax discount rate**	**Implied pre-tax discount rate**	**Growth rate for residual value**	**Weighted average budgeted EBITDA margin**
Czechia – KFC	5.9%	6.7%	2.1%	20.2%
Hungary – KFC	8.6%	9.1%	3.0%	20.4%
Russia – KFC	10.7%	12.3%	4.3%	15.3%
Spain – KFC and TAG	6.7%	8.3%	1.5%	18.1%
Spain – Bacoa	6.7%	6.7%	1.5%	(20.1%)
China – BF	6.8%	8.2%	2.5%	11.7%
Romania – SBX	9.9%	11.0%	2.9%	18.8%
Germany – KFC	5.0%	6.1%	1.9%	3.2%
Germany – Starbucks	5.0%	6.1%	1.9%	2.6%
France – KFC	5.0%	6.2%	1.6%	6.7%
France – PH	5.0%	6.3%	1.6%	(8.9%)
Sushi Shop (all markets)	5.0%	6.3%	1.6%	13.6%

Test results for HY 2020

Based on the impairment test prepared the impairment was recognized in following group of CGUs: Bacoa business in Spain, and Starbucks business in Germany.

In all remaining tests the recoverable amount exceeds the carrying amount of the tested group of CGUs.

COVID-19 pandemic is having a significant impact on the Group's operations in almost all areas. With regards to the impairment tests, the Group decided to tests all groups of CGU's were goodwill is allocated.

Cash flow projections, that were used for determining recoverable amounts for the CGUs, include period of second half of year 2020 and subsequent years. The Group used its best estimate on the recovery path for pre-pandemic levels of revenues and margins, but overall the cash flow projections, and recoverable amounts decreased comparing from tests made for year end 2019. The results of the impairment tests, and, if applicable, the levels of impairment losses recognized were also affected by the increase of the discount rates used.

The Group carried out a sensitivity analysis for the impairment tests performed as at 30 June 2020. The sensitivity analysis examined the impact of changes in:

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

assuming other factors remain unchanged.

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.

Results of the sensitivity analysis for businesses were no impairment of goodwill was needed:

Sensitivity analysis for KFC Germany

For KFC Germany if initially planned weighted average budgeted EBITDA margin was 5% lower than the Group would need to recognize an impairment of EUR 0.9 million. If initially planned weighted average budgeted EBITDA margin was 10% lower than the Group would need to recognize EUR 3.9 million as an impairment loss. Reasonable change in all remaining key assumptions would not lead to any impairment loss.

For remaining 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.

Results of the impairment tests and sensitivity analysis for businesses impairment of goodwill was recognized:

Sensitivity analysis for Bacoa business in Spain

The impairment test performed for Bacoa business resulted in recognition of impairment losses in total value of EUR 3.6 million which included impairment for goodwill EUR 1.2 million and impairment of Bacoa trademark in amount of EUR 2.4 million.

The carrying amount of the tested unit included goodwill, property, plant and equipment, intangible assets, right of use assts as well corresponding lease liabilities and deferred tax liabilities related to initial acquisition of the business.

Carrying amount of CGU was compared with recoverable amount and impairment loss is accounted up to total balance of net assets of CGU.

(all figures in EUR millions unless stated otherwise)

The Group performed the sensitivity analysis in various scenarios for Bacoa. Group believes reasonable change in key assumptions is at 10% level of each input value and between 3% and 5% change in sales revenues value (for each year of projection). The below table presents if any change in impairment loss would be accounted if respective input data were changes by tested value, assuming remaining parameters remain stable.

Input/ change in input	**Possible change in impairment loss**
Discount rate - in model (post-tax discount rate (6.7%))	
-10% of base value	No change in impairment loss accounted
-5% of base value	
+5% of base value	
+10% of base value	
Growth rate for residual value - in model (1.5%)	
-10% of base value	No change in impairment loss accounted
-5% of base value	
+5% of base value	
+10% of base value	
Weighted average budgeted EBITDA margin value - in model (-20,9%)	
-10% of base value	No change in impairment loss accounted
-5% of base value	
+5% of base value	
+10% of base value	
Restaurant Sales	
-5% in each year of projection	No change in impairment loss accounted
-3% in each year of projection	
+3% in each year of projection	
+5% in each year of projection	

Below 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	6.70%	1.50%
When carrying amount of CGU equals to recoverable amount	-	13.40%

Sensitivity analysis for Starbucks Germany

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

Additionally Group recognized impairment losses as a result of impairment test performed for restaurants in total value of EUR 6.5 million.

The Group performed the sensitivity analysis in various scenarios for Starbucks Germany. Group believes reasonable change in key assumptions is at 10% level of each input value and between 3% and 5% change in sales revenues value (for each year of projection). The below table presents possible change in impairment loss to be accounted if respective input data were changes by tested value, assuming remaining parameters remain stable (negative values represents potential higher impairment loss).

(all figures in EUR millions unless stated otherwise)

Input/ change in input	Potential change in impairment loss (in m EUR)
Discount rate - tested in model (post-tax discount rate (5.0%))	
-10% of base value	12.7
-5% of base value	5.8
+5% of base value	(4.9)
+10% of base value	(9.0)
Growth rate for residual value - tested in model (1.9%)	
-10% of base value	(3.4)
-5% of base value	(1.8)
+5% of base value	1.9
+10% of base value	3.9
Weighted average budgeted EBITDA margin value - tested in model (2.6%)	
-10% of base value	(21.2)
-5% of base value	(10.6)
+5% of base value	10.6
+10% of base value	21.1
Restaurant Sales	
-5% in each year of projection	(4.4)
-3% in each year of projection	(2.6)
+3% in each year of projection	2.6
+5% in each year of projection	4.4

Below 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.

Discount	Post tax discount rate	Growth rate
Applied in model	5.0%	1.90%
When carrying amount of CGU equals to recoverable amount	4.10%	2.9%

15. Trade and other receivables

	30 June 2020	31 December 2019
Trade receivables from non-related entities	31.0	37.7
Other tax receivables	21.7	39.4
Credit cards, coupons and food aggregators receivables	14.0	5.9
Receivables related to government schemes	6.3	-
Investment receivables (note 22)	-	20.0
Loans and borrowings	1.4	1.4
Other	2.0	8.3
Allowances for receivables	(9.5)	(8.1)
	66.9	**104.6**

Information about the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 25.

16. Cash and cash equivalents

	30 June 2020	31 December 2019
Cash at bank	209.4	93.0
Cash in hand	8.3	13.2
Total	**217.7**	**106.2**

(all figures in EUR millions unless stated otherwise)

Reconciliation of working capital changes as at 30 June 2020 and 31 December 2019 is presented in the table below:

H1 2020	Balance sheet change	Acquisition settlements	Other change (note 22)	Change in investment liabilities	Exchange differences	Working capital changes
Change in trade and other receivables	37.7	-	(20.0)	-	(2.7)	15.0
Change in inventories	2.9	-	-	-	(0.8)	2.1
Change in other assets	6.0	-	-	-	(1.3)	4.7
Change in payables and other liabilities	0.6	-	-	13.5	3.7	17.8
Change in other provisions and employee benefits	2.1	-	-	-	-	2.1

H1 2019	Balance sheet change	Acquisition settlements	Adoption of IFRS 16	Change in investment liabilities	Exchange differences	Working capital changes
Change in trade and other receivables	(18.5)	0.4	-	-	(0.3)	(18.4)
Change in inventories	(1.2)	-	-	-	0.3	(0.9)
Change in other assets	14.3	(10.0)	(9.0)		0.8	(3.9)
Change in payables and other liabilities	(14.2)	18.0	-	8.8	(0.1)	12.5
Change in other provisions and employee benefits	0.5	-	-	-	(0.1)	0.4

17. Equity

Share capital

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

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

(all figures in EUR millions unless stated otherwise)

Reserves

The structure of Reserves is as follows:

	Share premium	Employee options unexercised	Employee options exercised	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As at 1 January 2020	**236.3**	**13.9**	**(39.0)**	**(7.5)**	**0.9**	**(26.3)**	**178.3**
Net investment hedges	-	-	-	-	(7.2)	-	**(7.2)**
Income tax related to net investment hedges	-	-	-	-	1.2	-	**1.2**
Total comprehensive income	**-**	**-**	**-**	**-**	**(6.0)**	**-**	**(6.0)**
Share based payments							
Value of disposed treasury shares	-	-	(0.9)	0.9	-	-	**-**
Employee stock option plan – proceeds from employees for transferred shares	**-**	-	0.1	**-**	**-**	**-**	**0.1**
Employee stock option plan – reclassification of exercised options		(0.5)	0.5				
Employee stock option plan – change in unexercised options	-	4.0	-	-	-	-	**4.0**
Change of deferred tax related to unexercised employee benefits	-	(2.2)	-	-	-	-	**(2.2)**
Total share based payments	-	*1.3*	*(0.3)*	*0.9*	-	-	***1.9***
Total distributions and contributions	**-**	**1.3**	**(0.3)**	**0.9**	**-**	**-**	**1.9**
As at 30 June 2020	**236.3**	**15.2**	**(39.3)**	**(6.6)**	**(5.1)**	**(26.3)**	**174.2**

	Share premium	Payments in shares	Employee options	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As at 1 January 2019 (restated)	**236.3**	**13.0**	**(6.3)**	**(15.2)**	**(0.5)**	**(21.2)**	**206.1**
Net investment hedges	-	-	-	-	1.9	-	**1.9**
Income tax related to net investment hedges	-	-	-	-	(0.3)	-	**(0.3)**
Total comprehensive income	**-**	**-**	**-**	**-**	**1.6**	**-**	**1.6**
Transaction with non-controlling interests	-	-	-	-	-	(4.8)	**(4.8)**
Total transactions with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(4.8)**	**(4.8)**
Deferred payment in shares	**-**	(13.0)	**-**	**-**	**-**	**-**	**(13.0)**
Purchases of treasury shares	-	-	-	(0.5)	-	-	**(0.5)**
Share based payments							
Value of disposed treasury shares	-	-	(5.3)	5.3	-	-	**-**
Employee stock option plan – value of employee benefits exercised in the period	-	-	(2.4)	-	-	-	**(2.4)**
Employee stock option plan – proceeds from employees for transferred shares	-	-	0.5	**-**	-	-	**0.5**
Employee stock option plan – change in unexercised options	-	-	4.1	-	-	-	**4.1**
Change of deferred tax related to unexercised employee benefits	-	-	(0.6)	-	-	-	**(0.6)**
Total share based payments	-	-	*(3.7)*	*5.3*	-	-	***1.6***
Total distributions and contributions	**-**	**(13.0)**	**(3.7)**	**4.8**	**-**	**-**	**(11.9)**
As at 30 June 2019 (restated)	**236.3**	**-**	**(10.0)**	**(10.4)**	**1.1**	**(26.0)**	**191.0**

(all figures in EUR millions unless stated otherwise)

Restated aggregation of reserves for comparatives

Aggregation of reserves types was changed in annual reporting for the year ended 31 December 2019 and as disclosed in note 27 to the consolidated financial statements for the year ended 31 December 2019 the reclassification between "Put option" and "Transaction with NCI" of EUR 40.7 million as made with no impact on total reserves. The comparative data for the 6 months period ended 30 June 2019 are presented including the respective adjustment.

Share premium

This item reflects the surplus over the nominal value of the share capital increase and additional contributions to equity without issue of shares made by shareholders prior to becoming a public entity.

There were no transactions within share premium in 6 months period ended 30 June 2020.

Payments in shares

This item reflects the impact of payments in a fixed number of shares related to Sushi Shop Group acquisition. The transaction was settled in HY 2019. The final settlement was re-agreed to be made in cash. The Group has reclassified the balance from equity to financial liabilities and repaid the balance in June 2019, as agreed in settlement.

Hedges valuation

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

In 2018 AmRest Holdings assigned its PLN 280 million external borrowing as a hedging instrument in a net hedge for its Polish subsidiaries.

AmRest Sp. z o.o., a Polish subsidiary, with PLN as functional currency, is a borrower of external EUR financing. A bank loan of EUR 220 million has been hedging the net investment in its EUR subsidiaries both in 2018 and 2019. Following a change in presentation currency of the Group from PLN to EUR, AmRest Sp. z o.o. remains exposed to the foreign currency risk between the functional currency of its net investment in its EUR investments and its own functional currency (PLN). These different functional currencies create a economic exposure to changes in fair values in the consolidated financial statements of the Group.

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

During the period of 6 months ended 30 June 2020 and 2019 hedges were fully effective.

As at 30 June 2020 the accumulated value of currency revaluation recognised in reserve capital (resulting from net investment hedges) amounted to EUR 7.2 million, and deferred tax concerning this revaluation EUR 1.2 million.

Transactions with NCI

This item reflects the impact of accounting for transactions with non-controlling interests (NCI).

The following transactions were recognised in the period of H1 2020:

	Transactions with NCI	Non-controlling interest	Total Equity
Dividends for non-controlling shareholders	-	(0.3)	(0.3)
Total transactions with non-controlling interests	**-**	**(0.3)**	**(0.3)**

The following transactions were recognised in H1 2019:

	Transactions with NCI	Non-controlling interest	Total Equity
Acquisition of non-controlling interests of Pizza Portal	(4.8)	(0.5)	(5.3)
Total transactions with non-controlling interests	**(4.8)**	**(0.5)**	**(5.3)**

18. Earnings per share

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

Table below presents calculation of basic and diluted earnings per ordinary share for the 6 months ended 30 June 2020 and 2019.

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

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

EPS calculation	**30 June 2020**	**30 June 2019**
Net profit attributable to shareholders of the parent (EUR millions)	(160.7)	10.4
Weighted average number of ordinary shares for basic EPS (in thousands of shares)	219 251	221 395*
Weighted average number of ordinary shares for diluted EPS (in thousands of shares)	219 453	222 472*
Basic earnings per ordinary share (EUR)	(0.73)	0.05
Diluted earnings per ordinary share (EUR)	(0.73)	0.05

** Weighted average number of ordinary shares for basic EPS and diluted EPS was recalculated, taking into account options under share based programs within the Group. The adjustment to the weighted average number of ordinary shares does not change the basic or diluted EPS, that was at the level of 0.05 EUR per share.*

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

Weighted-average number of ordinary shares in thousands of shares	**30 June 2020**	**30 June 2019**
Shares issued at the beginning of the period	219 554	219 554
Effect of treasury shares held	(655)	(1 217)
Effect of shares subject to Sushi Shop payment	-	1 155
Effect of share options vested	352	1 903
Weighted average number of ordinary shares for basic EPS	219 251	221 395

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

Weighted-average number of ordinary shares for diluted EPS in thousands of shares	**30 June 2020**	**30 June 2019**
Weighted-average number of ordinary shares for basic EPS	219 251	221 395
Effect of share options unvested	202	1 077
Weighted average number of ordinary shares for diluted EPS	219 453	222 472

As at 30 June 2020, 11 014 thousand of options were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive. At 30 June 2019, there were 10 241 thousand of options with anti-dilutive effect.

19. Borrowings

Long-term	**30 June 2020**	**31 December 2019**
Bank loans	54.4	555.0
SSD	101.0	101.0
Total	**155.4**	**656.0**

Short-term	**30 June 2020**	**31 December 2019**
Bank loans	670.0	62.8
SSD	1.7	1.3
Total	**671.7**	**64.1**

Bank loans and bonds

Currency	Loans/Bonds	Effective interest rate	30 June 2020	31 December 2019
PLN	Syndicated bank loan	3M WIBOR+margin	129.9	135.8
EUR	Syndicated bank loan	3M EURIBOR/fixed +margin	537.6	476.3
EUR	Schuldscheinedarlehen Bonds	6M EURIBOR/fixed +margin	102.7	102.3
EUR	Bank loans Germany	EURIBOR+margin	-	5.1
EUR	Bank loans Spain	fixed	26.2	-
EUR	Bank loans France	fixed	30.1	-
CNY	Bank loan – China	fixed	0.6	0.6
			827.1	**720.1**

As at 30 June 2020, syndicated bank financing secured in 2017, with further amendments, accounts for the majority of AmRest debt. Details of bank financing are as follows:

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

The available tranches:

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

** Approximate total amount: EUR 682m*

- Interest rates: Approximately half of the available facility is provided at variable interest rates (3M Euribor/Wibor increased by a margin) and parts of tranches A and F are provided at a fixed rate,
- Securities: submissions to execution from the Borrowers, guarantees from Group companies, pledge on shares of Sushi Shop Group. Additional information presented in note 23,
- Other information: AmRest is required to maintain certain ratios at agreed levels, that are verified every quarter. Covenants measurements refers to the figures at the end of each quarter. In particular, net debt/adjusted consolidated EBITDA is to be held below 3.5 and consolidated EBITDA/interest charge is to stay above 3.5. As at 30 June 2020 bank covenant net debt/adjusted consolidated EBITDA was not met and the Group was required to report syndicated bank loan balance as current liabilities. On 1 September 2020 the Group has received the waiver letter from the banks. The requirement of the bank covenant for the quarter ending 30 June 2020 has been waived and consequently the debt is classified as non current liability from the date of receiving the waiver. For both ratios EBITDA is calculated without effect of IFRS 16. The effective interest rates are similar to the market rates for specific borrowings. Therefore, the fair value of the liabilities presented above does not differ significantly from their carrying amounts.

In April 2017 AmRest entered the Schuldscheinedarlehen ("SSD" – debt instrument under German law) market for the first time to diversify financing sources and interest rate structure of debt and has executed several issues since then. The table below presents all SSD issues and their maturities:

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

The role of the Lead Arranger and Paying Agent on all issues was entrusted to Erste Group Bank AG.

(all figures in EUR millions unless stated otherwise)

As at 30 June 2020, payables concerning SSD issued amount to EUR 102.7 million.

In April 2020 Spanish and French subsidiaries of AmRest Holdings SE applied for and received state supported bank loans, guaranteed by the governments in 70% and 90%, respectively. In particular, Restauravia Food SL and Pastificio Service S.L.U. were granted EUR 22.5 million each and Sushi Shop Restauration SAS received EUR 20 million. As at 30 June 2020 the Group has withdrawn EUR 26.2 million, out of granted balance. Additionally, in May 2020 French subsidiary AmRest Opco SAS received state supported bank loan in the amount of EUR 10 million, guaranteed by the government in 90%. Loans' tenors are 3 years and 5 years with 1 year grace periods.

The maturity of long- and short-term loans and bonds as at 30 June 2020 and 31 December 2019 is presented in the table below:

	30 June 2020	**31 December 2019**
Up to 1 year	671,7	64.1
Between 1 and 2 years	29.1	57.9
Between 2 and 3 years	58.9	559.6
Between 3 and 4 years	21.3	-
Between 4 and 5 years	40.9	38.5
More than 5 years	5.2	-
	827.1	**720.1**

The Group has the following unused, awarded credit limits as at 30 June 2020 and 31 December 2019:

	30 June 2020	**31 December 2019**
With floating interest rate		
- expiring beyond one year (tranche D)	-	68.4
- expiring beyond one year (Banks loans Spain)	18.8	-
Total	**18.8**	**68.4**

The table below presents the reconciliation of the debt for 6 months ended 30 June 2020 and 2019 :

H1 2020	**Bank loans**	**SSD**	**Total**
As at 1 January 2020	**617.8**	**102.3**	**720.1**
Payment	(25.8)	-	(25.8)
Loan taken/ new contracts	136.9	-	136.9
Accrued interests	8.7	1.1	9.8
Payment of interests	(8.7)	(0.7)	(9.4)
Exchange differences	(4.5)	-	(4.5)
As at 30 June 2020	**724.4**	**102.7**	**827.1**

H1 2019	**Bank loans**	**Bonds and SSD**	**Total**
As at 1 January 2019	**559.5**	**102.3**	**661.8**
Payment	(15.5)	-	(15.5)
Loan taken/ new contracts	46.2	-	46.2
Accrued interests	6.8	1.1	7.9
Payment of interests	(6.8)	(0.7)	(7.5)
Exchange differences	2.3	-	2.3
As at 30 June 2019	**592.5**	**102.7**	**695.2**

20. Employee benefits and share based payments

During 6 months ended 30 June 2020, the Group has not granted any new options.

For existing programs, the Group continued to recognise accruals for equity-settled options in reserve capital and accrual for cash-settled options in liabilities. The total amounts of the accrual as at 30 June 2020 and 31 December 2019 are presented in a table below:

(all figures in EUR millions unless stated otherwise)

	30 June 2020	31 December 2019
Reserve capital- gross value	16.9	13.4
Reserve capital- gross value with deferred tax effect	15.2	13.9
Liability for cash-settled options	0.2	0.5

The costs recognized in connection with the share based programs amounted to EUR 3.6 million and EUR 4.4 million respectively in 6 months ended 30 June 2020 and 30 June 2019.

21. Trade and other accounts payables

Trade and other accounts payables as at 30 June 2020 and 31 December 2019 cover the following items:

	30 June 2020	31 December 2019
Payables to non-related entities, including:	**209.2**	**199.3**
Trade payables	131.5	100.9
Payables in respect of uninvoiced deliveries of food	9.8	10.5
Employee payables	8.7	16.9
Social insurance payables	22.7	17.1
Pre-acquisition tax settlements liability	1.5	2.7
Other tax payables	8.7	14.8
Investment payables	8.8	14.7
Other payables	17.5	21.7
Contract liabilities - loyalty programs	**0.1**	**0.6**
Contract liabilities - gift cards	**5.3**	**5.0**
Contract liabilities – initial fees	**3.2**	**3.1**
Accruals, including:	**58.6**	**67.8**
Employee bonuses	16.1	19.7
Marketing services	3.2	3.8
Holiday pay accrual	17.5	14.6
Professional services	9.1	5.4
Franchise fees	3.8	5.5
Investment payables accrual	3.0	10.6
Other	5.9	8.2
Deferred income	**4.0**	**3.1**
Social fund	**0.6**	**0.6**
Total trade and other accounts payables	**281.0**	**279.5**

22. Selected significant cash flows

In 2019 the Group has signed the agreement with Glovoapp23, S.L. for the transfer from AmRest to Glovo of 100% shares in Restaurant Partner Polska Sp. z o.o. On 28 October 2019, due to satisfaction of conditions precedent, AmRest transferred 100% of shares in Pizza Portal to Glovo. Sale price was a combination of cash payment of up to EUR 20 million and newly issued shares of Glovo. The share capital increase took place in Glovo in December 2019. New shares were registered as AmRest's also in January 2020. Cash consideration, in line with the agreement, has been paid to the Group in January 2020 and presented as "Proceeds from the sale of the business" in a condensed consolidated statement of cash flows.

23. Changes in future commitments and contingent liabilities

As in the previous reporting period, the Group's future liabilities are derived from the franchise agreements and development agreement. Group restaurants are operated in accordance with franchise and development agreements with YUM! and subsidiaries of YUM!, Burger King Europe GmbH, Starbucks Coffee International, Inc. Details of the agreements have been described in the note 37 of the Group's consolidated financial statements for 2019.

Due to impact of COVID-19 pandemic restrictions on operation of Group restaurants, the Group is in the process of negotiation with franchisors regarding its commitments resulting from the agreements.

Additionally, in regard with the Credit Agreement described in note 31 and 32 of the consolidated financial statement for 2019 few entities provided surety as well as shares of Sushi Group SAS had been pledged as security for the bank financing. For details please refer to the note 37 of the Group's annual consolidated financial statements for 2019.

24. Transactions with related entities

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

Group shareholders

As at 30 June 2020, FCapital Dutch B.V. was the largest shareholder of AmRest and held 67.05% of its shares and voting rights, and as such was its related entity. No transactions with FCapital Dutch B.V. related parties were noted.

Transactions with key management personnel

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

	6 months ended	
	30 June 2020	**30 June 2019**
Remuneration of the members of the Board of Directors and Senior Management Personnel paid directly by the Group	1.9	1.7
Gain on share-based renumeration systems	0.4	5.8
Total compensation paid to key management personnel	**2.3**	**7.5**

The Group's key management personnel participates in the employee share option plans (note 20). The costs relating to the options amounted to EUR 1.3 million and EUR 2.2 million respectively in 6 months ended 30 June 2020 and 30 June 2019.

	6 months ended	
	30 June 2020	**30 June 2019**
Number of options outstanding (pcs)	4 055 800	8 624 039
Number of available options (pcs)	390 933	1 972 439
Fair value of outstanding options as at grant date (EUR millions)	10.0	16.8

As at 30 June 2020 and 31 December 2019, the Company had no outstanding balances with the key management personnel.

As at 30 June 2020 and 31 December 2019 the Company has not extended any advances to the Board of Directors or senior management personnel and had no pension fund, life insurance or other such commitments with these parties, except for the share option plans detailed above and in note 20. As at 30 June 2020 and 31 December 2019 there were no liabilities to former employees.

25. Financial instruments

The following table shows the carrying amounts of financial assets and financial liabilities. The Group assessed that the fair values of cash and cash equivalents, rental deposits, trade and other receivables, trade and other payables, as well as current loans and borrowings and finance lease liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Fair values of non-current rental deposits, loans and borrowings and financial liabilities immaterially differs from their carrying values.

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

(all figures in EUR millions unless stated otherwise)

30 June 2020	Note	FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets measured at fair value				
Equity instruments		76.2	-	-
Financial assets not measured at fair value				
Rental deposits		-	20.5	-
Trade and other receivables	15	-	45.1	-
Cash and cash equivalents	16	-	217.7	-
Financial liabilities not measured at fair value				
Loans and borrowings	19	-	-	724.4
SSD	19	-	-	102.7
Lease liabilities	11	-	-	831.2
Trade and other liabilities	21	-	-	190.2

31 December 2019	Note	FVTPL	Financial assets at amortized cost	Financial liabilities at amortized cost
Financial assets measured at fair value				
Equity instruments		76.2	-	-
Financial assets not measured at fair value				
Rental deposits	15	-	20.6	-
Trade and other receivables	16	-	65.2	-
Cash and cash equivalents		-	106.2	-
Financial liabilities not measured at fair value				
Loans and borrowings	19	-	-	617.8
SSD	19	-	-	102.3
Lease liabilities	11	-	-	864.1
Trade and other liabilities	21	-	-	181.3

As at 30 June 2020 loss allowance recognized by the Group amounts to EUR 9.5 million.

The ageing break-down of receivables and receivable allowance as at 30 June 2020 and 30 June 2019 is presented in the table below.

2020	Current	Overdue in days				Total
	current	less than 90	91 - 180	181 - 365	more than 365	
Trade and other receivables	56.0	6.8	2.8	4.1	6.7	**76.4**
Loss allowance	-	-	(1.8)	(1.5)	(6.2)	**(9.5)**
Total	**56.0**	**6.8**	**1.0**	**2.6**	**0.5**	**66.9**

2019	Current	Overdue in days				Total
	current	less than 90	91 - 180	181 - 365	more than 365	
Trade and other receivables	72.9	5.7	1.3	1.5	3.5	**84.9**
Loss allowance	-	-	(0.2)	(0.8)	(3.5)	**(4.5)**
Total	**72.9**	**5.7**	**1.1**	**0.7**	**-**	**80.4**

Value of loss allowance for receivables as at 30 June 2020 and 31 December 2019 is presented in table below:

	6 months ended	
	30 June 2020	**30 June 2019**
Value at the beginning of the period	8.1	4.2
Allowance created	2.3	0.5
Allowance released	(0.1)	(0.2)
Other	(0.8)	-
Value at the end of the period	**9.5**	**4.5**

26. Events after the reporting period

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

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

On 30 July 2020 Supreme Court in Poland announced a positive court verdict in regards to VAT settlements of AmRest Sp. z o.o. for the year 2012 and January – September 2013. The court rejected the complaint of the tax chamber against the earlier verdict of the local administrative court. The verdict was based on the statute of limitations on the tax liability for these years. In August 2020 AmRest Sp. z o.o. received the refund of previously paid VAT with due interest in total amount of EUR 7.8 million (PLN 35.1 million).

In August 2020 company AmRest Traugutta Sp. z o.o. signed sales agreement of property located in Wroclaw, Poland. The property bought in 2017 was presented as asset held for sale (EUR 4.8 million) in the consolidated report as at 30 June 2020. The selling price in the amount of EUR 7.5 million was received till the date of publication of this report.

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

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

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

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Carlos Fernández González
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 24 September 2020