



**Annual Accounts and
Directors' Report
for the year ended
31 December 2019**

AmRest Holdings SE
28 FEBRUARY 2020

AmRest



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Balance sheet as at 31 December 2019

	Notes	31 December 2019	31 December 2018
Assets			
Intangible assets		0.1	0.1
Non-current investment and loans in group companies		615.4	591.4
Equity instruments	6.1	387.2	391.7
Loans to group companies	6.3	228.2	199.7
Non-current financial investments	6.3	76.2	26.9
Other non-current financial assets		0.1	-
Total non-current assets		691.8	618.4
Trade and other receivables	6.4	22.5	1.5
Other receivables from group companies		1.1	1.3
Other trade receivables		20.3	0.2
Current tax assets	11	1.0	-
Other tax receivables	11	0.1	-
Investments and loans in group companies	6	23.3	6.0
Loans to group companies	6.3	20.6	4.6
Other financial assets		2.7	1.4
Cash and cash equivalents	7	9.5	22.9
Total current assets		55.3	30.4
TOTAL ASSETS		747.1	648.8
Capital and Reserves without valuation adjustments			
	8		
Share capital		22.0	22.0
Share premium		237.3	237.3
Reserves		35.1	31.0
Treasury shares and equity instruments		(7.5)	(15.2)
Profit for the period		25.8	4.1
Other equity instruments		(25.4)	(6.2)
Adjustments for changes in value	8	18.4	(4.9)
TOTAL EQUITY		305.7	268.1
Liabilities			
Non-current provisions	10	0.5	1.3
Non-current financial liabilities	6.5	394.8	355.3
Loans and borrowings from financial institutions		293.8	254.3
Other financial debt		101.0	101.0
Non-current Debts with group companies		-	17.7
Deferred tax liabilities	11	8.4	-
Total non-current liabilities		403.7	374.3
Current financial liabilities	6.5	30.0	1.3
Current Debts with group companies	6.7	1.7	0.6
Trade and other payables	6.6	6.0	4.5
Trade and other payables to third parties		0.3	0.9
Trade and other payables to group companies		1.7	1.7
Personnel (salaries payable)		0.2	0.1
Income tax payable		-	1.5
Other payables with tax administration	11	3.8	0.3
Total current liabilities		37.7	6.4
TOTAL LIABILITIES		441.4	380.7
TOTAL EQUITY AND LIABILITIES		747.1	648.8

The accompanying notes 1-17 are an integral part of the Annual Accounts for 2019.

Income Statement for the year ended 31 December 2019

	Notes	31 December 2019	31 December 2018
Revenues		17.2	13.1
Dividends received from subsidiaries	6 and 12.1	3.1	8.4
Net income from the stock option plan	12.1	7.6	2.7
Finance income from group companies	12.1 and 14	6.5	2.0
Other operating income		-	0.1
Personnel expenses	12.1	(1.0)	(0.8)
Other operating expenses	12.1	(2.7)	(3.1)
Impairments of credits and receivables with group companies		(0.1)	(0.9)
Impairments of investments in group companies	6.1	(5.3)	(1.0)
Gains (losses) on disposal of investments in group companies		27.0	-
Results from operating activities	13	35.1	7.4
Finance expenses		(11.0)	(6.9)
Exchange rates gains and losses		(0.5)	2.2
Net finance income (expense)		(11.5)	(4.7)
Profit before income tax		23.6	2.7
Income tax expense	11	2.2	1.4
Profit for the period		25.8	4.1
Profit for the period		25.8	4.1

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Statement of recognized income and expenses for the year ended 31 December 2019

	Notes	31 December 2019	31 December 2018
Profit for the period		25.8	4.1
Income from measurement of available-for-sale financial assets	6.3	31.7	1.9
Tax impact on adjustment in changes in value		(8.4)	
Total recognised income and expenses for the period		49.1	6.0

The accompanying notes 1-17 are an integral part of the Annual Accounts for 2019.

(all figures in EUR millions unless stated otherwise)

Statement of cash flows for the year ended 31 December 2019

	Notes	31 December 2019	31 December 2018
Cash flows from operating activities		23.6	2.7
Adjustments:		(27.3)	(6.5)
Impairment losses		5.4	1.9
Dividends from subsidiaries	12	(3.1)	(8.4)
Share based payments adjustment and	12	(7.6)	(2.7)
Gains / (losses) on disposal of investments in group companies		(27.0)	-
Finance income	12	(6.5)	(2.0)
Finance expenses	12 and 13	11.0	6.9
Exchange gains/losses	13	0.5	(2.2)
Changes in operating assets and liabilities		(8.7)	6.8
Trade and other receivables	6	9.2	6.3
Trade and other payables	6	(0.7)	0.1
Other current assets and liabilities		(17.2)	0.4
Other cash flows from operating activities		(14.3)	(5.0)
Interest paid		(10.1)	(7.1)
Interest received		2.2	0.1
Dividends received from subsidiaries	12	3.1	8.4
Income tax payment	11	(9.5)	(6.3)
Other		-	(0.1)
Net cash provided by operating activities		(26.7)	(2.0)
Cash flows from investing activities			
Increase in investments loans and borrowings with group companies	6	(64.8)	(252.4)
Proceeds from investment loans and borrowings with group companies	6	27.2	10.7
Investment in other financial assets	6	-	(25.0)
Increase in intangible assets		(0.1)	-
Net cash used in investing activities		(37.7)	(266.7)
Cash flows from financing activities			
Issue of equity instruments	8	-	69.0
Proceeds from disposals of own shares (employees options)	8	0.9	0.8
Acquisition of own shares (employees option)	8	(0.9)	(9.5)
Proceeds on issue debt securities and other financial instruments	6	67.0	273.8
Proceeds from debt with group companies	6 and 14	1.7	21.5
Repayment of debt with financial institutions	6	-	(20.0)
Repayment of debt with group companies	6	(17.7)	(3.8)
Redemption of debt securities	6	-	(64.6)
Net cash provided by/(used in) financing activities		51.0	267.2
Net change in cash and cash equivalents		(13.4)	(1.5)
Balance sheet change of cash and cash equivalents"		(13.4)	(1.5)
Cash and cash equivalents at the beginning of the period	7	22.9	24.4
Cash and cash equivalents as at the end of the period	7	9.5	22.9

The accompanying notes 1-17 are an integral part of the Annual Accounts for 2019.

(all figures in EUR millions unless stated otherwise)

Statement of changes in equity for the year ended 31 December 2019

	Share capital	Share premium	Legal Reserve	Voluntary Reserves	Treasury shares	Profit or loss for the period	Other equity instruments	Adjustment for changes in value	Total Equity
As at 31 December 2017	0.2	189.1	-	21.4	(10.6)	10.6	(8.8)	(6.8)	195.1
Total recognised income and expense	-	-	-	-	-	4.1	-	1.9	6.0
Share capital increase from share premium	21.0	(21.0)	-	-	-	-	-	-	-
Issue of share capital	0.8	69.2	-	(1.0)	-	-	-	-	69.0
Transactions on own shares and equity holdings (net) (See 8.4)	-	-	-	-	(4.6)	-	2.6	-	(2.0)
Transfer of profit or loss to reserves	-	-	1.1	9.5	-	(10.6)	-	-	-
As at 31 December 2018	22.0	237.3	1.1	29.9	(15.2)	4.1	(6.2)	(4.9)	268.1
Total recognised income and expense	-	-	-	-	-	25.8	-	23.3	49.1
Transactions on own shares and equity holdings (net) (See 8.4)	-	-	-	-	7.7	-	(19.2)	-	(11.5)
Transfer of profit or loss to reserves	-	-	0.4	3.7	-	(4.1)	-	-	-
Other equity movements	-	-	-	-	-	-	-	-	-
As at 31 December 2019	22.0	237.3	1.5	33.6	(7.5)	25.8	(25.4)	18.4	305.7

The accompanying notes 1-17 are an integral part of the Annual Accounts for 2019.

Notes to the Annual Accounts

1. General information

AmRest Holdings SE ("The Company", "AmRest") was incorporated in the Netherlands in October 2000 and since 2008 the Company operates as European Company (Societas Europaea, SE). As at 31 December 2019 the Company's registered office was Enrique Granados 6, 28224 Pozuelo de Alarcón (Madrid), Spain. On 28 February 2020 the Company's registered office was changed to Paseo de la Castellana, 163 28046 Madrid, Spain.

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

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

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

In 2018 the Group acquired the Bacoa and Sushi Shop brands, as a result of which it operates own and franchise restaurants in Spain (Bacoa) and own and franchise restaurants among the others in France, Belgium, Spain, United Arab Emirates, Saudi Arabia, Switzerland, United Kingdom, Luxembourg, Italy, Germany, Portugal, the Netherlands. Bacoa is a Spanish premium burger chain, and Sushi Shop is the operator of the leading European chain of Japanese cuisine restaurants. On 27 April 2005, the shares of AmRest Holdings SE were quoted for the first time on the Warsaw Stock Exchange ("WSE") and on 21 November 2018 were quoted on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Spanish Automated Quotation System (Sistema de Interconexión Bursátil - SIBE). Since 21 November 2018 AmRest's shares have been quoted simultaneously on both above stock exchanges (dual listing).

As at 31 December 2019, FCapital Dutch B.V. is the largest shareholder of AmRest Holdings and held 67.05% of its shares and voting rights. The parent entity of the Group on the top level is Grupo Finaccess.

These annual accounts have been prepared and approved by the Company's Board of Directors on 28 February 2020. The Board of Directors considers that the annual accounts for 2019 will be approved with no changes by the shareholders at their annual general meeting.

Simultaneously, the Board of Directors has formulated the consolidated financial statements of AmRest Holdings SE and its Subsidiaries for the financial year 2019, which show consolidated profits of Euros 66.9 million and consolidated Equity of Euros 476.7 million (Euros 41.3 million and 430,6 million, respectively for the financial year 2018).

2. Basis of preparation

True and fair view

The Annual Accounts for 2019 have been prepared on the basis of the accounting records of AmRest Holdings SE by the Company's Board of Directors in accordance with the accounting principles and standards contained in the Spanish General Chart of Accounts, and other prevailing legislation, in order to give a true and fair view of the Company's equity and financial position as of 31 December 2019 and results of operations, changes in equity and cash flows for the year then ended 31 December 2019.

Aggregation of items

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

Comparative information

Each item of the balance sheet, the statement of profit and loss, the statement of changes in equity, the statement of recognized income and expenses, the statement of cash flow, and the notes of the annual accounts present for comparative purposes, the amounts from the previous financial year, which formed part of the annual accounts of the financial year ended 31 December 2018, approved by the Shareholders on 31 December 2018.

Functional and presentation currency

The annual accounts are presented in euros, which is the functional and presentation currency of the Company.

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

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

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

- The recoverability of the investments, and the corresponding valuation adjustments for the difference between the book value and the recoverable amount. In the determination of the impairment estimate of these investments, the future cash flows expected to be generated by the investees are taken into account through the use of hypotheses based on the existing market conditions (see note 6).
- Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

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

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a finite difference method. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 9.

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices),
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). To measure assets and liabilities at fair value Group uses valuation techniques appropriate to the circumstances and for which sufficient information is available to calculate the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Likewise, despite the fact that the estimates made by the Board of Directors of the Company were calculated based on the best information available at 31 December 2019, it is possible that events which may occur in the future will make it necessary to modify them in later financial years. The effect on the standalone annual accounts deriving from the adjustments made in later financial years will be recorded prospectively.

3. Distribution of profit

The Board of Directors propose the following distribution of profits for the year ended 31 December 2019 and the shareholders approved the corresponding to 31 December 2018

	Year ended	
	31 December 2019	31 December 2018
Basis of Distribution		
Profit and loss for the period in EUR	25 793 482.33	4 076 128.90
Distribution		
Legal Reserve in EUR	2 579 348.23	407 612.90
Voluntary Reserves in EUR	23 214 134.10	3 668 516.00
	25 793 482.33	4 076 128.90

Dividends have not been distributed during the 12 months ended 31 December 2019 and 2018.

Details of non-distributable reserves as of 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Legal reserve	1.6	1.1

The Company's freely distributable reserves are nonetheless subject to legal limits, and dividends may not be distributed if equity would be less than share capital as a result.

4. Recognition and measurement accounting policies

The standalone annual accounts were prepared in accordance with the accounting principles and registration and valuation standards contained in the Spanish General Accountancy Plan. The most significant are:

4.1. FINANCIAL INSTRUMENTS

4.1.1. CLASSIFICATION AND SEPARATION OF FINANCIAL INSTRUMENTS

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

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

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

4.1.2. TRADE AND OTHER NON-TRADE RECEIVABLES

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

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

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

4.1.3. INVESTMENTS IN THE EQUITY OF GROUP COMPANIES

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

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

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

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

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

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

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

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

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

4.1.5. FINANCIAL ASSETS AVAILABLE-FOR-SALE

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

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

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

4.1.6. INTEREST AND DIVIDENDS FROM FINANCIAL ASSETS

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

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

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

4.1.7. DEBT AND TRADE AND OTHER PAYABLES

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

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

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

4.1.8. OWN EQUITY INSTRUMENTS

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

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

4.1.9. OFFSETTING PRINCIPLES

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

4.1.10. DERECOGNITION OF FINANCIAL ASSETS

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

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

4.2. CASH AND CASH AND EQUIVALENTS

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

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

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

4.3. FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

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

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

4.4. INCOME TAX

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

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

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

The Company as the representative of the tax group, and the Spanish subsidiaries file consolidated tax return (see note 11).

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

- Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.

- Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

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

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

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

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

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

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

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

4.5. REVENUES RECOGNITION

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

4.6. PROVISIONS AND CONTINGENCIES

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

Provisions recognized in the balance sheet correspond to the best estimation on the date of close of the payments necessary to cancel the present obligation, after considering the risks and uncertainties related to the provision and, if it is significant, the financial effect of the discount, provided that the payments to be made in each period can be reliably determined. The adjustments in the provision due to its update are recognized as a financial expense as they are accrued.

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

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

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

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

4.7. SHARE-BASE PAYMENTS

Share-based payments and employee benefits recognition for the benefit plans of the Company's employees

Share-based payments

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

Equity-settled transactions

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

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

Cash-settled transactions

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

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

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

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

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

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

According to consultation n°2 of the BOICAC 97/2014 when the parent company sign settlement agreements (Share transfer agreements) through which the parent company charge the intrinsic value of the cost of the agreement equivalent to the market value of the shares delivered, it is considered that there are two separated operations:

- A non-genuine corporate operation of contribution of the parent company in the subsidiary that is registered as a higher value of the investment according to consultation n° 7 of BOICAC N° 75/2008
- And a second corporate operation of distribution or recovery of the investment that is equivalent to difference between the re-charge described above and the cost of the options at grant

4.8. TRANSACTIONS BETWEEN RELATED PARTIES

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

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

5. Financial Risk Management

5.1. FINANCIAL RISK FACTORS

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

- Currency risk:

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

- Risk of increased financial costs:

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

- Liquidity risk

The Company is exposed to the risk of lack of financing at the moment of maturity of bank loans and bonds. The Company's approach in managing liquidity risk is to guarantee as far as possible that liquidity will always be available to pay its debts before they mature, in normal conditions and during financial difficulties, without incurring unacceptable losses or compromising the Company's reputation. As at 31 December 2019, the company had enough short-term assets, including cash and promised credit limits, to fulfil its liabilities due in the next 12 months.

- Credit Risk

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

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

6. Financial instruments

6.1. EQUITY INSTRUMENTS

The value of the shares owned by the Company in its subsidiaries as at 31 December 2019 and as at 31 December 2018 is as follow:

	31 December 2019		31 December 2018		Dividends received in 2019
	Interest ownership	Value of Shares	Interest ownership	Value of Shares	
AmRest Sp. z o.o. (Poland)	100%	217.2	100%	216.4	-
AmRest China Group PTE Ltd. (China)	100%	40.4	100%	40.3	-
AmRest s.r.o. (Czech Republic)	100%	6.7	100%	7.2	3.1
AmRest France SAS (France)	100%	58.5	100%	58.1	-
Restaurant Partner Polska Sp. z o.o.	0%	-	51%	5.5	-
AmRest EOOD (Bulgaria)	100%	3.5	100%	3.4	-
AmRest Acquisition Subsidiary (Malta)	100%	60.8	100%	60.8	-
AmRest Food SRL	100%	0.1	-	-	-
		387.2		391.7	3.1

The movement of the equity instruments in group companies as at 31 December 2019 is as follow:

	31 December 2018	Increase	Decrease	Reclassifications	31 December 2019
Cost					
AmRest Sp. z o.o. (Poland)	216.4	6.0	(2.7)	(2.4)	217.3
AmRest HK Ltd	5.2	-	-	-	5.2
AmRest China Group PTE Ltd. (China)	40.3	0.1	-	-	40.4
AmRest s.r.o. (Czechia)	7.2	0.3	(0.1)	(0.7)	6.7
AmRest France SAS	58.1	0.4	-	-	58.5
Restaurant Partner Polska Sp. z o.o.	5.9	5.2	(10.7)	(0.4)	0.0
AmRest EOOD (Bulgaria)	3.4	0.1	-	-	3.5
AmRest Acquisition Subsidiary (Malta)	60.8	-	-	-	60.8
AmRest FSVC LLC	3.7	5.8	(2.2)	3.2	10.5
	401.0	17.9	(15.7)	(0.3)	402.9
Call up Capital					
Restaurant Partner Polska Sp. z .o.o.	(0.4)	-	-	0.4	-
	(0.4)	-	-	0.4	-
Impairment					
AmRest HK Ltd	(5.2)	-	-	-	(5.2)
AmRest FSVC LLC	(3.7)	(5.3)	-	(1.5)	(10.5)
	(8.9)	(5.3)	-	(1.5)	(15.7)
Total Equity instruments in Group companies	391.7	12.6	(15.7)	(1.4)	387.2

- On 13 March 2019 AmRest Holdings SE (the buyer) has acquired to Delivery Hero SE (the Seller) the remaining 49% of Restaurant Partner Polska Sp. z o.o. shares. The purchase price of this transaction was EUR 5.2 million.

- On 13 August 2019 was signed the Sale and Purchase and Contribution Agreement on the 100% of the shares in Restaurant Partner Polska Sp. z o.o. between AmRest Holdings SE and GlovoAPP23, S.L. ("Glovo") for a total transaction price of EUR 35 million including an earn-out as the price conditions have been met. On 28 October 2019 AmRest Holdings SE lost control over Restaurant Partner Polska Sp. z o.o. In consideration for the transfer of 100% of shares in Restaurant Partner Polska Sp. z o.o. ("PizzaPortal") AmRest Holdings received total sale price in the amount of EUR 35 million, as a combination of cash payment of EUR 20 million, which was repaid in January 2020 (see note 6.4), and newly issued shares of Glovo whose fair value amounted EUR 17.7 million, which constitutes final settlement of the Agreement (see note 6.3). The equity instruments transferred to Glovo had a book value of EUR 10.7 million at the Sale and Purchase Agreement's date what produced a gain on disposal of equity instruments of EUR 27 million.

- On 23 May 2019 the company paid EUR 0,3 million to Top Brands NV (previous owners of Pizza Hut France) as adjustment to price as per the conditions established in the SPA dated on 24 January 2017.

- During the year 2019 the company passed several capital increases resolutions in the entity AmRest FSVC LLC up to an amount of EUR 0.6 million. The total amount of these capital increases was impaired as at 31 December 2019.

On 13 August 2019 the total amount of receivables held by AmRest Holdings SE with AmRest FSVC LLC (EUR 5,2 million) was converted into capital. This amount is fully impaired as at 31 December 2019.

- The value of investment of some subsidiaries was affected by the valuation and exercises of share-based options within SOP and MIP. The total capitalized cost of share option plans in 2019 equals EUR 6.6 million and it is presented in the column increase. The total amount that refers to exercised option in 2019 EUR 5.0 million is presented in the column decrease. The details by subsidiaries for the year ended as of 31 December 2019 is presented below:

	Increase	Decrease
Cost		
AmRest Sp. z o.o. (Poland)	6.0	2.7
AmRest China Group PTE Ltd. (China)	0.1	-
Amrest SRO (Czechia)	0.3	0.1
AmRest France SAS	0.1	-
AmRest FSVC LLC	0.1	2.2
	6.6	5.00

The movement of the equity instruments in group companies as at 31 December 2018

	31 December 2017	Increase	Decrease	31 December 2018
Cost				
AmRest Sp. z o.o. (Poland)	213.6	5.9	(3.1)	216.4
AmRest HK Ltd	5.2	-	-	5.2
AmRest China Group PTE Ltd. (China)	40.3	-	-	40.3
AmRest SRO (Czechia)	6.6	0.8	(0.2)	7.2
AmRest OPCO SAS	15.2	30.0	(45.2)	-
AmRest Topco SAS	12.9	-	(12.9)	-
AmRest France SAS	-	58.1	-	58.1
Restaurant Partner Polska Sp. z o.o.	4.3	1.6	-	5.9
AmRest EOOD (Bulgaria)	3.4	-	-	3.4
AmRest Acquisition Subsidiary (Malta)	35.4	25.4	-	60.8
AmRest FSVC LLC	2.7	1.0	-	3.7
	339.6	122.8	(61.4)	401.0
Call up Capital				
Restaurant Partner Polska Sp. z o.o.	(1.1)	(0.4)	1.1	(0.4)
AmRest OPCO SAS	(4.5)	-	4.5	-
	(5.6)	(0.4)	5.6	(0.4)
Impairment				
AmRest HK Ltd	(5.2)	-	-	(5.2)
AmRest FSVC LLC	(2.7)	(1.0)	-	(3.7)
	(7.9)	(1.0)	-	(8.9)
Total Equity instruments in Group companies	326.1	127.4	(61.8)	391.7

During the year 2018 the company made the following transactions:

- On 6 June 2018 the Company passed a resolution of capital increase in Restaurant Partners Polska Sp. z o.o. by PLN 7.0 million (EUR 1.6 million) of which PLN 4.0 million (EUR 0.9 million) were paid in June 2018 and PLN 1.5 million (EUR 0.35 million) in October 2018.

-On 23 October 2018 and 20 November 2018, the Company passed resolutions of share capital increase in AmRest Acquisition Subsidiary by EUR 23.0 million and EUR 2.4 million respectively, which were fully paid in cash.

-On 19 November 2018 the Company passed a resolution of share capital increase in AmRest Opco SAS in amount of EUR 30.0 million which has been fully paid as at 31 December 2019.

- On 13 December 2018 AmRest Holdings SE executed the contribution of shares of AmRest Opco and AmRest Topco in the newly incorporated company AmRest France SAS. The contribution was made at the net book value of the investment in the subsidiaries as of the date of the signature of the transfer of shares.

-The value of investment in AmRest Sp. z o.o. and AmRest SRO was affected by the valuation and exercises of share-based options within SOP and MIP. The total capitalized cost of share option plans in 2018 equals EUR 6.7 million increasing the value of investments in mentioned entities by EUR 5.9 million and EUR 0.8 million respectively. The total amount of investments that refers to exercised option in 2018 equals EUR 3.3 million decreasing the value of investments in mentioned entities by EUR 3.1 million and EUR 0.2 million respectively.

-During the year 2018 the company passed several capital increases resolutions in the entity AmRest FSVC LLC up to an amount of EUR 1.0 million. The total amount of these capital increases were impaired as at 31 December 2019.

Impairment test of Equity Investment in group companies:

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

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

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

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

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

	Implied pre-tax discount rate year 2019	Implied pre-tax discount rate year 2018
Poland	7.1%	8.88%
Russia	11.9%	18.71%
Bulgaria	5.9%	6.94%
France	5.5%	7.34%
China	8.4%	10.07%

The Company prepared impairment testing for its investments in AmRest Subsidiary (Malta and owner of Russian business), AmRest EOOD (Bulgaria), AmRest France SAS and AmRest China PTE Ltd.

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

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

Weighted average budgeted EBITDA margin	2019	2018
Russia	12,65%	14.6%
Poland – Pizza Portal	N/A	15.6%
China	12,48%	12.2%
Bulgaria	14,63%	14.5%
France – KFC	N/A	10.8%

(all figures in EUR millions unless stated otherwise)

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

(all figures in EUR millions unless stated otherwise)

The Details of the subsidiaries of the group are presented below:

Company name	Registered office	2019			2018				
		Total Equity	Net result	Operating result	Dividends distributed	Total Equity	Net result	Operating result	Dividends distributed
<i>AmRest Acquisition Subsidiary Ltd.</i>	Birkirkara Malta	102.6	(0.1)	(0.1)	-	102.7	-	-	-
<i>AmRest TAG S.L.U.*</i>	Madrid Spain	279.0	3.7	2.9	-	220.4	17.2	18.5	-
<i>AmRestavia S.L.U. *</i>	Madrid Spain	-	-	-	-	12.6	(3.2)	(2.8)	-
<i>Restauravia Grupo Empresarial S.L. *</i>	Madrid Spain	-	-	-	-	50.3	22.7	22.9	(2-)
<i>AmRest HK Ltd</i>	Hong Kong China	-	-	-	-	-	-	-	-
<i>AmRest China Group PTE Ltd</i>	Singapore	9.7	(0.5)	(0.2)	-	10.2	(0.5)	(0.1)	-
<i>New Precision Ltd</i>	Apia Samoa	0.4	(-)	(-)	-	0.4	(-)	-	-
<i>Horizon Group Consultants</i>	Road Town British Virgin Islands	0.2	(-)	(-)	-	0.2	(-)	(-)	-
<i>GM Invest SRL</i>	Bruxelles Belgium	7.2	(-)	-	-	7.1	0.2	(-)	-
<i>Sushi Shop Group SAS</i>	Paris France	13.2	3.4	4.0	-	84.5	(8.9)	5.2	-
<i>AmRest France SAS</i>	Paris France	58.1	14.1	12.9	-	58.1	-	-	-
<i>Sushi Shop Management SAS</i>	Paris France	0.4	3.1	4.9	-	(8.4)	(12.6)	(2.7)	-
<i>Sushi Shop Belgique SA</i>	Bruxelles Belgium	(-)	(-)	(-)	-	3.3	(-)	(-)	-
<i>Sushi Shop Holding USA LLC</i>	Dover Kent USA	0.1	-	-	-	0.1	(0.1)	0.1	-
<i>Sushi Shop Luxembourg SARL</i>	Luxembourg	4.2	(-)	(-)	-	3.6	(-)	(-)	-
<i>Sushi Shop Switzerland SA</i>	Fribourg Switzerland	(-)	1.7	(0.1)	-	1.4	1.5	3.4	-
<i>Restaurant, franchise and master-franchise activity</i>		Total Equity	Net result	Operating result	Dividends distributed	Total Equity	Net result	Operating result	Dividends distributed
<i>AmRest Sp. z o.o.</i>	Wroclaw Poland	384.8	16.0	28.9	158.3	364.9	7.0	21.7	-
<i>AmRest s.r.o.</i>	Prague Czechia	27.0	13.0	17.9	3.1	16.9	13.1	17.8	(8.4)
<i>AmRest Kft</i>	Budapest Hungary	43.9	7.4	6.0	23.4	37.5	4.5	5.0	-
<i>AmRest Coffee Sp. z o.o.</i>	Wroclaw Poland	8.3	(1.7)	(1.6)	28.1	9.8	(3.3)	(3.3)	-
<i>AmRest EOOD</i>	Sofia Bulgaria	3.3	0.4	0.3	7.2	2.8	0.1	0.1	-
<i>OOO AmRest</i>	Saint Petersburg Russia	50.9	2.1	1.1	47.7	43.0	(2.5)	(0.1)	-
<i>AmRest Coffee s.r.o.</i>	Prague Czechia	21.7	4.6	5.6	11.5	15.7	3.2	4.0	-
<i>AmRest Kávézó Kft</i>	Budapest Hungary	5.1	1.1	1.1	5.0	4.1	0.3	0.3	-
<i>AmRest d.o.o.</i>	Belgrade Serbia	-	(-)	(-)	-	-	-	-	-
<i>Restauravia Food S.L.U.</i>	Madrid Spain	21.6	1.0	1.8	6.7	20.5	2.2	3.2	-
<i>Pastificio Service S.L.U.</i>	Madrid Spain	33.0	24.4	15.7	-	8.6	26.5	35.6	(18.0)
<i>AmRest Adria d.o.o.</i>	Zagreb Croatia	0.9	(0.1)	(0.1)	-	-	-	-	-
<i>AmRest GmbH i.L.1</i>	Cologne Germany	(13.0)	(0.3)	-	4.3	(12.7)	(0.3)	-	-
<i>AmRest SAS</i>	Lyon France	(1.4)	(1.6)	(1.6)	4.7	1.4	(1.9)	(2.0)	-
<i>Frog King Food&Beverage Management Ltd</i>	Shanghai China	2.2	(0.3)	(0.4)	0.2	2.5	0.2	0.2	-
<i>Blue Frog Food&Beverage Management Ltd</i>	Shanghai China	18.7	4.4	6.1	16.0	14.4	1.5	2.2	-
<i>Shanghai Kabb Western Restaurant Ltd</i>	Shanghai China	(1.6)	(0.3)	(0.2)	0.2	(1.4)	(0.3)	(0.3)	-

(all figures in EUR millions unless stated otherwise)

<i>Restaurant, franchise and master-franchise activity</i>		Total Equity	Net result	Operating result	Dividends distributed	Total Equity	Net result	Operating result	Dividends distributed
AmRest Skyline GMBH	Cologne Germany	(0.4)	(0.4)	(0.4)	0.9	(-)	(0.4)	(0.4)	-
Kai Zhen Food and Beverage Management (Shanghai) Ltd	Shanghai China	0.4	0.2	0.2	-	0.2	0.2	0.3	-
AmRest Coffee EOOD	Sofia Bulgaria	2.7	0.3	0.2	5.6	2.4	0.1	0.1	-
AmRest Coffee S.r.l.	Bucharest Romania	917.6	339.4	337.3	3.0	6.7	2.7	2.7	1.7
AmRest Food Srl.	Bucharest Romania	1.0	(46.6)	(45.4)	-	-	-	-	-
AmRest Coffee Deutschland	Munich Germany	(13.0)	2.4	3.1	(22.1)	(17.8)	(1.7)	5.3	-
AmRest DE Sp. z o.o. & Co. KG	Berlin Germany	21.6	18.1	14.1	(3.0)	3.5	3.7	5.9	-
The Grill Concept S.L.U.	Madrid Spain	1.1	(2.5)	(3.2)	-	0.7	(1.1)	(1.5)	-
Kai Fu Food and Beverage Management (Shanghai) Co. Ltd	Shanghai China	(0.1)	0.2	0.2	-	(0.3)	(0.2)	(0.3)	-
LTP La Tagliatella Portugal Lda	Lisbon Portugal	(0.5)	(0.5)	(0.5)	1.0	(0.1)	(0.6)	(0.5)	-
AmRest AT GmbH	Vienna Austria	1.2	(99.6)	(88.1)	1.2	1.2	(0.8)	(0.8)	-
AmRest Topco France SAS	Paris France	20.7	(0.8)	(0.5)	1-	20.7	(1.7)	(1.6)	-
AmRest Delco France SAS	Paris France	1.3	(6.3)	(4.4)	0.5	1.3	(4.5)	(2.7)	-
AmRest Opco SAS 3	Paris France	44.8	(0.8)	3.2	45.0	45.3	0.8	1.5	-
OOO Chicken Yug	Saint Petersburg Russia	766.7	318.0	365.3	1.1	3.9	2.4	3.0	-
OOO Pizza Company 5	Saint Petersburg Russia	(314.9)	(39.2)	(44.2)	3.0	0.8	(2.4)	(3.0)	-
AmRest Chamnord SAS	Paris France	1.1	0.1	-	-	1.1	0.1	-	-
AmRest SK s.r.o.	Bratislava Slovakia	0.3	0.6	0.6	-	-	-	-	-
AmRest Pizza GmbH	Munich Germany	(0.2)	(-)	(0.1)	(-)	(0.2)	(0.1)	(0.2)	-
Black Rice S.L.U.	Madrid Spain	60.3	-	-	-	-	-	-	-
Bocoa Holding S.L.U.	Madrid Spain	-	-	-	-	7.4	0.5	1.9	-
Sushi Shop Restauration SAS *	Paris France	(10.3)	(1.9)	3.8	-	-	-	-	-
Sushiga SARL	Paris France	(1.8)	(-)	(-)	-	(-)	(-)	(-)	-
SSW 1 SPRL	Waterloo Belgium	0.2	-	(-)	-	0.4	0.2	0.2	-
SSW 2 SPRL	Wavre Belgium	0.4	-	(0.2)	-	(0.2)	(0.2)	(0.2)	-
Sushi House SA	Luxembourg	(0.3)	0.2	0.4	0.1	4.7	0.1	0.4	-
Sushi Sablon SA	Bruxelles Belgium	1.6	(0.2)	(0.2)	0.2	(0.2)	(0.2)	(0.2)	-
Sushi Shop London Pvt LTD	London UK	(0.5)	(0.5)	(0.3)	-	(1.6)	(0.6)	(0.1)	-
Sushi Shop Louise SA	Bruxelles Belgium	(1.1)	(0.4)	(0.4)	0.5	1.6	(0.4)	(0.3)	-
Sushi Shop UK Pvt LTD	Charing UK	(0.2)	(0.2)	(0.3)	-	(0.9)	(0.3)	(0.2)	-
Sushi Uccle SA	Uccle Belgium	(0.9)	(0.1)	(0.1)	0.2	0.2	(0.2)	(0.1)	-
Sushi Shop Anvers SA	Bruxelles Belgium	-	(0.4)	(0.3)	0.1	(1.8)	(0.4)	(0.3)	-
Sushi Shop Geneve SA	Geneva Switzerland	-	0.6	0.9	0.1	1.0	(2.8)	(2.4)	-
Sushi Shop Lausanne SARL	Lasanne Switzerland	0.2	0.7	0.9	-	1.0	0.5	0.9	-
Sushi Shop Madrid S.L. 7	Madrid Spain	(0.2)	(1.0)	(0.2)	-	0.3	-	0.1	-
Sushi Shop Milan SARL	Milan Italy	0.3	-	0.1	-	(0.4)	(-)	0.1	-
Sushi Shop NE USA LLC	New York USA	-	-	-	0.1	-	(1.3)	0.2	-
Sushi Shop NY1	New York USA	-	-	-	-	-	3.5	0.2	-
Sushi Shop NY2	New York USA	-	-	-	-	-	1.8	(-)	-

(all figures in EUR millions unless stated otherwise)

Restaurant, franchise and master-franchise activity		Total Equity	Net result	Operating result	Dividends distributed	Total Equity	Net result	Operating result	Dividends distributed
Sushi Shop International SA	Bruxelles Belgium	0.2	(0.4)	(0.4)	0.1	(0.5)	(0.3)	(0.3)	-
Sushi Shop Zurich GMBH	Zurich Switzerland	-	(0.2)	(-)	-	(1.4)	(0.4)	(0.2)	-
		Total Equity	Net result	Operating result	Dividends distributed	Total Equity	Net result	Operating result	Dividends distributed
Sushi Shop Nyon SARL	Nyon Switzerland	0.1	0.2	0.4	-	(-)	(-)	-	-
Sushi Shop NL B.V.	Amsterdam Netherlands	-	(0.5)	(0.4)	-	-	-	-	-
Financial services and others for the Group		Total Equity	Net result	Operating result	Dividends distributed	Total Equity	Net result	Operating result	Dividends distributed
AmRest LLC	Wilmington, USA	(6.3)	5.9	(-)	-	(6.1)	5.7	-	-
AmRest Capital Zrt	Budapest Hungary	-	-	-	-	249.6	4.6	(1.0)	-
AmRest Work Sp. z o.o.	Wroclaw Poland	0.2	(-)	-	-	0.2	(-)	(-)	-
La Tagliatella International Kft		28.2	(0.1)	(0.1)	-	0.3	(-)	(-)	-
La Tagliatella SAS	Lyon France	0.1	-	-	-	0.2	(0.3)	(0.3)	-
AmRest FSVC LLC	Wilmington USA	9.6	(10.6)	(4.8)	-	3.6	(5.6)	(2.3)	-
AmRest Kaffee Sp. z o.o.	Wroclaw Poland	4.7	(0.2)	4.4	-	4.7	(2.5)	-	-
AmRest Estate SAS	Paris France	2.6	0.4	0.6	-	(0.1)	2.7	0.5	-
AmRest Leasing SAS	Paris France	(1.1)	0.1	-	-	(0.9)	(0.2)	(-)	-
AmRest Franchise Sp. z o.o.	Wroc?aw Poland	-	0.2	0.3	-	-	-	-	-
Supply services for restaurants operated by the Group		Total Equity	Net result	Operating result	Dividends distributed	Total Equity	Net result	Operating result	Dividends distributed
SCM Sp. z o.o.	Warsaw Poland	6.2	3.5	4.1	1.2	1.6	1.9	-	-

Above data were derived from local documentation of AmRest Group in accordance with local GAAPS in each country. In some countries local audits for 2019 have not finalized.

*See details in note 14

(all figures in EUR millions unless stated otherwise)

6.2 ASSETS AND LIABILITIES IN FOREIGN CURRENCIES:

The value of assets and liabilities denominated in foreign currency as at 31 December 2019 are presented below:

Millions of EUR	Denominated in PLN	Denominated in USD
Assets foreign currency		
Total non-current assets foreign currency	-	13.2
Total current assets foreign currency	1.4	1.3
Total assets foreign currency	11.4	14.5
Liabilities foreign currency		
Total non-current liabilities foreign currency	252.0	-
Total current liabilities foreign currency	28.4	-
Total liabilities foreign currency (see note 6.5)	280.4	-

The value of assets and liabilities denominated in foreign currency as at 31 December 2018 are presented below:

Millions of EUR	Denominated in PLN	Denominated in USD
Assets Foreign Currency		
Total non-current assets Foreign Currency	-	10.0
Total current assets Foreign Currency	1.6	1.3
Total assets Foreign Currency	1.6	11.3
Liabilities Foreign Currency		
Total non-current liabilities Foreign Currency	280.0	-
Total current liabilities Foreign Currency	0.3	-
Total liabilities Foreign Currency	280.3	-

6.3. CURRENT AND NON-CURRENT FINANCIAL ASSETS (EXCLUDING EQUITY INVESTMENTS)

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

Categories	Non-current Financial assets Other credits and derivatives		Current Financial assets Other credits and derivatives	
	2019	2018	2019	2018
Loans to group companies	228.2	199.7	20.6	4.6
Other non-current financial assets	0.1	-	-	-
Other financial assets with group companies	-	-	2.7	1.4
Trade and other receivables	-	-	21.4	1.5
Available-for-sale financial assets at fair value	76.2	26.9	-	-
Total	304.5	226.6	44.7	7.5

The Company grants loans to group companies at variable interest rates in the range of 2.3%-5.5% plus 3M Euribor/Libor margin, with maturities starting in 2020 (see note 6.7).

(all figures in EUR millions unless stated otherwise)

Available-for-sale financial assets

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

The movement of the Available for sale financial assets as at 31 December 2019 is as follow:

	31 December 2018	Additions	Fair valuation	31 December 2019
Cost				
Glovoapp23, S.L	26.9	17.6	31.7	76.2
Total	26.9	17.6	31.7	76.2

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

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

The fair value of the Glovo investment as at 31 December 2019 was EUR 76.2 million. During the year Group recognized EUR 31.7 million effect of revaluation to fair value. This effect has been recognised in equity under finance income section. Deferred tax liability amounted for EUR 7.9 million has been recognised due to temporary differences between tax base and carrying amount of Glovo investment (note 11).

The movement of the Available for sale financial assets as at 31 December 2018 is as follow:

	31 December 2017	Additions	Fair valuation	31 December 2018
Cost				
Glovoapp23, S.L	-	25.0	1.9	26.9
Total	-	25.0	1.9	26.9

On 18 July 2018. Based on the agreements signed, AmRest acquired a tranche of newly-issued shares in Glovo and purchased a portion of existing shares from certain shareholders of Glovo. As a result of the investment, which totaled EUR 25 million, AmRest became a co-lead investor holding Glovo shares giving it a 10% stake at shareholders' meetings.

Valuation techniques

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

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

(all figures in EUR millions unless stated otherwise)

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

Key risk description

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

- Market risk
- Business risk
- Specific risk

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

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

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

6.4 TRADE AND OTHER RECEIVABLES

As at 31 December 2019 and 31 December 2018 the trade and other receivables were composed as follows:

	31 December 2019	31 December 2018
Trade and other receivables with third parties (note 6.1)	20.3	0.2
Trade and other receivables with group companies	2.9	3.7
Income tax and other credits with the tax administration	1.1	-
Impairment on other accounts receivables with group companies	(1.8)	(2.4)
Total Trade and other receivables	22.5	1.5

The analysis of the movements of the impairment losses deriving from the credit risk of financial assets recorded at amortized cost is as follows:

	Year ended	
	31 December 2019	31 December 2019
Balance at the beginning of the year	2.4	2.4
Reclassifications to Equity instruments	(1.5)	-
other	0.9	-
Balance at the end of the financial year	1.8	2.4

(all figures in EUR millions unless stated otherwise)

6.5 FINANCIAL LIABILITIES

Classes	Non-current Financial Liabilities		Current Financial Liabilities	
	2019	2018	2019	2018
Other Debts and payables	101.0	101.0	-	-
Debts with Financial Institutions	293.8	254.3	30.0	1.3
Debts with group companies	-	17.7	1.7	0.6
Total	394.8	373.0	31.7	1.9

In October 5, 2017 the Company, AmRest Sp. z o.o and AmRest s.r.o. signed a senior term and revolving facilities agreement with financial institutions for a total amount of EUR 257 million and PLN 280 million (EUR 65.3 million and EUR 65.1 million at the end of 2019 and 2018, respectively).

Current financial debt with financial institutions principally include short term repayments of the previously mentioned facility agreement payable in September 30. 2020.

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

The table below presents all SSD issues and their maturities:

Issue date	Amount (EUR million)	Interest rate	Maturity date	Purpose
7 April 2017	17.0	Fixed	7 April 2022	Repayment, general corporate purposes
7 April 2017	9.0	Fixed	5 April 2024	
3 July 2017	45.5	Fixed	1 July 2022	
3 July 2017	20.0	Fixed	3 July 2024	
3 July 2017	9.5	Variable	3 July 2024	
	101.0			

As at 31 December 2019 the debt amounts to EUR 101.0 million and its corresponding interest amounting to EUR 1.7 million that are presented in the current liabilities.

As at 31 December 2019, syndicated bank financing security for liabilities 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.

Tranche(*)	Maximum amount (million)	Date added	Purpose
A	EUR 250	October 2017	Repayment of bank debt, general corporate purposes
B	PLN 300	October 2017	
C (fully repaid in Q1 2019)	CZK 0	October 2017	
D	PLN 450	October 2017	Repayment of Polish bonds
E	PLN 280	June 2018	
F	EUR 190	October 2018	

* Approximate total amount, following repayment of CZK 300m: EUR 682 m

(all figures in EUR millions unless stated otherwise)

- Tranches E and F were executed directly by AmRest Holdings and are presented in the financial debt with financial institutions of this Annual Accounts (amounting to EUR 293,8 millions) the rest of the tranches are executed from AmRest Sp. z o.o. and AmRest s.r.o.
- Interest rates: Approximately half of the available facility is provided at variable interest rates (3M Euribor/Wibor increased by margin) and parts of tranches A and F are provided on fixed rate
- Securities: submissions to execution from the Borrowers, guarantees from Group companies, pledge on shares of Sushi Shop Group
- Other information: AmRest is required to maintain certain ratios at agreed levels, in particular, net debt/EBITDA is to be held below 3.5 and EBITDA/interest charge is to stay above 3.5. Both ratios are calculated without the effect of IFRS 16.

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

On 30 July 2018 was signed a Loan Agreement between AmRest sp. z o.o. and AmRest Holdings SE with a maximum amount of EUR 15 million. Subsequently, it was agreed that the maximum amount would be of EUR 25 million. 50% of the loan will be repaid on August 2022 and the other 50% on August 2023. As at 31 December 2018 the debt amounts to EUR 17.7 million. This amount was fully repaid during 2019.

6.6 TRADE AND OTHER PAYABLES

As at 31 December 2019 and 31 December 2018 the trade and other payables were composed as follows:

	31 December 2019	31 December 2018
Trade and other payables with third parties	0.3	0.9
Trade and other payables with group companies	1.7	1.7
Remunerations of the board of Directors	0.2	0.1
Income tax payable	-	1.5
Other payables with tax administration	3.8	0.3
Total trade and other payables	6.0	4.5

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

	31 December 2019	31 December 2018
Number of days:	29	28
Ratio of payments	32	31
Ratio of outstanding invoices	19	19
Millions of EUR:		
Total payments	5.1	3.5
Outstanding invoices	1.7	1.2

The maximum legal period applicable to the Spanish entities of the Group in accordance with Law 3/2004, of 29 December, which establishes measures to combat late payment in commercial operations, and in accordance with the transitory provisions established in Law 15/2010, of 5 July, is 60 days from 1 January 2013.

(all figures in EUR millions unless stated otherwise)

6.7 ANALYSIS BY MATURITIES

As at 31 December 2019 and 31 December 2018, the amounts of financial instruments with a determined or determinable maturity classified by year of maturity are the following:

2019	Financial Assets					Following years	Total
	2020	2021	2022	2023			
Loans to group companies (note 6.3)	20.6	33.1	95.3	99.8	-	-	248.8
Trade and other receivables	21.4	-	-	-	-	-	21.4
Other financial assets with group companies	2.7	-	-	-	-	-	2.7
Total	44.7	33.1	95.3	99.8	-	-	272.9

2018	Financial Assets					Following years	Total
	2019	2020	2021	2022			
Loans to group companies	4.6	-	6.8	95.6	97.3	-	204.3
Trade and other receivables	1.5	-	-	-	-	-	1.5
Other financial assets with group companies	1.4	-	-	-	-	-	1.4
Total	7.5	-	6.8	95.6	97.3	-	207.2

2019	Financial Liabilities					Following years	Total
	2020	2021	2022	2023			
Other Debts and payables	1.3	-	62.5	-	38.5	-	102.3
Debts with Financial Institutions	28.7	28.5	265.3	-	-	-	322.5
Debts with group companies	1.7	-	-	-	-	-	1.7
Trade and Other payables	6.0	-	-	-	-	-	6.0
Total	37.7	28.5	327.8	-	38.5	-	432.5

2018	Financial Liabilities					Following years	Total
	2019	2020	2021	2022			
Other Debts and payables	1.3	-	-	62.5	38.5	-	102.3
Debts with Financial Institutions	-	25.1	25.1	204.1	-	-	254.3
Debts with group companies	0.6	17.7	-	-	-	-	18.3
Trade and Other payables	4.5	-	-	-	-	-	4.5
Total	6.4	42.8	25.1	266.6	38.5	-	379.4

7. Cash and cash and equivalents

Cash and cash equivalents as at 31 December 2019 and 31 December 2018 are presented in the table below:

	31 December 2019	31 December 2018
Cash at bank	9.5	22.9
	9.5	22.9

8. Equity

8.1. SHARE CAPITAL

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

There were no changes in share capital of the Company in year 2019.

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

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

As at 31 December 2018 and at 31 December 2019 the Company has 219 554 183 shares issued.

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

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

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

On 27 March 2019 Gosha Holdings S.à.r.l. and FCapital Dutch B. V. have executed a share sale agreement pursuant to which the FCapital Dutch B.V. acquires from the Gosha Holdings S.à.r.l. their entire shareholding in AmRest Holdings SE consisting on 23 426 313 shares, representing 10.67% of AmRest's share capital. Transaction price has been agreed at EUR 13.22 per share, amounting an aggregate of EUR 309.7 million. On 9 May 2019 FCapital has completed the purchase of the entire shareholding in AmRest of Gosha Holdings S.à.r.l. After this purchase, Grupo Finaccess controls 67.05% of AmRest.

As a consequence, the proprietary directors of Gosha Holdings, S.à.r.l. at AmRest's Board, Mr. Henry McGovern and Mr. Steven Kent Winegar, resigned from their positions effective May 14, 2019. On the same date, Ms. Romana Sadurska and Mr. Emilio Fullaondo Botella were co-opted by the Board as independent directors.

To the best of AmRest's knowledge as at 31 December 2019 AmRest Holdings had the following shareholder structure:

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

* FCapital Dutch B. V. is the sole shareholder of FCapital Lux (holding directly 56 509 547 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finaccess SAPI de CV is the direct majority shareholder of Finaccess

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Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The direct majority shareholder of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is a member of AmRest's Board of Directors.

8.2. RESERVES

The composition of reserves as at 31 December 2019 and 31 December 2018 is as follows:

	31 December 2019	31 December 2018
Voluntary Reserves	33.5	29.9
Legal reserves	1.6	1.1
	35.1	31.0

The expenses incurred in the capital increased (EUR 1 million) as at October 2018 were registered decreasing the company reserves.

8.3. TREASURY SHARES

The Company usually acquires treasury shares for the purpose of the execution of the stock option plan of the employees on Warsaw Stock Exchange in Poland, that is why the price of the share is denominated in PLN.

As at 31 December 2019 the Company held 724,415 treasury shares by a total value of EUR 7.5 million that were acquired at an average purchase price of PLN 42.98 (1,586,738 treasury shares by a total value of EUR 15.2 million approximately PLN 65 million as at 31 December 2018 that were acquired at an average purchase price of PLN 40.89).

During 2019 were acquired 89,000 treasury shares at an average purchase price of PLN 43.75

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

	Year ended	
	31 December 2019	31 December 2018
Initial Balance	(15.2)	(10.6)
Acquisition of own shares	(0.9)	(9.5)
Delivery of shares for the stock option plan (see note 8.4)	8.6	4.9
Ending Balance	(7.5)	(15.2)

8.4. OTHER EQUITY INSTRUMENTS

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

The movement of the accrual for the equity instruments of the stock option plan is as follow:

	Year ended	
	31 December 2019	31 December 2018
Initial Balance	(6.2)	(8.8)
Equity share base plans accrual	6.6	5.5
Settlement of cash-settled plans in shares (accrued costs)	0.7	1.2
Reclassification of options exercised in cash	(17.1)	-
Delivery of shares for the stock option plan	(8.6)	(4.9)
Proceeds from shares transfers (employees options)	0.9	0.8
Settlements of WHT paid by the entity	(1.7)	-
Ending Balance	(25.4)	(6.2)

8.5. ADJUSTMENTS FOR CHANGES IN VALUE

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

	31 December 2019	31 December 2018
Currency translation reserve	(6.8)	(6.8)
Fair value adjustments of assets available for sale (see note 6)	33.6	1.9
Adjustments for changes in value	26.8	(4.9)

In the item currency translation reserve is registered the result of the change of the functional and presentation currency from PLN to EUR.

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

9. Employee benefits and share based payments

AmRest Group established long-term incentive plans in order to bind a portion of managers' and executives' remuneration with the Company's market value. During year 2019, the Group had the share-based payment arrangements according to four share option plans. Part of options in the Plan 2 is accounted as cash-settled due to the availability of cash exercise method upon the choice of an employee. All other options in the following plans are equity-settled.

Plan 2 – Stock Option Plan 2005

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

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

In 2015 a change in regulations eliminated a possibility of option settlement with cash method for the grants after 8 December 2015. Furthermore, a group of employees made a unilateral statement about resignation from the cash settlement possibility in relation to option also granted in previous periods.

Plan 3 – Management Incentive Plan 2011

Granting of the options finished in 2014. The Supervisory Board of Group (then existing) was entitled to determine the employees authorized to participate in the Plan and the number of options granted and the dates for their granting. The option exercise price was in principle equal to the market price of the Company's shares as at the date preceding the day of awarding the option and then increased by 11% each year. The vesting period was 3-5 years. All remaining options granted within the Plan 3 has been exercised during year 2019, an as consequence, this Plan has finalized.

Plan 4 – Stock Option Plan 2017

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

In December 2018 the Board of Directors of the Company (who took over Management Board faculty on this matter following the transfer of domicile of the Company from Poland to Spain) resolved to adjust the share-

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based plans of the Company so they can also be executed through the Spanish Stock Exchanges, where the Company's shares started trading on 21 November 2018.

Plan 5 – Management Incentive Plan 2017

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

The terms and conditions for the share options outstanding as at 31 December 2019 are presented in the table below:

Grant date	Terms and conditions for vesting of the options	The maximum term of options	Option exercise price in EUR	Method of settlement
Plan 2 - SOP				
April 30, 2010			1.68	Equity or equity/cash*
June 20, 2011			1.87	Equity or equity/cash*
April 30, 2012			1.68	Equity or equity/cash*
April 30, 2013	1-5 years, 20% per year	10 years	1.94	Equity or equity/cash*
April 30, 2014			1.96	Equity or equity/cash*
December 9, 2015			3.14	Equity or equity/cash*
April 30, 2016			5.35	Equity
Plan 4 - SOP				
May 30, 2017			8.14	Equity
January 1, 2018			9.66	Equity
April 30, 2018	3-5 years, 60% after 3rd year, 20% after 4th and 5th year	10 years	10.91	Equity
August 6, 2018			10.46	Equity
October 1, 2018			10.63	Equity
December 10, 2018			9.40	Equity
April 30, 2019			9.62	Equity
Plan 5 - MIP				
March 15, 2017			10.51	Equity
September 13, 2017			10.97	Equity
March 3, 2018	3-5 years, 33% p.a.	10 years	10.43 - 10.88	Equity
October 1, 2018			14.54	Equity
March 26, 2019			10.23 - 14.49	Equity
May 13, 2019			12.10	Equity

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

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

In the table below we present the number and weighted average of the exercise prices (WAEP) of, and movements in, the options from all plans during the year ended 31 December 2019 and 2018:

Number of option 2019	WAEP in EUR (before indexation)	Plan 5	Plan 4	Plan 3	Plan 2
At the beginning of the period	7.71	6 650 000	4 118 750	2 750 003	2 274 776
Granted during the period	9.23	1 450 000	3 440 800	-	-
Exercised during the period	1.98	-	(10 000)	(2 750 003)	(1 027 742)
Forfeited during the period	8.30	(2 700 000)	(560 700)	-	(96 768)
Outstanding at the end of the period	8.52	5 400 000	6 988 850	-	1 150 266

(all figures in EUR millions unless stated otherwise)

- including exercisable as at the end of the period	3.59	-	499 168	-	-
Number of option 2018	WAEP in EUR (before indexation)	Plan 5	Plan 4	Plan 3	Plan 2
At the beginning of the period	5.00	4 600 000	1 961 700	2 833 336	3 126 780
Granted during the period	6.83	3 550 000	2 395 000	-	-
Exercised during the period	1.22	-	-	(83 333)	(750 884)
Forfeited during the period	9.11	(1 500 000)	(237 950)	-	(101 120)
Outstanding at the end of the period	7.71	6 650 000	4 118 750	2 750 003	2 274 776
- including exercisable as at the end of the period	1.38	-	-	2 366 660	960 622

The weighted average share price at the dates of exercise of the options was EUR 9.83 in 2019 and EUR 10.28 in 2018.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2019 was 8.21 years (2018: 7.33 years).

Measurement

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

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

Plan	Average fair value of option as at grant date	Average share price at the grant date	Average exercise price	Expected volatility	Expected term to exercise of options	Expected dividend	Risk-free interest rate
2019							
Plan 4 (SOP)	EUR 2.90	EUR 9.62	EUR 9.62	30%	5 years	-	2%
Plan 5 (MIP)	EUR 2.83	EUR 10.36	EUR 11.37	30%	5 years	-	2%
2018							
Plan 4 (SOP)	EUR 3.19	EUR 10.91	EUR 10.91	29%	5 years	-	2%
Plan 5 (MIP)	EUR 3.21	EUR 7.89	EUR 10.78	29%	5 years	-	2%

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

10. Provisions

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

	Year ended	
	31 December 2019	31 December 2018
Initial Balance	1.3	2.2
Plan modification (reclassification from SOP Equity settlement to cash settlement)	17.1	-
Applications	-	0.9
Reclassification of options settled with equity method	(0.7)	(1.2)
Options under Equity settlement method exercise in cash	(17.1)	-
Options exercised with cash settlement method	(0.1)	(0.6)
Ending Balance	0.5	1.3

11. Taxation

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

	31 December 2019	31 December 2018
Assets		
Income tax receivable	1.0	-
VAT receivable	0.1	-
Total	1.1	-
Liabilities		
Income tax payable	-	1.5
VAT payable	0.1	0.2
Personal income tax and other withholding taxes	3.7	0.1
Total	3.8	1.8

Income tax

With effects 1 January 2018, the Company is under the consolidation tax regime set forth in Chapter VI of Title VII of Corporate Income Tax Law 27/2014 of 27 November 2014, being the head of the tax group composed by the Company itself and the rest of the Spanish subsidiaries which at 31 December 2019 are the following:

- AmRest TAG, S.L.U.
- Restauravia Food, S.L.U.
- Pastificio Service, S.L.U.*
- And The Grill Concept, S.L.U
- Black Rice S.L.U
- Bacoa Holdings S.L.U
- Shushi Shop Madrid S.L.U

On 1 October 2019 AmRestavia, S.L.U. and Restauravia Grupo Empresarial, S.L. were merged into AmRest Tag S.L.U. On 26 December 2019 AmRest Capital Zrt. (Hungary) was merged into AmRest Tag S.L.U. On mentioned date all assets of merged companies have been taken by AmRest TAG S.L.U.

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

	31 December 2019	31 December 2018
Corporate income tax	2.2	(1.7)
Change in deferred taxes and liabilities	-	0.3
Total income tax recognised in the income statement	2.2	(1.4)

The amounts reported in change in deferred taxes and liabilities during the 12 months ended 31 December 2018 correspond to the write down of deferred taxes recognised as of 31 December 2017 based on the provisions established in the Polish tax regime. As these temporary differences will be not utilised following the regulations of the Spanish law they have been reversed.

The reconciliation between the net result and the tax base of the individual entity as of 31 December 2019 is as follows:

(all figures in EUR millions unless stated otherwise)

	Income statement		
	Additions	Decreases	Total
Profit and loss for the period			25.8
Income tax expense			(2.2)
Permanent differences	-	(37.7)	(37.7)
Temporary differences	5.4	-	5.4
- With origin in the current year	5.4	-	5.4
- With origin in previous years			-
Tax base			(8.7)
Corporate income tax expense/(revenue) 25%			(2.2)

The reconciliation between the net result and the tax base of the individual entity as of 31 December 2018 is as follows:

	Income statement		
	Additions	Decreases	Total
Profit and loss for the period	-	-	4.1
Income tax expense	-	-	(1.4)
Permanent differences	-	(11.1)	(11.1)
Temporary differences	1.7	-	1.7
- With origin in the current year	1.7	-	1.7
- With origin in previous years	-	-	-
Tax base	-	-	(6.6)
Corporate income tax expense/(revenue) 25%			(1.7)

In permanent differences are adjusted the revenues from Dividends, the stock option plan, and the gains on disposals of group companies that are considered exempt for income tax purposes.

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

The movement of the deferred tax assets and liabilities for the years ended 31 December 2019 and 2018 has been as follows:

	Year ended	
	31 December 2019	31 December 2018
Deferred tax assets		
Balance at beginning of the period	-	0.3
Debit (credit) on the profit and loss account	-	(0.3)
Balance at the end of the period	-	-
Deferred tax liability		
Balance at beginning of the period	-	-
Debit (credit) registered in Equity (see note 8.3)	8.4	-
Balance at the end of the period	8.4	-

The deferred tax liabilities imputed in Equity corresponds to the tax impact of the fair valuation of assets held for sale (see note 6).

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

(all figures in EUR millions unless stated otherwise)

	Year ended	
	31 December 2019	31 December 2018
Tax base AmRest Holdings	(8.7)	(6.6)
Tax base contributed by subsidiaries of the tax group:	36.5	39.5
AmRest TAG, S.L.U.	(1.3)	(1.5)
Restauravia Food, S.L.U.	4.1	0.1
Pastificio Service, S.L.U.	37.1	-
The Grill Concept, S.L.U.	(2.4)	5.4
Black Rice, S.L.U.	(0.6)	36.9
Bocoa Holding, S.L.U.	(1.1)	(1.4)
Shushi Shop Madrid, S.L.U.	0.7	32.9
Current income tax of the consolidated tax group (25%)	7.0	8.2
Other deductions	-	(0.4)
Withholding taxes and CIT advances	8.4	(6.3)
Subtotal	(1.5)	1.5
Reversal of excess of accrual income tax 2018	0.5	-
Income tax receivable payable (receivable)	(1.0)	1.5

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

	31 December 2019	31 December 2018
Receivables:		
Restauravia Food, S.L.U.	1.0	0.6
Pastificio Service, S.L.U.	1.0	0.4
AmRest TAG S.L.U.	0.1	0.5
Total receivables from the Consolidated tax regime	2.1	1.4
Payables		
The Grill Concept S.L.U.	(1.0)	(0.4)
Black Rice S.L.	(0.2)	-
Shushi Shop Madrid, S.L.U.	(0.1)	-
Total payables from the Consolidated tax regime	(1.3)	(0.4)

12. Income and expenses

12.1 REVENUES

In the item Revenues of the separate income statement for the years ended on 31 December 2019 and 2018 were recognized the result of the execution of stock option plan for employees and the interest and dividends received from subsidiaries:

	Year ended	
	31 December 2019	31 December 2018
Dividends from Subsidiaries	3.1	8.4
Revenue from the stock option plan	7.6	2.7
Financial income from group companies	6.5	2.0
Total Revenues	17.2	13.1

(all figures in EUR millions unless stated otherwise)

The dividends received during the annual period ended at 31 December 2019 correspond to the subsidiary AmRest s.r.o. (Czech Republic). The breakdown of Dividends by geographical area for the annual periods ended at 31 December 2019 and 2018 is as follow:

	Year ended	
	31 December 2019	31 December 2018
Exports:	3.1	8.4
a) European Union	3.1	8.4
Total Dividends received from Subsidiaries	3.1	8.4

Revenues from stock option plan correspond to the difference between the valuation of the stock options and the book value of the own shares executed for the stock option plan The breakdown of revenues from the stock option plan for the employees by geographical area for the annual periods ended at 31 December 2019 and 2018 is as follow:

	Year ended	
	31 December 2019	31 December 2018
Domestic market	4.5	1.0
Exports:	3.1	1.7
a) European Union	1.1	0.5
b) O.E.C.D countries	1.7	0.8
c) Other countries	0.3	0.4
Net income from the stock option plan	7.6	2.7

Financial income from subsidiaries correspond to the accrued interest of the loans and other financial assets given from the Company to the group companies during the year. The breakdown of finance income from group companies by geographical area for the annual periods ended at 31 December 2019 and 2018 is as follow:

	Year ended	
	31 December 2019	31 December 2018
Domestic market	2.4	0.4
Exports:	4.1	1.5
a) European Union	3.5	1.2
b) Other countries	0.7	0.4
Finance income from group companies	6.5	2.0

12.2. PERSONNEL EXPENSES:

The detail of personnel expenses for the annual periods ended at 31 December 2019 and 2018 is as follow:

	Year ended	
	31 December 2019	31 December 2018
Salaries and social charges	(1.0)	(0.8)
Total other operating expenses	(1.0)	(0.8)

(all figures in EUR millions unless stated otherwise)

12.3. OTHER OPERATING EXPENSES

The composition of the other operating expenses for the annual periods ended at 31 December 2019 and 2018 is as follows:

	Year ended	
	31 December 2019	31 December 2018
Profesional Services	(2.1)	(2.2)
Business travel	(0.3)	(0.2)
Other taxes	(0.3)	(0.5)
Other expenses	-	(0.2)
Total other operating expenses	(2.7)	(3.1)

12.4 INCOME AND EXPENSES IN FOREIGN CURRENCY

The income and expenses denominated in foreign currency for the annual periods ended at 31 December 2019 and 2018 are as follow:

For the year ended 31 December 2019	PLN	USD
Revenues	-	0.7
Other operating expenses	(1.0)	(0.1)
Impairment in investments of groups companies	-	(6.5)
Results from operating activities	(1.0)	(5.9)
Finance expenses	(10.2)	
Net finance income (expense)	(10.2)	
Total Income and expenses in foreign currency	(11.2)	(5.9)

For the year ended 31 December 2018	PLN	USD
Other operating expenses	(0.5)	-
Impairments for credits and receivables with group companies	-	0.1
Impairment in investments of groups companies	-	(1.0)
Results from operating activities	(0.5)	(0.9)
Finance expenses	(3.2)	-
Net finance income (expense)	(3.2)	-
Total Income and expenses in foreign currency	(1.8)	(0.9)

13. Financial result

The financial result for the annual periods ended at 31 December 2019 and 2018 is as follows:

	Year ended	
	31 December 2019	31 December 2018
Financial Expenses		
With group companies	(0.7)	(0.8)
With third parties	(10.3)	(6.1)
Total Financial Expenses	(11.0)	(6.9)

13.1 Exchange rates differences:

The breakdown of exchange losses and gains recognised in the income statement is follows:

(all figures in EUR millions unless stated otherwise)

	Year ended	
	31 December 2019	31 December 2018
On Investments and loans with group companies	0.4	0.4
On Banks and others	0.1	(0.2)
On Financial liabilities	-	2.0
Total	0.5	2.2

14. Related parties balances and transactions

As at 31 December 2019, the Group comprised the following subsidiaries:

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
<i> Holding activity </i>				
AmRest Acquisition Subsidiary Ltd.	Birkirkara, Malta	AmRest Holdings SE	100.00%	May 2007
AmRest TAG S.L.U. ^{12, 17}	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 ¹¹	Mriehel, Malta	AmRest China Group PTE Ltd	100.00%	December 2012
Horizon Consultants Ltd. ¹⁰	Mriehel, Malta	AmRest China Group PTE Ltd	100.00%	December 2012
AmRest Management Kft	Budapest, Hungary	AmRest Kft	99.00%	August 2018
		AmRest TAG S.L.U.	1.00%	
GM Invest SRL	Brussels, Belgium	AmRest TAG S.L.U.	100.00%	October 2018
Sushi Shop Group SAS	Paris, France	GM Invest SRL	9.47%	October 2018
		AmRest TAG S.L.U.	90.53%	
AmRest France SAS	Paris, France	AmRest Holdings SE	100.00%	December 2018
Sushi Shop Management SAS	Paris, France	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Belgique SA	Bruxelles, Belgium	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Holding USA LLC	Dover Kent, USA	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Luxembourg SARL	Luxembourg	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Switzerland SA	Fribourg, Switzerland	Sushi Shop Management SAS	100.00%	October 2018
<i> Restaurant, franchise and master-franchise activity </i>				
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 Sp. z o.o.	82.00%	
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	Starbucks Coffee International, Inc.	18.00%	March 2007
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	44.72%	July 2007
		AmRest Sp. z o.o.	55.28%	
		AmRest Sp. z o.o.	82.00%	
AmRest Coffee s.r.o.	Prague, Czechia	Starbucks Coffee International, Inc.	18.00%	August 2007
		AmRest Sp. z o.o.	82.00%	
AmRest Kávézó Kft	Budapest, Hungary	Starbucks Coffee International, Inc.	18.00%	August 2007
		AmRest Sp. z o.o.	60.00%	
AmRest d.o.o.	Belgrade, Serbia	ProFood Invest GmbH	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

(all figures in EUR millions unless stated otherwise)

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
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. ⁸	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 ⁵	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 ³	Paris, France	AmRest France SAS	100.00%	July 2017
OOO Chicken Yug	Saint Petersburg, Russia	OOO AmRest	100.00%	October 2017
OOO AmRest Pizza ⁴	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 ⁷	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
CMLC Troyes ⁹	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

(all figures in EUR millions unless stated otherwise)

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. ⁶	Madrid, Spain	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Milan SARL	Milan, Italy	Sushi Shop Management SAS	70.00%	October 2018
		Vanray SRL	30.00%	
Sushi Shop NE USA LLC	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop NY1	New York, USA	Sushi Shop Holding USA LLC	64.00%	October 2018
		Sushi Shop NE USA LLC	36.00%	
Sushi Shop NY2	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop International SA	Bruxelles, Belgium	Sushi Shop Group SAS	99.90%	October 2018
		Sushi Shop Belgique SA	0.10%	
Sushi Shop Zurich GMBH	Zurich, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Nyon SARL	Nyon, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop NL B.V.	Amsterdam, Netherlands	Sushi Shop Group SAS	100.00%	October 2018

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 Financing Kft ²	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
OOO RusCo Food ¹⁴	Saint Petersburg, Russia	AmRest Management Kft	100.00%	August 2018
AmRest Trademark Kft „v.a” ¹³	Budapest, Hungary	AmRest Management Kft	100.00%	September 2018
AmRest Franchise Sp. z o.o. ¹⁵	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	December 2018

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%	
		AmRest Sp. z o.o.	51.00%	
SCM Sp. z o.o. ¹⁶	Warsaw, Poland	R&D Sp. z o.o.	33.80%	October 2008
		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 these consolidated financial statements.

2 On 5 September 2017 Amrestavia, S.L.U. (AmRest Tag S.L.U. after the merger described in point 12 below), the sole shareholder of La Tagliatella Financing Kft, decided to liquidate this company. The liquidation process has not been finished up until the date of these consolidated financial statements.

3 On 1 January 2019 Versailles Resto SAS was merged into AmRest Opco SAS.

4 On 16 April 2019 OOO Pizza Company has changed the company name for OOO AmRest Pizza.

5 On 16 April 2019 was registered new company LTP La Tagliatella II Franchise Portugal Lda.

6 On 12 July 2019 Sushi Shop Management SAS has acquired 23% of shares of Sushi Shop Madrid S.L.

7 On 16 July 2019 Sushi Shop Management SAS has acquired 15% of shares of Orphus SARL.

8 On 17 July 2019 was registered AmRest Food Srl. with registered office is Bucharest, Romania. Company has two shareholders: AmRest Sp. z o.o. owns 99% of shares, AmRest Holdings SE owns 1% of shares.

9 On 2 July 2019 Sushi Shop Management SAS finalized acquisition of 100% shares of CMLC Troyes.

10 With effect from 14 October 2019 Horizon Group Consultants has changed its domicile from British Virgin Islands to Malta. The new company name is Horizon Consultants Ltd.

11 With effect from 4 November 2019 New Precision Ltd. has changed its domicile from Samoa to Malta.

12 On 1 October 2019 AmRestavia, S.L.U. and Restauravia Grupo Empresarial, S.L. were merged into AmRest Tag S.L.U.

On mentioned date all assets of merged companies have been taken by AmRest Tag S.L.U.

13 On 21 October 2019 the voluntary liquidation process of AmRest Trademark Kft (Hungary) started. On the same date the Company changed name for AmRest Trademark Kft. „v.a”

14 On 15 November 2019 was registered the beginning of OOO RusCo Food liquidation process.

15 On 25 November 2019 AmRest Sp. z o.o. became sole shareholder of AmRest Franchise Sp. z o.o., through the purchase agreement of the remaining 1% of shares.

(all figures in EUR millions unless stated otherwise)

16 On 2 December 2019 SCM Due Sp. z o.o. was merged into SCM Sp. z o.o. On mentioned date all assets of merged company have been taken by SCM Sp. z o.o.

17 On 26 December 2019 AmRest Capital Zrt. (Hungary) was merged into AmRest Tag S.L.U. On mentioned date all assets of merged company have been taken by AmRest Tag S.L.U.

18 During first half year of 2019 Sushi Shop Group made reorganization with the purpose of simplifying the operational structure. Within the reorganization some stores within restaurant activity were bought out by Sushi Shop Management SAS and Sushi Shop Restauration SAS and merged into Sushi Shop Management SAS and Sushi Shop Restauration SAS. On 28 June 2019, after the publication of the prospected merger for opposition purposes with the official publication, registration of merger was proceeded. The following entities were merged into Sushi Shop Restauration SAS and ceased operation as a separate companies: Sushi Courbevoie Developpement SARL, Sushi Shop Villers SARL, Sushi Antibes Developpement SAS, Sushi Shop Corner SAS, Bottega Romana Boetie SARL, Sushi Shop ST Dominique SARL, Sushi Shop Traiteur SARL, Sushi Shop Secretan SARL, Sushi Shop Vincennes SARL, Sushi Shop Martyrs SARL, Sushi Shop Lepic SARL, Sushi Shop Courcelles SARL, Sushi Shop Levallois SARL, Sushi Toulouse Developpement SARL, Sushi Shop Toulouse 3 SARL, Sushi Nice Developpement SAS, Sushi Nice 2 SARL, Sushi Shop Vieux Lille SAS, Sushi Shop Lille Centre SAS, SSC – Sushi Shop Cauderan SAS, SSBC – Sushi Shop Bordeaux Chartrons SAS, SSB Sushi Shop Bordeaux SAS, SSM – Sushi Shop Merignac SAS, Art Sushi Marseille SAS, ART Sushi Delibes SARL, ART Sushi ST Barnabe SARL, Sushi Marseille Developpement SARL, Altana SAS, Tomemma SAS, Gelau SAS, Sushinantes SAS, AIX Sushi House SAS, Sushi Grand Ouest SAS, Sushi Shop Tours SARL, Sushi Shop Angers SARL, Sushi Shop Caen SARL, Sushi Shop La Rochelle SARL, Sushi Shop Le Mans SARL, HP2L SAS, Sushi Corner Saint Gregoire SARL, Sushi Shop Rennes Nemours SARL, Sushi Shop Rouen SAS, Black Box SAS, Sauboget SARL, RCP SARL, Bontor SAS, Zenitude SAS, Sushi 54 SAS, Sushi 21 SAS, CR Developpement SAS, Sushi Lyon 64 SAS.

- On 31 January 2019 Sushi Shop Management SAS sold 100% of shares of Sushi Shop Amiens SARL to RM RESTAURANTES SAS. Effective date of transaction is 1 February 2019.

- On 13 March 2019 AmRest Holding SE has acquired 49% of shares of Restaurant Partner Polska Sp. z o.o. On this day AmRest Holdings SE has become sole shareholder of Restaurant Partner Polska Sp. z o.o.

- On 28 October 2019 AmRest Holdings SE lost control over Restaurant Partner Polska Sp. z o.o. as a result of transaction of sales of 100% shares with Gloviapp23, S.L.

(all figures in EUR millions unless stated otherwise)

The balances with the Group entities are as follows:

	31 December 2019	31 December 2018
Assets		
Total loans granted to group companies	248.8	204.3
<i>(Long and short term classification)</i>		
Long term loans granted to group companies (note 6.3)	228.2	199.7
Short term loans granted to group companies (note 6.3)	20.6	4.6
<i>(Group entity classification)</i>		
AmRest TopCo	8.5	7.8
AmRest Opco SAS	33.5	25.9
AmRest China	7.3	6.8
AmRest Coffee Deutschland Sp. z o.o.	9.7	1.5
AmRest DE Sp. z o.o. & Co. KG	29.5	12.2
AmRest HK Limited	0.0	0.1
AmRest AT GmbH	3.9	1.7
AmRest Kaffee Sp. z o.o.	38.5	37.4
AmRest TAG S.L.U.	68.7	62.9
Blue Frog Food & Beverage Management	4.5	1.8
Pastificio Service. S.L.U.	26.9	26.6
Restauravia Food. S.L.U.	11.1	11.0
Restauravia Grupo Empresarial. S.L.	-	8.6
AmRest Adria d.o.o.	0.8	-
AmRest Pizza Sp. z o. o. &Co. KG	1.4	-
AmRest SK s.r.o.	1.2	-
OOO AmRest	1.8	-
Sushi Shop SAS	1.5	-
Other financial assets with group companies (see note 6.3)	2.7	1.4
Restauravia Food. S.L.U.	1.0	0.5
Pastificio Service S.L.U.	1.0	0.4
AmRestavia S.L.U.	0.6	0.5
AmRest TAG S.L.U.	0.1	-
Trade and other receivables with group companies (see note 6.4)	1.1	1.3
AmRest Sp. z o.o.	0.6	0.7
Restauravia Food. S.L.U.	0.1	0.1
OOO AmRest	0.2	0.1
AmRestavia. S.L.U.	-	0.2
AmRest Kft	0.1	0.1
AmRest SRO	0.0	0.1
Pastificio Service S.L.U.	0.1	-
Liabilities		
Other financial liabilities with group companies (see note 6.5)	-	17.7
AmRest Sp. z o.o.	-	17.7
Short term debt and other current financial liabilities (see note 6.5)	1.7	0.6
AmRest Sp. z o.o.	-	0.2
The Grill Concept S.L.U.	1.0	0.4
AmRest TAG S.L.U.	0.5	-
Bocoa Black Rice S.L.	0.1	-
Sushi Shop SAS	0.1	-
Trade payables with group companies (see note 6.6)	1.7	1.7
AmRestavia. S.L.U.	-	1.1
AmRest Sp. z o.o.	0.2	0.4
AmRest TAG S.L.U.	1.1	-
Other related parties	0.4	0.2

(all figures in EUR millions unless stated otherwise)

The transactions with group entities are as follows:

	Year ended	
	31 December 2019	31 December 2018
Revenues		
Revenues from Dividends	3.1	8.4
AmRest SRO	3.1	8.4
Revenues from the result of the stock option plan	7.6	2.7
AmRest Sp. z o.o.	0.3	(0.2)
AmRest Coffee Sp. z o.o.	0.2	0.4
AmRest SRO	0.2	0.1
AmRest FSVC LLC	1.7	0.8
Restauravia Food S.L.U.	0.1	0.1
Pastificio Service S.L.U.	0.2	0.1
AmRestavia S.L.U.	2.1	0.7
AmRest Kft	0.1	0.1
AmRest Coffee SRO	0.1	0.3
OOO AmRest	0.3	0.3
SCM	0.2	-
AmRest TAG S.L.U.	2.1	-
Financial Income from group companies	6.5	2.0
AmRest Sp. z o.o.	0.2	0.2
AmRest HK Ltd.	0.1	0.1
AmRest China Group PTE Ltd.	0.3	0.3
AmRest Coffee Deutschland	0.1	-
AmRest Topco France	0.2	0.1
AmRest Opco SAS	0.8	0.4
AmRest DE Sp. z o.o. & Co. KG	0.7	0.1
AmRest Kaffee Sp. z o.o.	1.1	0.3
AmRest TAG S.L.U.	1.5	0.3
Pastificio Service S.L.U.	0.6	0.1
Restauravia Food S.L.U.	0.3	0.1
AmRest AT GmbH	0.1	-
Blue Frog Food & Beverage Mana	0.2	-
AmRest Capital Zrt	0.1	-
Other related parties	0.2	-
Expenses		-
Financial expenses with group companies	0.7	0.8
AmRest Sp. z o.o.	0.3	0.7
Pastificio Service S.L.U.	0.1	0.1
AmRest SRO	0.1	-
AmRest TAG S.L.U.	0.1	-
OOO AmRest	0.1	-
Impairment of financial instruments with group companies	(5.3)	(1.9)
AmRest LLC	-	0.1
AmRest FSV LLC	(5.3)	(1.9)
AmRest HK Limited	-	(0.1)

15. Remuneration of the board of directors and senior executives

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

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

	Year ended	
	31 December 2019	31 December 2018
Board of Directors Remunerations		
Fixed Remuneration	0.6	0.5
Operations with shares and/or other financial instruments	15.5	0.8
Total Board of Director remunerations	16.1	1.3

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

	Year ended	
	31 December 2019	31 December 2018
Board of Directors Remunerations		
Salaries	0.1	0.3
Variable Remuneration	0.1	0.1
Termination benefits	0.4	-
Total Board of Director remunerations	0.6	0.4

Directors Remuneration Policy was approved at the general shareholders' meeting held on 6 June 2018 and will remain in force until 2021 unless the general shareholders' meeting so resolves to amend or replace it. According to the policy, Executive directors may receive additional remuneration for performing executive functions. In 2019, Mr. McGovern being the only executive director was entitled to a variable cash remuneration.

In addition, he also received a cash amount after the exercise of his share options granted under the MIP and SOP programs which were granted to him in his capacity as first executive of the Company, previous to and independent from his status as Board member.

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

	Year ended	
	31 December 2019	31 December 2018
Senior Executives		
Remuneration received by the Senior Executives	0.7	0.1
Operations with shares and/or other financial instruments	7.8	-
Total remuneration received by the Senior Executives	8.5	0.1

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

	Year ended	
	31 December 2019	31 December 2018
Senior Executives		
Remuneration received by the Senior Executives	2,0	2,1
Total remuneration received by the Senior Executives	2.0	2.1

(all figures in EUR millions unless stated otherwise)

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

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

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

In 2019 and 2018 the members of the Board of Directors of the Company or of the Audit Committee have not carried out any transactions other than ordinary business with the Company or applied terms that differ from market conditions.

16. Other information

16.1. Number of employees

The average number of employees, distributed by categories, for the year 2019 and 2018 is a follow:

Categories	Year ended	
	31 December 2019	31 December 2018
Executive Managers	2.0	1.0
Managers and others	3.0	1.0
	5.0	2.0

The number of employees, distributed by gender, as at 31 December 2019 and 2018 is as follow:

Gender	31 December 2019			31 December 2018		
	Total	Males	Female	Total	Males	Female
Board Members	7	6	1	7	7	-
Executive Managers	2	2	-	1	1	-
Managers and others	4	2	2	1	1	-
	13	10	3	9	9	-

There are no employees with a disability rating of 33% or higher during 2019.

16.2. Tax inspections

On 11 January 2018 at AmRest Holdings SE a tax inspection began regarding CIT for 2013. On 21 January 2019 the Company has received the tax inspection result, based on which the Company submitted a corrective tax return. The correction increased the taxable base for 2013, but it has not resulted in obligation to pay additional tax.

16.3 Information about the environment

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

(all figures in EUR millions unless stated otherwise)

16.4 Subsequent events

On 28 February 2020 AmRest Holding's SE registered office was changed from Enrique Granados 6, 28224 Pozuelo de Alarcón (Madrid), Spain to Paseo de la Castellana 163, 28046 (Madrid), Spain.

17. Audit fees

The fees accrued during the year ended 31 December 2019 and 2018 by KPMG Auditores, S.L. were as follows:

In thousands of Euros	Year ended	
	31 December 2019	31 December 2018
Audit fees Service		
Audit	30.0	18.0
Total audit fees	30.0	18.0

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

Emilio Fullaondo Botella
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mustafa Ogretici
Member of the Board

Madrid, 28 February 2020

Directors's Report

31 December 2019

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1. Financial highlights

	year ended 31 December 2019	year ended 31 December 2018	3 months ender on December 31 2019	3 months ender on December 31 2018
Revenues	17.2	13.1	2.6	1.7
Results from operating activities	35.1	7.4	29.5	(0.4)
Financial Cost	(11.5)	(4.7)	(5.6)	(2.4)
Income tax expense	2.2	1.4	1.3	0.8
Profit/(loss) for the period	25.8	4.1	25.2	(2.0)

	31 December 2019	31 December 2018
Total Assets	747.1	648.8
Total liabilities and provisions	441.4	380.7
Non-current liabilities	403.7	374.3
Current liabilities	37.7	6.4
Share capital	22.0	22.0

2. Significant events and transactions in 2019

Termination of Share Purchase Agreement – TELE PIZZA, S.A.U.

On July 26, 2018 AmRest Sp. z o.o. („AmRest Poland”) and TELE PIZZA, S.A.U. (“Seller”) signed a Share Purchase Agreement (“SPA”), pursuant to which AmRest Poland would acquire 100% shares of TELEPIZZA POLAND Sp. z o.o. (“Telepizza Poland”) at an estimated price of ca. EUR 8 million.

The completion of the transaction was contingent upon a number of conditions, including obtaining antitrust approvals, conclusion of a license agreement with the Seller authorizing Telepizza Polska to continue operation of its business and lack of the material adverse change events (“MAC”).

On March 7th, 2019 AmRest informed that the SPA was automatically terminated due to failure to meet the conditions precedent specified in the SPA before the Long Stop Date (i.e. failure to obtain the consent for the concentration from the Office of Competition and Customer Protection before the Long Stop Date).

Share sale agreement between Gosha Holdings, S.à.r.l. and FCapital Dutch, B.V.

On March 27, 2019 AmRest was notified by its controlling shareholder, FCapital Dutch, B.V. (Grupo Finaccess subsidiary; “FCapital”, the “Purchaser”), and one of its significant shareholders, Gosha Holdings, S.à.r.l. (“Gosha”, the “Seller”), that FCapital and Gosha have executed a share sale agreement pursuant to which the Purchaser would acquire from the Seller its entire shareholding in AmRest (the “Transaction”). The Transaction was expected to be settled on 10 May 2019.

On May 9, 2019 FCapital has completed the purchase of the entire shareholding in AmRest of Gosha, consisting of 23 426 313 shares representing 10.67% of the Company’s share capital, for a price per share of EUR 13.22, amounting an aggregate of EUR 309 695 857.86. After this purchase, Grupo Finaccess controls 67.05% of AmRest.

As a consequence, the proprietary directors of Gosha Holdings, S.à.r.l. at AmRest’s Board, Mr. Henry McGovern and Mr. Steven Kent Winegar, resigned from their positions effective May 14, 2019. On the same

(all figures in EUR millions unless stated otherwise)

date, Ms. Romana Sadurska and Mr. Emilio Fullaondo Botella were co-opted by the Board as independent directors.

Agreement with Glovoapp23 S.L.

On 13 August 2019 the Group signed the agreement with Glovoapp23, S.L. (the "Agreement") for the transfer from AmRest to Glovo of 100% shares in Restaurant Partner Polska Sp. z o.o. ("PizzaPortal"). At 30 September 2019, Restaurant Partner Polska Sp. z o.o. was classified as a disposal group held for sale. On 28 October, due to satisfaction of conditions precedent, AmRest transferred 100% of shares in PizzaPortal to Glovo. The price consideration (EUR 35 million, including earn-out as the requirements have been met) is secured by the registered pledge on Pizza Portal shares.

3. Shareholders of AmRest Holdings SE

To the best of AmRest's knowledge as at 31 December 2019 AmRest Holdings had the following shareholder structure:

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

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

4. External debt

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

5. Information on dividends paid

Dividends have not been distributed during the 12 months ended 31 December 2019.

6. Changes in the Company's Governing Bodies

According to the share sale agreement between Gosha Holdings, S.à.r.l. and FCapital Dutch, B.V. described in "Significant events and transactions in 2019" section of this report, the proprietary directors of Gosha Holdings, S.à.r.l. at AmRest's Board, Mr. Henry McGovern and Mr. Steven Kent Winegar, resigned from their positions effective May 14, 2019. On the same date, Ms. Romana Sadurska and Mr. Emilio Fullaondo Botella were co-opted by the Board as independent directors.

Consequently, the composition of the Board of Directors was adapted; being formed by 4 independent members after the appointments of Ms. Romana Sadurska and Mr. Emilio Fullaondo Botella, and 3 proprietary directors representing Finaccess.

As per article 529 point 2.b) of the Spanish Capital Companies Act, both appointments shall be submitted for ratification to the next General Shareholders Meeting.

(all figures in EUR millions unless stated otherwise)

In addition, on this date, following the recommendation of the Compensations and Remuneration Committee, the Board has also resolved to appoint Mr. Mark Chandler as CEO of AmRest, and Mr. Eduardo Zamarripa as new Chief Financial Officer of AmRest.

As at 31 December 2019 the composition of the Board of Directors was as follows:

- Mr. José Parés Gutiérrez
- Mr. Carlos Fernández González
- Mr. Luis Miguel Álvarez Pérez
- Mr. Emilio Fullaondo Botella
- Ms. Romana Sadurska
- Mr. Pablo Castilla Reparaz
- Mr. Mustafa Ogretici
- Eduardo Rodríguez-Rovira Rodríguez (Secretary, non-Board member)
- Jaime Tarrero Martos (Deputy Secretary, non-Board member)

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

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

During the year 2019 the following changes occurred with respect to AmRest shares and stock options held by the members of the Board of Directors of AmRest.

According to the best knowledge of AmRest, following members of the Board of Directors owned in this reporting period the Issuer's shares: Mr. Carlos Fernández González, Mr. Henry McGovern and Mr. Steven Kent Winegar Clark.

As at 31 December 2018 FCapital Dutch B.V. – the closely associated person of Mr. Carlos Fernández González (member of the Company's Board of Directors) held 123 777 447 shares of the Company with a total nominal value of EUR 12 377 744.7. On 31 December 2019, as a result of execution of the share sale agreement with Gosha Holdings S.a.r.l. settled on 9 May 2019, FCapital Dutch B.V. held 147 203 760 AmRest's shares with a total nominal value of EUR 14 720 376.

As at 31 December 2018 Mr. Henry McGovern held directly 172 340 AmRest's shares with a total nominal value of EUR 17 234. On 14 May 2019 (being the last day of his term of office on the Board) he held 302 340 shares of the Company with a total nominal value of EUR 30 234.

As at 31 December 2018 Gosha Holdings S.a.r.l. - the closely associated person of Mr. Henry McGovern and Mr. Steven Kent Winegar (the Company's Board of Directors members) held 23 426 313 shares of the Company with a total nominal value of EUR 2 342 631.3. On 31 December 2019, as a result of execution of the share sale agreement with FCapital Dutch, B.V. settled on 9 May 2019, Gosha Holdings S.a.r.l. didn't hold any AmRest's shares.

As at 31 December 2018 FCapital Dutch B.V. – the closely associated person of Mr. Carlos Fernández González (member of the Company's Board of Directors) held 123 777 447 shares of the Company with a total nominal value of EUR 12 377 744.7. On 31 December 2019, as a result of execution of the share sale agreement with Gosha Holdings S.a.r.l. settled on 9 May 2019, FCapital Dutch B.V. held 147 203 760 AmRest's shares with a total nominal value of EUR 14 720 376.

8. Transactions on own shares concluded by AmRest

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

(all figures in EUR millions unless stated otherwise)

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

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

In the period between 1 January 2019 and 31 December 2019, AmRest purchased a total of 89 000 own shares, with a total nominal value of EUR 8 900.0 and representing 0.0405% of the share capital for a total price of approx. PLN 3.9 million (EUR 0.9 million). During the same period, the Company disposed a total of 951 323 own shares with a total nominal value of EUR 95 132.3 and representing 0.4333% of the share capital to entitled participants of the stock options plans. Disposal transactions under these plans were executed in three settlement methods, which impacted the sale price. Major part of the shares was transferred to the participants free of charge. As at 31 December 2019 AmRest held 724 415 own shares with a total nominal value of EUR 72 441.5 and representing 0.3299% of the share capital.

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

9. Basic risks and threats the company is expose to

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

Risk related to keeping key personnel in the Group

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

Currency risk

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

Risk of increased financial costs

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

Liquidity risk

AmRest Holdings SE is exposed to the risk of lack of financing now of maturity of bank loans and bonds. As at 31 December 2019, AmRest Holdings SE has enough short-term assets, including cash and promised credit limits, to fulfil its liabilities due in the next 12 months.

Tax risk

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

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

Cyberattack risk

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

(all figures in EUR millions unless stated otherwise)

10. Number of employees

The average number of employees, distributed by categories, for the year 2019 and 2018 is a follow:

Categories	Year ended	
	31 December 2019	31 December 2018
Executive Managers	2.0	1.0
Managers and others	3.0	1.0
	5.0	2.0

The number of employees, distributed by gender, as at 31 December 2019 and 2018 is as follow:

Gender	31 December 2019			31 December 2018		
	Total	Males	Female	Total	Males	Female
Board Members	7	6	1	7	7	-
Executive Managers	2	2	-	1	1	-
Other Managers and others	4	2	2	1	1	-
	13	10	3	9	9	-

There are no employees with a disability rating of 33% or higher during 2019.

11. Average payment period

During the year ended on 31 December 2019, the average payment period was 29 days, which is below the maximum established in the regulations.

12. Subsequent Events

On 28 February 2020 AmRest Holding's SE registered office was changed from Enrique Granados 6, 28224 Pozuelo de Alarcón (Madrid), Spain to Paseo de la Castellana 163, 28046 (Madrid), Spain.

13. Annual Corporate Governance Report

The Annual Corporate Governance Report is an integral part of this Management Report and is presented in the consolidated management report for the 2019 financial year of AmRest Holdings SE and subsidiaries.

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

Emilio Fullaondo Botella
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mustafa Ogretici
Member of the Board

Madrid, 28 February 2020

