Wszystko jest możliwe!

Condensed Consolidated Financial Statements for 6 months ended 30 June 2019

AmRest Holdings SE

28 August 2019

AmRest

Contents

Condensed consolidated income statement for 6 months ended 30 June 2019 4
Condensed consolidated statement of comprehensive income for 6 months ended 30 June 2019 5
Condensed consolidated statement of financial position as at 30 June 2019 6
Condensed consolidated statement of cash flows for 6 months ended 30 June 2019 7
Condensed consolidated statement of changes in equity for 6 months ended 30 June 2019 8
Notes to the Condensed Consolidated Financial Statements 9
1. General information on the Group 9
2. Group Structure 12
3. Basis of preparation 15
4. Adoption of IFRS 16 15
5. Segment reporting 18
6. Business combinations 20
7. Revenues 22
8. Operating costs and losses 22
9. Financial income and costs 23
10. Taxes 23
11. Property, plant and equipment 26
12. Leases 27
13. Intangible assets 27
14. Goodwill 29
15. Impairment of non-current assets 30
16. Trade and other receivables 31
17. Other current assets 32
18. Cash and cash equivalents 32
19. Equity 33
20. Earnings per share 37
21. Borrowings 37
22. Employee benefits and share based payments 39
23. Trade and other accounts payables 40
24. Future commitments and contingent liabilities 40
25. Transactions with related entities 41
26. Financial instruments 42
27. Seasonality of sales 43
28. Events after the reporting period 43
Signatures of the Board of Directors 44

(all figures in EUR millions unless stated otherwise)

Condensed consolidated income statement for 6 months ended 30 June 2019

	Note	6 months ended 30 June 2019	6 months ended 30 June 2018 (restated*)
Continuing operations			
Restaurant sales		878.9	671.7
Franchise and other sales		48.8	39.9
Total revenue	5,7	**927.7**	**711.6**
Restaurant expenses			
Food and merchandise		(249.3)	(193.3)
Payroll, social security and employee benefits		(242.3)	(173.3)
Royalties		(41.3)	(34.8)
Occupancy, depreciation and other operating expenses		(249.7)	(201.2)
Franchise and other expenses		(32.7)	(29.3)
General and administrative expenses		(72.2)	(53.1)
Total operating costs and losses	8	**(887.5)**	**(685.0)**
Net impairment losses on financial assets	5	(0.3)	(0.8)
Net impairment losses on other assets	5, 15	(8.6)	(5.0)
Other operating income/(expenses)		3.9	4.6
Profit from operations		**35.2**	**25.4**
Finance income	9	2.2	0.3
Finance costs	9	(22.1)	(7.3)
Profit before tax		**15.3**	**18.4**
Income tax	10	(4.3)	(5.3)
Profit for the period		**11.0**	**13.1**
Attributable to:			
Shareholders of the parent		10.4	14.3
Non-controlling interests		0.6	(1.2)
Profit for the period		**11.0**	**13.1**
Basic earnings per ordinary share in EUR	20	0.05	0.07**
Diluted earnings per ordinary share in EUR	20	0.05	0.07**

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.
The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.
**The comparative data were adjusted for the effect of final PPA accounting of Pizza Hut Russia described in note 6.*
***The comparative data were adjusted to include the effect of the share split as described in the note 20.*

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of comprehensive income for 6 months ended 30 June 2019

	Note	6 months ended	
		30 June 2019	**30 June 2018 (restated*)**
Profit for the period		**11.0**	**13.1**
Other comprehensive income	19		
Exchange differences on translation of foreign operations		8.3	(0.8)
Net investment hedges		1.9	(6.8)
Income tax related to net investment hedges		(0.3)	1.3
Total items that may be reclassified to the income statement		*9.9*	*(6.3)*
Other comprehensive income/(loss) for the period		**9.9**	**(6.3)**
Total comprehensive income for the period		**20.9**	**6.8**
Attributable to:			
Shareholders of the parent		20.3	7.9
Non-controlling interests		0.6	(1.1)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.
The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.
**The comparative data were adjusted for the effect of final PPA accounting of Pizza Hut Russia described in note 6.*

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of financial position as at 30 June 2019

	Note	30 June 2019	31 December 2018
Assets			
Property, plant and equipment	11	528.4	500.9
Right-of-use assets	12	786.2	-
Goodwill	6,14	374.0	368.7
Intangible assets	13	238.7	240.8
Investment properties		5.2	5.2
Financial assets measured at fair value	26	26.9	26.9
Other non-current assets		25.3	26.4
Deferred tax assets	10	28.4	22.1
Total non-current assets		**2 013.1**	**1 191.0**
Inventories		26.9	25.7
Trade and other receivables	16,26	80.4	61.9
Corporate income tax receivables		2.5	8.0
Other current assets	17	23.1	36.3
Cash and cash equivalents	18	101.3	118.4
Total current assets		**234.2**	**250.3**
Total assets		**2 247.3**	**1 441.3**
Equity			
Share capital		22.0	22.0
Reserves		191.0	206.1
Retained earnings		241.9	231.5
Translation reserve		(30.6)	(38.9)
Equity attributable to shareholders of the parent		**424.3**	**420.7**
Non-controlling interests	19	10.0	9.9
Total equity	19	**434.3**	**430.6**
Liabilities			
Interest-bearing loans and borrowings	21,26	688.4	655.8
Lease liabilities	12	658.1	1.8
Employee benefits liability	22	1.1	1.7
Provisions		15.9	14.8
Deferred tax liability	10	45.1	46.2
Other non-current liabilities		7.6	25.1
Total non-current liabilities		**1 416.2**	**745.4**
Interest-bearing loans and borrowings	21, 26	6.8	6.0
Lease liabilities	12	131.4	0.6
Trade and other accounts payable	23	250.2	246.9
Corporate income tax liabilities		8.4	11.8
Total current liabilities		**396.8**	**265.3**
Total liabilities		**1 813.0**	**1 010.7**
Total equity and liabilities		**2 247.3**	**1 441.3**

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.
The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of cash flows for 6 months ended 30 June 2019

	Note	6 months ended 30 June 2019	30 June 2018 (restated*)
Cash flows from operating activities			
Profit before tax from continued operations		15.3	18.4
Adjustments for:			
Amortisation and depreciation	8	121.7	43.8
Net interest expense		20.2	5.5
Foreign exchange result	9	(1.9)	0.1
Result on non-current assets disposal	8	0.3	(0.1)
Impairment of non-financial assets	15	8.6	5.0
Share-based payments		2.5	3.6
Other		(0.1)	(0.8)
Working capital changes:	18		
Change in trade and other receivables		(18.4)	(0.5)
Change in inventories		(0.9)	(0.3)
Change in other assets		(3.9)	(6.6)
Change in payables and other liabilities		12.5	(4.0)
Change in provisions and employee benefits		0.4	(0.7)
Income tax paid		(8.6)	(7.2)
Net cash from operating activities		**147.7**	**54.2**
Cash flows from investing activities			
Net cash outflows on acquisition	6	(22.7)	(5.1)
Proceeds from the sale of property, plant and equipment		0.4	-
Purchase of property, plant and equipment		(83.3)	(58.6)
Purchase of intangible assets		(4.6)	(3.7)
Net cash used in investing activities		**(110.2)**	**(67.4)**
Cash flows from financing activities			
Proceeds from share transfers (employees options)	19	0.5	0.5
Purchase of treasury shares	19	(0.5)	(0.8)
Payments on settlement of employee stock options in cash		-	(0.8)
Proceeds from loans and borrowings	21	46.2	2.2
Repayment of loans and borrowings	21	(15.5)	(1.6)
Payments of lease liabilities including interests paid	12	(72.0)	(0.2)
Interest paid	21	(7.5)	(5.4)
Interest received		0.3	0.3
Transactions with non-controlling interest	19	(5.3)	1.9
Net cash from financing activities		**(53.8)**	**(3.9)**
Net change in cash and cash equivalents		**(16.3)**	**(17.1)**
Effect of foreign exchange rate movements		(0.8)	3.7
Balance sheet change of cash and cash equivalents		(17.1)	(13.4)
Cash and cash equivalents, beginning of period		118.4	131.2
Cash and cash equivalents, end of period	18	**101.3**	**117.8**

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.
The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.
**The comparative data were adjusted for the effect of final PPA accounting of Pizza Hut Russia described in note 6.*

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of changes in equity for 6 months ended 30 June 2019

	Note	Attributable to the shareholders of the parent						
		Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As at 1 January 2019		**22.0**	**206.1**	**231.5**	**(38.9)**	**420.7**	**9.9**	**430.6**
Profit for the period		-	-	10.4	-	**10.4**	0.6	**11.0**
Other comprehensive income		-	1.6	-	8.3	**9.9**	-	**9.9**
Total comprehensive income		-	**1.6**	**10.4**	**8.3**	**20.3**	**0.6**	**20.9**
Transaction with non-controlling interests		-	(4.8)	-	-	**(4.8)**	(0.5)	**(5.3)**
Total transactions with non-controlling interests	19	**-**	**(4.8)**	**-**	**-**	**(4.8)**	**(0.5)**	**(5.3)**
Deferred payment in shares	19	-	(13.0)	-	-	**(13.0)**	**-**	**(13.0)**
Purchases of treasury shares		-	(0.5)	**-**	**-**	**(0.5)**	-	**(0.5)**
Share based payments	19	-	1.6	-	-	**1.6**	**-**	**1.6**
Total distributions and contributions		**-**	**(11.9)**	**-**	**-**	**(11.9)**	-	**(11.9)**
As at 30 June 2019		**22.0**	**191.0**	**241.9**	**(30.6)**	**424.3**	**10.0**	**434.3**

	Note	Attributable to the shareholders of the parent						
		Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As at 1 January 2018		**0.2**	**152.3**	**188.5**	**(29.6)**	**311.4**	**8.9**	**320.3**
Net profit for the period		-	-	14.3	-	**14.3**	(1.2)	**13.1**
Other comprehensive income		-	(5.5)	-	(0.9)	**(6.4)**	0.1	**(6.3)**
Total comprehensive Income		**-**	**(5.5)**	**14.3**	**(0.9)**	**7.9**	**(1.1)**	**6.8**
Non-controlling interest arising on business combinations		-	-	-	-	-	-	-
Transaction with non-controlling interests		-	-	-	-	-	1.9	1.9
Total transactions with non-controlling interests	19	**-**	**-**	**-**	**-**	**-**	**1.9**	**1.9**
Share capital increase from share premium		21.0	(21.0)	-	-	**-**	-	-
Purchases of treasury shares		**-**	(0.8)	-	-	**(0.8)**	-	**(0.8)**
Share based payments	19	**-**	4.1	-	-	**4.1**	-	**4.1**
Total distributions and contributions		**21.0**	**(17.7)**	**-**	**-**	**3.3**	**-**	**3.3**
As at 30 June 2018 *(restated*)*		**21.2**	**129.1**	**202.8**	**(30.5)**	**322.6**	**9.7**	**332.3**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.
The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.
**The comparative data were adjusted for the effect of final PPA accounting of Pizza Hut Russia described in note 6.*

Notes to the Condensed Consolidated Financial Statements

1. General information on the Group

AmRest Holdings SE ("The Company", "AmRest") was incorporated in the Netherlands in October 2000. On 19 September 2008 the Commercial Chamber in Amsterdam registered the change in the legal status of the Company to a European Company (Societas Europaea, SE) and of its name to AmRest Holdings SE. Since 12 March 2018 the Company's registered office has been Enrique Granados 6, 28224 Pozuelo de Alarcón (Madrid), Spain. Previously, the Company had a registered office in Wroclaw, Poland.

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

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

The Group operates Kentucky Fried Chicken ("KFC"), Pizza Hut ("PH"), Burger King ("BK") and Starbucks ("SBX") restaurants through its subsidiaries in Poland, the Czech Republic (hereinafter Czechia), Hungary, Slovakia, Russia, Serbia, Croatia, Bulgaria, Romania, Germany, France, Austria, Slovenia and Spain, on the basis of franchise rights granted. Starting from 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 Pastificio. This business is based on own restaurants and the franchise agreements signed with non-related companies. It is supported by the central kitchen located in Spain which produces and delivers products to the whole network of the mentioned own brands. The Group also operates its own brands Blue Frog (in China, Spain and Poland) 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, Switzerland, United Kingdom. Bacoa is a Spanish premium burger chain, and Sushi Shop is the operator of the leading European chain of Japanese cuisine restaurants. At acquisition date Sushi Shop group comprised of over 170 shops of which about one third were run by franchisees.

As at 30 June 2019 the Group operates 2 179 restaurants (own and franchise).

(all figures in EUR millions unless stated otherwise)

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

Activity where AmRest is a franchisee					
Brand	**KFC**	**Pizza Hut Dine-In**	**Pizza Hut Express, Delivery**	**Burger King**	**Starbucks** [1)]
Franchisor/ Partner	KFC Europe Sarl (US Branch)	PH Europe Sarl (US Branch)	PH Europe Sarl (US Branch)	Burger King Europe GmbH	Starbucks Coffee International, Inc/Starbucks EMEA Ltd., Starbucks Manufacturing EMEA B.V.
Area covered by the agreement	Poland, Czechia, Hungary, Bulgaria, Serbia, Croatia, Russia, Spain, Germany, France, Austria, Slovenia	Poland	Poland, Czechia, Hungary, France, Russia, Germany, Slovakia. Possibility of opening in: Bulgaria, Serbia, Croatia, Slovenia	Poland, Czechia, Bulgaria, Slovakia. Possibility of opening in Romania	Poland, Czechia, Hungary, Romania, Bulgaria, Germany, Slovakia, Serbia
Term of agreement	10 years with possibility of extension for a further 10 years	10 years with possibility of extension for a further 10 years	10 years with possibility of extension for a further 10 years and 5 years	Poland, Czechia, Bulgaria – 20 years or 10 years [4)] Since 20 November 2018: 10 years for restaurants opened during the agreed development period.	15 years, possibility of extension for a further 5 years; in Romania till 10 October 2023 16 years, in Bulgaria till 1 October 2027 20 years
Preliminary fee	up to USD 51.2 thousand [2)]	up to USD 51.2 thousand [2)]	USD 25.6 thousand [2)]	USD 50 thousand or USD 25 thousand, in Czechia USD 60 thousand [4)] Since 20 November 2018: USD 30 thousand for restaurants opened during the agreed development period.	USD 25 thousand
Franchise fee	6% of sales revenues [3)]	6% of sales revenues [3)]	6% of sales revenues [3)]	5% of sales revenues, in Czechia (for 5 restaurants) 3% of sales revenues for first 5 years, then 5% Since 20 November 2018 for restaurants opened during the agreed development period: 3,5% of revenues in first 2 years growing to 4%, 4,5% and 5% in next years.	6% of sales revenues
Marketing costs	5% of sales revenues	5% of sales revenues	6% of sales revenues to 31 December 2021; 5% of sales revenues from 1 January 2022 to 31 December 2026 [3)]	5% of sales revenues, in Czechia 3% of sales revenues for first 3 years, then 5%. Since 20 November 2018 for restaurants opened during the agreed development period 4% or 5% of sales revenues (depending on the country) and 3% for flagships.	amount agreed each year

(all figures in EUR millions unless stated otherwise)

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

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

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

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

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

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

5) In July 2019, Group terminated the contract with the master franchisee for Iran.

(all figures in EUR millions unless stated otherwise)

2. Group Structure

As at 30 June 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
		Holding activity		
AmRest Acquisition Subsidiary Ltd.	Birkirkara, Malta	AmRest Holdings SE	100.00%	May 2007
AmRest TAG S.L.U.	Madrid, Spain	AmRest Sp. z o.o.	100.00%	March 2011
AmRestavia S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
Restauravia Grupo Empresarial S.L.	Madrid, Spain	AmRestavia S.L.U. AmRest TAG S.L.U.	16.52% 83.48%	April 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	Apia, Samoa	AmRest China Group PTE Ltd	100.00%	December 2012
Horizon Group Consultants	Road Town, British Virgin Islands	AmRest China Group PTE Ltd	100.00%	December 2012
AmRest Management Kft	Budapest, Hungary	AmRest Kft AmRest Capital Zrt	99.00% 1.00%	August 2018
GM Invest SRL	Bruxelles, Belgium	AmRest Capital Zrt	100.00%	October 2018
Sushi Shop Group SAS	Paris, France	GM Invest SRL AmRest Capital Zrt	9.47% 90.53%	October 2018
AmRest France SAS	Paris, France	AmRest Holding SE	100.00%	December 2018
Sushi Shop Management SAS	Paris, France	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Belgique SA	Bruxelles, Belgium	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Holding USA LLC	Dover Kent, USA	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Luxembourg SARL	Luxembourg	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Switzerland SA	Fribourg, Switzerland	Sushi Shop Management SAS	100.00%	October 2018
		Restaurant, franchise and master-franchise activity		
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czechia	AmRest Holdings SE	100.00%	December 2000
AmRest Kft	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	March 2007
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd. AmRest Sp. z o.o.	44.72% 55.28%	July 2007
AmRest Coffee s.r.o.	Prague, Czechia	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	August 2007
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	August 2007
AmRest d.o.o.	Belgrade, Serbia	AmRest Sp. z o.o. ProFood Invest GmbH	60.00% 40.00%	October 2007
Restauravia Food S.L.U.	Madrid, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Service S.L.U.	Madrid, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
AmRest Adria d.o.o.	Zagreb, Croatia	AmRest Sp. z o.o.	100.00%	October 2011
AmRest GmbH i.L.[1]	Cologne, Germany	AmRestavia S.L.U.	100.00%	March 2012
AmRest SAS	Lyon, France	AmRestavia 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

(all figures in EUR millions unless stated otherwise)

Shanghai Kabb Western Restaurant Ltd	Shanghai, China	Horizon Group Consultants	100.00%	December 2012
AmRest Skyline GMBH	Cologne, Germany	AmRestavia 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 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.	77.00%	May 2016
		AmRest Capital Zrt	23.00%	
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 Restaurant 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.	74.00%	February 2017
		AmRestavia S.L.U.	26.00%	
LTP La Tagliatella Franchise II Portugal, Lda [6]	Lisbon, Portugal	AmRest TAG S.L.U.	74.00%	April 2019
		AmRestavia S.L.U.	26.00%	
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 [5]	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 [8]	Paris, France	Sushi Shop Management SAS	85.00%	October 2018
		Eloise CAZAL	15.00%	
Sushiga SARL	Paris France	Sushi Shop Management SAS	50.00%	October 2018
		Emmanuel GARFIN	50.00%	
SSW 1 SPRL	Waterloo, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
SSW 2 SPRL	Wavre, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi House SA	Luxembourg	Midicapital	14.00%	October 2018
		Sushi Shop Luxembourg SARL	86.00%	
Sushi Sablon SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop London Pvt LTD	London, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Louise SA	Bruxelles, Belgium	Sushi Shop Belgique SA	54,80%	October 2018
		Midicapital	45,20%	
Sushi Shop UK Pvt LTD	Charing, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Uccle SA	Uccle, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Anvers SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Geneve SA	Geneva, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Lausanne SARL	Lasanne, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Madrid S.L.[7]	Madrid, Spain	Sushi Shop Management SAS	77.00%	October 2018
		Carlos Santin	23.00%	
Sushi Shop Milan SRL	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

(all figures in EUR millions unless stated otherwise)

		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 Capital Zrt	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	November 2011
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2012
La Tagliatella International Kft	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella Financing Kft [2]	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella SAS	Lyon, France	AmRestavia 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
Restaurant Partner Polska Sp. z o.o. [4]	Łódź, Poland	AmRest Holdings SE	100.00%	August 2017
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	Saint Petersburg, Russia	AmRest Management Kft	100.00%	August 2018
AmRest Trademark Kft	Budapest, Hungary	AmRest Management Kft	100.00%	September 2018
AmRest Franchise Sp. z o.o.	Wrocław, Poland	AmRest Sp. z o.o.	99,00%	December 2018
		Michał Lewandowski	1.00%	
Supply services for restaurants operated by the Group				
SCM Czech s.r.o.	Prague, Czechia	SCM Sp. z o.o.	90.00%	March 2007
		Ondrej Razga	10.00%	
SCM Sp. z o.o.	Warsaw, Poland	AmRest Sp. z o.o.	51.00%	October 2008
		R&D Sp. z o.o.	43.80%	
		Beata Szafarczyk-Cylny	5.00%	
		Zbigniew Cylny	0.20%	
SCM Due Sp. z o.o.	Warsaw, Poland	SCM Sp. z o.o.	100.00%	October 2014

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

[2] On 5 September 2017 Amrestavia, S.L.U., 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 this Report.

[3] On 1 January 2019 Versaillies Resto SAS was merged into AmRest Opco SAS.

[4] 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 became sole shareholder of Restaurant Partner Polska Sp. z o.o.

[5] On 16 April 2019 OOO Pizza Company has changed the company name for OOO AmRest Pizza.

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

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

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

** 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.*

*** 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, Zen'itude SAS, Sushi 54 SAS, Sushi 21 SAS, CR Developpement SAS, Sushi Lyon 64 SAS.*

**** On 2 July 2019 Sushi Shop Management SAS finalized acquisition of 100% shares of CMLC Troyes.*
***** On 17 July 2019 was registered AmRest Food Srl. 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.*

3. Basis of preparation

These condensed consolidated financial statements for 6 months ended 30 June 2019 have been prepared in accordance the IAS 34 Interim Financial Reporting.

These condensed consolidated financial statements were authorised for issue by the Company's Board of Directors on 28 August 2019.

These condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read with conjunction with the consolidated annual financial statements for the year ended 31 December 2018.

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

The preparation of this condensed consolidated financial statements requires to make certain assumptions and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgments are continually verified, and are based on professional experience and various factors, including expectations of future events, that are deemed to be justified in given circumstances. The results of the estimates and the respective assumptions are the basis for assessing the values of assets or liabilities which do not result directly from other sources. . Actual results may differ from these estimates.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standard, interpretations and amendments to standards effective as of 1 January 2019.

Since 1 January 2019 Group applied for the first time IFRS 16 Leases. Application of this standard has a material impact on Group's consolidated statement of financial position, as well consolidated income statements and consolidated cash flows statement. Disclosures on the impact of IFRS 16 on the Group's financial information as at 1 January 2019 as well as other adjustments of standard adoption are disclosed in note 4.

Group applied IFRS 16 Leases using the modified retrospective approach. Under this approach, on initial recognition, the Group recognise the same balance of the right-of-use assets and lease liabilities, and implementation of standard does not have impact on Group's equity. Comparative data were not restated.

As a consequence comparative data presented in this condensed consolidated interim report are not fully comparable to prior reporting period.

Several other amendments and interpretations apply for the first time in 2019, but do not have any material impact on the interim report of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. Adoption of IFRS 16

The Group has adopted IFRS 16 "Leases" (IFRS 16) from 1 January 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

AmRest as a lessee

In current business model the Group leases properties in order to operate brand restaurants. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In general the Group's rental agreements may include:

- fixed monthly charge for rented space (fixed lease payments),
- rent calculated as a percentage of restaurant's turnover (variable lease payments),
- higher of above two, i.e. minimal base rent and turnover rent.

For individual stores there is a wide range of sales turnover rent ratios applied.

As AmRest Group operates restaurants in various countries, different practices in rental contracts exist:

- for some contracts, apart from fixed fee, an amount representing percentage of sales is charged, if exceeds fixed fee (variable lease payments); the ratio generally varies from 3-13%,
- lease term varies depending on the country and business environment,
- lease contracts may have extension options, that are available for different periods of time,
- currency of the rental agreement may be different then functional currency of the subsidiary, as lessors charge the rent not only in local currency, but also based on EUR or USD.

Significant accounting policies and judgements

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Generally, the Group uses the incremental borrowing rates as the discount rates.
The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is:

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

The Group incurs expenses on maintenance, security and promotion in the shopping malls (so called "common area charges"). These items are separate services (non-lease components) and are recognised as an operating expense.

IFRS 16 requires using significant judgements in setting a variety of assumptions. The key areas of judgement were as follows:

- Assessing whether the contract contains a lease

The Group applied the identification scheme published in Application Guidance to IFRS 16 (B31), and analyzed mainly the conditions of asset identification and directing the use of the assets. The Group concluded that all significant contracts containing leases under IFRS 16 had been recognised as operating or finance leases under IAS 17.

- Discount rate determination

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. The Group concluded that due to the nature of property rental contracts that rate cannot be determined, and therefore it uses the incremental borrowing rate. The incremental borrowing rate in 5-year horizon was determined considering conditions for the Group's financing. For contracts exceeding the current financing period (longer than 5 years), the Group applies an average long-term IRS quotation, differentiated by currencies used by the Group, added to the maximum margin available for the Group.

- Determination of the lease term, considering "reasonable certainty" for assessment of extension/early termination options

For certain contracts (mostly in Central Europe) the Group holds options for extension/termination of the lease period, on a specified conditions. The Group's practice is to assess the reasonableness of exercising options one year before the decision deadline, because in that time all relevant facts and circumstances to make such a decision can be generally available. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

<u>Transition</u>

Previously, operating leases were off-balance sheet. The Group used to recognise operating lease expenses on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there is a timing difference between actual lease payments and the expense recognised.

Under IFRS 16 the Group has recognised new assets and liabilities for its operating leases. The Group used the modified retrospective approach, meaning that comparatives were not restated.

At transition, for leases classified as operating leases under IAS 17 lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term,
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application,
- relied on its assessment of whether leases are onerous, applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application.

The Group leases a number of cars that were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

<u>Impact on financial statements</u>

<u>Impact on reported income statements items:</u>

From the transition, the nature of expenses related to the leases has changed. Each lease payment (accounted as operating expense before 1 January 2019) is allocated between the liability reduction and finance cost. The finance cost is charged to profit or loss over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Under IFRS 16 only fixed lease payments are accounted through IFRS 16 lease model. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs. Turnover rent therefore is accounted as operating expenses.

Consequently, after implementation of IFRS 16 Group recognizes:

(all figures in EUR millions unless stated otherwise)

- Lower operating occupancy and rent costs (as fixed rental costs are recognized within lease accounting model, and only variable lease payments, short term leases and low value leases remain an EBITDA type operating costs)
- Higher depreciation charge (additional deprecation of right-of-use assets)
- Higher impairment losses (additional impairment losses on of right-of-use assets)
- Higher interest cost (on lease liabilities)
- Additional foreign exchange valuation effect on lease denominated in foreign currencies
- Respective impact on deferred taxes

Impact on transition

The change in accounting policy due to adoption of IFRS 16 affected the following items in the balance sheet on 1 January 2019:

	1 January 2019
Right-of use assets	799.5
Property, plant and equipment	(2.7)
Other intangible assets	(0.4)
Other current assets (prepayments)	(9.0)
Lease liabilities – non-current	664.0
Lease liabilities – current	124.3
Other non-current liabilities	(0.6)
Provisions	(0.3)

Impacts for the reporting period is presented in the note 12.

Cash flows relating to leases is presented as follows:

- cash payments for variable lease payment as cash from operating activities,
- cash payments for the principal and interests portion of the lease liabilities as cash from financing activities.

Deferred tax impact

Deferred tax is calculated based on a difference between carrying amount of lease asset and lease liability which is equal to difference between depreciation increased by interests and tax deductions (lease invoices values). Deferred tax is calculated using each country applicable income tax rate.

5. Segment reporting

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

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

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

(all figures in EUR millions unless stated otherwise)

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

Segment measures and the reconciliation to profit/loss from operations for the 6 months ended 30 June 2019 and for the comparative 6 months ended 30 June 2018 is presented below. The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.

6 months ended 30 June 2019	**CEE**	**Western Europe**	**Russia**	**China**	**Other**	**Total**
Restaurant sales	388.7	351.1	95.1	44.0	-	878.9
Franchise and other sales	0.4	35.3	0.8	-	12.3	48.8
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**389.1**	**386.4**	**95.9**	**44.0**	**12.3**	**927.7**
EBITDA	**83.7**	**59.7**	**19.5**	**12.3**	**(9.4)**	**165.8**
Depreciation and amortisation	51.6	44.5	15.4	9.6	0.6	121.7
Net impairment losses on financial assets	-	0.3	-	-	-	0.3
Net impairment losses on other assets	2.2	5.4	0.6	0.4	-	8.6
Profit/loss from operations	**29.9**	**9.5**	**3.5**	**2.3**	**(10.0)**	**35.2**
Finance income and costs	(5.1)	(4.6)	(0.4)	(0.6)	(9.2)	(19.9)
Profit before tax	**26.8**	**7.1**	**3.1**	**2.0**	**(23.7)**	**15.3**
Capital investment*	**34.7**	**32.9**	**9.0**	**2.8**	**0.1**	**79.5**

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

As mentioned above segment data include effect of application of IFRS 16 in 2019.

(all figures in EUR millions unless stated otherwise)

For comparative purposes Group presents key measures for 6 months ended 30 June 2019 results, as if IFRS 16 was not implemented.

6 months ended 30 June 2019	CEE	Western Europe	Russia	China	Other	Total
EBITDA without IFRS 16 effect	55.0	32.3	10.9	5.8	(9.5)	94.5
Profit/loss from operations without IFRS 16 effect	28.5	10.5	4.0	3.0	(9.9)	36.1

Segment reporting data in prior periods were not restated to reflect the implementation of IFRS 16.

6 months ended 30 June 2018	CEE	Western Europe	Russia (restated*)	China	Other	Total
Restaurant sales	335.5	219.2	81.6	35.4	-	671.7
Franchise and other sales	0.4	31.1	0.1	-	8.3	39.9
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**335.9**	**250.3**	**81.7**	**35.4**	**8.3**	**711.6**
EBITDA	**46.6**	**22.2**	**11.4**	**4.4**	**(9.6)**	**75.0**
Depreciation and amortisation	22.6	13.4	4.9	2.5	0.4	43.8
Net impairment losses on financial assets	-	0.8	-	-	-	0.8
Net impairment losses on other assets	1.0	3.7	0.5	-0.2	-	5.0
Profit/loss from operations	**23.0**	**4.3**	**6.0**	**2.1**	**(10.0)**	**25.4**
Capital investment**	**31.3**	**23.1**	**8.4**	**2.8**	**0.3**	**65.9**

**The comparative data were adjusted for the effect of final PPA accounting of Pizza Hut Russia described in note 6.*

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

The segment information has been prepared in accordance with the accounting policies applied in these Consolidated interim report.

6. Business combinations

There were no material business combinations in H1 2019. Group acquired 2 KFC restaurants in Spain for EUR 1.7 million. This acquisition resulted in increase of goodwill by EUR 1.3 million.

In the first half of 2019 AmRest Group has not performed any final reconciliation of purchase price accounting for past acquisitions, therefore no data were restated in that respect.

In particular acquisition of Sushi Shop Group from October 2018 remains provisional and Group is still working on determination fair values of assets and liabilities acquired. On 7 June 2019 Group signed the settlement agreement with Sellers of Sushi Shop Group based on which parties agreed final purchase price. The Parties agreed that from the deferred payment of EUR 18 million initially scheduled to be made by AmRest in two years after acquisition, EUR 8 million to be deposited on the escrow account by AmRest, and EUR 10 million to be compensated with the final determination of purchase price (downward adjustment in favor of AmRest). Parties also agreed that EUR 13 million payments expected to be settled in a fixed number of AmRest's shares will be paid in cash.

Following this agreements Group has deposited EUR 8 million on escrow account, as well repaid EUR 13 million and also made respective compensation of EUR 10 million, as agreed above. Both of those amounts were presented as investing activities in cash flows statement for the 6 months period ended 30 June 2019.

Total impact on goodwill value determination and final purchase price determination is not material, therefore Group decided not to adjust provisional purchase price accounting in this respect.

Several acquisitions including KFC France, KFC Russia, Pizza Hut in Russia and Pizza Portal have been finalised in the period of Q3-Q4 2018. Adjustments introduced during final purchase price accounting impacted comparative data presented in these condensed consolidated financial statements. Data reported as comparative data as at 1 January 2018 and 30 June 2018 may differ from data reported in prior half year reporting as at 30 June 2018. Property plant and equipment increased by EUR 2 million due to final purchase price allocation of KFC France. Intangible asset increased by EUR 2.1 million due to final purchase price accounting of KFC France and Pizza Portal. Goodwill decreased by EUR 3.2 million as a result of final purchase price accounting of KFC France and Pizza Portal. Final purchase price accounting of 51% shares of Restaurant Partner Polska Sp. z o.o. (operator of Pizza Portal) increased NCI by EUR 0.5 million presented as comparative data as at 1 January 2018 in condensed consolidated statement of changes in equity.

(all figures in EUR millions unless stated otherwise)

Final purchase price accounting of Pizza Hut in Russia increased other operating income by EUR 1 million due to recognition of gain on bargain purchase with an impact on earnings per share. Adjustment introduced to condensed consolidated income statement for 6 months ended 30 June 2018 is presented in below table:

		6 months ended	
	30 June 2018	**Adjustment 1**	**30 June 2018**
	Published		**Restated**
Total revenue	**711.6**		**711.6**
Total operating costs and losses	**(685.0)**		**(685.0)**
Net impairment losses on financial assets	(0.8)		(0.8)
Net impairment losses on other assets	(5.0)		(5.0)
Other operating income/expenses	3.6	1.0	4.6
Profit from operations	**24.4**	**1.0**	**25.4**
Finance income	0.3		0.3
Finance costs	(7.3)		(7.3)
Profit before tax	**17.4**	**1.0**	**18.4**
Income tax	(5.3)		(5.3)
Profit for the period	**12.1**	**1.0**	**13.1**
Attributable to:			
Shareholders of the parent	13.2	1.0	14.2
Non-controlling interests	(1.2)		(1.2)
Profit for the period	**12.1**	**1.0**	**13.1**
Basic earnings per ordinary share in EUR	0.06	0.01	0.07
Diluted earnings per ordinary share in EUR	0.06	0.01	0.07

Adjustment 1: effect on final PPA of Pizza Hut Russia described also in consolidated financial statements for the year ended 31 December 2018 in note 6.

Final purchase price accounting of Pizza Hut in Russia has changed cash flows within operating activities but not changed total amount of net cash from operating activities. Comparative data in condensed consolidated statement of cash flow has been restated as presented in table below:

		6 months ended	
	30 June 2018	**Adjustment 1**	**30 June 2018**
	Published		**Restated**
Cash flows from operating activities			
Profit before tax from continued operations	17.4	**1.0**	18.4
Adjustments for:			
Amortisation/ Depreciation	43.8		43.8
Net interest expense	5.5		5.5
Foreign exchange result	0.1		0.1
Result on disposal of property, plant and equipment and intangibles	(0.1)		(0.1)
Impairment of non-financial assets	5.0		5.0
Share-based payments	3.6		3.6
Other	(1.8)	1.0	(0.8)
Working capital changes:			
Change in trade and other receivables	(0.5)		(0.5)
Change in inventories	(0.3)		(0.3)
Change in other assets	(6.6)		(6.6)
Change in payables and other liabilities	(4.0)		(4.0)
Change in provisions and employee benefits	(0.7)		(0.7)
Income tax paid	(7.2)		(7.2)
Net cash from operating activities	**54.2**		**54.2**

(all figures in EUR millions unless stated otherwise)

Adjustment 1: effect on final PPA of Pizza Hut Russia described also in consolidated financial statements for the year ended 31 December 2018 in note 6.

Details of final purchase price allocation of KFC France, KFC Russia, Pizza Hut in Russia and Pizza Portal have been described in consolidated annual financial statements for the year ended 31 December 2018. Respective balances as at 1 January 2018 and 30 June 2018 were adjusted, comparing to the data reported in the condensed consolidated financial statements for the 6 months ended 30 June 2018.

7. Revenues

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

- Restaurant sales,
- Franchise and other sales.

This is reflected in the format of Group's consolidated income statement. Additional disaggregation by geographical market is included in the note 5.

Restaurant sales

Restaurant revenues are the most significant source of revenues representing over 90% of total revenues.

Revenues from the sale of food items by Group - owned restaurants are recognised as Restaurant revenues when a customer purchases the food, which is when our obligation to perform is satisfied. Groups' customer base is widely spread and Group does not have significant dependency to any group of customers.

Diversified individuals are Group's customers. Payments for the restaurant sales are settled immediately in cash or by credit, debit and other cards. There are no material credit risks related to this type of operations.

Franchise and other sales

Franchisees and sub-franchisees are our main customers with regards to Revenues from franchise and other sales. Franchise rights may be granted through a store-level franchise agreement. Franchisee of Group's own brands pay royalty fees as a percentage of the applicable restaurant's sales. Group may also receive revenues from the re-sale of franchise rights under Master-Franchise Agreements signed for certain brands, as well as remuneration for services performed for development of the market.

Other sales include mainly sales of foods within supply-chain services organized by Group or sales of foods from central kitchens operated by Group.

The number of Group customers under franchise and other revenues is limited and characterized by higher level of credit risk then in restaurant sales.

8. Operating costs and losses

Analysis of operating expenses by nature:

	6 months ended	
	30 June 2019	**30 June 2018**
Food, merchandise and other materials	279.8	220.5
Payroll	243.8	173.4
Social security and employee benefits	58.0	42.7
Royalties	43.9	35.8
Utilities	37.0	29.1
External services - marketing	37.4	31.2
External services – other	37.4	29.6
Rental and occupancy costs/ operating leases (2018)	13.0	67.9
Depreciation of right-of-use assets	68.0	-
Depreciation of property, plant and equipment	47.2	38.1
Amortisation of intangibles	6.5	5.7

(all figures in EUR millions unless stated otherwise)

	6 months ended	
	30 June 2019	30 June 2018
Insurance	1.1	0.5
Business travel	5.5	4.5
Other	8.6	6.1
Total cost by nature	**887.2**	**685.1**
Result on restaurants and non-current assets disposal	0.3	(0.1)
Total operating costs and losses	**887.5**	**685.0**

Summary of operating expenses by functions:

	6 months ended	
	30 June 2019	30 June 2018
Restaurant expenses	782.6	602.5
Franchise and other expenses	32.7	29.3
Total cost of sales	**815.3**	**631.8**
General and administrative expenses	72.2	53.2
Total operating costs and losses	**887.5**	**685.0**

9. Financial income and costs

Finance income

	6 months ended	
	30 June 2019	30 June 2018
Income from bank interest	0.3	0.3
Net income from foreign exchange differences	0.2	-
Net income from foreign exchange differences on lease liabilities	1.7	-
Total finance income	**2.2**	**0.3**

Finance costs

	6 months ended	
	30 June 2019	30 June 2018
Interest expense	(8.7)	(6.4)
Interest expense on lease liabilities	(12.6)	-
Other	(0.8)	(0.9)
Total finance cost	**(22.1)**	**(7.3)**

10. Taxes

Income taxes

	6 months ended	
	30 June 2019	30 June 2018
Current tax	(11.4)	(8.2)
Deferred income tax	7.1	2.9
Income tax recognised in the income statement	**(4.3)**	**(5.3)**

Movements in deferred tax balances are presented as follows:

	6 months ended	
	30 June 2019	30 June 2018
Deferred tax asset		
Opening balance	22.1	16.7
Closing balance	28.4	18.1
Deferred tax liability		
Opening balance	46.2	27.3

(all figures in EUR millions unless stated otherwise)

Closing balance	45.1	26.0
Change in deferred tax assets/liabilities	**7.4**	**2.8**
of which:		
Deferred taxes recognised in the income statement	7.1	2.9
Deferred taxes recognised in goodwill	-	(0.1)
Deferred taxes recognised in other comprehensive income – net investment hedges	0.3	(1.3)
Deferred taxes recognised in equity-valuation of employee options	0.6	0.1
Foreign exchange differences	(0.6)	1.3

Tax related risks description

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

Tax settlements of AmRest entities are subject to several tax inspections which were widely described in the note "Taxes" to the consolidated annual financial statements for 2018. Below is the update of tax related risks till the date of approval of this condensed consolidated financial statements.

a) On 18 February 2019 AmRest Sp. z o.o. received the information from the Tax Administration Chamber that the proceedings aimed at annulment of the final decision regarding VAT returns for 2014 issued by Tax Administration Chamber has been opened due to the severe breach of law done by the Chamber in the decision. On 25 June 2019 AmRest Sp. z o.o. received the notification that the proceedings related to the annulment of the final decision covering VAT for 2014 have been suspended.

b) On 8 February 2019 AmRest Sp. z o.o. received the final decision issued by Tax Administration Chamber regarding VAT returns for the period January – September 2013, which confirmed the decision of the first instance. Due to the fact that the decision was enforceable the Company has effectively paid the value of approx. PLN 4.2 million (approx. EUR 1.0 million) as a principal amount of tax liability (plus interest). The Company does not agree with the decision received and on 11 March 2019 filed the complaint to the Local Administrative Court. On 22 July 2019 the court of first instance ruled in favour of the Company and cancelled the decisions of the tax office (first and second instance). Tax Administration Chamber has a right to appeal to Supreme Administrative Court.

c) On 8 February 2019 AmRest Sp. z o.o. received the final decision issued by Tax Administration Chamber regarding VAT returns for 2012 which confirmed the decision of the first instance. Due to the fact that the decision is enforceable the Company has effectively paid the value of approx. PLN 14.3 million (approx. EUR 3.3 million) as a a principal amount of tax liability (plus interest). The Company does not agree with the decision received and on 11 March 2019 filed the complaint to the Local Administrative Court. On 22 July 2019 the court of first instance ruled in favour of the Company and cancelled the decisions of the tax office (first and second instance). Tax chamber has a right to appeal to Supreme Administrative Court.

   Total payments, resulted from the proceedings mentioned above in point (b) and (c) included tax liability PLN 18.5 million (EUR 4.3 million) together with interests PLN 10.0 million (EUR 2.3 million). The amount PLN 28.5 million (EUR 6.6 million) was recognised as assets (receivables from tax authorities).

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

e) In respect to tax proceedings related to VAT settlements for the period from December 2017 until March 2018 which were initiated in 2018, on 23 July 2019 AmRest Sp. z o.o. received the notification that the proceedings are suspended due to request for preliminary ruling submitted by Polish Supreme Administrative Court to Court of Justice of European Union.

f) On 17 May 2019 AmRest Sp. z o.o. received the notification that tax inspections have been initiated regarding the VAT settlements for the periods: October 2018, November 2018, December 2018, January 2019, February 2019, March 2019 (six separate tax inspections). As at the date of publication of this Report, tax inspections have not been finished.

g) On 25 February 2019 AmRest Coffee Sp. z o.o. received the decision issued by the Lesser Poland Customs and Tax Office in Cracow (second instance) regarding VAT returns for December 2012 – March 2013 confirming correctness of declared VAT for this period and cancelling the tax proceedings.

h) In respect to the tax inspection in AmRest Sp. z o.o. regarding CIT for 2016, on 23 April 2019 AmRest Sp. z o.o. received the notification about the conversion of the tax inspection into tax proceedings. As at the date of publication of this Report, no decision has been issued.

i) In respect to the tax inspection in AmRest Sp. z o.o. regarding CIT for 2013, on 29 May 2019 AmRest Sp. z o.o. received the tax result, which concluded the tax inspection. The resolution to initiate the tax proceedings has been received on 9 July 2019. As at the date of publication of this Report, no decision has been issued.

j) In respect to tax inspection in AmRest Sp. z o.o. regarding CIT for 2014 on 27 May 2019 AmRest Sp. z o.o. received the tax result, which concluded the tax inspection. The resolution to initiate the tax proceedings has been received on 9 July 2019. As at the date of publication of this Report, no decision has been issued.

The documents and decisions described above does not change the Group's risk assessment. Therefore, the Group maintains the judgement that as at 30 June 2019 and as at the date of publication of this Report, there are no obligating events, so there are no grounds for booking the additional provisions for the aforementioned risk.

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

(all figures in EUR millions unless stated otherwise)

11. Property, plant and equipment

The table below presents changes in the value of property, plant and equipment in 6 months ended 30 June 2019 and 2018:

2019	**Land**	**Buildings and expenditure on development of restaurants**	**Machinery & equipment**	**Vehicles**	**Other tangible assets**	**Assets under construction**	**Total**
Gross value							
As at 1 January 2019	**14.5**	**506.5**	**304.8**	**2.4**	**63.1**	**43.2**	**934.5**
Application of IFRS 16	(0.2)	(2.7)	(0.7)	(1.0)	-	-	(4.6)
Acquisitions	-	-	0.4	-	-	-	0.4
Additions	-	32.5	29.0	0.2	7.2	5.7	74.6
Decreases	-	(4.2)	(3.7)	-	(0.8)	(0.3)	(9.0)
Foreign exchange differences	0.3	8.4	4.6	-	1.6	0.5	15.4
As at 30 June 2019	**14.6**	**540.5**	**334.4**	**1.6**	**71.1**	**49.1**	**1011.3**
Accumulated depreciation							
As at 1 January 2019	**-**	**215.8**	**142.4**	**1.1**	**33.2**	**-**	**392.5**
Application of IFRS 16	-	(1.3)	(0.1)	(0.6)	-	-	(2.0)
Additions	-	20.8	20.0	0.3	6.1	-	47.2
Decreases	-	(2.3)	(2.5)	-	(0.7)	-	(5.5)
Foreign exchange differences	-	3.6	2.5	-	0.6	-	6.7
As at 30 June 2019	**-**	**236.6**	**162.3**	**0.8**	**39.2**	**-**	**438.9**
Impairment write-downs							
As at 1 January 2019	**0.1**	**31.0**	**6.8**	**-**	**1.3**	**1.9**	**41.1**
Additions	-	1.6	1.4	-	0.5	-	3.5
Decreases	-	(0.9)	(0.1)	-	(0.1)	-	(1.1)
Foreign exchange differences	-	0.4	0.1	-	-	-	0.5
As at 30 June 2019	**0.1**	**32.1**	**8.2**	**-**	**1.7**	**1.9**	**44.0**
Net book value							
As at 1 January 2019	**14.4**	**259.7**	**155.6**	**1.3**	**28.6**	**41.3**	**500.9**
As at 30 June 2019	**14.5**	**271.8**	**163.9**	**0.8**	**30.2**	**47.2**	**528.4**

2018	**Land**	**Buildings and expenditure on development of restaurants**	**Machinery & equipment**	**Vehicles**	**Other tangible assets**	**Assets under construction**	**Total**
As at 1 January 2018	**16.3**	**432.1**	**235.7**	**2.0**	**47.9**	**40.9**	**774.9**
Acquisitions	-	2.1	3.3	-	0.2	-	5.6
Additions	-	25.0	15.7	0.2	6.5	8.7	56.1
Decreases	-	(2.1)	(1.0)	(0.3)	(0.1)	-	(3.5)
Foreign exchange differences	(0.2)	(12.0)	(7.0)	(0.1)	(1.6)	(1.4)	(22.3)
As at 30 June 2018*	**16.1**	**445.1**	**246.7**	**1.8**	**52.9**	**48.2**	**810.8**
Accumulated depreciation							
As at 1 January 2018	**-**	**187.1**	**120.4**	**1.0**	**24.7**	**-**	**333.2**
Additions	-	18.7	14.2	0.2	5.0	-	38.1
Decreases	-	(0.5)	(0.2)	(0.2)	(0.1)	-	(1.0)
Foreign exchange differences	-	(5.9)	(4.2)	(0.1)	(0.9)	-	(11.1)
As at 30 June 2018*	**-**	**199.4**	**130.2**	**0.9**	**28.7**	**-**	**359.2**
Impairment write-downs							
As at 1 January 2018	**0.1**	**25.9**	**7.1**	**-**	**0.9**	**1.7**	**35.7**
Additions	-	2.9	1.8	-	0.1	-	4.8
Decreases	-	(0.3)	(0.8)	-	-	-	(1.1)
Foreign exchange differences	-	(0.3)	-	-	-	-	(0.3)
As at 30 June 2018*	**0.1**	**28.2**	**8.1**	**-**	**1.0**	**1.7**	**39.1**
Net book value							
As at 1 January 2018	**16.2**	**219.1**	**108.2**	**1.0**	**22.3**	**39.2**	**406.0**
As at 30 June 2018*	**16.0**	**217.5**	**108.4**	**0.9**	**23.2**	**46.5**	**412.5**

**Including effect of final PPA`s accounting described in consolidated annual financial statements for the year ended 31 December 2018*

(all figures in EUR millions unless stated otherwise)

Depreciation was charged as follows:

	6 months ended	
	30 June 2019	30 June 2018
Costs of restaurant operations	45.2	36.4
Franchise expenses and other	0.7	0.7
Administrative expense	1.3	1.0
Total depreciation	**47.2**	**38.1**

12. Leases

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

	Right-of-use asset			Lease liabilities
	Restaurant property	Other	Total right-of-use asset	Total liabilities
As at 1 January 2019	790.8	8.7	799.5	790.8
Additions – new contracts	40.6	1.0	41.6	41.6
Changes and modifications	2.8	2.8	5.6	5.6
Amortisation expense	(65.7)	(2.3)	(68.0)	-
Impairment	(5.0)		(5.0)	-
Interest expense	-	-	-	12.6
Payments	-	-	-	(72.0)
FX valuation	12.3	0.2	12.5	10.9
As at 30 June 2019	**775.8**	**10.4**	**786.2**	**789.5**

Amortisation was charged as follows:

	6 months ended	
	30 June 2019	30 June 2018
Costs of restaurant operations	66.1	-
Franchise expenses and other	0.1	-
Administrative expense	1.8	-
Total amortisation	**68.0**	**-**

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

The maturity of long- and short-term lease liabilities is presented in the table below:

	30 June 2019	31 December 2018
Up to 1 year	131.4	0.6
Between 1 and 5 years	381.1	1.1
More than 5 years	277.0	0.7
Total	**789.5**	**2.4**

13. Intangible assets

The table below presents changes in the value of intangible assets in 6 months ended 30 June 2019 and 2018:

2019	Proprietary brands	Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	Other intangible assets	Relations with franchisees	Total
Gross value					
As at 1 January 2019	**165.1**	**39.2**	**55.8**	**43.0**	**303.1**
Application of IFRS 16	**-**	**-**	**(1.6)**	**-**	**(1.6)**
Acquisition	-	-	-	-	-

2019	**Proprietary brands**	**Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks**	**Other intangible assets**	**Relations with franchisees**	**Total**
Additions	-	2.9	1.6	-	4.5
Decreases	-	(1.8)	(0.5)	-	(2.3)
Foreign exchange differences	-	0.6	0.5	-	1.1
As at 30 June 2019	**165.1**	**40.9**	**55.8**	**43.0**	**304.8**
Accumulated amortisation					
As at 1 January 2019	**1.4**	**16.0**	**29.1**	**13.7**	**60.2**
Application of IFRS 16	-	-	(1.2)	-	(1.2)
Additions	0.1	1.8	3.7	0.9	6.5
Decreases	-	(1.7)	(0.3)	-	(2.0)
Foreign exchange differences	-	0.3	0.2	-	0.5
As at 30 June 2019	**1.5**	**16.4**	**31.5**	**14.6**	**64.0**
Impairment write-downs					
As at 1 January 2019	-	**1.1**	**1.0**	-	**2.1**
Additions	-	0.1	-	-	0.1
Decreases	-	-	(0.1)	-	(0.1)
Foreign exchange differences	-	-	-	-	-
As at 30 June 2019	**-**	**1.2**	**0.9**	**-**	**2.1**
Net book value					
As at 1 January 2019	**163.7**	**22.1**	**25.7**	**29.3**	**240.8**
As at 30 June 2019	**163.6**	**23.3**	**23.4**	**28.4**	**238.7**

2018	**Proprietary brands**	**Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks**	**Other intangible assets**	**Relations with franchisees**	**Total**
Gross value					
As at 1 January 2018	**70.6**	**34.9**	**51.6**	**43.0**	**200.1**
Acquisition	-	0.2	0.3	-	**0.5**
Additions	-	1.6	2.2	-	**3.8**
Decreases	-	-	(0.8)	-	**(0.8)**
Foreign exchange differences	0.1	(1.1)	(1.1)	-	**(2.1)**
As at 30 June 2018*	**70.7**	**35.6**	**52.2**	**43.0**	**201.5**
Accumulated amortisation					
As at 1 January 2018	**1.2**	**13.5**	**22.5**	**11.9**	**49.1**
Additions	0.1	1.5	3.2	0.9	**5.7**
Decreases	-	-	(0.7)	-	**(0.7)**
Foreign exchange differences	-	(0.5)	(0.6)	-	**(1.1)**
As at 30 June 2018*	**1.3**	**14.5**	**24.4**	**12.8**	**53.0**
Impairment write-downs					
As at 1 January 2018	**-**	**1.0**	**1.1**	**-**	**2.1**
Additions	-	0.2	-	-	**0.2**
Decreases	-	-	-	-	**-**
Foreign exchange differences	-	-	-	-	**-**
As at 30 June 2018	**-**	**1.2**	**1.1**	**-**	**2.3**
Net book value					
As at 1 January 2018	**69.4**	**20.4**	**28.0**	**31.1**	**148.9**
As at 30 June 2018*	**69.4**	**19.9**	**26.7**	**30.2**	**146.2**

**Including effect of final PPA`s accounting described in consolidated annual financial statements for the year ended 31 December 2018*

(all figures in EUR millions unless stated otherwise)

Amortisation was charged as follows:

	6 months ended	
	30 June 2019	**30 June 2018**
Costs of restaurant operations	2.5	1.9
Franchise expenses and other	1.2	1.5
Administrative expense	2.8	2.3
Total amortisation	**6.5**	**5.7**

Other intangible assets cover mainly exclusivity rights including master-franchise rights in the amount of EUR 11.8 million (EUR 13.1 million as at 31 December 2018) and computer software.

14. Goodwill

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

The table below presents goodwill allocated to particular levels on which is monitored by the Group, which is not higher than the operating segment level:

2019	**1 January 2019**	**Increases**	**Foreign exchange differences**	**30 June 2019**
Czechia	1.5	-	-	1.5
Hungary	3.8	-	-	3.8
Russia - KFC	35.7	-	3.9	39.6
Poland – Pizza Portal	0.7	-	-	0.7
Poland – Other	0.6	-	-	0.6
Spain	89.6	1.3	-	90.9
Spain - Bacoa (provisional)	1.2	-	-	1.2
China	19.7	-	0.2	19.9
Romania	2.7	-	(0.1)	2.6
Germany - KFC	4.6	-	-	4.6
Germany - Starbucks	35.0	-	-	35.0
France - KFC	15.9	-	-	15.9
France - PH	8.8	-	-	8.8
Sushi Shop (provisional)	148.9	-	-	148.9
Total	**368.7**	**1.3**	**4.0**	**374.0**

2018	**1 January 2018**	**Increases**	**Foreign exchange differences**	**30 June 2018***
Czechia	1.5	-	-	1.5
Hungary	4.0	-	(0.3)	3.7
Russia - KFC	40.6	-	(2.0)	38.6
Poland – Pizza Portal	0.7	-	-	0.7
Poland – Other	0.6	-	(0.1)	0.5
Spain	89.6	-	-	89.6
China	19.9	-	0.1	20.0
Romania	2.7	-	-	2.7
Germany - KFC	4.6	-	-	4.6
Germany - Starbucks	35.0	-	-	35.0
France - KFC	7.1	0.2		7.3
France – PH	8.8	-	-	8.8
Total	**215.1**	**0.2**	**(2.3)**	**213.0**

**Including effect of final PPA`s recognition described in consolidated annual financial statements for the year ended 31 December 2018*

Goodwill recognised on the acquisition of Bacoa and Sushi Shop Group remains unallocated as at 30 June 2019, as the Group is still analysing where the synergies arose.

(all figures in EUR millions unless stated otherwise)

15. Impairment of non-current assets

Goodwill and intangibles with undefined useful lives level

Group performs annual impairment tests at year ends.

During 6 month period ended 30 June 2019 Group analyzed impairment indicators and concluded that there is no need for impairment tests for goodwill or intangible assets with indefinite lives.

Restaurant level

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

Impairment indicators are reviewed twice a year and respective impairments test for restaurants are performed twice a year (June 30 and December 31). Recent available financial data is used to determine if impairment indictors exists.

The recoverable amount of the cash-generating unit (CGU) is determined based on value in use calculation for the remaining useful life determined by lease expiry date or restaurant closure date (if confirmed), using the discount rate for each individual country.

Upon the adoption of IFRS 16, Group recorded a right-of-use asset and a lease liability for most lease arrangements in their statement of financial position. Those right-of-use assets are subject to the impairment requirements of IAS 36. Right of use assets are tested together with other assets on the level of restaurants as identified cash generating units.

The adoption of IFRS 16 had significant impact on the amount of assets recorded in the statement of financial position of Group and, consequently on the carrying value of assets tested for impairment. As a result, the carrying amount of the CGU increased (by including right of use assets) and the value in use of the CGU increased (by excluding lease payments (base rent payments) from cash flow projections). These two effects may not be fully offsetting as generally discount rate for impairment test may differ from discount rate for valuation of lease assets and liabilities under IFRS 16. That may result in higher impairment losses.

As presented below it can be observed that discount rates used for the impairment test have decreased comparing to year end 2018 tests. This is the expected effect of implementation of IFRS 16 and assuring consistency in impairment tests. Generally the decrease of discount rate results from the fact that composition of assets tested has changed (new right of use asset is included in carrying amount of unit tested comparing to prior tests) and also cash flow variability has decreased (as operating lease payments are no longer part of free cash flows used in value in use determination, the gross free cash flows increased and relative volatility decreased). As discount rate should reflect the risk of the cash flow, the corresponding decrease of discount rates is observed. Discounts rates applied are shown in the table below.

	Pre-tax discount rate 30 June 2019	**Pre-tax discount rate 30 June 2018**
Poland	5.41%	8.85%
Czechia	5.05%	7.51%
Hungary	5.83%	8.35%
Russia	8.19%	17.91%
Serbia	7.30%	12.34%
Bulgaria	4.99%	7.12%
Spain	5.18%	8.47%
Germany	4.25%	6.28%
France	4.66%	7.30%
Croatia	5.95%	9.50%
China	5.90%	10.88%
Romania	6.68%	11.30%
Slovakia	4.68%	n/a-
Portugal	5.71%	n/a
Austria	4.45%	n/a
Slovenia	4.98%	n/a

(all figures in EUR millions unless stated otherwise)

Details of impairments losses recognised:

	Note	6 months ended 30 June 2019	30 June 2018
Net impairment of property, plant and equipment	11	3.5	4.8
Net impairment of intangible assets	13	0.1	0.2
Net impairment of right of use assets	12	5.0	-
Net impairment losses of non- current other assets		**8.6**	**5.0**

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

During 6 months period ended 30 June 2019 Group has tested 283 restaurants as separate cash generating units.

Impairment loss or partial impairment loss was recognized for 71 restaurants. Reversal of impairment or partial reversal of impairment was accounted for 30 restaurants.

As a result of tests performed, impairment in the amount of EUR 11.0 million (EUR 6.0 million for property, plant and equipment and intangible assets, EUR 5.0 million for right of use assets) was recognized. Five highest individual impairment losses amounted in total EUR 2.9 million. An average impairment loss per restaurant was less then EUR 0.2 million.

Reversal of impairment losses in amount of EUR 2.4 million. Five highest individual reversals of impairment losses amounted in total EUR 0.9 million. An average reversal of impairment per restaurants was less then EUR 0.1 million.

During 6 months period ended 30 June 2018 Group has tested 199 restaurants as separate cash generating units. As a result of tests performed, impairment in the amount of 6.0 million for property, plant and equipment and intangible assets was recognized. Reversal of impairment losses in amount of EUR 1.0 million.

16. Trade and other receivables

	30 June 2019	31 December 2018
Trade receivables from non-related entities	32.4	32.6
Other tax receivables	29.8	23.9
Credit cards, coupons and food aggregators receivables	13.2	4.6
Other	9.5	5.0
Write-downs of receivables	(4.5)	(4.2)
	80.4	**61.9**

Information about the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 26.

During half year 2019 the Group recognized a net impairment of the Group's receivables exposed to credit risk in an amount of EUR 0.3 million.

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

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

Value of loss allowance for receivables as at 30 June 2019 and 31 December 2018 is presented in table below:

(all figures in EUR millions unless stated otherwise)

	6 months ended	
	30 June 2019	**30 June 2019**
Value at the beginning of the period	4.2	3.2
Allowance created	0.5	2.8
Allowance released	(0.2)	(1.3)
Other	-	(0.5)
Value at the end of the period	**4.5**	**4.2**

17. Other current assets

	30 June 2019	31 December 2018
Prepaid costs of utilities	10.7	4.2
Prepaid lease costs	-	9.4
Prepaid tax costs	2.7	2.9
Assets related to purchase price adjustment	-	10.3
Assets related to a right to compensation resulting from the acquisition agreement	2.7	2.3
Other	7.2	7.4
Write-downs of other current assets	(0.2)	(0.2)
Total	**23.1**	**36.3**

In 2019 year prepaid lease costs are currently accounted within IFRS 16 model and are effectively reflected in right of use asset.

The decrease in assets related to purchase price adjustment relates to acquisition of Sushi Shop Group. As disclosed in note 6 of these condensed consolidated financial statements Group signed in June 2019 the settlement agreement on purchase price adjustment of EUR 10 million in favor of AmRest.

18. Cash and cash equivalents

	30 June 2019	31 December 2018
Cash at bank	84.4	103.9
Cash in hand	16.9	14.5
Total	**101.3**	**118.4**

Reconciliation of working capital changes as at 30 June 2019 and 31 December 2018 is presented in the table below:

H1 2019	Balance sheet change	Acquisition settlements (note 6)	Adoption of IFRS 16	Change in investment liabilities	Foreign exchange differences	Working capital changes
Change in trade and other receivables	(18.5)	0.4	-	-	(0.3)	(18.4)
Change in inventories	(1.2)	-	-	-	0.3	(0.9)
Change in other assets	14.3	(10.0)	(9.0)		0.8	(3.9)
Change in payables and other liabilities	(14.2)	18.0	-	8.8	(0.1)	12.5
Change in other provisions and employee benefits	0.5	-	-	-	(0.1)	0.4

H1 2018	Balance sheet change	Increase from acquisition	Recognition of capital elements in the employee share option plan	Change in investment liabilities	Foreign exchange differences	Working capital changes
Change in trade and other receivables	0.8	-	-	-	(1.3)	(0.5)
Change in inventories	0.1	-	-	-	(0.4)	(0.3)
Change in other assets	(8.6)	2.2	-	-	(0.2)	(6.6)
Change in payables and other liabilities	(4.4)	(3.3)	-	2.5	1.2	(4.0)
Change in other provisions and employee benefits	(1.5)	-	0.9	-	(0.1)	(0.7)

(all figures in EUR millions unless stated otherwise)

19. Equity

Restatement of comparative data for statements of changes in equity

Equity balance presented in the comparative condensed consolidated statement of changes in equity as at 1 January 2018 and as at 30 June 2018 have been restated comparing to the data reported in condensed interim report for 6 months ended 30 June 2018.

The above restatement refers to the change in the recognition accounting for the initial fees paid by franchisees and is a result of IFRS 15 adoption in the amount of EUR 2.3 million. Details have been described in note 41 to the consolidated annual financial statements for the year ended 31 December 2018. The second restatement refers to the adjustment of final recognition of non-controlling interest on acquisition of Pizza Portal in amount of EUR 0.5 million, also accounted finally in annual consolidated financial statements for the year ended 31 December 2018.

Share capital

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

As at 30 June 2019 and 31 December 2018 the Company has 219 554 183 shares issued.

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 67.047% of AmRest.

Mr. Henry McGovern and Mr. Steven Kent Winegar, Board members resigned from their positions upon execution of the transaction according to article 11 of AmRest's Board of Directors' Regulations, and effective as of the Annual General Shareholders' Meeting of AmRest held on 14 May 2019.

To the best of AmRest's knowledge, as at 30 June 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	10 718 700	4.88%
Artal International S.C.A.	10 500 000	4.78%
Aviva OFE	7 013 700	3.19%
Other Shareholders	44 118 023	20.10%

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

(all figures in EUR millions unless stated otherwise)

Reserves

The structure of Reserves is as follows:

	Share premium	Put option	Payments in shares	Employee options	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As at 1 January 2019	**236.3**	**(40.7)**	**13.0**	**(6.3)**	**(15.2)**	**(0.5)**	**19.5**	**206.1**
Net investment hedges	-	-	-	-	-	1.9	-	**1.9**
Income tax related to net investment hedges	-	-	-	-	-	(0.3)	-	**(0.3)**
Total comprehensive income	**-**	**-**	-	**-**	**-**	**1.6**	**-**	**1.6**
Transaction with non-controlling interests	-	-	-	-	-	-	(4.8)	**(4.8)**
Total transactions with non-controlling interests	**-**	**-**	-	**-**	**-**	**-**	**(4.8)**	**(4.8)**
Deferred payment in shares	-	-	(13.0)	-	-	-	-	**(13.0)**
Purchases of treasury shares	-	-	-	-	(0.5)	-	-	**(0.5)**
Share based payments								
Value of disposed treasury shares	-	-	-	(5.3)	5.3	-	-	**-**
Employee stock option plan – value of employee benefits exercised in the period	-	-	-	(2.4)	-	-	-	**(2.4)**
Employee stock option plan – proceeds from employees for transferred shares	**-**	**-**	-	0.5	**-**	**-**	**-**	**0.5**
Employee stock option plan – change in unexercised options	-	-	-	4.1	-	-	-	**4.1**
Change of deferred tax related to unexercised employee benefits	-	-	-	(0.6)	-	-	-	**(0.6)**
Total share based payments	-	-	-	*(3.7)*	*5.3*	-	-	***1.6***
Total distributions and contributions	**-**	**-**	**(13.0)**	**(3.7)**	**4.8**	**-**	**-**	**(11.9)**
As at 30 June 2019	**236.3**	**(40.7)**	**-**	**(10.0)**	**(10.4)**	**1.0**	**14.7**	**191.0**

(all figures in EUR millions unless stated otherwise)

	Share premium	Put option	Payments in shares	Employee options	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As at 1 January 2018	**189.1**	**(40.7)**	-	**(7.8)**	**(10.6)**	**2.8**	**19.5**	**152.3**
Net investment hedges	-	-	-	-	-	(6.8)	-	(6.8)
Income tax related to net investment hedges	-	-	-	-	-	1.3	-	1.3
Total comprehensive income	**-**	**-**	-	**-**	**-**	**(5.5)**	**-**	**(5.5)**
Share capital increase from share premium	(21.0)	-	-	-	-	-	-	(21.0)
Purchases of treasury shares	-	-	-	-	(0.8)	-	-	(0.8)
Share based payments								
Value of disposed treasury shares	-	-	-	(3.5)	3.5	-	-	-
Employee stock option plan – value of employee benefits exercised in the period	-	-	-	2.2	-	-	-	2.2
Employee stock option plan – proceeds from employees for transferred shares	-	-	-	0.5	-	-	-	0.5
Employee stock option plan – change in unexercised options	-	-	-	1.5	-	-	-	1.5
Change of deferred tax related to unexercised employee benefits	-	-	-	(0.1)	-	-	-	(0.1)
Total share based payments	-	-	-	*0.6*	*3.5*	-	-	*4.1*
Total distributions and contributions	**(21.0)**	**-**	**-**	**0.6**	**2.7**	**-**	**-**	**(17.7)**
As at 30 June 2018	**168.1**	**(40.7)**	**-**	**(7.2)**	**(7.9)**	**(2.7)**	**19.5**	**129.1**

(all figures in EUR millions unless stated otherwise)

Share premium

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

There were no transactions within share premium in 6 months period ended 30 June 2019.

Put option

This item reflects the impact of recognizing the put option in 2011 for the business combination of La Tagliatella Spain. On settlement, the Group accounted for the decrease in non-controlling business of EUR 31.8 million under "Transaction with NCI". The initially recognised amount of the put option was not transferred to another equity item. The balance does not change since 2013.

Also, the Group currently does not have any open put option contracts.

Payments in shares

This item reflects the impact of payments in a fixed number of shares. In 2018 the Group acquired Sushi Shop Group, where part of acquisition price is to be deferred and settled in a fixed number of Company shares. Taking into account both the legal form and substance of agreed payments, the Group concluded that this represents an equity instrument, and consequently accounted for the transaction under equity.

As described in note 6 to these condensed consolidated financial statements in June 2019 Group signed a settlement with Sellers of Sushi Shop Group. Parties agreed that EUR 13 million payment expected to be initially settled in a fixed number of AmRest's shares will be paid in cash. Consequently Group has reclassified the balance from equity to financial liabilities and repaid the balance in June 2019, as agreed in settlement.

Hedges valuation

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

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

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

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

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

As at 30 June 2019 the accumulated value of currency revaluation recognised in reserve capital (resulting from net investment hedges) amounted to EUR 1.9 million, and deferred tax concerning this revaluation EUR 0.3 million.

Transactions with NCI

This item reflects the impact of accounting for transactions with non-controlling interests (NCI).The following key transactions were recognised in H1 2019:

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

On 25 February 2019 share purchase agreement was signed between AmRest Holding SE and Delivery Hero SE. Based on the agreement AmRest Holdings SE purchased 340 844 shares, becoming 100% owner of Restaurant Partner Polska Sp. z o.o. company. The total purchase price for shares amounted to EUR 5.3 million. Purchase price was paid on 13 March 2019.

20. Earnings per share

On 20 September 2018 the reduction of the nominal value of shares from 1 EUR to 0.1 EUR with exchange ratio 1:10 without any change in share capital was registered by the Commercial Registry (Registro Mercantil) in Madrid.

On 27 September 2018 Krajowy Depozyt Papierów Wartościowych (KDPW) passed a resolution on registration in KDPW of the reduction of the nominal value of the shares from 1 EUR to 0.1 EUR by dividing the total number of AmRest shares (split) in a ratio 1:10. The effective date of split was scheduled for 3 October 2018, when the share split was executed. As result the total number of Company shares traded on the Warsaw Stock Exchange (the "WSE") increased to 212 138 930, each with a nominal value of 0.1 EUR.

On 15 October 2018 under the share capital increase, the Company issued 7 415 253 new shares, of the same class and series as the outstanding shares in the Company.

As at 31 December 2018 and 30 June 2019 the Company has 219 554 183 shares issued.

IAS 33 "Earnings per share" contains requirements to restate prior periods' earnings per share (EPS) for events that change the number of shares outstanding without a corresponding change in resources, such as the share split in AmRest. Consequently comparative data restated to reflect the effect of share split.

Table below presents calculation of basic and diluted earnings per ordinary share for the 6 months ended 30 June 2019 and 2018:

EPS calculation with the effect of share split	**2019**	**2018** *(restated*)*
Net profit attributable to shareholders of the parent (EUR millions)	10.4	14.3
Weighted average number of ordinary shares in issue	219 554 183	212 138 930
Weighted average number of ordinary shares for diluted earnings per share	219 554 183	212 138 930
Basic earnings per ordinary share (EUR)	0.05	0.07
Diluted earnings per ordinary share (EUR)	0.05	0.07

**includes split effect and final PPA accounting adjustment described in note 6*

21. Borrowings

Long-term	**30 June 2019**	**31 December 2018**
Bank loans	587.4	554.8
SSD	101.0	101.0
Total	**688.4**	**655.8**

Short-term	**30 June 2019**	**31 December 2018**
Bank loans	5.1	4.7
SSD	1.7	1.3
Total	**6.8**	**6.0**

Bank loans and bonds

Currency	**Loans/Bonds**	**Effective interest rate**	**30 June 2019**	**31 December 2018**
PLN	Syndicated bank loan	3M WIBOR+margin	136.0	134.2
EUR	Syndicated bank loan	3M EURIBOR/fixed +margin	450.8	408.3
CZK	Syndicated bank loan	3M PRIBOR+margin	-	11.7
EUR	Schuldscheinedarlehen Bonds	6M EURIBOR/fixed +margin	102.7	102.3
EUR	Bank loans Germany	EURIBOR+margin	3.1	2.8
CNY	Bank loan – China	Fixed	2.6	2.5
			695.2	**661.8**

As at 30 June 2019, syndicated bank financing secured in 2017, with further amendments, accounts for the majority of AmRest debt. Details of bank financing are as follows:

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

The available tranches:

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

** Approximate total amount: EUR 682m*

- Interest rates: Approximately half of the available facility is provided at variable interest rates (3M Euribor/Wibor/Pribor increased by a margin) and parts of tranches A and F are provided at a fixed rate,
- Securities: submissions to execution from the Borrowers, guarantees from Group companies, pledge on shares of Sushi Shop Group,
- Other information: AmRest is required to maintain certain ratios at agreed levels. In particular, net debt/adjusted consolidated EBITDA is to be held below 3.5 and consolidated EBITDA/interest charge is to stay above 3.5. For both ratios EBITDA is calculated without effect of IFRS 16.

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

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

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

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

As at 30 June 2019, payables concerning SSD issued amount to EUR 102.7 million.

The maturity of long- and short-term loans and bonds as at 30 June 2019 and 31 December 2018 is presented in the table below:

	30 June 2019	**31 December 2018**
Up to 1 year	6.8	6.0
Between 1 and 2 years	58.9	55.4
Between 2 and 5 years	591.0	561.4
More than 5 years	38.5	39.0
Total	**695.2**	**661.8**

The Group has the following unused, awarded credit limits as at 30 June 2019 and 31 December 2018:

	30 June 2019	**31 December 2018**
With floating interest rate		
- expiring within one year	-	30.0
- expiring beyond one year	93.9	104.6
Total	**93.9**	**134.6**

(all figures in EUR millions unless stated otherwise)

The table below presents the reconciliation of the debt for 6 months ended 30 June 2019 and 2018 :

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

H1 2018	Bank loans	Bonds and SSD	Total
As at 1 January 2018	**301.2**	**170.5**	**471.7**
Payment	(1.4)	-	(1.4)
Loan taken/ new contracts	2.2	-	2.2
Accrued interests	3.2	2.5	5.7
Payment of interests	(3.2)	(2.1)	(5.3)
FX valuation	(3.3)	(3.1)	(6.4)
Other	(0.3)	-	(0.3)
As at 30 June 2018	**298.4**	**167.8**	**466.2**

22. Employee benefits and share based payments

During 6 months ended 30 June 2019, the Group granted additional 4.9 million options under existing programs 4 and 5. There were no new employee share options plans introduced.

The fair value of the options granted during the period, as at the grant date, amounted as described below:

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 3.01	EUR 10.60	EUR 11.25	30%	5 years	-	2%

The Group recognises accrual for equity-settled options in reserve capital. The amounts as at 30 June 2019 and 31 December 2018 are presented in a table below:

	30 June 2019	31 December 2018
Reserve capital - Plan 2	2.1	3.4
Reserve capital - Plan 3	1.1	1.1
Reserve capital - Plan 4	3.2	2.0
Reserve capital - Plan 5	6.3	4.2
	12.7	**10.7**

The Group recognises liability for cash settled options. The amounts as at 30 June 2019 and 31 December 2018 are presented in a table below:

	30 June 2019	31 December 2018
Liability for Plan 2	0.7	1.3
Other employee benefits liabilities	0.4	0.4
	1.1	**1.7**

(all figures in EUR millions unless stated otherwise)

The costs recognised in connection with the plans relating to incentive programs for the 6 months ended 30 June 2019 and 30 June 2018 are presented below:

	6 months ended	
	30 June 2019	**30 June 2018**
Employee stock option plan 2	1.1	1.7
Employee stock option plan 4	1.1	0.6
Employee stock option plan 5	2.2	1.3
	4.4	**3.6**

23. Trade and other accounts payables

Trade and other accounts payables as at 30 June 2019 and 31 December 2018 cover the following items:

	30 June 2019	**31 December 2018**
Payables to non-related entities, including:	**171.3**	**184.3**
Trade payables	89.6	91.0
Payables in respect of uninvoiced deliveries of food	11.4	9.3
Employee payables	12.0	17.3
Social insurance payables	13.8	15.0
Pre-acquisition tax settlements liability	2.7	2.3
Other tax payables	11.1	14.8
Investment payables	8.6	14.3
Other payables	22.1	20.3
Contract liabilities - loyalty programs	**0.6**	**0.7**
Contract liabilities - gift cards	**4.3**	**5.3**
Contract liabilities – initial fees	**2.2**	**2.3**
Accruals, including:	**68.1**	**52.3**
Employee bonuses	15.0	13.0
Marketing services	9.1	4.2
Holiday pay accrual	13.1	11.1
Professional services	11.7	4.9
Franchise fees	9.1	5.4
Lease cost provisions	4.8	5.5
Investment payables accrual	3.1	6.3
Other	2.2	1.9
Deferred income – short-term portion	**3.2**	**1.5**
Social fund	**0.5**	**0.5**
Total trade and other accounts payables	**250.2**	**246.9**

24. Future commitments and contingent liabilities

In accordance with the franchise agreements signed, the Group is obliged to periodically improve the standard, modify, renovate and replace all or parts of its restaurants or their installations, marking or any other equipment, systems or inventories used in restaurants to make them compliant with the current standards. The agreements require no more than one thorough renovation of all installations, markings, equipment, systems and inventories stored in the back of each restaurant to comply with the current standards, as well as no more than two thorough renovations of all installations, markings, equipment, systems and inventories stored in the dining rooms of each of the restaurants during the period of a given franchise agreement or the period of potential extension of the agreement.

Other future commitments resulting from the agreements with Burger King, Starbucks and the current and future franchise agreements were described in note 1.

According to the Group the above-mentioned requirements are fulfilled and any discrepancies are communicated to third parties, mitigating any potential risks affecting business and financial performance of the Group.

In regards to credit agreement described in note 21 the following Group entities provided surety: AmRest Kaffee sp. z o.o., AmRest Coffee Deutschland Sp. z o.o. & Co.KG, AmRest DE Sp. z o.o. & Co.KG, AmRest Capital

ZRT., AmRest KFT, OOO AmRest, OOO Chicken Yug, AmRest Coffee SRL, AmRest Tag S.L.U., Amrestavia S.L.U., Restauravia Grupo Empresarial S.L., Restauravia Food, S.L.U., Pastificio Service S.L.U. for the following banks Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Česka Sporitelna A.S., ING Bank Śląski S.A. in amount of EUR 660 million, PLN 1.545 million, CZK 660 million till the date of debt payment however not later than 5 October 2025. Additionally, shares of Sushi Shop Group SAS have been pledged as security for the bank financing.

25. Transactions with related entities

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

Group shareholders

As at 30 June 2019, FCapital Dutch B.V. was the largest shareholder of AmRest and held 67.05% of its shares and voting rights, and as such was its related entity. No transactions with FCapital Dutch B.V. related parties were noted.

Transactions with key management personnel

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

	6 months ended	
	30 June 2019	**30 June 2018**
Remuneration of the members of the Board of Directors and Senior Management Personnel paid directly by the Group	1.7	1.7
Gain on share-based renumeration systems	5.8	1.0
Total compensation paid to key management personnel	**7.5**	**1.7**

The Group's key management personnel participates in the employee share option plans (note 22). The costs relating to the options amounted to EUR 2.2 million and EUR 1.1 million respectively in 6 months ended 30 June 2019 and 30 June 2018.

	6 months ended	
	30 June 2019	**30 June 2018**
Number of options outstanding (pcs, after split)	8 624 039	8 762 660
Number of available options (pcs, after split)	1 972 439	2 507 660
Fair value of outstanding options as at grant date (EUR millions)	16.8	16.1

As at 30 June 2019 and 31 December 2018, the Company had no outstanding balances with the key management personnel, apart from accruals for annual bonuses payable in first quarter of the following year. As at 30 June 2019 and 31 December 2018 the Company has not extended any advances to the Board of Directors or senior management personnel and had no pension fund, life insurance or other such commitments with these parties, except for the share option plans detailed above and in note 20. As at 30 June 2019 and 31 December 2018 there were no liabilities to former employees.

Conflicts of interest concerning the Board Directors

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

Other related entities

Metropolitan Properties Investment sp. z o.o (previously Metropolitan Properties International sp. z o.o) is a closely related company to Mr Henry McGovern, who was a member of the Board of Directors of AmRest Holdings SE till May 2019.

(all figures in EUR millions unless stated otherwise)

The Group leases three restaurants from Metropolitan Properties Investment sp. z o.o. on conditions similar to those lease agreements concluded with third parties.

Metropolitan Properties Investment met the definition of closely related company to Mr Henry McGovern and related party to AmRest Group till May 2019.

Rental fees and other charges paid to Metropolitan Properties Investment sp. z o.o. amounted to EUR 0.2 million in a period from 1 January 2019 to 10 May 2019 and EUR 0.2 million in 6 month ended 30 June 2018.

There were no material receivables and payables from Metropolitan Properties Investment sp. z o.o. as at 30 June 2019 and 31 December 2018.

26. Financial instruments

Key risk description

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 economic conditions that a financial instrument operates in or is exposed to.

The business plan of the investee assumes a need for additional funding in order to finance further expansion plans. Fair value estimation of financial assets is based on the assumption that the investee business will be funded as it consistently increases its revenue base and operates in very attractive markets in terms of growth prospects. In the event of not receiving funding, the investee would need to revise its strategy.

Additionally, a liquidity discount has been applied in the fair value estimation to reflect the fact that the valuation concerns a minority stake and a disposal of shares by the strategic investor in a business that still does not generate positive cash flows.

The risks of price fluctuations and change in economic conditions are indirectly incorporated in the discount rate, projections performed and the multiple applied in the estimations.

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

As at 30 June 2019 the Group did not recognise the transfers between levels of fair value valuations.

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

30 June 2019	**Note**	**FVTPL**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**
Financial assets measured at fair value				
Equity instruments		26.9	-	-
Financial assets not measured at fair value				
Rental deposits		-	22.4	-
Trade and other receivables	16	-	50.6	-
Cash and cash equivalents	18	-	101.3	-
Financial liabilities not measured at fair value				
Loans and borrowings	21	-	-	592.5
SSD	21	-	-	102.7
Trade and other liabilities	23	-	-	171.7

(all figures in EUR millions unless stated otherwise)

31 December 2018	**Note**	**FVTPL**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**
Financial assets measured at fair value				
Equity instruments		26.9	-	-
Financial assets not measured at fair value				
Rental deposits		-	20.9	-
Trade and other receivables	16	-	38.0	-
Cash and cash equivalents	18	-	118.4	-
Financial liabilities not measured at fair value				
Deferred payment of Sushi Shop acquisition		-	-	17.1
Loans and borrowings	21	-	-	559.5
SSD	21	-	-	102.3
Finance lease liabilities		-	-	2.4
Trade and other liabilities	23	-	-	163.1

27. Seasonality of sales

In the case of the AmRest Group, the seasonality of sales and inventories is not significant, which is typical to the restaurant business. The restaurants record the lowest sales in the first quarter of the year, which is attributable primarily to fewer people dining out. The highest sales are achieved in the fourth quarter mostly because of the pre-Christmas period, when particularly high sales are reported by the restaurants situated in shopping malls.

28. Events after the reporting period

On 13 August 2019 AmRest Holdings SE ("AmRest") signed an agreement with Glovoapp23 S.L. ("Glovo") for the transfer from AmRest to Glovo of 100% shares of Restaurant Partner Polska Sp. z o.o. Total sale price is EUR 30 million plus a EUR 5 million earn-out. In consideration AmRest will receive a combination of cash and new issued shares of Glovo. The transaction is subject to certain conditions precedent customary in M&A deals.

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Carlos Fernández González
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mustafa Ogretici
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 28 August 2019