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Interim Report for Q3 2019

AmRest Holdings SE

7 NOVEMBER 2019

AmRest

Contents

Highlights

(all figures in EUR millions unless stated otherwise)

Financial highlights (consolidated data)

	9 months ended	
	30 September 2019	30 September 2018 (restated*)
Revenue	1 432.5	1 104.0
Profit/(loss) from operations	73.0	53.0
Profit before tax	37.9	42.3
Net profit	28.3	31.2
Net profit attributable to non-controlling interests	1.1	(1.1)
Net profit attributable to equity holders of the parent	27.2	32.3
Cash flows from operating activities	231.7	117.5
Cash flows from investing activities	(157.3)	(143.9)
Cash flows from financing activities	(81.8)	5.7
Total cash flows, net	(7.4)	(20.7)
Average weighted number of ordinary shares in issue (k)	221 018	213 207**
Average weighted number of ordinary shares for diluted earnings per shares (k)	222 074	215 201**
Basic earnings per share (EUR)	0.12	0.15
Diluted earnings per share (EUR)	0.12	0.15
Declared or paid dividend per share	-	-

The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.
** The comparative data for P&L positions were adjusted for the effect of final PPA accounting of Pizza Hut Russia described in note 6.*
*** Weighted average number of ordinary shares for basic EPS and diluted EPS was recalculated, taking into account options under share based programs within the Group. The adjustment to the weighted average number of ordinary shares does not change the basic and diluted EPS for 9 months ended 30 September 2018, that was at the level of 0.15 EUR per share.*

	3 months ended	
	30 September 2019	30 September 2018
Revenue	504.8	392.4
Profit/(loss) from operations	37.8	27.6
Profit before tax	22.6	23.9
Net profit	17.3	18.1
Net profit attributable to non-controlling interests	0.5	0.1
Net profit attributable to equity holders of the parent	16.8	18.0
Cash flows from operating activities	84.0	63.3
Cash flows from investing activities	(47.1)	(76.5)
Cash flows from financing activities	(28.0)	9.6
Total cash flows, net	8.9	(3.4)
Average weighted number of ordinary shares in issue	220 280	213 149*
Average weighted number of ordinary shares for diluted earnings per shares	221 200	214 990*
Basic earnings per share (EUR)	0.08	0.08
Diluted earnings per share (EUR)	0.08	0.08
Declared or paid dividend per share	-	-

The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.
** Weighted average number of ordinary shares for basic EPS and diluted EPS was recalculated, taking into account options under share based programs within the Group. The adjustment to the weighted average number of ordinary shares does not change the basic and diluted EPS for 3 months ended 30 September 2018, that was at the level of 0.08 EUR per share.*

(all figures in EUR millions unless stated otherwise)

	As at 30 September 2019	As at 31 December 2018
Total assets	2 265.7	1 441.3
Total liabilities and provisions	1 813.5	1 010.7
Non-current liabilities	1 372.9	745.4
Current liabilities	440.6	265.3
Equity attributable to shareholders of the parent	442.2	420.7
Non-controlling interests	10.0	9.9
Total equity	452.2	430.6
Share capital	22.0	22.0
Number of restaurants	2 211	2 121
-of which equity	1 754	1 664
-of which franchise	457	457

The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.

Part A. Management Report for Q3 2019

The Group's performance in Q3 2019

Revenues

Consolidated revenues of AmRest Group in Q3 2019 amounted to EUR 504.8 million, representing a 28.7% or EUR 112.4 million growth year-on-year. Strong sales trends in comparable restaurants ("like-for-like", "LFL") continued in most of the markets in the reporting period, supported by ongoing digitalization of the businesses and positive macro trends, especially in CEE. Top line growth was additional affected by consolidation of the businesses acquired in the last 12 months. The revenues of the Core business, i.e. adjusted for the most recent M&As (acquisition of Sushi Shop Group, 15 KFC in France and Bacoa in Spain) amounted to EUR 456.3 million in Q3 2019 and were EUR 65.7 million or 16.9% higher than year ago.

In Central and Eastern Europe, the revenues reached EUR 218.2 million in Q3 2019. The 17.1% growth over the year was mainly driven by mid to high single digit LFL trends in all CEE markets, as well as further expansion of AmRest's portfolio. In the last 12 months the Group added 140 new restaurants in Central and Eastern Europe segment.

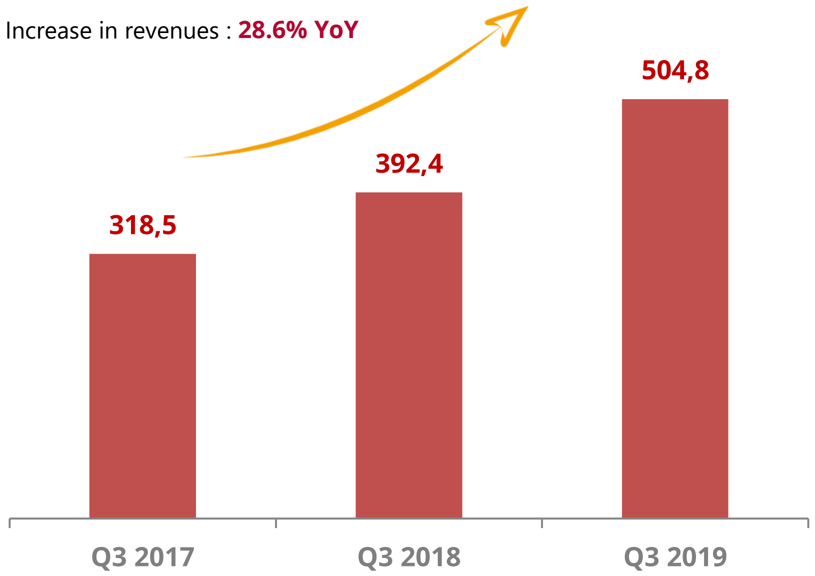
The revenues of Russian division amounted to EUR 55.0 million in Q3 2019. A strong growth of 28.8% over the year was achieved on the back of positive LFL trends, continued organic expansion and supportive performance of new openings (44 restaurants opened in the last 12 months) as well as positive FX changes. In the local currency, the revenues increased by 21.3% in the reporting period.

The highest dynamics in sales in the reported period was observed in Western Europe. The top line growth of 42.6% to EUR 199.7 million was mainly driven by the consolidation of new businesses (Sushi Shop, KFC France and Bacoa). Excluding M&A's from the last 12 months revenue for the segment reached EUR 151.1 million, representing a 9.3% growth year-on-year. During the last 12 months, the Group added 256 new restaurants in Western Europe.

Positive sales momentum observed in China was also in place in the reporting period. The revenues of Chinese division in Q3 2019 amounted to EUR 23.6 million and were 21.6% higher than year ago. Increase was driven mainly by mid-single digit LFL, positive F/X and further expansion and supportive performance of Blue Frog brand in the region with 16 new restaurants rolled out in the last 12 months.

Other segment posted 112.8% growth compared to the previous year in Q3 2019 to EUR 8.3 million due to significant improvement in SCM top-line figure and further increase of scale in PizzaPortal business.

Chart 1 AmRest Group's sales in Q3 2019 compared to previous years (in EUR millions)



Profitability

Profitability during the third quarter of 2019 was shaped by a solid performance of the Core business (i.e. excluding the acquisitions from the last 12 months) supported by further increase in scale, digitalization of the business and improvement on food cost margin on the other hand affected by continued labor cost pressure on major markets and ongoing integration of most recent M&A projects.

Group's reported EBITDA amounted to EUR 100.6 million, representing a 19.9% margin. Excluding the impact of IFRS 16, comparable EBITDA reached EUR 63.4 million, growing at 27.6% over the year. At the same time, non-IFRS 16 EBITDA margin decreased vs. last year by 0.2pp to 12.5%.

The non-IFRS 16 EBITDA of the Group's Core business (i.e. excluding most recent M&A projects) amounted to EUR 49.7 million in Q3 2019 and was 17.8% higher than year ago. As a result, comparable EBITDA margin of the Core business increased over the year by 0.1pp to 12.8%. Similarly to the previous periods, the main impact on Group's profitability came from relative growth in labor costs (1.7pp compared to Q3 2018) driven by minimum wage increases on major markets as well as consolidation of Western European businesses, characterized by higher share of labor cost. This was partially offset by further improvement on food cost margin, positive impact from operational leverage as well as further cost optimization initiatives.

Reported profit from operations (EBIT) of the Group amounted to EUR 37.8 million or 7.5% of sales. Excluding the impact of IFRS 16, AmRest's comparable EBIT reached EUR 34.9 million, representing 26.4% growth over the year. The non-IFRS 16 EBIT margin stood at 6.9% and was 0.1pp lower vs. last year.

Reported net profit attributable to AmRest shareholders in Q3 2019 reached EUR 16.8 million or 3.3% margin. Without the impact of IFRS 16 the result was EUR 23.1 million (+28.8% over the year). Comparable net profit margin amounted to 4.6% and was flat year-on-year.

Non-IFRS 16 net debt at the end of Q3 2019 equaled EUR 598.0 million which resulted in comparable leverage level at 2.9.

Central and Eastern Europe again proved its strength from previous quarters in terms of profitability improvement. Reported EBITDA for the region reached EUR 51.6 million or 23.6% margin. Excluding IFRS 16 impact, EBITDA amounted to EUR 36.4 million, representing a 17.5% growth year-on-year. As a result, comparable margin increased by 0.1 pp to 16.7%, despite EUR 1.9 million of positive impact from VAT refund in Poland last year.

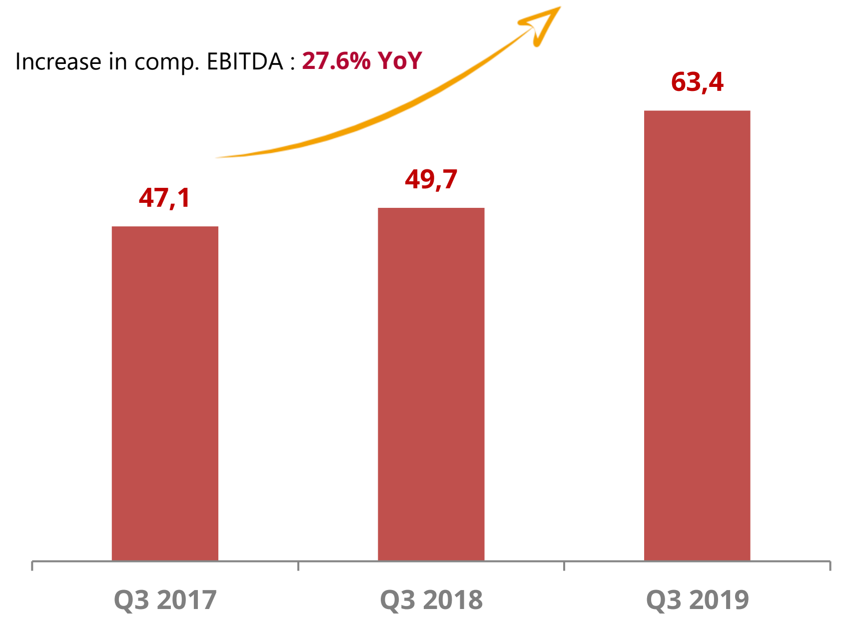
Reported EBITDA of Russian division amounted to EUR 11.5 million or 20.9% margin. Adjusted for IFRS 16 impact, the result was EUR 7.0 million (EUR +1.7 million vs. year ago), while comparable EBITDA margin increased by 0.3pp to 12.7%. Positive impact on profitability was primarily driven by sales leverage, strict cost control, F/X and ongoing efforts to improve franchise business.

The EBITDA reported by Western Europe division amounted to EUR 35.4 million or 17.7% margin. Excluding the impact from IFRS 16, EBITDA reached EUR 21.0 million (EUR +6.5 million over the year) while comparable EBITDA margin increased by 0.3pp to 10.6%. Profitability improvement was mainly driven by a positive contribution from Sushi Shop and KFC France acquisition and ongoing initiatives to fully integrate acquired businesses. This was partially offset by wage increases as well as general price inflation with muted macro trends on some of the markets in the segment.

Other Western Europe segment reported a significant increase in profitability as it includes Sushi Shop Group results not attributed to explicitly reported countries in the segment reporting.

China segment once again proved the strength of the business with visible upside on profitability. Reported EBITDA amounted to EUR 6.3 million or 27.0% margin. Excluding the impact from IFRS 16, EBITDA reached EUR 3.3 million while margin increased year-on-year by 5.7pp to 13.7%. This was driven by sales leverage, strong performance of the new openings, effective cost control as well as positive F/X.

Chart 2 AmRest Group's non-IFRS 16 EBITDA in Q3 2019 compared to previous years (in EUR millions)



(all figures in EUR millions unless stated otherwise)

Table 1 Split of revenues and margins by divisions for Q3 2019 and 2018

	3 months ended 30 September 2019				3 months ended 30 September 2018	
	with IFRS16 impact		IFRS16 impact excluded			
	Amount	% of sales	Amount	% of sales	Amount	% of sales
Revenue	**504.8**		**504.8**		**392.4**	
Poland	120.3	23.8%	120.3	23.8%	107.3	27.3%
Czechia	51.8	10.3%	51.8	10.3%	43.0	11.0%
Hungary	28.6	5.7%	28.6	5.7%	23.4	6.0%
Other CEE	17.5	3.5%	17.5	3.5%	12.6	3.2%
Total CEE	**218.2**	**43.2%**	**218.2**	**43.2%**	**186.3**	**47.5%**
Russia	**55.0**	**10.9%**	**55.0**	**10.9%**	**42.7**	**10.9%**
Spain	71.8	14.2%	71.8	14.2%	64.5	16.4%
Germany	45.8	9.1%	45.8	9.1%	44.5	11.4%
France	72.5	14.4%	72.5	14.4%	30.7	7.8%
Other Western Europe	9.6	1.9%	9.6	1.9%	0.3	0.1%
Western Europe	**199.7**	**39.6%**	**199.7**	**39.6%**	**140.0**	**35.7%**
China	**23.6**	**4.7%**	**23.6**	**4.7%**	**19.4**	**4.9%**
Other	**8.3**	**1.6%**	**8.3**	**1.6%**	**4.0**	**1.0%**
	Amount	Margin	Amount	Margin	Amount	Margin
EBITDA	**100.6**	**19.9%**	**63.4**	**12.5%**	**49.7**	**12.7%**
Poland	25.9	21.5%	17.5	14.6%	16.0	14.9%
Czechia	14.0	27.0%	10.5	20.2%	9.1	21.1%
Hungary	6.8	23.9%	5.1	17.9%	4.2	18.1%
Other CEE	4.9	27.6%	3.3	18.5%	1.7	13.0%
Total CEE	**51.6**	**23.6%**	**36.4**	**16.7%**	**31.0**	**16.6%**
Russia	**11.5**	**20.9%**	**7.0**	**12.7%**	**5.3**	**12.4%**
Spain	18.8	26.2%	14.0	19.7%	13.7	21.2%
Germany	6.4	13.9%	0.9	1.9%	1.0	2.3%
France	8.2	11.2%	4.6	6.3%	0.0	(0.1%)
Other Western Europe	2.0	20.9%	1.5	15.6%	(0.2)	(0.5%)
Western Europe	**35.4**	**17.7%**	**21.0**	**10.6%**	**14.5**	**10.3%**
China	**6.3**	**27.0%**	**3.3**	**13.7%**	**1.5**	**8.0%**
Other	**(4.2)**	**-**	**(4.3)**	**-**	**(2.6)**	**-**
Adjusted EBITDA*	**102.9**	**20.4%**	**66.1**	**13.1%**	**51.6**	**13.2%**
Poland	26.3	21.9%	18.1	15.1%	14.6	13.6%
Czechia	14.4	27.7%	10.8	20.9%	9.5	22.1%
Hungary	7.2	24.9%	5.4	18.9%	4.6	19.7%
Other CEE	5.0	28.8%	3.6	19.8%	1.9	15.4%
Total CEE	**52.9**	**24.2%**	**37.9**	**17.3%**	**30.6**	**16.4%**
Russia	**11.7**	**21.3%**	**7.2**	**13.2%**	**5.8**	**13.5%**
Spain	19.2	26.7%	14.5	20.2%	14.0	21.7%
Germany	6.6	14.4%	1.2	2.5%	1.3	2.8%
France	8.3	11.4%	4.8	6.6%	0.9	2.8%
Other Western Europe	1.9	21.1%	1.4	15.7%	(0.2)	(41.1%)
Western Europe	**36.0**	**18.1%**	**21.9**	**11.0%**	**16.0**	**11.4%**
China	**6.6**	**27.8%**	**3.5**	**14.5%**	**1.9**	**9.7%**
Other	**(4.3)**	**-**	**(4.4)**	**-**	**(2.7)**	**-**
EBIT	**37.8**	**7.5%**	**34.9**	**6.9%**	**27.6**	**7.0%**
Poland	11.4	9.5%	10.6	8.8%	9.4	8.8%
Czechia	8.1	15.7%	7.6	14.7%	6.7	15.7%
Hungary	3.4	12.0%	3.2	11.3%	2.8	12.0%
Other CEE	1.8	10.1%	1.7	9.7%	0.4	3.1%
Total CEE	**24.7**	**11.4%**	**23.1**	**10.6%**	**19.3**	**10.4%**
Russia	**3.5**	**6.3%**	**3.4**	**6.3%**	**2.7**	**6.3%**
Spain	10.4	14.5%	9.9	13.8%	10.1	15.7%
Germany	(0.9)	(2.0%)	(1.5)	(3.3%)	(0.7)	(1.7%)
France	2.7	3.6%	2.7	3.7%	(1.2)	(4.0%)

(all figures in EUR millions unless stated otherwise)

	3 months ended 30 September 2019				3 months ended 30 September 2018	
	with IFRS16 impact		IFRS16 impact excluded			
	Amount	% of sales	Amount	% of sales	Amount	% of sales
Other Western Europe	(0.1)	0.2%	0.1	0.6%	(0.2)	(63.6%)
Western Europe	**12.1**	**6.1%**	**11.2**	**5.5%**	**8.0**	**5.7%**
China	**1.9**	**8.2%**	**1.8**	**7.8%**	**0.3**	**1.8%**
Other	**(4.4)**	**-**	**(4.6)**	**-**	**(2.7)**	**-**

**Adjusted EBITDA – EBITDA adjusted for new openings expenses (start-up costs), M&A expenses: all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with transaction, effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).*

Table 2 Split of revenues and margins by divisions for 9 months 2019 and 2018

	9 months ended 30 September 2019				9 months ended 30 September 2018 (restated*)	
	with IFRS16 impact		IFRS16 impact excluded			
	Amount	% of sales	Amount	% of sales	Amount	% of sales
Revenue	**1 432.5**		**1 432.5**		**1 104.0**	
Poland	337.8	23.6%	337.80	23.6%	300.8	27.2%
Czechia	143.9	10.0%	143.90	10.0%	121.5	11.1%
Hungary	80.1	5.6%	80.10	5.6%	64.8	5.9%
Other CEE	45.5	3.2%	45.50	3.2%	35.1	3.2%
Total CEE	**607.3**	**42.4%**	**607.30**	**42.4%**	**522.2**	**47.3%**
Russia	**150.9**	**10.5%**	**150.90**	**10.5%**	**124.5**	**11.3%**
Spain	204.8	14.3%	204.80	14.3%	176.4	16.0%
Germany	130.5	9.1%	130.50	9.1%	125.6	11.4%
France	220.9	15.4%	220.90	15.4%	87.5	7.9%
Other Western Europe	29.9	2.1%	29.90	2.1%	0.8	0.1%
Western Europe	**586.1**	**40.9%**	**586.10**	**40.9%**	**390.3**	**35.3%**
China	**67.6**	**4.7%**	**67.60**	**4.7%**	**54.7**	**5.0%**
Other	**20.6**	**1.4%**	**20.60**	**1.4%**	**12.3**	**1.1%**
	Amount	Margin	Amount	Margin	Amount	Margin
EBITDA	**266.4**	**18.6%**	**157.9**	**11.0%**	**124.7**	**11.3%**
Poland	67.8	20.1%	43.3	12.8%	37.1	12.3%
Czechia	38.1	26.4%	28.2	19.6%	25.3	20.8%
Hungary	18.7	23.4%	13.7	17.1%	11.3	17.4%
Other CEE	10.7	23.5%	6.2	13.6%	3.9	11.3%
Total CEE	**135.3**	**22.3%**	**91.4**	**15.1%**	**77.6**	**14.9%**
Russia	**31.0**	**20.6%**	**17.9**	**11.9%**	**16.7**	**13.4%**
Spain	52.4	25.6%	38.6	18.8%	37.7	21.4%
Germany	15.0	11.5%	(1.4)	(1.1%)	(1.7)	(1.4%)
France	22.4	10.1%	12.3	5.6%	1.1	1.2%
Other Western Europe	5.3	17.7%	3.8	12.9%	(0.4)	(50.5%)
Western Europe	**95.1**	**16.2%**	**53.3**	**9.1%**	**36.7**	**9.4%**
China	**18.6**	**27.5%**	**9.1**	**13.4%**	**5.9**	**10.8%**
Other	**(13.6)**	**-**	**(13.8)**	**-**	**(12.2)**	**-**
Adjusted EBITDA**	**272.8**	**19.0%**	**165.2**	**11.5%**	**132.4**	**12.0%**
Poland	68.9	20.4%	44.7	13.2%	36.4	12.1%
Czechia	38.9	27.0%	29.0	20.2%	26.1	21.4%
Hungary	19.5	24.3%	14.5	18.0%	12.0	18.5%
Other CEE	11.3	24.9%	7.0	15.3%	4.6	12.9%
Total CEE	**138.6**	**22.8%**	**95.2**	**15.7%**	**79.1**	**15.1%**
Russia	**31.5**	**20.9%**	**18.5**	**12.3%**	**17.6**	**14.2%**
Spain	53.5	26.1%	39.6	19.3%	38.7	22.0%
Germany	15.7	12.0%	(0.6)	(0.5%)	(0.8)	(0.6%)
France	22.6	10.2%	12.8	5.8%	2.9	3.3%
Other Western Europe	5.3	17.7%	3.8	12.9%	(0.3)	(46.7%)

(all figures in EUR millions unless stated otherwise)

	9 months ended 30 September 2019				9 months ended 30 September 2018 (restated*)	
	with IFRS16 impact		IFRS16 impact excluded			
	Amount	% of sales	Amount	% of sales	Amount	% of sales
Western Europe	**97.1**	**16.6%**	**55.6**	**9.5%**	**40.5**	**10.4%**
China	**19.1**	**28.2%**	**9.6**	**14.1%**	**6.5**	**12.0%**
Other	**(13.5)**	**-**	**(13.7)**	**-**	**(11.3)**	**-**
EBIT	**73.0**	**5.1%**	**71.0**	**5.0%**	**53.0**	**4.8%**
Poland	23.1	6.8%	22.1	6.5%	**16.6**	5.5%
Czechia	21.3	14.8%	20.1	14.0%	18.1	14.9%
Hungary	8.7	10.9%	8.2	10.3%	7.2	11.1%
Other CEE	1.5	3.4%	1.2	2.7%	0.3	1.0%
Total CEE	**54.6**	**9.0%**	**51.6**	**8.5%**	**42.2**	**8.1%**
Russia	**7.0**	**4.7%**	**7.4**	**4.9%**	**8.7**	**6.9%**
Spain	27.0	13.2%	25.9	12.6%	25.6	14.5%
Germany	(10.4)	(8.0%)	(9.5)	(7.3%)	(8.4)	(6.7%)
France	2.5	1.1%	2.8	1.3%	(4.4)	(5.1%)
Other Western Europe	2.5	8.5%	2.5	8.3%	(0.4)	(61.1%)
Western Europe	**21.6**	**3.7%**	**21.7**	**3.7%**	**12.4**	**3.2%**
China	**4.2**	**6.2%**	**4.8**	**7.1%**	**2.5**	**4.5%**
Other	**(14.4)**	**-**	**(14.5)**	**-**	**(12.8)**	**-**

**Restated for EUR 1.0 million of gain on bargain purchase of Pizza Hut Russia described in note 6.*
***Adjusted EBITDA – EBITDA adjusted for new openings expenses (start-up costs), M&A expenses: all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with transaction, effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).*

Table 3 Reconciliation of net profit and adjusted EBITDA for Q3 2019 and 2018

	3 months ended 30 September 2019				3 months ended 30 September 2018		Q3/Q3	
	with IFRS16 impact		IFRS16 impact excluded				with IFRS 16 impact	IFRS16 impact excluded
	Amount	% of sales	Amount	% of sales	Amount	% of sales	% of change	% of change
Profit/(loss) for the period	**17.3**	**3.4%**	**23.6**	**4.7%**	**18.1**	**4.6%**	**(4.4%)**	**30.4%**
+ Finance costs	15.3	3.0%	4.5	0.9%	4.0	1.0%	282.5%	12.5%
– Finance income	0.1	0.0%	0.1	0.0%	0.4	0.1%	(75.0%)	(75.0%)
+ Income tax expense	5.3	1.0%	6.9	1.3%	5.9	1.5%	(10.2%)	16.9%
+ Depreciation and Amortisation	62.6	12.4%	28.5	5.6%	22.0	5.6%	184.5%	29.5%
+ Impairment losses	0.2	0.0%	-	-	0.1	0.0%	100.0%	(100.0%)
EBITDA	**100.6**	**19.9%**	**63.4**	**12.5%**	**49.7**	**12.7%**	**102.4%**	**27.6%**
+ Start-up expenses*	2.3	0.5%	2.7	0.5%	2.9	0.7%	(20.7%)	(6.9%)
+ M&A related expenses	-	-	-	-	0.9	0.2%	(100.0%)	(100.0%)
– Indirect taxes adjustments	-	-	-	-	1.9	0.2%	(100.0%)	(100.0%)
Adjusted EBITDA	**102.9**	**20.4%**	**66.1**	**13.1%**	**51.6**	**13.2%**	**99.4%**	**28.1%**

(all figures in EUR millions unless stated otherwise)

Table 4 Reconciliation of net profit and adjusted EBITDA for 9 months 2019 and 2018

	9 months ended 30 September 2019				9 months ended 30 September 2018 (restated*)		Q3YTD/Q3YTD	
	with IFRS16 impact		IFRS16 impact excluded				with IFRS 16 impact	IFRS16 impact excluded
	Amount	% of sales	Amount	% of sales	Amount	% of sales	% of change	% of change
Profit/(loss) for the period	**28.3**	**2.0%**	**43.4**	**3.0%**	**31.2**	**2.8%**	**(9.3%)**	**39.1%**
+ Finance costs	35.5	2.5%	14.0	1.0%	11.4	1.0%	211.4%	22.8%
– Finance income	0.4	0.0%	0.4	0.0%	0.7	0.1%	(42.9%)	(42.9%)
+ Income tax expense	9.6	0.7%	14	1.0%	11.1	1.0%	(13.5%)	26.1%
+ Depreciation and Amortisation	184.3	12.9%	83.1	5.8%	65.8	6.0%	180.1%	26.3%
+ Impairment losses	9.1	0.6%	3.8	0.3%	5.9	0.5%	54.2%	(35.6%)
EBITDA	**266.4**	**18.6%**	**157.9**	**11.0%**	**124.7**	**11.3%**	**111.3%**	**25.2%**
+ Start-up expenses**	6.2	0.4%	7.1	0.5%	7.2	0.7%	(13.9%)	(1.4%)
+ M&A related expenses	0.1	0.0%	0.1	0.0%	1.4	0.1%	(92.9%)	(92.9%)
+/– Effect of SOP exercise method modification	0.1	0.0%	0.1	0.0%	1.0	0.1%	(90.0%)	(90.0%)
– Indirect taxes adjustments	-	-	-	-	1.9	0.2%	(100.0%)	(100.0%)
Adjusted EBITDA	**272.8**	**19.0%**	**165.2**	**11.5%**	**132.4**	**12.0%**	**103.9%**	**23.5%**

**Restated for EUR 1.0 million of gain on bargain purchase of Pizza Hut Russia described in note 6 ;*
***Start-up expenses – all material operating expenses incurred in connection with new restaurants opening and prior to the opening.*

Significant events and transactions in Q3 2019
(till the date of publication of this Report)

Agreement with Glovoapp23 S.L.

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

Changes in the Company's Governing Bodies

There were no changes in the Company's Governing Bodies that occurred in the period covered by this Report. The composition of the Board of Directors is as follows:

- Mr. José Parés Gutiérrez
- Mr. Carlos Fernández González
- Mr. Luis Miguel Álvarez Pérez
- Mr. Emilio Fullaondo Botella
- Ms. Romana Sadurska

(all figures in EUR millions unless stated otherwise)

- Mr. Pablo Castilla Reparaz
- Mr. Mustafa Ogretici

- Eduardo Rodríguez-Rovira Rodríguez (Secretary, non-Board member)
- Jaime Tarrero Martos (Deputy Secretary, non-Board member)

Dividends paid during the period covered by this Report

During the period covered by this Report the Group has not paid any dividend.

Shareholders of AmRest Holdings SE

Pursuant to the best AmRest's knowledge as at 30 September 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 sole shareholder of FCapital Lux (holding directly 56 509 547 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finaccess SAPI de CV is the direct majority shareholder of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The direct majority shareholder of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is a member of AmRest's Board of Directors.*

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

During the period since 1 July 2019 there were no changes with respect to AmRest shares and stock options held by the members of the Board of Directors of AmRest.

Transactions on AmRest shares concluded for the purpose of executing the management option plan

The commencement of the purchase of treasury shares occurred on the basis of Resolution No. 7 of the General Meeting of the Company of 19 May 2015 concerning the authorization for the Management Board to acquire treasury shares in the Company and the establishment of reserve capital and (replacing it) Resolution No. 9 of the General Meeting of the Company of 6 June 2018 concerning the authorization to the Board of Directors for the derivative acquisition of the Company's own shares made directly by the Company or indirectly through its subsidiaries as well as for the sale of the own shares.

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

In the period between 1 July 2019 and 30 September, 2019, AmRest did not purchase any own shares. During the same period, the Company disposed a total of 130 359 own shares with a total nominal value of EUR 13 035.9 and representing 0.0594% of the share capital to entitled participants of the stock options plans. Disposal transactions under these plans were executed in three settlement methods, which impacted the sale price. Major part of the shares was transferred to the participants free of charge. As at 30 September 2019 AmRest held 880 245 own shares with a total nominal value of EUR 88 024.5 and representing 0.4009% of the share capital.

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

Forecasts of financial results

The Company has not published any forecasts of financial results.

Part B. Condensed Consolidated Interim Report for Q3 2019

(all figures in EUR millions unless stated otherwise)

Condensed consolidated income statement for 9 months ended 30 September 2019

	9 months ended	
	30 September 2019	30 September 2018 (restated*)
Continuing operations		
Restaurant sales	1 355.9	1 042.3
Franchise and other sales	76.6	61.7
Total revenue	**1 432.5**	**1 104.0**
Restaurant expenses:		
Food and merchandise	(383.3)	(298.3)
Payroll, social security and employee benefits	(369.3)	(265.2)
Royalties	(64.2)	(54.0)
Occupancy, depreciation and other operating expenses	(382.5)	(309.6)
Franchise and other expenses	(52.1)	(44.6)
General and administrative expenses	(108.5)	(80.8)
Total operating costs and losses	**(1 359.9)**	**(1 052.5)**
Net impairment losses on financial assets	(0.4)	(1.1)
Net impairment losses on other assets	(8.7)	(4.8)
Other operating income/expenses	9.5	7.4
Profit from operations	**73.0**	**53.0**
Finance income	0.4	0.7
Finance costs	(35.5)	(11.4)
Profit before tax	**37.9**	**42.3**
Income tax	(9.6)	(11.1)
Profit for the period	**28.3**	**31.2**
Attributable to:		
Shareholders of the parent	27.2	32.3
Non-controlling interests	1.1	(1.1)
Profit for the period	**28.3**	**31.2**
Basic earnings per ordinary share in EUR	0.12	0.15
Diluted earnings per ordinary share in EUR	0.12	0.15

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.*

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of comprehensive income for 9 months ended 30 September 2019

	9 months ended	
	30 September 2019	**30 September 2018 (restated*)**
Profit for the period	**28.3**	**31.2**
Other comprehensive income		
Exchange differences on translation of foreign operations	9.8	(7.9)
Net investment hedges	(2.7)	(3.4)
Income tax related to net investment hedges	0.5	0.8
Total items that may be reclassified to the income statement	7.6	(10.5)
Other comprehensive income/(loss) for the period	**7.6**	**(10.5)**
Total comprehensive income for the period	**35.9**	**20.7**
Attributable to:		
Shareholders of the parent	34.8	21.9
Non-controlling interests	1.1	(1.2)

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 September 2019

	30 September 2019	31 December 2018
Assets		
Property, plant and equipment	539.9	500.9
Right-of-use assets	787.8	-
Goodwill	373.6	368.7
Intangible assets	236.3	240.8
Investment properties	5.1	5.2
Financial assets measured at fair value	26.9	26.9
Other non-current assets	25.6	26.4
Deferred tax assets	32.0	22.1
Total non-current assets	**2 027.2**	**1 191.0**
Inventories	27.5	25.7
Trade and other receivables	69.1	61.9
Corporate income tax receivables	2.9	8.0
Other current assets	24.9	36.3
Cash and cash equivalents	110.2	118.4
Assets held for sale	3.9	-
Total current assets	**238.5**	**250.3**
Total assets	**2 265.7**	**1 441.3**
Equity		
Share capital	22.0	22.0
Reserves	190.6	206.1
Retained earnings	258.7	231.5
Translation reserve	(29.1)	(38.9)
Equity attributable to shareholders of the parent	**442.2**	**420.7**
Non-controlling interests	10.0	9.9
Total equity	**452.2**	**430.6**
Liabilities		
Interest-bearing loans and borrowings	640.4	655.8
Lease liabilities	665.8	1.8
Employee benefits liability	0.8	1.7
Provisions	14.1	14.8
Deferred tax liability	44.6	46.2
Other non-current liabilities	7.2	25.1
Total non-current liabilities	**1 372.9**	**745.4**
Interest-bearing loans and borrowings	66.6	6.0
Lease liabilities	134.8	0.6
Trade and other accounts payable	225.7	246.9
Corporate income tax liabilities	11.8	11.8
Liabilities directly associated with the assets held for sale	1.7	-
Total current liabilities	**440.6**	**265.3**
Total liabilities	**1 813.5**	**1 010.7**
Total equity and liabilities	**2 265.7**	**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 9 months ended 30 September 2019

	9 months ended	
	30 September 2019	**30 September 2018 (restated*)**
Cash flows from operating activities		
Profit before tax from continued operations	37.9	42.3
Adjustments for:		
Amortisation/Depreciation	184.3	65.8
Net interest expense	32.9	8.2
Foreign exchange result	1.5	0.3
Result on disposal of property, plant and equipment and intangibles	0.5	-
Impairment of non-financial assets	8.7	4.8
Share-based payments	5.7	5.4
Other	0.4	(5.1)
Working capital changes:		
Change in trade and other receivables	(7.7)	5.5
Change in inventories	(1.8)	0.9
Change in other assets	(6.3)	(2.8)
Change in payables and other liabilities	(9.1)	7.8
Change in provisions and employee benefits	(1.5)	(5.3)
Income tax paid	(13.8)	(10.3)
Net cash from operating activities	**231.7**	**117.5**
Cash flows from investing activities		
Net cash outflows on acquisition	(22.9)	(25.3)
Purchase of financial assets measured at fair value	-	(25.0)
Proceeds from the sale of property, plant and equipment	0.4	-
Purchase of property, plant and equipment	(127.4)	(88.3)
Purchase of intangible assets	(7.4)	(5.3)
Net cash used in investing activities	**(157.3)**	**(143.9)**
Cash flows from financing activities		
Proceeds from share transfers (employees options)	0.6	0.7
Repurchase of treasury shares	(0.5)	(6.6)
Payments on settlement of employee stock options in cash	-	(0.8)
Proceeds from loans and borrowings	60.9	89.5
Repayment of loans and borrowings	(13.6)	(68.5)
Payments of lease liabilities including interests paid	(109.5)	(0.3)
Interest paid	(14.2)	(11.0)
Interest received	0.3	0.7
Transactions with non-controlling interest	(5.8)	2.0
Net cash from financing activities	**(81.8)**	**5.7**
Net change in cash and cash equivalents	**(7.4)**	**(20.7)**
Effect of foreign exchange rate movements	0.2	2.3
Balance sheet change of cash and cash equivalents	(7.2)	(18.4)
Cash and cash equivalents, beginning of period	118.4	131.2
Cash and cash equivalents, end of period	**111.2**	**112.8**
Cash and cash equivalents	110.2	112.8
Cash attributable to asset held for sale	1.0	**-**

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 9 months ended 30 September 2019

	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	-	-	27.2	-	**27.2**	1.1	**28.3**
Other comprehensive income	-	(2.2)	-	9.8	**7.6**	-	**7.6**
Total comprehensive income	-	**(2.2)**	**27.2**	**9.8**	**34.8**	**1.1**	**35.9**
Transaction with non-controlling interests	-	(4.8)	-	-	**(4.8)**	(1.0)	**(5.8)**
Total transactions with non-controlling interests	**-**	**(4.8)**	**-**	**-**	**(4.8)**	**(1.0)**	**(5.8)**
Purchases of treasury shares	-	(0.5)	**-**	**-**	**(0.5)**	**-**	**(0.5)**
Share based payments	-	5.0	-	-	**5.0**	-	**5.0**
Deferred payment in shares	-	(13.0)	-	-	**(13.0)**	-	**(13.0)**
Total distributions and contributions	**-**	**(8.5)**	**-**	**-**	**(8.5)**	-	**(8.5)**
As at 30 September 2019	**22.0**	**190.6**	**258.7**	**(29.1)**	**442.2**	**10.0**	**452.2**

	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	-	-	32.3	-	**32.3**	(1.1)	**31.2**
Other comprehensive income	-	(2.6)	-	(7.8)	**(10.4)**	(0.1)	**(10.5)**
Total comprehensive Income	**-**	**(2.6)**	**32.3**	**(7.8)**	**21.9**	**(1.2)**	**20.7**
Transaction with non-controlling interests	-	-	-	-	-	2.0	**2.0**
Total transactions with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**2.0**	**2.0**
Share capital increase from share premium	21.0	(21.0)	-	-	-	-	-
Purchases of treasury shares	-	(6.6)	-	-	**(6.6)**	-	**(6.6)**
Share based payments	-	6.2	-	-	**6.2**	-	**6.2**
Total distributions and contributions	**21.0**	**(21.4)**	**-**	**-**	**(0.4)**	-	**(0.4)**
As at 30 September 2018 *(restated*)*	**21.2**	**128.3**	**220.8**	**(37.4)**	**332.9**	**9.7**	**342.6**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes, in particular note 9.
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 condensed consolidated interim report

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 and Spain) and KABB (in China).

In 2018 the Group acquired the Bacoa and Sushi Shop brands, as a result of which it operates own and franchise restaurants in Spain (Bacoa) and own and franchise restaurants among the others in France, Belgium, Spain, 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 September 2019 the Group operates 2 211 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, 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	China	Spain	France, Spain, Belgium, Italy, Switzerland, Luxemburg, UK, the Netherlands

Activity where AmRest is a franchisor (own brand or based on master-franchise agreements)						
Brand	**Pizza Hut Dine-In**	**Pizza Hut Express, Delivery**	**La Tagliatella**	**Blue Frog**	**BACOA**	**Sushi Shop**
Partner	Yum Restaurants International Holdings LLC	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, 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 default, deadlock, or disputed take-over or change of control over AmRest Holdings SE and/or its shareholders, Starbucks will be entitled to increase its share to 100% by purchasing shares from the Group. Option upon termination for event of default or deadlock are symmetric for both parties, so that AmRest will also be entitle to exercise the option to purchase all of the Shares of Starbucks. According to Group assessment as at the day of this report issuance there are no indicators making the mentioned above options realizable. The Group acquired 100% of shares in Romanian and Bulgarian entities, being the sole operators in these markets. In Germany the Group acquired 100% of shares in a key operator in this market.

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

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

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

(all figures in EUR millions unless stated otherwise)

2. Group Structure

As at 30 September 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.	16.52%	April 2011
		AmRest TAG S.L.U.	83.48%	
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 [12]	Apia, Samoa	AmRest China Group PTE Ltd	100.00%	December 2012
Horizon Group Consultants[11]	Road Town, British Virgin Islands	AmRest China Group PTE Ltd	100.00%	December 2012
AmRest Management Kft	Budapest, Hungary	AmRest Kft	99.00%	August 2018
		AmRest Capital Zrt	1.00%	
GM Invest SRL	Bruxelles, Belgium	AmRest Capital Zrt	100.00%	October 2018
Sushi Shop Group SAS	Paris, France	GM Invest SRL	9.47%	October 2018
		AmRest Capital Zrt	90.53%	
AmRest France SAS	Paris, France	AmRest Holdings SE	100.00%	December 2018
Sushi Shop Management SAS	Paris, France	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Belgique SA	Bruxelles, Belgium	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Holding USA LLC	Dover Kent, USA	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Luxembourg SARL	Luxembourg	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Switzerland SA	Fribourg, Switzerland	Sushi Shop Management SAS	100.00%	October 2018
		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.	82.00%	March 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	44.72%	July 2007
		AmRest Sp. z o.o.	55.28%	
AmRest Coffee s.r.o.	Prague, Czechia	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest d.o.o.	Belgrade, Serbia	AmRest Sp. z o.o.	60.00%	October 2007
		ProFood Invest GmbH	40.00%	
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 Food Srl. [9]	Bucharest, Romania	AmRest Sp. z o.o.	99.00%	July 2019
		AmRest Holdings SE	1.00%	July 2019
AmRest Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	December 2015
		AmRest Sp. z o.o.	1.00%	
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	23.00%	May 2016
		AmRest Capital Zrt	77.00%	
AmRest DE Sp. z o.o. & Co. KG	Berlin, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
The Grill Concept S.L.U.	Madrid, Spain	Pastificio Service S.L.U.	100.00%	December 2016
Kai Fu Food and Beverage Management (Shanghai) Co. Ltd	Shanghai, China	Blue Frog Food&Beverage Management Ltd	100.00%	December 2016
LTP La Tagliatella Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	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 Pizza Company [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	100.00%	October 2018
CMLC Troyes [10]	Troyes, France	Sushi Shop Management SAS	100.00%	July 2019
Sushiga SARL	Paris France	Sushi Shop Management SAS	50.00%	October 2018
		Emmanuel GARFIN	50.00%	
SSW 1 SPRL	Waterloo, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
SSW 2 SPRL	Wavre, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi House SA	Luxembourg	Midicapital	14.00%	October 2018
		Sushi Shop Luxembourg SARL	86.00%	
Sushi Sablon SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop London Pvt LTD	London, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Louise SA	Bruxelles, Belgium	Sushi Shop Belgique SA	54,80%	October 2018
		Midicapital	45,20%	
Sushi Shop UK Pvt LTD	Charing, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Uccle SA	Uccle, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Anvers SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Geneve SA	Geneva, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Lausanne SARL	Lausanne, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Madrid S.L. [7]	Madrid, Spain	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Milan SARL	Milan, Italy	Sushi Shop Management SAS	70.00%	October 2018
		Vanray SRL	30.00%	
Sushi Shop NE USA LLC	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop NY1	New York, USA	Sushi Shop Holding USA LLC	64.00%	October 2018
		Sushi Shop NE USA LLC	36.00%	
Sushi Shop NY2	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018

(all figures in EUR millions unless stated otherwise)

Sushi Shop International SA	Bruxelles, Belgium	Sushi Shop Group SAS Sushi Shop Belgique SA	99.90% 0.10%	October 2018
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, 13]	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. Michał Lewandowski	99,00% 1.00%	December 2018
Supply services for restaurants operated by the Group				
SCM Czech s.r.o.	Prague, Czechia	SCM Sp. z o.o. Ondrej Razga	90.00% 10.00%	March 2007
SCM Sp. z o.o.	Warsaw, Poland	AmRest Sp. z o.o. R&D Sp. z o.o. Beata Szafarczyk-Cylny Zbigniew Cylny	51.00% 43.80% 5.00% 0.20%	October 2008
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.
[9] On 17 July 2019 was registered AmRest Food Srl. with registered office is Bucharest, Romania. Company has two shareholders: AmRest Sp. z o.o. owns 99% of shares, AmRest Holdings SE owns 1% of shares.
[10] On 2 July 2019 Sushi Shop Management SAS finalized acquisition of 100% shares of CMLC Troyes.
[11] With effect from 14 October 2019 Horizon Consultants Ltd. has changed its domicile to Malta.
[12] With effect from 4 November 2019 New Precision Ltd. has changed its domicile to Malta.
[13] On 28 October 2019 AmRest Holdings SE lost control over Restaurant Partner Polska Sp. z o.o. as a result of transaction with Gloviapp23, S.L.

** 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 1 October 2019 AmRestavia, S.L.U. and Restauravia Grupo Empresarial, S.L. were merged into AmRest Tag, S.L.U. On mentioned date all assets of merged companies have been taken by AmRest Tag S.L.U.*

3. Basis of preparation

Accounting figures presented in this condensed consolidated report were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

Amounts in this consolidated interim report are presented in euro (EUR), rounded off to full millions with one decimal place.

This interim report does 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.

The preparation of this condensed consolidated interim report 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 interim report 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 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 are not restated.

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

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 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 than 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.

Transition

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.

Impact on financial statements

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:

(all figures in EUR millions unless stated otherwise)

	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)

Impact on reported income statements items:

From the transition, the nature of expenses related to the leases has changed. Each lease payment 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 recognized, for 9 months ended 30 September 2019:

- Lower operating occupancy and rent costs, by EUR 109.5 million (recognized as a reduction of lease liability),
- EUR 102.6 million of right-of-use assets depreciation,
- EUR 5.0 million additional impairment losses (impairment of right-of-use assets),
- EUR 19.2 million interest cost on lease liabilities,
- EUR 2.5 million of additional foreign exchange valuation effect (cost) on lease denominated in foreign currencies,
- EUR 4.4 million credit impact on deferred taxes (income).

Impact on cash flow statement

Cash flows relating to leases are 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 by the Board of Directors. The Board is also constantly reviewing the way business is analysed and adjusts it accordingly to changes in the Group's structure as a consequence of strategic decisions.

Group produces various reports, in which its business activities are presented in a variety of ways. Operating segments are set on the basis of management reports used by the Board when making strategic decisions. 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, ■ 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, Burger King, ■ 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 9 months ended 30 September 2019 and for the comparative 9 months ended 30 September 2018 is presented below. The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.

9 months ended 30 September 2019	**CEE**	**Western Europe**	**Russia**	**China**	**Other**	**Total**
Restaurant sales	606.7	531.4	150.1	67.6	0.1	1 355.9
Franchise and other sales	0.6	54.7	0.8	-	20.5	76.6
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**607.3**	**586.1**	**150.9**	**67.6**	**20.6**	**1 432.5**
EBITDA	**135.3**	**95.1**	**31.0**	**18.6**	**(13.6)**	**266.4**
Depreciation and amortisation	78.4	67.7	23.4	14.0	0.8	184.3
Net impairment losses on financial assets	-	0.4	-	-	-	0.4
Net impairment losses on other assets	2.3	5.4	0.6	0.4	-	8.7
Profit/loss from operations	**54.6**	**21.6**	**7.0**	**4.2**	**(14.4)**	**73.0**
Finance income and costs	(5.1)	(4.6)	(0.4)	(0.6)	(24.4)	(35.1)
Profit before tax	**49.5**	**17.0**	**6.6**	**3.6**	**(38.8)**	**37.9**
Capital investment**	52.5	50.2	16.2	5.0	0.2	124.1

(all figures in EUR millions unless stated otherwise)

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

For comparative purposes Group presents key measures of Q3 2019 results, as if IFRS 16 was not implemented.

9 months ended 30 September 2019	CEE	Western Europe	Russia	China	Other	Total
EBITDA without IFRS 16 effect	91.4	53.3	17.9	9.1	(13.8)	157.9
Profit/loss from operations without IFRS 16 effect	51.6	21.7	7.4	4.8	(14.5)	71.0

9 months ended 30 September 2018	CEE	Western Europe	Russia (restated*)	China	Other	Total
Restaurant sales	521.7	341.6	124.3	54.7	-	1 042.3
Franchise and other sales	0.5	48.7	0.2	-	12.3	61.7
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**522.2**	**390.3**	**124.5**	**54.7**	**12.3**	**1 104.0**
EBITDA	**77.6**	**36.7**	**16.7**	**5.9**	**(12.2)**	**124.7**
Depreciation and amortisation	34.4	19.7	7.5	3.6	0.6	65.8
Net impairment losses on financial assets	-	1.1	-	-	-	1.1
Net impairment losses on other assets	1.0	3.5	0.5	(0.2)	-	4.8
Profit/loss from operations	**42.2**	**12.4**	**8.7**	**2.5**	**(12.8)**	**53.0**
Capital investment**	47.5	46.4	14.1	4.8	0.4	113.2

**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 9 month period ended 30 September 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 Q3 2019 AmRest Group performed final reconciliation of purchase price accounting for Bacoa. Final purchase price allocation did not differ from preliminary reconciliation presented in prior reporting. Consequently, final purchase price allocation did not result in a restatement of the comparative statement of financial position, income statements or cash flow. In Q3 2019 the Group has paid holdback amounted to EUR 0.2 million which is presented within investment activity of statement of cash flow.

The acquisition of Sushi Shop Group 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 was 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 9 months period ended 30 September 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.

(all figures in EUR millions unless stated otherwise)

Several acquisitions including KFC France, KFC Russia and Pizza Hut in Russia have been finalised in Q4 2018. Adjustments introduced during final purchase price accounting impacted comparative data presented in this interim condensed consolidated report.

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 9 months ended 30 September 2018 is presented in below table:

	9 months ended		
	30 September 2018 (published)	**Adjustment 1**	**30 September 2018 (restated)**
Total revenue	**1 104.0**		**1 104.0**
Total operating costs and losses	**(1 052.5)**		**(1 052.5)**
Net impairment losses on financial assets	(1.1)		(1.1)
Net impairment losses on other assets	(4.8)		(4.8)
Other operating income/expenses	6.4	1.0	7.4
Profit from operations	**52.0**	**1.0**	**53.0**
Finance income	0.7		0.7
Finance costs	(11.4)		(11.4)
Profit before tax	**41.3**	**1.0**	**42.3**
Income tax	(11.1)		(11.1)
Profit for the period	**30.2**	**1.0**	**31.2**
Attributable to:			
Shareholders of the parent	31.3	1.0	32.3
Non-controlling interests	(1.1)		(1.1)
Profit for the period	**30.2**	**1.0**	**31.2**
Basic earnings per ordinary share in EUR	0.15		0.15
Diluted earnings per ordinary share in EUR	0.15		0.15

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:

	9 months ended		
	30 September 2018 (published)	**Adjustment 1**	**30 September 2018 (restated)**
Cash flows from operating activities			
Profit before tax from continued operations	41.3	1.0	42.3
Adjustments for:			
Amortisation/ Depreciation	65.8		65.8
Net interest expense	8.2		8.2
Foreign exchange result	0.3		0.3
Result on disposal of property, plant and equipment and intangibles	-		-
Impairment of non-financial assets	4.8		4.8
Share-based payments	5.4		5.4
Other	(4.1)	1.0	(3.1)
Working capital changes:			
Change in trade and other receivables	5.5		5.5
Change in inventories	0.9		0.9
Change in other assets	(2.8)		(2.8)
Change in payables and other liabilities	7.8		7.8
Change in provisions and employee benefits	(5.3)		(5.3)
Income tax paid	(10.3)		(10.3)
Net cash from operating activities	**117.5**		**117.5**

(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 and Pizza Hut in Russia have been described in consolidated annual financial statements for the year ended 31 December 2018.

7. Operating costs and losses

Analysis of operating expenses by nature:

	9 months ended	
	30 September 2019	**30 September 2018**
Food, merchandise and other materials	432.2	339.8
Payroll	369.3	265.9
Social security and employee benefits	89.5	65.2
Royalties	68.4	55.7
Utilities	56.8	44.7
External services - marketing	58.9	47.8
External services – other	56.9	45.8
Rental and occupancy costs/ operating leases (2018)	19.3	104.2
Depreciation of right-of-use assets	102.5	-
Depreciation of property, plant and equipment	72.0	57.4
Amortization of intangibles	9.8	8.4
Insurance	1.7	0.8
Business travel	8.6	6.9
Other	13.5	9.9
Total cost by nature	**1 359.4**	**1 052.5**
Result on restaurants and non-current assets disposal	0.5	-
Total operating costs and losses	**1 359.9**	**1 052.5**

Summary of operating expenses by functions:

	9 months ended	
	30 September 2019	**30 September 2018**
Restaurant expenses	1 199.3	927.1
Franchise and other expenses	52.1	44.6
Total cost of sales	**1 251.4**	**971.7**
General and administrative expenses	108.5	80.8
Total operating costs and losses	**1 359.9**	**1 052.5**

8. Financial income and costs

Finance income

	9 months ended	
	30 September 2019	**30 September 2018**
Income from bank interest	0.4	0.7
Total finance income	**0.4**	**0.7**

Finance costs

	9 months ended	
	30 September 2019	**30 September 2018**
Interest expense	(14.0)	(10.0)
Interest expense on lease liabilities	(19.2)	-
Net expense from foreign exchange differences	(1.5)	(0.3)
Net cost from foreign exchange differences on lease liabilities	(2.5)	-
Net cost from other exchange differences	1.0	(0.3)
Other	(0.8)	(1.1)
Total finance cost	**(35.5)**	**(11.4)**

(all figures in EUR millions unless stated otherwise)

9. 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 September 2018 have been restated comparing to the data reported in condensed interim report for Q3 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. Details of IFRS 15 implementation have been described in note 41 to the consolidated annual financial statements for the year ended 31 December 2018. The restatement refers to Retained earnings in the amount of EUR 2.3 million. The second restatement refers to the adjustment of final purchase price allocation of Pizza Hut Russia described in note 6.

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 September 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 September 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 sole shareholder of FCapital Lux (holding directly 56 509 547 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finaccses 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	-	-	-	-	-	(2.7)	-	**(2.7)**
Income tax related to net investment hedges	-	-	-	-	-	0.5	-	**0.5**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(2.2)**	**-**	**(2.2)**
Transaction with non-controlling interests	-	-	-	-	-	-	(4.8)	**(4.8)**
Total transactions with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(4.8)**	**(4.8)**
Purchases of treasury shares	-	-	-	-	(0.5)	-	-	**(0.5)**
Deferred payment in shares	-	-	(13.0)	-	-	-	-	**(13.0)**
Share based payments								
Value of disposed treasury shares	-	-	-	(6.6)	6.6	-	-	**-**
Employee stock option plan – value of employee benefits exercised in the period	-	-	-	(2.5)	-	-	-	**(2.5)**
Employee stock option plan – proceeds from employees for transferred shares	-	-	-	0.8	-	-	-	**0.8**
Employee stock option plan – change in unexercised options	-	-	-	7.3	-	-	-	**7.3**
Change of deferred tax related to unexercised employee benefits	-	-	-	(0.6)	-	-	-	**(0.6)**
Total share based payments	-	-	-	*(1.6)*	*6.6*	-	-	***5.0***
Total distributions and contributions	**-**	**-**	**(13.0)**	**(1.6)**	**6.1**	**-**	**-**	**(8.5)**
As at 30 September 2019	**236.3**	**(40.7)**	**-**	**(7.9)**	**(9.1)**	**(2.7)**	**14.7**	**190.6**

(all figures in EUR millions unless stated otherwise)

	Share premium	Put option	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	-	-	-	-	(3.4)	-	(3.4)
Income tax related to net investment hedges	-	-	-	-	0.8	-	0.8
Total comprehensive income	**-**	**-**	**-**	**-**	**(2.6)**	**-**	**(2.6)**
Transaction with non-controlling interests	-	-	-	-	-	-	-
Total transactions with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share capital increase from share premium	(21.0)	**-**	**-**	**-**	**-**	**-**	(21.0)
Purchases of treasury shares	-	-	-	(6.6)	-	-	(6.6)
Share based payments							
Value of disposed treasury shares	-	-	(4.3)	4.3	-	-	-
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	-	-	0.7	-	**-**	**-**	0.7
Employee stock option plan – change in unexercised options	-	-	3.4	-	-	-	3.4
Change of deferred tax related to unexercised employee benefits	-	-	(0.1)	-	-	-	(0.1)
Total share based payments	-	-	*1.9*	*4.3*	-	-	*6.2*
Total distributions and contributions	**(21.0)**	**-**	**1.9**	**(2.3)**	**-**	**-**	**(21.4)**
As at 30 September 2018	**168.1**	**(40.7)**	**(5.9)**	**(12.9)**	**0.2**	**19.5**	**128.3**

(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 9 months period ended 30 September 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 interim report 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 9 months ended 30 September 2019 hedges were fully effective.

As at 30 September 2019 the accumulated value of currency revaluation recognised in reserve capital (resulting from net investment hedges) amounted to EUR 2.7 million, and deferred tax concerning this revaluation EUR 0.5 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 the period of Q1- Q3 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 (its entry into force was conditional upon execution of two additional agreements). The total purchase price for shares amounted to EUR 5.3 million. Purchase price was paid on 13 March 2019 (as well as both additional contracts envisaged by the share purchase agreement have been executed an the same date). Therefore, based on the share purchase agreement AmRest Holdings SE purchased 340 844 shares, becoming 100% owner of Restaurant Partner Polska Sp. z o.o. company on 13th March 2019.

10. 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 September 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 9 months ended 30 September 2019 and 2018.

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

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

EPS calculation with the effect of share split	**30 September 2019**	**30 September 2018** *(restated*)*
Net profit attributable to shareholders of the parent (EUR millions)	27.2	32.3
Weighted average number of ordinary shares for basic EPS (in thousands of shares)	221 018	213 207**
Weighted average number of ordinary shares for diluted EPS (in thousands of shares)	222 074	215 201**
Basic earnings per ordinary share (EUR)	0.12	0.15
Diluted earnings per ordinary share (EUR)	0.12	0.15

** includes final PPA accounting adjustment described in note 6*

*** weighted average number of ordinary shares for basic EPS and diluted EPS was recalculated, taking into account options under share based programs within the Group. The adjustment to the weighted average number of ordinary shares does not change the basic and diluted EPS, that was at the level of 0.15 EUR per share.*

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

Weighted-average number of ordinary shares in thousands of shares	**30 September 2019**	**30 September 2018** *(restated*)*
Shares issued at the beginning of the period	219 554	212 139
Effect of treasury shares held	(1 123)	(1 089)
Effect of shares subject to Sushi Shop payment	764	-

Effect of share options vested	1 823	2 157
Weighted average number of ordinary shares for basic EPS	221 018	213 207

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

Weighted-average number of ordinary shares for diluted EPS in thousands of shares	**30 September 2019**	**30 September 2018** *(restated*)*
Weighted-average number of ordinary shares for basic EPS	221 018	213 207
Effect of share options unvested	1 056	1 994
Weighted average number of ordinary shares for diluted EPS	222 074	215 201

At 30 September 2019, 10 754 thousand of options were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive. At 30 September 2018, there were 3 905 thousand of options with anti-dilutive effect.

11. Assets held for sale

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

The major classes of assets and liabilities of Pizza Portal classified as held for sale as at 30 September 2019 are, as follows:

	30 September 2019
Assets	
Right-of-use assets	0.1
Goodwill	0.7
Intangible assets	1.7
Trade and other receivables	0.3
Cash and cash equivalents	1.0
Assets held for sale	**3.9**

	30 September 2019
Liabilities	
Non-current liabilities	0.3
Current liabilities	1.4
Liabilities directly associated with the assets held for sale	**1.7**

12. 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 and in note 10 "Taxes" to the condensed consolidated financial statements for 6 months ended 30 June 2019.

Below is the update of tax related risks till the date of approval of this condensed consolidated financial statements.

a) 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.

b) 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 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.

c) 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.

d) 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.

e) 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 September 2019 and as at the date of publication of this Report, there are no obligating events, so there are no grounds for booking the 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.

13. Changes in the future commitments and contingent liabilities

As in the previous reporting period, the Group's future liabilities are derived from the franchise agreements and development agreement. Group restaurants are operated in accordance with franchise and development agreements with YUM! and subsidiaries of YUM!, Burger King Europe GmbH, Starbucks Coffee International, Inc. Details of the agreements have been described in the note 35 of the Group's annual consolidated financial statements for 2018.

Additionally, in regard with the Credit Agreement described in note 26 and 27 of the annual consolidated financial statement for 2018 few entities provided surety. For details please refer to the note 35 of the Group's annual consolidated financial statements for 2018. Additionally, in the first quarter 2019, shares of Sushi Group SAS have been pledged as security for the bank financing.

From the date of publication of the annual consolidated financial statements for 2018 there were no significant changes in the future and contingent liabilities.

14. Events after the reporting period

There were no significant events after the reporting period until the date of approval of this interim report except for the disposal of Restaurant Partner Polska Sp. z o.o. shares described in the Note 11.

Part C. Separate Interim Report for Q3 2019

(all figures in EUR millions unless stated otherwise)

Interim separate income statement for 9 months ended 30 September 2019

	30 September 2019	30 September 2018
Revenues	**14.6**	**11.4**
Dividends received from subsidiaries	3.1	8.4
Net income from the stock option plan	6.9	2.4
Finance income from group companies	4.6	0.6
Personnel expenses	(0.6)	(0.5)
Other operating expenses	(1.7)	(1.1)
Impairment for credits and receivables with group companies	1.4	(1.8)
Impairment in investments in group companies	(8.1)	-
Results from operating activities	**5.6**	**8.0**
Finance expenses	(7.5)	(4.2)
Exchange rates gains and losses	1.6	1.6
Net finance income (expense)	**(5.9)**	**(2.6)**
Profit before income tax	**(0.3)**	**5.4**
Income tax	0.9	0.6
Profit for the period	**0.6**	**6.0**

**The restatement is described in the section Modifications of the information presented for comparative purposes*

Interim separate statement of recognized income and expense for 9 months ended 30 September 2019

	30 September 2019	30 September 2018
Profit for the period	**0.6**	**6.0**
Gain/ loss from measurement of available-for-sale financial assets	-	0.1
Total recognised income and expenses for the period	**0.6**	**6.1**

(all figures in EUR millions unless stated otherwise)

Interim separate balance sheet as at 30 September 2019

	30 September 2019	31 December 2018
Assets		
Intangible assets	0.1	0.1
Non-current investment in group companies	**633.3**	**591.4**
Equity instruments	399.0	391.7
Loans to group companies	234.3	199.7
Non-current investments	26.9	26.9
Total non-current assets	**660.3**	**618.4**
Trade and other receivables	**2.3**	**1.5**
Receivables from group companies	1.7	1.3
Other receivables	0.4	0.2
Current tax assets	0.2	-
Current investments in group companies	**10.3**	**6.0**
Loans to group companies	7.2	4.6
Other financial assets	3.0	1.4
Prepaid expenses	0.1	-
Cash and cash equivalents	18.1	22.9
Total current assets	**30.7**	**30.4**
TOTAL ASSETS	**691.0**	**648.8**
Capital and Reserves without valuation adjustments		
Share capital	22.0	22.0
Share premium	237.3	237.3
Reserves	35.1	31.0
Own shares	(9.1)	(15.2)
Profit for the period	0.6	4.1
Other equity instruments	(7.4)	(6.2)
Adjustments for changes in value	**(4.8)**	**(4.9)**
TOTAL EQUITY	**273.7**	**268.1**
Liabilities		
Non-current provisions	0.7	1.3
Non-current financial liabilities	**409.4**	**355.3**
Loans and borrowings from financial institutions	308.4	254.3
Other financial debt	101.0	101.0
Debts with group companies, non-current	0.9	17.7
Total non-current liabilities	**411.0**	**374.3**
Current financial liabilities	0.8	1.3
Debts with group companies, current	-	0.6
Trade and other payables	**5.5**	**4.5**
Trade and other payables to third parties	0.2	0.9
Trade and other payables to group companies	0.1	1.7
Personnel (salaries payable)	0.3	0.1
Income tax payable	4.7	1.5
Other payables with tax administration	0.2	0.3
Total current liabilities	**6.3**	**6.4**
TOTAL LIABILITIES	**417.3**	**380.7**
TOTAL EQUITY AND LIABILITIES	**691.0**	**648.8**

(all figures in EUR millions unless stated otherwise)

Interim separate statement of cash flows for 9 months ended 30 September 2019

	9 months ended	
	30 September 2019	**30 September 2018**
Cash flows from operating activities		
Profit before tax	**(0.3)**	**5.4**
Adjustments:	**(2.0)**	**(7.1)**
Impairment losses	6.7	1.8
Dividends from subsidiaries	(3.1)	(8.4)
Share based payments adjustment	(6.9)	(2.4)
Valuation allowances	-	(0.1)
Finance income	(4.6)	(0.6)
Finance expenses	7.5	4.2
Exchange gains/losses	(1.6)	(1.6)
Changes in operating assets and liabilities	**(0.2)**	**6.2**
Trade and other receivables	2.9	6.5
Other current assets	-	0.1
Trade and other payables	(3.1)	(0.4)
Other cash flows from operating activities	**(7.4)**	**0.8**
Interest paid	(7.9)	(5.6)
Dividends received from subsidiaries	3.1	8.4
Income tax payment	(2.6)	(1.5)
Other	-	(0.5)
Net cash provided by operating activities	**(9.9)**	**5.3**
Cash flows from investing activities		
Increase in investments loans and borrowings with group companies	(57.2)	(32.1)
Proceeds from investment loans and borrowings with group companies	23.9	3.4
Investment in other financial assets	(0.1)	(25.0)
Net cash used in investing activities	**(33.4)**	**(53.7)**
Cash flows from financing activities		
Proceeds from disposals of own shares (employees options)	0.8	0.7
Acquisition of own shares (employees option)	(0.5)	(6.6)
Proceeds on issue debt securities and other financial instruments	55.0	85.5
Proceeds from debt with group companies	-	10.5
Repayment of debt with group companies	(16.8)	-
Redemption of debt securities	-	(65.3)
Net cash provided by/(used in) financing activities	**38.5**	**24.8**
Net change in cash and cash equivalents	**(4.8)**	**(23.6)**
Balance sheet change of cash and cash equivalents	(4.8)	(23.6)
Cash and cash equivalents at the beginning of the period	**22.9**	**24.4**
Cash and cash equivalents as at the end of the period	**18.1**	**0.8**

(all figures in EUR millions unless stated otherwise)

Interim separate statement of changes in equity for 9 months ended 30 September 2019

	Share capital	Share premium	Legal Reserve	Voluntary Reserves	Own shares	Profit or loss for the period	Other equity instruments	Adjustments for changes in value	Total Equity
As at 1 January 2018	**0.2**	**189.1**	**-**	**21.4**	**(10.6)**	**10.6**	**(8.8)**	**(6.8)**	**195.1**
Total recognised income and expense	-	-	-	-	-	6.0	-	0.1	6.1
Share capital increase from share premium	21.0	(21.0)	-	-	-	-	-	-	-
Transactions on own shares and equity holdings (net)	-	-	-	-	(2.3)	-	1.9	-	(0.4)
Transfer of profit or loss to reserves	-	-	1.1	9.5	-	(10.6)	-	-	-
Other equity movements	-	-	-	-	-	-	-	-	-
As at 30 September 2018	**21.2**	**168.1**	**1.1**	**30.9**	**(12.9)**	**6.0**	**(6.9)**	**(6.7)**	**200.8**
As at 1 January 2019	**22.0**	**237.3**	**1.1**	**29.9**	**(15.2)**	**4.1**	**(6.2)**	**(4.9)**	**268.1**
Total recognised income and expense	-	-	-	-	-	0.6	-	-	0.6
Transactions on own shares and equity holdings (net)	-	-	-	-	6.1	-	(1.2)	-	4.9
Transfer of profit or loss to reserves	-	-	0.4	3.7	-	(4.1)	-	-	-
Other equity movements	-	-	-	-	-	-	-	0.1	0.1
As at 30 September 2019	**22.0**	**237.3**	**1.5**	**33.6**	**(9.1)**	**0.6**	**(7.4)**	**(4.8)**	**273.7**

Modifications of the information presented for comparative purposes

The modifications of the information presented for comparatives purposes are presented below:

	9 months ended 30 September 2018		
	Published	**Adjustment 1**	**Restated**
	EUR millions	EUR millions	EUR millions
Revenues	10.8	0.6	11.4
Dvididends received from subsidiaries	8.4	-	8.4
Net income from the stock option plan	2.4	-	2.4
Finance income from group companies	-	0.6	0.6
Other operating income	-	-	-
Personnel Expenses	(0.5)	-	(0.5)
Other Operating expenses	(1.1)	-	(1.1)
Impairments for credits and receivables with group companies	-	(1.8)	(1.8)
Amortization and depreciation	-	-	-
Impairment in investments of groups companies	-	-	-
Results from operating activities	**9.2**	**(1.2)**	**(8.0)**
Finance Income	0.6	(0.6)	-
Finance Expenses	(4.2)	-	(4.2)
Exchange rates gains and losses	1.6	-	1.6
Impairment and gains/(losses) on disposal of financial instruments	(1.8)	1.8	-
Net finance income (expense)	**(3.8)**	**1.2**	**(2.6)**
Profit/(loss) before income tax	**(5.4)**	**-**	**(5.4)**
Income tax	0.6	-	0.6
Profit/(loss) for the period	**6.0**	**-**	**6.0**

As it is explained in the BOICAC 79 Consultation nº2 considering the closeness or similarities that might exists between the activity of a Financial Institution and a Holding company, it should be concluded that the revenues proceed from its financial activities (as long as this activity is considered as an ordinary activity), should be classified as revenues. Taking into consideration the increase in the amount of loans granted to subsidiaries during the year 2018, the Company has decided to reclassify the financial income with group companies to the line revenues.

The company has also reclassified the impairment losses with group companies to results from operating activities.

Recognition and measurement accounting policies

1.1. FINANCIAL INSTRUMENTS

1.1.1. CLASSIFICATION AND SEPARATION OF FINANCIAL INSTRUMENTS

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

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

1.1.2. TRADE AND OTHER NON-TRADE RECEIVABLES

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

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

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

1.1.3. INVESTMENTS IN THE EQUITY OF GROUP COMPANIES

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

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

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

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

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

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

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

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

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

1.1.5. FINANCIAL ASSETS AVAILABLE-FOR-SALE

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

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

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

1.1.6. INTEREST AND DIVIDENDS FROM FINANCIAL ASSETS

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

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

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

1.1.7. DEBT AND TRADE AND OTHER PAYABLES

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

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

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

1.1.8. OWN EQUITY INSTRUMENTS

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

1.1.9. OFFSETTING PRINCIPLES

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

1.1.10.DERECOGNITION OF FINANCIAL ASSETS

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

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

1.1.11.CASH AND CASH AND EQUIVALENTS

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

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

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

1.2. FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

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

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

1.3. INCOME TAX

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

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

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

The Company as the representative of the tax group, and the Spanish subsidiaries file consolidated tax return.

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

- Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.
- Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

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

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

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

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

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

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

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

1.4. REVENUES RECOGNITION

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

1.5. PROVISIONS AND CONTINGENCIES

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

Provisions are valued at the present value of the disbursements that are expected to be necessary to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. The adjustments in the provision due to its update are recognised as a financial expense as they are accrued.

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

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

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

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

1.6. SHARE BASE PAYMENTS TRANSACTION

The fair value of work performed by the employees for a consideration payable in options increases costs. The total amount which must be taken to the income statements over the vesting period is based on the fair value of options received. As at each balance-sheet date entity verifies its estimates connected with number of options expected to vest. The impact of the potential verification of initial estimates is recognised by the Group in the income statement in correspondence with equity. The proceeds from the exercise of options (net of transaction costs directly related to the exercise) are recognised in share capital (at nominal value) and in supplementary capital, in share premium.

For share-based payment transactions in which the terms of the arrangement provide either the entity/the Company or the counterparty with the choice of whether the entity settles the transaction in cash or by issuing equity instruments, the entity/the Company shall account for that transaction, or the components of that transaction, as a cash-settled share-based payment transaction if, and to the extent that, the entity has incurred a liability to settle in cash or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

The subsequent settlement of the liability follows the requirements for a cash-settled share-based payment.

The Company incurred a liability measured at fair value, taking into account the period of service/vesting period and any changes in value are recognised in investments at the end of the period.

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

If cash settlement is chosen, the payment will reduce the entirely recognised liability. Any equity component previously recognised will remain within equity, but it could be reclassified to other components of equity;

If the settlement is in shares, the balance of the liability is transferred to equity being consideration for the shares granted. Any equity component previously recognised shall remain within equity.

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

When there is compensation agreement or recharge from the parent to subsidiary this operation represents a separated corporate operation of distribution/recuperation of the investment instrumented through the share base payment plan.

1.7. TRANSACTIONS BETWEEN RELATED PARTIES

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

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

This Interim Report has been approved by resolution of the Board of Directors following the recommendation of the Audit Committee.

Madrid, 7 November 2019