



Condensed Consolidated Financial Statements for 6 months ended 30 June 2022

AmRest Holdings SE capital group
1 SEPTEMBER 2022



AmRest





AmRest Holding SE

Condensed Consolidated Financial Statements
for 6 months ended 30 June 2022

Contents

Condensed consolidated income statement for 6 months ended 30 June 2022	5
Condensed consolidated statement of comprehensive income for 6 months ended 30 June 2022	6
Condensed consolidated statement of financial position as at 30 June 2022	7
Condensed consolidated statement of cash flows for 6 months ended 30 June 2022	8
Condensed consolidated statement of changes in equity for 6 months ended 30 June 2022	9
Notes to the Condensed Consolidated Financial Statements	10
1. General information on the Group	10
2. Group structure	13
3. Basis of preparation	14
4. Segment reporting	15
5. Operating and other income/costs	16
6. Financial income and costs	17
7. Taxes	17

8.	Property, plant and equipment.....	19
9.	Leases.....	20
10.	Intangible assets	21
11.	Goodwill	21
12.	Impairment of non-current assets	22
13.	Trade and other receivables	26
14.	Cash and cash equivalents	26
15.	Equity	26
16.	Earnings per share	28
17.	Borrowings	29
18.	Employee benefits and share based payments	31
19.	Trade and other accounts payables	31
20.	Changes in future commitments and contingent liabilities	31
21.	Transactions with related entities	32
22.	Financial instruments.....	33
23.	Events after the reporting period	34
	Signatures of the Board of Directors	35



Condensed consolidated income statement for 6 months ended 30 June 2022

	Note	6 MONTHS ENDED	
		30 June 2022	30 June 2021
Continuing operations			
Restaurant sales		1 045.5	806.4
Franchise and other sales		67.2	37.9
Total revenue	4	1 112.7	844.3
Restaurant expenses	5		
Food and merchandise		(307.3)	(224.9)
Payroll, social security and employee benefits		(257.9)	(212.3)
Royalties		(51.8)	(37.0)
Occupancy, depreciation and other operating expenses		(329.1)	(275.7)
Franchise and other expenses	5	(51.8)	(27.6)
Gross Profit		114.8	66.8
General and administrative expenses	5	(74.2)	(66.3)
Net impairment losses on financial assets	4	(1.0)	(1.0)
Net impairment losses on other assets	4, 12	(50.6)	(7.2)
Other operating income/expenses	5	11.1	35.6
Profit/(loss) from operations		0.1	27.9
Finance income	6	1.6	2.7
Finance costs	6	(23.9)	(22.1)
Profit/(loss) before tax		(22.2)	8.5
Income tax expense	7	(10.8)	(6.1)
Profit/(loss) for the period		(33.0)	2.4
Attributable to:			
Shareholders of the parent		(35.5)	1.9
Non-controlling interests		2.5	0.5
Profit/(loss) for the period		(33.0)	2.4
Basic earnings per ordinary share in EUR	16	(0.16)	0.01
Diluted earnings per ordinary share in EUR	16	(0.16)	0.01

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

Condensed consolidated statement of comprehensive income for 6 months ended 30 June 2022

	Note	6 MONTHS ENDED	
		30 June 2022	30 June 2021
Profit/(loss) for the period		(33.0)	2.4
Other comprehensive income/ (loss)	15		
Exchange differences on translation of foreign operations		45.1	6.4
Net investment hedges		(2.7)	1.2
Income tax related to net investment hedges		0.4	(0.2)
Other comprehensive income/(loss) for the period		42.8	7.4
Total comprehensive income/(loss) for the period		9.8	9.8
Attributable to:			
Shareholders of the parent		7.4	9.3
Non-controlling interests		2.4	0.5

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

Condensed consolidated statement of financial position as at 30 June 2022

	Note	30 June 2022	31 December 2021
Assets			
Property, plant and equipment	8	470.3	460.9
Right-of-use assets	9	813.4	771.0
Goodwill	11	284.9	316.6
Intangible assets	10	235.9	236.9
Investment properties		4.7	4.8
Other non-current assets		25.6	23.1
Deferred tax assets	7	45.6	45.7
Total non-current assets		1 880.4	1 859.0
Inventories		37.0	33.1
Trade and other receivables	13	72.5	67.9
Income tax receivables		3.8	4.9
Other current assets		17.5	11.3
Cash and cash equivalents	14	240.5	198.7
Total current assets		371.3	315.9
Total assets		2 251.7	2 174.9
Equity			
Share capital		22.0	22.0
Reserves	15	164.0	165.6
Retained earnings		112.0	147.5
Translation reserve	15	8.8	(36.4)
Equity attributable to shareholders of the parent		306.8	298.7
Non-controlling interests	15	10.8	8.8
Total equity	15	317.6	307.5
Liabilities			
Interest-bearing loans and borrowings	17	541.3	541.9
Lease liabilities	9	700.6	663.8
Provisions		18.0	33.4
Deferred tax liability	7	46.3	45.4
Other non-current liabilities and employee benefits	19	2.5	3.6
Total non-current liabilities		1 308.7	1 288.1
Interest-bearing loans and borrowings	17	131.6	122.7
Lease liabilities	9	170.0	159.1
Provisions		8.0	-
Trade payables and other liabilities	19	307.7	287.2
Income tax liabilities		8.1	10.3
Total current liabilities		625.4	579.3
Total liabilities		1 934.1	1 867.4
Total equity and liabilities		2 251.7	2 174.9

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

Condensed consolidated statement of cash flows for 6 months ended 30 June 2022

	Note	6 MONTHS ENDED	
		30 June 2022	30 June 2021
Cash flows from operating activities			
Profit/loss for the period		(33.0)	2.4
Adjustments for:			
Amortisation and depreciation	5	124.4	117.6
Net interest expense		21.2	20.6
Foreign exchange result	6	1.9	(2.1)
Result on disposal of property, plant and equipment and intangibles	5	(2.4)	(0.7)
Impairment of non-financial assets	4	50.6	7.2
Share-based payments		1.4	(0.4)
Tax expenses		10.8	6.1
Rent concessions		(2.0)	(7.9)
Loan forgiven	17	-	(2.7)
Other		(0.2)	(0.7)
Working capital changes:	14		
Change in trade and other receivables		(5.6)	(9.8)
Change in inventories		(2.7)	(1.0)
Change in other assets		(7.7)	(3.1)
Change in payables and other liabilities		19.2	14.6
Change in provisions and employee benefits		(7.3)	(3.8)
Cash generated from operations		168.6	136.3
Income tax paid		(14.2)	(5.0)
Net cash from operating activities		154.4	131.3
Cash flows from investing activities			
Net cash outflows on acquisition		(1.1)	-
Proceeds from the sale of property, plant and equipment		0.5	0.3
Purchase of property, plant and equipment		(43.3)	(30.8)
Purchase of intangible assets		(3.9)	(3.1)
Net cash used in investing activities		(47.8)	(33.6)
Cash flows from financing activities			
Proceeds from share transfers (employees options)		-	-
Purchase of treasury shares		-	-
Proceeds from loans and borrowings	17	27.7	1.0
Repayment of loans and borrowings	17	(16.2)	(47.4)
Payments of lease liabilities including interests paid	9	(80.7)	(66.2)
Interest paid	17	(11.6)	(8.9)
Interest received		1.5	0.4
Dividends paid to non-controlling interest owners		(0.5)	(0.5)
Transactions with non-controlling interest	15	0.1	-
Net cash from financing activities		(79.7)	(121.6)
Net change in cash and cash equivalents		26.9	(23.9)
Effect of exchange rates movements		14.9	2.4
Balance sheet change of cash and cash equivalents		41.8	(21.5)
Cash and cash equivalents, beginning of period		198.7	204.8
Cash and cash equivalents, end of period	14	240.5	183.3

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

Condensed consolidated statement of changes in equity for 6 months ended 30 June 2022

	Note	Attributable to the shareholders of the parent				Total	Non-controlling interest	Total equity
		Share capital	Reserves	Retained earnings	Translation reserve			
As at 1 January 2022		22.0	165.6	147.5	(36.4)	298.7	8.8	307.5
Profit/(loss) for the period		-	-	(35.5)	-	(35.5)	2.5	(33.0)
Other comprehensive income		-	(2.3)	-	45.2	42.9	(0.1)	42.8
Total comprehensive income		-	(2.3)	(35.5)	45.2	7.4	2.4	9.8
Transaction with non-controlling interests		-	-	-	-	-	0.1	0.1
Dividends to non-controlling interests		-	-	-	-	-	(0.5)	(0.5)
Total transactions with non-controlling interests	15	-	-	-	-	-	(0.4)	(0.4)
Transactions on treasury shares		-	0.2	-	-	0.2	-	0.2
Share based payments	15	-	0.5	-	-	0.5	-	0.5
Total distributions and contributions		-	0.7	-	-	0.7	-	0.7
As at 30 June 2022		22.0	164.0	112.0	8.8	306.8	10.8	317.6
	Note	Attributable to the shareholders of the parent						
		Share capital	Reserves	Retained earnings	Translation reserve	Total	Non-controlling interest	Total equity
As at 1 January 2021		22.0	170.1	114.6	(48.9)	257.8	6.9	264.7
Profit for the period		-	-	1.9	-	1.9	0.5	2.4
Other comprehensive income		-	1.0	-	6.4	7.4	-	7.4
Total comprehensive income		-	1.0	1.9	6.4	9.3	0.5	9.8
Dividends to non-controlling interests		-	-	-	-	-	(0.5)	(0.5)
Total transactions with non-controlling interests	15	-	-	-	-	-	(0.5)	(0.5)
Purchases of treasury shares		-	-	-	-	-	-	-
Share based payments	15	-	0.4	-	-	0.4	-	0.4
Total distributions and contributions		-	0.4	-	-	0.4	-	0.4
As at 30 June 2021		22.0	171.5	116.5	(42.5)	267.5	6.9	274.4

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

Notes to the Condensed Consolidated Financial Statements

1. General information on the Group

AmRest Holdings SE (“The Company”, “AmRest”) was incorporated in the Netherlands in October 2000. Since 2008 the Company operates a European Company (Societas Europaea, SE). The company is domiciled in Spain.

There was no change in name of reporting entity during the reporting period.

Paseo de la Castellana 163, 28046 (Madrid), Spain is the Company’s registered office as of 30 June 2022 and has not changed during the reporting period.

Hereinafter the Company and its subsidiaries shall be referred to as the “Group” and “AmRest Group”.

In 2005 the shares of AmRest Holdings SE were quoted for the first time on the Warsaw Stock Exchange (“WSE”) and in 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).

Grupo Finaccess S.A.P.I. de C.V. is the ultimate parent of the Group.

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

The Group operates Kentucky Fried Chicken (“KFC”), Pizza Hut (“PH”), Burger King (“BK”) and Starbucks (“SBX”) restaurants through its subsidiaries in Poland, the Czech Republic (hereinafter Czechia), Hungary, Slovakia, 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 and in Germany in July 2017 are operated both by AmRest and its sub-franchisees under master-franchise agreements. In May 2022, as previously agreed, Russia MFA agreement was terminated as part of the transfer of the Pizza Hut outlets to a third party designated by the brand owner.

In Spain, Germany and Portugal the Group operates its own brand La Tagliatella. This business is based on owning 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 proprietary brands. In China the Group operates its own brand called Blue Frog.

In 2018 the Group acquired the Bacoa and Sushi Shop brands, as a result of which it operates proprietary and franchise restaurants in Spain (Bacoa) and proprietary and franchise Sushi Shop restaurants among the others in France, Belgium, Spain, Switzerland, United Kingdom, Luxembourg, Italy, United Arab Emirates and Saudi Arabia. Bacoa is a Spanish premium burger chain, and Sushi Shop is the operator of the leading European chain of Japanese cuisine restaurants.

Additionally, among own brands the Group operates virtual brands.

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 as at 30 June 2022:

ACTIVITY WHERE AMREST IS A FRANCHISEE

Brand	KFC	Pizza Hut Dine-In	Pizza Hut Express, Delivery	Burger King	Starbucks ¹⁾
Franchisor/ Partner	YUM! Restaurants Europe Limited and its affiliates	Pizza Hut Europe Limited	Pizza Hut Europe Limited	Burger King Europe GmbH	Starbucks Coffee International, Inc/Starbucks EMEA Ltd., Starbucks Manufacturing EMEA B.V.
Area covered by the agreement	Poland, Czechia, Hungary, Bulgaria, Serbia, Croatia, Russia, Spain, Germany, France, Austria, Slovenia	Poland	Poland, Czechia, Hungary, France, Germany, Slovakia	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	Poland, Czechia, Bulgaria, Slovakia, Romania – 20 years or 10 years ⁵⁾ Since 20 November 2018: 10 years for restaurants opened	15 years, possibility of extension for a further 5 years ²⁾ ; in Romania till 10 October 2023 16 years; in Bulgaria till 1 October 2027 20 years
Preliminary fee	up to USD 57.9 thousand ³⁾	up to USD 57.9 thousand ³⁾	USD 29.0 thousand ³⁾	USD 50 thousand or USD 25 thousand, in Czechia USD 60 thousand ⁵⁾ Since 20 November 2018: USD 30 thousand for restaurants.	USD 25 thousand
Franchise fee	6% of sales revenues	6% of sales revenues	6% of sales revenues	5% of sales revenues	6% of sales revenues
Marketing costs	5% of sales revenues ⁴⁾	5% of sales revenues	6% or 5% of sales revenues depending on the concept	5% of sales revenues	amount agreed each year

ACTIVITY PERFORMED THROUGH OWN BRANDS

Brand	La Tagliatella	Blue Frog	Bacoa	Sushi Shop
Area of the activity	Spain, Germany, Portugal	China	Spain	France, Spain, Belgium, Italy, Switzerland, Luxembourg, UK

ACTIVITY WHERE AMREST IS A FRANCHISOR (BRAND OWNER OR BASED ON MASTER-FRANCHISE AGREEMENTS)

Brand	Pizza Hut Dine-In	Pizza Hut Express, Delivery	La Tagliatella	Blue Frog	BACOA	Sushi Shop
Partner	Yum Restaurants International Holdings LLC	Pizza Hut Europe Limited, Yum Restaurants International Holdings LLC, Pizza Hut Europe S.a.r.l	Own brand	Own brand	Own brand	Own brand
Area covered by the agreement	Germany	Germany, France, CEE (Hungary, Czechia, Poland, Slovakia, Slovenia)	Spain	China	Spain	France, Belgium, United Arab Emirates, Saudi Arabia, UK
Term of agreement	10 years with possibility of extension ⁶⁾	10 years with possibility of extension ⁶⁾	10 years with possibility of extension	5 years with possibility of extension	10 years with possibility of extension	Franchise agreements: from 3 years (corners) to 10 years with a limited territorial exclusivity 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 in the event of default or deadlock are symmetric for both parties, so that AmRest will also be entitled to exercise the option to purchase all of the Shares of Starbucks. According to Group assessment as of 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 license agreements entered into by and between AmRest's affiliates and Starbucks EMEA Limited for Poland, Hungary and Czech Republic, which are set to expire on 30 September 2022 are subject to a five year extension. Consistent with AmRest's long-term commitment to its brand portfolio, AmRest and Starbucks EMEA Limited are currently negotiating the terms of such extension.

3) The fee is updated yearly for inflation.

4) Marketing costs might be changed if certain conditions set in the agreement are met.

5) 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 of the Burger King brand in Bulgaria, Czech Republic, Romania, Slovakia and Poland was signed, amended on 15 September 2020. This Development Agreement was terminated by Burger King Europe GMBH effective 1 February 2022.

6) In case of Germany MFA, which was set to terminate on May 31, the parties agreed to extend such termination until December 23, 2022, in order to allow for Yum! to take over the business, for itself, on or prior to such date. In case of Russia MFA, this agreement was terminated on 31 May 2022 as previously agreed and as part of AmRest's transfer of the Pizza Hut outlets to a third party designated by Yum!

2. Group structure

As at 30 June 2022, the Group comprised the following subsidiaries:

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
Holding activity				
AmRest Acquisition Subsidiary Ltd.	Birkirkara, Malta	AmRest Holdings SE	100.00%	May 2007
AmRest TAG S.L.U.	Madrid, Spain	AmRest Sp. z o.o.	100.00%	March 2011
AmRest HK Ltd	Hong Kong, China	AmRest Holdings SE	100.00%	September 2011
AmRest China Group PTE Ltd	Singapore	AmRest Holdings SE	100.00%	December 2012
Bigsky Hospitality Group Ltd	Hong Kong, China	AmRest China Group PTE Ltd	100.00%	December 2012
New Precision Ltd	Mriehel, Malta	AmRest China Group PTE Ltd	100.00%	December 2012
Horizon Consultants Ltd.	Mriehel, Malta	AmRest China Group PTE Ltd	100.00%	December 2012
AmRest Management Kft	Budapest, Hungary	AmRest Kft	99.00%	August 2018
		AmRest TAG S.L.U.	1.00%	
GM Invest SRL	Brussels, Belgium	AmRest TAG S.L.U.	100.00%	October 2018
Sushi Shop Group SAS	Paris, France	GM Invest SRL	9.47%	October 2018
		AmRest TAG S.L.U.	90.53%	
AmRest France SAS	Paris, France	AmRest Holdings SE	100.00%	December 2018
Sushi Shop Management SAS	Paris, France	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop 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 Sp. z o.o.	82.00%	
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	Starbucks Coffee International, Inc.	18.00%	March 2007
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	44.72%	July 2007
		AmRest Sp. z o.o.	55.28%	
		AmRest Sp. z o.o.	82.00%	
AmRest Coffee s.r.o.	Prague, Czechia	Starbucks Coffee International, Inc.	18.00%	August 2007
		AmRest Sp. z o.o.	82.00%	
AmRest Kávézó Kft	Budapest, Hungary	Starbucks Coffee International, Inc.	18.00%	August 2007
		AmRest Sp. z o.o.	60.00%	
AmRest d.o.o. ²	Belgrade, Serbia	ProFood Invest GmbH	40.00%	October 2007
Restauravia Food S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
Pastificio Service S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
AmRest Adria d.o.o.	Zagreb, Croatia	AmRest Sp. z o.o.	100.00%	October 2011
AmRest GmbH i.L. ¹	Cologne, Germany	AmRest TAG S.L.U.	100.00%	March 2012
AmRest SAS.	Paris, France	AmRest TAG S.L.U.	100.00%	April 2012
AmRest Adria 2 d.o.o.	Ljubljana, Slovenia	AmRest Sp. z o.o.	100.00%	August 2012
Frog King Food&Beverage Management Ltd	Shanghai, China	Bigsky Hospitality Group Ltd	100.00%	December 2012
Blue Frog Food&Beverage Management Ltd	Shanghai, China	New Precision Ltd	100.00%	December 2012
Shanghai Kabb Western Restaurant Ltd	Shanghai, China	Horizon Consultants Ltd.	100.00%	December 2012
AmRest Skyline GMBH	Cologne, Germany	AmRest TAG S.L.U.	100.00%	October 2013
AmRest Coffee EOOD	Sofia, Bulgaria	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee S.r.l.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Food Srl.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	July 2019
		AmRest s.r.o.	99.00%	
AmRest Coffee SK s.r.o.	Bratislava, Slovakia	AmRest Sp. z o.o.	1.00%	December 2015
		AmRest Kaffee Sp. z o.o.	23.00%	
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest TAG S.L.U.	77.00%	May 2016
AmRest DE Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
The Grill Concept S.L.U. ³	Madrid, Spain	Pastificio Service S.L.U.	100.00%	December 2016
Kai Fu Food and Beverage Management (Shanghai) Co. Ltd	Shanghai, China	Blue Frog Food&Beverage Management Ltd	100.00%	December 2016
LTP La Tagliatella Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	100.00%	February 2017
LTP La Tagliatella Franchise II Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	100.00%	April 2019
AmRest AT GmbH	Vienna, Austria	AmRest Sp. z o.o.	100.00%	March 2017
AmRest Topco France SAS	Paris, France	AmRest France SAS	100.00%	May 2017
AmRest Delco France SAS	Paris, France	AmRest Topco France SAS	100.00%	May 2017
AmRest Opco SAS	Paris, France	AmRest France SAS	100.00%	July 2017
OOO Chicken Yug	Saint Petersburg, Russia	OOO AmRest	100.00%	October 2017
OOO AmRest Pizza	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	99.999996%	November 2017
		OOO AmRest	0.000004%	
AmRest Coffee SRB d.o.o.	Belgrade, Serbia	AmRest Holdings SE	100.00%	November 2017
AmRest Chamnord SAS	Paris, France	AmRest Opco SAS	100.00%	March 2018
		AmRest s.r.o.	99.00%	
AmRest SK s.r.o.	Bratislava, Slovakia	AmRest Sp. z o.o.	1.00%	April 2018
		AmRest DE Sp. z o.o. & Co. KG	100.00%	
AmRest Pizza GmbH	Munich, Germany	AmRest TAG S.L.U.	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
Sushi House SA	Luxembourg	Sushi Shop Luxembourg SARL	100.00%	October 2018
Sushi Shop London Pvt LTD	London, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Belgique SA	Bruxelles, Belgium	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Louise SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop UK Pvt LTD	Charing, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Anvers SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Geneve SA	Geneva, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
Sushi Shop Lausanne SARL	Lasagne, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Madrid S.L.U.	Madrid, Spain	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Milan SARL	Milan, Italy	Sushi Shop Management SAS	70.00%	October 2018
		Vanray SRL	30.00%	
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 Vevey SARL	Vevey, Switzerland	Sushi Shop Switzerland SA	100.00%	November 2019
Sushi Shop Fribourg SARL	Fribourg, Switzerland	Sushi Shop Switzerland SA	100.00%	November 2019
Sushi Shop Yverdon SARL	Yverdon, Switzerland	Sushi Shop Switzerland SA	100.00%	November 2019
Sushi Shop Morges SARL	Moudon, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2020
Financial services and others for the Group				
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2012
La Tagliatella International Kft	Budapest, Hungary	AmRest TAG S.L.U.	100.00%	November 2012
La Tagliatella SAS	Paris, France	AmRest TAG S.L.U.	100.00%	March 2014
AmRest Kaffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2016
AmRest Estate SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Leasing SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Franchise Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	December 2018
AmRest Global S.L.U.	Madrid, Spain	AmRest Holdings SE	100.00%	September 2020
Supply services for restaurants operated by the Group				
SCM Czech s.r.o.	Prague, Czechia	SCM Sp. z o.o.	90.00%	March 2007
		Ondrej Razga	10.00%	
		AmRest Sp. z o.o.	51.00%	
SCM Sp. z o.o.	Warsaw, Poland	R&D Sp. z o.o.	33.80%	October 2008
		Beata Szafarczyk-Cylny	5.00%	
		Zbigniew Cylny	10.20%	

¹ On 25 November 2016 Amrestavia, S.L.U., 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 7 April 2022 the Share Purchase Agreement (the "SPA") was concluded to sale and transfer of the 40% of the shares in AmRest d.o.o. from ProFood Invest GmbH to AmRest Sp. z o.o.. The transaction is subject to certain conditions precedent specified in SPA.

³ On 12 July 2022 Pastificio Service S.L.U., the sole shareholder of The Grill Concept S.L.U., decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.

3. Basis of preparation

These condensed consolidated financial statements for 6 months ended 30 June 2022 have been prepared in accordance the IAS 34 Interim Financial Reporting and were authorized for issue by the Company's Board of Directors on 1 September 2022.

This interim report does not include all the information and disclosures required in the annual financial report. Accordingly, this report should be read with conjunction with the consolidated financial statements for the year ended 31 December 2021. The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standard, interpretations, and amendments to standards effective as of 1 January 2022, which do not have 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.

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

The preparation of these condensed consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. Estimates and judgments are continually verified, and are based on professional experience and on various factors, including expectations of future events, which are deemed to be justified in given circumstances. Revisions to estimates are recognised prospectively. Actual results may differ from these estimates.

Based on the available information, facts and current circumstances, and taking into consideration uncertainties about the future macroeconomic conditions, which is at least, but is not limited to, twelve months from the end of the reporting period, the going concern assumption applies in the foreseeable future. Consequently, these interim condensed consolidated financial statements have been prepared under going concern principle.

COVID-19 update

The COVID-19 pandemic continues, and its intensity and accompanied uncertainties varies between markets. During year 2022, in the main economies where the Group operates, many restrictions imposed by the governments were relaxed and lifted, as the vaccination levels increased, and mortality rates decreased. This facilitates greater mobility and social interaction that may positively impact the revenues level for Group. However, impact of COVID-19 remains uneven between geographical markets. Strict lockdowns were imposed on some areas of China during first quarter of 2022 and extended into the second quarter. The severity of potential new mutations or variants in coming months, and its potential impact on Group's operations cannot be predicted and remains an issue closely monitored by the Group.

War in Ukraine

The war in Ukraine in late February 2022 has led to increased market volatility and higher economic uncertainty, as reflected in the widespread deterioration of the consumer confidence indicators, which has impacted on financial and commodity markets.

Even if the conflict remains localized, it has broad implications for economies across the world. While Russia and Ukraine together represent a relatively small part of the world economy, they account for a large share of global energy exports, as well as exports of a range of metals, food staples and agricultural inputs. As such, the main consequences to economies derived from the conflict are inflation, due to the increased price of energy and non-energy commodities. In this regard, the significant inflationary pressures that were generated by the strong economic recovery following the gradual lifting of COVID-19-related restrictions have been exacerbated by the war.

The escalation of the conflict between Russia and Ukraine, resulted in a number of commercial and economic sanctions to Russia. The Group is closely monitoring their potential impact on Group's current and future operations. Additionally, the Group stopped investments in that country and in May 2022 transferred its Pizza Hut operations in Russia to a local operator.

Finally, European Central Bank (whose exchange rates the Group is using for conversion of foreign operations to Euro) has suspended its publication of a euro reference rate for the Russian rouble from 1 March 2022. As such the Group has started using euro-rouble exchange rate as published by National Bank of Russia for preparation of condensed consolidated interim reports. During 6 months period ended 30 June 2022 rouble appreciated significantly versus EUR. As of 31 December 2021 1 EUR = 85.47 RUB, whereas as at 30 June 2022 1 EUR = 53.76 RUB.

The war in Ukraine and subsequent sanctions pose significant challenges to business activities and introduce a high degree of uncertainty. Moreover, as an element to sanctions imposed since March 2022, the European Union banned top credit rating firms from rating Russia. Later in June 2022 a technical default of Russia was declared after missing a bond payment in foreign currency. Such events have additionally increased uncertainty in making judgements and estimates when assessing the value of assets and liabilities as of the reporting date.

The Group has performed the impairment tests for its Russian business as of 30 June 2022 and accounted for EUR 52.9 million impairment loss as a result. The details of judgments and estimates made are presented in note 12 of those condensed consolidated financial statements.

4. Segment reporting

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

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

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

Segment	Description
Central and Eastern Europe (CEE)	Restaurant operations and franchise activity in: <ul style="list-style-type: none"> ■ Poland – KFC, Pizza Hut, Starbucks, Burger King, virtual brands, ■ Czechia – KFC, Pizza Hut, Starbucks, Burger King, ■ Hungary – KFC, Pizza Hut, Starbucks, ■ Bulgaria – KFC, Starbucks, Burger King, ■ Croatia, Austria, Slovenia – KFC, ■ Slovakia – Starbucks, Pizza Hut, Burger King, ■ Romania – Starbucks, Burger King, ■ Serbia – KFC, Starbucks.
Western Europe	Restaurant operations together with supply chain and franchise activity in: <ul style="list-style-type: none"> ■ Spain – KFC, La Tagliatella, Blue Frog, Bacoa, Sushi Shop, ■ France – KFC, Pizza Hut, La Tagliatella, Sushi Shop, ■ Germany – Starbucks, KFC, Pizza Hut, La Tagliatella, ■ Portugal – La Tagliatella. ■ Belgium, Italy, Switzerland, Luxemburg, United Kingdom and other countries with activities of Sushi Shop.
China	Blue Frog restaurant operations in China.
Russia	KFC and until May 2022 Pizza Hut restaurant operations and franchise activity in Russia, Armenia and Azerbaijan (transferred to local operator in May 2022).

Segment	Description
Other	Other support functions rendered by the subsidiaries for the Group such as e.g. Executive Team, Controlling, Treasury, Investors Relations, Mergers & Acquisitions. Other also includes expenses related to M&A transactions not finalized during the period, whereas expenses related to finalized merger and acquisition are allocated to applicable segments. Additionally, Other includes non-restaurant businesses performed by AmRest Holdings SE, SCM Sp. z o.o. and its subsidiaries and other minor entities performing holding and/or financing services.

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

Segment measures and the reconciliation to profit/loss from operations for the 6 months ended 30 June 2022 and for the comparative 6 months ended 30 June 2021 is presented below.

6 months ended 30 June 2022	CEE	Western Europe	Russia	China	Other	Total
Restaurant sales	522.8	358.4	128.8	35.5	-	1 045.5
Franchise and other sales	0.3	33.0	0.2	0.2	33.5	67.2
Segment revenue	523.1	391.4	129.0	35.7	33.5	1 112.7
EBITDA	99.7	50.2	27.1	5.0	(5.9)	176.1
Depreciation and amortisation	56.6	43.8	13.9	9.7	0.4	124.4
Net impairment losses on financial assets	(0.1)	1.0	-	0.1	-	1.0
Net impairment losses on other assets	(3.9)	(0.4)	54.7	0.2	-	50.6
Profit/loss from operations	47.1	5.8	(41.5)	(5.0)	(6.3)	0.1
Finance income and costs	(11.6)	(4.0)	0.7	(0.4)	(7.0)	(22.3)
Profit before tax	35.5	1.8	(40.8)	(5.4)	(13.3)	(22.2)
Capital investment*	22.4	15.4	2.7	2.2	0.4	43.1
6 months ended 30 June 2021	CEE	Western Europe	Russia	China	Other	Total
Restaurant sales	370.0	304.8	84.0	47.6	-	806.4
Franchise and other sales	0.3	21.7	0.2	0.3	15.4	37.9
Segment revenue	370.3	326.5	84.2	47.9	15.4	844.3
EBITDA	76.1	44.8	21.1	14.3	(2.6)	153.7
Depreciation and amortisation	54.7	41.5	12.5	8.6	0.3	117.6
Net impairment losses on financial assets	0.3	0.1	-	-	0.6	1.0
Net impairment losses on other assets	4.9	2.6	(0.3)	-	-	7.2
Profit/loss from operations	16.2	0.6	8.9	5.7	(3.5)	27.9
Finance income and costs	(4.6)	(3.6)	(0.8)	(0.4)	(10.0)	(19.4)
Profit/loss before tax	11.6	(3.0)	8.1	5.3	(13.5)	8.5
Capital investment*	13.6	14.0	3.4	1.5	0.1	32.6

*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 condensed consolidated financial statements.

5. Operating and other income/costs

Operating costs

Analysis of operating expenses by nature:

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
Food, merchandise and other materials	358.4	255.5
Payroll	251.4	212.4
Social security and employee benefits	60.2	51.2
Royalties	54.0	38.8
Utilities	53.6	36.2
External services - marketing	45.2	35.2
Delivery fee	44.1	41.7
External services – other	57.0	43.3
Rental and occupancy costs	13.2	4.4
Depreciation of right-of-use assets	72.0	65.9
Depreciation of property, plant and equipment	46.3	45.9
Amortisation of intangibles	6.1	5.8
Other	10.6	7.5
Total cost by nature	1 072.1	843.8

Summary of operating expenses by functions:

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
Restaurant expenses	946.1	749.9
Franchise and other expenses	51.8	27.6
General and administrative expenses	74.2	66.3
Total cost by function	1 072.1	843.8

Other operating income/expenses

Other income for H1 2022 consists mostly of contributions for Store Network Restructuring program in Starbucks stores, income from insurance and gains on right of use disposed.

Other operating income and expenses section for H1 2021 consisted mainly of accounted government assistance programs that amounted to EUR 28.4 million, out of that EUR 10.3 million income was recognised for government assistance programs for payroll and employee benefits (payroll costs EUR 8.7 million and social contribution EUR 1.6 million), whereas EUR 18.1 million was recognised for government support programs for rent and other.

6. Financial income and costs**Finance income**

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
Income from bank interest	1.5	0.4
Net income from exchange differences	-	2.1
Net income from exchange differences on lease liabilities	-	2.3
Net income from exchange differences - other	-	(0.2)
Other	0.1	0.2
Total finance income	1.6	2.7

Finance costs

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
Interest expense	(10.5)	(9.1)
Interest expense on lease liabilities	(12.2)	(11.9)
Net cost from exchange differences	(1.9)	-
Net cost from exchange differences on lease liabilities	(3.3)	-
Net cost from exchange differences - other	1.4	-
Other	0.7	(1.1)
Total finance cost	(23.9)	(22.1)

7. Taxes**Income taxes**

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
Current tax	(12.2)	(7.7)
Deferred income tax	2.0	1.6
Income tax recognised in the income statement	(10.2)	(6.1)
Deferred tax asset		
Opening balance	45.7	37.6
Closing balance	45.6	43.6
Deferred tax liability		
Opening balance	45.4	39.0
Closing balance	46.3	43.6
Change in deferred tax assets/ liabilities	(1.0)	1.4

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

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
Change in deferred tax assets/liabilities	(1.0)	1.4
of which:		
Deferred taxes recognised in the income statement	2.0	1.6
Deferred taxes recognised in other comprehensive income – net investment hedges	(0.4)	(0.2)
Deferred taxes recognised in equity - valuation of employee options	0.7	0.4
Exchange differences	(3.3)	(0.4)

Income tax calculated according to domestic tax rates applicable to income in particular countries as of 30 June 2022 would amount to EUR 6.5 million. Main position affecting effective tax rate for 6 months ended 30 June 2022 are expenses permanently not deductible for tax purposes (EUR 11.5 million), tax losses for the current period for which no deferred tax asset was recognized (EUR 2.9 million), income tax corrections (EUR 2.5 million), changes in assessment of deferred taxes from tax losses related to previous years (EUR 1.8 million) and local taxes reported as income taxes (EUR 1.1 million).

Tax risks and uncertain tax positions

Tax settlements may be subject of the tax control for the period of 3-5 years from the date of their filing.

Tax settlements of AmRest entities are subject to several tax inspections which were widely described in the note “Tax risks and uncertain tax position” to the consolidated financial statements for 2021 (“the Note”).

In respect to tax inspections of AmRest sp. z o.o. regarding VAT returns for the periods:

- from April 2018 to September 2018 (described in point (c) of the Note),
- from October 2018 to March 2019 (described in point (d) of the Note)

the Company received the information about the prolongation of the proceedings and these proceedings have not concluded as of the date of publication of this Report.

In respect to tax inspection in AmRest sp. z o.o. regarding CIT settlements for 2013 (described in point (f) of the Note), the Company’s complaint to Local Administrative Court filed on 26 April 2021 was upheld on 6 April 2022. As of the date of publication of this Report the proceedings have not concluded as the verdict of the court is not legally binding yet and could be subject to Ministry of Finance’s appeal to Supreme Administrative Court.

In respect to tax inspection in AmRest sp. z o.o. regarding CIT settlements for the period from December 2017 to March 2018 (described in point (b) of the Note), on 7 July 2022 AmRest Sp. z o.o. received the final decision issued by the Head of the Lower Silesia Tax Office (“Head”) which questioned the correctness of the output VAT settlement for a part of operational sales revenues. The Head claimed the tax liability amounting to PLN 11.3 million (EUR 2.3 million). The decision concluded however that the Company has not been obliged to pay any additional tax liability for this period due to the binding power of the individual ruling of the Ministry of Finance held by the Company.

On 22 March 2021 Pastificio Service S.L.U. (as the taxpayer), AmRest Tag S.L.U. (as head of the Tax Group during the tax audit period) and AmRest Holdings SE (as the current head of the Tax Group) received the settlement agreement from the tax office indicating the additional tax liability amounting to EUR 1.1 million, which was paid by the taxpayer on 14 June 2021. However, the Company disagree with the tax authorities and on 22 April 2021 submitted the economic-administrative claim and the allegations has been filed on 26 July 2021. On 5 July 2022 the Company received the resolution which rejected the allegations submitted by the company. This resolution is currently analyzed, the company has 60 working days to appeal against it.

On 23 June 2021 Pastificio Service S.L.U. received notification of the start of an inspection relating to a municipal tax (business activity tax) for the fiscal years 2018-2021. The tax inspection is related to the Pastificio's activity in the Central Kitchen (Lleida). In July 2022 the company received the final decision, in which the tax authorities claimed an additional tax liability amounting to EUR 70k. The company agreed with the final tax assessment. This amount was paid on 29 July 2022.

On 4 July 2022 tax inspection in AmRest DOO started covering all tax obligations for 2020. As at the date of publication of this Report, no conclusion has been obtained.

On 9 June 2022 the Sushi Shop Group has received a new tax reassessment for 2018 and 2019, resulting in an additional tax liability of EUR 1 million. The company paid the amount of EUR 0.7 million on 1 August 2022 and asked for a deferment of the remaining amount. This remaining amount was the subject of a claim filed by the company on 5 August 2022.

On 9 June 2022, the Sushi Shop Group, due to the failure to file a 2020 tax return, received a tax assessment based on the 2019 tax result, resulting in an additional tax liability of EUR 2.8 million. The company filed an application for deferment of payment and claims that the tax result for this year should be 0. The company filed a relevant application on 2 August 2022.

On 9 June 2021 AmRest Kft and on 14 June 2021 AmRest Kávészó Kft have received the notification letters in respect to planned initiation of tax proceedings. Tax proceeding in AmRest Kft relates to all tax settlements for the period 2018-2019 and in AmRest Kávészó Kft for the year 2019. Tax audits in AmRest Kft and in AmRest Kávészó Kft have been concluded in April 2022 without any relevant assessment.

Since 31 December 2021 till the date of approval of these condensed consolidated financial statements the status of other reported tax related risks has not changed. The Group did not receive any other new decisions except the ones described above and no new tax inspections took place.

The Group's risk assessment regarding tax risks and uncertainties has not changed since the publication of the consolidated financial statements for 2021. Therefore, as of 30 June 2022 and as at the date of publication of this Report, no provisions other than the one stated above were created.

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

8. Property, plant and equipment

The table below presents changes in the value of property, plant and equipment in 6 months ended 30 June 2022 and 2021:

2022	Leasehold improvements, land, buildings	Restaurants equipment and vehicles	Furniture and other assets	Assets under construction	Total
PPE as at 1 January	259.5	139.9	35.5	26.0	460.9
Acquisition	-	0.1	0.1	-	0.2
Additions	2.1	6.0	0.6	30.3	39.0
Depreciation	(21.3)	(18.8)	(6.2)	-	(46.3)
Net impairment losses	(1.0)	(1.0)	0.5	-	(1.5)
Disposals and deconsolidation	(0.1)	(0.3)	(0.2)	-	(0.6)
Transfers between categories	4.0	12.6	3.3	(20.0)	(0.1)
Exchange differences	13.2	4.1	1.1	0.3	18.7
PPE as at 30 June	256.4	142.6	34.7	36.6	470.3
Gross book value	651.8	405.5	108.4	37.3	1 203.0
Accumulated depreciation and impairments	(395.4)	(262.9)	(73.7)	(0.7)	(732.7)
Net book value	256.4	142.6	34.7	36.6	470.3
2021	Leasehold improvements, land, buildings	Restaurants equipment and vehicles	Furniture and other assets	Assets under construction	Total
PPE as at 1 January	277.2	146.6	32.9	18.3	475.0
Additions	3.1	4.5	0.6	21.3	29.5
Depreciation	(20.0)	(19.1)	(6.8)	-	(45.9)
Net impairment losses	(4.0)	(1.7)	-	0.1	(5.6)
Disposals and deconsolidation	0.1	(0.5)	-	(1.3)	(1.7)
Transfers between categories	4.6	4.1	10.6	(19.5)	(0.2)
Exchange differences	3.8	1.9	0.3	0.4	6.4
PPE as at 30 June	264.8	135.8	37.6	19.3	457.5
Gross book value	598.1	372.9	101.0	20.6	1 092.6
Accumulated depreciation and impairments	(333.3)	(237.1)	(63.4)	(1.3)	(635.1)
Net book value	264.8	135.8	37.6	19.3	457.5

Depreciation was charged as follows:

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
Costs of restaurant operations	44.7	44.6
Franchise expenses and other	0.9	0.6
General and administrative expenses	0.7	0.7
Total depreciation	46.3	45.9

9. Leases

The table below presents the reconciliation of the right-of-use assets and lease liabilities for 6 months ended 30 June 2022 and 2021:

	Right-of-use asset			Lease liabilities
	Restaurant properties	Other	Total right-of-use asset	Total liabilities
As at 1 January 2022	756.8	14.2	771.0	822.9
Additions – new contracts	13.8	1.9	15.7	15.5
Remeasurements and modifications	69.8	(0.1)	69.7	66.2
Depreciation	(68.8)	(3.2)	(72.0)	-
Net impairment losses	(2.0)	-	(2.0)	-
Interest expense	-	-	-	12.2
Payments	-	-	-	(80.7)
Exchange differences	31.7	0.9	32.6	37.1
Disposals	(1.6)	-	(1.6)	(2.6)
As at 30 June 2022	799.7	13.7	813.4	870.6

	Right-of-use asset			Lease liabilities
	Restaurant properties	Other	Total right-of-use asset	Total liabilities
As at 1 January 2021	693.9	15.7	709.6	761.4
Additions – new contracts	23.1	1.4	24.5	24.5
Remeasurements and modifications	28.5	0.1	28.6	20.7
Depreciation	(63.4)	(2.6)	(65.9)	-
Net impairment losses	(1.6)	-	(1.6)	-
Interest expense	-	-	-	11.9
Payments	-	-	-	(66.2)
Exchange differences	10.4	0.2	10.6	9.2
Disposals	-	(0.1)	(0.1)	(0.2)
As at 30 June 2021	690.9	14.8	705.7	761.3

Depreciation was charged as follows:

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
Costs of restaurant operations	69.3	64.0
Franchise expenses and other	-	-
General and administrative expenses	2.6	1.9
Total depreciation	71.9	65.9

For the six months ended 30 June 2022 the Group recognised rent expense from short-term leases of EUR 0.3 million, leases of low-value assets of EUR 2.7 million and variable lease payments of EUR 9.8 million (including negative amount of EUR 2.0 million COVID-19-related rent concessions).

For the six months ended 30 June 2021 the Group recognised rent expense from short-term leases of EUR 0.4 million, leases of low-value assets of EUR 2.2 million and variable lease payments of EUR 1.8 million (including negative amount of EUR 6.8 million COVID-19-related rent concessions).

The following are the remaining contractual maturities of lease payments at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

	30 June 2022	31 December 2021
Up to 1 year	177.4	163.0
Between 1 and 3 years	277.4	254.9
Between 3 and 5 years	192.4	176.4
Between 5 and 10 years	232.7	218.7
More than 10 years	151.6	142.3
Total contractual lease payments	1 031.5	955.3
Future finance costs of leases	160.9	132.4
Total lease liabilities	870.6	822.9

10. Intangible assets

The table below presents changes in the value of intangible assets in 6 months ended 30 June 2022 and 2021:

2022	Own brands	Licenses for franchise brands	Relations with franchisees and customers	Other intangible assets	Total
IA as at 1 January	154.1	23.1	28.9	30.8	236.9
Additions	-	0.2	-	3.7	3.9
Depreciation	(0.1)	(1.9)	(1.5)	(2.6)	(6.1)
Net impairment losses	-	0.1	-	(0.3)	(0.2)
Disposals and derecognition	-	-	-	(0.2)	(0.2)
Transfers between categories	-	0.8	-	(0.7)	0.1
Exchange differences	-	1.5	-	-	1.5
IA as at 30 June	154.0	23.8	27.4	30.7	235.9
Gross book value	159.0	49.9	51.9	80.4	341.2
Accumulated amortisation and impairrr	(5.0)	(26.1)	(24.5)	(49.7)	(105.3)
Net book value	154.0	23.8	27.4	30.7	235.9
2021	Own brands	Licenses for franchise brands	Relations with franchisees and customers	Other intangible assets	Total
IA as at 1 January	153.8	22.6	32.0	32.3	240.7
Additions	-	2.0	-	1.1	3.1
Depreciation	(0.1)	(2.1)	(1.5)	(2.1)	(5.8)
Net impairment losses	-	(0.1)	-	-	(0.1)
Disposals and derecognition	-	-	-	0.2	0.2
Exchange differences	0.1	0.4	-	0.1	0.6
IA as at 30 June	153.8	22.9	30.5	31.5	238.7
Gross book value	158.6	46.8	51.9	76.2	333.5
Accumulated amortisation and impairments	(4.8)	(24.0)	(21.4)	(44.6)	(94.8)
Net book value	153.8	22.8	30.5	31.6	238.7

Depreciation was charged as follows:

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
Costs of restaurant operations	2.3	2.5
Franchise expenses and other	0.9	0.9
General and administrative expenses	2.9	2.4
Total depreciation	6.1	5.8

Other intangible assets cover mainly exclusivity rights including master-franchise rights in the amount of EUR 1.8 million (EUR 2.4 million as at 31 December 2021), key monies in the amount of EUR 18.1 million (EUR 18.1 million as at 31 December 2021) and computer software.

11. Goodwill

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

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

2022	1 January	Increases	Impairment	Exchange differences	30 June
Sushi Shop	140.5	0.9	-	-	141.4
Spain- La Tagiatella and KFC	90.9	-	-	-	90.9
Russia - KFC	33.1	-	(46.9)	13.8	-
Germany - Starbucks	8.6	-	-	-	8.6
China- Blue Frog	21.5	-	-	0.7	22.2
France - KFC	14.0	-	-	-	14.0
Hungary-KFC	3.4	-	-	(0.2)	3.2
Romania	2.5	-	-	-	2.5
Czechia-KFC	1.5	-	-	-	1.5

2022	1 January	Increases	Impairment	Exchange differences	30 June
Poland – Other	0.6	-	-	-	0.6
Total	316.6	0.9	(46.9)	14.3	284.9

2021	1 January	Impairment	Exchange differences	30 June
Sushi Shop	140.5	-	-	140.5
Spain- La Tagiatella and KFC	90.9	-	-	90.9
Russia - KFC	30.8	-	1.8	32.6
Germany - Starbucks	8.6	-	-	8.6
China- Blue Frog	19.3	-	0.9	20.2
France - KFC	14.0	-	-	14.0
Hungary-KFC	3.4	-	0.1	3.5
Romania	2.6	-	-	2.6
Czechia-KFC	1.4	-	-	1.4
Poland – Other	0.6	-	-	0.6
Total	312.1	-	2.8	314.9

Details of impairment test performed for unit that include goodwill are presented in note 12.

12. Impairment of non-current assets

Details of net impairments losses recognised for restaurant and goodwill impairment tests :

	Note	6 MONTHS ENDED	
		30 June 2022	30 June 2021
Net impairment of property, plant and equipment	8	1.5	5.6
Net impairment of intangible assets	10	0.2	-
Net impairment of right of use assets	9	2.0	1.6
Net impairment of goodwill	11	46.9	-
Net impairment losses of non- current other assets		50.6	7.2

Restaurant level tests

The Group periodically reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated for the purpose of impairment testing. The recoverable amount of an asset is determined at the level of a single restaurant as the smallest unit (or set of assets) generating cash flows that are largely independent of the cash inflows generated by other assets /groups of assets. Restaurant assets include amongst others property, plant and equipment, intangible assets and right of use assets. Impairment indicators defined by the Group are described in note 38 of consolidated financial statements for the year 2021.

Impairment indicators are reviewed twice a year and respective impairments test for restaurants are performed twice a year.

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

For recoverable value calculations of value in use, Group uses cash flow projections based on financial budgets that require relevant judgments and estimates. Cash flow projections are prepared for individual restaurants. The Group uses most recently approved budgets and forecasts prepared on the level of countries or activities of brands in certain countries. Next those assumptions are verified in terms of situation of individual restaurants. Base assumptions may be enhanced or worsen, to reflect the best estimate for expected cash projections of analysed restaurant, if needed. Individual projections for sales and costs may depend on restaurant's main streams of revenues and its recovery path from pandemic (different for take-away business, dine-in, food courts), cost pressure in various markets, supply chain related issues and other. The restaurant tests are also prepared with diversified projection periods that are correlated to restaurant's rental agreements.

The main assumptions used to determine the value in use were:

- sales growth projections dependent on sales mix and sales channels for a given restaurant
- impact of changes in revenue on direct costs
- costs structure development
- the amount of investment expenditure
- a discount rate based on the weighted average cost of capital and reflecting the current market assessment of the time value of money and the business risk of the cash generating unit.

As such, Group does not disclose quantitative ranges for the main assumptions used for restaurant test. The amounts assigned to each of these parameters reflect the Group's experience adjusted for expected changes in the forecast period and corrected by local specifics and characteristics of a given restaurant. This reflects the specifics of Group's operations, where business is conducted through multiple, individually small operating units.

In the event that the fair value less costs of sale is used as a reference, market references are used that take into account, among others, location and updated market information.

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

Discounts rates applied are shown in the table below.

	Post-tax discount rate 30 June 2022	Implied pre-tax discount rate 30 June 2022	Implied pre-tax discount rate 31 December 2021	Implied pre-tax discount rate 30 June 2021
Poland	9.5%	11.7%	9.1%	8.4%
Czechia	7.6%	9.3%	7.8%	7.7%
Hungary	11.1%	12.2%	10.0%	11.0%
Russia	32.6%	40.8%	12.1%	12.8%
Serbia	11.7%	13.8%	10.6%	13.0%
Bulgaria	8.8%	9.8%	8.2%	9.8%
Spain	7.8%	10.4%	8.6%	9.1%
Germany	6.6%	9.4%	7.2%	6.6%
France	6.9%	9.2%	7.1%	6.8%
Croatia	9.3%	11.4%	9.4%	11.3%
China	7.4%	9.9%	8.2%	9.0%
Romania	10.0%	11.9%	9.9%	10.9%
Slovakia	7.7%	9.7%	8.1%	8.2%
Portugal	7.9%	10.0%	8.5%	9.4%
Austria	7.2%	9.5%	7.9%	7.4%
Slovenia	9.7%	12.0%	8.6%	9.0%
Belgium	7.0%	9.4%	8.2%	7.4%
Italy	8.8%	11.6%	8.7%	9.3%
Switzerland	6.2%	7.3%	5.8%	5.0%
Luxemburg	6.8%	9.1%	7.4%	6.9%
Netherland	6.8%	9.1%	7.3%	6.5%
United Kingdom	7.9%	9.7%	7.8%	7.4%

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

Summary of impairment tests results on the level of restaurants for the 6 months period ended 30 June 2022 is presented in the table below.

	Impairment loss	Impairment reversals	Net/Total
Number of units tested			394
Units with impairment/reversal recognised	84	121	
Impairment of property, plant and equipment and intangible assets	(5.6)	6.4	0.8
Impairment of right of use assets	(1.7)	3.2	1.5
Five highest individual impairment loss/ reversals totaled	(1.7)	1.5	
Average impairment loss/ reversal per restaurant	(0.1)	0.1	

Summary of impairment tests results on the level of restaurants for the 6 months period ended 30 June 2021 is presented in the table below.

	Net/Total
Number of units tested	832
Units with impairment/reversal recognised	120/89
Net impairment of property, plant and equipment and intangible assets	(5.6)
Net impairment of right of use assets	(1.6)
Five highest individual impairment loss/ reversals totaled	(3.8)/3.8
Average impairment loss/ reversal per restaurant	(0.2) /0.1

Business (goodwill) level tests

Additionally Group recognised impairment loss on intangible assets and goodwill as a result of goodwill impairment tests as disclosed in next section.

Goodwill and intangibles with undefined useful lives level

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

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

The Group has not identified impairment indicators for goodwill impairment test for 6 months ended 30 June 2021.

Goodwill impairment test for KFC Russia

The war in Ukraine has introduced uncertainty in the conduct of businesses and, as a result, a significant risk of material adjustment to the carrying amounts of assets and liabilities may have arisen. Determining the recoverable amount in the current uncertain environment requires a careful assessment of the cash-flow projections.

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

Test were performed in local currency, and the recoverable value of tested unit amounted RUB 8 713.1 million whereas the carrying amount of tested non-current assets including goodwill amounted RUB 11 892.9 million. That resulted in impairment loss of RUB 3 179.8 million, representing 42% of net assets of Russian business.

The Group has performed impairment test taking into account most recent budgets, forecast and expectations towards operating business in Russia. Cash flow projections reflect current central scenario of continuing business operations in Russia and there is no new restaurant development in the country.

The war has impacted the interest rates and inflation trends. Consequently, the discount rate and growth rate for residual period used to determine the recoverable amount were updated to reflect these developments.

The most relevant factor for updating Russia business discount rate, in the current situation, was the country risk premium input. In the past the Group was using Moody's country ratings, however, on 15 March 2022 the European Union banned top credit rating firms from rating Russia and the Russian companies as part of its sanctions package. Additionally, on 27 June 2022 a technical default of Russia was declared after missing a bond payment in foreign currency as Russian central bank's reserves were frozen and the local banks did not have access to the global financial system. Nonetheless, holders of Russian government Eurobonds were offered a special account to receive the payment in roubles in accordance with Russian central bank's exchange rate. The complexity of this scenario increases with the strong appreciation showed by the rouble. This movement is contradictory to what would be implied by a sovereign default due to a lack of resources.

This technical default merits a substantial increase in the country risk premium of Russia. Even though, the country's ability to repay in an appreciating local currency remains in place, the Group considers it reasonable to make the assumption that the country's equivalent credit rating would be in the default threshold "C" (no ability to pay in USD). This scenario implies a country risk premium of 20.34% and a discount rate of 32.62% for Russia market.

Following key assumption were used when performing impairment test:

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

The Group carried out a sensitivity analysis for the impairment tests performed as of 30 June 2022. The sensitivity analysis examined the impact of changes in:

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

all of the above assuming other factors remain unchanged.

The objective of such a sensitivity analysis is to determine if reasonable possible changes in the main financial assumptions would lead to an impairment loss being recognised.

For discount rate, growth rate, weighted average budgeted EBITDA margin, a reasonable possible change was determined as 10% of the input data, applicable for particular unit. Consequently, each impairment test has a different level of a reasonable change in inputs, which can be determined by multiplying the base input data used in the impairment test as presented in table above by 10%.

Additionally, Group performed sensitivity analysis on the expected changes in sales revenues recognition. In that case Group determines reasonable change individually for each business tested. Usually this is in a range of 3-5% decrease of estimated sales revenues in each year of projection.

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

Input/ change in input	(Increase)/ decrease in impairment loss (EUR million)
Discount rate - in model (post-tax discount rate (32.6%))	
-10% of base value	15.7
-5% of base value	7.4
+5% of base value	(6.6)
+10% of base value	(12.5)
Growth rate for residual value - in model (5.9%)	
-10% of base value	(0.9)
-5% of base value	(0.4)
+5% of base value	0.4
+10% of base value	0.9
Weighted average budgeted EBITDA margin value - in model (21.2%)	
-10% of base value	(22.2)
-5% of base value	(11.1)
+5% of base value	11.1
+10% of base value	22.2
Restaurant Sales	
-5% in each year of projection	(10.7)
-3% in each year of projection	(6.4)
+3% in each year of projection	6.4
+5% in each year of projection	10.7

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

Input value	Post tax discount	
	rate	Growth rate
Applied in model	32.6%	5.9%
When carrying amount of CGU equals to recoverable amount	24.0%	21.2%

The table below shows total split of net assets of Russian operations of the Group as of 30 June 2022 after the impairment losses accounted and translated based on 30 June 2022 forex exchange rate into EUR. The comparative figures for 31 December 2021 presented in second column reflect data reported in consolidated financial statements for the year ended 31 December 2021, i.e., using forex exchange EUR/RUB as of 31 December 2021. For illustrative purposes Group presents also, in the third column, the estimate of 31 December 2021 data in EUR if 30 June 2022 forex exchange rate was used at that time.

EUR millions	30 June 2022	31 December 2021	31 December 2021 @ June 2022 forex rate
Non-current assets	165.0	151.9	241.4
Lease liabilities	106.4	75.8	120.4
Current assets	59.5	19.5	30.9
Other liabilities	37.6	16.4	26.1
Net assets	80.5	79.2	125.8

Goodwill impairment test for other units

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

HY 2022	Post-tax discount rate	Implied pre-tax discount rate	Growth rate for residual value	Weighted average budgeted EBITDA margin	Average total sales growth
China – BF	7.4%	9.1%	2.2%	25.0%	8.2%
France – KFC	6.9%	8.3%	1.8%	10.5%	5.4%
Sushi Shop (all markets)	6.9%	8.3%	1.8%	14.8%	6.9%

The Group carried out a sensitivity analysis in the same scope as described for the KFC Russia tests, above.

Based on the sensitivity analysis performed for KFC France a 10% drop in a weighted average budgeted EBITDA margin would result in impairment loss of EUR 5.8 million, whereas the other reasonably possible changes in any of the key assumptions tested would not lead to recognition of impairment losses i.e. carrying amount would not exceed the recoverable amount.

Based on the sensitivity analysis performed for China and Sushi Shop market the reasonably possible changes in any of the key assumptions used would not lead to recognition of impairment losses i.e. carrying amount would not exceed the recoverable amount.

13. Trade and other receivables

	30 June 2022	31 December 2021
Trade receivables	42.8	37.3
Other tax receivables	18.0	22.1
Credit cards, coupons and food aggregators receivables	21.1	17.3
Loans and borrowings	1.3	1.3
Government grants	0.6	1.2
Other	1.5	1.6
Allowances for receivables (note 22)	(12.8)	(12.9)
	72.5	67.9

Information about the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 22.

14. Cash and cash equivalents

	30 June 2022	31 December 2021
Cash at bank	230.3	189.8
Cash in hand	10.2	8.9
Total	240.5	198.7

Reconciliation of working capital changes as at 30 June 2022 and 31 December 2021 is presented in the table below:

H1 2022	Balance sheet change	Change in investment liabilities	Exchange differences	Working capital changes
Change in trade and other receivables	(4.6)	-	(1.0)	(5.6)
Change in inventories	(3.9)	-	1.2	(2.7)
Change in other assets	(8.7)	-	1.0	(7.7)
Change in payables and other liabilities	19.4	(4.4)	4.2	19.2
Change in other provisions and employee benefits	(7.4)	-	0.1	(7.3)
H1 2021	Balance sheet change	Change in investment liabilities	Exchange differences	Working capital changes
Change in trade and other receivables	(10.3)	-	0.5	(9.8)
Change in inventories	(1.3)	-	0.3	(1.0)
Change in other assets	(4.0)	-	0.9	(3.1)
Change in payables and other liabilities	15.5	(1.3)	0.4	14.6
Change in other provisions and employee benefits	(3.7)	-	(0.1)	(3.8)

15. Equity

Share capital

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

As of 30 June 2022 and 31 December 2021 the Company has 219 554 183 shares issued.

Reserves

The structure of Reserves is as follows:

	Share premium	Employee options unexercised	Employee options exercised	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As at 1 January 2022	236.3	14.1	(40.7)	(4.0)	(9.5)	(30.6)	165.6
Net investment hedges	-	-	-	-	(2.7)	-	(2.7)
Income tax related to net investment hedges	-	-	-	-	0.4	-	0.4
Total comprehensive income	-	-	-	-	(2.3)	-	(2.3)
<i>Share based payments</i>							
Value of disposed treasury shares	-	-	(0.2)	0.2	-	-	-
Employee stock option plan – proceeds from employees for transferred shares	-	-	0.1	-	-	-	0.1
Employee stock option plan – reclassification of exercised options	-	-	-	-	-	-	-
Employee stock option plan – change in unexercised options	-	1.3	-	-	-	-	1.3
Change of deferred tax related to unexercised employee benefits	-	(0.7)	-	-	-	-	(0.7)
<i>Total share based payments</i>	<i>-</i>	<i>0.6</i>	<i>(0.1)</i>	<i>0.2</i>	<i>-</i>	<i>-</i>	<i>0.7</i>
Total distributions and contributions	-	0.6	(0.1)	0.2	-	-	0.7
As at 30 June 2022	236.3	14.7	(40.8)	(3.8)	(11.8)	(30.6)	164.0
	Share premium	Employee options unexercised	Employee options exercised	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As at 1 January 2021	236.3	13.9	(39.1)	(6.5)	(8.2)	(26.3)	170.1
Net investment hedges	-	-	-	-	1.2	-	1.2
Income tax related to net investment hedges	-	-	-	-	(0.2)	-	(0.2)
Total comprehensive income	-	-	-	-	1.0	-	1.0
<i>Share based payments</i>							
Value of disposed treasury shares	-	-	(1.3)	1.3	-	-	-
Employee stock option plan – value of employee benefits exercised in the period	-	-	0.4	-	-	-	0.4
Employee stock option plan – proceeds from employees for transferred shares	-	(0.5)	0.5	-	-	-	-
Employee stock option plan – change in unexercised options	-	(0.4)	-	-	-	-	(0.4)
Change of deferred tax related to unexercised employee benefits	-	0.4	-	-	-	-	0.4
<i>Total share based payments</i>	<i>-</i>	<i>(0.5)</i>	<i>(0.4)</i>	<i>1.3</i>	<i>-</i>	<i>-</i>	<i>0.4</i>
Total distributions and contributions	-	(0.5)	(0.4)	1.3	-	-	0.4
As at 30 June 2021	236.3	13.4	(39.5)	(5.2)	(7.2)	(26.3)	171.5

Share premium

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

There were no transactions within share premium in 6 months period ended 30 June 2022.

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. Following scheduled debt amortisation repayment, the net investment hedge has been decreased to PLN 240 million from the end of December 2020.

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 in 2019 and through December 2021.

From there on, following amortisation repayment, the net investment hedge has been changed to EUR 224 million. 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 year ended 31 December 2021 and the period ended 30 June 2022 hedges were fully effective.

As at 30 June 2022 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 0.4 million.

Transactions with NCI

This item reflects the impact of accounting for transactions with non-controlling interests (NCI). During 6 month ended 30 June 2022 and 30 June 2021 Group paid dividends to non-controlling shareholders. No other transactions were made.

Translation reserves

The balance of translation reserves depends on the changes in the exchange rates. This parameter is out of control of the Group. Total change in translation reserves allocated to shareholders of the parent for 6 month period ended 30 June 2022 amounted to EUR 45.1 million. The most significant impact has a change in Russian rouble to EUR (EUR 43.6 million). Other significant changes result from change of Chinese yuan, Hungarian forint and Polish zloty to EUR.

16. Earnings per share

As at 30 June 2021, 31 December 2021 and 30 June 2022 the Company has 219 554 183 shares issued.

Table below presents calculation of basic and diluted earnings per ordinary share for the 6 months ended 30 June 2022 and 2021.

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).

	30 June 2022	30 June 2021
EPS calculation		
Net profit attributable to shareholders of the parent (EUR millions)	(35.5)	1.9
Weighted average number of ordinary shares for basic EPS (in thousands of shares)	219 271	219 340
Weighted average number of ordinary shares for diluted EPS (in thousands of shares)	219 271	220 029
Basic earnings per ordinary share (EUR)	(0.16)	0.01
Diluted earnings per ordinary share (EUR)	(0.16)	0.01

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

Weighted-average number of ordinary shares in thousands of shares	30 June 2022	30 June 2021
Shares issued at the beginning of the period	219 554	219 554
Effect of treasury shares held	(363)	(551)
Effect of share options vested	80	337
Weighted average number of ordinary shares for basic EPS	219 271	219 340

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

Weighted-average number of ordinary shares for diluted EPS in thousands of shares	30 June 2022	30 June 2021
Weighted-average number of ordinary shares for basic EPS	219 271	219 340
Effect of share options unvested	0	689
Weighted average number of ordinary shares for diluted EPS	219 271	220 029

As at 30 June 2022, 11 769 thousand of options were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive. At 30 June 2021, there were 10 476 thousand of options with anti-dilutive effect.

17. Borrowings

Long-term	30 June 2022	31 December 2021
Syndicated bank loans	490.9	466.2
SSD	35.5	35.5
Other bank loans	14.9	40.2
Total	541.3	541.9
Short-term	30 June 2022	31 December 2021
Syndicated bank loans	58.1	59.2
SSD	34.3	48.0
Other bank loans	39.2	15.5
Total	131.6	122.7

Bank loans and bonds

Currency	Loans/Bonds	Effective interest rate	30 June 2022	31 December 2021
PLN	Syndicated bank loan	3M WIBOR+margin	99.8	105.6
EUR	Syndicated bank loan	3M EURIBOR+margin	449.2	419.8
EUR	SchuldscheinDarlehen Bonds	6M EURIBOR/fixed +margin	69.8	83.5
EUR	Bank loans Germany	fixed	0.6	-
EUR	Bank loans France	fixed	30.1	30.2
EUR	Bank loans Spain	fixed	23.4	25.3
			672.9	664.6

Syndicated bank loan

As at 30 June 2022, syndicated bank financing entered into in 2017, with further amendments, accounts for the majority of AmRest debt. In December 2021 Group has signed an amendment to syndicated bank loan agreement providing an extension the repayment of the loan. Based on the extended agreement, the amounts of the facilities A, B, E and F are equal to the outstanding amounts of Credit facilities, after the scheduled repayments in September 2020 and September 2021, this is EUR 352mln and PLN 464mln. The repayment schedule is 10% on each 30 September anniversary of the next three years and the remaining amount on 31 December 2024. The Revolving facility D is available in the amount of up to PLN 450mln and due on 31 December 2024. Details of bank financing are as follows:

- Signing date: 5 October 2017,
- Final repayment date: 31 December 2024, c.
- Joint Borrowers: AmRest Holdings SE, AmRest Sp. z o.o. and AmRest s.r.o (the "Borrowers"; AmRest Sp. z o.o. and AmRest s.r.o are fully owned by AmRest Holdings SE),
- Lenders: Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski Polska S.A. and Česká spořitelna, a.s.

The total tranches as of 30 June 2022:

Tranche(*)	Maximum amount (million)	Date added	Purpose
A	EUR 200	October 2017	Refinancing of bank debt, general corporate purposes
B	PLN 240	October 2017	
C (fully repaid in Q1 2019)	CZK 0	October 2017	
D	PLN 450	October 2017	
E	PLN 224	June 2019	Refinancing of Polish bonds
F	EUR 152	October 2019	M&A, general corporate purposes

* Approximate total amount: EUR 550m

Interest rates: Variable interest rates (3M Euribor/Wibor increased by a margin).

Securities: submissions to execution from the Borrowers, guarantees from Group companies, pledge on shares of Sushi Shop Group.

Uncommitted Tranche G in the amount of up to EUR 100m has been added to the financing.

Other information: AmRest is required to maintain certain ratios at agreed levels. In particular, net debt/adjusted consolidated EBITDA is to be held below 3.5 and consolidated EBITDA/interest charge is to stay above 3.5. For both ratios EBITDA is calculated without effect of IFRS 16. EBITDA as defined in finance agreements for the purpose of calculating covenants was EUR 215.8 million for the 12 month period ended 30 June 2022. The covenants were met at 31 December 2021 and 30 June 2022 as well.

Two other sources of AmRest financing are:

In April 2017 AmRest entered the Schuldscheindarlehen ("SSD" – debt instrument under German law) market. The table below presents all SSD issues and their maturities:

Issue date	Amount (EUR million)	Interest rate	Maturity date	Purpose
7 April 2017	6.0	Fixed	5 April 2024	Refinancing, general corporate purposes
3 July 2017	33.0	Fixed	1 July 2022	
3 July 2017	20.0	Fixed	3 July 2024	
3 July 2017	9.5	Variable	3 July 2024	

As at 30 June 2022, payables concerning SSD issued amounted to EUR 68.5 million.

Details of state supported loans taken by the Group as at 30 June 2022:

Country	Entities	Effective interest rate	State guarantee	Total amount granted	Available at 30 June 2022	Maturity
Spain	Restauravia Food SL, Pastificio Food SL	Fixed	70%	45.0	17.7*	3-5 years
France	Sushi Shop Restauration SAS, AmRest Opco SAS	Fixed	90%	30.0	0	3 years
				75.5	17.7	

* Not including the part revolving (paid) EUR 2 million, without the renewed borrowing.

As at 30 June 2022, payables concerning State Supported Loans amount to EUR 53.4 million.

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

The Group has the following unused, awarded credit limits as at 30 June 2022 and 31 December 2021:

	30 June 2022	31 December 2021
With floating interest rate		
- expiring beyond one year (tranche D)	6.0	33.0
- Bank loans Spain	17.7	17.7
	23.7	50.7

The table below presents the reconciliation of the debt:

HY 2022	Bank loans	SSD	Total
As at 1 January 2022	581.1	83.5	664.6
Payment	(2.2)	(14)	(16.2)
Loan taken/ new contracts	27.7	-	27.7
Accrued interests	8.8	1.7	10.5
Payment of interests	(10.2)	(1.4)	(11.6)
Exchange differences	(2.1)	-	(2.1)
As at 31 June 2022	603.1	69.8	672.9

H1 2021	Bank loans	SSD	Total
As at 1 January 2021	668.4	102.4	770.8
Payment	(31.4)	(16.0)	(47.4)
Loan taken/ new contracts	1.0	-	1.0
Accrued interests	7.5	1.1	8.6
Payment of interests	(7.9)	(1.0)	(8.9)
Loans forgiven	(2.7)	-	(2.7)
Exchange difference	1.0	-	1.0
As at 31 June 2021	635.9	86.5	722.4

18. Employee benefits and share based payments

During 6 months ended 30 June 2022, there were no new employee share options plans introduced.

There were no additional options granted under existing programs.

For existing programs, the Group continued to recognise accruals for equity-settled options in reserve capital and accrual for cash-settled options in liabilities. The total amounts of the accrual as at 30 June 2022 and 31 December 2021 are presented in a table below:

	30 June 2022	31 December 2021
Reserve capital- gross value	14.1	14.8
Reserve capital- gross value with deferred tax effect	12.6	13.7
Liability for cash-settled options	0.1	0.2

The costs recognised in connection with the share based programs amounted to EUR 1.4 million (mostly related to the Long Term Incentive Plan 2021) and EUR 0.4 million respectively in 6 months ended 30 June 2022 and 30 June 2021.

19. Trade and other accounts payables

Trade and other liabilities (current and non-current) as at 30 June 2022 and 31 December 2021 cover the following items:

	30 June 2022	31 December 2021
Trade payables	88.8	89.4
Accruals and uninvoiced deliveries	88.3	67.1
Employee payables	14.7	17.9
Employee related accruals	31.9	33.2
Accrual for holiday leave	15.0	12.3
Social insurance payables	15.2	13.7
Other tax payables	26.3	20.7
Investment payables	9.9	14.2
Contract liabilities – initial fees, loyalty programs, gift cards	10.5	10.2
Deferred income	4.1	6.5
Other payables	5.5	5.6
Total trade payables and other liabilities	310.2	290.8

20. Changes in future commitments and contingent liabilities

As in the previous reporting period, the Group's future liabilities are derived mainly from the franchise agreements and development agreements. 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. In accordance with these agreements, the Group is obliged to meet certain development commitments as well as maintain the identity, reputation and high operating standards of each brand. Details of the agreements together with other future commitments have been described in note 1 of Condensed Consolidated Financial Statements for 6 months ended 30 June 2022 and in notes 1 and 38d of the Group's Consolidated Financial Statements for the year ended 31 December 2021.

Additionally, in regard with the Credit Agreement described in note 27 and 28 of the consolidated financial statement for 2021 few entities provided surety as well as shares of Sushi Group SAS had been pledged as security for the bank financing.

21. Transactions with related entities

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

Group shareholders

As at 30 June 2022, FCapital Dutch B.V. was the largest shareholder of AmRest and held 67.05% of its shares and voting rights, and as such was its related entity. No transactions with FCapital Dutch B.V. related parties were noted.

Transactions with key management personnel

Pursuant to the disclosure established in Circular 3/2018, of June 28, of the Comisión Nacional del Mercado de Valores (the Spanish National Securities commission, or "CNMV"), on periodic reporting by issuers, the compensation and benefits accrued and paid to members of the Company's Board of Directors in the first six months of 2022 and 2021 are as follows:

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
DIRECTORS:		
Item of remuneration:		
Remuneration for membership on the board and/or board committees	0.3	0.3
Salaries	0.1	-
Variable remuneration in cash	-	-
Share-based remuneration systems	-	-
Termination benefits	-	-
Long-term savings systems	-	-
Other items	-	-
TOTAL	0.4	0.3

In addition, the total amounts accrued and paid to senior management personnel, excluding those that are also members of the Board of Directors, for all items in the first six months of 2022 and 2021 are as follows:

	6 MONTHS ENDED	
	30 June 2022	30 June 2021
MANAGERS:		
Total remuneration paid to managers*	1.9	2.8

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

The Group's key management personnel participates in the employee share option plans (note 18). In the period ended 30 June 2022 the cost relating to the options amounted to EUR 0.4 million. In the period ended 30 June 2021 the EUR 2.0 million of provision was reversed due to significant amount of forfeited options.

	30 June 2022	30 June 2021
Number of options outstanding (pcs)	3 238 000	4 066 667
Number of available options (pcs)	257 333	966 667
Number of vested options during the period (pcs)	178 667	591 733
Fair value of outstanding options as at grant date (EUR millions)	3.4	5.4

The Group's key management personnel participates in the Long-Term Incentive (LTI) Program which has been started in 2021. The LTI grants will vest according to a 5-year agenda (60% after 3rd year, 20% after 4th year, 20% after 5th year). The first vesting will take place on 31st May 2024. As at 30 June 2022 the total grant related to key management equals EUR 0.9 million. By the end of the period ended 30 June 2022 the cost of LTI related to key management amounted to EUR 0.7 million.

As of 30 June 2022, the Company had no outstanding balances with senior management. As of 31 December 2021, the Company had no outstanding balances with senior management, except for the accrual and payment of annual bonuses to be paid in the first quarter of the following year.

As at 30 June 2022 and 31 December 2021 the Company's members of the Board of Directors had not perceived any remuneration in concept of pensions or life insurance, nor did they participate in employee share option plans. Furthermore, the Company had not granted any advance, loan or credit in favor of the Board Members or the senior management. As of 30 June 2022 and 31 December 2021 there were no material liabilities to former employees.

22. Financial instruments

The following table shows the carrying amounts of financial assets and financial liabilities. The Group assessed that the fair values of cash and cash equivalents, rental deposits, trade and other receivables, trade and other payables, as well as current loans and borrowings and finance lease liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Fair values of non-current rental deposits, loans and borrowings and financial liabilities immaterially differs from their carrying values. Trade and other receivables and liabilities presented below does not include balance relating to taxes and employee settlements.

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

30 June 2022	Note	FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets measured at fair value		-	-	-
Financial assets not measured at fair value				
Rental deposits		-	24.9	-
Trade and other receivables	13	-	72.5	-
Cash and cash equivalents	14	-	240.5	-
Financial liabilities not measured at fair value				
Loans and borrowings	17	-	-	603.1
Other debt instruments	17	-	-	69.8
Lease liabilities	9	-	-	870.7
Trade and other liabilities	19	-	-	254.8
December 2021	Note	FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets measured at fair value		-	-	-
Financial assets not measured at fair value				
Rental deposits		-	22.0	-
Trade and other receivables	13	-	72.9	-
Cash and cash equivalents	14	-	198.7	-
Financial liabilities not measured at fair value				
Loans and borrowings	17	-	-	581.2
Other debt instruments	17	-	-	83.5
Lease liabilities	9	-	-	822.9
Trade and other liabilities	19	-	-	245.2

For credit risk related to receivables the Group applied the simplified approach permitted by IFRS 9, which requires expected credit losses (ECLs) to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

During year 2022 the Group recognised an impairment of the Group's receivables exposed to credit risk in an net amount of EUR 0.9 million.

The ageing break-down of receivables and receivable loss allowance as at 30 June 2022 and 31 December 2021 is presented in the table below.

2022	Current		Overdue in days			Total
	current	less than 90	91 - 180	181 - 365	more than 365	
Trade and other receivables	56.7	8.3	4.1	4.1	12.1	85.3
Loss allowance	(1.1)	(0.4)	(1.6)	(2.4)	(7.3)	(12.8)
Total	55.6	7.9	2.5	1.7	4.8	72.5
2021	Current		Overdue in days			Total
	current	less than 90	91 - 180	181 - 365	more than 365	
Trade and other receivables	55.4	8.7	2.9	4.2	9.6	80.8
Loss allowance	(0.9)	(1.0)	(1.2)	(2.2)	(7.6)	(12.9)
Total	54.5	7.7	1.7	2.0	2.0	67.9

Value of loss allowance for receivables as at 30 June 2022 and 30 June 2021 is presented in table below:

	6 months ended	
	30 June 2022	30 June 2021
Value at the beginning of the period	12.9	12.2
Allowance created	1.3	0.9
Allowance released	(0.4)	-
Allowance used	(1.0)	-
Other	-	(0.9)
Value at the end of the period	12.8	12.2

23. Events after the reporting period

There were no significant events after the reporting period until the date of approval of this interim report.

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Carlos Fernández González
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 1 September 2022

STATEMENT OF RESPONSIBILITY OF AMREST HOLDINGS, SE

The members of the Board of Directors of AMREST HOLDINGS, SE (“AmRest” or the “Company”) declare that, as far as they are aware, the Condensed Consolidated Financial Statements for six months ended 30 June 2022, drawn up by the Board of Directors on the meeting of 1 September 2022, and prepared in accordance with the applicable accounting principles, offer a true and fair view of the equity, the financial situation and the results of the Company and the companies within the consolidation taken as a whole, and the Consolidated Interim Directors’ Report includes a true and fair analysis of the required information.

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Carlos Fernández González
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 1 September 2022



AmRest Holding SE
2846 Madrid, Spain

CIF A88063979 | +34 917 99 16 50 | amrest.eu