

AmRest Holdings SE

Consolidated annual report 2022



Independent auditor's report on the consolidated financial statements

To the shareholders of AmRest Holdings, SE

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of AmRest Holdings, SE (the Parent company) and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2022, and the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2022, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated financial statements in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

Recoverability of property, plant and equipment and right-of-use assets

At 31 December 2022, the consolidated statement of financial position of the Group includes 501.5 million euros of property, plant and equipment and 813.3 million euros of right-of-use assets. As explained in note 17 of the accompanying notes to the consolidated financial statements, Group management evaluates the existence of indicators that property, plant and equipment and right-of-use assets may be impaired twice a year. If it detects any such indicators, Group management estimates the recoverable amount of each cash generating unit (CGU), understood to be the higher of a CGU's fair value less costs to sell and its value in use. The Group views each of the restaurants it operates as a CGU.

To calculate those recoverable amounts, when estimating value in use, Group management uses cash flow projections based on financial budgets that require the use of significant judgements and estimates, including, among others, growth in sales and discount rates. When using fair value less costs to sell, management relies on market information that takes into account location and updated market metrics, among other aspects.

As a result of the analyses performed, as indicated in note 17 of the accompanying notes to the consolidated financial statements, the Group has recognised impairment losses against its property, plant and equipment and right-of-use assets of 3.7 and 5.2 million euros, respectively.

Deviations in the assumptions underpinning the estimates made by management could drive significant changes in the conclusions reached and, therefore, in the recoverability analysis with respect to property, plant and equipment and right-of-use assets. For this reason, we view this area as a key audit matter.

How our audit addressed the key audit matters

We gained an understanding of the processes relating to the impairment evaluation of its property, plant and equipment and right-of-use assets undertaken by Group management.

We focussed our procedures for assessing the impairment tests performed by the Group on analysing the model, the estimation methodology and the calculations performed by Group management, as well as on assessing the reasonableness of the budgets prepared for those CGUs for which there are indications of impairment.

In addition, based on our assessment of the circumstances applicable in each instance, we relied on the support of our valuation experts to evaluate the discount rates used to calculate the net present value of the cash flows.

With respect to the assets for which the Group determined their recoverable amount based on fair value less costs to sell, we assessed the reasonableness of the sources of information used and the conclusions reached.

We evaluated the information disclosed in the consolidated financial statements with respect to the impairment analysis of these assets performed by the Group.

We believe that we have obtained adequate and sufficient evidence regarding the assessment performed by Group management regarding the recoverability of the property, plant and equipment and right-of-use assets line items, as well as the consistency of the disclosures made in the accompanying consolidated financial statements with respect to the information available.

Key audit matters

How our audit addressed the key audit matters

Recoverability of goodwill

At 31 December 2022, the consolidated statement of financial position includes an amount of 283.2 million euros in the goodwill line item. As disclosed in note 17 of the accompanying notes to the consolidated financial statements, the Group estimates, as a minimum at each year end, the recoverable amount of each goodwill balance.

To calculate the recoverable amount, the Group uses cash flow projections based on financial budgets prepared by management that require the use of significant judgement and estimates, including, among others, growth in sales, discount rates and terminal growth rates.

As a result of the analyses performed, as indicated in note 17 of the accompanying notes to the consolidated financial statements, the Group has registered an impairment loss in the consolidated income statement against goodwill of 46.9 million euros, relating to the goodwill allocated to KFC Russia.

Deviations in the assumptions used in the estimates made by management could drive significant changes in the conclusions reached and, therefore, in the goodwill recoverability analysis. For this reason, we view this area as a key audit matter.

We gained an understanding of the processes followed by Group management to assess the impairment of goodwill, including those relating to the preparation of budgets, analysis and follow-up of projections, that constitute the basis for the principal judgements and estimates used by Group management.

In relation to the cash flows, we assessed the reasonableness of the plans and budgets prepared by Group management. We also evaluated the reasonableness of budgets prepared in the past by comparing them to actual results.

In addition, based on our assessment of the circumstances applicable in each instance, we relied on the support of our valuation experts to evaluate the discount rates and the terminal growth rates used by the Group to calculate the net present value of the cash flows.

We also assessed the reasonableness of the sensitivity analysis disclosed in the notes to the accompanying consolidated financial statements.

We believe that we have obtained adequate and sufficient evidence of the assessment performed by Group management regarding the recoverable amount of the goodwill line item and the consistency of the disclosures made in the accompanying consolidated financial statements with respect to the information available.

Other information: Consolidated directors' report

Other information comprises only the consolidated directors' report for the 2022 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility regarding the consolidated directors' report, in accordance with legislation governing the audit practice, is to:

- a) Verify only that the consolidated statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Director Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.
- b) Evaluate and report on the consistency between the rest of the information included in the consolidated directors' report and the consolidated financial statements as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated directors' report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated directors' report is consistent with that contained in the consolidated financial statements for the 2022 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit committee for the consolidated financial statements

The Parent company's directors are responsible for the preparation of the accompanying consolidated financial statements, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit committee is responsible for overseeing the process of preparation and presentation of the consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent company's audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company's audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of AmRest Holdings, SE and its subsidiaries for the 2022 financial year that comprise an XHTML file which includes the consolidated financial statements for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of AmRest Holdings, SE are responsible for presenting the annual financial report for the 2022 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated financial statements included in the aforementioned digital files completely agrees with that of the consolidated financial statements that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit committee of the Parent company dated 28 February 2023.

Appointment period

The General Extraordinary Shareholders' Meeting held on 30 June 2021 appointed us as auditors of the Group for a period of three years, as from the year ended 31 December 2021.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 36 to the consolidated financial statements.

PricewaterhouseCoopers Auditores, S.L. (S0242)



Álvaro Moral Atienza (21428)

28 February 2023



PRICEWATERHOUSECOOPERS
AUDITORES, S.L.

2023 Núm. 01/23/01022
96,00 EUR

SELLO CORPORATIVO:
.....
Informe de auditoría de cuentas sujeto
a la normativa de auditoría de cuentas
española o internacional
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Consolidated Financial Statements

for the year ended 31 December 2022

AmRest Holdings SE capital group
27 February 2023



AmRest





AMREST GROUP Consolidated Financial Statements

for the year ended 31 December 2022

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Consolidated income statement for the year ended 31 December 2022

	Note	YEAR ENDED	
		31 December 2022	31 December 2021
Continuing operations			
Restaurant sales		2 267.3	1 821.0
Franchise and other sales		154.7	96.0
Total revenue	5,6	2 422.0	1 917.0
Restaurant expenses:			
Food and merchandise	7	(681.7)	(503.3)
Payroll and other employee benefits	7	(538.5)	(459.9)
Royalties	7	(113.4)	(85.8)
Occupancy, depreciation and other operating expenses	7	(697.6)	(583.4)
Franchise and other expenses	7	(121.8)	(71.7)
Gross Profit		269.0	212.9
General and administrative expenses	7	(155.8)	(138.4)
Net impairment losses on financial assets	9	(2.5)	(0.9)
Net impairment losses on other assets	9	(55.4)	(18.2)
Other operating income/expenses	8	19.3	47.7
Profit/loss from operations		74.6	103.1
Finance income	10	4.0	2.8
Finance costs	11	(51.1)	(48.0)
Profit/loss before tax		27.5	57.9
Income tax expense	12	(20.9)	(22.5)
Profit/loss for the period		6.6	35.4
Attributable to:			
Shareholders of the parent		1.3	32.9
Non-controlling interests		5.3	2.5
Profit/loss for the period		6.6	35.4

		YEAR ENDED	
		31 December 2022	31 December 2021
Basic earnings per ordinary share in EUR	26	0.01	0.15
Diluted earnings per ordinary share in EUR	26	0.01	0.15

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

Consolidated statement of comprehensive income for the year ended 31 December 2022

	Note	YEAR ENDED	
		31 December 2022	31 December 2021
Profit/loss for the period		6.6	35.4
Other comprehensive income/loss	23		
Exchange differences on translation of foreign operations		19.3	12.7
Net investment hedges		(2.9)	(1.6)
Income tax related to net investment hedges		0.5	0.3
Other comprehensive income/loss for the period		16.9	11.4
Total comprehensive income/loss for the period		23.5	46.8
Attributable to:			
Shareholders of the parent		18.1	44.1
Non-controlling interests		5.4	2.7

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

Consolidated statement of financial position at 31 December 2022

	Note	31 December 2022	31 December 2021
Assets			
Property, plant and equipment	13	501.5	460.9
Right-of-use assets	14	813.3	771.0
Goodwill	16	283.2	316.6
Intangible assets	15	236.4	236.9
Investment properties		4.7	4.8
Other non-current assets	18	24.0	23.1
Deferred tax assets	12	44.5	45.7
Total non-current assets		1 907.6	1 859.0
Inventories	19	37.5	33.1
Trade and other receivables	20, 35	89.1	67.9
Income tax receivables		3.3	4.9
Other current assets	21	13.1	11.3
Cash and cash equivalents	22	229.6	198.7
Total current assets		372.6	315.9
Total assets		2 280.2	2 174.9
Equity			
Share capital	23	22.0	22.0
Reserves	23	166.5	165.6
Retained earnings	23	148.8	147.5
Translation reserve	23	(17.2)	(36.4)
Equity attributable to shareholders of the parent		320.1	298.7
Non-controlling interests	25	11.1	8.8
Total equity	23	331.2	307.5
Liabilities			
Interest-bearing loans and borrowings	27, 35	551.5	541.9
Lease liabilities	14	705.6	663.8
Provisions	30	18.7	33.4
Deferred tax liability	12	43.0	45.4
Other non-current liabilities and employee benefits	32	3.8	3.6
Total non-current liabilities		1 322.6	1 288.1
Interest-bearing loans and borrowings	27, 35	102.2	122.7
Lease liabilities	14	173.1	159.1
Provisions		4.4	-
Trade payables and other liabilities	32	340.0	287.2
Income tax liabilities		6.7	10.3
Total current liabilities		626.4	579.3
Total liabilities		1 949.0	1 867.4
Total equity and liabilities		2 280.2	2 174.9

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

Consolidated statement of cash flows for the year ended 31 December 2022

	Note	YEAR ENDED	
		31 December 2022	31 December 2021
Cash flows from operating activities			
Profit/loss for the period		6.6	35.4
Adjustments for:			
Amortisation and depreciation		251.9	236.9
Net interest expense		43.5	39.6
Foreign exchange result		3.1	(1.1)
Result on debt modification and extension fees		-	6.5
Result on disposal of property, plant and equipment and intangibles		(0.9)	(2.0)
Impairment of non-financial assets		55.4	18.2
Share-based payments		3.5	0.1
Tax expense		20.9	22.5
Rent concessions		(2.0)	(10.9)
Loan forgiven		-	(2.7)
Other		(0.9)	0.2
Working capital changes:	22		
Change in trade and other receivables and other assets		(25.2)	(7.2)
Change in inventories		(4.3)	(7.1)
Change in payables and other liabilities		46.0	38.6
Change in provisions and employee benefits		(9.2)	1.4
Cash generated from operations		388.4	368.4
Income tax paid		(25.9)	(11.5)
Net cash from operating activities		362.5	356.9
Cash flows from investing activities			
Net cash outflows on acquisition		(1.1)	-
Proceeds from the sale of the business		0.1	1.5
Proceeds from the sale of property, plant and equipment, and intangible assets		0.9	-
Purchase of property, plant and equipment		(128.0)	(88.8)
Purchase of intangible assets		(10.0)	(9.3)
Net cash from investing activities		(138.1)	(96.6)
Cash flows from financing activities			
Proceeds from share transfers (employees options)		-	-
Proceeds from loans and borrowings	27	128.6	1.1
Repayment of loans and borrowings	27	(132.3)	(106.9)
Payments of lease liabilities including interests paid		(163.6)	(141.7)
Interest paid	27	(24.6)	(18.9)
Interest received		3.9	1.1
Dividends paid to non-controlling interest	24	(1.8)	(1.3)
Transactions with non-controlling interest		(2.3)	(3.8)
Net cash from financing activities		(192.1)	(270.4)
Net change in cash and cash equivalents		32.3	(10.1)
Effect of foreign exchange rate movements		(1.4)	4.0
Balance sheet change of cash and cash equivalents		30.9	(6.1)
Cash and cash equivalents, beginning of period		198.7	204.8
Cash and cash equivalents, end of period	22	229.6	198.7

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

Consolidated statement of changes in equity for the year ended 31 December 2022

		ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT					Non-controlling interest	Total equity
		Share capital	Reserves	Retained earnings	Translation reserve	Total		
As of 1 January 2022		22.0	165.6	147.5	(36.4)	298.7	8.8	307.5
Profit/loss for the period		-	-	1.3	-	1.3	5.3	6.6
Other comprehensive income/loss		-	(2.4)	-	19.2	16.8	0.1	16.9
Total comprehensive income/loss		-	(2.4)	1.3	19.2	18.1	5.4	23.5
Transaction with non-controlling interests	23	-	(1.0)	-	-	(1.0)	(3.1)	(4.1)
Share based payments	23	-	4.3	-	-	4.3	-	4.3
As of 31 December 2022		22.0	166.5	148.8	(17.2)	320.1	11.1	331.2

		ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT					Non-controlling interest	Total equity
		Share capital	Reserves	Retained earnings	Translation reserve	Total		
As of 1 January 2021		22.0	170.1	114.6	(48.9)	257.8	6.9	264.7
Profit/loss for the period		-	-	32.9	-	32.9	2.5	35.4
Other comprehensive income/loss		-	(1.3)	-	12.5	11.2	0.2	11.4
Total comprehensive income/loss		-	(1.3)	32.9	12.5	44.1	2.7	46.8
Transaction with non-controlling interests	23	-	(4.3)	-	-	(4.3)	(0.8)	(5.1)
Share based payments	23	-	1.1	-	-	1.1	-	1.1
As of 31 December 2021		22.0	165.6	147.5	(36.4)	298.7	8.8	307.5

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

Notes to the Consolidated Financial Statements

1. General information on AmRest 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.

Paseo de la Castellana 163, 28046 (Madrid), Spain is the Company's registered office as of 31 December 2022 and has not changed during the year 2022.

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 are operated both by AmRest and its sub-franchisees based on master-franchise agreements ("MFA"). As previously announced, due to termination of Pizza Hut Master Franchise Agreements in Russia and Germany, the Pizza Hut restaurants on these markets were transferred in Q2 2022 and Q4 2022, respectively, to two different counterparties designated by Yum! In December 2022 AmRest entered into a share purchase agreement with Almira OOO, for the sale of its KFC restaurant business in Russia. The closing of the Transaction is subject to the approval by competition authority in Russia, the consent by Yum! Brands Inc.- brand owner and to other regulatory authorizations that may be applicable in Russia.

In Spain and Portugal the Group operates its own brand La Tagliatella. This business is based on operating equity and franchise restaurants and is supported by the central kitchen located in Spain which produces and delivers products to the whole network. 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 in France, Belgium, Spain, Switzerland, United Kingdom, Luxembourg, Italy, United Arab Emirates and Saudi Arabia. Bacoa is a primarily premium burger concept in Spain 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 of 31 December 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, 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 30 thousand	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	Sushi Shop
Area of the activity	Spain, Portugal	China	France, Spain, Belgium, Italy, Switzerland, Luxembourg, UK

ACTIVITY WHERE AMREST IS A FRANCHISOR (OWN BRAND OR BASED ON MASTER-FRANCHISE AGREEMENTS) ⁶⁾					
Brand	Pizza Hut Express, Delivery	La Tagliatella	Blue Frog	Bacoa ⁷⁾	Sushi Shop
Partner	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	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	10 years with possibility of extension	5 years with possibility of extension	up to 5 years	Franchise agreements: from 3 years (corners) to 10 years with a limited territorial exclusivity. EADA - exclusivity for specific territories granted to up to 10 years.

1) AmRest, through AmRest Sp. z o.o. owns 82% and Starbucks 18% of the share capital of the companies in Poland (AmRest Coffee Sp. z o.o.), Czechia (AmRest Coffee s.r.o.) and Hungary (AmRest Kavezo Kft.). Upon occurrence of an event of default, both AmRest and Starbucks (as the case may be, acting as non-defaulting shareholder) will have the option to purchase all of the shares of the other shareholder (the defaulting shareholder) in the terms and conditions foreseen in the corresponding agreements. In the event of a deadlock, Starbucks will have, in the first place, the option to purchase all the shares of AmRest and, if Starbucks does not exercise that option, AmRest will have the option to purchase all the shares of Starbucks, in the terms and conditions foreseen in the corresponding agreements. In the event of a change of control in AmRest Holdings, Starbucks will have the right to increase its participation in each of the companies up to 100%.

2) The license agreements entered into by and between AmRest's affiliates and Starbucks EMEA Limited for Poland, Hungary and Czech Republic, were extended for another 5 years.

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) As previously announced, due to termination of Pizza Hut Master Franchise Agreements in Russia and Germany, the Pizza Hut restaurants on these markets were transferred in Q2 2022 and Q4 2022, respectively, to two different counterparties designated by Yum!

7) Bacoa restaurants are currently operated under trademark license agreements

2. Group Structure

As of 31 December 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. ³	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 Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	82.00%	March 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	44.72%	July 2007
		AmRest Sp. z o.o.	55.28%	
AmRest Coffee s.r.o.	Prague, Czechia	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest d.o.o. ⁴	Belgrade, Serbia	AmRest Sp. z o.o.	100.00%	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 Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	December 2015
		AmRest Sp. z o.o.	1.00%	
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	23.00%	May 2016
		AmRest TAG S.L.U.	77.00%	
AmRest DE Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
Kai Fu Food and Beverage Management (Shanghai) Co. Ltd	Shanghai, China	Blue Frog Food&Beverage Management Ltd	100.00%	December 2016
LTP La Tagliatella Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	100.00%	February 2017
LTP La Tagliatella Franchise II Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	100.00%	April 2019
AmRest AT GmbH	Vienna, Austria	AmRest Sp. z o.o.	100.00%	March 2017
AmRest Topco France SAS	Paris, France	AmRest France SAS	100.00%	May 2017
AmRest Delco France SAS	Paris, France	AmRest Topco France SAS	100.00%	May 2017
AmRest Opco SAS	Paris, France	AmRest France SAS	100.00%	July 2017
OOO Chicken Yug	Saint Petersburg, Russia	OOO AmRest	100.00%	October 2017
OOO AmRest Pizza	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	99.999996%	November 2017
		OOO AmRest	0.000004%	
AmRest Coffee SRB d.o.o.	Belgrade, Serbia	AmRest Holdings SE	100.00%	November 2017
AmRest Chamnord SAS	Paris, France	AmRest Opco SAS	100.00%	March 2018
AmRest SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	April 2018
		AmRest Sp. z o.o.	1.00%	
AmRest Pizza GmbH	Munich, Germany	AmRest DE Sp. z o.o. & Co. KG	100.00%	June 2018
Black Rice S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	July 2018
Bocoa 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
Sushi Shop Lausanne SARL	Lasanne, 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 ⁴	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 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. On 6 September 2022 changes were registered – AmRest Sp. z o.o. has become sole shareholder of AmRest d.o.o.

³ On 20 January 2023 AmRest HK Ltd. has been deregistered.

⁴ On 19 December 2022, AmRest Tag, S.L.U., the sole shareholder of La Tagliatella International, Kft., decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.

• On 12 July 2022 Pastificio Service S.L.U., the sole shareholder of The Grill Concept S.L.U., decided to liquidate this company. On 23 August 2022 The Grill Concept S.L.U has been deregistered.

3. Basis of preparation

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and other provisions of the financial reporting applicable in Spain. These consolidated financial statements were authorised for issue by the Company's Board of Directors on 27 February 2023.

Unless disclosed otherwise, the amounts in these consolidated financial statements are presented in euro (EUR), rounded off to full millions with one decimal place.

Details of the Group's accounting policies are included in note 38.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards, interpretations, and amendments to standards effective as of 1 January 2022, as described below and in the note 39. Several amendments and interpretations apply for the first time in 2022, but do not have any material impact on the Group's policies. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has prepared these consolidated financial statements on the basis that it will continue to operate as a going concern.

War in Ukraine update and Russian operations

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. The escalation of the conflict between Russia and Ukraine resulted in a number of commercial and economic sanctions to Russia.

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 year 2022 rouble/ EUR exchange rate characterized with significant volatility. At year end exchange rate was 11% higher than at the beginning of the year (as of 31 December 2021 1 EUR = 85.47 RUB, whereas as of 31 December 2022 1 EUR = 75.76 RUB).

The Group is closely monitoring potential impact of war and sanctions imposed to Russia on Group's current and future operations. The Group stopped investments in that country and in May 2022 transferred its Pizza Hut operations in Russia to a local operator. This transaction did not have material impact on Group's income statement and balance sheet.

During the year 2022, the Group has performed the impairment tests for its remaining Russian business and accounted for EUR 52.9 million impairment loss as a result.

AmRest Group has entered on 6 December 2022 into a share purchase agreement with Almira OOO, for the sale of its KFC restaurant business in Russia (the "Transaction"). The closing of the Transaction is subject to the approval by competition authority in Russia, the consent by Yum! Brands Inc. - brand owner and to other regulatory authorizations that may be applicable in Russia. The final terms of the Transaction are subject to certain external factors, including EUR/RUB exchange rate.

The transaction would represent full disposal of AmRest business held in Russia. Russian market is a separate operating segment reported in consolidated financial statements.

Detailed analysis of IFRS 5 "Non-current assets held for sale and discontinued operations" ("IFRS 5") conditions was run to assess if the conditions are met for Russian business to disclose as disposal group and discontinued operations as of 31 December 2022.

Such analysis requires high judgements and estimates. For an asset (or disposal group) to be classified as held for sale:

- it must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups);
- its sale must be highly probable; and
- it must genuinely be sold, not abandoned.

Detailed analysis of all elements of the definition was performed, taking into account details of the Transaction as agreed in the agreements, conditions that need to be satisfied prior finalization, current market situation including volatility of the EUR/RUB exchange rates, legislative and regulatory environment in Russia.

In relation to the regulatory conditions, as of the date of these financial statements and in accordance with the published minutes of the meeting of the sub-commission of the governmental Commission for Control over Foreign Investments in the Russian Federation of December 12, 2022 (N° 116/1), a minimum 50% discount to fair value based on the external valuation is expected to be applied for transactions subject to the Foreign Investment Condition followed by additional 10% tax (referred as exit tax) or deferred payments scheme (payment of the purchase price has to be made in instalments during 1-2 years). Key performance indicators (KPI) such as maintaining the number of employees, tax revenues for the acquirer with respect to the business to be purchased shall be also established.

When making decisions on the payment of dividends/profits, the following conditions must be taken into account: the amount of paid profit is not more than 50% of the net profit for the previous year; results of a retrospective analysis of the payment of profits for previous periods; willingness of shareholders to continue commercial activities in the Russian Federation; the positions of the federal executive authorities and the Bank of Russia on the significance of the organization's activities and the impact of its activities on the technological and industrial sovereignty of the Russian Federation; the socio-economic development of the Russian Federation or the constituent entities of the Russian Federation; establishment by federal executive authorities of quarterly KPIs for organizations; the possibility of paying profit on a quarterly basis (subject to the achievement of established KPIs).

As disclosed in the Inside Information published on 6 December 2022, AmRest expects to receive a minimum of EUR 100 million for the Transaction. The final terms of the Transaction, which are subject to certain external factors, including exchange rate, will be communicated if the Transaction is closed.

Without prejudice to the information disclosed in note 37, AmRest's management believes that in accordance with the IFRS 5 conditions, the sale of Russian business cannot be considered as highly probable and, therefore, will not be classified as assets/liabilities held for sale and operation of Russian business for year 2022 as discounted operations. The following key aspects have been taken into consideration for reaching that conclusion: (i) unstable legal and geopolitical situation in Russia, (ii) possibility of Russian government imposing additional conditions to those already in place and described above, (iii) possibility of the Russian antitrust authorities not clearing the transaction, (iv) potential restrictions that might be imposed by the EU authorities and/or other national governments in relation to any operation related to Russia, and (v) current EUR-RUB exchange rate that does not guarantee the expected minimum sale price. These aspects could also affect the fulfilment of the conditions precedent to which the transaction is subject.

As of 31 December 2022 the net assets of Russian operations presented in these consolidated financial statements amount to EUR 64.7 million. Note 5 presents information for Russian segment.

The table below shows total split of net assets of Russian operations of the Group as of 31 December 2022. 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 31 December 2022 forex exchange rate was used at that time.

EUR millions	31 December 2022	31 December 2021	31 December 2021 at December 2022 forex rate
Non-current assets	119.4	151.9	171.4
Lease liabilities	80.4	75.8	85.5
Current assets	48.3	19.5	22.0
Other liabilities	22.6	16.4	18.5
Net assets	64.7	79.2	89.4

4. Use of judgements and estimates

The preparation of 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 various factors, including expectations of future events, that are deemed to be justified in given circumstances. Revisions to estimates are recognised prospectively. Actual results may differ from these estimates.

Climate change: risk analysis and financial impacts

All companies face risks and opportunities derived from the climate and are having to make strategic decisions in this area.

The impacts of climate risks on financial statements are broad and potentially complex, and will depend on the specific risks of the sector. When the future is analysed, probability scenarios are presented where not only the physical consequences of climate change are assessed, but also the changes in environmental regulations to face it.

Both physical risks and transitional risks pose a number of threats and opportunities to overall financial stability, potentially influencing financial markets in the future.

Climate risk has been incorporated into the estimates and judgments in relation to the future used for accounting purposes, although they do not present significant differences with those used in previous years.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

Judgements

Determination of the lease term, whether the Group is reasonably certain to exercise extension or termination options

For majority of contracts the Group holds options for extension/termination of the lease period, on a specified conditions. The Group's practice is to assess the reasonableness of exercising options one year before the decision deadline, because in that time all relevant facts and circumstances to make such a decision can be generally available. The Group considers, for example, latest performance of the restaurant, present brand strategy revised during budgeting process, comparison of lease fees to the market average, length of the non-cancellable period of a lease and significance of leasehold improvements recently undertaken (or expected to be undertaken).

The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on available parameters when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Inflation and rising interest rates

Rising inflation and interest rates may cause significant estimation uncertainty for both short and long duration assets and liabilities. They affect amongst others fair value measurements, expected future cash flows estimates, discount rates used to determine present value of cash flows, and impairment tests.

Impairment of non-financial assets including goodwill

Impairment losses are recognised whenever the carrying value of an asset or group of assets that are part of one cash generating unit or a group of cash generating units exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use and fair value less costs of disposal calculations are based on a discounted cash flow (DCF) models. The cash flows are derived from the budgets and forecasts. The recoverable amount is sensitive to the discount rates used for the DCF model as well as the expected future growth margins, and the

growth rate used for extrapolation purposes. Accounting policies for impairment testing of non-financial assets are disclosed in note 38. The key assumptions used to determine the recoverable amount of the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 17.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimation also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a finite difference method. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 29.

Recognition of provisions for potential tax obligations and uncertain tax provisions

Recognition of provision required estimates of the probable outflows of resources embodying economic benefits and defining the best estimates of the expenditures required to settle the present obligation at the end of the reporting period. The Group operates in various tax jurisdictions. Regulations concerning VAT, corporate income tax and social insurance charges are frequently amended. The applicable regulations may also contain ambiguous issues, which lead to differences in opinions concerning the legal interpretation of tax legislation both among the tax authorities and between such authorities and enterprises.

Tax reports and other matters (e.g. customs or foreign currency transactions) may be audited by authorities competent to impose substantial penalties and fines, whereas any additional tax liabilities assessed during such audits have to be paid together with interest.

Consequently, the figures presented and disclosed in these consolidated financial statements may change in the future if a final decision is issued by tax inspection authorities.

Details of current tax inspections open in Group entities are presented in note 31.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the probability that in the future taxable profit will be available against which the deductible temporary difference can be utilised. Details of deferred tax assets are disclosed in note 12.

Expected changes to income tax legislation

On 8 October 2021 agreement was reached between 136 countries for a two-pillar approach to international tax reform ('the OECD agreement'). Amongst other things, Pillar One proposes a reallocation of a proportion of tax to market jurisdictions, while Pillar Two seeks to apply a global minimum effective tax rate of 15%. The OECD Agreement is likely to see changes in corporate tax rates in a number of countries in the next few years. On 15 December 2022, European Union Member States unanimously adopted the Minimum Tax Directive. The Directive has to be transposed into national legislations until 31 December 2023. The impact of changes in corporate tax rates on the measurement of tax assets and liabilities depends on the nature and timing of the legislative changes in each country. At its meeting in November 2022, the IASB decided on standard-setting in response to the imminent implementation of the Pillar Two model rules. It is likely that IAS 12, 'Income taxes', will be amended in 2023 to introduce a temporary exception from accounting for deferred taxes arising from application of the OECD's Pillar Two model rules.

At the December 2022 reporting period, the Pillar 2 requirements have not been substantively enacted in any of the territories in which the Group operates, consequently there is no significant impact on current or deferred taxes.

5. Segment reporting

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

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

Own restaurant and franchise business is analysed 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
	Restaurant operations and franchise activity in:
Central and Eastern Europe (CEE)	■ Poland – KFC, Pizza Hut, Starbucks, Burger King,
	■ Czechia – KFC, Pizza Hut, Starbucks, Burger King,
	■ Hungary – KFC, Pizza Hut, Starbucks,
	■ Bulgaria – KFC, Starbucks, Burger King,
	■ Croatia, Austria, Slovenia – KFC,
	■ Slovakia – Starbucks, Pizza Hut, Burger King,
	■ Romania – Starbucks, Burger King,
	■ Serbia – KFC, Starbucks.

Segment	Description
Western Europe	Restaurant operations together with supply chain and franchise activity in:
	■ Spain – KFC, La Tagliatella, Sushi Shop,
	■ France – KFC, Pizza Hut, Sushi Shop,
	■ Germany – Starbucks, KFC, Pizza Hut (until December 2022 when it was transferred to other MFA operator)
	■ Portugal – La Tagliatella
	■ Belgium, Italy, Switzerland, Luxembourg, United Kingdom and other countries with activities of Sushi Shop.
China	Blue Frog operations in China.
Russia	KFC operations in Russia and until May 2022 Pizza Hut restaurant operations and franchise activity in Russia, Armenia and Azerbaijan (transferred to local operator in May 2022)
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 finalised during the period, whereas expenses related to finalised 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 analysing 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 year ended 31 December 2022 and for the comparative year ended 31 December 2021 are presented below.

YEAR ENDED						
31 December 2022	CEE	Western Europe	Russia	China	Other	Total
Restaurant sales	1 133.3	756.5	295.1	82.4	-	2 267.3
Franchise and other sales	0.5	72.7	0.2	0.2	81.1	154.7
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	1 133.8	829.2	295.3	82.6	81.1	2 422.0
EBITDA	215.0	107.5	58.6	15.6	(12.3)	384.4
Depreciation and amortisation	112.2	89.0	31.0	19.0	0.7	251.9
Net impairment losses on financial assets	0.2	2.0	0.3	-	-	2.5
Net impairment losses on other assets	(3.9)	2.9	55.7	0.4	0.3	55.4
Profit/loss from operations	106.5	13.6	(28.4)	(3.8)	(13.3)	74.6
Finance income and costs	(17.4)	(8.2)	(2.5)	(0.9)	(18.1)	(47.1)
Profit before tax	89.1	5.4	(30.9)	(4.7)	(31.4)	27.5
Capital investment	83.6	48.0	8.6	7.7	0.8	148.7

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

YEAR ENDED						
31 December 2021	CEE	Western Europe	Russia	China	Other	Total
Restaurant sales	872.7	664.0	184.8	99.5	-	1 821.0
Franchise and other sales	0.4	56.9	0.4	0.7	37.6	96.0
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	873.1	720.9	185.2	100.2	37.6	1 917.0
EBITDA	196.2	110.6	41.3	28.7	(17.7)	359.1
Depreciation and amortisation	108.8	84.3	25.9	17.3	0.6	236.9
Net impairment losses on financial assets	0.5	-	(0.1)	-	0.5	0.9
Net impairment losses on other assets	7.2	9.6	1.4	-	-	18.2
Profit/loss from operations	79.7	16.7	14.1	11.4	(18.8)	103.1
Finance income and costs	(13.7)	(7.2)	(2.1)	(0.9)	(21.3)	(45.2)
Profit before tax	66.0	9.5	12.0	10.5	(40.1)	57.9
Capital investment	50.7	38.8	9.6	4.2	0.5	103.8

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

Information on geographical areas:

Significant geographical regions are disclosed below with their key characteristics:

		YEAR ENDED	
		31 December 2022	31 December 2021
Revenue from external customers	Poland	580.2	462.5
	Czechia	282.2	204.0
	Spain	305.2	232.8
	France	309.4	313.5
	Russia	295.3	185.2
	Germany	173.0	128.7
	Hungary	151.7	122.2
	China	82.6	100.2
		31 December 2022	31 December 2021
Total of non-current assets other than financial instruments and deferred tax assets	Poland	351.2	330.2
	Czechia	153.1	146.3
	Spain	421.2	383.9
	France	422.3	412.9
	Russia	116.8	149.8
	Germany	122.6	129.9
	Hungary	81.8	74.9
	China	74.2	67.8

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

Taking into account that the Group operates chains of own restaurants and additionally operates as franchisor (for own brands) and master-franchisee (for some franchised brands), the Group does not have any single external customer with the revenue on the level of 10% or more of total revenue earned by the Group.

6. Revenues

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

- Restaurant sales,
- Franchise and other sales.

This is reflected in the format of Group's consolidated income statement. Details of revenues streams are also presented in note 38d. Additional disaggregation by geographical market is included in the note 5.

Restaurant sales

Restaurant revenues are the most significant source of revenues representing over 94% of total revenues. Group's customers are mainly individual guests, that are served in the restaurants, therefore the Groups' customer base is widely spread. There are no significant concentrations of revenues risks. Payments for the restaurant sales are settled generally immediately in cash or by credit, debit and other cards. There are no material credit risks related to this type of operations.

7. Operating costs and losses

AmRest Group presents consolidated income statement using a classification based on function of expense method. Historically consolidated income statement was prepared by function – since AmRest was quoted on the Warsaw Stock Exchange in 2005, which is a common practice on Polish market. Group considers that analysis of restaurant expenses, franchise and other expenses and information regarding result in the functional area provides more relevant information. The table below presents an additional analysis of operating expenses by nature.

		YEAR ENDED	
		31 December 2022	31 December 2021
Food, merchandise and other materials		805.9	580.4
Payroll		525.3	453.6
Social security and employee benefits		128.1	110.2
Royalties		118.4	89.9
Utilities		115.2	76.1
Marketing expenses		98.0	78.1
Delivery fees		91.3	81.0
Other external services		122.0	103.1
Occupancy cost		31.7	15.9
Depreciation of right-of-use assets		147.0	133.4
Depreciation of property, plant and equipment		92.9	91.6

	YEAR ENDED	
	31 December 2022	31 December 2021
Amortisation of intangible assets	12.0	12.0
Other	21.0	17.2
Total cost by nature	2 308.8	1 842.5

Summary of operating expenses by functions:

	YEAR ENDED	
	31 December 2022	31 December 2021
Restaurant expenses	2 031.2	1 632.4
Franchise and other expenses	121.8	71.7
General and administrative expenses	155.8	138.4
Total costs	2 308.8	1 842.5

8. Other operating income/expenses

	YEAR ENDED	
	31 December 2022	31 December 2021
Government grants for payroll and employee benefits	0.4	10.5
Government grants for rent and other	1.6	26.7
Supply chain services	7.8	7.7
Franchise agreements related provision	0.6	(1.0)
Reversal (creation) of provision	2.3	(1.1)
Compensations and insurance claims	2.9	-
Other gains and losses	3.7	4.9
	19.3	47.7

The other operating gains in year 2021 consisted mainly from various government assistance programs related to COVID-19 pandemic. The Group has taken numerous actions aimed at utilising government support related to cost of labour offered on all markets where the Group operates. Government programs implemented with regards to COVID-19 spread allow also to defer payments taxes, social securities and other public obligations. Group's policy is to present government grants related to income as other operating income.

9. Impairment losses

Details of impairments losses recognized:

	YEAR ENDED	
	31 December 2022	31 December 2021
Impairment of trade receivables (note 35)	2.5	0.9
Net impairment losses of financial assets	2.5	0.9
Impairment of property, plant and equipment (note 13)	3.7	18.1
Impairment of intangible assets (note 15)	(0.9)	3.0
Impairment of right of use assets (note 14)	5.2	(3.0)
Impairment of goodwill (note 16)	46.9	-
Impairment of inventories and other assets	0.5	0.1
Net impairment losses of non-financial assets	55.4	18.2
Total net impairment losses of assets	57.9	19.1

10. Finance income

Finance income in years ended 31 December 2022 and 31 December 2021 represents mainly bank and other interests received and net income from exchange differences for the year ended 31 December 2021.

11. Finance costs

	YEAR ENDED	
	31 December 2022	31 December 2021
Interest expense	21.7	17.1
Interest expense on lease liability	25.7	23.7
Net cost from exchange differences	3.1	-
Net exchange differences on lease liability	3.5	-
Net exchange differences - other	(0.4)	-
Other	0.6	7.2
Total finance cost	51.1	48.0

In comparative data, other finance costs include mainly loss on debt modification in an amount of EUR 6.5 million.

12. Income taxes

	YEAR ENDED	
	31 December 2022	31 December 2021
Current tax	(24.1)	(23.1)
Deferred income tax recognised in the income statement	3.2	0.6
Income tax recognised in the income statement	(20.9)	(22.5)
Deferred tax asset		
Opening balance	45.7	37.6
Closing balance	44.5	45.7
Deferred tax liability		
Opening balance	45.4	39.0
Closing balance	43.0	45.4
Change in deferred tax assets/liabilities	1.2	1.7

Temporary differences in the calculation of deferred tax relate to the following items:

	Asset		Liability	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Property, plant and equipment and intangible assets	14.8	16.2	48.3	50.9
Leases	10.0	7.9	0.3	-
Trade and other receivables	0.3	1.5	-	0.4
Provisions and other liabilities	7.4	11.2	1.3	1.6
Tax losses carried forward	14.6	15.0	-	-
Other differences	5.8	2.3	1.5	0.9
	52.9	54.1	51.4	53.8
The offset of tax	(8.4)	(8.4)	(8.4)	(8.4)
	44.5	45.7	43.0	45.4

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The current financial situation and strategic plans allow to consider the level of recognised assets and deferred tax assets to be reasonable. Changes in deferred tax asset and liabilities are recognized as follow:

	YEAR ENDED	
	31 December 2022	31 December 2021
Change in deferred tax assets/liabilities	1.2	1.7
of which:		
Deferred taxes recognised in the income statement	3.2	0.6
Deferred taxes recognised in other comprehensive income – net investment hedges	0.5	(0.3)
Deferred taxes recognised in equity -valuation of employee options	(1.1)	0.6
Exchange differences	(1.4)	0.8

The Group operates in various tax jurisdictions. Income taxes and deferred income taxes are measured using tax rates enacted or substantively enacted at the reporting date in particular countries. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income tax on the Group's profit before tax differs from the theoretical amount which would be obtained if the weighted average nominal tax rate applicable to consolidated companies were applied:

	YEAR ENDED	
	31 December 2022	31 December 2021
Profit before tax	27.6	57.9
Income tax calculated according to domestic tax rates applicable to income in particular countries*	1.6	8.1
Temporary differences on goodwill impairment for which no deferred tax was recognized	10.4	-
Tax loss for the current period for which no deferred tax asset was recognized	4.3	8.8
Permanent differences and changes in estimates	2.5	0.2
Effect of local tax reported as income tax	3.0	4.1
Change in tax rate	(1.0)	0.3
Effect of other differences	0.1	1.0
Corporate income tax in the income statement	20.9	22.5

*The applicable weighted average nominal tax rate amounted to 5.8% (for the period ended 31 December 2021: 14.0%).

As of 31 December 2022 Group has the following tax losses:

Year of expiry of tax loss carryforwards	Value of tax losses	Tax losses in respect of which deferred tax assets were recognised	Tax losses in respect of which no deferred tax assets were recognised
2023 - 2028	23.8	1.6	22.2
No time limit	245.8	57.1	188.7
	269.6	58.7	210.9

Deferred taxes were not recognised for the following tax losses:

	YEAR ENDED	
	31 December 2022	31 December 2021
Germany	116.3	107.6
France	54.2	52.3
Russia	14.1	11.3
Poland	10.8	16.7
Portugal	4.3	4.3
China	2.8	1.9
Austria	2.1	2.3
Romania	1.6	1.6
Other	4.7	3.1
	210.9	201.1

The Group analyses recoverability of deferred taxes on tax losses based on the guidance in IAS 12. Group subsidiaries analyses the periods in which tax losses can be utilised, whether there are sufficient taxable temporary differences related to the same tax authority and tax jurisdiction, and if the entity will create taxable profits in the periods in which unused tax losses can be utilised.

The Group analyses business plans and cash flows forecasts of subsidiaries in terms of recoverability of deferred tax assets recognised. In particular, the Group performs goodwill impairment tests for whole businesses and balances of tax losses for which deferred taxes were recognized are verified against projected tax cash outflows. In case unit has projected negative results, deferred tax assets are reassessed in terms of recoverability.

In 2022 the Group reviewed the tax returns for prior periods prepared by the subsidiaries and it resulted in the updated value of tax losses, for which no deferred tax has been recognized compared to the amounts presented in previous financial statements. The total tax effect for the period ended 31 December 2022 of tax loss for the current period for which no deferred tax asset was recognised amounted EUR 4.3 million and tax effect of EUR 0.8 million relates to deferred taxes on tax losses recognized in prior years and derecognized in current year.

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

The table below presents tax rate by country applicable for the year 2022 and 2021.

Country	Income tax rates		Deferred income tax assets and liabilities	
	2022	2021	2022	2021
Spain	25.00%	25.00%	25.00%	25.00%
Poland	19.00%	19.00%	19.00%	19.00%
Czech	19.00%	19.00%	19.00%	19.00%
Hungary	9.00%	9.00%	9.00%	9.00%
Russia	20.00%	20.00%	20.00%	20.00%
Serbia	15.00%	15.00%	15.00%	15.00%

Country	Income tax rates		Deferred income tax assets and liabilities	
	2022	2021	2022	2021
Bulgaria	10.00%	10.00%	10.00%	10.00%
USA	35.00%	35.00%	35.00%	35.00%
Malta	35.00%	35.00%	35.00%	35.00%
Germany*	30.00%	30.00%	30.00%	30.00%
France**	25.00%	26.50%	25.00%	26.50%
Croatia	18.00%	18.00%	18.00%	18.00%
Hong Kong	17.00%	17.00%	17.00%	17.00%
China	25.00%	25.00%	25.00%	25.00%
Romania	16.00%	16.00%	16.00%	16.00%
Slovakia	21.00%	21.00%	21.00%	21.00%
Slovenia	19.00%	19.00%	19.00%	19.00%
Austria	25.00%	25.00%	25.00%	25.00%
Portugal	21.00%	21.00%	21.00%	21.00%
Belgium	21.00%	21.00%	21.00%	21.00%

* Deferred taxes in Germany were calculated using a tax rate of 30% which is the basic income tax rate in Germany of 15% and an additional average trade tax of 15%.

** Deferred taxes in France presented at 31 December 2021 were calculated taking into account an approved plan of the progressive reduction of the income tax rate from 26,5% in 2021 to 25.0% in 2022

13. Property, plant and equipment

The table below presents changes in the value of property, plant and equipment in 2022 and 2021:

2022	Leasehold improvements, land, buildings	Restaurants equipment and vehicles	Furniture and other assets	Assets under construction	Total
PPE as of 1 January	259.5	139.9	35.5	26.0	460.9
Acquisitions	-	-	0.3	0.3	0.6
Additions	8.2	18.9	2.7	108.3	138.1
Depreciation (note 7)	(42.3)	(37.5)	(13.1)	-	(92.9)
Impairment losses (note 9)	(1.3)	(2.7)	0.3	-	(3.7)
Disposals, liquidation and deconsolidation	(0.6)	(2.2)	(0.5)	-	(3.3)
Transfers	37.5	36.6	11.3	(86.1)	(0.7)
Exchange differences	2.3	0.4	0.3	(0.5)	2.5
PPE as of 31 December	263.3	153.4	36.8	48.0	501.5
Gross book value	644.9	414.3	110.3	48.6	1 218.1
Accumulated depreciation and impairments	(381.6)	(260.9)	(73.5)	(0.6)	(716.6)
Net book value	263.3	153.4	36.8	48.0	501.5

2021	Leasehold improvements, land, buildings	Restaurants equipment and vehicles	Furniture and other assets	Assets under construction	Total
PPE as of 1 January	277.2	146.6	32.9	18.3	475.0
Additions	9.2	15.4	1.7	68.1	94.4
Depreciation (note 7)	(41.0)	(37.1)	(13.5)	-	(91.6)
Impairment losses (note 9)	(10.1)	(7.3)	(1.0)	0.3	(18.1)
Disposals, liquidation and deconsolidation	(0.9)	(0.3)	(0.5)	(0.2)	(1.9)
Transfers	21.8	21.2	15.5	(60.7)	(2.2)
Exchange differences	3.3	1.4	0.4	0.2	5.3
PPE as of 31 December	259.5	139.9	35.5	26.0	460.9
Gross book value	616.2	385.4	102.7	27.0	1 131.3
Accumulated depreciation and impairments	(356.7)	(245.5)	(67.2)	(1.0)	(670.4)
Net book value	259.5	139.9	35.5	26.0	460.9

Due to the nature of the Group business the balance of the property, plant and equipment consists of assets in over 1.9 thousand restaurants. There are no individually significant assets. Depreciation was charged as follows:

	YEAR ENDED	
	31 December 2022	31 December 2021
Costs of restaurant operations	89.7	88.6
Franchise expenses and other	1.6	1.3
General and administrative expense	1.6	1.7
Total depreciation	92.9	91.6

Increasing the average useful lives of property, plant and equipment by 10% would lead to a decrease in depreciation for the year ended 31 December 2022 by around EUR 9.5 million. Increasing the average useful lives of property, plant and equipment by 10% would lead to a decrease in depreciation for the year ended 31 December 2021 by around EUR 9.4 million.

14. Leases

The Group leases over 1.9 thousand properties in order to operate brand restaurants. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions, depending on local lease practice and legal framework. Additionally, in some countries, the Group leases cars, equipment, as well as properties for administration or storage purposes and company flats.

The table below presents the reconciliation of the right-of-use assets and lease liabilities for years ended 31 December 2022 and 2021:

	Right-of-use asset			Lease liabilities
	Restaurant properties	Other	Total right-of-use asset	Total liabilities
2022				
As of 1 January	756.8	14.2	771.0	822.9
Additions – new contracts	50.0	7.8	57.8	57.5
Remeasurements and modifications	127.2	6.7	133.9	131.9
Depreciation (Note 7)	(138.7)	(8.3)	(147.0)	-
Impairment (Note 9)	(5.2)	-	(5.2)	-
Interest expense (Note 11)	-	-	-	25.7
Payments	-	-	-	(163.6)
Exchange differences	4.6	0.1	4.7	7.1
Disposals	(1.7)	(0.2)	(1.9)	(2.8)
As of 31 December	793.0	20.3	813.3	878.7
	Right-of-use asset			Lease liabilities
	Restaurant properties	Other	Total right-of-use asset	Total liabilities
2021				
As of 1 January	693.9	15.7	709.6	761.4
Additions – new contracts	57.8	2.3	60.1	59.8
Remeasurements and modifications	119.2	1.1	120.3	106.6
Depreciation (Note 7)	(128.4)	(5.0)	(133.4)	-
Impairment (Note 9)	3.0	-	3.0	-
Interest expense (Note 11)	-	-	-	23.7
Payments	-	-	-	(141.7)
Exchange differences	11.3	0.1	11.4	13.1
Disposals	-	-	-	-
As of 31 December	756.8	14.2	771.0	822.9

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.

	31 December 2022	31 December 2021
Up to 1 year	178.0	163.0
Between 1 and 3 years	277.3	254.9
Between 3 and 5 years	197.1	176.4
Between 5 and 10 years	242.2	218.7
More than 10 years	160.0	142.3
Total contractual lease payments	1 054.6	955.3
Future finance costs of leases	175.9	132.4
Total lease liabilities	878.7	822.9

Amortisation was charged as follows:

	YEAR ENDED	
	31 December 2022	31 December 2021
Costs of restaurant operations	141.6	129.6
General and administrative expense	5.4	3.8
Total amortisation	147.0	133.4

The Group recognised in 2022 rent expense from short-term leases of EUR 0.8 million, leases of low-value assets of EUR 5.8 million and variable lease payments of EUR 24.6 million (including negative amount of EUR 2.0 million COVID-19-related rent concessions) for the year ended 31 December 2022. Impairment test procedures, assumptions used and tests' results are disclosed in note 17.

Amounts recognised in statement of cash flows amounted to EUR 163.6 million presented in financing activity as repayment of lease liability and EUR 31.2 million in operating activity as lease payments not included in the lease liability. Total cash outflow for leases amounted to EUR 194.8 million in the year ended 31 December 2022.

In the comparable period, in 2021, the Group recognised rent expense from short-term leases of EUR 0.7 million, leases of low-value assets of EUR 5 million and variable lease payments of EUR 10.1 million (including negative amount of EUR 10.9 million COVID-19-related rent concessions) for the year ended 31 December 2021. Impairment test procedures, assumptions used and tests' results are disclosed in note 17.

In the comparable period, in 2021, amounts recognised in statement of cash flows amounted to EUR 141.7 million presented as repayment of lease liability and EUR 15.8 million as lease payments not included in the lease liability. Total cash outflow for leases amounted to EUR 157.5 million in the year ended 31 December 2021.

Additional information about lease payments and lease term

The Group's lease payments are often charged as a higher of fixed payment and turnover based payment. The Group recognized the excess of turnover based rent as variable lease payments. Therefore the stores' revenue impacts on the future variable lease payments. In the year ended 31 December 2022, the share of variable payments (excluding rent concessions) amounted to 16% of fixed lease payments (2021: 15%).

The intention of the Group is to secure long-term property lease contracts, with flexibility that enables adjustments of strategy and reaction on changing market conditions. Vast majority part of the Group's leases provides some extent of flexibility, for example, the Group can adjust its exposure by exercising termination options, sublease options, extension options or using pre-emption rights to go into a renewal agreement. Such rights are subject of individual negotiations with lessors and do not deviate from standard market conditions.

The Group does annual revision of expiring lease contracts. The Group performs case-by-case analysis of the contracts, adjusted to the latest store performance, up-to-date Group's strategy and market conditions. During this process, among others, the Group decides whether to exercise, or not, the extension and termination options falling for the following year. The decisions have impact on the assessment of the leases end date used in the measurement of lease liability.

COVID-19-related rent concessions

The Group has been negotiating rent concessions with its landlords for the majority of its store leases as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its store leases. The Group continued to account for rent concessions relating to its other leases under other applicable guidance in IFRS 16 until the expiry of the aforementioned practical expedient i.e. until 30 June 2022.

The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is EUR 2.0 million (2021: 10.9 million).

15. Intangible assets

The table below presents changes in the value of intangible assets in 2022 and 2021:

2022	Own brands	Licenses for franchise brands	Relations with franchisees and customers	Other intangible assets	Total
IA as of 1 January	154.1	23.1	28.9	30.8	236.9
Additions	-	3.2	-	6.8	10.0
Amortisation (Note 7)	(0.3)	(3.7)	(3.1)	(4.9)	(12.0)
Impairment losses (Note 9)	-	0.1	-	0.8	0.9
Disposals and derecognition of assets	-	(0.1)	-	(0.2)	(0.3)
Transfers between categories	-	-	-	0.7	0.7
Exchange differences	-	0.3	-	(0.1)	0.2
IA as of 31 December	153.8	22.9	25.8	33.9	236.4
Gross book value	158.8	48.8	51.9	83.5	343.0
Accumulated amortisation and impairments	(5.0)	(25.9)	(26.1)	(49.6)	(106.6)
Net book value	153.8	22.9	25.8	33.9	236.4

2021	Own brands	Licenses for franchise brands	Relations with franchisees and customers	Other intangible assets	Total
IA as of 1 January	153.8	22.6	32.0	32.3	240.7
Additions	-	4.2	-	5.1	9.3
Amortisation (Note 7)	(0.3)	(2.7)	(3.1)	(5.9)	(12.0)
Impairment losses (Note 9)	-	(1.0)	-	(2.0)	(3.0)
Disposals and derecognition of assets	-	(0.3)	-	(0.7)	(1.0)
Transfers between categories	0.2	-	-	2.0	2.2
Exchange differences	0.4	0.3	-	-	0.7
IA as of 31 December	154.1	23.1	28.9	30.8	236.9

2021	Own brands	Licenses for franchise brands	Relations with franchisees and customers	Other intangible assets	Total
Gross book value	158.9	45.8	51.9	79.3	335.9
Accumulated amortisation and impairments	(4.8)	(22.7)	(23.0)	(48.5)	(99.0)
Net book value	154.1	23.1	28.9	30.8	236.9

Amortisation was charged as follows:

	YEAR ENDED	
	31 December 2022	31 December 2021
Costs of restaurant operations	5.0	5.1
Franchise expenses and other	1.8	1.8
General and administrative expense	5.2	5.1
Total amortisation	12.0	12.0

Impairment test procedures, assumptions used and tests' results are disclosed in note 17.

The Group believes that brands do not generate cash inflows that are largely independent of other groups of assets. For some Group brands, cash inflows from the franchisee business are partially independent of other cash inflows, however, these do not represent the value of the whole brand. Brands are used to support restaurant business development and revenues from sales of products under certain brands are not capable of being split between revenue for the brand and revenue for costs of production. Consequently, brands are not a cash-generating unit and are not tested on a standalone basis. Such assets are tested together with their relevant goodwill values. The results of the test are presented in note 17.

The table below presents details of Proprietary brands as of 31 December 2022. Table shows level at which the brands are tested:

Brand	Useful life	Level of goodwill test	Gross value	Accumulated amortisation	Impairment	Net value
La Tagliatella	indefinite	Spain – La Tagliatella and KFC	65.0	-	-	65.0
Sushi Shop	indefinite	Sushi Shop (all markets)	86.1	-	-	86.1
Blue Frog	definite	China – Blue Frog	5.1	(2.5)	-	2.6
Bacoa	definite	Spain - Bacoa	2.5	(0.1)	(2.4)	-
			158.7	(2.6)	(2.4)	153.7

Other intangible assets cover mainly exclusivity rights in the amount of EUR 1.1million (EUR 2.4 million as of 31 December 2021), key monies in the amount of EUR 18.0 millions (EUR 18.1 millions as of 31 December 2021) and software.

16. Goodwill

Goodwill recognized 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 it is monitored by the Group. In all cases is not higher than the operating segment level:

2022	1 January	Increases (provisional)	Impairment	Exchange differences	31 December
Sushi Shop (all markets)	140.5	0.5	-	-	141.0
Spain – La Tagliatella and KFC	90.9	-	-	-	90.9
Russia - KFC	33.1	-	(46.9)	13.8	-
China – Blue Frog	21.5	-	-	(0.4)	21.1
France - KFC	14.0	-	-	-	14.0
Germany - Starbucks	8.6	-	-	-	8.6
Hungary – KFC	3.4	-	-	(0.3)	3.1
Romania - SBX	2.5	-	-	-	2.5
Czechia – KFC	1.5	-	-	(0.1)	1.4
Poland – Other	0.6	-	-	-	0.6
Total	316.6	0.5	(46.9)	13.0	283.2

2021	1 January	Increases (provisional)	Impairment	Exchange differences	31 December
Sushi Shop (all markets)	140.5	-	-	-	140.5
Spain – La Tagliatella and KFC	90.9	-	-	-	90.9
Russia - KFC	30.8	-	-	2.3	33.1
China – Blue Frog	19.3	-	-	2.2	21.5
France - KFC	14.0	-	-	-	14.0

2021	1 January	Increases (provisional)	Impairment	Exchange differences	31 December
Germany - Starbucks	8.6	-	-	-	8.6
Hungary – KFC	3.4	-	-	-	3.4
Romania - SBX	2.6	-	-	(0.1)	2.5
Czechia – KFC	1.4	-	-	0.1	1.5
Poland – Other	0.6	-	-	-	0.6
Total	312.1	-	-	4.5	316.6

Impairment test procedures, assumptions used and tests' results are disclosed in note 17.

17. Impairment of non-current assets

Details of impairments losses recognised:

	Note	YEAR ENDED	
		31 December 2022	31 December 2021
Net impairment of property, plant and equipment	13	3.7	18.1
Net impairment of intangible assets	15	(0.9)	3.0
Net impairment of right of use assets	14	5.2	(3.0)
Net impairment of goodwill	16	46.9	-
Net impairment losses of non- current non financial assets		54.9	18.1

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.

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 of the restaurants. Value in use is determined through the discounted cash flows analysis, without the base rental charge.

As presented below it can be observed that discount rates used for the impairment test have increased comparing to year end 2021 tests. This is the effect of turbulences on the global market due to pandemic and increases in markets risk premiums and/or risk-free rates. Discounts rates applied are shown in the table below.

	Post-tax discount rate 31 December 2022	Implied pre-tax discount rate	Pre-tax discount rate 30 June 2022	Pre-tax discount rate 31 December 2021
Spain	10.9%	14.6%	10.4%	8.6%
Germany	8.9%	12.7%	9.4%	7.2%
France	7.2%	9.6%	9.2%	7.1%

	Post-tax discount rate 31 December 2022	Implied pre-tax discount rate	Pre-tax discount rate 30 June 2022	Pre-tax discount rate 31 December 2021
Poland	11.3%	14.0%	11.7%	9.1%
Czechia	9.3%	11.5%	9.3%	7.8%
Hungary	14.5%	16.0%	12.2%	10.0%
Russia	29.2%	36.5%	40.8%	12.1%
China	8.9%	11.8%	9.9%	8.2%
Romania	12.7%	15.2%	11.9%	9.9%
Serbia	14.5%	17.0%	13.8%	10.6%
Bulgaria	11.0%	12.2%	9.8%	8.2%
Croatia	13.4%	16.3%	11.4%	9.4%
Slovakia	11.0%	14.0%	9.7%	8.1%
Portugal	11.1%	14.0%	10.0%	8.5%
Austria	8.9%	11.8%	9.5%	7.9%
Slovenia	11.1%	13.7%	12.0%	8.6%
Belgium	8.5%	11.3%	9.4%	8.2%
Italy	10.8%	14.3%	11.6%	8.7%
Switzerland	7.9%	9.3%	7.3%	5.8%
Luxembourg	8.2%	10.9%	9.1%	7.4%
Netherlands	8.6%	11.4%	9.1%	7.3%
United Kingdom	10.0%	12.4%	9.7%	7.8%

Details of impairments losses recognised per category of assets (property, plant and equipment, right of use assets, intangible assets or goodwill) are presented in notes 13, 14, 15 and 16.

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

Summary of impairment tests results on the level of restaurants for the year ended 31 December 2022 is presented in the table below:

YE 2022	Impairment loss	Impairment reversals	Net/Total
Number of units tested			459.0
Units with impairment/reversal recognised	131.0	164.0	
Impairment of property, plant and equipment and intangible assets	12.0	(11.7)	0.3
Impairment of right of use assets	1.8	(0.1)	1.7
Five highest individual impairment loss/ reversals totaled	3.2	(2.6)	
Average impairment loss/ reversal per restaurant	0.2	(0.2)	

Summary of impairment tests results on the level of restaurants for the year ended 31 December 2021 is presented in the table below:

YE 2021	Impairment loss	Impairment reversals	Net/Total
Number of units tested			507.0
Units with impairment/reversal recognised	240.0	93.0	
Impairment of property, plant and equipment and intangible assets	23.5	(2.4)	21.1
Impairment of right of use assets	3.3	(6.3)	(3.0)
Five highest individual impairment loss/ reversals totaled	4.4	(4.5)	
Average impairment loss/ reversal per restaurant	0.2	(0.2)	

Business (goodwill) level tests

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.

For recoverable value calculations, the Group uses cash flow projections based on financial budgets that require judgment and other estimates that include, among others, the operating result on sales and the discount and growth rates at long term.

Mandatory impairment tests are performed at year ends.

Present value technique model (the income approach) is used by Group for the purpose of determining fair value. The income approach converts future amounts (e.g. cash flows or income and expenses) to a single discounted amount. The

fair value reflects current market expectations about those future amounts. The income approach uses unobservable inputs, as a result, the fair value measurement is generally classified as Level 3 in the fair value hierarchy.

The cash flows were derived from the most recent budgets, plans for next year and forecasts for the following four years. The 5th year normalized projections are used to extrapolate cash flows into the future if the 5th year represents a steady state in the development of the business. The adjustments may be necessary to reflect the expected development of the business (normalization of cash flows). Growth rates do not exceed the long-term average growth rate for the products, industries, or country or market in which the asset is used.

The recoverable amount is most sensitive to the discount rate used, growth rate used for extrapolation purposes and the weighted average budgeted EBITDA margin. The weighted average budgeted EBITDA margin is calculated as an average for the 5 years projection period i.e. without any impact of the residual value element. Budgeted revenues are used as weights. Average restaurants sales growth refers to same-store-sales growth rates reflected in impairment models.

The main input assumptions used in test performed as of year end 2022 are as follows:

YE 2022	Post-tax discount rate	Implied pre-tax discount rate	Growth rate for residual value	Average restaurant sales growth 2023-2027	Weighted average budgeted EBITDA margin
Sushi Shop (all markets)	7.2%	8.8%	1.9%	28.0%	18.1%
Spain – KFC and TAG	10.9%	13.6%	2.1%	12.6%	22.3%
France – KFC	7.2%	8.7%	1.9%	4.2%	11.9%
Germany – Starbucks	8.9%	11.2%	2.4%	15.5%	19.3%
China – BF	8.9%	11.0%	2.0%	11.1%	24.4%
Romania – SBX	12.7%	14.3%	3.1%	14.4%	27.2%
Czechia – KFC	9.3%	10.9%	2.5%	9.6%	23.7%
Hungary – KFC	14.5%	15.6%	3.9%	10.5%	20.1%

Test results for YE 2022

No impairment losses were recognized based on the year end tests.

During interim impairment test the Group has recognized EUR 52.9 million impairment on Russian business. For the results of interim impairment test refer to section below.

The Group carried out a sensitivity analysis for the impairment tests performed. The sensitivity analysis examined the impact of changes in below factors assuming other factors remain unchanged:

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

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 recognized.

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

Additionally Group performed sensitivity analysis on the expected changes in sales revenues recognition. In that case Group determines reasonable change individually for each business tested. Usually this is in a range of 1-5% decrease of estimated sales revenues in each year of projection.

Results of the sensitivity analysis

Based on the sensitivity analysis performed a reasonably possible change in any of the key assumptions used would not lead to recognition of impairment losses i.e. carrying amount would not exceed the recoverable amount.

Test results reported in HY 2022

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.

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 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%

Comparative information for the goodwill impairment tests performed during year ended 31 December 2021

The main input assumptions used in test were as follows:

YE 2021	Post-tax discount rate	Implied pre-tax discount rate	Growth rate for residual value	Average restaurant sales growth 2022-2026	Weighted average budgeted EBITDA margin
Sushi Shop (all markets)	5.3%	6.5%	1.3%	1.0%	20.9%
Spain – KFC and TAG	6.4%	8.0%	1.6%	2.9%	23.9%
France – KFC	5.3%	6.6%	1.3%	2.4%	13.4%
Germany – Starbucks	5.1%	6.2%	1.9%	9.5%	17.6%
Russia – KFC	9.6%	11.1%	3.8%	3.5%	20.6%
China – BF	6.2%	7.6%	1.9%	3.4%	25.2%
Romania – SBX	8.3%	9.2%	2.8%	3.0%	25.7%
Czechia – KFC	6.3%	7.3%	2.0%	2.8%	25.1%
Hungary – KFC	9.1%	9.6%	3.2%	3.3%	20.0%

No impairment losses were recognized based on the year end tests.

Based on the sensitivity analysis performed a reasonably possible change in any of the key assumptions used would not lead to recognition of impairment losses i.e. carrying amount would not exceed the recoverable amount.

18. Other non-current assets

As of 31 December 2022 and 2021 the balances of other non-current assets were as follows:

	31 December 2022	31 December 2021
Deposit for rentals	23.6	22.0
Other	0.4	1.1
	24.0	23.1

19. Inventories

As of 31 December 2022 and 2021, inventories cover mainly food and packaging used in the restaurants, finished goods and stocks in central kitchen for sale by La Tagliatella restaurants.

Due to the nature of its business and applicable Group standards, all inventories are treated as materials. Inventories are presented at net value including write-downs.

20. Trade and other receivables

As of 31 December 2022 and 2021 the balances of trade and other receivables were as follows:

	31 December 2022	31 December 2021
Trade receivables	44.2	37.3
Other tax receivables	27.2	22.1
Credit cards, coupons and food aggregators receivables	26.9	17.3
Loans and borrowings	1.7	1.3
Government grants	0.6	1.2
Other	1.7	1.6
Allowances for receivables (note 35)	(13.2)	(12.9)
	89.1	67.9

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 35.

21. Other current assets

As of 31 December 2022 and 2021 the balances of other current assets consisted mainly of prepayments for utilities, marketing and other services.

22. Cash and cash equivalents

Cash and cash equivalents as of 31 December 2022 and 31 December 2021 are presented in the table below:

	31 December 2022	31 December 2021
Cash at bank	216.8	189.8
Cash in hand	12.8	8.9
	229.6	198.7

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

2022	Balance sheet change	Change in investment receivables	Change in investment liabilities	Exchange differences	Working capital changes
Change in trade and other receivables	(21.2)	-	-	(1.5)	(22.7)
Change in inventories	(4.4)	-	-	0.1	(4.3)
Change in other assets	(2.7)	-	-	0.2	(2.5)
Change in payables and other liabilities	53.0	-	(10.1)	3.1	46.0
Change in other provisions and employee benefits	(10.3)	-	-	1.1	(9.2)
2021	Balance sheet change	Change in investment receivables	Change in investment liabilities	Exchange differences	Working capital changes
Change in trade and other receivables	(7.5)	-	-	(0.4)	(7.9)
Change in inventories	(6.6)	-	-	(0.5)	(7.1)
Change in other assets	1.1	-	-	(0.4)	0.7
Change in payables and other liabilities	48.0	-	(5.6)	(3.8)	38.6
Change in other provisions and employee benefits	1.3	-	-	0.1	1.4

23. 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. There were no changes in share capital of the Company in year 2022.

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

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

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

To the best of AmRest's knowledge as of 31 December 2022 AmRest Holdings had the following shareholder structure:

Shareholder	Number of shares and votes at the Shareholders' meeting	% of shares and votes at the Shareholders' meeting
FCapital Dutch S.L.*	147 203 760	67.05%
Artal International S.C.A.	11 366 102	5.18%
Aviva OFE Aviva BZWBK SA	7 013 700	3.19%
Nationale-Nederlanden OFE	10 718 700	4.88%
Other Shareholders	43 251 921	19.70%

* FCapital Dutch S.L. is the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finaccess SAPI de CV is the direct majority shareholder of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The direct majority shareholder of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is a member of AmRest's Board of Directors

On 15 July 2022, as a result of the merger by absorption between FCapital Dutch, S.L. (at that time named FCapital Dutch, B.V.), as the absorbing company, and FCapital Lux S.à r.l. (holding directly 56 509 547 AmRest shares), as the absorbed company, the shareholding of FCapital Lux S.à r.l. in AmRest Holdings SE became the property of FCapital Dutch, S.L.

Likewise, FCapital Dutch, S.L. (formerly FCapital Dutch, B.V.) carried out the international transfer of its registered office, without dissolution or loss of its legal personality, from its previous domicile located in Amsterdam (The Netherlands) to Madrid (Spain), under a public deed executed on December 1, 2022 (effective date of the transfer of domicile), which was registered in the Commercial Registry of Madrid on January 16, 2023.

Reserves

The structure of Reserves is as follows:

2022	Share premium	Employee options unexercised	Employee options exercised	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As at 1 January	236.3	14.1	(40.7)	(4.0)	(9.5)	(30.6)	165.6
Net investment hedges	-	-	-	-	(2.9)	-	(2.9)
Income tax related to net investment hedges	-	-	-	-	0.5	-	0.5
Total comprehensive income	-	-	-	-	(2.4)	-	(2.4)
Transaction with non-controlling interests	-	-	-	-	-	(1.0)	(1.0)
Total transaction with non-controlling interests	-	-	-	-	-	(1.0)	(1.0)
Purchases of treasury shares	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-
Value of disposed treasury shares	-	-	(0.3)	0.3	-	-	-
Employee stock option plan – proceeds from employees for transferred shares	-	-	-	-	-	-	-
Employee stock option plan – reclassification of exercised options	-	(3.0)	3.0	-	-	-	-
Employee stock option plan – change in unexercised options	-	5.5	(0.1)	-	-	-	5.4
Change of deferred tax related to unexercised employee benefits	-	(1.1)	-	-	-	-	(1.1)
Total share based payments	-	1.4	2.6	0.3	-	-	4.3
Total distributions and contributions	-	1.4	2.6	0.3	-	-	4.3
As at 31 December	236.3	15.5	(38.1)	(3.7)	(11.9)	(31.6)	166.5

2021	Share premium	Employee options unexercised	Employee options exercised	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As at 1 January	236.3	13.9	(39.1)	(6.5)	(8.2)	(26.3)	170.1
Net investment hedges	-	-	-	-	(1.6)	-	(1.6)
Income tax related to net investment hedges	-	-	-	-	0.3	-	0.3
Total comprehensive income	-	-	-	-	(1.3)	-	(1.3)
Transaction with non-controlling interests	-	-	-	-	-	(4.3)	(4.3)
Total transaction with non-controlling interests	-	-	-	-	-	(4.3)	(4.3)
Purchases of treasury shares	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-
Value of disposed treasury shares	-	-	(2.5)	2.5	-	-	-
Employee stock option plan – proceeds from employees for transferred shares	-	-	0.2	-	-	-	0.2
Employee stock option plan – reclassification of exercised options	-	(0.7)	0.7	-	-	-	-
Employee stock option plan – change in unexercised options	-	0.3	-	-	-	-	0.3
Change of deferred tax related to unexercised employee benefits	-	0.6	-	-	-	-	0.6
Total share based payments	-	0.2	(1.6)	2.5	-	-	1.1
Total distributions and contributions	-	0.2	(1.6)	2.5	-	-	1.1
As at 31 December	236.3	14.1	(40.7)	(4.0)	(9.5)	(30.6)	165.6

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 2022.

Treasury shares

As of 31 December 2022 the Group had 341 645 treasury shares for a total purchase value of EUR 3.7 million, presented as treasury shares within "Reserves" under equity.

Transactions with NCI

This item reflects the impact of accounting for transactions with non-controlling interests (NCI). The following key transactions were recognised in 2022:

	Transactions with NCI	Non-controlling interest	Total Equity
Acquisition of non-controlling interests in AmRest d.o.o.	(1.0)	(1.3)	(2.3)
Dividends for non-controlling shareholders	-	(1.8)	(1.8)
Total transactions with non-controlling interests	(1.0)	(3.1)	(4.1)

The following key transactions were recognised in 2021:

	Transactions with NCI	Non-controlling interest	Total Equity
Acquisition of non-controlling interests in Sushi Shop Group	(4.3)	0.3	(4.0)
Dividends for non-controlling shareholders	-	(1.3)	(1.3)
Share capital increase in Amrest Kavezo Kft	-	0.2	0.2
Total transactions with non-controlling interests	(4.3)	(0.8)	(5.1)

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 repayments, the net investment hedge has been decreased. As of 31 December 2022, the value of net investment hedge amounts to PLN 196 million (PLN 224 million as of 31 December 2021).

AmRest Sp. z o.o., a Polish subsidiary, with PLN as functional currency, is a borrower of external EUR financing. The bank loan has been hedging the net investment in its EUR subsidiaries until 31 December 2021 and throughout the period ending 31 December 2022. Following scheduled repayments and an increase during 2022 in the financing of EUR 23 million regarding to the Tranche G of the syndicated bank loan, the net investment hedge as of 31 December 2022 is EUR 177 million (176 million as of end of 2021).

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 2022 and 2021 hedges were fully effective.

As of 31 December 2022 the accumulated value of currency revaluation recognised in reserve capital (resulting from net investment hedges) amounted to EUR 2.9 million, and deferred tax concerning this revaluation EUR 0.5 million.

Translation reserves

The balance of translation reserves depends on the changes in the foreign exchange rates. This parameter is out of control of Group.

Total change in translation reserves in year 2022 amounted to EUR 19.2 million. The most significant impact on that balance had a change in Russian rouble in the amount of EUR 18.8 million, Polish zloty of EUR 2.9 million, Czech crown of EUR 1.6 million and Hungarian forint of EUR (2.6) million. Total change in translation reserves in year 2021 amounted to EUR 12.5 million. The most significant impact on that balance had a change in Russian rouble in the amount of EUR 5.1 million, Chinese renminbi of EUR 4.6 million and Czech crown of EUR 2.1 million.

Non-controlling interest

Key elements of non-controlling interests are presented in the table below:

	31 December 2022	31 December 2021
AmRest Coffee Sp. z o.o.	0.3	(0.4)
SCM Sp. z o.o.	3.8	2.8
AmRest Coffee s.r.o.	4.9	3.9
AmRest Kávézó Kft	0.4	0.3
AmRest d.o.o.	-	1.1
SCM s.r.o.	1.9	1.0
Sushi Shop Milan Sarl	(0.2)	0.1
Non-controlling interests	11.1	8.8

24. Dividends paid and received

In the period covered by these consolidated financial statements the Group has paid a dividend to non-controlling interest of SCM Sp. z o.o. and SCM Czech s.r.o. in total amount of EUR 1.8 million.

25. Non-controlling interests

At 31 December 2022 and 31 December 2021 the summarised financial information for each subsidiary that has non-controlling interests is as follows:

Summarised balance sheet

31 December 2022	AmRest Coffee s.r.o.	AmRest Kávézó Kft	AmRest Coffee Sp. z o. o.	SCM Sp. z o.o.	SCM s.r.o.	AmRest d.o.o.*	Sushi Shop Milan Sarl
Current assets	13.6	3.9	2.4	11.1	7.6	-	0.2
Current Liabilities	9.9	6.2	9.7	5.7	4.0	-	0.2
Total current net assets	3.7	(2.3)	(7.3)	5.4	3.6	-	-
Non-current assets	28.8	16.6	23.7	2.0	-	-	(0.4)
Non-current liabilities	16.0	11.0	14.4	0.4	-	-	0.1
Total non-current net assets	12.8	5.6	9.3	1.6	-	-	(0.5)
Net assets	16.5	3.3	2.0	7.0	3.6	-	(0.5)

31 December 2021	AmRest Coffee s.r.o.	AmRest Kávézó Kft	AmRest Coffee Sp. z o. o.	SCM Sp. z o.o.	SCM s.r.o.	AmRest d.o.o.	Sushi Shop Group**
Current assets	6.8	3.8	1.3	7.3	4.2	1.2	0.4
Current Liabilities	7.5	4.4	8.8	3.1	2.6	1.7	0.1
Total current net assets	(0.7)	(0.6)	(7.5)	4.2	1.6	(0.5)	0.3
Non-current assets	30.6	15.0	23.7	1.6	-	7.5	0.8
Non-current liabilities	17.8	9.9	14.5	0.5	-	2.4	0.8
Total non-current net assets	12.9	5.1	9.2	1.2	-	5.1	-
Net assets	12.1	4.4	1.7	5.4	1.6	4.6	0.3

*Summarised balance sheet of AmRest d.o.o. is presented till acquisition of non-controlling interests shares i.e. till 6 September 2022.

Summarised income statement

year ended 31 December 2022	AmRest Coffee s.r.o.	AmRest Kávézó Kft	AmRest Coffee Sp. z o.o.	SCM Sp. z o.o.	SCM Czech s.r.o.	AmRest d.o.o.*	Sushi Shop Milan Sarl
Total sales	38.8	21.3	40.3	42.6	38.5	14.2	0.9
Profit before tax	6.0	1.1	4.0	7.5	2.1	0.7	(0.8)
Income tax expense/income	1.2	0.3	-	1.4	0.4	0.1	-
Profit/loss for the period	4.8	0.8	4.0	6.1	1.7	0.6	(0.8)
Profit/loss for the period allocated to NCI	0.9	0.1	0.7	2.8	0.9	0.1	(0.2)

year ended 31 December 2021	AmRest Coffee s.r.o.	AmRest Kávézó Kft	AmRest Coffee Sp. z o.o.	SCM Sp. z o.o.	SCM s.r.o.	AmRest d.o.o.*	Sushi Shop Group**
Total sales	24.9	14.9	26.9	19.5	18.1	9.5	1.0
Profit before tax	3.1	0.1	(1.7)	4.0	0.8	1.3	-
Income tax expense/income	0.5	0.3	-	0.8	0.2	0.2	(0.2)
Profit/loss for the period	2.6	(0.2)	(1.7)	3.2	0.6	1.1	0.2
Profit/loss for the period allocated to NCI	0.5	-	(0.3)	1.6	0.3	0.5	(0.1)

*Summarised income statement of AmRest d.o.o. for year 2022 is presented till acquisition of remaining non-controlling interests shares in September 2022.

** Non- controlling interest on Sushi Shop Group entities existed in 2022 for Sushi Shop Milan SARL. On 31 August 2021 Sushi Shop Luxembourg SARL has acquired 14% of shares of Sushi House SA and Sushi Shop Belgique SA has acquired 45.20% of shares of Sushi Shop Louise SA. On this day Sushi Shop Luxembourg SARL and Sushi Shop Belgique SA have become sole shareholders of Sushi House SA and Sushi Shop Louise SA accordingly. Summarised income statement of Sushi House SA and Sushi Shop Louise SA is presented till acquisition of non-controlling interests shares i.e. till 31 August 2021.

There are no significant restrictions on the possibility of access to the assets or their use and settlement of obligations for the subsidiaries having a non-controlling interest.

26. Earnings per share

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

Table below presents calculation of basic and diluted earnings per ordinary share for the year 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).

EPS calculation with the effect of share split	31 December 2022	31 December 2021
Net profit attributable to shareholders of the parent (EUR millions)	1.3	32.9
Weighted average number of ordinary shares for basic EPS (in thousands of shares)	219 269	219 352
Weighted average number of ordinary shares for diluted EPS (in thousands of shares)	219 269	219 852
Basic earnings per ordinary share (EUR)	0.01	0.15
Diluted earnings per ordinary share (EUR)	0.01	0.15

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

Weighted-average number of ordinary shares in thousands of shares	31 December 2022	31 December 2021
Shares issued at the beginning of the period	219 554	219 554
Effect of treasury shares held	(357)	(497)
Effect of share options vested	72	295
Weighted average number of ordinary shares for basic EPS	219 269	219 352

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

Weighted-average number of ordinary shares for diluted EPS in thousands of shares	31 December 2022	31 December 2021
Weighted-average number of ordinary shares for basic EPS	219 269	219 352
Effect of share options unvested	-	500
Weighted average number of ordinary shares for diluted EPS	219 269	219 852

At 31 December 2022, 10 567 thousand of options were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive. At 31 December 2021, there were 9 599 thousand of options with anti-dilutive effect.

27. Borrowings

Long-term	31 December 2022	31 December 2021
Syndicated bank loans	497.3	466.2
SSD	35.5	35.5
Other bank loans	18.7	40.2
Total	551.5	541.9

Short-term	31 December 2022	31 December 2021
Syndicated bank loans	68.6	59.2
SSD	0.4	48.0
Other bank loans	33.2	15.5
Total	102.2	122.7

As of the end of the year 2022, bank loans and bond debt (SSD) amounted EUR 653.7 million, whereas at the end of year 2021 EUR 664.6 million.

Bank loans and bonds

Currency	Loans/Bonds	Effective interest rate	31 December 2022	31 December 2021
PLN	Syndicated bank loan	3M WIBOR+margin	87.1	105.6
EUR	Syndicated bank loan	3M EURIBOR+margin	478.9	419.8
EUR	Schuldscheindarlehen Bonds	6M EURIBOR/fixed +margin	35.9	83.5
EUR	Bank loans Germany	fixed	1.4	-
EUR	Bank loans France	fixed	30.1	30.2
EUR	Bank loans Spain	fixed	20.3	25.3
CZK	Bank loans Czech	Pribor + Margin	-	0.2
			653.7	664.6

Syndicated bank loan

As at 31 December 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.

During 2022, Group has signed an amendment to syndicated bank loan agreement ensuring the disbursement of tranche G in the amount of EUR 100 million. On 27 September 2022, Group disposed the full amount of this credit line. Additionally, the amount of syndicated bank loan has been increased by EUR 27 million from Tranche D and followed by scheduled repayments in the amount of EUR 56 million in September 2022. During October, the Group repaid the Tranche D in the amount of EUR 25 million.

The outstanding amount of syndicated bank loan as of 31 December 2022 is EUR 566 million.

Details of syndicated bank financing originated in 2017, with further amendments, as of 31 December 2022, are as follows:

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

The available tranches, following repayments made in December 2021 and December 2022:

Tranche(*)	Maximum amount (million)	Date added	Purpose
A	EUR 175	October 2017	Refinancing of bank debt, general corporate purposes
B	PLN 210	October 2017	
C (fully repaid in Q1 2019)	CZK 0	October 2017	
D	PLN 450	October 2017	
E	PLN 196	June 2019	Refinancing of Polish bonds
F	EUR 133	October 2019	M&A, general corporate purposes
G	EUR 100	September 2022	General corporate purposes

* Approximate total amount: EUR 560m. For the tranche D base currency is PLN and optional currency is EUR.

- 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 and AmRest SAS France. Additional information presented in note 28.
- 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. Both ratios are calculated according to the definitions mentioned in the loan agreement. Additionally, the Group is obliged to maintain the equity ratio (expressed as a percentage), calculated as total equity divided by the total assets, above 8%. As of the date of this report, AmRest is in compliance with the three financial covenants.

Two other sources of AmRest financing are:

- Schuldscheindarlehen ("SSD" – debt instrument under German law) issued by AmRest Holdings SE.

As of 31 December 2022, payables concerning SSD issued amount to EUR 35.9 million. During the year Group has made repayments in amount of EUR 52.1 million. The table below presents all SSD issues and their maturities after repayments done 2022:

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	20.0	Fixed	3 July 2024	
3 July 2017	9.5	Variable	3 July 2024	

- State supported loans taken on by Spanish and French subsidiaries in Q2 2020 and guaranteed by the governments. In particular, Restauravia Food SL and Pastificio Service S.L.U. were granted EUR 22.5 million each and Sushi Shop Restauration SAS received EUR 20 million and AmRest SAS Opco SAS EUR 10 million. As of 31 December 2022, EUR 17.6 million is still available for drawing for the Spanish entities.

As of 31 December 2022, payables concerning State Supported Loans amount to EUR 50.4 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.

State supported loans taken by the Group companies

Country	Entities	Effective interest rate	State guarantee	Balance as at 31 December 2022	Available at 31 December 2022	Maturity
Spain	Restauravia Food SL, Pastificio Food SL	Fixed	70%	20.3	17.6	3-4 years
France	Sushi Shop Restauration SAS, AmRest Opco SAS	Fixed	90%	30.1	0	1-4 years
				50.4	17.6	

In January 2023 Group has signed the annex based on which the repayment of French EUR 10.0 million loans was prolonged from year 2023. After the amendment, the loans will be repaid during the period 2023 to 2026.

The maturity of long- and short-term loans as of 31 December 2022 and 2021 is presented in the note 35.

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

	31 December 2022	31 December 2021
- Syndicated bank loan	28.2	33.0
- Bank loan/Credit line Spain	17.6	17.7
- Bank loan/Credit line Poland	4.2	-
- Bank loan/Credit line Germany	4.6	-
- Bank loan/Credit line Czech	0.5	-
	55.1	50.7

The table below presents the reconciliation of the debt:

2022	Bank loans	SSD	Total
As of 1 January	581.1	83.5	664.6
Payment	(85.3)	(47.0)	(132.3)
Loan taken/ new contracts	127.2	1.4	128.6
Accrued interests	20.7	1.0	21.7
Payment of interests	(22.9)	(1.7)	(24.6)
Exchange differences	(3.0)	(1.3)	(4.3)
As of 31 December	617.8	35.9	653.7

2021	Bank loans	SSD	Total
As of 1 January	668.4	102.4	770.8
Payment	(88.5)	(18.4)	(106.9)
Loan taken/ new contracts	1.1	-	1.1
Accrued interests	14.9	2.2	17.1
Payment of interests	(16.2)	(2.7)	(18.9)
Loan forgiven	(2.7)	-	(2.7)
Result on debt modification and extension fees	4.8	-	4.8
Exchange differences	(0.7)	-	(0.7)
As of 31 December	581.1	83.5	664.6

28. Collateral on borrowings

The Borrowers (AmRest Holding SE, AmRest Sp. z o.o. and AmRest s.r.o.) are jointly and severally responsible for paying the liabilities resulting from credit agreements. Group companies – AmRest Kaffee Sp. z o.o., AmRest Coffee Deutschland Sp. z o.o. & Co.KG, AmRest DE Sp. z o.o. & Co.KG, AmRest KFT, AmRest Coffee SRL, AmRest Tag S.L.U., Restauravia Food S.L.U., Pastificio Service S.L.U. – granted sureties to the financing banks.

These companies guarantee that the Borrowers will discharge their obligations following from the credit agreement until the loan is repaid, i.e., 31 December 2024.

Additionally, pledge on shares of Sushi Shop Group and AmRest SAS France has been established as security for the bank financing.

29. Employee benefits and share based payments

The Group established long-term incentive plans in order to bind a portion of managers' and executives' remuneration with the Group's market value. During year 2022, the Group had the share-based payment arrangements according to six share option plans. Part of options in the Plan 2 is accounted as cash-settled due to the availability of cash exercise method upon the choice of an employee. All other options in the following plans are equity-settled.

Plan 2 – Stock Option Plan 2005

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

Up to November 2014 the exercise method was in equity instruments. In November 2014, the then existing Supervisory Board of the Company approved a change of regulations by adding net cash settlement of option value (employee decides about settlement method). Due to the above changes, Plan 2 comprised both equity-settled options and cash-settled options. In 2015 a change in regulations eliminated a possibility of option settlement with cash method for the grants after 8 December 2015. Furthermore, a group of employees made a unilateral statement about resignation from the cash settlement possibility in relation to option also granted in previous periods.

Plan 4 – Stock Option Plan 2017

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

Plan 5 – Management Incentive Plan 2017

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

Plan 6 – Stock Option Plan 2020

In 2020 the Group introduced a share-based Stock Option Plan, which is an extension of the regulations introduced in the Stock Option Plan 2017. The plan is effective for an additional period of one year exclusively during the 2020 financial year under their exact same terms and conditions with the sole exception of the Exercise Price mentioned in the table below. The number of options granted, employees awarded and granting dates were initially determined by the Executive Team. In 2020 the number of options was limited to 3.6 million options. The option exercise price will be in principle equal to the market price of the Company's shares as of the date of granting the option, and the vesting period will be 3 to 5 years. There are no cash settlement alternatives.

Plan 7 – Management Incentive Plan 2020

In 2020 the Group introduced a share-based Management Incentive Plan, offered to selected employees, which is an extension of the regulations introduced in the Management Incentive Plan 2017. The plan is effective for an additional period of one year exclusively during the 2020 financial year under their exact same terms and conditions with the sole exception of the Exercise Price mentioned in the table below. The whole number of shares which were attributed to the options was determined by the Board of Directors. In 2020 the number of options was limited to 4.65 million options. In accordance with the provisions of the Plan, when requested by management the Board of Directors, was entitled to determine the employees authorized to participate in the Plan, the number of options granted and the dates for their granting among other issues. The option initial exercise price was in principle equal to the market price of the Company's shares as of the date of First Grant. The exercise price shall increase on 1st, 2nd and 3rd anniversary by 11%. The vesting period lasts 3 to 5 years. There are no cash settlement alternatives.

Plan 8 – Long Term Incentive Plan

In 2021 the Group introduced a new Long-Term Incentive (LTI) Program which is addressed to members of the management team and other relevant personnel of the Group. LTI substitutes previous Management Incentive and Stock Option Plans functioning at AmRest, keeping in place the already granted stock options. Participants of the new LTI will have the opportunity to receive AmRest shares. The number of shares to be received will be linked to the Group's performance (realization of Global EBITDA for three years following the date of approval of each grant). The LTI grants will vest according to a 5-year agenda (60% after 3rd year, 20% after 4th year, 20% after 5th year). Once vested, the LTI rights will be evaluated and converted (if applicable) into shares, while the shares will be transferred to the participant's brokerage account. There are no cash settlement alternatives. The grant date for each plan will take place at the vesting date of the 1st tranche. This LTI Program will be the basis for grants that are going to be approved in following years.

Stock Option and Management Incentive Plans

The terms and conditions for the share options outstanding as of 31 December 2022 are presented in the table below:

Grant date	Terms and conditions for vesting of the options	The maximum term of options	Option exercise price in EUR	Method of settlement
Plan 2 - SOP				

Grant date	Terms and conditions for vesting of the options	The maximum term of options	Option exercise price in EUR	Method of settlement
April 30, 2012	1-5 years, 20% per annum	10 years	1.68	Equity or equity/cash*
April 30, 2013			1.94	Equity or equity/cash*
April 30, 2014			1.96	Equity or equity/cash*
December 9, 2015			3.14	Equity or equity/cash*
April 30, 2016			5.35	Equity
Plan 4 - SOP				
May 30, 2017	3-5 years, 60% after 3rd year, 20% after 4th and 5th year	10 years	8.14	Equity
January 1, 2018			9.66	Equity
April 30, 2018			10.91	Equity
August 6, 2018			10.46	Equity
October 1, 2018			10.63	Equity
December 10, 2018			9.40	Equity
April 30, 2019			9.62	Equity
Plan 5 - MIP				
March 15, 2017	3-5 years, 33% p.a.	10 years	10.51	Equity
September 13, 2017			10.97	Equity
March 3, 2018			10.43 - 10.88	Equity
October 1, 2018			14.54	Equity
March 26, 2019			10.23 - 14.49	Equity
May 13, 2019			12.10	Equity
Plan 6 - SOP				
July 13, 2020	3-5 years, 60% after 3rd year, 20% after 4th and 5th year	10 years	4.99	Equity
October 1, 2020			5.78	Equity
Plan 7 - MIP				
February 10, 2020	3-5 years, 33% p.a.	10 years	15.10	Equity
October 1, 2020			7.90	Equity
February 1, 2021			7.71	Equity
March 23, 2021			6.08	Equity
May 1, 2021			10.62	Equity

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

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

In the table below we present the number and weighted average of the exercise prices (WAEP) of, and movements in, the options from all plans during the year ended 31 December 2022 and 2021:

Number of option 2022	WAEP in EUR (before indexation)	Plan 7	Plan 6	Plan 5	Plan 4	Plan 2
At the beginning of the period	8.63	2 400 000	2 913 620	1 600 000	5 799 400	545 752
Granted during the period	-	-	-	-	-	-
Exercised during the period	2.60	-	-	-	-	(39 450)
Expired during the period	9.87	-	-	(900 000)	(368 200)	(37 820)
Forfeited during the period	8.16	-	(470 620)	-	(724 100)	-
Outstanding at the end of the period	8.56	2 400 000	2 443 000	700 000	4 707 100	468 482
- including exercisable as of the end of the period	9.37	-	-	300 000	3 644 680	468 482
Number of option 2021	WAEP in EUR (before indexation)	Plan 7	Plan 6	Plan 5	Plan 4	Plan 2
At the beginning of the period	8.68	3 350 000	3 204 500	3 283 334	6 779 850	932 402
Granted during the period	7.76	600 000	-	-	-	-
Exercised during the period	4.26	-	(5 000)	-	(3 300)	(367 650)
Forfeited during the period	8.96	(1 550 000)	(285 880)	(1 683 334)	(976 950)	(19 000)
Outstanding at the end of the period	8.63	2 400 000	2 913 620	1 600 000	5 799 400	545 752
- including exercisable as of the end of the period	9.05	-	-	966 667	2 219 460	545 752

The weighted average share price at the dates of exercise of the options was EUR 4.07 in 2022 and EUR 6.79 in 2021.

The weighted average remaining contractual life for the share options outstanding as of 31 December 2022 was 7.31 years (2021: 7.62 years).

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

The fair value of the options granted during the period, as of the grant date, amounted as described below. In 2022 the Group has not decided to grant any options to employees. In 2021 it was determined on the basis of the following parameters:

Plan	Average fair value of option as of grant date	Average share price at the grant date	Average exercise price	Expected volatility	Expected term to exercise of options	Expected dividend	Risk-free interest rate
2021							
Plan 7 (MIP)	EUR 1.07	EUR 5.68	EUR 7.76	35%	5 years	-	2%

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

Long Term Incentive Plans

The principal terms and conditions for each LTI plan as of 31 December 2022 are presented in the table below:

LTI Plan	Approval date	Terms and conditions for vesting of the options	Performance condition factor
LTI 2021	23 December 2021	3-5 years, 60% after 3rd year, 20% after 4th and 5th year	Global EBITDA 2021-2023
LTI 2022	30 November 2022		Global EBITDA 2022-2024

The LTI Program is not an option program – Participants will receive AmRest shares instead of share options. The rights under the LTI Plan were granted as an amount denominated in payroll currency of each Participant, which will be converted into shares at the vesting date of the 1st tranche. The number of shares to be received will be determined according to the following formula:

$$N = [(Grant \div ExRate) \div VWAP] \times M,$$

where:

- Grant is the amount of the grant denominated in payroll currency,
- ExRate is the average exchange rate for the month preceding the vesting date of the 1st tranche that is applicable to the payroll currency being converted into EUR,
- VWAP is the volume weighted average price of AmRest expressed in EUR, during the month preceding the vesting date of the 1st tranche,
- M is the multiplier, the amount of which will depend on the degree to which non-market performance conditions are met (minimum 0%, maximum 200%).

The fair value of the LTI grant is periodically remeasured using the assumptions of the Black-Scholes model. The fair value of the LTI grant was determined on the basis of the following parameters:

- Share price at the valuation date: 4,17 EUR
- No expected dividends
- Risk-free interest rates for each currency according to the table below:

Currency	BGN	CNY	CZK	EUR	GBP	HRK	HUF	PLN	RON	RSD	RUB
Rate	2.78%	2.29%	5.52%	2.55%	3.58%	3.16%	10.81%	6.54%	6.51%	5.39%	8.59%

The amounts for each plan determined based on the valuation above are listed in the table below:

	LTI 2021	LTI 2022
2021		
At 1 January 2021	-	-
Granted during the period	7.0	-
At 31 December 2021	7.0	-
2022		
Granted during the period	-	7.6
Forfeited and remeasured during the period	(1.1)	-
Outstanding as of 31 December 2022	5.9	7.6
- including exercisable as of the end of the period	-	-

Cost of plans recognized during the period are recognized based on the above fair values adjusted by the multiplier M.

Share-based payments costs and liabilities

The Group recognises accrual for equity-settled options in reserve capital. The amounts as of 31 December 2022 and 31 December 2021 are presented in a table below:

	31 December 2022	31 December 2021
Reserve capital - Plan 2	1.2	1.2
Reserve capital - Plan 4	11.4	9.5
Reserve capital - Plan 5	1.2	2.9
Reserve capital - Plan 6	1.0	0.6
Reserve capital - Plan 7	1.1	0.6
Reserve capital - Plan 8	1.3	-
	17.2	14.8

The Group recognises liability for cash settled options. The liabilities related to Plan 2 amounts to EUR 0.1 million both as of 31 December 2022 and 31 December 2021.

The costs recognised in connection with the plans relating to incentive programs for the years ended 31 December 2022 and 2021 respectively are presented below:

	YEAR ENDED	
	31 December 2022	31 December 2021
Employee stock option plan 2	0.2	0.3
Employee stock option plan 4	2.7	1.4
Employee stock option plan 5	0.2	(2.3)
Employee stock option plan 6	0.5	0.5
Employee stock option plan 7	0.5	0.4
Long term incentive plan 8	1.3	—
	5.4	0.3

Pension, health care and other contributions

The costs recognised in connection with the employee benefits contributions for the years ending on 31 December 2022 and 31 December 2021 respectively are presented below:

	2022	2021
Pension, health care contributions and other	106.1	109.9

Apart from those specified above, there are no other liabilities and costs in respect of employee benefits.

Employee information

The information required under the reporting requirement established in Spanish Mercantile Law and Spanish Commercial Code:

AmRest Group average annual employment distributed by professional category:

	2022	2021
Senior Executives	8	8
Office employees	2 279	2 171
Restaurant employees	47 852	44 301
Total	50 139	46 480

Year end distribution of Group employees and members of the Board of Directors by gender:

	31 December 2022		31 December 2021	
	Female	Male	Female	Male
Board of Directors (not employees)	2	5	2	5
Senior Executives	-	8	-	8
Office employees	1 350	969	1 173	1 030
Restaurant employees	27 612	20 994	26 135	20 193
Total	28 964	21 976	27 310	21 236

In 2022 Spanish AmRest Group companies employed on average 16 people with a disability greater than or equal to 33% (15 in 2021).

30. Provisions

Changes in the balance of provisions are presented in the table below:

2022	As at 1 January	Increases	Releases	Usage	Exchange differences	As at 31 December	of which presented as short term
Asset retirement obligation	9.6	0.2	-	(0.5)	-	9.3	-
Court and legal proceedings	5.4	0.1	(1.1)	(1.5)	(0.1)	2.8	-
Provision for tax risks	0.8	-	(0.3)	-	-	0.5	-
Franchise and development agreements risks	12.0	4.5	(3.9)	(5.4)	-	7.2	2.9
Other provisions	5.6	1.5	(3.3)	(0.4)	(0.1)	3.3	1.5
Total	33.4	6.3	(8.6)	(7.8)	(0.2)	23.1	4.4

2021	As at 1 January	Increases	Releases	Usage	Exchange differences	As at 31 December
Asset retirement obligation	9.7	0.2	-	(0.3)	-	9.6
Court and legal proceedings	6.1	0.6	(1.1)	(0.2)	-	5.4
Provision for tax risks	0.4	0.7	-	(0.3)	-	0.8
Franchise and development agreements risks	11.0	1.0	-	-	-	12.0
Other provisions	4.8	1.8	(0.9)	(0.2)	0.1	5.6
Total	32.0	4.3	(2.0)	(1.0)	0.1	33.4

Franchise agreements and development agreements

Group restaurants are operated under 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.

If the Group believes the development commitments will not be attained the respective provision are recognized.

As of the end of previous balance sheet date, the Group recognised provisions for resetting master-franchise agreements regarding Pizza Hut signed for the markets: France, CEE, Germany, and Russia, as well as provisions related to franchise and development agreements with YUM! and subsidiaries of YUM!, Burger King Europe GmbH, Starbucks Coffee International, Inc. The estimation was updated during the reporting period.

Provision for court and legal proceedings

Periodically, the Group is involved in disputes and court proceedings resulting from the Group's on-going operations. As presented in the table above, as of the balance sheet, the Group recognised a provision for the costs of court proceedings which reflects the most reliable estimate of the probable losses expected as a result of the said disputes and legal proceedings.

Provision for tax liabilities

The Group operates in numerous markets with different and changing tax rules and additionally realises its growth within new investments and often has to decide to create or modify the value of tax liability provision. During recognition or modification of such provisions all available information, historical experience, comparison and best estimates are used.

Asset retirement obligation

The Group recognised a provision for costs of future asset restorations mainly on the acquisition of German and French subsidiaries. The provision consists of expected costs at the end of rental agreement. The provision would be used for renovation work needed to restore rented properties, as required by rental agreements.

31. Tax risks and uncertain tax positions

Tax inspections in AmRest Sp. z o.o.

a) On 30 July 2018 a tax inspection began at AmRest Sp. z o.o. regarding VAT returns for the period December 2017 – March 2018. On 29 August 2018 the Company received the tax protocol and on 12 September 2018 the Company submitted its reservations. On 20 November 2018 tax office initiated tax proceeding. On 23 July 2019 AmRest Sp. z o.o. received the notification that the proceedings are suspended due to request for preliminary ruling submitted by the Polish Supreme Administrative Court to the Court of Justice of European Union.

Despite the lack of a final decision from the tax office, in August 2018 Company received from the tax office cash payments for VAT receivables related to the described VAT settlements (with respective interest).

On 19 July 2021 AmRest Sp. z o.o. has received the notification in respect to opening the suspended tax inspection covering VAT returns for the period December 2017 – March 2018 and on 7 July 2022 AmRest Sp. z o.o. received the decision based on which the Company has not been obliged to pay any tax liability for the period December 2017 – March 2018 due to the binding power of the individual ruling of the Ministry of Finance held AmRest Sp. z o.o.

b) On 12 December 2018 a tax inspection started at AmRest Sp. z o.o. regarding VAT returns for the period April – September 2018. On 28 February 2019 AmRest Sp. z o.o. received the tax protocol issued by the Head of the Lower Silesia Tax Office which questioning that VAT settlements for the period. On 14 March 2019 the company filed the reservations to this protocol. On 25 March 2019 the company received the response to the submitted reservations. The Head of the Lower Silesia Tax Office upheld the allegations described in the protocol. On 1 August 2019 AmRest Sp. z

o.o. received the notification that the proceedings are suspended due to request for preliminary ruling submitted by the Polish Supreme Administrative Court to the Court of Justice of European Union.

Despite the lack of a final decision from the tax office, in January 2020 Company received from the tax office cash payments for VAT receivables related to the described VAT settlements (with respective interest).

On 28 July 2021 AmRest Sp. z o.o. has received the notification from the Tax Authorities in respect to opening the suspended tax inspection covering VAT returns for the period April – September 2018. Due to procedural reasons on 28 September 2022, the Head of the Customs and Tax Office initiated new customs and tax inspection on VAT for the period from April to September 2018. On 23 January 2023 AmRest Sp. z o.o. received the control result. The tax authorities identified irregularities, but AmRest Sp. z o.o. is covered by binding individual ruling of the Ministry of Finance issued for AmRest Sp. z o.o. and no tax liability should arise.

c) On 17 May 2019 AmRest Sp. z o.o. received the notification that tax inspections have been initiated regarding the VAT settlements for the period from October 2018 to March 2019 (six separate tax inspections for every month). In 23 August 2021 AmRest sp. z o.o. has received the notification stating that tax inspections had evolved into tax proceedings.

As of the date of publication of these Consolidated Annual Financial Statements, the proceedings have not concluded. The Tax Office set new deadline for proceedings.

The Group analysed the risk with regards to ongoing tax inspections related to VAT and assessed that it is more probable than not that the tax authority will finally accept the Company's VAT tax filings. The same conclusions have been taken considering external tax advisors. In reference to IFRIC 23 point 10, the Board of Directors' opinion states that there is no legal obligation for any cash outflows and there is no basis for the assessment of a higher probability that the risk would materialize. Therefore, the Group decided that as of 31 December 2022 and as of the date of publication of these Consolidated Annual Financial Statements, there are no obligating events, so there are no grounds for booking the provisions for the aforementioned risk.

d) On 26 November 2018 a tax inspection began at AmRest Sp. z o.o. regarding CIT for 2013. On 26 November 2019 AmRest Sp. z o.o. received the decision questioning tax settlements in respect of recognition of interest cost on loans received from AmRest Finance Zrt. PLN 0.2 million (EUR 0.05 million) and claiming additional income amounted to PLN 7.5 million (EUR 1.8 million) resulting from VAT refund received in 2013. The said Decision is not final and enforceable, ie. AmRest Sp. z o.o. was not obliged to pay the tax assessed by the Tax Authorities upon obtaining respective decision. The Company disagreed with conclusions presented in the decision and appealed against it on 5 December 2019.

On 30 March 2021 AmRest sp. z o.o. received the final decision for 2013 CIT settlements issued by the Head of the Lower Silesian Tax and Customs Office which upheld the decision of the first instance in respect of the CIT levied on VAT refund for this year - due to the fact that the decision was enforceable the Company paid outstanding tax liability together with the interest. The Company did not agree with the decision and on 28 April 2021 filed the complaint to the Local Administrative Court.

The questioned decision of the Tax Authorities has been repealed by the Court on 6 April 2022 and new decision should be issued by the Tax Authorities. As of the date of publication of these Consolidated Annual Financial Statements the proceedings have not concluded.

Tax inspections in other Group companies

e) In September 2016 AmRest Coffee Deutschland Sp. z o.o. & Co. KG ("Company"), identified the products that were sold with an incorrectly applied VAT rate. This fact was presented to the tax officer who was responsible for the inspection of periods prior to the acquisition of the business by AmRest. The Company undertook to correct the VAT calculation for the periods not lapsed.

The corrective tax declarations were submitted, and the outstanding tax liability was paid in July 2018. The Company has filed amended VAT tax returns – based on the approach confirmed with the tax office - for the period from 2009 to 2015.

On 18 October 2018 the Company received a communication from the tax office extending the tax audit by including the financial year 2016, during which the acquisition of the Company by AmRest was completed. The tax audit covered the following tax settlements: (1) separate and uniform determination of the income tax base including trade tax base and tax losses, (2) VAT, (3) trade taxes, (4) separate determination of the trade tax loss carryforwards, (5) separate and uniform determination of the withholding taxes and corporate income taxes.

On September 26, 2022, the tax audit ended with a tax assessment amounting to EUR 410k for VAT (already paid) and EUR 421k for trade tax, which is being paid as required by the competent tax administration (currently paid EUR 119 k).

f) On 9 June 2022, the Suhi Shop Group received two tax assessments related to the computations of Corporate Income Tax (CIT). The first assessment included two different corrections from CIT computations, i) an increase of tax payable for CIT 2019 amounting to EUR 7 million which was paid by the Company on 1 August 2022 and it did not file allegations and ii) correction of the CIT 2018-2019 for some other aspects (e.g. limit of deductibility of financial expenses). However, the Company did not agree with the latter correction and filed allegations before the Tax Authorities. Those allegations were rejected on 7 February 2023, and the Company has two months to file allegations before the French Courts.

The second settlement corresponded to the non-filing of the 2020 CIT return, so the tax authorities estimated the tax payable based on the 2019 tax result, which resulted in a tax liability of EUR 2.8 million. The Company filed allegations in August 2022 and received on 14 February 2023 a favourable resolution regarding the allegations submitted. Therefore, the Group does not have any tax liability in relation to this second settlement.

The entity provided a bank guarantee for EUR 3.1 million covering both the CIT tax settlements appealed for 2018, 2019 and 2020.

g) On 22 July 2019 Pastificio Service S.L. (as the taxpayer), Amrest Tag SL (as head of the Tax Group 539/11 during the tax audit period) and AmRest Holdings, SE (as the current head of the Tax Group 539/11) were notified of the initiation of a tax audit, in regard to corporate income tax, for the fiscal years 2014 to 2017. This is a partial tax audit, only referred to tax relief applied by Pastificio Service, SL in corporate income tax bases of 2014 to 2017, in regard to the deductions related to certain intangible assets (i.e. patent box regimen).

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 disagrees with the tax authorities and on 22 April 2021 submitted the economic-administrative claim and the allegations have been filed on 26 July which were rejected. On 21 December 2022, the companies filed before the National Audience the allegations writ and to date the Court's resolution has not been received.

On July 2022 the Company received the tax settlement related to municipality tax (business activity tax) of it's the Central Kitchen activity (Lleida) related to fiscal years 2018 to 2021 for which it was claimed an additional tax liability amounting to EUR 203k. The company agreed with the final tax assessment and paid on 29 July 2022.

h) 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. Both tax audits have been concluded in April 2022 without any relevant assessment.

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

32. Trade payables and other liabilities

Trade payables and other liabilities as of 31 December 2022 and 31 December 2021 cover the following items:

	31 December 2022	31 December 2021
Trade payables	104.2	89.4
Accruals and uninvoiced deliveries	78.8	67.1
Employee payables	21.0	17.9
Employee related accruals	32.7	33.2
Accrual for holiday leave	13.1	12.3
Social insurance payables	22.3	13.7
Other tax payables	25.2	20.7
Investment payables	24.2	14.2
Contract liabilities – initial fees, loyalty programs, gift cards	11.1	10.2
Deferred income	5.9	6.5
Other payables	5.3	5.6
Total trade payables and other liabilities	343.8	290.8

The information required from Spanish AmRest Group companies under the reporting requirement established in Spanish Law 18/2022 of 29 September and introduced measures to combat late payments in commercial transactions, is as follows:

	2022	2021
Number of days:		
Average payment period to suppliers	46.6	41.1
Ratio of payments	40.4	42.8
Ratio of outstanding invoices	47.0	26.2
Millions of EUR:		
Total payments	205.4	154.4
Outstanding invoices	27.1	16.7
Amount payments < 60 days	84.2	-
Other:		
Number of invoices paid < 60 days	46 444	-
% Amount of payments made < 60 days out of the total payments	82%	-
% Number of invoices paid < 60 days out of the total payments	77%	-

The payments to suppliers of the Spanish consolidated companies reflected in the above table are trade payables as they relate to goods and services.

33. 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 to make the renovations required to 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 and 38d.

Commitments regarding credit agreement are described in note 27 and note 28.

34. Transactions with related entities

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

Group shareholders

As of 31 December 2022, FCapital Dutch, S.L. (formerly 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, S.L. related parties were noted.

Transactions with members of the Board of Directions and Senior Management Personnel

The remuneration of the Board of Directors and Senior Management Personnel (for these purposes, Senior Management Personnel is understood to be those executives who report directly to the Board of Directors, the chief executive officer or the first executive of the Company, including the person responsible for Internal Audit) paid by the Group was as follows:

	31 December 2022	31 December 2021
Remuneration of the members of the Board of Directors	0.8	0.7
Remuneration of Senior Management Personnel:		
- Remuneration received by the Senior Executives*	3.3	3.3
- Gain on share-based remuneration systems	-	-
Remuneration of Senior Management Personnel	3.3	3.3
Total compensation paid to key management personnel	4.1	4.0

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

Directors Remuneration Policy was approved at the General Shareholders' Meeting held on 12 May 2022 and will remain in force until 2025 unless the General Shareholders' Meeting so resolves to amend or replace it.

The Group's Senior Management Personnel participates in the employee share option plans (note 29). In relation to the stock option plans and Management incentive plans in the year ended 31 December 2022 the fair value of outstanding options decreased by EUR 1.9 million, due to a significant amount of expired options. In the year ended 31 December 2021 the fair value decreased by EUR 4.5 million.

	31 December 2022	31 December 2021
Number of options outstanding (pcs, after split)	3 285 000	4 071 333
Number of available options (pcs, after split)	352 000	912 000
Fair value of outstanding options as at grant date (EUR millions)	3.5	5.4

The Group's Senior 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 of 31 December 2022 the fair value of all grants related to key management equals EUR 1.9 million. By the end of the year ended 31 December 2022 the cost of LTI related to key management amounted to EUR 1.0 million.

As of 31 December 2022 and 2021, the Group had no outstanding balances with the Senior Management Personnel, except for the accrual and payment of annual bonuses to be paid in the first quarter of the following year.

As of 31 December 2022 and 2021, the Group's members of the Board of Directors had no pension fund or life insurance. Stock Option and Management Incentive Plans as well as LTI Program in which Senior Management Personnel participates are detailed above and in note 29. Members of the Board of Directors do not participate in such programs. Furthermore, the Group had not granted any advance, loan or credit in favour of the Board Members or the Senior Management. As of 31 December 2022 and 31 December 2021 there were no material liabilities to former employees.

Conflicts of interest concerning the Board Directors

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

Other related entities

There were no material transactions with other related entities in 2022. There were also no material receivables and payables with other related entities as of 31 December 2022 and 31 December 2021.

35. 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.

As of 31 December 2022 and 2021 the Group did not have equity instrument measured at fair value. There were no transfers between fair value hierarchy levels in year 2022 and in year 2021.

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

31 December 2022	Note	FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets not measured at fair value				
Rental deposits	18	-	23.6	-
Trade and other receivables from clients	20	-	89.1	-
Cash and cash equivalents	22	-	229.6	-
Financial liabilities not measured at fair value				
Loans and borrowings	27	-	-	617.8
SSD	27	-	-	35.9
Lease liabilities	14	-	-	878.7
Trade and other liabilities to suppliers	32	-	-	278.4

31 December 2021	Note	FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets not measured at fair value				
Rental deposits	18	-	22.0	-
Trade and other receivables from clients	20	-	72.9	-
Cash and cash equivalents	22	-	198.7	-
Financial liabilities not measured at fair value				
Loans and borrowings	27	-	-	581.1
SSD	27	-	-	83.5
Lease liabilities	14	-	-	822.9
Trade and other liabilities to suppliers	32	-	-	245.2

Risk management

The Group is exposed to several financial risks in connection with its activities, including: the risk of market fluctuations (covering the foreign exchange risk and risk of changes in interest rates), risk related to financial liquidity and – to a limited extent – credit risk. The risk management program implemented by the Group is based on the assumption of the unpredictability of the financial markets and is used to maximally limit the impact of negative factors on the Group's financial results.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

Financial instruments especially exposed to credit risk include cash and cash equivalents, trade and other receivables. The Group has no significant concentration of credit risk. The risk is spread over a number of banks, whose services are used, and customers it cooperates with.

The maximum credit risk exposure on trade and other receivables and cash and cash equivalents amounts to EUR 342.3 million.

Cash and cash equivalents

Credit risk related to financial instruments in the form of cash in bank accounts is limited, due to the fact that the parties to the transaction are banks with high credit ratings received from international rating agencies.

Trade receivables

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

- Restaurant sales,
- Franchise and other sales.

The Group' receivables related to restaurant sales are limited and have low credit risk due to the short settlement time and the nature of settlement, as guests pay in restaurants generally in cash or via credit or debit cards.

Receivables related to franchise sales include franchise receivables referring to own brands and master-franchise agreements. For these receivables the Group performs detailed analysis of expected credit loss.

The Group's exposure to that credit risk is influenced mainly by the individual characteristics of each customer. However, the Group also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate, including the external rating related to particular country.

For these 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 recognized 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 of 31 December 2022 and 31 December 2021 is presented in the table below.

2022	Current	Overdue in days				Total
	Less than 90	91-180	181 - 365	More than 365		
Trade and other receivables	74.8	8.0	5.8	3.3	8.7	100.6
Loss allowance (note 20)	(1.1)	(0.2)	(1.3)	(2.3)	(8.3)	(13.2)
Total	73.7	7.8	4.5	1.0	0.4	87.4

2021	Current	Overdue in days				Total
	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 (note 20)	(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 of 31 December 2022 and 31 December 2021 is presented in table below:

	31 December 2022	31 December 2021
Value at the beginning of the period	(12.9)	(12.2)
Allowance created	(4.5)	(3.8)
Allowance released	2.0	2.9
Allowance used	2.6	0.1
Other	(0.4)	0.1
Value at the end of the period	(13.2)	(12.9)

Interest rate risk

Bank borrowings drawn by the Group are most often based on fluctuating interest rates (note 27). As of 31 December 2022 the Group does not hedge against changes in cash flows resulting from interest rate fluctuations which have an impact on the results. The Group analyses the market position relating to interest on loans in terms of potential refinancing of debt or renegotiating the lending terms and conditions. The impact of changes in interest rates on results is analysed in quarterly periods.

Had the interest rates on loans denominated in Polish zlotys during the year ended 31 December 2022 been 30 base points higher/lower, the profit before tax for the period would have been EUR 285 thousand lower/higher (2021: EUR 329.1 thousand).

Had the interest rates on loans denominated in euro during the year ended 31 December 2022 been 30 base points higher/lower, the profit before tax for the period would have been EUR 653 thousand lower/higher. (Had the interest rates on loans denominated in euro during the 12 months ended 31 December 2021 been 30 base points higher/lower, the profit before tax for the period would have been the same.)

Foreign exchange risk

The Group is exposed to foreign exchange risk related to transactions in currencies other than the functional currency in which the business operations are measured in particular Group companies. Foreign exchange risk results from future business transactions, recognised assets and liabilities. Moreover, lease payments related to a significant part of the Group's lease agreements are indexed to the exchange rate of EUR or USD. Nevertheless, the Group is trying to sign lease agreements in local currencies whenever possible.

Net investment foreign currency valuation risk

The Group is exposed to risk of net investment valuation in subsidiaries valued in foreign currencies. This risk is hedged for key positions with use of net investment hedge. Details concerning hedging on currency risk are described in note 23.

Liquidity risk

Prudent financial liquidity management assumes that sufficient cash and cash equivalents are maintained and that further financing is available from guaranteed funds from credit lines.

The table below shows an analysis of the Group's financial liabilities which will be settled in net amounts in particular ageing brackets, on the basis of the term to maturity as of the balance sheet date. The amounts shown in the table constitute contractual, undiscounted cash flows. The interest payments on variable interest rates loans in the table below reflect market interest rates at the reporting date and these amount may change as market interest rates change. The future cash flows on financial liabilities may be different from the amount in the table below as interest rates and exchange rates change. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

The maturity break-down of long- and short-term borrowings as well as trade and other liabilities as of 31 December 2022 and 31 December 2021 is presented in the table below:

31 December 2022								Carrying amount
Contractual, undiscounted cash flows								
	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total	
Trade and other liabilities to suppliers	211.3	-	-	-	-	-	211.3	211.3
Loan instalments	97.9	544.1	7.4	3.3	-	-	652.7	652.7
Interest and other charges	26.6	22.9	0.2	-	-	-	49.7	-

31 December 2021

	Contractual, undiscounted cash flows							Carrying amount
	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total	
Trade and other liabilities to suppliers	180.9	-	-	-	-	-	180.9	180.9
Loan instalments	118.7	86.1	448.1	4.3	1.1	-	658.3	658.3
Interest and other charges	17.0	15.0	13.0	-	-	-	45.0	-

Contractual, undiscounted payments of interests and other fees have been determined taking into consideration following assumptions:

- for loans in foreign currency the expected cash flows was translated spot rates at reporting date.
- the interest payments on variable interest rate loans reflect market interest rates at the reporting date.

The future cash flows may be different from the amounts in the table as exchange rates or interest rates change.

Capital risk

The Group manages capital risk to protect its ability to continue in operation, so as to enable it to realize returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost.

36. Audit fees

The services commissioned to the auditors meet the independence requirements stipulated by the Spanish Audit Law 22/2015, July 20. PwC Auditores S.L., and other related companies rendered professional services to the Group during the years ended 31 December 2022 and 2021, as detailed below:

2022	PwC Auditores, S.L.	Other entities affiliated with PwC International	Other auditors	Total
Audit and other assurance services	0.3	0.6	0.4	1.3
Other verification services	0.1	-	-	0.1
Other services	-	-	-	-
	0.4	0.6	0.4	1.4

2021	PwC Auditores, S.L.	Other entities affiliated with PwC International	Other auditors	Total
Audit and other assurance services	0.2	0.6	0.4	1.2
Other verification services	0.1	-	-	0.1
Other services	-	-	-	-
	0.3	0.6	0.4	1.3

Other assurance services include limited review of interim financial statements. Other verification services include the verification of the non-financial information in the annual reports and agreed upon-procedures performed by the auditors. The amounts detailed in the above table include the total fees for 2022 and 2021, irrespective of the date of invoice.

37. Events after the reporting period

In connection with the sale of its KFC stores in Russia (the "Business"), AmRest informs that, subsequent to 31 December 2022, Unirest LLC ("Unirest"), an affiliate of Yum! Brands Inc. ("Yum! Brands"), has exercised its right of first refusal pursuant to the underlying franchise agreements for itself or for the benefit of a third party, and has appointed Smart Service Nord Ltd ("Smart Service") as the purchaser of the Business.

Smart Service is operated by two Russian KFC franchisees, Messrs. Konstantin Kotov and Andrey Oskolkov and, according to public information, is the entity with which Yum! Brands Inc. entered into a sale and purchase agreement to transfer ownership of its Russian KFC restaurants in October of 2022.

As a consequence of Unirest's exercise of its right of first refusal, AmRest has terminated the sale and purchase agreement entered into with OOO Almira on 6 December 2022, and signed a new sale and purchase agreement with Smart Service on 25 February 2023 substantially in the same terms and conditions of the agreement between AmRest and OOO Almira.

Therefore, the new sale and purchase agreement is subject to the approval by the anti-trust agency of Russia and to other regulatory approvals which could be applicable in Russia.

As of today, and according to the terms of the sale and purchase agreement, AmRest expects to receive a minimum of EUR 100 million from the sale of the Business.

38. Significant accounting policies

a. Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee,
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Non-controlling interests and transactions with non-controlling interests

Changes in the Group's interest in a subsidiary that do not result in a loss of control over subsidiary company are recognised as equity transactions. In such cases, the Group adjusts the carrying amount of the controlling and non-controlling interest and effect of transactions with non-controlling interest is presented in equity items allocated to the owners of the parent.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. The Group's investment in equity-accounted investees includes goodwill (net of any potential accumulated impairment write-downs), determined as of the acquisition date. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b. Foreign currency

Functional currencies and presentation currency

The Group's consolidated financial statements are presented in euros.

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The Group uses European Central Bank's exchange rates for currency translations. For Russian rouble the Group is using exchange rate as published by National Bank of Russia as European Central Bank has suspended its publication of a euro reference rate for the Russian rouble from 1 March 2022.

The functional currency of none of the subsidiaries is the currency of a hyperinflationary economy as at 31 December 2022.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. For simplification monthly income statements are translated using average monthly exchange rates based on the European Central Bank rates.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- An investment in equity securities designated as of FVOCI,
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective,
- Qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

c. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

d. Revenues

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

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Restaurant sales

Revenues from the sale of goods by owned restaurants are recognised as Group sales when a customer purchases the goods, which is when our obligation to perform is satisfied. These revenues are presented in "Restaurant sales" line in the Consolidated Income Statement.

Franchise and other sales: owned brands

- Royalty fees (based on percentage of the applicable restaurant's sales) are recognised as the related sales occur. Royalty fees are typically billed and paid monthly.
- Initial fees, renewal fees: for each brand separately, the Group analyses if the activities performed are distinct from the franchise brand. If they do not represent a separate performance obligation they are recognised on a straight-line basis over the contract duration. If they represent a separate obligation, the Group estimates the allocation of the part of the transaction price to that performance obligation.
- Advertising funds: for Sushi Group and Bacoa brands the Group operates the advertising funds that are designed to increase sales and enhance the reputation of the own brands and its franchise owners. Contributions to the

advertising cooperatives are required for both Company-owned and franchise restaurants and are generally based on a percentage of restaurant sales. Revenues for these services are typically billed and paid on a monthly basis. Advertising services that promote the brand (rather than an individual location), such as national advertising campaigns, are not separable between different franchise agreements or franchisees, and not distinct because the services and franchise right are highly dependent and interrelated with each other. The sales-based advertising fund contributions from franchisees are recognised as the underlying sales occur, are reported gross as part of revenue and presented in line "Franchise and other sales". Own restaurants participation in marketing costs as an element is presented as element of operational costs.

- Revenue from sale of products to franchisees is recognised at the moment of transaction which is when our obligation to perform is satisfied.

Franchise and other sales: master-franchise agreements

As a result of signed Master Franchise Agreements (MFAs) for different Pizza Hut concepts, YUM ("Master Franchisor") granted AmRest ("Master Franchisee") Master Franchise Rights for the agreed term in the particular territories. Intellectual property is exclusive property of Master Franchisor and Master Franchisor grants AmRest a license to use it in the agreed territory. Under the Master Franchise Agreement parties established the development commitments for development periods.

Performance obligations identified:

- AmRest's performance obligation to YUM: to develop the market by opening new restaurants (either AmRest own or sub-franchises) and promote the YUM's brand by performing marketing activities. Managing marketing fund is not distinct from the development of the market, and no separate remuneration was agreed between parties for those services. Various streams of cash flows are agreed in MFA: AmRest collects initial fees and transfers them to YUM, AmRest manages the marketing fund (collects revenue based contributions from owned and sub-franchised restaurants and spends them on marketing activities, any unspent amount is to be paid to YUM and YUM spends it on national campaigns at its discretion). If a certain point of market development level is reached, AmRest is enabled to receive a bonus that represents the transaction price for the service performed for the Master Franchisor. To reflect the substance of the transaction, incomes from sub franchisees from initial and marketing fees are netted with the initial fees paid/actual marketing expenses and bonus earned.
- AmRest's performance obligation to sub-franchisees: to grant sub-franchisees the right to use the system, system property etc. and other services solely in connection with the conduct of the business at the outlet (sub-licensing from YUM). The transaction price is agreed in the form of sales based royalties paid by franchisees. Initial fees and renewal fees paid by franchisees are part of other performance obligations (described above). Corresponding costs of acquiring license right from Yum are presented within costs of sales of franchise activities in the line "Franchise and other expenses".

Loyalty points programs

The Group has various loyalty points programs where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue from the award points is recognised when the points are redeemed or when they expire or are likely to expire. When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points.

Gift cards

Gift cards may be issued to the guests in some brands and redeemed as a payment form in subsequent transactions. The Group records a contract liability in the period in which gift cards are issued and proceeds are received. This liability is calculated taking into account the probability of the gift cards' redemption. The redemption rate is calculated based on own and industry experience, historical and legal analysis. Revenue is recognised when a performance obligation is fulfilled and a guest redeems the gift cards.

e. Government grants

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as other operating income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

f. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Depending on the tax jurisdiction where the Group's subsidiaries operate recoverability of deferred taxes is assessed taking into account potential time expiry of availability of deferred tax utilisation (e.g. in case of tax losses).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

g. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right of-use asset is depreciated over the underlying asset's useful life.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Generally, the Group uses the incremental borrowing rates as the discount rates.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources (differentiated by currency of the debt) and makes certain adjustments to reflect the terms of the lease, based on long-term IRS quotation.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made (amortised cost using the effective interest method). It is remeasured when there is:

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group incurs expenses on maintenance, security and promotion in the shopping malls (so called "common area charges"). These items are separate services (non-lease components) and are recognised as an operating expenses.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expenses on a straight-line basis over the lease term.

COVID-19-related rent concessions

The Group has applied COVID-19-Related Rent Concessions – Amendments to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applied the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

The Group as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and included in other income in the income statement.

h. Property, plant and equipment

Items of property, plant and equipment (PPE) are measured at cost less accumulated depreciation and any accumulated impairment losses.

The initial value of the property, plant and equipment of new restaurants built internally (such as construction sites and leasehold improvements in restaurants) include the cost of materials, direct labour, costs of architecture design, legal

assistance, the present value of the expected cost for the decommissioning of an asset after its use, wages and salaries and benefits of employees directly involved in launching a given location.

The Group capitalizes the restaurants costs mentioned above incurred from the moment when the completion of the project is considered likely. In the event of a later drop in the probability of launching the project at a given location, all the previously capitalized costs are transferred to the income statement.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss, under „other operating gains and losses”.

Amortisation and depreciation

Property, plant and equipment, including their material components, are depreciated on a straight-line basis over the expected useful life of the assets/components. Land is not depreciated. Construction in progress is stated at cost, net of accumulated impairment losses, if any.

The estimated useful lives of property, plant and equipment are as follows:

Buildings, mainly drive- through restaurants	30 - 40 years
Costs incurred on the development of restaurants (including leasehold improvements and costs of development of the restaurants)	10 - 20 years *
Kitchen equipment assets	3 - 14 years
Vehicles	4 - 6 years
Other property, plant and equipment	3 - 10 years

* over the lease term

The residual value, depreciation method and economic useful lives are reassessed at least annually.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i. Franchise, license agreements and other fees

The Group operates own restaurants on the basis of franchise agreements (third party brands). In accordance with the franchise agreements, the Group is obliged to pay a non-reimbursable initial fee upon opening each new restaurant and further fees over the period of the agreement (in the amount of a % of sales revenues, usually 5-6%), and to allocate a % of revenues (usually 5%) to advertising activities specified in the respective agreements. Moreover, after the end of the initial period of the franchise agreement, the Group may renew the franchise agreement after paying a renewal fee.

Non-reimbursable initial fees are in fact fees for the right to use the trademark and are included in intangible assets and amortised over the period of the franchise (usually 10 years). Further payments made in the period of the agreement are disclosed in the income statement upon being made. Fees for extending the validity of the agreements are amortised as of the date of a given extension agreement coming into force.

The local marketing fee is recognised in the income statement as incurred in category direct marketing costs.

j. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Acquired licenses for computer software are capitalized on the basis of costs incurred to acquire and prepare specific software for use.

Franchise right of use for Pizza Hut, KFC, Burger King and Starbucks trademarks are recognised at the acquisition price.

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The estimated useful lives of assets are as follows:

Intangible asset		
<i>Acquired routinely</i>		
Computer software		3-5 years
Franchise rights		5-10 years
Other intangible assets		5-10 years
<i>Acquired in business combinations</i>	<i>Intangible asset category</i>	
La Tagliatella brand	Marketing related	indefinite
Sushi Shop brand	Marketing related	indefinite
Blue Frog brand	Marketing related	20 years
Sushi Shop loyalty program	Customer related	10 years
La Tagliatella franchisee relations	Customer related	24 years
Favourable lease agreements	Contract based	2-10 years over the period to the end of the agreement
Clients'/vendors'/ Franchise databases	Customer related	2-5 years
Exclusivity rights brand operator	Customer related	6-12 years

k. Goodwill

Goodwill on acquisition of a business is initially measured at acquisition cost which is an excess of:

- the sum total of:
 - the consideration paid,
 - the amount of all non-controlling interest in the acquiree, and
 - in the case of a business combination achieved in stages, the fair value, at the acquisition-date, of an interest in the acquiree,
- over the net fair value of the identifiable assets and liabilities at the acquisition date.

Goodwill on consolidation is disclosed in a separate line in the statement of financial position and measured at cost net of accumulated impairment write-downs. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

Goodwill of foreign operations is translated into euro at the exchange rates at the reporting date. Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity sold.

l. Impairment of non-financial assets

The Group periodically reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax 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 test.

A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

Goodwill arising from a business combination is allocated groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss in line "Net impairment losses on other assets". They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal of impairment losses is recognised in line "Net impairment losses on other assets".

Group performs in general two types of impairment tests: on restaurant levels, when impairment indicators exists and for businesses where goodwill is assigned or impairment indicators identified.

Restaurants tests - procedure performed twice a year

Usually individual restaurants are considered separate CGUs in Group.

Twice a year out of all Group's own restaurants that are operating over 24 months in AmRest structures are checked for impairment indicators. If at least one of the below indicators is met, then a restaurant impairment test is performed.

- Restaurant EBITDA for last 12 month is negative.
- Store was already fully or partially impaired during previous impairment processes.
- Store is planned to be closed or sold after 3 months.

If one of the above indicators is identified for the store then the restaurant is tested for impairment. Value in use is usually determined for the remaining estimated period of operation, as well analysis of potential onerous liabilities (mainly for rental agreement costs) is performed for planned closures.

Regularly the Group also tests restaurants for which in past the impaired loss was recognised, in order to determine if any reversal is required.

For recoverable value calculations of value in use, Group uses cash flow projections based on financial budgets that require relevant judgments and estimates that include, among others, growth in sales and costs and applied discount rates. 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.

Upon application of the IFRS 16 carrying amount of the tested restaurants includes also carrying amount of right of use of assets in respective restaurants. Value in use is based on the estimated future cash flows, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In case the Group believes the asset tested within CGU will be recovered through the sale, sublease or reallocation into another restaurant the respective adjustment is made in determining final impairment charge. Discounted cash flows do not include outflows relates to rental agreements as those are considered an element of financing under IFRS 16 and reflected in discount rate applicable for test.

Goodwill tests - unless impairment indicators exist, procedure performed once a year

For businesses where goodwill is allocated impairment tests are performed at least once a year. Goodwill is tested together with intangibles (including those with indefinite useful lives), property plant and equipment, right of use assets as well other non-current assets allocated to groups of CGUs where goodwill is monitored. If impairment indicators exist additional tests are performed. Following indicators are analysed:

Arising from external sources of information such as:

- Significant adverse changes that have taken place (or are expected in the near future) in the technological, market, economic or legal environment in which the entity operates or in its markets,
- Increases in interest rates, or other market rates of return, that might materially affect the discount rate used in calculating the asset's recoverable amount.

Arising from internal sources of information, including:

- Plans to discontinue or restructure the operation to which the asset belongs, as well as reassessing the asset's useful life from indefinite to finite,
- Deterioration in the expected level of the asset's performance i.e. when the actual net cash outflows or operating profit or loss are significantly worse than budgeted,
- Where management's own forecasts of future net cash inflows or operating profits show a significant decline from previous budgets and forecasts.

Materiality applies in determining whether an impairment review is required. If previous impairment reviews have shown a significant excess of recoverable amount over carrying amount, no review would be necessary in the absence of an event that would eliminate the excess. Previous reviews might also have shown that an asset's recoverable amount is not sensitive to one or more of the impairment indicators.

The recoverable amounts is assessed using fair values less costs of disposal model based on the discounted cash flows. For recoverable value calculations, the Group uses cash flow projections based on financial budgets that require judgment and other estimates that include, among others, the operating result on sales and the discount and growth rates at long term.

Post tax rate is applied, and implied pre-tax rate subsequently determined.

Discounted cash flows do not include outflows relates to rental agreements as those are considered an element of financing under IFRS 16 and reflected in discount rate applicable for test.

Sensitivity analysis is performed as an element of impairment tests procedures.

m. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect, when applicable.

n. Inventories

Inventories include mainly materials and goods for resale. Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

o. Cash and cash equivalents

Cash reported in the statement of financial position comprises cash at banks and on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts if they are considered an integral part of the Group's cash management.

p. Financial assets

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through other comprehensive income (FVOCI),
- Those to be measured subsequently at fair value through profit or loss (FVTPL),
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. A trade receivable without a significant financing component is initially measured at the transaction price.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss,
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss,
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other operating gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group recognises loss allowance for expected credit losses (ECLs) on:

- Financial assets that are debt instruments such as loans, debt securities, bank balances and deposits and trade receivables that are measured at amortised cost,
- Financial assets that are debt instruments measured at fair value through other comprehensive income,
- Finance lease receivables and operating lease receivables,
- Contract assets under IFRS 15.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is impaired includes observable data about such events.

The Group applied the simplified approach for:

- all trade receivables or contract assets that result from transactions within the scope of IFRS 15, and that contain a significant financing component in accordance with IFRS 15,
- all lease receivables that result from transactions that are within the scope of IAS 17 and IFRS 16 (when applied).

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. 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.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

q. Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as of FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. The Group has not designated any financial liability as of fair value through profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. This category generally applies to interest-bearing loans and borrowings.

Initially, borrowings are recognised in the books of account at the fair value net of transaction costs associated with the borrowing. Subsequently, borrowings are recognised in the books of account at amortised cost using the effective interest rate.

The liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit or loss. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

r. Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken directly to profit or loss for the period.

The Group designates certain derivatives as either:

- Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge), or
- Hedges of a net investment in a foreign operation (net investment hedge).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement under 'other financial income or costs – net'.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the income statement under 'other financial income or costs – net'.

Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

Hedge is effective if:

- There is economic relationship between hedged item and hedging instrument,
- The effect of credit risk does not dominate the value changes,
- The actual hedge ratio (designated amount of hedged item/designated of hedged instrument) is based on the amounts the Group is using for risk management.

The Group uses loans as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

s. Share based payments and employee benefits

Share-based payments

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

Equity-settled transactions

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

Cash-settled transactions

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

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

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

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

Long-term employee benefits based on years in service

The net value of liabilities related to long-term employee benefits is the amount of future benefits which were vested in the employees in connection with the work they have carried out them in the current and past periods. The liability was accounted for based on the estimated future cash outflows, and at the balance sheet date, the amounts take into consideration the rights vested in the employees relating to past years and to the current year.

Retirement benefit contributions

During the financial period, the Group pays mandatory pension plan contributions dependent on the amount of gross wages and salaries payable, in accordance with legally binding regulations. The public pension plan is based on the pay-as-you-go principle, i.e. the Group has to pay contributions in an amount comprising a percentage of the remuneration when they mature, and no additional contributions will be due if the Company ceases to employ the respective staff. The public plan is a defined contribution pension plan. The contributions to the public plan are disclosed in the income statement in the same period as the related remuneration, under "Payroll and employee benefits".

t. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Costs of bringing the location to the condition it had been in before the lease agreement was signed

Depending on particular contracts the Group may be obliged to bring the location to the condition it had been in before the lease agreement was signed. Asset retirement provision costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset (leasehold improvement asset within PPE section).

The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed periodically and adjusted if needed.

Development commitments unattained

Group restaurants are operated under 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.

Certain development commitments may be determined on annual basis and may result in recognition of agreed bonuses if case the development commitments are satisfied or exceeded. Alternatively if the Group believes the commitments will not be attained the respective provision are recognized. The Group considers all available fact and circumstances to determine the risks related to future liabilities including planned openings as included in the annual operating plan for next reporting year.

The provisions are periodically reviewed. The net expenses/gains relating to a provision are presented in the statement of profit or loss in other operating incomes/expenses section.

Contingent liabilities and assets

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed, where an inflow of economic benefits is probable.

u. Equity

Equity includes equity attributable to shareholders of the parent and non-controlling interests. Equity attributable to shareholders of the parent is grouped into the following:

- Share capital,
- Reserves,
- Retained earnings,
- Translation reserve.

The effect of the following transactions is presented under reserves:

- Share premium (surplus over nominal amount) and additional contributions to capital without the issue of shares made by the shareholders prior to becoming public entity,
- Effect of accounting for put options over non-controlling interests,
- Effect of accounting for share-based payments,
- Treasury shares,
- Effect of hedges valuation,
- Effect of accounting for transactions with non-controlling interests.

Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds. The income tax effect relating to transaction costs of an equity transaction is also accounted for in equity.

Treasury shares

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in "Reserves".

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

39. Changes in accounting policies, reclassification and restatement of comparatives summary

Newly applied standards, amendments and interpretations

The accounting policies adopted in the preparation of the 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. The amendments and interpretations below were applied in 2022 and had no significant impact on the accounting policies applied.

Amendments to IFRS 3 -Reference to the Conceptual Framework

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively. Earlier application is permitted. The amendments are effective for annual periods beginning on or after 1 January 2022.

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual periods beginning on or after 1 January 2022.

Amendments to IAS 37 -Onerous Contracts – Costs of Fulfilling a Contract

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022.

40. Standards issued but not yet effective

Below amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts (IFRS 17) is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 will replace IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. Additionally, in June 2020, the IASB issued amendments to IFRS 17. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023. It is not expected that standard will have a material impact on Group.

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information.

Amendments were issued on 9 December 2021 and are effective for annual periods beginning on or after 1 January 2023. It is expected that standard will not have a material impact on Group.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies.

The amendments specify requirements and provide guidance to help entities make more effective accounting policy disclosures. The amendments are effective for annual periods beginning on or after 1 January 2023. It is expected that standard will not have a material impact on Group.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The amendments introduce the definition of accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after 1 January 2023. It is expected that standard will not have a material impact on Group.

Amendments to IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

Amendments were issued on 7 May 2021 and are effective for annual periods beginning on or after 1 January 2023. It is expected that standard will not have a material impact on Group.

Below standards and amendments that are issued but not yet approved by European Union. The Group will apply the standard once approved by the European Union.

Amendments to IAS 1: Classification of liabilities as current or non-current and Non-current Liabilities with Covenants

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The new guidance will be effective for annual periods starting on or after 1 January 2024. The amendments are to be applied prospectively and will be reflected in accounting for future transactions of Group. The Group will implement these amendments for future transactions and it is expected that standard will not have a material impact on Group.

Amendment to IFRS 16 – Leases on sale and leaseback

Amendments were issued in September 2022. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. Effective date Annual periods beginning on or after 1 January 2024. It is expected that standard will not have a material impact on Group.

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, 27 February 2023

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Directors' Report

for the year ended 31 December 2022

AmRest Holdings SE capital group
27 FEBRUARY 2023



AmRest





AmRest Holding SE

Directors' Report

for the year ended 31 December 2022

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Dear Shareholders,

I am proud to confirm that during 2022, at AmRest we proved to be exceptionally well-positioned to meet the challenges of our exciting industry, which is currently undergoing one of the most interesting transformations in its history.

Over the course of the year, our business model once again demonstrated its resilience and ability to adapt, and even thrive, under any circumstances, enabling us to reap the benefits of our international scope, sound strategic approach, and diversification.

Our passionate employees lead by a knowledgeable and committed management team, provide our consumers in every region with an extraordinary experience every day through our fully integrated omni-channel approach and technological innovations.

At AmRest we are increasingly mindful of the importance of taking care of the environment, the people around us and ourselves. Therefore we have continued to integrate sustainability into all of our processes and decisions, investing in both the development of our human capital and in innovating, and in aligning our growth objectives, generating value for our shareholders and society, and addressing the demands of our customers.

We have modified how we work and interact with each other and adopted new technologies which have become part of our daily lives, allowing us to connect efficiently with each other regardless of where we are and to serve our customers, embracing their changing consumption habits.

During the height of the pandemic, we effectively served the surge in demand for off-premise consumption with excellence in delivery and take-out options and by constantly improving our technology and digital channels. In more recent months, as consumers have begun to return safely and enthusiastically to our establishments, we have made sure that they receive the friendly greeting, excellent service, and quality food that they demand in order to continue to honour us with their patronage. Regardless of any global challenges we face, we continue to be committed to providing the best value to our guests.

In 2022, the result of these actions led AmRest to generate our highest sales on record, at 2,422 million euros, with a growth of more than 26%, compared to 2021, and double-digit increases in the number of transactions.

We also increased our capital investments by more than 40%, for a record resource allocation to modernising a significant number of restaurants, as part of our renewed focus on our customers. We expect the number of restaurants in the portfolio to begin to increase again soon, as we leverage the strategic adjustments we made during the year.

I am very optimistic about the opportunities that lie ahead for AmRest and I am certain we will continue to be the European leader that inspires the global restaurant industry.

I wish to extend my appreciation to the AmRest team, for their hard work and professionalism, and to our Board of Directors and shareholders for their continued support.

José Parés Gutiérrez

Chairman of the Board of Directors

Highlights



Financial highlights (consolidated data)

	YEAR ENDED		3 MONTHS ENDED	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Revenue	2 422.0	1 917.0	651.1	539.0
EBITDA*	384.4	359.1	94.3	98.0
EBITDA margin	15.9%	18.7%	14.5%	18.2%
Adjusted EBITDA**	389.8	364.9	97.2	99.9
Adjusted EBITDA margin	16.1%	19.0%	14.9%	18.5%
Profit from operations (EBIT)	74.6	103.1	25.6	28.2
EBIT margin	3.1%	5.4%	3.9%	5.2%
Profit before tax	27.5	57.9	8.0	14.0
Net profit	6.6	35.4	3.6	5.4
Net margin	0.3%	1.8%	0.5%	1.0%
Net profit attributable to non-controlling interests	5.3	2.5	1.1	1.0
Net profit attributable to equity holders of the parent	1.3	32.9	2.5	4.4
Cash flows from operating activities	362.5	356.9	112.9	108.6
Cash flows from investing activities	(138.1)	(96.6)	(53.9)	(36.9)
Cash flows from financing activities	(192.1)	(270.4)	(76.9)	(46.6)
Total cash flows, net	32.3	(10.1)	(17.9)	25.1
Average weighted number of ordinary shares for basic earnings per shares (in thousands)	219 269	219 352	219 265	219 389
Average weighted number of ordinary shares for diluted earnings per shares (in thousands)	219 269	219 852	219 265	219 745
Basic earnings per share (EUR)	0.01	0.15	0.01	0.02
Diluted earnings per share (EUR)	0.01	0.15	0.01	0.02
Declared or paid dividend per share	-	-	-	-

* EBITDA – Operating profit before depreciation, amortisation and impairment losses.

**Adjusted EBITDA – EBITDA adjusted for new openings expenses (Start-up costs), M&A expenses; all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with a transaction or profit/loss on sale of shares/entities and effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).

	YEAR ENDED	
	31 December 2022	31 December 2021
Total assets	2 280.2	2 174.9
Total liabilities	1 949.0	1 867.4
Non-current liabilities	1 322.6	1 288.1
Current liabilities	626.4	579.3
Equity attributable to shareholders of the parent	320.1	298.7
Non-controlling interests	11.1	8.8
Total equity	331.2	307.5
Share capital	22.0	22.0
Number of restaurants	2 340	2 439

Group Business Overview

Basic services provided by the Group

AmRest Holdings SE (“AmRest”, “Company”) with its subsidiaries (the “Group”) is Europe's leading listed restaurant operator with a portfolio of renowned brands in 23 countries. The Group operates 2 340 restaurants under franchised brands such as KFC, Starbucks, Pizza Hut and Burger King, as well as its own brands such as La Tagliatella, Sushi Shop Blue Frog and Bacoa. The company also has several virtual brands in its portfolio.

As of 31 December 2022, AmRest managed a network of 2 340 restaurants. Given the current scale of the business, every day almost 51 thousand of AmRest employees deliver, on a daily basis, delicious taste and exceptional service at affordable prices, in accordance with the Company's unique culture.

Nowadays, the Group manages the network of restaurants across four main segments, which are aligned with the geographical regions of its operations:

- Central and Eastern Europe (“CEE”), where historically the Company was founded and opened its first restaurant under the name of Pizza Hut; today CEE division covers the region of 10 countries (Poland, Czech Republic, Hungary, Bulgaria, Serbia, Croatia, Romania, Austria, Slovenia and Slovakia) and with 1 127 restaurants, accounting for 46.9% of Group's revenue.
- Western Europe (“WE”), is a segment which primarily consists of Spain, France and Germany, where both franchised and proprietary brands are operated, As a result of dynamic organic expansion supported by previous acquisitions, Western Europe has become a significant operating segment of the Group consisting of 11 countries, 919 restaurants and generating 34.2% of AmRest's revenues.
- Russia, where AmRest manages a network of 214 KFC restaurants.
- China, where the 80 restaurants of Blue Frog proprietary brand are operated.

And one additional segment “Other” which covers corporate office expenses. It accounts for the results of SCM Sp. z o.o. along with its subsidiaries and other support costs and functions rendered for the Group or not allocated to applicable segments such as, for instance, Executive Team, Controlling, Treasury, Investor Relations, Mergers & Acquisitions. The detailed description of the segments is included in Note 5 (‘Segment reporting’) of the Consolidated Financial Statements.

The brands of AmRest are well-diversified across five main categories of restaurant services:

- 1) Quick Service Restaurants (“QSR”), represented by KFC and Burger King,
- 2) Fast Casual Restaurants (“FCR”), represented by Pizza Hut Delivery and Express, Bacoa and Sushi Shop,
- 3) Casual Dining Restaurants (“CDR”), represented by Pizza Hut Dine-in, La Tagliatella and Blue Frog,
- 4) Coffee category, represented by Starbucks,
- 5) Virtual brands.

Within the current business model of the Group, AmRest operates its network of restaurants as a franchisee (for the brands of KFC, Pizza Hut, Starbucks and Burger King), as well as a brand owner and franchisor (for the brands of La Tagliatella, Blue Frog, Bacoa and Sushi Shop). In addition, within the concepts of Pizza Hut Delivery and Pizza Hut Express the Company acts as a master-franchisee, having the rights to sub-license these brands to third parties.

AmRest restaurants provide on-site catering, take-away and drive-in services at special sales points (“Drive Through”), as well as deliveries of orders placed online or by telephone. The diversification of channels and the continuous enhancement of take away and delivery capabilities has been key to adapting quickly to new consumer habits. Dine in was the biggest sales channel previous to the pandemic, however despite the end of the restrictions dine in sales volumes are still pending to recover previous levels.

Number of AmRest restaurants broken down by brands as at 31 December 2022

Brand	Restaurants*	Equity share	Franchise share	Share in total
Franchised	1 834	90%	10%	78%
KFC	991	100%	-	42%
PH	348	57%	43%	15%
Starbucks*	395	93%	7%	17%
Burger King	100	100%	-	4%
Own	506	55%	45%	22%
La Tagliatella	231	32%	68%	10%
Sushi Shop	193	68%	32%	8%
Blue Frog	80	86%	14%	3%
Bocoa	2	-	100%	<1%

*Starbucks franchise share refers to Starbucks licensed stores for which AmRest offers supply service but does not receive any royalty

Number of AmRest restaurants broken down by countries as at 31 December 2022

Region	Restaurants*	Equity share	Franchise share	Share in total
Total	2 340	83%	17%	100%
CEE	1 127	99%	1%	48%
Poland	615	98%	2%	26%
Czech	220	100%	0%	9%
Hungary	149	100%	0%	6%
Romania	65	100%	0%	3%
Other CEE*	78	100%	0%	3%
WE	919	58%	42%	39%
Spain	339	53%	47%	14%
France	355	50%	50%	15%
Germany**	177	85%	15%	8%
Other WE*	48	56%	44%	2%
Russia	214	100%	0%	9%
China	80	86%	14%	3%

*Other CEE includes Bulgaria, Serbia, Slovakia, Croatia, Austria and Slovenia; Other WE includes Belgium, UAE, Switzerland, Portugal, UK, Italy, Luxembourg and Saudi Arabia.

** Germany franchise share includes Starbucks licensed stores for which AmRest offers supply service but does not receive any royalty

Financial and asset position of the Group**Revenues and profitability**

The year 2022 has been marked by the sanitary normalisation in most countries after mass vaccinations were carried out among the population, leaving behind the restrictions on mobility and other constraints on daily life that the Covid-19 pandemic entailed. The big exception was China, conditioned by strict Covid zero policies. The second major event of 2022 was the start of the war in Ukraine. The economic repercussions of the conflict exacerbated inflationary pressures around the world by generating a shock to energy production prices. Central banks have reacted by tightening their monetary policies and consequently financing conditions. However, most economies have shown a high level of resilience in terms of economic growth thanks to the strength of the labour market and to the high levels of savings accumulated by households over the last years, which has allowed consumption levels to be maintained.

This challenging economic context has put in value the tremendous progress AmRest has made in recent years, from a commercial perspective, in terms of technological transformation, efficiency gains and balance sheet strengthening.

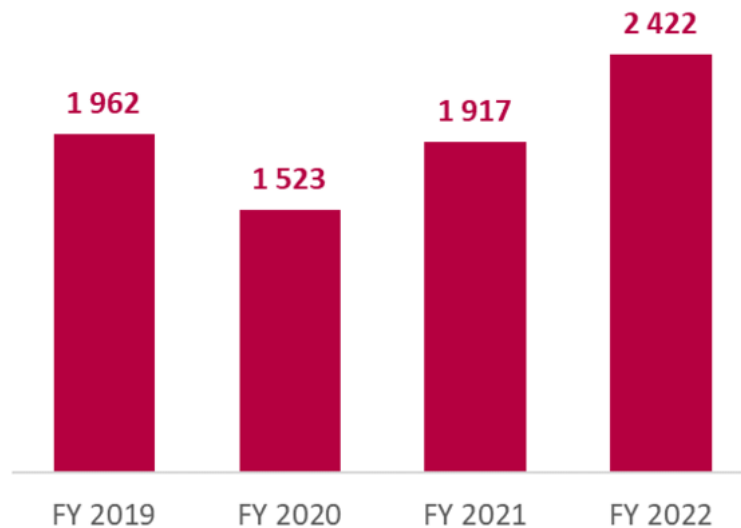
The commercial positioning has resulted in an all-time revenue record. In 2022 AmRest generated revenues of EUR 2 422 million.

The gradual easing of virtually all sanitary restrictions significantly boosted mobility, which, combined with AmRest's omnichannel positioning, resulted in a significant increase in the Group's commercial activity. Guest changing habits have accelerated over the last few years demanding meals fast prepared and served in a convenient fashion. Off-premises,

drive-through, delivery, and mobile are increasingly important and AmRest is adapting efficiently to those changes. As a result, for the full year 2022, Group revenues reached EUR 2 422 million with a growth of 26.3% compared to 2021 and same store sales (SSS) stood at 121. Quarterly revenues showed a growing trend supported by a strong increase in the number of transactions and, to a lesser extent, by moderate price increases in order to minimise the impact of cost pressure on margins. In this regards, the number of same store transactions (SST) index stood at 116.

During the fourth quarter of the year, revenues amounted to EUR 651.1 million, 20.8% higher than in 2021. Excluding Russia, the Group's quarterly sales grew quarter-on-quarter by 1.5% and set a new all-time high.

AmRest Group revenue for the 12 months ended 31 December 2019-2022



The technology transformation is at the heart of AmRest's value proposition. Digital sales are growing strongly and already account for more than half of all transactions in the QSR segment.

Technology and people are the two fundamental pillars underpinning AmRest's value proposition based on service excellence and a compelling value for money consumer experience. The Group is immersed in an ambitious technological transformation that already provides clear competitive advantages from front to back end.

AmRest maintains the majority of its IT services in Cloud which provides high flexibility, especially from the scalability perspective, a key capability for a clearly growth oriented company. It also maintains a centralised and integrated e-commerce platform for the entire Group that enables accuracy, minimisation of errors, speed of execution and stability of systems, resulting in an exceptional experience for the growing number of customers who chose our digital channels (web, mobile, kiosks or aggregators). Currently more than half of the sales from the QSR segment are generated through digital channels, which allows for a more customized offer to our customers needs while increasing the value of the transaction.

From a back office perspective, the development of new inventory management or forecasting systems, such as AmChicken, is improving the management of our restaurants, reducing waiting times for our customers and at the same time decreasing waste.

Finally, through Global BI, we have been able to connect in real time all the restaurants operated by the Group and access valuable information on the millions of transactions that take place in the different countries and brands of AmRest, providing a great starting point to better understand the preferences of our customers and adapt efficiently to them.

Advances in efficiency as a differentiating element. EBITDA generated in 2022 amounted to EUR 384.4 million.

Cost pressures in 2022 were initially caused by supply side distortions or bottlenecks following the opening of economies that had left the worst of the pandemic behind. Although bottlenecks in global value chains eased in 2022, the start of the war in Ukraine led to a new supply shock in energy products and many commodities, including agricultural products. This situation led to higher and more persistent inflationary pressure than expected, with a global scope that has aggravated risks to economic growth, especially in Europe.

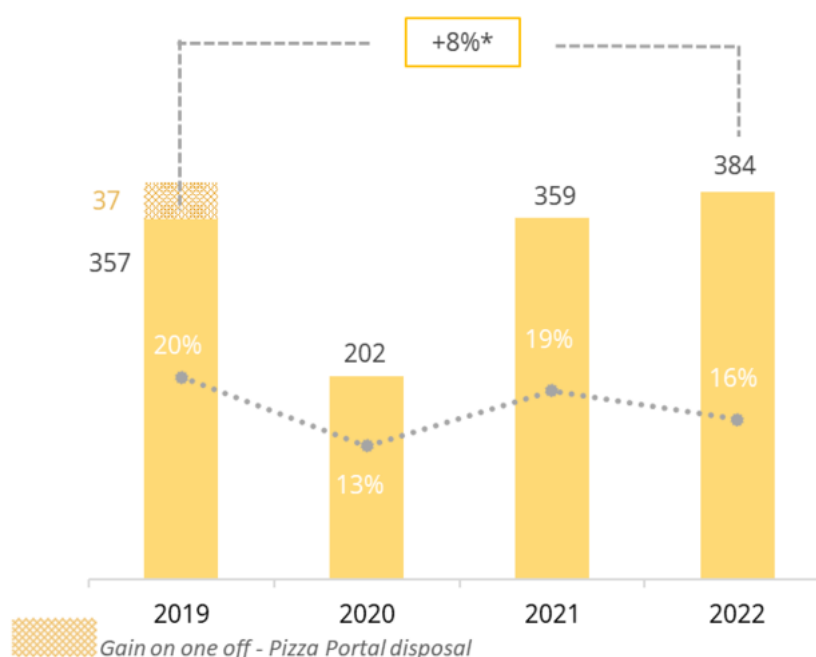
In this context, efficiency plays a key role as a differentiating element among our competitors, as it allows us to limit the pass-through of costs to end consumers and to maintain a compelling price-value proposition for our guests.

In order to control cost pressures and position AmRest to expand margins, an ambitious value-added programme has been put in place which, through multidisciplinary teams from different brands and countries, identifies, develops, applies and shares opportunities for savings in cost of sales, G&A, semis and CAPEX. This allows for increased visibility on costs, facilitating the implementation of best practices, with clear traceable targets through operational KPIs and establishing new routines and work processes. Some of the main pillars of work have been energy efficiency, process control over suppliers, waste reduction, packaging management and delivery model.

In this context, AmRest generated an EBITDA of €384.4 million in 2022, up 7% compared to 2021. The highest figure in AmRest's history excluding the extraordinary contribution of €37 million generated by the sale of Pizza Portal in 2019. By geography, the excellent figures generated in Poland and the Czech Republic stand out. Despite all this, margins deteriorated more than expected. The EBITDA margin reached 15.9% compared to 18.7% in 2021.

In the fourth quarter of the year, the EBITDA generated was EUR 94.3 million, -3.7% lower than in the same period of 2021. The comparison is affected by the depreciation of the rouble and the impact of the business in China where Covid infections soared in the country after the easing of restrictions, which caused a drastic disruption in our business with the closure of restaurants and even a lack of available staff for delivery. However, a strong recovery of activity has been observed as January progressed and Covid infections decreased. As of today, all AmRest restaurants in the country are open and fully operational.

AmRest Group EBITDA for the 12 months ended 31 December 2019-2022



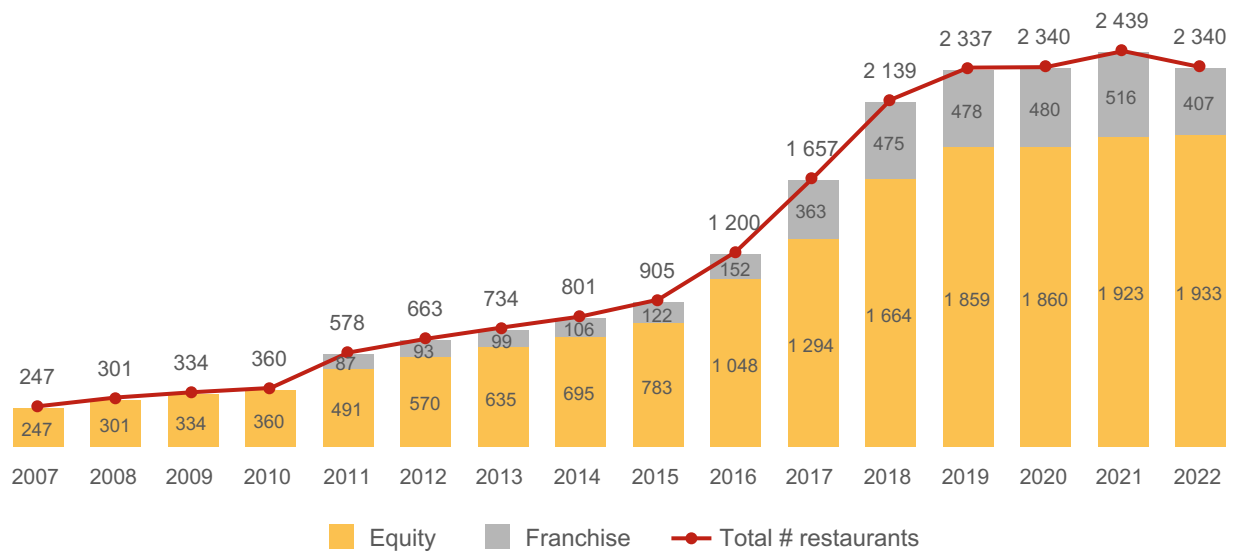
*percentage change excluding extraordinary gain in 2019.

The restaurant portfolio was adjusted with organic growth and strategic adjustments.

AmRest ended 2022 with a portfolio of 2 340 restaurants, 99 less than in the previous year. In terms of new openings, 109 new restaurants were opened in 2022, 79 owned and 30 franchised. As in previous years, there was a strong seasonality and the last quarter of the year concentrated the highest number of openings with 63. Likewise, the portfolio optimisation strategy continued to make progress with the closure of 63 non-strategic restaurants in the year, 16 of them during the fourth quarter.

In addition, several business strategic adjustments were made. The Pizza Hut Russia business was transferred during the second quarter of the year and Pizza Hut Germany during the fourth quarter. The combined number of restaurants transferred amounted to 145, 20 of which were equity and 125 sub-franchised.

An agreement was signed in December for the sale of the remaining business in Russia comprising 214 KFC restaurants. The closing of the transaction is subject to clearance by the Russian competition authority, the consent of Yum! Brands Inc. and other regulatory approvals that may apply in Russia.

Number of AmRest Group restaurants at 31 December 2007-2022**Sustainable model that combines leverage control with growth**

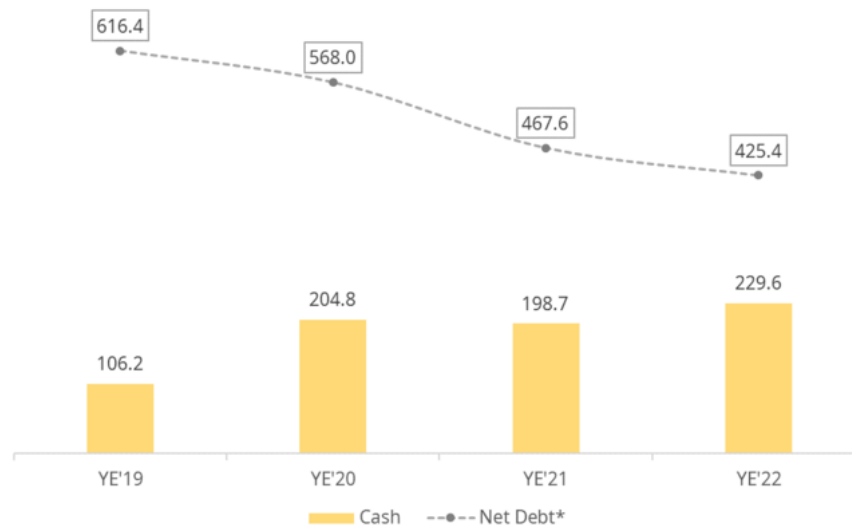
The high uncertainty about the evolution of inflation and geopolitical risks make difficult to predict the level of monetary tightening that can be applied by the different central banks, which could condition the financing capacity of companies and households in the future.

In this regard, one of the main priorities for AmRest's management in recent years has been to guarantee a sustainable model, aligning the company's cash flow generating capacity with the investments made. In addition to reducing leverage to levels considered prudent. At year end, financial leverage stood at 2x EBITDA (pre-IFRS16), which allows an adequate capacity for action to face potential challenges and opportunities that may arise.

From the accounting point of view, shareholders' equity continued to strengthen. The Group's equity amounted to EUR 331 million after increasing by almost 8% during the year, despite the significant extraordinary impairment of EUR 52.9 million booked on the Russian business.

The Group's net financial debt amounted to EUR 425.4 million at year-end 2022, a reduction of more than EUR 200 million since the beginning of the pandemic, of which EUR 42 million was reduced during the year. In addition, a prudent cash level of EUR 229.6 million is maintained, which represents an increase of EUR 31 million throughout the year. This increase has been compatible with an acceleration in CAPEX to EUR 148.7 million compared to EUR 103.8 million in 2021. During the fourth quarter of 2022, CAPEX increased to EUR 71.7 million. On the other hand, the Group's operating cash flow generation reached EUR 362.5 million for the year, of which EUR 112.9 million was generated in the fourth quarter.

Net financial debt evolution and cash position



*Net Debt pre IFRS16

Profit attributable to shareholders amounted to EUR 1.3 million after registering a significant impairment of EUR 52.9 million in the Russian business.

The Group's gross margin remained at 11.1%, the same level as in 2021, despite the enormous cost pressure faced. However, the EBIT margin fell by more than two percentage points to 3% as consequence of the extraordinary impairment booked for the Russia business. The total non-financial asset impairments amounted to EUR 55.4 million.

As of 30 June AmRest recorded an impairment of EUR 52.9 million on its Russian business. Subsequently, on 6 December it announced the agreement to sell this business. The closing of the transaction is subject to the approval of the Russian competition authorities, the consent of Yum! Brands Inc. owner of the brand and other regulatory approvals that may be applicable in Russia. At year-end 2022, the net asset value of this business in the consolidated accounts amounted to EUR 64.7 million.

Furthermore, an additional EUR 2 million was recorded for impairment at the restaurant business unit level. This figure is clearly lower than the EUR 18 million recorded in the financial year 2021. Furthermore, the number of restaurants subject to impairment in 2022 was 131 compared to 240 in the previous year.

Table 1. Structure of Group's revenue

Revenue	YEAR ENDED			
	31 December 2022		31 December 2021	
	Amount	Share	Amount	Share
Central and Eastern Europe	1 133.8	46.9%	873.1	45.5%
Western Europe	829.2	34.2%	720.9	37.6%
Russia	295.3	12.2%	185.2	9.7%
China	82.6	3.4%	100.2	5.2%
Other*	81.1	3.3%	37.6	2.0%
Total	2 422.0	100.0%	1 917.0	100.0%

*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.

Revenues and profitability by segments

Central and Eastern Europe (CEE)

For the full year 2022, sales in this segment amounted to EUR 1 133.8 million, representing 46.9% of Group sales and a YoY growth of 29.9%. EBITDA generated was EUR 215.0 million, EUR €18.8 million higher than in 2021, representing an EBITDA margin of 19.0%. These figures represent record sales and EBITDA generation in nominal terms. The

commercial activity has been gaining momentum throughout the year, explained by the gradual recovery of dine-in, following the sanitary normalisation, and by the increasing use of take away by our customers.

In the fourth quarter, revenues reached EUR 309.2 million, 23.4% higher than in the same quarter of 2021. EBITDA was EUR 53.0 million, representing an EBITDA margin of 17.1%.

The restaurant portfolio reached 1 127 units after increasing by 41 restaurants with the opening of 58 new restaurants and the closure of 17.

Western Europe (WE)

Revenues in this segment reached EUR 829.2 million, 15.0% higher than in 2021. The EBITDA generated amounted to EUR 107.5 million with an EBITDA margin of 13.0%. Once more, sales were gaining momentum throughout the year, mostly due to easing of restrictions that supported a gradual recovery of the dine in. Nonetheless, there were importance divergencies among countries, while Spain and Germany recorded over 30% sales growth sales in France were stagnant due to a lower delivery activity.

Revenues in the fourth quarter stood at EUR 223.5 million, 10.9% higher than in the same period of 2021. EBITDA reached EUR 29.5 million, representing an EBITDA margin of 13.2%.

The total number of restaurants in the region stood at 919 units with a net decrease of 79 during 2022. From an organic perspective there were 43 new openings and 36 closures, in addition to the transfer of the 86 Pizza Hut restaurants located in Germany at year end.

Russia

Sales in Russia reached EUR 295.3 million, 59.4% more than in 2021 very affected by the exchange rate appreciation of the rouble.

Due to the termination on 31 May 2022 of the Pizza Hut Master Franchise Agreement (MFA) in Russia, the Pizza Hut's restaurants in this market were transferred during the second quarter of 2022 to a third party operator appointed by Yum! The transfer resulted in the exit of 59 restaurants, 19 equity and 40 franchised

As of 30 June AmRest recorded an impairment of EUR 52.9 million on its remaining Russian business. Subsequently, on 6 December it announced the agreement to sell this business that comprises 214 restaurants. The closing of the transaction is subject to the approval of the Russian competition authorities, the consent of Yum! Brands Inc. owner of the brand and other regulatory approvals that may be applicable in Russia. At year-end 2022, the net asset value of this business in the consolidated accounts amounted to EUR 64.7 million.

China

Revenues generated during the year stood at EUR 82.6 million, (17.6)% lower than in 2021. The EBITDA generated EUR 15.6 million, represents a margin of 18.8%. The business performance during the year was conditioned by the evolution of the restrictions marked by the Zero Covid approach. Revenues in the fourth quarter were EUR 20.2 million, an increase of 11% compared to 4Q20. EBITDA amounted to EUR 2.9 million with a margin of 14.4%%. After Covid restrictions were lifted the infections spiked resulting in a significant business disruption. However, a strong recovery of activity has been observed as January progressed and Covid infections decreased. As of today, all AmRest restaurants in the country are open and fully operational

AmRest closed 2022 with 80 restaurants in the region after increasing the portfolio by 3 units during the year with the opening of 8 new units and the close of 5. At year-end all the restaurants were operational but during the quarter up to 20% of the portfolio was affected by closures.

Table 2. Revenues and margins generated in the particular markets for the years ended 31 December 2022 and 2021

	12 MONTHS ENDED			
	31 December 2022		31 December 2021	
	Amount	% of sales	Amount	% of sales
Revenue	2 422.0	100.0%	1 917.0	100.0%
Poland	580.2	24.0%	462.5	24.1%
Czechia	282.2	11.7%	204.0	10.6%
Hungary	151.7	6.3%	122.2	6.4%
Other CEE	119.7	4.9%	84.4	4.4%
Total CEE	1 133.8	46.9%	873.1	45.5%
Russia	295.3	12.2%	185.2	9.7%
Spain	305.2	12.6%	232.8	12.1%
Germany	173.0	7.1%	128.7	6.7%
France	309.4	12.8%	313.5	16.4%
Other WE	41.6	1.7%	45.9	2.4%
Western Europe (WE)	829.2	34.2%	720.9	37.6%
China	82.6	3.4%	100.2	5.2%
Other	81.1	3.3%	37.6	2.0%
EBITDA	384.4	15.9%	359.1	18.7%
Poland	100.9	17.4%	92.5	20.0%
Czechia	61.6	21.8%	50.5	24.7%
Hungary	26.8	17.7%	32.8	26.9%
Other CEE	25.7	21.5%	20.4	24.1%
Total CEE	215.0	19.0%	196.2	22.5%
Russia	58.6	19.8%	41.3	22.3%
Spain	61.8	20.3%	45.9	19.7%
Germany	24.5	14.2%	26.9	20.9%
France	17.1	5.5%	31.6	10.1%
Other WE	4.1	9.9%	6.2	13.2%
Western Europe (WE)	107.5	13.0%	110.6	15.3%
China	15.6	18.8%	28.7	28.7%
Other	(12.3)	(15.1)%	(17.7)	(47.0)%
Adjusted EBITDA	389.8	16.1%	364.9	19.0%
Poland	102.4	17.7%	93.9	20.3%
Czechia	62.6	22.2%	51.5	25.3%
Hungary	27.5	18.1%	33.5	27.4%
Other CEE	26.3	21.9%	20.9	24.7%
Total CEE	218.8	19.3%	199.8	22.9%
Russia	58.6	19.8%	41.7	22.5%
Spain	62.9	20.6%	46.5	20.0%
Germany	24.6	14.2%	27.3	21.2%
France	17.1	5.5%	31.8	10.1%
Other WE	4.1	9.9%	6.5	14.1%
Western Europe (WE)	108.7	13.1%	112.1	15.5%
China	16.0	19.4%	29.0	28.9%
Other	(12.3)	(15.1)%	(17.7)	(47.0)%

EBIT	74.6	3.1%	103.1	5.4%
Poland	49.4	8.5%	30.3	6.5%
Czechia	33.9	12.0%	24.6	12.1%
Hungary	12.5	8.2%	17.1	14.0%
Other CEE	10.7	8.9%	7.7	9.1%
Total CEE	106.5	9.4%	79.7	9.1%
Russia	(28.4)	(9.6)%	14.1	7.6%
Spain	24.3	8.0%	13.6	5.8%
Germany	(0.8)	(0.5)%	(4.5)	(3.5)%
France	(8.1)	(2.6)%	6.1	1.9%
Other WE	(1.8)	(4.4)%	1.5	3.2%
Western Europe (WE)	13.6	1.6%	16.7	2.3%
China	(3.8)	(4.6)%	11.4	11.4%
Other	(13.3)	(16.5)%	(18.8)	(50.2)%

Table 3. Revenues and margins generated in the particular markets for 3 months ended 31 December 2022 and 2021

	3 MONTHS ENDED			
	31 December 2022		31 December 2021	
	Amount	% of sales	Amount	% of sales
Revenue	651.1	100.0%	539.0	100.0%
Poland	152.0	23.3%	130.3	24.2%
Czechia	78.0	12.0%	62.4	11.5%
Hungary	44.2	6.8%	35.0	6.5%
Other CEE	35.0	5.4%	22.9	4.3%
Total CEE	309.2	47.5%	250.6	46.5%
Russia	75.3	11.6%	50.0	9.3%
Spain	86.0	13.2%	71.7	13.3%
Germany	46.7	7.2%	39.2	7.3%
France	81.0	12.4%	79.4	14.7%
Other WE	9.8	1.5%	11.2	2.1%
Western Europe (WE)	223.5	34.3%	201.5	37.4%
China	20.2	3.1%	25.0	4.6%
Other	22.9	3.5%	11.9	2.2%
EBITDA	94.3	14.5%	98.0	18.2%
Poland	24.2	15.9%	26.6	20.4%
Czechia	15.1	19.3%	15.9	25.5%
Hungary	7.7	17.4%	8.0	22.7%
Other CEE	6.0	17.0%	5.0	21.9%
Total CEE	53.0	17.1%	55.5	22.2%
Russia	12.6	16.7%	9.4	18.8%
Spain	17.4	20.2%	16.1	22.4%
Germany	7.6	16.3%	11.8	30.1%
France	3.9	4.8%	6.8	8.6%
Other WE	0.6	6.4%	0.7	6.7%
Western Europe (WE)	29.5	13.2%	35.5	17.6%
China	2.9	14.4%	6.1	24.3%
Other	(3.7)	(15.9)%	(8.5)	(71.6)%
Adjusted EBITDA	97.2	14.9%	99.9	18.5%
Poland	25.1	16.5%	27.3	21.0%
Czechia	15.6	20.0%	16.3	26.2%
Hungary	8.1	18.4%	8.2	23.3%
Other CEE	6.4	18.2%	5.2	22.5%
Total CEE	55.2	17.8%	57.0	22.7%
Russia	12.6	16.7%	9.5	19.0%
Spain	17.9	20.7%	16.3	22.7%
Germany	7.6	16.3%	11.8	30.2%
France	3.9	4.9%	6.9	8.7%
Other WE	0.6	6.4%	0.8	6.7%
Western Europe (WE)	30.0	13.4%	35.8	17.7%
China	3.1	15.4%	6.1	24.6%
Other	(3.7)	(15.9)%	(8.5)	(71.5)%

EBIT	25.6	3.9%	28.2	5.2%
Poland	10.6	7.0%	10.3	7.9%
Czechia	8.3	10.7%	9.6	15.5%
Hungary	3.7	8.4%	3.3	9.4%
Other CEE	2.3	6.7%	2.6	11.3%
Total CEE	24.9	8.1%	25.8	10.3%
Russia	3.0	4.0%	0.9	1.8%
Spain	4.4	5.2%	7.6	10.5%
Germany	1.5	3.1%	(0.3)	(0.7)%
France	(1.4)	(1.7)%	1.4	1.8%
Other WE	(1.1)	(11.2)%	(0.3)	(2.8)%
Western Europe (WE)	3.4	1.5%	8.4	4.2%
China	(1.9)	(9.4)%	1.7	6.7%
Other	(3.8)	(17.0)%	(8.6)	(72.3)%

Table 4. Reconciliation of the net profit and adjusted EBITDA for years ended 31 December 2022 and 2021

	12 MONTHS ENDED			
	31 December 2022		31 December 2021	
	Amount	% of sales	Amount	% of sales
Profit/(loss) for the period	6.6	0.3%	35.4	1.8%
+ Finance costs	51.1	2.1%	48.0	2.5%
– Finance income	(4.0)	(0.2)%	(2.8)	(0.1)%
+/- Income tax expense	20.9	0.9%	22.5	1.2%
+ Depreciation and Amortisation	251.9	10.4%	236.9	12.4%
+ Impairment losses	57.9	2.4%	19.1	1.0%
EBITDA	384.4	15.9%	359.1	18.7%
+ Start-up expenses*	5.4	0.2%	5.8	0.3%
+/- Effect of SOP exercise method modification	-	-	-	-
Adjusted EBITDA	389.8	16.1%	364.9	19.0%

* operating costs incurred by the company to open a restaurant but before a restaurant starts generating revenue

Table 5. Reconciliation of the net profit and adjusted EBITDA for 3 months ended 31 December 2022 and 2021

	3 MONTHS ENDED			
	31 December 2022		31 December 2021	
	Amount	% of sales	Amount	% of sales
Profit/(loss) for the period	3.6	0.6%	5.3	1.0%
+ Finance costs	17.1	2.6%	16.0	3.0%
– Finance income	0.5	0.1%	(1.8)	(0.3)%
+/- Income tax expense	4.4	0.7%	8.6	1.6%
+ Depreciation and Amortisation	63.4	9.7%	59.1	11.0%
+ Impairment losses	5.3	0.8%	10.8	2.0%
EBITDA	94.3	14.5%	98.0	18.2%
+ Start-up expenses*	2.9	0.4%	1.9	0.4%
+/- Effect of SOP exercise method modification	0.0	-	0.0	-%
Adjusted EBITDA	97.2	14.9%	99.9	18.5%

* operating costs incurred by the company to open a restaurant but before a restaurant starts generating revenue

Table 6. Liquidity analysis

	YEAR ENDED	
	31 December 2022	31 December 2021
Current assets	372.6	315.9
Inventory	37.5	33.1
Current liabilities	626.4	579.3
Cash and cash equivalents	229.6	198.7
Trade and other receivables	89.1	67.9
Trade and other accounts payable	340.0	287.2

Table 7. Balance sheet leverage analysis

	YEAR ENDED	
	31 December 2022	31 December 2021
Non-current assets	1 907.6	1 859.0
Liabilities	1 949.0	1 867.4
Non-current liabilities	1 322.6	1 288.1
Debt	1 532.4	1 487.5
Share of inventories in current assets (%)	10.1%	10.5%
Share of trade receivables in current assets (%)	23.9%	21.5%
Share of cash and cash equivalents in current assets (%)	61.6%	62.9%
Equity to non-current assets ratio	0.17	0.17
Long-term liabilities to equity ratio	3.99	4.19
Liabilities to equity ratio	5.88	6.07
Debt/equity	4.63	4.84

Definitions:

- Share of inventories, trade and other receivables, cash and cash equivalents in current assets – ratio of, respectively, inventories, trade receivables and cash and cash equivalents to current assets;
- Equity to non-current assets ratio – equity to non-current assets;
- Non-current liabilities to equity – non-current liabilities to equity;
- Liabilities to equity – liabilities and provisions to equity;
- Debt/equity – total non-current and current interest bearing loans and borrowings.

Alternative Performance Measures (APM) description

APM are metrics used by the company to describe operational or financial performance taking into account some key information or constituent and adjusting them based on the purpose of such measure. AmRest identifies the following Alternative Performance Measures in the Director's Report:

1. Like-for-like or Same Store Sales ("LFL" or "SSS") – represents revenue growth from comparable restaurants (restaurants that have been operating for a period of longer than 12 months). The measure shows the ability of a restaurant or a brand to increase its sales organically. It can be totalled the most accurately by taking the last twelve months core revenue growth minus the last twelve months net equity openings growth.
2. EBITDA – One of Key Performance Indicators for the Group. It is a close indicator of the cash profitability on operations and consists of profit from operations excluding amortisation and depreciation costs as well as impairments. Reconciliation of the measure is provided in tables 4 or 5.
3. Adjusted EBITDA – Measures profitability performance without startup costs (operating costs incurred by the Group to open a restaurant but before a restaurant starts generating revenue), indirect tax adjustments, M&A related expenses (all material expenses connected with successful acquisitions, covering all professional services, legal, financial, and other directly connected with a transaction) and effect of Stock Option Plan (SOP) exercise method modification (difference in the accounting costs of employee benefits accounted for under the cash settled versus equity settled option plan). It allows to present profitability for restaurants that already generate revenue and without some unusual costs related to M&A, tax adjustments or accounting adjustments related to SOP. Reconciliation of this APM is provided in tables 4 or 5.
4. Net debt – measures the level of external financing provided for the business as a sum of balance sheet positions of loans and borrowings, including financial lease liabilities pre-IFRS 16, net of available cash and cash equivalents, and guarantees.
5. Leverage ratio - measures the level of EBITDA calculated according to the financing agreements with the banks to net debt. It is a generally accepted level that shows indebtedness of a company relative to its ability to generate cash and profits from operations.

Brands operated by the Group

At year end 2022, the portfolio of AmRest comprises 2 340 restaurants under franchised brands such as KFC, Starbucks, Pizza Hut and Burger King, as well as its own brands such as La Tagliatella, Sushi Shop, Blue Frog and Bacoa. The company also has several virtual brands in its portfolio.

AmRest is a franchisee of Yum! Brands Inc. for the KFC and Pizza Hut brands. 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 are operated mainly by AmRest's sub-franchisees. Pizza Hut businesses acquired in Germany in July 2017 and in Russia in June 2018 (operated both by AmRest and its sub-franchisees) were sold in 2022 to third party operators designated by Yum!

Burger King restaurants are operated on a franchise basis. With effect 1st of February 2022, Burger King Europe GMBH notified the termination of AmRest's development agreements of the Burger King brand in Poland, the Czech Republic, Slovakia, Bulgaria and Romania. Nonetheless, AmRest continues to operate Burger King restaurants that it owns in these

countries under the best standards of service and quality, in compliance with the franchise agreements that continue to be in force.

Starbucks restaurants in Poland, the Czech Republic and Hungary are opened by the companies AmRest Coffee (owned in 82% by AmRest and 18% by Starbucks). These companies have the rights and licenses to develop and manage Starbucks restaurants in their respective countries. The license agreements entered into by and between AmRest's affiliates and Starbucks EMEA Limited for Poland, Hungary and Czech Republic, were extended for another 5 years. Starbucks restaurants in Romania, Bulgaria, Germany, Serbia and Slovakia are operated by the Group on a franchise basis.

La Tagliatella is one the proprietary brands of AmRest and became a part of its portfolio in April 2011. La Tagliatella restaurants are operated directly by AmRest as well as by third party entities which operate restaurants on a franchise basis.

Blue Frog brand became the property of AmRest in December 2012 as a result of acquisition of majority stake in Blue Horizon Hospitality Group LTD.

Bacoa brand was acquired by AmRest on 31 July 2018. It is a primarily burger restaurants concept operated in Spain.

Sushi Shop, a leading European sushi concept, is a proprietary brand of AmRest and became a part of its portfolio through the acquisition of Sushi Shop Group SAS on 31 October 2018. Sushi Shop restaurants are operated by both AmRest (equity stores) and AmRest's franchisees. Sushi Shop network is present in 9 countries and reported within the Western Europe segment.

Quick Service Restaurants (QSR)



Established in 1952, the KFC brand is the biggest, fastest growing and most popular chain of quick service restaurants serving chicken meals. There are currently about 27 700 KFC restaurants in over 145 countries worldwide.

On 31 December 2022 the Group operated 991 KFC restaurants: 335 in Poland, 119 in the Czech Republic, 86 in Hungary, 214 in Russia, 105 in Spain, 25 in Germany, 73 in France, 15 in Serbia, 8 in Bulgaria, 8 in Croatia, 2 in Austria and 1 in Slovenia.



The beginnings of Burger King date back to 1954. Today, Burger King ("Home of the Whopper") operates about 18 700 restaurants, serving about 11 million customers in over 100 countries every day. Almost 100% of Burger King restaurants are run by independent franchisees and many of them have been managed for decades as family businesses. Burger King brand is owned by 3G Capital.

On 31 December 2022 AmRest ran a total of 100 Burger King restaurants – 47 in Poland, 33 in the Czech Republic, 2 in Bulgaria, 8 in Slovakia and 10 in Romania.

Casual Dining and Fast Casual Restaurants (CDR, FCR)



La Tagliatella arose from the experience of 20 years of specialization in the tradition of the Italian cuisine and the innovation in its recipes. Over all these years the brand has always focused on the Italian origin of raw materials, the quality of service and the satisfaction of its more than 10 million yearly customers.

On 31 December 2022 AmRest operated 231 La Tagliatella restaurants — 227 in Spain and 4 in Portugal.



The activity of Pizza Hut has its beginnings in 1958. The brand's famous menu includes pizza based on iconic PAN dough – fluffy inside, crunchy on the outside. The most popular pizza flavour is pepperoni. In addition to pizza, the offer includes also pasta and numerous appetizers. AmRest has pioneered the brand's growth since 1993 - first restaurant was opened in Poland.

On 31 December 2022 AmRest ran 348 Pizza Hut restaurants – 165 in Poland, 26 in Hungary, 16 in Czech Republic, 138 in France and 3 in Slovakia..



Inclusion of the Blue Horizon Hospitality Group to AmRest structure in 2012 enriched the CDR segment brand portfolio with two new positions operating in the Chinese market: Blue Frog Bar & Grill and KABB. The operation of KABB was ceased in 2021.

Blue Frog Bar & Grill restaurants are serving grilled dishes from the American cuisine and a wide selection of wines and drinks in a nice atmosphere.

On 31 December 2022 AmRest operated 80 Blue Frog restaurants in China.



Bacoa is a primarily premium burger concept in Spain. Since 2010, it has been bringing high quality, freshly cooked burgers and chips to their loyal fans. Bacoa is passionate about using premium ingredients, proving every day that fast food can also be good food with the right approach.

On 31 December 2022 there were 2 licensed Bacoa restaurants in Spain.



Founded in 1998 Sushi Shop is the leading European chain of restaurants for sushi, sashimi and other Japanese specialties. It is positioned as a premium brand offering freshly prepared food with highest quality ingredients.

Sushi Shop has successfully established an international network of company-operated and franchises stores across 9 countries.

On 31 December 2022, AmRest operated 193 Sushi Shop restaurants (144 in France, 5 in Spain, 10 in Belgium, 1 in Italy, 3 in Luxembourg, 6 in UK, 11 in Switzerland, 3 in Saudi Arabia and 10 in UAE).

Coffee category



Starbucks is the world leader in the coffee sector with more than 35 700 stores in about 85 countries. It offers a broad selection of coffees from different parts of the world, as well as teas, soft drinks and a wide range of fresh snacks and desserts. The store designs and their atmosphere refer to the coffee heritage and reflect the culture of the neighbourhood.

As at 31 December 2022 AmRest operated 395 stores (68 in Poland, 52 in the Czech Republic, 37 in Hungary, 55 in Romania, 16 in Bulgaria, 10 in Slovakia, 5 in Serbia and 152, including 26 licensed stores, in Germany).

Key investments

In the overall strategy of AmRest, capital expenditure is mainly related to the development of the restaurant network. The Group increased the scale of the business through the construction of new restaurants, the acquisition of restaurant chains from third parties as well as reconstruction and replacement of assets in the existing stores. Each year, the Group's capital expenditure depends mainly on the number and type of restaurants opened, IT investments, as well as the scale and profile of M&A activities.

In 2022 AmRest's capital expenditure stood at EUR 148.7 million with an increased of 43.4% with respect to 2021. This increase has accompanied the gradual recovery in the business activity and the completion of the balance sheet deleverage objective of the Group.

The table below presents purchases of property, plant and equipment and intangible assets in 12 months ended 31 December 2022 and 31 December 2021.

Acquisition of property, plant and equipment and intangible assets

	YEAR ENDED	
	31 December 2022	31 December 2021
Intangible assets:	10.0	9.3
Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	3.2	4.2
Other intangible assets	6.8	5.1
Property, plant and equipment:	138.7	94.4
Land		
Buildings and expenditure on development of restaurants	8.2	9.2
Machinery & equipment	18.9	15.4
Vehicles	-	-
Other tangible assets (including assets under construction)	111.6	69.8
Total	148.7	103.7

AmRest's New Restaurants

	AmRest equity restaurants	AmRest franchisee restaurants	Total
31/12/2021	1 923	516	2 439
New Openings	79	30	109
Acquisitions / Disinvestments	-20	-125	-145
Closings	-46	-17	-63
Conversions	-3	3	0
31/12/2022	1 933	407	2 340

On 31 December 2022, AmRest operated 2 340 restaurants, including 407 restaurants which were managed by franchisees. Compared with 31 December 2021, the Group operates 99 restaurants less. 109 new restaurants were opened and 63 closed. The openings breakdown is: 58 restaurants in Central and Eastern Europe, 43 in Western Europe and 8 in China. The Pizza Hut businesses in Russia and Germany consisting of respectively 59 and 86 restaurants were sold in 2022.

Number of AmRest restaurants (as at 31 December 2022)

Countries	Brands	31.12.2021	31.03.2022	30.06.2022	30.09.2022	31.12.2022
Poland	Total	601	599	595	593	615
	KFC	316	316	317	320	335
	BK	47	47	46	46	47
	SBX	70	69	69	68	68
	PH equity	156	154	152	151	151
	PH franchised	7	8	8	8	14
	SK	5	5	3	-	-
Czechia	Total	212	212	213	213	220
	KFC	114	114	114	114	119
	BK	30	30	31	32	33
	SBX	51	51	51	51	52
	PH equity	17	17	17	16	16
Hungary	Total	142	142	143	144	149
	KFC	80	80	80	81	86
	SBX	36	36	37	37	37
	PH equity	26	26	26	26	26
Russia	Total	267	267	217	216	214
	KFC	218	218	217	216	214
	PH equity	19	19	-	-	-
	PH franchised	30	30	-	-	-
Bulgaria	Total	24	24	24	24	26
	KFC	8	8	8	8	8
	BK	2	2	2	2	2
	SBX	14	14	14	14	16
Serbia	Total	16	16	19	20	20
	KFC	13	13	15	15	15
	SBX	3	3	4	5	5
Croatia	KFC	8	8	8	8	8
Romania	Total	63	63	63	64	65
	SBX	54	54	54	54	55
	BK	9	9	9	10	10
Slovakia	Total	17	18	18	18	21
	SBX	9	9	9	9	10
	PH equity	3	3	3	3	3
	BK	5	6	6	6	8
Armenia	PH franchised	6	6	-	-	-
Azerbaijan	PH franchised	5	5	-	-	-
Spain	Total	333	329	332	333	339
	TAG equity	70	70	71	71	71
	TAG franchised	160	157	157	157	156
	KFC	93	92	94	95	105
	BCA equity	1	1	1	1	-
	BCA franchised	4	4	4	4	2

	SSG equity	3	5	5	5	5
	SSG franchised	2	-	-	-	-
France	Total	353	353	355	351	355
	PH equity	1	1	1	1	1
	PH franchised	131	129	130	131	137
	KFC	73	73	73	73	73
	SSG equity	111	112	112	107	104
	SSG franchised	37	38	39	39	40
Germany	Total	262	261	263	262	177
	SBX	128	127	129	126	126
	SBX licensed	25	25	25	26	26
	TAG equity	1	1	1	-	-
	KFC	25	25	25	25	25
	PH equity	6	6	6	2	-
	PH franchised	77	77	77	83	-
Austria	KFC	2	2	2	2	2
Slovenia	KFC	1	1	1	1	2
Portugal	Total	5	4	4	4	4
	TAG equity	4	4	4	4	4
	SSG franchised	1	-	-	-	-
China	Total	77	80	78	80	80
	BF equity	66	68	66	68	69
	BF franchised	11	12	12	12	11
Belgium	Total	11	11	11	12	10
	SSG equity	5	5	5	5	3
	SSG franchised	6	6	6	7	7
Italy	Total	2	2	1	1	1
	SSG equity	1	1	1	1	1
	SSG franchised	1	1	-	-	-
Switzerland	SSG equity	11	11	11	11	11
Luxembourg	SSG equity	3	3	3	3	3
UK	Total	5	6	6	6	6
	SSG equity	5	5	5	5	5
	SSG franchised	-	1	1	1	1
UAE	SSG franchised	10	11	11	10	10
Saudi Arabia	SSG franchised	3	3	3	3	3
Total AmRest		2 439	2 437	2 381	2 379	2 340

Planned investment activities

The recovery of the business activity and cash flow generation, in addition to achieved target level of deleveraging, has resulted in over 40% CAPEX increased.

The Group intends to make further progress with a more efficient capital allocation. In this respect, AmRest's working priorities combined increasing the number of restaurants, brands and commercial capabilities, in addition to maintaining restaurants and systems in optimal conditions.

From a business model perspective the development of a robust franchising activity is a key pillar of growth in the short term. In addition, the Group intends to continue to pursue its development objectives, increase scale in supply chain management and lead in digitalisation processes.

Finally, potential acquisitions remain an important factor for AmRest's growth. The Group is well positioned for any consolidation or acquisition in the sector that might be identified and would generate long term value for AmRest shareholders.

Significant events and transactions in 2022

The end of the development agreement with Burger King

On 1 February 2022 Burger King Europe GMBH has notified AmRest about the termination of the development agreements of the Burger King brand in Poland, the Czech Republic, Slovakia, Bulgaria and Romania effective as of the same day.

AmRest continues to operate 100 Burger King restaurants that it owns in mentioned territories under the best standards of service and quality, in compliance with the franchise agreements which continue to be in force.

Therefore, the revenues, EBITDA and total assets of AmRest will not be significantly affected by the termination of the development agreements.

Initiation of process to suspend temporarily operations in Russia

On 9 March 2022, following the recent announcement made by Yum! Brands, the owner of the KFC and Pizza Hut brands, AmRest informed that it was initiating the process to temporarily suspend its operations in Russia. All investment in the region were also halted.

Transfer of Pizza Hut business in Russia and Germany

As previously announced, due to termination of Pizza Hut Master Franchise Agreements in Russia and Germany, the Pizza Hut restaurants on these markets were transferred in Q2 2022 and Q4 2022, respectively, to two different counterparties designated by Yum! These two transactions have led to the transfer of 145 restaurants (20 equity + 125 franchised), 59 in Russia and 86 in Germany.

Amendment to terms of the Credit Agreement

In relation with the Senior Term and Revolving Facilities agreement dated 5 October 2017 (the "Credit Agreement") and with the Other Relevant Information published by the Company on 13 December 2021 (with registration number 13163), AmRest signed on 8 September 2022 an amendment to certain terms of the Credit Agreement, including the lenders' commitment to grant AmRest the so-called Facility G, in the amount of additional EUR 100 million, as well as the inclusion of the obligation to maintain an equity / assets ratio, with the main terms regarding interest and maturity remaining unchanged.

As a consequence of such amendment, after the usual conditions for this type of transactions were fulfilled, AmRest drew down the full amount of this credit line and is using it to finance the general corporate purposes of the AmRest group and expansion.

Agreement to sale the business in Russia

On 6 December 2022 AmRest, through its subsidiaries AmRest Sp. z o.o. and AmRest Acquisition Limited, has entered into a share purchase agreement with Almira OOO, for the sale of its KFC restaurant business in Russia (the "Transaction"). The closing of the Transaction is subject to the approval by competition authority in Russia, the consent by Yum! Brands Inc. and to other regulatory authorizations that may be applicable in Russia.

According to the terms of the share purchase agreement, as of the date of signing, AmRest expected to receive a minimum of 100,000,000 euros for the Transaction.

The final terms of the Transaction, which are subject to certain external factors, including exchange rate, will be communicated if the Transaction is closed. Nevertheless, AmRest estimates that after recognition of the impairment of the Russian business in the consolidated financial statements as of June 30, 2022, the completion of the Transaction should not require further adjustments.

External Debt

As explained in the *Significant events and transactions* section, in relation with the Senior Term and Revolving Facilities agreement dated 5 October 2017 (the "Credit Agreement") and with the Other Relevant Information published by the Company on 13 December 2021 (with registration number 13163), AmRest signed on 8 September 2022 an amendment to certain terms of the Credit Agreement, including the lenders' commitment to grant AmRest the so-called Facility G, in the amount of additional EUR 100 million, as well as the inclusion of the obligation to maintain an equity / assets ratio, with the main terms regarding interest and maturity remaining unchanged.

As a consequence of such amendment, after the usual conditions for this type of transactions were fulfilled, AmRest drew down the full amount of this credit line and is using it to finance the general corporate purposes of the AmRest group and expansion.

More information on the external debt, can be found in Note 27 ('Borrowings') of the Consolidated Financial Statements.

Shareholders of AmRest Holdings SE

During the period covered by this Report following changes occurred with respect to the Company's shareholder structure:

On 15 July 2022, as a result of the merger by absorption between FCapital Dutch, S.L. (at that time named FCapital Dutch, B.V.), as the absorbing company, and FCapital Lux S.à r.l. (holding directly 56 509 547 AmRest shares), as the absorbed company, the shareholding of FCapital Lux S.à r.l. in AmRest Holdings SE became the property of FCapital Dutch, S.L.

Likewise, FCapital Dutch, S.L. (formerly FCapital Dutch, B.V.) carried out the international transfer of its registered office, without dissolution or loss of its legal personality, from its previous domicile located in Amsterdam (The Netherlands) to Madrid (Spain), under a public deed executed on December 1, 2022 (effective date of the transfer of domicile), which was registered in the Commercial Registry of Madrid on January 16, 2023.

To the best of AmRest's knowledge as at 31 December 2022 AmRest Holdings had the following shareholder structure:

Shareholder	Number of shares and votes at the Shareholders' meeting	% of shares and votes at the Shareholders' meeting
FCapital Dutch S.L.*	147 203 760	67.05%
Artal International S.C.A.	11 366 102	5.18%
Nationale-Nederlanden OFE	10 718 700	4.88%
Aviva OFE Aviva BZWBK SA	7 013 700	3.19%
Other Shareholders	43 251 921	19.70%

* FCapital Dutch S.L. is the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finaccess SAPI de CV is the direct majority shareholder of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The direct majority shareholder of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is a member of AmRest's Board of Directors

Changes in the Parent Company's Governing Bodies

During the period covered by this Report there were no changes in the composition of the Board of Directors of AmRest. As at 31 December 2022 the composition of the Board of Directors was as follows:

- Mr. José Parés Gutiérrez
- Mr. Carlos Fernández González
- Mr. Luis Miguel Álvarez Pérez
- Ms. Romana Sadurska
- Mr. Pablo Castilla Reparaz
- Mr. Emilio Fullaondo Botella
- Ms. Mónica Cueva Díaz

- Eduardo Rodríguez-Rovira (Secretary, non-Board member)
- Mauricio Garate Meza (Vicesecretary, non-Board member)

On the day of publication of this Report the composition of the Board of Directors remains the same.

Remuneration of the Board of Directors and Senior Management Personnel

The remuneration of the Board of Directors and Senior Management Personnel (for these purposes, Senior Management Personnel is understood to be those executives who report directly to the Board of Directors, the chief executive officer or the first executive of the Company, including the person responsible for Internal Audit) paid by the Group was as follows:

	31 December 2022	31 December 2021
Remuneration of the members of the Board of Directors	0.8	0.7
Remuneration of Senior Management Personnel:		
- Remuneration received by the Senior Executives*	3.3	3.3
- Gain on share-based remuneration systems	-	-
Remuneration of Senior Management Personnel	3.3	3.3
Total compensation paid to key management personnel	4.1	4.0

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

Directors Remuneration Policy was approved at the General Shareholders' Meeting held on 12 May 2022 and will remain in force until 2025 unless the General Shareholders' Meeting so resolves to amend or replace it.

The Group's Senior Management Personnel participates in the employee share option plans (note 29). In relation to the stock option plans and Management incentive plans in the year ended 31 December 2022 the fair value of outstanding

options decreased by EUR 1.9 million, due to a significant amount of expired options. In the year ended 31 December 2021 the fair value decreased by EUR 4.5 million.

	31 December 2022	31 December 2021
Number of options outstanding (pcs, after split)	3 285 000	4 071 333
Number of available options (pcs, after split)	352 000	912 000
Fair value of outstanding options as at grant date (EUR millions)	3.5	5.4

The Group's Senior 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 of 31 December 2022 the fair value of all grants related to key management equals EUR 1.9 million. By the end of the year ended 31 December 2022 the cost of LTI related to key management amounted to EUR 1.0 million.

As of 31 December 2022 and 2021, the Group had no outstanding balances with the Senior Management Personnel, except for the accrual and payment of annual bonuses to be paid in the first quarter of the following year.

As of 31 December 2022 and 2021, the Group's members of the Board of Directors had no pension fund or life insurance. Stock Option and Management Incentive Plans as well as LTI Program in which Senior Management Personnel participates are detailed above and in note 29. Members of the Board of Directors do not participate in such programs. Furthermore, the Group had not granted any advance, loan or credit in favour of the Board Members or the Senior Management. As of 31 December 2022 and 31 December 2021 there were no material liabilities to former employees.

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

During the year 2022 there were no significant changes with respect to AmRest shares and stock options held by the members of the Board of Directors of AmRest.

As of 31 December 2021 Mr. Carlos Fernández González (member of the Company's Board of Directors) held through its closely associated person, FCapital Dutch B.V., 147 203 760 shares of the Company with a total nominal value of EUR 14 720 376. On 31 December 2022, Mr. Carlos Fernández González still owned (through FCapital Dutch S.L.) 147 203 760 AmRest's shares with a total nominal value of EUR 14 720 376.

In addition, as of 31 December 2021 Mr. Carlos Fernández González held through his another closely associated person - Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, 1 172 145 AmRest shares with a total nominal value of EUR 117 214.5. On 31 December 2022 Finaccess México, S.A. de C.V. held 1 477 523 AmRest shares with a total nominal value of EUR 147 752.3. The direct holder of the shares is Latin 10, SA de CV, a fund independently managed by Finaccess Mexico, S.A. de C.V. (a subsidiary of Grupo Finaccess).

Transactions on own shares concluded by AmRest

The commencement of the purchase of treasury shares occurred on the basis of Resolution No. 7 of the General Meeting of AmRest of 19 May 2015 concerning the authorization for the Management Board to acquire treasury shares in the Company and the establishment of reserve capital and (replacing it) Resolution No. 9 of the General Meeting of the Company of 6 June 2018 concerning the authorization to the Board of Directors for the derivative acquisition of the Company's own shares made directly by the Company or indirectly through its subsidiaries as well as for the sale of the own shares. The Ordinary General Shareholders' Meeting of AmRest held on May 12, 2022 resolved to renew the previous authorization granted by the General Shareholders' Meeting of June 6, 2018, revoking it in the unused part.

In the past the Company was acquiring own shares for the purposes of execution of stock option programs: Employee Stock Option Plan and Management Incentive Plan.

In the period between 1 January 2022 and 31 December 2022, AmRest didn't purchase any own shares. During the same period, the Company disposed a total of 29 771 own shares with a total nominal value of EUR 2 977.1 and representing 0.0136% of the share capital to entitled participants of the stock options plans. Disposal transactions under these plans were executed in three settlement methods, which impacted the sale price. Major part of the shares was transferred to the participants free of charge. As at 31 December 2022 AmRest held 341 645 own shares with a total nominal value of EUR 34 164.5 and representing 0.1556% of the share capital.

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

Dividends paid and received

In the period covered by this report the Group has paid dividend to non-controlling interest of SCM Sp. z o.o. in the amount of EUR 1.8 million.

Average period of payment to suppliers

Pursuant to Law 18/2022 of September 28, amending Law 15/2010 of July 5, which established measures against late payment in commercial transactions, the information on the average period of payment to suppliers of AmRest and its Spanish subsidiaries at 31 December 2022 and 2021 is as follows:

	2022	2021
Number of days:		
Average period of payment to suppliers	46.56	41.1
Ratio of payments	40.4	42.8
Ratio of outstanding invoices	46.99	26.2
Millions of EUR:		
Total payments	205.4	154.4
Outstanding invoices	27.1	16.7
Amount payments < 60 days	84.2	-
Number of invoices paid < 60 days	46 444	-
% Amount of payments made < 60 days out of the total payments	82%	-
% Number of invoices paid < 60 days out of the total payments	77%	-

The payments to suppliers of the Spanish consolidated companies reflected in the above table are trade payables as they relate to goods and services.

Subsequent events

In connection with the sale of its KFC stores in Russia (the "Business"), AmRest informs that, subsequent to 31 December 2022, Unirest LLC ("Unirest"), an affiliate of Yum! Brands Inc. ("Yum! Brands"), has exercised its right of first refusal pursuant to the underlying franchise agreements for itself or for the benefit of a third party, and has appointed Smart Service Nord Ltd ("Smart Service") as the purchaser of the Business.

Smart Service is operated by two Russian KFC franchisees, Messrs. Konstantin Kotov and Andrey Oskolkov and, according to public information, is the entity with which Yum! Brands Inc. entered into a sale and purchase agreement to transfer ownership of its Russian KFC restaurants in October of 2022.

As a consequence of Unirest's exercise of its right of first refusal, AmRest has terminated the sale and purchase agreement entered into with OOO Almira on 6 December 2022, and signed a new sale and purchase agreement with Smart Service on 25 February 2023 substantially in the same terms and conditions of the agreement between AmRest and OOO Almira.

Therefore, the new sale and purchase agreement is subject to the approval by the anti-trust agency of Russia and to other regulatory approvals which could be applicable in Russia.

As of today, and according to the terms of the sale and purchase agreement, AmRest expects to receive a minimum of EUR 100 million from the sale of the Business.

Factors impacting the Group's development

The Board of Directors of AmRest believes that the following factors will have a significant effect on the Group's future development and results.

External factors

- competitiveness – in terms of prices, quality of service, location and quality of food,
- demographic changes,
- consumer habits and trends, i.e, the number of people using the restaurants,
- number and location of the competitors' restaurants,
- changes in the laws and regulations which have an effect on the functioning of the restaurants and the employees employed therein,
- change in real estate rental costs and related costs,
- changes in the prices of ingredients used to prepare meals and changes in the prices of packaging materials,
- changes in the general economic and political condition in all countries where the business is run,
- changes in consumer trust, the amount of disposable income and individual spending patterns,
- changes in legal and tax determinants,

- adverse changes on the financial markets,
- situation around COVID-19 pandemic, including the progress and efficiency of medical treatments.

Internal factors

- gaining and training the human resources necessary for the development of the existing and new restaurant networks,
- obtaining attractive locations,
- effective launching of new brands and products,
- building an integrated information system.

Basic risks and threats the Group is exposed to

The Board of Directors of AmRest is responsible for the risk management system and the internal control system as well as for reviewing these systems for operating efficiency. These systems help to identify and manage risks which may prevent the execution of the long-term objectives of AmRest. However, having these safeguards in place does not ensure completely against the risk of fraud or against breaking laws. The Board of Directors of AmRest is permanently analysing and reviewing risks to which the Group is exposed. The main current risks and threats have been summarised in this section. AmRest reviews and improves its risk management and internal control systems on an on-going basis.

Liquidity risk

Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. The Group is exposed to the risk to a lack of financing at the moment of the maturity of bank loans and bonds.

As of 31 December 2022 the Group has sufficient liquidity to fulfil its liabilities over the next 12 months.

The Group analyses liquidity needs with particular focus on the maturity of debt and proactively investigates various forms of financing that could be utilised as needed.

Risks related to the COVID-19 and its implications for the economy and society

During year 2022, in the main economies where the Group operates, many COVID 19 related restrictions imposed by the governments were relaxed and lifted. This facilitated greater mobility and social interaction that positively impacted the revenues level for Group.

The market which remained affected by the pandemic was China where strict lockdowns were imposed in some areas during first quarter of 2022 and extended into the second quarter.

In September 2022, the head of WHO stated that the end of pandemic was in sight, yet the countries needed to remain vigilant and review their policies to strengthen them for COVID 19 and future viruses.

The occurrence of potential new mutations or variants in coming months, and their potential impact on Group's operations cannot be predicted.

Dependency on the franchisor

AmRest manages KFC, Pizza Hut, Burger King and Starbucks (in Romania, Bulgaria, Germany and Slovakia) as a franchisee, and therefore a number of factors and decisions related to the business activities conducted by AmRest and the possibility of renewing or extending the duration of the franchise agreements, depend on the conditions (including limitations or specifications) imposed by the franchisors or are subject to their consent.

Therefore, in relation to the duration of those agreements, the renewal is not automatic and AmRest cannot guarantee that after the expiry of the initial periods of duration of the franchise agreements, which are typically ten years, a given franchise agreement will be extended.

Dependency on cooperation with minority shareholders and Starbucks' call option

AmRest operates Starbucks restaurants in Poland, the Czech Republic and Hungary based on partnership agreements with Starbucks Coffee International, Inc. The partnerships establishes that Starbucks Coffee International, Inc. is the minority shareholder of companies operating Starbucks stores in mentioned countries. Therefore, some decisions as part of the joint business activities are dependent on Starbucks' consent.

If AmRest fails to comply with the obligation to open and run the minimum specified number of cafés, Starbucks Coffee International, Inc. has the right to increase its share in these companies by acquiring shares from AmRest Sp. z o.o. at a price agreed between the parties based on the valuation of the companies.

No exclusivity rights

International Franchise Agreements per se do not typically grant exclusivity rights to the franchisee in the relevant territories. In order to secure exclusivity rights for a certain territory, franchisees aim to have either a master franchise agreement or a development agreement with the franchisor. Currently, AmRest does not have master franchise agreements or development agreements in all territories and cannot secure that it will have exclusivity on certain territories.

Risks related to the consumption of food products

Changes in consumer preferences arising from concerns over the nutritious properties of chicken, which is the main ingredient in the KFC menu, or as a result of unfavourable information being circulated by the mass media concerning the quality of the products, could pose a threat to the Group.

Furthermore, diseases caused by these (i.e. food poisoning) and damages to health as a result of eating in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and Sushi Shop, and as a result of revealing unfavourable data prepared by the government or a given market sector concerning the products served in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and Sushi Shop, health-related issues and issues related to the functioning patterns of one or more restaurants run both by AmRest and the competition could also pose a threat to the Group.

- Food risks can result from a microbiological, chemical (formed during preparation like acrylamide e.g., burned meat, dark brown fried French fries) or physical factors.
- Risks associated with new technologies - that alter the characteristics of the food, such as genetic modification or food irradiation, may change the composition of the food, replacing an existing or traditional method of food production can also lead to a change in the levels of a hazard, such as the levels of pathogenic microorganisms.
- Risks associated with allergenic foods - can range from mild to severe gastrointestinal effects, headaches, respiratory problems or skin reactions to potentially life-threatening anaphylaxis.
- Food poisoning (e.g., by incautious storage and preparation of food, contaminated food, or water).
- Hormones or antibiotics in meat.

Risks related to key personnel turnover in the Group and increasing labour costs

AmRest's success depends, to some extent, on the individual effort of selected employees and key members of management.

Excessive turnover of employees and too frequent changes in managerial positions may pose a significant risk to the stability and quality of the business activities.

Risks related to limited access to foodstuffs and the variability of their cost

Increases in the cost of commodities, raw materials and goods can have an adverse impact on Group's operating profit margins

AmRest's situation is also affected by the need to ensure frequent deliveries of fresh agricultural products and foodstuffs and anticipating and responding to changes in supplies costs. The Group cannot rule out the risk related to delivery shortage or interruptions caused by factors such as unfavourable weather conditions, changes in legal regulations or withdrawing some foodstuffs from trading. Also the increased demand for certain products accompanied by limited supply may lead to difficulties in obtaining these by the Group or to relevant price increases. Both the shortages and product price increases may have an adverse effect on the Group's results, operations and financial standing.

Risks related to opening restaurants in new countries

Opening or taking over restaurants operating in a new geographical and political area involves the risk of varying consumer preferences, a risk of insufficient knowledge of the market, the risk of legal restrictions arising from local regulations and the political risk of these countries.

Currency risk

The results of AmRest are exposed to currency risk related to transactions and exchanges into currencies other than the currency in which business transactions are measured in the individual Capital Group companies. The Group adjusts its currency portfolio of debt to the geographical structure of its profile of activities.

Risks related to the current geopolitical situation

The Company conducts its business in countries where political climates are uncertain. Tensions around that subject may result in a negative impact on economy, including unstable currency, interest rates, liquidity, supply chain disruptions and consumer confidence deterioration.

In 2022, the increased geopolitical risk, as a consequence of the war in Ukraine, weighed adversely on global economic conditions including the markets where the Group operates.

The conflict has triggered turmoil in the financial markets around the world, and drastically increased uncertainty about the recovery of the global economy, as reflected in the widespread deterioration of the consumer confidence indicators, which has impacted on financial and commodity markets.

Despite the fact that the conflict has remained localized, it has had 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, 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. The Group has been closely monitoring their potential impact on Group's current and future operations. All these events and uncertainty that accompanies them may have a significant impact on the Group's operations and financial position, of which the effect is difficult to predict.

The future economic and regulatory situation may differ from the Management's expectations.

Risk of increased financial costs

AmRest and its subsidiaries are exposed to a certain extent to adverse impact of interest rate fluctuations in connection with obtaining financing which bears floating interest rates and investing in assets bearing floating interest rates. The interest rates of bank loans and borrowings and issued bonds are based on a combination of fixed and floating reference rates which are updated over periods shorter than one year.

Additionally, AmRest and its subsidiaries may, as part of the interest rate hedging strategy, enter into derivative and other financial contracts, where the valuation of which is significantly affected by the level of reference rates.

Increases in the cost of energy and utilities

Significant increase of energy pricing impacted cost side on most European markets. Impact which we offsetting by consumption reduction and by adjusted purchasing strategies.

Tax risk

In the process of managing and executing strategic decisions, which may affect the tax settlements, AmRest could be exposed to tax risk. In the event of irregularities occurring in tax settlements it would increase the dispute risk in the case of a potential tax control. Current fiscal supervisions are presented in Note 31 to the Consolidated Financial Statements as for the year ended 31 December 2022.

Credit risk

Exposure to credit risk include cash and cash equivalents and trade and other receivables. With the development of franchise business, AmRest is getting exposed more to credit risk. Therefore the quality of the franchisees portfolio is a key priority.

Risks of economic slowdowns

Economic slowdown in the countries where AmRest runs its restaurants may affect the level of consumption expenditure in these markets, which in turn may affect the results of the AmRest restaurants operating in these markets.

Risk of system breakdowns and temporary breaks in serving customers in restaurants

Risk of systems failures and communication network failure, as well as the potential partial or complete loss of data in connection with system breakdowns or damage or loss of key tangible fixed assets of the Group might result in temporary interruptions in serving customers in restaurants, which might have an adverse effect on the Group's financial results.

Cyberattack risk

The Group's operations are supported by a wide variety of IT systems, including point-of-sale systems, electronic ordering platforms, supply-chain management systems and finance and controlling tools. Consequently, the Group is exposed to the risk of temporary operational disruption, data integrity risk and/or unauthorised access to confidential data, which may be a result of cyberattacks.

Global crisis and disruption

The potential occurrence of global disasters, such as health epidemics, economic crises, energy crises, extreme weather events, or other critical events creates a risk of disruption the Group's business, industry and economies where the Group operates and could impact the Group's day to day business concerns.

Adverse regulatory change or evolution

Failure to anticipate, identify and respond to new regulation that may result in fines, litigations and/or the loss of operating licences or other restrictions.

Remaining factors outside the Group's control

This risk is related to the effect of factors remaining outside the Group's control on AmRest's development strategy which is based on opening new restaurants. Such factors include: opportunities for finding and securing available and appropriate locations for restaurants, the ability to obtain the permits required by relevant bodies, the possibility of delays in opening new restaurants.

Activity in Research and Development area

The Group wants to serve to its customers the highest quality products that are balanced in terms of taste and nutritional composition. According to the business trends and customer needs, all brands operated by the Group have set up departments focusing on new product development, as well as the improvement of the existing products.

Activities in this area include for example: market researches, the careful selection of ingredients and packaging, the creation and preparation of new products, tastings followed by collection of customers feedbacks and, ultimately, the launch of the final products.

The statements contained in this Director's Report may contain certain forward-looking statements relating to the Group that are based on the beliefs of the Group's management as well as assumptions made by and information currently available to the Group's management and are not a guarantee of future performance or developments. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. The Group does not intend to update or otherwise revise such forward-looking statements, whether as a result of new information, future events or otherwise.

Reliance on any forward-looking statements involves known and unknown risks and uncertainties and, accordingly, readers are strongly cautioned to not place reliance on any forward-looking information or statements.



Non-financial Information Statement

AmRest Holdings SE Capital Group
27 February 2023





Non-financial Information Statement

According to the Royal Decree-Law 11/2018 of 28 December, relating to non-financial information and diversity, the Board of Directors of AmRest Holdings SE is issuing this Non-financial Information Statement (NFIS) for the 2022 Financial Year as part of the Consolidated Directors' Report, which is presented with Consolidated Annual Accounts. This statement has a public character and may be reviewed on following website: www.amrest.eu.

For the purposes of this document, the following should be understood to mean the same: AmRest Holdings SE, AmRest, the AmRest Group and the Group. The reporting scope is from 1 January 2022 to 31 December 2022. All the data is presented as of 31 December 2022 unless stated otherwise.

The statement is an independent part of the Consolidated Directors' Report for the 2022 and includes information concerning all the subsidiaries of AmRest Holdings SE. In the cases where the data presented does not apply to all AmRest units, the scope is specified exactly. As of 31 December 2022, AmRest operated 2 340 equity and franchised restaurants and coffee houses in 23 countries, and the Group's registered office was Paseo de la Castellana 163 (10th floor), 28046 Madrid, Spain. Although the franchised restaurants of AmRest are a part of its portfolio, the Group does not disclose information regarding these restaurants, as they are operated by third parties.

The following NFIS has been prepared in accordance with the GRI Sustainability Reporting Standards (used when appropriate to present quantitative information), which are listed in the table at the end of this statement. The material topics covered in the following document were diagnosed during the materiality analysis, as further explained in Section 2 (Materiality analysis) herein.

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AmRest's business model and operations in 2022

AmRest Group is Europe's leading listed restaurant operator with a portfolio of renowned brands in 23 countries of Europe and Asia: Austria, Belgium, Bulgaria, China, Croatia, Czech rep., France, Germany, Hungary, Italy, Luxembourg, Poland, Portugal, Romania, Russia, Saudi Arabia, Serbia, Slovakia, Slovenia, Spain, Switzerland, United Arab Emirates, United Kingdom. The Group operates the restaurants under franchised brands such as KFC, Starbucks, Pizza Hut and Burger King, as well as its own brands such as La Tagliatella, Sushi Shop, Blue Frog and Bacoa. In addition, AmRest also has several virtual brands in its portfolio. As of 31 December 2022, AmRest managed the network of 2 340 restaurants.

AmRest's operations are well-diversified across five main categories of the restaurant industry:

- Quick Service Restaurants ("QSR"), represented by KFC and Burger King
- Fast Casual Restaurants ("FCR"), represented by Pizza Hut Delivery and Express, Bacoa and Sushi Shop
- Casual Dining Restaurants ("CDR"), represented by Pizza Hut Dine In, La Tagliatella and Blue Frog
- Coffee category, represented by Starbucks
- Virtual brands.

AmRest operates its network of restaurants as a franchisee (for the brands of KFC, Pizza Hut, Starbucks and Burger King), as well as a brand owner and franchisor (for the brands of La Tagliatella, Blue Frog, Bacoa and Sushi Shop). In addition, within the concepts of Pizza Hut Delivery and Pizza Hut Express the Company acts as a master-franchisee, having the rights to sub-license these brands to third parties.

Table. Brands operated by AmRest

Proprietary brands		Franchise brands	
La Tagliatella	Sushi Shop	KFC	Starbucks
Blue Frog	Bacoa	Pizza Hut	Burger King

Table. Restaurant count

Brand	Restaurant count (total)	Self-owned restaurants	Franchise restaurants
KFC	991	991	-
Starbucks	395	369	26
Pizza Hut	348	197	151
Burger King	100	100	-
La Tagliatella	231	75	156
Sushi Shop	193	132	61
Blue Frog	80	69	11
Bacoa	2	-	2
Total number of restaurant and coffee houses	2 340	1 933	407

Materiality analysis

The opinions and recommendations of AmRest's key stakeholders as well as regular evaluation of AmRest performance in ESG are important part of Company's sustainability management. In 2020 AmRest conducted a comprehensive materiality analysis to identify the social, environmental and ethical issues relevant to defining its approach to sustainability. In 2022, AmRest conducted an internal review of the materiality matrix. Key representatives of the AmRest Management Team assessed and prioritized 21 material topics in 5 areas: business model, customer relationships, environment, good governance and Human Resources.

The topics that were evaluated to be material to AmRest, with relevant Key Performance Indicators, have been included in this statement.

Table. AmRest material topics assessment

Importance level	Topic
Very high	Customer orientation
	Employee health and safety
	Employment matters
	Food quality and safety
High	Adaptation to climate change
	Circular economy
	Corporate governance
	Diversity, inclusion and equal remuneration
	Energy and carbon footprint management
	Environmental management
	Ethics and compliance
	Food waste
	Human rights
	Responsible production, marketing and product labelling
	Responsible sourcing
	Risk management
	Social engagement
	Sustainable use of water
	Talent development
Important	Biodiversity
	Transparent taxation

Sustainability strategy and governance

In 2022 AmRest implemented its new Global Sustainability Strategy. The Company prioritized the initiatives and actions that needed to be implemented or relaunched and set specific objectives. The strategy is based on global sustainability standards (e.g. United Nations Sustainable Development Goals), benchmarks, and trends, and reflects the existing and forthcoming legislation applying to ESG (Environmental, Social, and Governance).

The strategy consists of three pillars – Our Food, Our People and Our Environment – and applies to all AmRest employees and executives across each brand operated by AmRest in every geography where the Company is present.

Table. Areas covered in AmRest Global Sustainability Strategy

Our Food	Our People	Our Environment
Responsible sourcing	Fair employment practices	Circular economy
Nutrition and balanced choice	Diversity & Equality	
Food safety	Social engagement	Climate change

Responsibility for each pillar belongs to the respective members of the AmRest Management Team:

- Chief Food Services Officer (Our Food)
- Chief People Officer (Our People)
- Chief Operations Officer (Our Environment)

The pillar owners are responsible for delivering the goals and KPIs set under the strategy and for reporting progress to the Sustainability, Health and Safety Committee. AmRest Board of Directors is informed about the progress of the sustainability strategy on a regular basis.

Members of the AmRest Management Team, including the Chief Executive Officer and global heads of key functions, participate in dedicated sessions to oversee governance of the sustainability strategy.

Sustainability-related matters, as well as non-financial reporting, are coordinated globally by the External Communications and Corporate Affairs department, whose head reports directly to the Executive Chairman of the AmRest Board of Directors.

Risk management at AmRest

AmRest identifies, assesses, and monitors financial and non-financial risks to which the Group is exposed. The risk management system, internal control system and operating effectiveness of these systems, are supervised by Global Risk Owners in the Company, and the Chief Risk and Compliance Officer. At the Management Team level, responsibility lies with the Risk and Compliance Committee and at Board of Directors level, with the Audit and Risk Committee.

The AmRest Risk and Compliance Department is responsible for the risk management system and its operating efficiency, so that risks which may prevent the execution of the long-term objectives of AmRest are identified and managed. The Risk and Compliance Department is constantly analysing and reviewing risks to which the Group is exposed.

The key responsibilities of the department include:

- Promoting a culture of risk management, through appropriate communication, training and awareness building, among all AmRest employees;
- Periodically updating the risk catalogue and the risk map for the Group;
- Overseeing the effective functioning of the Enterprise Risk Management (ERM) System, specifically to identify, assess, respond to and report critical risks to which the Group is exposed, including emerging risks;
- Fostering the implementation of efficient and complete risk response strategies to mitigate or reduce critical risks to which the Group is exposed, within the risk appetite and tolerance levels approved by the Company;
- Reporting to the Audit and Risk Committee on the performance, functioning, and operating effectiveness of the Enterprise Risk Management system.

Risks are evaluated on a periodic basis and assessed for impact and likelihood. Their inherent risk is determined and prioritized in the annual risk map for the Group.

For risks identified as critical, the Management defines response strategies and risk monitoring plans, with the implementation of key risk indicators (KRI). This combines strategies for the risk monitoring, with the execution of control activities, which are assessed for operating effectiveness on a periodic basis.

The trends in critical risks performance and the effectiveness of the control activities are reported on a regular basis to the Risk and Compliance Committee and to the Audit and Risk Committee. When risks exceed the defined tolerance level, action plans are implemented and monitored with Global Risk Owners and Global Risk Delegates.

The main current risks and threats related to sustainability-related matters have been summarized in this section. AmRest reviews and improves its risk management and internal control systems on an on-going basis.

Table. Sustainability-related risks that may have a considerable adverse effect on operating areas of AmRest. Listed in alphabetical order. Other risks identified by AmRest are presented in the Directors' Report in section "Basic risks and threats the Group is exposed to"

Risks	
Disruption in the business (Global/Local) due to events such as epidemics, economic crises, acts of terrorism, war, energy crises, natural disasters or any other critical crisis event that may impact the Group's operations.	
Disruption to the supply of goods, or to logistics suppliers, resulting in limited access to essential supplies	
Failure to provide effective security measures to protect information that is acquired, generated, or used by the Group, due to cyber-attack, breach, or system failure.	
Failure to define and implement the response strategy and communication plan of the Group's Environmental, Sustainability and Governance (CO2 emission, use of plastic, waste management) resulting in an adverse impact on the Group's reputation and competitive position	
Failure to identify and meet trends and expectations from the Group's main stakeholders including shareholders, workforce, creditors, customers, and regulators	
Increases in the cost of commodities, raw materials and goods which can impact the Group's operating profit margins	
Internal or external fraud committed by employees/customers/3rd parties which result in a loss of the Groups' revenue, operations, liquidity and/or reputation	
Lack of a consistent and proper framework, to assure alignment with the ethical standards and Group values; including procedures, communication, training and awareness regarding culture and values of the Group, to secure a consistent understanding of obligations and responsibilities.	
Loss of knowledge and expertise due to key personnel turnover and lack of succession plans	
Non-compliance with internal regulations regarding Health & Safety, Data Protection, Tax, or other areas	
Products and services offered at stores do not meet the Group's quality standards	

The Board of Directors of AmRest believes that the factors listed below may have a significant effect on the Group's future development and results.

Table. Factors that may have impact on the Group's development

Category	Factors
External	■ competitiveness – in terms of prices, quality of service, location, and quality of food,
	■ demographic changes,
	■ consumer habits and trends, i.e., the number of people using the restaurants,
	■ number and location of competitor restaurants,
	■ changes in laws and regulations which impact the functioning of the restaurants and the employees employed,
	■ changes in real estate rental costs and related costs,
	■ changes in the prices of ingredients used to prepare meals and changes in the prices of packaging materials,
	■ changes in the general economic and political environment in all countries where the business is run,
	■ changes in consumer trust, consumers' disposable income and individual spending patterns,
	■ changes in legal and tax determinants,
Internal	■ adverse changes in the financial markets,
	■ impact of the COVID-19 pandemic*
	■ acquiring and training the human resources necessary for the development of existing and new restaurant networks,
	■ securing attractive restaurant locations,
	■ effective launch of new brands and products,
	■ building an integrated information system.

* AmRest implemented fully COVID-19 practices and continues to adapt as conditions change.

Our Food

AmRest identified the following key topics in the 'Our Food' area of its Global Sustainability Strategy:

Responsible sourcing	Nutrition and balanced choice	Food safety
Animal welfare Ethical practices Sustainable packaging	Ingredients Recipes and profile Transparency	Suppliers Logistics Central Kitchen Restaurants

Responsible sourcing

In 2022, the Food Services Sustainability Project Group, under the leadership of the Chief Food Services Officer, continued to regularly monitor and address crucial supply chain matters. The scope of the team's work included defining and monitoring progress on topics such as: responsible sourcing of raw materials, sustainable packaging, and cage free eggs.

Table. Main areas of focus of Food Services Sustainability Project Group

Area	Description
Cage free eggs	AmRest uses cage-free eggs in all brands across all EU markets where the Company operates.
Ethical practices	In 2022 the Company developed the AmRest Group Supply Code of Practices, which sets forth minimum standards related to ethics, environment, and social responsibilities, that all AmRest suppliers must achieve. The Supply Code of Practice is a part of Company's standard contracting policies, and all suppliers must sign the Code simultaneously with the supplier agreement and comply with it throughout the duration of our cooperation.
Palm oil	Starting from December 2022, AmRest sourced 100% RSPO (Roundtable on Sustainable Palm Oil) certified palm oil globally.
Sustainable packaging	Since 2021 single-use plastic products e.g., straws and cutlery are banned in all AmRest restaurants operating in EU markets.

Nutrition and balanced choice

In 2022, AmRest launched and implemented its Nutrition Group Policy. The document sets out AmRest's commitments to exceed customer expectations through varied menus that meet their well-being, nutrition, and pleasure needs. The most relevant nutritional topics covered by the Policy are:

- Enhancement of the nutritional content of the menus, focusing on recipe and menu reformulation;
- Food allergens management system;
- Fruit and vegetable programs;
- Children menus.

In line with the Nutrition Group Policy, every AmRest brand ensures that their menu offers a range of food and beverages, including, but not limited to:

- Lower calorie products and adequate portion sizes;
- Increased accessibility and promotion of seasonal fruit and vegetables;
- A range of non-meat offerings;
- Low/no sugar beverages.

Food safety at AmRest

Effective cooperation with suppliers is crucial to ensure brand protection, food safety and the highest product quality. All purchased products must be sourced from a supplier that has met the requirements detailed in the AmRest Food Safety Group Policy (implemented in 2022) and has been approved by the Quality Assurance Departments. These apply to all suppliers, contractors and third parties who provide ingredients, beverages, and packaging to all AmRest brands, both owned and franchised.

A robust food safety culture is core to AmRest's success. The Company develops skills, increases awareness and risk management of all its Personnel through development programs and training. The Group is constantly working to establish a food safety mindset and to ensure the right behaviours across the organization.

Quality and food safety audits

Quality and food safety audits are conducted by experienced and independent auditors to ensure follow-up of food safety procedures. The food safety audits are regularly run in each area of the AmRest supply chain: among suppliers, in Central Kitchens, Distribution, Logistics, and in the restaurants.

- All AmRest key suppliers are subject to audit schemes approved by the Quality Assurance Department (QA) based on the suppliers' risk assessment and/or provided by the franchisors. The audits are performed either by third-party auditors who have been selected by the Food Safety & QA Department or by the franchisors, or by a QA manager/team qualified as an auditor.
- Each distributor that delivers to AmRest restaurants is audited by a third-party expert that specializes in distribution audit covering warehouses, cross-dock facilities, and transportation. The distribution audit focuses on the evaluation of systems and procedures, as well as product and process controls during storage and the distribution of food.
- AmRest's restaurants and coffee houses are meticulously inspected for food safety. Individual inspection standards and schedules are applied across the different brands to account for their specific needs. All inspections are unannounced and carried out by independent auditors.

All audit reports with results are uploaded to an online system and analysed. If the results are not satisfactory, a Corrective Action Plan needs to be put in place. Development and implementation of corrective action plans are crucial and mandatory for all incidents of non-compliance raised during an audit.

The total number of audits conducted in restaurants and among suppliers in 2022 was 7 903 (and 7 687 in 2021).

Table. Summary of main documents at AmRest in terms of food-related matters

Name of the document	
Food Safety Policy	Procurement Procedure [SCM]
Food Safety Fundamentals (FSF)	Supplier Approval Procedure
Brand Protection Monitoring System	Supply Sourcing Code of Practice
Code of Ethics and Business Conduct	Global Procurement Procedure

Our People

Main areas of focus in “Our People” pillar of AmRest Global Sustainability Strategy are:

Fair employment practices	Diversity & Equality	Social engagement
Work ethics Occupational Health & Safety Talent Development	Diversity Pay Equality	Partnerships & social investment Saving food

Workplace ethics

AmRest is committed to conduct business to the highest ethical standards and in compliance with all relevant laws and regulations. This means ensuring compliance with all applicable labour regulations, in particular, those related to hygiene, health and safety at work, as well as working hours and rest periods, payment of wages according to law, and no minors at the workplace (except in cases provided by law). Basic employment matters, including internal organization, employee and employer rights and responsibilities are regulated by separate documents adopted by AmRest subsidiaries in accordance with the relevant national laws. The Group has put in place clear practices so that all employees live by consistent ethics while at work:

- Code of Ethics and Business Conduct – a set of guidelines and rules that all people who make up the Company must follow. The Code is an essential tool that serves as a cornerstone for AmRest, detailing actions and setting out the principles of conduct all employees must observe, both when performing their professional duties and in relationships with all stakeholders. The Code also addresses AmRest’s approach to Human Rights.
- Whistleblowing Policy – the document gives clear guidelines on how to report irregularities, how to conduct investigations and how to take remedial measures in a way that ensures the protection of a “whistleblower”. The number of records filed through the whistleblowing system in 2022 was 226 (and 107 in 2021)*. The number of the cases reported in 2022 increased as a result of the communication and awareness campaign directed to all groups of employees. Introduction of the new Code of Conduct and Business Ethics followed by obligatory training and certification helped to build strong understanding of the whistleblowing process in the organization.
- The Group has zero tolerance for any form of corruption, bribery, extortion, or kickbacks. AmRest employees must never receive, accept, provide, or offer any payments or anything of value for the purpose of obtaining any kind of benefit, advantage or undue consideration, when interacting with public officials or business partners. AmRest undertakes to comply with all applicable international legislation and provisions to fight against money laundering and terrorist financing.

** In 2022 there were 3 cases related to human rights area. In 2021 the number of cases from this area was 5.*

Occupational health and safety

AmRest is committed to placing a high priority on health and safety in the workplace and therefore integrates the prevention of occupational risks into the general system of management of the Company, within all its activities and at all job levels. To build a Health & Safety at Workplace culture in all the countries where it operates, the Company implements and executes mandatory training and certifications for employees, runs preventative campaigns and deploys other forms of communication.

AmRest’s human resources strategy seeks to create an environment and working conditions that generate positive job satisfaction and well-being amongst the employees and that stimulate their motivation, commitment and involvement with the Company.

Talent Development

The Group promotes the development of its employees, fostering their skill and competency development, and informing them of the Company’s performance evaluation policies. AmRest bases the selection, training, and internal promotion of staff on clear criteria related to skills, competencies and professional merit.

Selected employee development initiatives at AmRest:

- Internal and External Training - internal training sessions dedicated to progressing employee development; opportunities to take part in external training sessions.
- Relocation - AmRest as a global Company creates opportunities for employees to work abroad and to continue the career in other markets.

Table. The total number of training hours of AmRest employees

	2021	2022
Restaurant employees	1 843 427	2 851 431
Office employees	21 024	81 297

Equality at AmRest

At AmRest, there is zero tolerance for any form of discrimination, harassment or intimidation based on gender, race, age, religion, sexual orientation, ideology, nationality, social origin, disability, or any other cause. AmRest offers stable, quality jobs and actively monitors equal pay between men and women, by comparing relative pay in positions of equal value. Following relevant law, all AmRest entities in Spain have equality plans implemented.

The remuneration area in AmRest is a part of the Global Compensation Strategy adopted by the Compensation Committee of the Board of Directors. According to the Global Compensation Strategy, AmRest strategic salary equalization goal is 95% of employees paid according to the market reference level. The strategy is realized via salary level analyses vs. market, conducted on departmental and country levels, and salary level adjustments and regulation, in particular within the annual salary increase process and internal promotion processes, within the boundaries of salary budgets as per annual operating plans.

The tables below present the average annual salaries by gender and age, considering base salary, fixed and variable. The salaries are calculated based on real-time FTE remuneration.

Group Pay Gap is established based on weighted average of gender wage gap by work classification for the same segment:

$$\sum_{x=1}^{n^{\circ} \text{ of work classification}} \frac{\text{Gender wage gap}_x \times N^{\circ} \text{ of employees}_x}{N^{\circ} \text{ total of employees}}$$

Table. Average annual salary by gender and professional category, in thousand EUR, presented by segments. The segments are defined in note number 5 of Consolidated Financial Statements. Total salary pay gap between men and women by position within the organization*

Due to data protection and confidentiality, AmRest does not disclose information about remuneration in some countries when there are two or less persons employed in a given position.

		Women		Men	
		2021	2022	2021	2022
Central Europe	Restaurant employees	6.9	7.4	6.8	6.8
	Office employees**	26.9	28.8	37.9	42.4
China	Restaurant employees	9.0	8.6	9.2	8.9
	Office employees**	30.6	28.4	45.1	42.0
Russia	Restaurant employees	3.4	3.7	3.0	3.7
	Office employees**	13.4	15.3	19.7	21.8
Western Europe	Restaurant employees	16.3	17.1	17.1	17.9
	Office employees**	47.4	47.8	58.5	62.0
		2021		2022	
Group Pay Gap		-4.0%		-2.6%	

* In 2022 the salaries and Group Pay Gap were calculated based on general professional categories: restaurant and office employees. Accordingly, 2021 data was recalculated in line with the same methodology.

** The office workers category represents 4.6% of the headcount in total.

Table. Average annual salary by age in thousand EUR

	2021	2022
<30	7.6	7.7
30-50	17.5	18.4
>50	16.0	16.2

Table. The average remuneration of directors and executives by gender*

Annual average remuneration	2021	2022
Board of Directors**	thousand EUR	
women	100	106
men	85	90
Management Team		
women	n/a	n/a
men	302	396

* Jose Pares Gutierrez receives additional remuneration as a compensation package, this amount was not included in the numbers presented in the table, which only covers the directors' fixed remuneration in their capacity as such.

** The fixed remuneration of the Board of Directors Members is equal. The differences are related to the Board Committees where the directors are members.

Collective bargaining

The Group respects the right to freedom of association and the employees' right to organize. AmRest recognizes membership in organizations whose purpose is to promote employees' interests and the Company will refrain from any intervention that seeks to limit or hinder their legal exercise. Collective bargaining agreements (where applicable) regulate the working time organization of employees alongside the compliance to the respective labour law.

Table. Organization of dialogue and negotiating with staff in main markets applicable

Country	Description
France	All AmRest French entities are covered by Works Councils (French: "Comité Economique et Social"). The Company representatives must meet with the councils at least 12 times a year. Moreover, AmRest negotiates collective Company agreements with unions when required by law. The Company is represented by the HR department.
Germany	AmRest representatives in Germany (HR and Legal Departments) meet regularly with Unions and Works Councils. All Company projects and activities that may impact the employees must be discussed with the Councils.
Spain	Following the National Labour Law, each AmRest entity has the Convenio Colectivo (Collective agreement). The negotiations are held regularly between the works council and the labour law manager who represents the Company (with the support of other representatives if needed).

Table. Summary of main documents at AmRest governing personnel matters

Name of the document	
Code of Ethics and Business Conduct	External Communication Global Policy
Criminal Compliance Policy	Gender Equality Policy
Whistleblowing Policy	Global Health & Safety Guidelines

Community relations

The Group encourages employees to engage in activities where they can make a positive impact on their communities. The Company's commitment to society is embodied by donations to charities and non-profit organizations. It includes cash, and product donations. The social engagement agenda is managed on a brand level – by appointed brand representatives and overseen globally by External Communications and Corporate Affairs department.

AmRest contributions to non-profit organizations

The Group believes in the long-term impact of education to improve the lives of children. In partnership with local institutions, AmRest supports education programs designed to inspire children and develop their skills.

- In 2022 AmRest supported SIEMACHA Spot Wrocław (an educational facility run by SIEMACHA Association) by conducting voluntary projects, in-kind donations and regular financial support

AmRest recognizes its impact specifically on the communities where it operates and therefore the Company collaborates with non-governmental organizations caring for children and young people.

- In November 2022 AmRest conducted the Foodsharing Day. KFC, Pizza Hut and La Tagliatella in six countries delivered meals to 126 locations for children.
- Over the year 2022 Starbucks held the Doing Good grants program in all its AmRest markets. In total seven projects were conducted with the financial support from AmRest.

The Company is committed to reduce organic waste and food waste. AmRest collaborates with Food Banks to save and distribute surplus food from its restaurants.

- KFC, La Tagliatella, Starbucks, Pizza Hut and Burger King cooperated with Food Banks and saved 241 tons of food in total. The brands donated surplus products from their restaurants as well as Central Kitchen and warehouses.

Support for Ukraine refugees

In 2022 the war in Ukraine impacted millions of people's lives, causing massive migration from Ukraine to the neighbouring countries. In March 2022 AmRest prepared a package of aid initiatives:

- Matching the donations of employees to charitable organizations
A matching fund scheme was established which made it possible to double the amount of financial contribution made across AmRest markets by employees to humanitarian aid organizations.
- Employment program for Ukrainian refugees
Launching an employment program for Ukrainian refugees and the family members of our current Ukrainian employees to seek AmRest positions in CEE markets: Bulgaria, Czechia, Hungary, Poland, Romania and Slovakia. AmRest HR staff supported the refugees to obtain work permits and other necessary formalities. In total AmRest hired 1 201 Ukrainian people.
- Donating food with a long shelf life
AmRest worked with its suppliers to provide regular supplies of food and drink with a long shelf life to local NGO distribution centers and collection points.
- Hot meals & beverages in the refugee reception points
The Company delivered free food and drinks from AmRest restaurants and coffee stores to support Ukrainian refugee centers, railway stations, border towns and border crossings where the refugees gathered.

Relations with the customers

Customer feedback delivers valuable insights every day, which allow AmRest managers and staff to continuously improve their service. Guests can give their feedback via phone, e-mail, letter, online contact form, Customer Satisfaction Surveys (online), third party delivery service provider systems, and social media accounts. They can also voice their opinions directly to the staff at a restaurant, who may invite them to submit their comments in writing.

The complaint-handling processes are governed by separate procedures for different markets and are following local legislation. Each complaint is evaluated by the subject matter experts and a dedicated Customer Care representative. Based on its nature, the complaint is assigned an appropriate grid tier, which determines the necessary path to follow, and the maximum time allowed to solve it. The complaints are resolved by the AmRest restaurant managers and the whole process is carefully monitored.

In 2022 AmRest's equity restaurants and coffee houses handled approx. 261 million transactions (and 220 million in 2021). The total number of complaints received in 2022 was 234 728 (and 215 768 in 2021). The number of complaints reported in 2021 has been recalculated due to the changes in the methodology.

Data privacy

AmRest Group is an international company, headquartered in Spain, and is therefore directed by the European approach to the protection of the Personal Data. The Company considers EU GDPR data protection legislation as comprehensive and progressive and therefore uses it as a foundation for the whole Group, regardless of geographical location or jurisdiction of the concerned entity. If any local jurisdiction outside the European Economic Area, where AmRest Group processes personal data, has a more protective framework than the GDPR, then the local legislation prevails and consequently the Group commits to incorporate relevant rules for this region.

Table. Summary of AmRest documents governing social issues

Name of the document	
Code of Ethics and Business Conduct	Global Data Protection Policy
Gifts, Entertainment and Hospitality Policy	Internal Control Charter
Conflicts of Interest Policy	Global Compliance Group Policy

Our Environment

AmRest Global Sustainability Strategy is focused on the following environmental areas:

Circular economy	Climate change
Management of organic waste Waste recycling	Carbon footprint Energy efficiency

Environmental management

AmRest Group wants to balance growth with a coherent organization-wide understanding of the significance of environmental protection. Therefore, in accordance with the precautionary principle, the Company closely monitors its impact on the environment, assessing risks, taking opportunities, and implementing solutions that either prevent or mitigate the potential negative impact of AmRest operations on the environment. With regard to provisions and guarantees for environmental risks, AmRest has no specific environmental insurance.

AmRest respects all the applicable laws, standards, and environmental guidelines in each country where it operates. The Group has never applied for an environmental management assessment or certification.

Environmental risks are managed through a dedicated role in the Operations structure. Facility Management department is responsible for ensuring that the national environmental requirements are met.

In 2022 a special Value Added Program was launched with the purpose to identify, quantify and execute all feasible initiatives which could improve the management of utilities, waste and other areas. In 2022 AmRest implemented 30+ performance-driven initiatives (in multiple countries).

Management of organic waste

Fighting against food waste is the most essential part of Our Environment pillar in the AmRest Global Sustainability Strategy. As a restaurant company, AmRest aims to reduce food loss in every aspect of its operations. The Company has been implementing programs aimed at saving food: Harvest (since 2016) and Too Good To Go (since 2018).

Table. AmRest food waste prevention programs

Name of the project	Harvest	Too Good To Go
Short description	Donating surplus products to people in need, Cooperation with Food Banks	Selling food products with short expiry date via mobile app . Partnership with Too Good To Go company
AmRest brands involved	KFC, Pizza Hut, Burger King	Starbucks, Pizza Hut, La Tagliatella, Sushi Shop
Number of stores involved	379	519
Amount of food saved in 2022	241 448 kg	365 298 boxes saved (1 198 995 products saved)

Waste recycling

The Group's approach to waste management has been based on different legal requirements across individual countries and was designed to meet the needs of store type and location (such as shopping malls, drive-throughs, and in-line streets). Management of waste in specific categories is done in compliance with the relevant laws, standards, and good practices, specific to that type of restaurant.

In 2022, AmRest developed Customer Packaging Policy and launched work on the Waste Management Policy.

The Customer Packaging Policy aim is to shift from a linear material model of extraction, use and disposal of customer packaging towards a circular economy model. In the document AmRest states that all packaging must comply with local and international regulations, as well as with franchisor's and industry standards. The document has been approved and is now being implemented.

The purpose of the Waste Management Policy is to state and reinforce AmRest's commitments to mitigate its impact on the environment through sustainable management of waste generated in the supply chain and restaurants. It will set specific requirements and goals to minimize waste by reducing the use of materials, reusing, and recycling whenever possible and achieving the most efficient and environmentally friendly waste processing protocol.

Climate change

Climate change poses a global challenge that directly and indirectly impacts businesses worldwide. AmRest recognizes the scientific evidence and as a responsible company, has been striving to minimize its impact on climate.

Selected solutions implemented at AmRest to address climate change adaptation and mitigation:

- Training program for restaurant crew about environment protection
- Energy optimization audits to prevent energy “leaks”
- Variable air volume system, to reduce unnecessary air flow (resulting in less air to be heated or cooled)
- Heat recovery systems from the cooking hood (exhaust air)
- Heat recovery systems from cooling and freezing installations (to pre-heat water)
- Energy monitoring systems to optimize consumption
- Photovoltaic installations in selected stores
- Voltage optimisers in selected stores
- Temperature management system to optimize the ambient temperature in the stores
- On/off system to eliminate unnecessary operation of selected cooking equipment

AmRest is working on the development of BMS (Building Management System) to optimize energy consumption of its most important equipment and installations. by remote supervision. The BMS will provide more functionality to the currently used system (Media Readings). As of 31 December 2022 AmRest had more than 400 restaurants connected to BMS.

The Company is monitoring its carbon footprint on an annual basis. In 2022 AmRest calculated its direct and indirect emissions (Scope 1 and Scope 2).

Natural resource protection

The Group recognizes the importance of natural resource protection, and the water consumption at AmRest is strictly monitored. However, since water is only used for meal preparation water consumption is not considered a crucial aspect of AmRest's environmental impact. The Group strives to make every effort to achieve greater efficiency, implementing water-saving aerators and proximity sensors in newly built restaurants and coffee houses.

Although the Group has no direct operations in protected areas, it has been working closely with its suppliers to ensure the highest environmental standards across the whole supply chain regarding biodiversity protection.

AmRest Taxonomy disclosure

The EU Taxonomy, which entered into force on July 12, 2020, is one of the measures implemented by the European Commission with the final goal of directing capital flows towards more sustainable activities and advancing the achievement of the European Union towards its environmental and social targets.

Scope of the Analysis

The first part of the analysis is carried out with the final purpose of identifying the percentage of AmRest's activities which can be defined as “eligible” under the Taxonomy criteria. The list of potential activities that may satisfy the conditions outlined in the Taxonomy Regulation have been retrieved from the data made available by the company itself. In practice, the various subsidiaries of AmRest have published their annual report, to provide information about their level of turnover, CapEx and OpEx.

To calculate the eligibility percentage of AmRest's activities, one has to follow the directives outlined in Annex I of the “COMMISSION DELEGATED REGULATION (EU) 2021/2178 of 6 July 2021”.

The second part of the analysis consists in obtaining the percentage of AmRest's turnover, CapEx and Opex that is “aligned” with the Taxonomy criteria (make a substantial contribution, do no significant harm and comply with minimum guarantees).

For the sake of clarity the directives of the Commission Delegated Regulation (EU) 2021/2178 have been reported in the following paragraphs.

Calculation of turnover %

The proportion of turnover referred to in Article 8(2), point (a), of Regulation (EU) 2020/852 shall be calculated as the part of the net turnover derived from products or services, including intangibles, associated with Taxonomy-aligned economic activities (numerator), divided by the net turnover (denominator) as defined in Article 2, point (5), of Directive 2013/34/EU. The turnover shall cover the revenue recognised pursuant to International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No 1126/2008.

The Key Performance Indicator (KPI), referred to in the first subparagraph shall exclude from its numerator the part of the net turnover derived from products and services associated with economic activities that have been adapted to climate change in line with Article 11(1), point (a) of Regulation (EU) 2020/852 and in accordance with Annex II to Delegated Regulation (EU) 2021/2139, unless those activities are either qualified as enabling activities in accordance with Article 11(1), point (b) of Regulation (EU) 2020/852; or are themselves Taxonomy-aligned.

In the case of AmRest, the turnover covers the revenue recognized pursuant to International Accounting Standard IAS 1. In the first place, the numerator will include all revenues derived from products/services associated with economic activities that qualify as environmentally sustainable. In the second place, the denominator will cover the total revenues

presented in the Consolidated income statement for the year 2022. With regards to the denominator, its measure does not differ from any Alternative Performance Measures (APMs) as defined in ESMA.

AmRest Group operates chains of own restaurants under own brands as well as under franchise license agreements. Additionally, Group operates as a franchisor (for own brands) and master-franchisee (for some franchised brand), and develops chains of franchisee businesses, organizing marketing activities for the brands, and supply chain.

Revenues from contracts with customers are recognized when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

AmRest Group has classified its activities in accordance with the criteria established by the most recent version of the European taxonomy (Delegated Regulation (EU) 2021/2178 of the Commission of 6 July 2021), so that none of the activities identified generate income for the Company. Therefore, the reference indicator relating to turnover takes on a value of 0%.

Calculation of CapEx %

The proportion of CapEx referred to in Article 8(2), point (b), of Regulation (EU) 2020/852 shall be calculated as in the previous subsection by the means of a division between the numerator and the denominator.

However, there are some differences between the two approaches that must be highlighted.

On one hand, in this framework the denominator shall cover additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. Furthermore, the denominator shall cover additions to tangible and intangible assets resulting from business combinations.

References to the Consolidated Financial Statements for the year 2022:

- Intangible assets – note 15
- Property, plant and equipment – note 13
- Right-of-use assets – note 14

For non-financial undertakings applying international financial reporting standards (IFRS) as adopted by Regulation (EC) No 1126/2008, CapEx shall cover costs that are accounted based on:

- IAS 16 Property, Plant and Equipment, paragraphs 73, (e), point (i) and point (iii);
- IAS 38 Intangible Assets, paragraph 118, (e), point (i);
- IAS 40 Investment Property, paragraphs 76, points (a) and (b) (for the fair value model);
- IAS 40 Investment Property, paragraph 79(d), points (i) and (ii) (for the cost model);
- IAS 41 Agriculture, paragraph 50, points (b) and (e);
- IFRS 16 Leases, paragraph 53, point (h).

For non-financial undertakings applying national generally accepted accounting principles (GAAP), CapEx shall cover the costs accounted under the applicable GAAP that correspond to the costs included in the capital expenditure by non-financial undertakings applying IFRS. Leases that do not lead to the recognition of a right-of-use over the asset shall not be counted as CapEx.

As before, in this framework the denominator of CapEx KPI does not differ from any Alternative Performance Measures (APMs) as defined in ESMA.

On the other hand, the numerator equals to the part of the capital expenditure included in the denominator that is any of the following:

- related to assets or processes that are associated with Taxonomy-aligned economic activities;
- part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned ('CapEx plan') under the conditions specified in the second subparagraph of this point 1.1.2.2;
- related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, notably activities listed in points 7.3 to 7.6 of Annex I to the Climate Delegated Act, as well as other economic activities listed in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

Calculation of OpEx %

The proportion of OpEx referred to in Article 8(2), point (b), of Regulation (EU) 2020/852 shall be calculated again by dividing the numerator with the denominator as specified in what follows.

In the first place, the denominator shall cover direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets, incurred during the relevant financial year.

Only direct costs should be included. Consequently, AmRest will include in the denominator part of the Restaurant expenses and Franchise as well as other expenses (lines above Gross Profit).

Non-financial undertakings that apply national GAAP and are not capitalising right-of-use assets shall include lease costs in the OpEx.

In the second place, the numerator equals to the part of the operating expenditure included in the denominator that is any of the following:

- related to assets or processes associated with Taxonomy-aligned economic activities, including training and other human resources adaptation needs, and direct non-capitalised costs that represent research and development;
- part of the CapEx plan to expand Taxonomy-aligned economic activities or allow Taxonomy-eligible economic activities to become Taxonomy-aligned within a predefined timeframe as set out in the second paragraph of this point 1.1.3.2;
- related to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures as identified in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) or Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

Results

- Turnover

Table. Presentation of turnover [EUR, %]

				Substantial contribution criteria							DNSH criteria (Does Not Significantly Harm)		Not						
Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum guarantees	Taxonomy-aligned proportion of turnover, year 2022	Category (enabling activity)	Category (transitional activity)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	—	—
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																
Total (A.1 + A.2)		0	0%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		2 422 mln	100%																
Total (A+B)		2 422 mln	100%																

- CapEx

The process that has been carried out to outline the specific CapEx activities that could be identified as “eligible” and then “aligned” according to the Commission Delegated Regulation (EU) 2021/2139 will be accurately described in the following paragraphs.

First, an initial analysis was undertaken on AmRest's Enterprise Resource Planning extract (ERP extract) by an independent sustainability advisory firm. The final goal was to detect those CapEx entries that could potentially fulfil the eligibility criteria, mentioned above. In collaboration with various experts, in charge of different business units and departments within AmRest, it was possible to consolidate a list of company expenses, retrieved directly from the CapEx archives of 2022, that could be grouped as “eligible” under the Taxonomy Regulation criteria. According to the Commission Delegated Regulation (EU) 2021/2139, the eligible activities within AmRest's portfolio are the following:

- Installation and operation of electric heat pumps;
- Construction of new buildings;
- Installation, maintenance and repair of energy efficient equipment;
- Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings;
- Installation, maintenance and repair of renewable energy technologies.

The data retrieved from the current analysis for the year 2022 present an interannual variation in comparison to the eligible CapEx KPI of 2021. In practice, an additional type of activity has been included: Construction of new buildings. AmRest's team of experts has concluded that expenditures such as: (i) building architecture and construction; and (ii) recycling of waste from construction, could not be overlooked in the eligibility analysis, regardless of their alignment status.

Second, a transversal work team has established whether the list of eligible activities could be eventually regarded as aligned to the Taxonomy Regulation directives. To do that, in the first place it is necessary to demonstrate whether the eligible activities were complying with the specific “Technical Screening Criteria” laid out in the Commission Delegated Regulation (EU) 2021/2139. In the second place, in order to conclude the alignment evaluation, it is necessary to prove

that the activities were not causing significant harm to the other objectives and that they were adhering to a series of social safeguards. The alignment analysis, as already alluded in the introduction, has been conducted only in relationship with the climate change mitigation and adaptation objectives. In this regard, AmRest has worked on assessing whether their activities comply with these criteria and, in particular, to what extent their corporate processes are adequate to assure compliance with such criteria. While making the cost calculations of the activities listed in the table, AmRest took into account only the CapEx directly related to each one of these five activities. As a result, the risk of double counting was eliminated. The data employed to assess the alignment status of AmRest's activities has been retrieved from technical manuals, interpersonal meetings, and expert consultations.

The results of this examination are shown in the underlying table, and disclose the level of eligibility and alignment in percentage terms, of AmRest's CapEx according to the criteria set out in the Taxonomy Regulation. These percentages represent the proportion of AmRest's investments that, simultaneously, make a positive, substantial contribution to at least one of the two climate objectives currently provided in the Taxonomy (climate change mitigation and adaptation), and have been proven not to cause a significant harm on the other EU environmental objectives and to comply with a series of social safeguards. In this sense, the fact that there are eligible, non-aligned investments does not imply that AmRest's remaining internal activities are causing adverse impacts, but merely that, with regard to the climate objectives, they do not make a significantly positive impact. AmRest is still working to determine its compliance with Taxonomy criteria, both in an activity-by-activity level and in a corporate level.

As can be observed in the following table, after examining accurately AmRest's CapEx, one can conclude that none of the five activities considered eligible can be regarded as aligned to what prescribed in the Commission Delegated Regulation (EU) 2021/2139. Therefore, the alignment status of AmRest's eligible activities results in an alignment CapEx KPI equal to 0%.

Table. Presentation of CapEx [EUR, %]

				Substantial contribution criteria					DNSH criteria (Does Not Significantly Harm)				Not							
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum guarantees	Taxonomy-aligned proportion of CapEx, year 2022	Category (enabling activity)	Category (transitional activity)		
				EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	—	—	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Installation and operation of electric heat pumps		4.16	1.8 mln	0.9%																
Installation, maintenance and repair of energy efficient equipment		7.3	18.2 mln	8.8%																
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings		7.5	3.3 mln	1.6%																
Installation, maintenance and repair of renewable energy technologies.		7.6	0.4 mln	0.2%																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		23.7 mln	11.5%																	
Total (A.1 + A.2)		23.7 mln	11.5%															0%	—	—
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		182.8 mln	88.5%																	
Total (A+B)		206.5 mln	100%																	

■ OpEx

In 2022 total operating expenses of AmRest Group excluding amortization and depreciation amounted to EUR 2 056.9 million and are described in the note 7 of the Consolidated Financial Statements for the year 2022. Out of that amount, EUR 41.7 million (2.0%) constitutes building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking that are necessary to ensure the continued and effective functioning of such assets incurred during the relevant financial year (mainly direct maintenance expenses). In 2022, the taxonomy OpEx for AmRest was non-material (under 5%) with respect to the total OpEx of the Group. Therefore, according to section 1.1.3.2 of Annex I of Delegated Regulation of July 6th, AmRest only discloses the denominator. **2022 OpEx denominator: EUR 41.7 million.**

Key metrics

1. Table. Number of suppliers by type*

	2021	2022
Total suppliers	12 297	12 783
Food suppliers	1 183	1 306

* Starting from 2022 the data is reported globally based on extracts from financial systems across AmRest markets. Accordingly, 2021 data has been restated.

2. Table. Main raw material consumption [t]*

	2021	2022
Meat (incl. Fish)	59 766	63 135
Flour	16 626	19 415
Dairy	14 948	18 874
Fruits & Vegetables	11 270	12 000
Cold drinks	21 571	26 607

* Starting from 2022 AmRest reports data which covers 100% of equity business. 2021 data has been restated due to expanding the scope of reporting.

3. Table. AmRest energy consumption [GJ]*

	2021	2022**
Electricity	1 226 507	1 327 487
Heating	51 821	49 305
Natural gas	207 832	206 855

* Energy data has been calculated based on the invoices from the third-parties. For the stores where the consumption data was not available (e.g. restaurants located in shopping malls) the numbers were estimated based on average consumption.

** In 2022 renewable energy covered 68 709 GJ.

4. Table. Fuel consumption of AmRest car fleet [l]*, **

	2021		2022	
	DIESEL	PETROL	DIESEL	PETROL
AmRest	655 742	1 609 495	800 815	1 448 209

* In previous years data reported by AmRest regarded only business cars. Starting from 2022 AmRest reports data which also covers the company's own delivery channel. Accordingly, 2021 data was restated due to expanding the scope of reporting.

** Fuel data has been calculated based on reports and invoices from the third-parties. Part of the data was estimated based on average fuel consumption.

5. Table. Scope 1 and Scope 2 for AmRest [tCO₂eq]*

Carbon footprint	2021	2022
AmRest		
Scope 1	16 877	16 843
Scope 2	154 253	161 259

* 2021 data restated due to the changes in the methodology. The standards used were: in 2021 Defra, Association of Issuing Bodies (AIB). In 2022 Defra, Association of Issuing Bodies (AIB), Climate Transparency Report, European Residual Mixes.

6. Table. Waste generation [tonnes, percentage]*,**

	Types of waste										
	Non-hazardous									Hazardous	
	Mixed waste	Paper and cardboard		Plastic		Glass		Organic		Used oil	
2021	39 484	42%	recycled	26%	recycled	99%	recycled	8%	segregated	100%	reused
2022	33 102	54%	recycled	69%	recycled	100%	recycled	14%	segregated	100%	reused

* The main hazardous waste for AmRest is used oil. The company recovers it by forwarding the oil to the biofuel producers. Other types of hazardous waste are considered non-material.

** For the stores where the waste generation data was not available (e.g. restaurants located in shopping malls) the numbers were estimated.

7. Table. Water consumption [m³]*

	2021	2022
AmRest	2 534 779	2 634 795

* For the stores where the water consumption data was not available (e.g. restaurants located in shopping malls) the numbers were estimated.

8. Table. AmRest employment and dismissals [headcount]

Employment	2021	2022
Total	48 539	50 933
Women	27 308	28 962
Men	21 231	21 971
<30	34 721	36 359
30-50	12 323	12 628
>50	1 495	1 946
Restaurant employees	46 328	48 606
Office employees	2 211	2 327
Permanent contract	33 075	35 786
Temporary contract	15 464	15 147
Full-time	21 891	22 450
Part-time	26 648	28 483
Dismissals*		
Total	3 508	4 476
Women	1 527	2 010
Men	1 981	2 466
<30	2 444	3 283
30-50	977	1 029
>50	87	164
Restaurant employees	3 439	4 398
Office employees	69	78

* 2021 data was recalculated due to applying different categorization of dismissals in 2022 vs 2021.

9. Table. AmRest employees covered by collective bargaining agreements [headcount, percentage]

	2021	2022
France	4 768	4 405
Germany	2 519	2 598
Italy	12	11
Luxembourg	81	66
Portugal	91	91
Spain	4 090	5 055
Switzerland	186	165
Percentage of total employment	24%	24%

10. Table. AmRest average annual employment [headcount]

	2021	2022
Average annual number of employees	46 480	50 139
Average annual number of men	20 414	21 709
Average annual number of women	26 066	28 430
Average annual number of permanent contract	32 797	34 867
Average annual number of temporary contract	13 683	15 272
Average annual number of full-time employees	21 348	22 393
Average annual number of part-time employees	25 132	27 746
Average annual number of employees <30	32 920	35 867
Average annual number of employees 30-50	12 132	12 599
Average annual number of employees >50	1 429	1 673
Average annual number of restaurant employees	44 301	47 852
Average annual number of office employees	2 180	2 287

11. Table. AmRest employees by country [headcount]

	2021*	2022
Austria	49	53
Belgium	155	72
Bulgaria	359	414
China	2 108	2 140
Croatia	171	125
Czech Republic	7 243	7 832
France	4 772	4 405
Germany	2 610	2 712
Hungary	2 274	2 643
Italy	12	11
Luxembourg	81	66
Poland	16 008	17 213
Portugal	91	91
Romania	794	965
Russia	6 768	6 366
Serbia	431	169
Slovakia	261	364
Slovenia	16	17
Spain	4 090	5 055
Switzerland	186	165
UK	60	55

* In 2021 the subcontractors (outsourced employees) were included in the headcount, where applicable, due to system features. 2022 headcount includes only employees with direct labour or civil relationship (employment) with AmRest.

12. Table. Indicator of diversity

	2021	2022
Number of employees with disabilities	1 100	1 109
Percentage of all employees	2%	2%

13. Table. Information about occupational health and safety in AmRest Holdings

Work related injuries*	2021	2022
women	337	298
men	375	316
Absenteeism among employees [hours]		
women	3 797 552	4 028 008
men	1 909 864	1 786 296
Types of injuries		
hot water, steam or chemical burns; internal injuries, broken hands and legs; bone fractures; dislocations or sprains or tears;		
Frequency rate**		
women	12.36	10.46
men	16.68	13.42
Severity rate***		
women	0.38	0.27
men	0.39	0.31

* Starting from 2022 the disclosure covers only injuries that lead to sick leaves. Accordingly, the 2021 data has been restated.

** Frequency rate calculated using the following formula: Total number of accidents that led to sick leaves $\times 10^6$ / Total number of working hours for a year.

*** Severity rate calculated using the following formula: Days lost due to the accidents that led to sick leaves $\times 10^3$ / Total number of working hours for a year.

14. Table. Expenditure on social causes [EUR]

	2021	2022
AmRest	177 502	247 017

15. Table. Membership of industry organization [EUR]

Country	Name of the organization		
Bulgaria	Bulgarian Food and Restaurant Association		
	Shanghai GiftCard Association		
China	Shanghai JinQiao Economic and Technological Development Zone Enterprise Association		
	Shanghai Pudong Foreign Investment Enterprise Association		
	Shanghai Catering and Cooking Industry Association		
Croatia	Croatian Chamber of Economics		
Czech Republic	International Facility Management Association		
Germany	Bundesverband Systemgastronomie (The Federal Association of the System Catering)		
	Industrie- und Handelskammer (Chamber of Commerce and Industry)		
Hungary	Chamber of Commerce		
Poland	Związek Pracodawców Hoteli, Restauracji i Cateringu (Association of HORECA Employers)		
	Polska Rada Centrów Handlowych (Polish Council of Shopping Centers)		
	American Chamber of Commerce		
Portugal	Associação da hotelaria, restauração e similares de Portugal (Association of HoReCA in Portugal)		
Romania	Organizația Patronală a Hotelurilor și Restaurantelor din România - HORA (Organization of Hotel and Restaurant Operators in Romania)		
Serbia	Chamber of Commerce		
Spain	Comité Horeca de AECOC (HORECA Committee)		
	Asociación Empresarial de Marcas de Restauración-Fehrcarem (Business Association of Restaurant Brands)		
	Asociación Española del Franquiciado (Spanish Association of Franchisees)		
	Asociación del Cluster Food Service de Cataluña (Association of the Food Service Cluster of Catalonia)		
		2021	2022
Total fees paid		193 558	185 380

16. Table. Profits earned by country*

Country	Profit/(loss) before tax	EUR
	2021	2022
Austria	276 301	19 382
Belgium	(2 698 959)	(2 489 276)
Bulgaria	1 880 739	3 057 688
Croatia	946 036	1 279 122
Czech Republic	18 396 832	29 485 038
China	10 724 382	(3 239 977)
France	(29 393 299)	(35 843 029)
Germany	(10 535 299)	(3 410 979)
Hungary	13 472 524	9 124 779
Italy	(61 333)	(756 598)
Luxembourg	15 528	(329 368)
Malta	-	(3 343 511)
Poland	26 825 660	43 717 613
Portugal	(2 058 207)	(843 060)
Romania	224 908	2 495 996
Russia	10 032 706	17 922 206
Serbia	1 126 060	824 130
Slovakia	(95 902)	(236 701)
Slovenia	(210 599)	223 407
Spain	(5 917 965)	9 617 517
Switzerland	999 513	(1 270 480)
UK	620 283	531 045
USA	698 867	77 352

* Profit/(loss) before tax was prepared based on input data used for consolidation purposes before consolidation adjustments (intercompany elimination, IFRS16 adjustments and other).

17. Table. Income taxes paid (unearned)*

Country	Income taxes paid (unearned)		EUR
	2021		2022
Austria	1 363		14 451
Belgium	1 289		57 553
Bulgaria	122 712		351 504
Czech Republic	2 386 488		5 115 910
China	2 347 099		2 373 444
France	369 877		2 638 000
Germany	13 181		(548)
Hungary	1 613 621		3 189 013
Italy	-		1 539
Luxembourg	30 987		66 485
Poland	1 239 188		5 414 473
Portugal	1 546		6 110
Romania	(2 908)		-
Russia	2 751 337		7 537 368
Serbia	-		74 067
Slovakia	(23 176)		-
Slovenia	-		22 092
Spain	654 575		(1 152 966)
Switzerland	-		167 949

* In order to ensure compliance with existing tax laws, regulations and principles, AmRest has put in place effective control mechanisms. AmRest's tax professionals monitor the tax situation of the Group and changes in tax laws and practices which may impact the business and its growth. AmRest makes significant investments in people, material resources and technology to ensure that this tax strategy is applied throughout the organization. Apart from Corporate Income Tax, some entities of AmRest Group are subject to local taxes levied on income earned such as Hungary (HIPA-Helyi Iparüzési Adó) and France (CVAE or Cotisation sur la Valeur Ajoutée des Entreprises).

18. Table. Public subsidies received [million EUR]

	2021*	2022
Government grants for payroll and employee benefits	10.5	0.4
Government grants for rent and other	26.7	1.6

* The other operating gains in year 2021 consisted mainly of various government assistance programs related to COVID-19 pandemic. The Group has taken numerous actions aimed at utilising government support related to cost of labour offered on all markets where the Group operates. Government programs implemented with regards to COVID-19 spread allow also to defer payments taxes, social securities and other public obligations. Group's policy is to present government grants related to income as other operating income.

GRI Standards content index

Non-financial Information Report, Contents index of the Law 11/2018			
General information		GRI selected/Reporting criteria	Pages
Business model	Brief description of the group's business model	GRI 2-1 GRI 2-6	34
	Geographical presence		34
	Objectives and strategies of the organization	GRI 2-22	34-36
	Main factors and trends that may affect future evolution	GRI 2-22 GRI 3-3	36-37
General	Reporting framework	GRI 1	32
	Materiality principle	GRI 3-1 GRI 3-2	34
Management approach	Description of the applicable policies		38-39, 40-42, 43-44, 45-46
	The results of these policies	GRI 3-3	38-39, 40-42, 43-44, 45-46
	The main risks related to these issues involving the activities of the group		36-37
Environmental questions			
Environmental management	Current and predictable impacts of the company's activities on the environment and, if applicable, on health and safety,	GRI 3-3	35
	Environmental assessment or certification procedures	GRI 3-3	45
	Resources dedicated to the prevention of environmental risks	GRI 3-3	45
	Application of the precautionary principle	GRI 2-23	45
	Amount of provisions and guarantees for environmental risks	GRI 3-3	45
Contamination	Measures to prevent, reduce or offset air pollution emissions (including noise and light pollution)	GRI 3-3	45-46, 50
Circular economy and waste prevention and management	Prevention, recycling, reuse, other forms of recovery and types of waste disposal	GRI 3-3 GRI 306-1 GRI 306-2	45, 51
	Actions to combat food waste	GRI 3-3 GRI 306-1 GRI 306-2	45
Sustainable use of resources	Water consumption and water supply according to local constraints	GRI 303-5	46, 51
	Use of raw materials and measures taken to improve the efficiency of their utilisation	GRI 301-1 GRI 301-2 GRI 301-3	46, 50
	Energy use, direct and indirect	GRI 302-1	50
	Measures taken to improve energy efficiency	GRI 3-3 GRI 302-4	45-46
	Use of renewable energies	GRI 302-1	50
Climate change	The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	GRI 305-1 GRI 305-2	45-46, 50
	Measures taken to adapt to the consequences of climate change	GRI 3-3	45-46
	Reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and measures implemented for that purpose	GRI 305-5	46
Protection of biodiversity	Measures taken to protect or restore biodiversity	GRI 3-3	46
	Impacts caused by activities or operations in protected areas	GRI 3-3	n/a

Social and personnel questions			
Employees	Total number and distribution of employees according to country, gender, age, country and professional classification	GRI 2-7 GRI 405-1	51, 53
	Total number and distribution of work contract modalities	GRI 2-7	51
	Annual average of work contract modalities (permanent, temporary and part-time) by sex, age, and professional classification	GRI 2-7	52
	Number of dismissals by sex, age, and professional classification	GRI 3-3	51
	Salary gap	GRI 3-3 GRI 405-2	41
	The average remunerations and their evolution disaggregated by sex, age, and professional classification or equal value	GRI 3-3 GRI 405-2	41
	The average remuneration of directors and executives, including variable remuneration, allowances, compensation, payment to long-term forecast savings and any other perception broken down by gender	GRI 3-3 GRI 405-2	42
	Implementation of employment termination policies	GRI 3-3	40
	Employees with disabilities	GRI 405-1	53
Work organization	Work schedule organization	GRI 3-3	40
	Number of hours of absenteeism	GRI 403-9	54
	Measures aimed to facilitate the conciliation while encouraging the co-responsible performance by both parents	GRI 3-3 GRI 401-3	41
Health and safety	Work health and safety conditions	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-7 GRI 403-8	40
	Work accidents, in particular their frequency and severity, disaggregated by gender	GRI 403-9 GRI 403-10	54
	Occupational diseases, disaggregated by gender	GRI 403-9 GRI 403-10	54
Social relationships	Organization of social dialog, including procedures to inform and consult staff and negotiate with them	GRI 3-3	42
	Percentage of employees covered by collective agreement by country	GRI 2-30	52
	The balance of collective agreements, particularly in the field of health and safety at work	GRI 403-3	42, 52
	Mechanism and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation	GRI 3-3	42
Training	Policies implemented for training activities	GRI 3-3 GRI 404-2	40-41
	The total amount of training hours by professional category	GRI 404-1	41
Universal accessibility for people with disabilities	Universal accessibility for people with disabilities	GRI 3-3	41
Equality	Measures taken to promote equal treatment and opportunities between women and men	GRI 3-3	41
	Equality plans (Section III of Organic Law 3/2007, of March 22, for the effective equality of women and men)	GRI 3-3	41
	Measures adopted to promote employment, protocols against sexual and gender-based harassment, integration, and the universal accessibility of people with disabilities	GRI 3-3	41
	Policy against any type of discrimination and, where appropriate, diversity management	GRI 3-3	41
Information about the respect for human rights			
Human rights	Application of due diligence procedures in the field of human rights; prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage, and repair possible abuses committed	GRI 2-23 GRI 2-26 GRI 2-24	40
	Claims regarding cases of human rights violations	GRI 3-3 GRI 406-1	40
	Promotion and compliance with the provisions contained in the related fundamental Conventions of the International Labour Organization with respect for freedom of association and the right to collective bargaining; the elimination of discrimination in employment and occupation; the elimination of forced or compulsory labour; and the effective abolition of child labour	GRI 3-3 GRI 407-1 GRI 408-1 GRI 409-1	40

Information about anti-bribery and anti-corruption measures

Corruption and bribery	Measures adopted to prevent corruption and bribery	GRI 3-2 GRI 2-23 GRI 2-26 GRI 205-2	40
	Measures adopted to fight against anti-money laundering		40
	Contributions to foundations and non-profit-making bodies		54

Information about the society

Commitment by the company to sustainable development	Impact of the company's activities on employment and local development	GRI 3-3 GRI 203-2 GRI 204-1	43-44, 53
	The impact of company activity on local populations and on the territory	GRI 413-1 GRI 413-2	38-39, 43-44
	The relationships maintained with representatives of the local communities and the modalities of dialog with these	GRI 2-29 GRI 413-1	42, 43-44
	Actions of association or sponsorship	GRI 3-3 GRI 201-1	55
Subcontractors and suppliers	The inclusion of social, gender equality and environmental issues in the purchasing policy	GRI 3-3	38
	Consideration of social and environmental responsibility in relations with suppliers and subcontractors	GRI 2-6 GRI 308-1	38
	Supervision systems and audits, and their results	GRI 2-6 GRI 308-2	38-39
Consumers	Customer health and safety measures	GRI 3-3	40, 43-44
	Claims systems, complaints received and their resolution	GRI 3-3 GRI 418-1	43
Tax information	Benefits obtained by country	GRI 3-3 GRI 207-4	56
	Taxes on paid benefits		57
	Public subsidies received	GRI 201-4	57

Other indicators

AmRest Taxonomy disclosure	Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18th 2020 and its Delegated Acts	46-49
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Annual Corporate Governance Report

for the year ended 31 December 2022

Data identify issuer

Ending date of reference financial year

Tax Identification Code [C.I.F.]

Registered name

Registered office

31/12/2022

A88063979

AmRest Holdings SE

Paseo de la Castellana, 163, 10° floor, 28046 Madrid, Spain





AmRest Holdings SE

Annual Corporate Governance Report
for the year ended 31 December 2022

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A OWNERSHIP STRUCTURE

A.1 Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company bylaws contain the provision of double loyalty voting:

Yes ☐ No ☒

Date of the last modification of the share capital	Share capital (euros)	Number of shares	Number of voting rights
15/10/2018	21,955,418.30	219,554,183	219,554,183

Indicate whether there are different classes of shares with different associated rights:

Yes ☐ No ☒

A.2 List the company's significant direct and indirect shareholders at year end, including directors with a significant shareholding:

Name or company name of shareholder	% of voting rights attached to the shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
Artal International, S.C.A.	5.18	0.00	0.00	0.00	5.18
AVIVA Otwarty Fundusz Emerytalny AVIVA BZWBK	3.19	0.00	0.00	0.00	3.19
Nationale-Nederlanden Open Pension Fund	4.88	0.00	0.00	0.00	4.88
FCAPITAL DUTCH, S.L.	67.05	0.00	0.00	0.00	67.05

Remarks

Mr. Carlos Fernández González owns the majority of the share capital and voting rights in Grupo Far-Luca, S.A. de C.V., which in turn owns 64.30% of the shares representing the capital with voting rights of Grupo Finaccess, S.A.P.I. de C.V. The latter owns 99.99% of the share capital and voting rights of Finaccess Capital, S.A. de C.V., which in turn owns 100% of the share capital and voting rights of FCapital Dutch, S.L. Thus, the direct shareholder, FCapital Dutch, S.L., is controlled by an entity related to the director Mr. Fernández González.

In addition, the following information is indicated:

Mr. Carlos Fernández González has a close relationship with Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión. This company has a 0.67% interest in the capital stock of AmRest Holdings, SE. The holder of the participation is Latin 10, S.A. de C.V., a fund managed independently by Finaccess Mexico, S.A. de C.V.

Breakdown of the indirect holding

Name or company name of the indirect owner	Name or company name of the direct owner	% of voting rights attached to the shares	% of voting rights through financial instruments	% of total voting rights

Indicate the most significant changes in the shareholder structure during the year:

Most significant movements

In July 2022, the merger by absorption between FCapital Dutch, S.L. (at that time named FCapital Dutch, B.V.), as the absorbing company, and FCapital Lux S.à r.l., as the absorbed company, was completed. As a result of this merger, FCapital Lux S.à r.l.'s shareholding in AmRest Holdings SE became the property of FCapital Dutch, S.L.

Likewise, FCapital Dutch, S.L. (formerly FCapital Dutch, B.V.) carried out the international transfer of its registered office, without dissolution or loss of its legal personality, from its previous domicile located in Amsterdam (The Netherlands) to Madrid (Spain), under a public deed executed on December 1, 2022 (effective date of the transfer of domicile), which was registered in the Commercial Registry of Madrid on January 16, 2023.

A.3 Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A2 above:

Name or company name of director	% of voting rights attached to the shares (including votes for loyalty)		% of voting rights through financial instruments		% of total voting rights	From % total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect

Total percentage of voting rights held by the Board of Directors

67.05

Remarks

See Section A.2.

Breakdown of the indirect holding

Name or company name of director	Name or company name of the direct owner	% of voting rights attached to the shares (including votes for loyalty)	% of voting rights through financial instruments	% of total voting rights	From % total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote

List the total percentage of voting rights represented on the board:

Total percentage of voting rights held by the Board of Directors

67.05

A.4 If applicable, indicate any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, with the exception of those reported in section A.6:

Name or company name of related party	Nature of relationship	Brief description

A.5 If applicable, indicate any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or its group, unless they are insignificant or arise in the ordinary course of business:

Name or company name of related party	Nature of relationship	Brief description

A.6 Unless insignificant for both parties, describe the relationships that exist between significant shareholders, shareholders represented on the Board and directors or their representatives in the case of directors that are legal persons.

Explain, if applicable, how the significant shareholders are represented. Specifically, indicate those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or who are linked to significant shareholders and/or companies in their group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of any directors of the listed company, or their representatives, who are in turn members or representatives of members of the Board of Directors of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
Mr. José Parés Gutiérrez	FCapital Dutch, S.L.	Grupo Finaccess S.A.P.I. de C.V.	Director of Grupo Finaccess S.A.P.I. de C.V.
Mr. Luis Miguel Álvarez Pérez	FCapital Dutch, S.L.	Grupo Finaccess S.A.P.I. de C.V.	Director of Grupo Finaccess S.A.P.I. de C.V.
Mr. Carlos Fernández González	FCapital Dutch, S.L.	Grupo Finaccess S.A.P.I. de C.V.	Chairman of the Board of Directors and General Manager of Grupo Finaccess S.A.P.I. de C.V.

A.7 Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

Yes ☐ No ☒

Indicate whether the company is aware of any concerted actions among its shareholders, If so, provide a brief description:

Yes ☐ No ☒

If any of the aforementioned agreements or concerted actions have been amended or terminated during the year, indicate this expressly:

A.8 Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act, If so, identify them:

Yes ☒ No ☐

Name or company name

Mr. Carlos Fernández González

Remarks

Mr. Carlos Fernández González owns the majority of the share capital and voting rights in Grupo Far-Luca, S.A. de C.V., which in turn owns 64.30% of the shares representing the capital with voting rights of Grupo Finaccess, S.A.P.I. de C.V. The latter owns 99.99% of the share capital and voting rights of Finaccess Capital, S.A. de C.V., which in turn owns 100% of the share capital and voting rights of FCapital Dutch, S.L. (direct shareholder of AmRest Holdings, SE).

A.9 Complete the following table with details of the company's treasury shares:

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
341 645	-	0.1556%

(*) Through:

Name or company name of direct shareholder	Number of direct shares

A.10 Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.

In connection with the authorization granted to the Board of Directors by the General Shareholders' Meeting to acquire the Company's own shares, the Ordinary General Shareholders' Meeting of AmRest held on May 12, 2022 resolved to renew the previous authorization granted by the General Shareholders' Meeting of June 6, 2018, on the terms that are literally set forth below:

"Leave without value or effect, in the unused part of the resolution approved under item nine of the Agenda of the Ordinary General Shareholders Meeting, held on 6 June 2018, concerning the authorisation granted to the Board of Directors for the derivative acquisition of Company treasury shares, directly or through companies of the group and for the disposal of the same.

Grant express authorisation for the derivative acquisition of Company treasury shares, directly through the Company or through any of its subsidiaries.

Approve the limits or requirements of these acquisitions, which will be as follows:

- (i) Methods of acquisition: by share purchase deed or by any other "inter vivos" transfer for valuable consideration.*
- (ii) Maximum amount: That the nominal value of the shares acquired directly or indirectly, added to the value of those already held by the Company and its subsidiaries, and, where applicable, the parent company and its subsidiaries, does not exceed, at any time, the permitted legal maximum.*
- (iii) Characteristics of the acquired shares: That the acquired shares are free of any charge or encumbrance, are fully disbursed and are not affected by the fulfilment of any kind of obligation.*
- (iv) Required reserve: That a restricted reserve, equivalent to the amount of the treasury shares reflected in the assets, may be provided in the Company's equity. This reserve must be maintained as long as the shares are not sold or redeemed or there is a legislative amendment authorising it.*
- (v) Term: five (5) years from the date of approval of this resolution.*
- (vi) Minimum and maximum price: The acquisition price must not be less than the nominal value or more than 20% of the listed price in both cases at the time of the acquisition in question. The acquisition of treasury shares will be in accordance with the rules and practices of the securities markets. All the above, without prejudice to the application of the general scheme of derivative acquisitions provided for in Article 146 of the current Companies Act.*

It is expressly stated that the shares acquired as a result of this authorisation may be traded or redeemed, as well as applied to remuneration schemes, plans or agreements, in effect at any time, by providing shares and stock options to members of the Board of Directors and to management personnel of the Company or its Group. In addition, it is expressly authorised that the shares acquired by the Company or its subsidiaries in the use of this authorisation, and those owned by the Company at the date of this General Meeting, may be allocated in whole or in part to facilitate the fulfilment of these plans or agreements, as well as for the development of programmes that promote equity participation in the Company, such as dividend reinvestment plans, loyalty bonds or other similar instruments.

The Board of Directors is also authorised to replace the powers delegated to it by this General Shareholders Meeting in relation to this resolution, in favour of the Chairman of the Board of Directors, the Secretary or the Deputy Secretary of the Board."

In addition, a resolution was also passed at the General Shareholders' Meeting to delegate the authority to the Board of Directors to increase the company's share capital, and to issue bonds, debentures and other fixed income securities convertible into shares, warrants or other similar securities that may grant the right to the subscription of shares, as well as promissory notes and preference shares or debt instruments of a similar nature, in turn delegating the authority to exclude the pre-emptive subscription right in these issued securities up to a limit of 20% of the share capital, in accordance with the terms of the Spanish Capital Companies Act.

A.11 Estimated float:

	%
Estimated float	19.54

A.12 Indicate whether there are any restrictions (articles of incorporation, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, indicate the existence of any type of restriction that may inhibit a takeover of the company through acquisition of its shares on the market, as well as such regimes for prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

Yes ☐ No ☒

A.13 Indicate whether the general shareholders' meeting has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Law 6/2007.

Yes ☐ No ☒

If so, explain the measures approved and the terms under which such limitations would cease to apply:

A.14 Indicate whether the company has issued shares that are not traded on a regulated EU market.

Yes ☐ No ☒

If so, indicate each share class and the rights and obligations conferred.

B GENERAL SHAREHOLDER'S MEETING

B.1 Indicate whether there are any differences between the minimum quorum regime established by the Spanish Corporate Enterprises Act for General Shareholders' Meetings and the quorum set by the company, and if so give details:

Yes X No

	% quorum different from that established in Article 193 of the Spanish Corporate Enterprises Act for general matters	% quorum different from that established in Article 194 of the Spanish Corporate Enterprises Act for special resolutions
Quorum required at 1st call	40%	60%
Quorum required at 2nd call		40%

Description of differences
<p>% quorum different from that established in Article 193 of the Spanish Corporate Enterprises Act for general matters</p> <p>Quorum required at 1st call: at least 40% of share capital subscribed with voting rights Quorum required at 2nd call: N/A</p> <p>%quorum different from that established in Article 194 of the Spanish Corporate Enterprises Act for special resolutions</p> <p>Quorum required at 1st call: at least 60% of share capital subscribed with voting rights Quorum required at 2nd call: at least 40% of share capital subscribed with voting rights</p>

B.2 Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Corporate Enterprises Act and, if so, give details:

Yes No X

B.3 Indicate the rules for amending the company's articles of incorporation. In particular, indicate the majorities required for amendment of the articles of incorporation and any provisions in place to protect shareholders' rights in the event of amendments to the articles of incorporation.

<p>Pursuant to Article 19 of AmRest's Articles of Association and Article 16 of the General Shareholders' Meeting Regulation, where an ordinary or extraordinary General Shareholders' Meeting is arranged to discuss amendments to the Articles of Association, included increasing or reducing the share capital, issuing bonds within the scope of its powers, cancelling or limiting shareholders' preferential subscription rights over new shares, transforming, merging, splitting off, globally assigning assets and liabilities, moving the registered office abroad or winding up of the Company, shareholders representing at least 60% of the share capital subscribed with voting rights must be in attendance at the first call ('<i>primera convocatoria</i>') for such meeting(s) to be considered valid. At second call ('<i>segunda convocatoria</i>'), at least 40% of the subscribed capital with voting rights is required.</p> <p>With regard the majorities required for amendments to the Articles of Association, Article 20 of AmRest's Articles of Association and Article 26 of the General Shareholders' Meeting Regulation refer to the terms set forth by law, i.e. at the first call, absolute majority where shareholders representing at least 50% of the capital subscribed with voting rights are present. At second call, where shareholders representing less than 50% of the capital subscribed with voting rights are present, resolutions concerning amendments to the Articles of Association may only be validly adopted with a favourable vote of two-thirds of the present or represented shared capital at the general shareholders' meeting.</p> <p>Also, and in pursuance to section 286 of the Companies Act, if the Bylaws are amended, the Directors or, if appropriate, the shareholders who made the proposal must draw up in full the text of their proposed amendment and a written report justifying the amendment, which must be made available to the shareholders when the General Shareholders' Meeting is called to deliberate on the amendment.</p> <p>Furthermore, and pursuant to section 287 of the Companies Act, the notice calling the General Shareholders' Meeting must clearly state the items that might be amended, and note that all the shareholders are entitled to analyze the full text of the proposed amendment and the report on such amendment at the registered offices, as well as to request such documents to be delivered or sent to them free of charge.</p> <p>Pursuant to section 291 of the Companies Act, when new obligations are established for the shareholders due to an amendment of the Bylaws, the resolution must be passed with the approval of the affected shareholders. Furthermore, if the amendment directly or indirectly affects a type of shares, or part of them, the provisions of section 293 of such Act shall apply.</p> <p>The procedure for voting on proposed resolutions at the General Shareholders' Meeting is regulated in section 197 bis of the Companies Act and in the internal regulations of AmRest (in particular, article 24 of the Regulations for the General Shareholders' Meeting). This article states, among other things, that when amendments are made to the Bylaws, each article or group of articles which is materially different will be voted on separately.</p>
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B.4 Give details of attendance at General Shareholders' Meetings held during the reporting year and the two previous years:

	Attendance data				
Date of General Meeting	% physically present	% present by proxy	% distance voting		Total
			Electronic voting	Other	
12/05/2022	0.00%	74.61%	0.00%	0.00%	74.61%
Of which floating capital:	0.00%	7.02%	0.00%	0.00%	7.02%
30/06/2021	0.00%	70.00%	0.00%	0.00%	70.00%
Of which floating capital:	0.00%	2.95%	0.00%	0.00%	2.95%
12/05/2021	0.00%	68.72%	0.00%	0.00%	68.72%
Of which floating capital:	0.00%	1.67%	0.00%	0.00%	1.67%
10/06/2020	0.00%	70.32%	0.00%	0.00%	70.32%
Of which floating capital:	0.00%	4.66%	0.00%	0.00%	4.66%

B.5 Indicate whether any point on the agenda of the General Shareholders' Meetings during the year was not approved by the shareholders for any reason.

Yes ☐ No ☒

B.6 Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:

Yes ☐ No ☒

B.7 Indicate whether it has been established that certain decisions, other than those established by law, entailing an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions must be submitted for approval to the General Shareholders' Meeting.

Yes ☐ No ☒

B.8 Indicate the address and manner of access on the company's website to information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.

The company's website address is www.amrest.eu.

Information on corporate governance, including information on the General Shareholders' Meeting, can be found by accessing directly from AmRest's home page (www.amrest.eu) to the "Investors" section (<https://www.amrest.eu/en/investors/investors-and-shareholders>) and, from there, to the "Corporate Governance" and "General Shareholders' Meeting" subsections, which include not only all the information that is legally required but also information that the Company considers to be of interest.

C STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1 BOARD OF DIRECTORS

C.1.1 Maximum and minimum number of directors established in the articles of incorporation and the number set by the general meeting:

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the general meeting	7

C.1.2 Complete the following table on Board members:

Name or company name of director	Representative	Category of director	Position on the board	Date first appointed	Date of last appointment	Election procedure	Date of birth
Mr. José Parés Gutiérrez		Executive	Chairman	October 5, 2017	May 12, 2022	General shareholders' meeting resolution	August 12, 1970
Mr. Luis Miguel Álvarez Pérez		Proprietary	Vice Chairman	October 5, 2017	May 12, 2022	General shareholders' meeting resolution	January 31, 1970
Mr. Carlos Fernández González		Proprietary	Director	October 5, 2017	May 12, 2022	General shareholders' meeting resolution	September 29, 1966
Ms. Romana Sadurska		Independent	Director	May 14, 2019	June 10, 2020	General shareholders' meeting resolution	July 28, 1951
Mr. Emilio Fullaondo Botella		Independent	Director	May 14, 2019	June 10, 2020	General shareholders' meeting resolution	May 22, 1971
Mr. Pablo Castilla Reparaz		Independent	Lead Independent Director	October 5, 2017	May 12, 2022	General shareholders' meeting resolution	December 6, 1960
Ms. Mónica Cueva Díaz		Independent	Director	July 1, 2020	May 12, 2021	General shareholders' meeting resolution	April 6, 1965
Total number of Directors							7

Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of director	Category of the director at the time of cessation	Date of last appointment	Date of cessation	Specialised committees of which he/she was a member	Indicate whether the director left before the end of his or her term of office

C.1.3 Complete the following table on Board members and their different category:

EXECUTIVE DIRECTORS

Name or company name of director	Post in organizational chart of the company	Profile
Mr. José Parés Gutiérrez	Executive Chairman	Graduated from Universidad Panamericana, Mexico (Business and Finance) and completed his MBA at ITAM, Mexico, as well as the Business D-1 Program at IPADE, Mexico, and Executive Programme at Wharton, San Francisco. CEO of Finaccess Capital (Mexico) since 2013 and Chairman of the Board of Directors of Restaurant Brands New Zealand Limited. He has international experience in marketing, sales, finance and operational management. He spent 19 years of his career working in various roles for Grupo Modelo (Mexico) and was the member of the Board of Crown Imports (Chicago, Illinois), Vice Chairman of the Board of MMI (Toronto, Canada), member of the Board of DIFA (Mexico) and member of the Mexican Brewers Association (Cámara de Cerveceros de México).
Total number of Executive Directors		1
Percentage of Board		14.29

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Mr. Luis Miguel Álvarez Pérez	FCapital Dutch, S.L. (Grupo Finaccess S.A.P.I. de C.V.)	Graduated from Universidad Iberoamericana (Industrial Engineering) and completed the International Management Program at Fort Lauderdale, Florida (IPADE Business School), the International Top Management Program (ITAM, Ashridge, Kellogg, IMD, Stanford) and the Building Skills for Success Program at Wharton, San Francisco. Board Member, Audit Committee Member and Investment Committee Member of Finaccess, S.A.P.I. (since 2013). Founder and CEO of Compitalia, S.A. de C.V. Member of the Board of Directors and of the Appointments and Remuneration Committee of Restaurant Brands New Zealand Limited. Previously held several roles at Grupo Modelo (Mexico) for more than 25 years. Currently he is a member of the Board of Directors of numerous private companies and NGOs, in addition to holding various positions in the Finaccess Group.
Mr. Carlos Fernández González	FCapital Dutch, S.L. (Grupo Finaccess S.A.P.I. de C.V.)	Industrial Engineer and Senior Management Program at the IPADE Business School (Instituto Panamericano de Alta Dirección de Empresa). He has held management functions in various economic sectors for more than 30 years. He currently holds the role of Chairman of the Board of Directors and General Manager of Grupo Finaccess S.A.P.I. de C.V., a company he founded with presence in Mexico, the United States, Europe, China and Oceania. He is also a non executive director of Inmobiliaria Colonial, SOCIMI, S.A. (Spain) and member of the Board of Directors of Restaurant Brands New Zealand Limited (New Zealand). Previously held several roles at Grupo Modelo (the last one as Chairman of the Board and CEO), as well as in different national and international companies (such as member of the international advisory board of Banco Santander, S.A. and director of Grupo Financiero Santander México, S.A.B. de C.V.).
Total number of proprietary directors		2
Percentage of Board		28.57

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	Profile
Mr. Pablo Castilla Reparaz	He holds a Bachelor's Degree of Laws (Universidad Complutense - CEU) as well as a Master's Degrees in Tax Legal Advice and EU Law (ICAI – ICADE) and finished Advanced Management Program for Overseas Bankers (the Wharton School of the University of Pennsylvania). He has more than 30 years of experience in the banking sector as a lawyer for Banco Santander, S.A., having been responsible for M&A transactions in several jurisdictions. He has also served as Director of Santander Direkt Bank (Germany), Director of Banco Mercantil (Peru), Secretary non director of BT Telecomunicaciones S.A., director Secretary of Santander Investment, S.A., Secretary of the Investment Committee of Grupo Santander, director Secretary of OpenBank and director Secretary of Grupo Vitaldent.
Ms. Mónica Cueva Díaz	She holds a degree in Economic and Business Sciences and Executive MBA from the Instituto de Empresa. She worked with Banco Santander for more than 30 years, holding various roles in different jurisdictions, generally linked to the financial, accounting and control areas, also participating in important integration processes such as the acquisition of ABN AMRO. Ms. Mónica Cueva has also been a college professor and lecturer, a member of the European Banking Authority representing Banco Santander, and a director in numerous companies of the Santander Group. She currently holds the position of director of Banco Santander Río (Argentina).
Ms. Romana Sadurska	Law graduate (University of Warsaw), LLM from Yale University and PhD from the Polish Academy of Sciences. She was a professor at the University of Sidney and the Australian National University. She was also partner Secretary General of the Spanish law firm Uría Menéndez, being responsible for the practice area of Central and Eastern Europe of said firm. She currently holds the position of Executive Vice Chairman of the Professor Uría Foundation and is a member of the Patronage ("Patronato") of the Aspen Institute Spain.
Mr. Emilio Fullaondo Botella	He holds a degree in Public Accounting and an MBA from the Instituto Tecnológico Autónomo de México (ITAM) and completed the Executive Management of the Instituto Panamericano de Alta Dirección de Empresa (IPADE). He has held senior management positions for more than 23 years in the beer industry, leading various departments related to the financial area of the Mexican beer group Grupo Modelo, including the position of Chief Financial Officer for a period of 4 years and subsequently in the Belgian company AB InBev, following the acquisition by Grupo Modelo as Chief People Officer for Middle Americas until his resignation in January 2019. Currently, he is an independent director of the Restaurant Brands New Zealand Limited.
Number of independent directors 4	
Percentage of the Board 57.14	

Indicate whether any director classified as independent receives from the company or any company in its group any amount or benefit other than remuneration as a director, or has or has had a business relationship with the company or any company in its group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement
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OTHER EXTERNAL DIRECTORS

Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:

Name or company name of director	Reason	Company, manager or shareholder to which or to whom the director is related	Profile
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Total number of other external directors

Percentage of the Board

Indicate any changes that have occurred during the period in each director's category:

Name or company name of director	Date of change	Previous category	Current category
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C.1.4 Complete the following table with information relating to the number of female directors at the close of the past four years, as well as the category of each:

	Number of female directors				% of total directors for each category			
	Year 2022	Year 2021	Year 2020	Year 2019	Year 2022	Year 2021	Year 2020	Year 2019
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Independent	2	2	2	1	50.00%	50.00%	50.00%	25.00%
Other external	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	2	2	2	1	28.57%	28.57%	28.57%	14.29%

C.1.5 Indicate whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability, education and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Spanish Auditing Act, will have to report at least the policy that they have implemented in relation to gender diversity.

Yes ☒ No ☐ Partial policies ☐

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why.

If the company does not apply a diversity policy, explain the reasons why

AmRest has a Diversity Policy in relation to the Board of Directors and the Selection of Directors, adapted to the applicable regulations and the recommendations of the Good Governance Code of the National Securities Market Commission (CNMV).

This Policy ensures that the procedures for selecting directors are based on a prior analysis of the skills required by the Board of Directors, and favors thereof diversity of knowledge, training and professional experience, age and gender on the Board, free from any implicit bias that might imply any form of discrimination, particularly on account of gender, disability or any other personal condition, and that facilitate the selection of female directors in a number that allows the achievement of an equal balance of women and men.

In accordance with the provisions of said Policy and with the Regulations of the Board of Directors, and in accordance with the criteria applied in practice by the Company, the selection of candidates to serve as a director at AmRest adheres to the following principles:

1. An effort is made to ensure that the Board of Directors has a balanced composition, with a large majority of non-executive directors and an appropriate mix of proprietary and independent directors, while also endeavoring to ensure that independent directors have sufficient weight within the Board of Directors.
2. The Board of Directors endeavors to ensure that the procedures for the selection of directors favor diversity of knowledge, training, professional experience, age and gender, and are free from any implicit biases that might imply any form of discrimination. All of the foregoing is in order for the Board of Directors to have an appropriate, diverse and balanced composition overall, which i) enriches analysis and debate, ii) contributes multiple viewpoints and positions, iii) favors decision-making, iv) gives it maximum independence, and v) allows for compliance with legal requirements and good governance recommendations in relation to composition and suitability required to be met by the members of the Board of Directors. It shall also ensure that the candidates for director have sufficient available time to properly perform their duties.
3. The process for the selection of candidates to serve as directors is also based on a prior analysis of the skills required by the Board of Directors. Such analysis is conducted by the Company's Board of Directors, with the advice and with the required report or proposal, if applicable, of the Appointments, Remuneration and Corporate Governance Committee.
4. In the case of re-election or ratification, the report or proposal of the Appointments, Remuneration and Corporate Governance Committee contains an evaluation of the work and effective dedication to the position for the most recent period of time during which the proposed director has been in that position, as well as the director's ability to continue to perform satisfactorily.
5. The required report or proposal of the Appointments, Remuneration and Corporate Governance Committee is published upon the call to the General Shareholders' Meeting at which the appointment, ratification or re-election of each director is submitted.

Furthermore, the Board of Directors and the Appointments, Remuneration and Corporate Governance Committee ensure, within the scope of their respective powers, that the candidates chosen for the position of director are persons of recognized probity, competence and experience, who are willing to devote the time and effort required for the performance of their duties.

Accordingly, all the candidates for the position of director shall be professionals of integrity, whose conduct and professional career is in line with the principles set out in the Code of Business Conduct and with the criteria and values of the AmRest Group.

Candidates for directors shall be considered in particular if they have training and professional experience in different fields of activity, especially in economic-financial matters, consumer knowledge, ESG knowledge, marketing, technology, accounting, auditing and risk management -both financial and non-financial-.

Likewise, it should be noted that the same criteria and principles that the Company applies in the process of selection and appointment of the members of the Board of Directors are applied in the appointment of the directors that are part of the different committees of the Board of Directors of the Company.

The Appointments, Remuneration and Corporate Governance Committee verifies compliance with the Diversity Policy in relation to the Board of Directors and the Selection of Directors on an annual basis, and information thereon is included in the Annual Corporate Governance Report and in such other documents as are deemed appropriate.

During the year 2022, there have been no vacancies or appointments in the Board of Directors, considering that its current composition as a whole is adequate for the best performance of its duties and for an effective and efficient management of the Company, and consequently, no specific and concrete measures have been adopted in this regard. Likewise, in the re-elections of directors submitted for approval by the General Shareholders' Meeting held on May 12, 2022, both the Board of Directors and the Appointments, Remuneration and Corporate Governance Committee have taken into consideration and applied criteria based on the coordination of the principles of representativeness, diversity and independence; evaluated the functions performed and the dedication of the directors; ensuring the appropriate stability in the composition of the Board and its committees; and preserving the experience, qualifications and knowledge of those who have been serving as directors of the Company.

In any case, AmRest is firmly convinced that diversity in all its facets and at all levels of its professional team, is an essential factor in ensuring the Company's competitiveness and an important element that favours a critical attitude, as well as members having different points of view and positions.

C.1.6 Describe the measures, if any, agreed upon by the nomination committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:

Explanation of measures

As already mentioned, Board members are selected and appointed based on the company's needs and the skills required by the Board of Directors itself. Thus, the Board of Directors and the Appointments, Remuneration and Corporate Governance Committee seek candidates who bring a wealth of diverse knowledge, abilities, experience and profiles within the company, the search being based, essentially, on the ability and professional merits of the candidates and on their showing conduct and a track record aligned with AmRest's values. Any male or female who meets these requirements can be included in the selection process.

Specifically, with regard to gender diversity, the Diversity Policy in relation to the Board of Directors and the Selection of Directors establishes that the Board of Directors, as far as possible and in the best interest of the Company, promotes the objective of the presence of female directors, as well as measures that encourage the Company to have a significant number of female senior executives, taking into account the recommendations of good governance in force at any given time, and without prejudice to the essential criteria of merit and ability that must govern all personnel selection processes of the Company.

However, during the year 2022, no vacancy or appointment has occurred in the Board of Directors, nor, consequently, the incorporation of any person that would allow increasing the balance of women and men in the Board.

If in spite of any measures adopted there are few or no female directors or senior managers, explain the reasons for this:

Explanation of reasons

At AmRest, the procedures for selecting directors have never suffered from implicit biases that hinder the selection of female directors. In this regard, as regards the percentage represented by female directors with respect to the total number of members of the Board of Directors, to point out the leap the Company has made in this area, having gone from 0.00% in 2018, to 28.57% in 2020. In fact, of the last three directors appointed by the Company, two have been women.

Thus, in 2019, the Company's Board of Directors unanimously appointed, at the proposal of the Appointments, Remuneration and Corporate Governance Committee, Ms. Romana Sadurska as an independent director. This appointment was ratified by the Ordinary General Shareholders' Meeting held on June 10, 2020.

Likewise, in 2020, the Company's Board of Directors unanimously appointed, at the proposal of the Appointments, Remuneration and Corporate Governance Committee, Ms. Mónica Cueva Díaz as an independent director. This appointment was ratified by the Ordinary General Shareholders' Meeting held on May 12, 2021.

After the General Shareholders' Meeting held on May 12, 2021, there were no vacancies or appointments on the Board of Directors and, consequently, the percentage of female directors has not increased.

On the other hand, as regards the number of women in senior management, in recent years there has been a significant restructuring in the composition of the Company's senior management, thus affecting gender diversity. Due to the low turnover in senior management following this restructuring, the number of senior managers has not increased during the year 2022.

In this context, one of the Company's objectives is to continue working to ensure that future selection processes for members of the Board of Directors and senior management continue to favour gender diversity, thus becoming more plural as future vacancies arise to be filled with new candidates.

C.1.7 Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

Within the framework of the Company's Director Selection Policy, the Appointments, Remuneration and Corporate Governance Committee, in the year 2022, has reported favourably and/or proposed, as the case may be, the re-election of several AmRest directors by the Ordinary General Shareholders' Meeting of the Company, taking into consideration and applying criteria based on the coordination of the principles of representativeness, diversity and independence; evaluating the functions performed and the dedication of the directors; ensuring the appropriate stability in the composition of the Board and its committees; and preserving the experience, qualifications and knowledge of those who have been serving as directors of the Company. All of the above, so that the Board of Directors has an appropriate and diverse composition.

Thus, the Ordinary General Shareholders' Meeting held on May 12, 2022 approved the re-election of Mr. José Parés Gutiérrez, Mr. Luis Miguel Álvarez Pérez, Mr. Carlos Fernández González and Mr. Pablo Castilla Reparaz.

In this regard, it should be noted that the Appointments, Remuneration and Corporate Governance Committee took into account and verified, therefore, compliance with the Director Selection Policy when preparing the proposals for the re-election of Directors submitted to the General Shareholders' Meeting held on May 12, 2022.

Likewise, the Appointments, Remuneration and Corporate Governance Committee, at its meeting held on June 28, 2022, carried out a review of the Director Selection Policy; Policy which, following a favorable report from the Committee, was updated by the Board of Directors on December 14, 2022, including therein the Diversity Policy applicable to the Board of Directors and, consequently, renamed Diversity Policy in relation to the Board of Directors and the Selection of Directors.

As mentioned above, following the General Shareholders' Meeting held on May 12, 2021, there were no vacancies or appointments to the Board of Directors and, consequently, the percentage of female directors has not increased.

C.1.8 If applicable, explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name or company name of shareholder	Reason
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Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

Yes ☐ No ☒

C.1.9 Indicate the powers, if any, delegated by the Board of Directors, including those relating to the option of issuing or re-purchasing shares, to directors or board committees:

Name or company name of director or committee	Brief description
Executive Committee	The Executive Committee has been delegated all of the Board's faculties, aside from those which may not be delegated according to the law, the Articles of Association and the Board of Directors Regulation.
Mr. José Parés Gutiérrez	<p>The Executive Chairman has been delegated all of the Board's faculties, aside from those which may not be delegated according to the law, the Articles of Association and the Board of Directors Regulation.</p> <p>The Board of Directors delegated to Mr. José Parés Gutiérrez all the powers inherent to the position of Executive Chairman at the time of his appointment, in November 2020, with effects from 1 January 2021.</p>

C.1.10 Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:

Name or company name of director	Company name of the group entity	Position	Does the director have executive powers?
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C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Identity of the director or representative	Company name of the listed or non-listed entity	Position
Mr. José Parés Gutiérrez	Finaccess Capital, S.A. de C.V.	Sole Director
Mr. José Parés Gutiérrez	Finaccess Filantropía, A.C.	Member of the Managers Board
Mr. José Parés Gutiérrez	Grupo Far-Luca, S.A. de C.V.	Director
Mr. José Parés Gutiérrez	Grupo Finaccess, S.A.P.I. de C.V.	Director
Mr. José Parés Gutiérrez	Wafi, S.A. de C.V.	Sole Director
Mr. José Parés Gutiérrez	Tenedora PGB, S.A. de C.V.	Sole Director
Mr. José Parés Gutiérrez	Finaccess Capital USA, Inc.	Chairman
Mr. José Parés Gutiérrez	Fincap USA, Inc.	Manager
Mr. José Parés Gutiérrez	Grupo RBNZ México, S.A. de C.V.	Sole Director
Mr. José Parés Gutiérrez	Restaurant Brands New Zealand Limited,	Chairman
Mr. José Parés Gutiérrez	GD Holdings USA Inc.	Sole Director
Mr. José Parés Gutiérrez	Destilados GD SAPI de CV	Chairman
Mr. Luis Miguel Álvarez Pérez	Finaccess Filantropía, A.C.	Chairman
Mr. Luis Miguel Álvarez Pérez	Finaccess Social, S.A. de C.V.	Director
Mr. Luis Miguel Álvarez Pérez	Grupo Finaccess, S.A.P.I. de C.V.	Director
Mr. Luis Miguel Álvarez Pérez	Cristel House Mexico, A.C.	Director
Mr. Luis Miguel Álvarez Pérez	Gestión de Proyectos Sociales, A.C.	Director
Mr. Luis Miguel Álvarez Pérez	Compitalia, S.A. de C.V.	CEO
Mr. Luis Miguel Álvarez Pérez	Restaurant Brands New Zealand Limited	Director
Mr. Luis Miguel Álvarez Pérez	Rancho La Escandalera, S.A. de C.V.	Sole Director
Mr. Luis Miguel Álvarez Pérez	Destilados GD, S.A.P.I. de C.V.	Director
Mr. Luis Miguel Álvarez Pérez	Global Beverage Team, LLC	Director
Mr. Luis Miguel Álvarez Pérez	Sueños y Conceptos Inmobiliarios, S.A. de C.V.	Director Secretary
Mr. Luis Miguel Álvarez Pérez	Fornix, S.A. de C.V.	Chairman
Mr. Luis Miguel Álvarez Pérez	Cima Everest, S.A. de C.V.	Chairman
Mr. Luis Miguel Álvarez Pérez	Grupo Aradam, S.A.P.I. de C.V.	Director
Mr. Luis Miguel Álvarez Pérez	LI América S.A.P.I.	Chairman
Mr. Carlos Fernández González	Inmobiliaria Colonial SOCIMI, S.A.	Director
Mr. Carlos Fernández González	Restaurant Brands New Zealand Limited	Director

Mr. Carlos Fernández González	Estudia Mas, S.A.P.I. de C.V. (formerly Promotora de Crédito Educativo, S.A.P.I. de C.V.)	Director
Mr. Carlos Fernández González	Prepárate, S.A. de C.V.	Director
Mr. Carlos Fernández González	Fundación CEPA González Díez	Chairman of the Patronage
Mr. Carlos Fernández González	Grupo Finaccess, S.A.P.I. de C.V.	Chairman and General Manager
Mr. Carlos Fernández González	Endeavor España	Patron
Mr. Carlos Fernández González	Grupo Far-Luca, S.A. de C.V.	Chairman and General Manager
Mr. Carlos Fernández González	Finacprom, S.A. de C.V.	Chairman
Mr. Carlos Fernández González	Ciniia de México, S.A. de C.V.	Chairman
Mr. Carlos Fernández González	Solidaridad y Trabajo Virgen del Camino, S.L.	Chairman
Mr. Carlos Fernández González	Fundación Solidaridad y Trabajo Virgen del Camino	Finaccess Social, S.A. de C.V. Director's representative
Mr. Carlos Fernández González	Destilados GD, S.A.P.I. de C.V.	Director
Mr. Emilio Fullaondo Botella	Restaurant Brands New Zealand Limited	Director
Ms. Romana Sadurska	Fundación Profesor Uría	Executive Vice Chairman
Ms. Romana Sadurska	Aspen Institute España	Patron
Mr. Pablo Castilla Reparaz	PLA Litigation Funding, S.A.	Director
Mr. Pablo Castilla Reparaz	Fundación Dáporis	Patron Secretary
Ms. Mónica Cueva Díaz	Banco Santander Río Argentina	Director

Remarks

Listed below are the positions indicated in the table above that are remunerated:

Mr. José Parés Gutiérrez: Chairman of Restaurant Brands New Zealand Limited; and Chairman of Finaccess Capital USA, Inc.

Mr. Luis Miguel Álvarez Pérez: Director of Restaurant Brands New Zealand Limited; director of Grupo Finaccess, S.A.P.I. de C.V.; and CEO of Compitalia, S.A. de C.V.

Mr. Carlos Fernández González: Chairman of the Board of Directors Grupo Finaccess, S.A.P.I. de C.V.; director of Inmobiliaria Colonial SOCIMI, S.A.; Chairman of the Board of Directors and General Management of Grupo Far-Luca, S.A. de C.V.

Mr. Emilio Fullaondo Botella: Director of Restaurant Brands New Zealand Limited

Ms. Mónica Cueva Díaz: Director of Banco Santander Río Argentina

Mr. Pablo Castilla Reparaz: Director of PLA Litigation Funding, S.A.

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table

Identity of the director or representative	Other paid activities
Mr. Luis Miguel Álvarez Pérez	Member of the Investment Committee of Grupo Educación, S.A. de C.V.

C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:

Yes X No

Explanation of the rules and identification of the document where this is regulated

Pursuant to Article 22 of the AmRest Board of Directors Regulations and Article 2 of the Diversity Policy in relation to the Board of Directors and the Selection of Directors, directors shall not form part of more than four other listed companies' boards of directors. In this regard, all of the companies' boards of directors belonging to the same group will be considered to have one single mandate as well as those holding board memberships as proprietary directors proposed by a company of the same group even if the stock held in the company, or the level of control, may not qualify that company to be considered as part of the group.

Exceptionally, and provided there is just cause, the Board of Directors may exempt directors from this prohibition. In addition, directors shall inform to the Appointments, Remuneration and Corporate Governance Committee of any material changes to their professional situation and any that may affect the nature or condition by virtue of which they have been appointed as a director.

C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	784
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	0
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	0
Pension rights accumulated by former directors (thousands of euros)	0

C.1.14 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:

Name or company name	Position(s)
Mr. Luis Comas Jiménez	Chief Executive Officer
Mr. Ismael Sánchez Moreno	Chief People Officer
Mr. Daniel del Río Benítez	Chief Operations Officer
Mr. Eduardo Zamarripa Escamilla	Chief Financial Officer
Mr. Santiago Gallo Pérez	Chief Marketing Officer
Mr. Robert Žuk	Chief Information Officer
Mr. Ramanurup Sen	Food Services President
Mr. Mauricio Gárate Meza	General Counsel
Mr. Jacek Niewiadomski	Chief Internal Audit and Control Officer
Number of women in senior management	0
Percentage of total senior management	0,00%
Total remuneration of senior management (thousands of euros)	3 292

C.1.15 Indicate whether the Board regulations were amended during the year:Yes X No **Description of amendment(s)**

The Board of Directors, at its meeting held on December 14, 2022, and at the proposal of the Appointments, Remuneration and Corporate Governance Committee (which, as provided in article 4 of the Regulations of the Board of Directors, prepared the respective Supporting Report), approved the partial amendment of the Regulations of the Board of Directors of AmRest Holdings, SE.

The aforementioned amendment basically consisted of the following: i) adapt the Regulations to the recommendations of the Good Governance Code that the Company already complies with and is currently complying with; ii) adapt it to the novelties introduced by Law 5/2021 of April 12, amending the revised text of the Capital Companies Act (Royal Legislative Decree 1/2010 of July 2) and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies, specifically with regard to the regulation of related-party transactions; and iii) incorporate some complementary aspects or technical clarifications. Among other issues, the denomination of the Audit and Risk Committee, the Appointments, Remuneration and Corporate Governance Committee, and the Sustainability, Health and Safety Committee were updated, and new functions were adjusted and assigned to them.

Likewise, notice of the aforementioned amendment of the Regulations of the Board of Directors was given to the Spanish National Securities Exchange Commission, and the amendment was registered with the Madrid Commercial Registry on February 7, 2023, registration number 47; it was also made available to the shareholders on the Company's website. Such amendment will also be reported at the next General Shareholders' Meeting to be held.

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.**Selection and Appointment**

AmRest's Articles of Association provide that the Board of Directors shall consist of a minimum of five and a maximum of fifteen members, who shall be appointed by the shareholders at the General Meeting.

Directors will exercise their office for a four-year term, and may be re-appointed for one or more additional periods of the same maximum duration. Once the period has expired, the appointment will be terminated when the next General Shareholders' Meeting is held, or when the legal period for holding the Meeting that must approve the previous year's annual accounts has elapsed.

If a vacancy arises during the term of appointment of the Directors, the Board may appoint a person by co-optation to fill that vacancy up to the next General Shareholders' Meeting. Directors appointed by co-optation may be ratified in their position at the first General Shareholders' Meeting held after their appointment. If the vacancy arises after a General Shareholders' Meeting is called but before it is held, the Board of Directors may appoint a director to perform the corresponding duties until the next General Shareholders' Meeting is held.

Otherwise, and in any event, the proposals for the appointment of directors must comply with the provisions of the Articles of Association and the Board of Directors Regulations.

In this regard, and in accordance with the responsibilities assigned to the Appointments, Remuneration and Corporate Governance Committee, this Committee must evaluate the skills, knowledge and experience required on the Board of Directors, defining the functions and competencies required of the candidates who must fill each vacancy, and evaluating the specific amount of time and dedication that will allow them to perform their duties effectively.

Similarly, Appointments, Remuneration and Corporate Governance Committee must submit to the Board of Directors the proposals for the appointment of independent directors, whether for their appointment on an interim basis or for their submission to a decision by the shareholders at the General Shareholders' Meeting. Likewise, it must report on the proposals for the appointment of the remaining directors of the Company, whether for their appointment on an interim basis or for their submission to a decision by the shareholders at the General Shareholders' Meeting.

The category of each director shall be explained by the Board of Directors at the General Shareholders' Meeting at which the shareholders must make or ratify their appointment. Furthermore, such category shall be reviewed annually by the Board, after verification by the Appointments, Remuneration and Corporate Governance Committee, reporting thereon in the Annual Corporate Governance Report.

The Board of Directors and the Appointments, Remuneration and Corporate Governance Committee shall ensure, within the scope of their respective powers, that the candidates proposed for the position of director are persons of recognized probity, competence and experience, who are willing to devote the time and effort required for the performance of their duties.

Likewise, the Board of Directors and the Appointments, Remuneration and Corporate Governance Committee must endeavor to ensure that the procedures for the selection of its members promote diversity with respect to issues such as age, gender, disability, knowledge, education and professional experience, and are free from any implicit bias that might imply any form of discrimination, and, in particular, facilitate the selection of female directors in such numbers as to achieve a balanced presence of women and men.

In this regard, and as mentioned earlier, AmRest has a Diversity Policy in relation to the Board of Directors and the Selection of Directors, adapted to the applicable regulations and the recommendations of the Good Governance Code of the National Securities Market Commission (CNMV).

Re-election

The Company's directors may be re-elected one or more times for periods of the same length as that of the initial period.

In the same way as proposals for appointments, proposals for the re-election of directors must be preceded by the corresponding report of the Appointments, Remuneration and Corporate Governance Committee, and, in the case of independent directors, by the corresponding proposal.

In any case, and in the event of the re-election or ratification of Directors at the General Meeting, the report of the Appointments, Remuneration and Corporate Governance Committee or, in the case of independent directors, the proposal of said committee, shall contain an assessment of the work and effective dedication to the position during the last period of time in which it was held by the proposed director, in addition to compliance with the Company's corporate governance rules.

Cessation or Removal

Directors will be terminated from their position when: so decided by the General Shareholders' Meeting, they notify the Company of their resignation and at the expiration of the period for which they were appointed. The effective date of termination in this last case shall be the date of the first General Shareholders' Meeting.

The Board will not propose the removal of any independent director before the expiry of their tenure as mandated by the Articles of Association, except when there is just cause, as determined by the Board after a report from the Appointments, Remuneration and Corporate Governance Committee. In particular, just cause will be presumed to exist when: directors take up new posts or responsibilities that prevent them from allocating sufficient time to their work as a Board member, are in breach of their fiduciary duties, or fall under one of the disqualifying grounds for classification as independent established in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the Company's capital structure, provided the changes to the structure of the Board of Directors promotes the proportionality criterion set out in the good governance recommendations adopted by the Company.

When a director ceases to hold office before the end of his or her term, whether by resignation or by resolution of the General Meeting, the director must adequately explain in a letter which will be sent to all members of the Board of Directors the reasons for leaving office or, in the case of non-executive directors, the director's views as to the grounds for removal by the shareholders acting at the General Meeting.

In addition, to the extent material to investors, the Company shall as soon as possible make public the cessation in office, including sufficient information as to the reasons or circumstances stated by the director.

C.1.17 Explain to what extent the annual evaluation of the Board has given rise to significant changes in its internal organisation and in the procedures applicable to its activities:

Description of amendment(s)

Once a year, all of the Company's directors evaluate the performance of the Board of Directors of AmRest Holdings, SE and of its committees.

In relation to the assessment corresponding to the financial year 2021, the Appointments, Remuneration and Corporate Governance Committee, at its meeting held on August 30, 2022, reviewed and analysed the results of the assessment of said financial year, carried out by the Company's directors regarding the operation of the Board of Directors and its committees. In general terms, it was concluded that the directors had expressed a high degree of satisfaction with the organization and activities of the aforementioned governing bodies, considering them to be optimal and suitable as a whole.

However, as a result of this assessment, and in order to continue improving the functioning of the Company's corporate governance system, certain areas for optimization were identified, in view of which, and after a detailed examination and analysis of the results achieved, the Board of Directors, at the proposal of the Appointments, Remuneration and Corporate Governance Committee, established an Action Plan for the implementation of certain suggestions and recommendations, related, among others, to continue working on the realization and implementation of all training actions deemed appropriate; with the role and actions of the lead independent director; with the agenda of the Board of Directors and the committees; with the advance availability of the documentation and information related to the matters to be discussed at the meetings; and with the coordination of the committees among themselves.

Describe the evaluation process and the areas evaluated by the Board of Directors with or without the help of an external advisor, regarding the functioning and composition of the Board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and areas evaluated

As already indicated, once a year, all of the Company's directors evaluate the performance of the Board of Directors and of its committees. The assessment for the financial year 2020 was carried out with the assistance of the external consultant Ernst & Young, S.L. (EY), and the assessment for the 2021 financial year has been carried out internally by the Company, without the support of an external advisor.

Subsequently, the Appointments, Remuneration and Corporate Governance Committee reviews and analyses the results of the assessment carried out by the directors, identifying those areas that could be improved. After a detailed review and analysis of the results achieved, the Appointments, Remuneration and Corporate Governance Committee proposes to the Board of Directors the implementation of the suggestions and recommendations deemed appropriate.

Specifically, and with respect to financial year 2021, in July 2022, a questionnaire was made available to all the directors in order to carry out the assessment process for that year.

The questionnaire contained a wide range of questions grouped under the following headings:

- The Board of Directors and the committees of the Board of Directors: Composition, Function and Powers.
- Directors: Performance and contribution, expressly including the adequacy of the performance and contribution of: i) each director on the Board of Directors and on the committees of the Board of Directors, ii) the Chairman of the Board, iii) the Chairmen of the committees, and iv) the lead independent director.
- Suggestions and comments.

As previously indicated, once the questionnaires were received and completed with the opinions and suggestions of all the directors, action plans were established on those matters that were identified as susceptible to improvement.

The Board of Directors unanimously approved the improvement proposals made by the Appointments, Remuneration and Corporate Governance Committee in order to continue optimizing the functioning of the Company's governing bodies.

C.1.18 Provide details, for years in which the evaluation was carried out with the help of an external advisor, of the business relationships that the external advisor or company in its group maintains with the company or any company in its group.

In 2022, the assessment of the Board of Directors was carried out internally by the Company, without the support of an external advisor.

C.1.19 Indicate the cases in which directors are obliged to resign.

Pursuant to Article 25 of the Articles of Association and Article 11 of the Board of Directors Regulation, the directors shall make their position available to the Board and execute, where deemed appropriate, the relevant resignation in the following cases:

- (a) When they cease to hold the executive positions to which their appointment as director was associated.
- (b) When they are involved in any of the situations deemed to be incompatible or prohibited according to law.
- (c) When they have committed a serious breach of their obligations as director.
- (d) When remaining on the Board may endanger the company's interests or negatively affect the company's credibility and reputation.
- (e) When the reasons for which they were appointed disappear (for example, when proprietary directors transfer or reduce their shareholding in the company).

C.1.20 Are qualified majorities other than those established by law required for any particular kind of decision?

Yes ☐ No ☒

If so, describe the differences,

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors,

Yes ☐ No ☒

C.1.22 Indicate whether the articles of incorporation or Board regulations establish any limit as to the age of directors:

Yes ☐ No ☒

C.1.23 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

Yes ☐ No ☒

C.1.24 Indicate whether the articles of incorporation or Board regulations establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of director to whom votes may be delegated beyond the limits imposed by law. If so, briefly describe these rules.

Pursuant to Article 13 of the Board of Directors Regulation, directors should attend the sessions in person. Where this is not possible, they may, using any written means including email and for that session alone, delegate their representation to another director, with the appropriate instructions. A single director may hold several delegations.

This delegation will be notified to the Chairman or Secretary of the Board of Directors.

Non-executive directors may only delegate their representation to another non-executive director.

C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.

Number of Board meetings	22
Number of Board meetings held without the chairman's presence	0

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	2
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Indicate the number of meetings held by each Board committee during the year:

Number of meetings held by the Executive Committee	2
Number of meetings held by the Audit and Risk Committee	9
Number of meetings held by the Appointments, Remuneration and Corporate Governance Committee	5
Number of meetings held by the Sustainability, Health and Safety Committee	6

C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data.

Number of meetings in which at least 80% of directors were present in person	22
Attendance in person as a % of total votes during the year	97.40%
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	22
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	100%

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:

Yes ☐ No ☒

Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

Through the Audit and Risk Committee, the Board of Directors plays an essential role in supervising the preparation of the Company's financial information.

In this context, and in accordance with Article 19 of the Regulations of the Board of Directors, the Audit and Risk Committee is responsible for the following, among other, duties:

- (a) To report, through its Chair, to the General Shareholders' Meeting on questions raised by the shareholders regarding matters within its remit, and explain the audit's results and how it contributed to the integrity of the financial information and the Audit and Risk Committee's role in this process.
- (b) To oversee the effectiveness of the Company's internal control system, the internal audit, and the risk management system (both financial and non-financial) and discuss with the accounting auditor the significant weaknesses of the internal control system revealed in the course of the audit, while maintaining its independence. For such purposes, the committee may, if appropriate, submit recommendations or motions to the Board of Directors, with the relevant term for follow-up.
- (c) To oversee and assess the preparation and presentation process and the integrity of the financial and non-financial information, reviewing compliance with legal requirements, the proper determination of the scope of consolidation and the correct application of accounting standards, and submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of such financial information.
- (d) To ensure that the annual accounts are prepared by the Board of Directors in accordance with the legal provisions on accounting. However, in cases where the statutory auditor has included a qualification in its audit report, the Chair of the committee shall clearly explain the content and scope thereof at the General Meeting. In addition, a summary of such explanation shall be made available to the shareholders at the time of publication of the call to the General Meeting.
- (e) Ensure that the auditor meets annually with the full Board of Directors to inform the Board of Directors of the work performed and on the accounting status and the risks of the Company.

Moreover, in accordance with articles 8 and 9 of the Audit and Risk Committee Regulations, this Committee is responsible for the following, among other, duties:

- With regard to the preparation of the regulated financial information of the Company and its Group:
 - a) To oversee the process of preparation and submission and the clarity and integrity of the regulated financial information relating to the Company and its Group, ensuring that the half-yearly financial reports and the quarterly management statements are drafted in accordance with the same accounting standards as the annual financial reports and to oversee the review of the interim financial statements requested from the auditor, with the scope and frequency that may be defined, as the case may be.
 - b) To review compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of such generally accepted accounting principles and international financial reporting standards as may be applicable.
 - c) To submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of the financial information.
 - d) To advise the Board of Directors on any significant change of accounting standard and of the significant risks on the balance sheet and off-balance sheet.
- With regard to the audit of the accounts of the Company and its Group:

To review the contents of the auditor's reports and, where appropriate, of the reports on limited review of interim accounts, as well as other mandatory reports to be prepared by the auditors, prior to the issue thereof, in order to avoid qualified reports, ensuring that the Board of Directors shall present the accounts to the General Shareholders' Meeting with an unqualified audit report and without reservations, and, where appropriate, in the exceptional circumstances where a qualified report is issued, that both the Chair of the Committee and the auditors would clearly explain to the shareholders the contents and scope of such reservations and qualifications.

C.1.29 Is the secretary of the Board also a director?Yes ☐ No ☒

If the secretary is not a director, please complete the following table:

Name or company name of the secretary	Representative
Mr. Eduardo Rodríguez-Rovira Rodríguez	

C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of the external auditors, and any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

With regard to the independence of the Company's external auditor, the Audit and Risk Committee, as part of its fundamental powers (Article 19 of the Board of Directors Regulations and Article 5 of the Audit and Risk Committee Regulations), has established and maintains the appropriate relationships with the external auditors to receive information on those matters that may threaten their independence, to be considered by the Committee, and any others related to the process of carrying out the audit, and, where appropriate, the authorization of services other than those prohibited, in accordance with the terms set forth in the applicable law, as well as other communications set forth in audit legislation and audit regulations.

In any case, the Audit and Risk Committee annually receives the external auditor's declaration of independence with regard to the Company or entities directly or indirectly related to it, as well as information on the additional services of any kind provided and the corresponding fees received from these entities by the reported auditor, or the persons or entities related to him/her in accordance with the provisions of current regulations.

Furthermore, the Committee issues, prior to issuing the audit report of the accounts, an annual report that expresses an opinion on whether the independence of the external auditor has been compromised. This report states, in any case, the evaluation, with supporting evidence/rationale, of the provision of each and every one of the additional services referred to in the previous paragraph, taken into account individually and together, different to the statutory audit and in relation to the independence regime or the regulations governing account auditing.

In any event, the Audit and Risk Committee must preserve the independence of the external auditor in the performance of its duties, and in this regard: (i) in the event of the resignation of the external auditor, examine the circumstances giving rise to such resignation; (ii) endeavor to ensure that the compensation received by the external auditor for its work does not compromise the quality or independence thereof; (iii) ensure that the Company communicates through the CNMV any change in auditor and attaches a statement regarding any disagreements with the outgoing auditor and, if any, the substance thereof; (iv) ensure that the external auditor meets annually with the full Board of Directors to inform the Board of Directors of the work performed and on the accounting status and the risks of the Company; and (v) ensure that the Company and the external auditor applicable legal provisions regarding the provision of non-audit services, limits on the concentration of the auditor's business, and generally all other provisions regarding the independence of the auditors.

In addition, and in accordance with the Board of Directors Regulations (Article 19), the Company's Audit and Risk Committee puts forward proposals to the Board of Directors for the selection, appointment, re-election and replacement of the external auditor, taking responsibility for the selection process, as well as the terms and conditions of his/her contract, regularly obtaining information from the auditor on the audit plan and the execution thereof, as well as preserving his/her independence in the exercise of his/her duties.

Furthermore, the external auditor has direct access to the Audit and Risk Committee, participating in some of its meetings, without the presence of members of the Company's executive team when this is deemed necessary. In addition, the auditor shall hold an annual meeting with the full Board of Directors to provide an update on the work carried out and the evolution of the Company's accounting and risk situation.

Finally, and also in line with the legal requirements, contracting any service with the Company's external auditor must be approved beforehand by the Audit and Risk Committee. Furthermore, this contracting of services, other than those of the audit itself, is carried out in strict compliance with the Audit Act and European regulations. Likewise, the Company states in its Annual Report, in accordance with the legal requirements in force, how much the Company's external auditor is paid, including those fees related to services of a different nature from auditing.

Consequently, the Company has implemented, in practice, the legal provisions on this matter as indicated in the preceding paragraphs.

C.1.31 Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:Yes ☐ No ☒

If there were any disagreements with the outgoing auditor, explain their content:

Yes ☐ No ☒

C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

Yes X No

	Company	Group Companies	Total
Amount invoiced for non-audit services (thousand euros)	74.0	43.9	117.9
Amount invoiced for non-audit services/Amount for audit work (in %)	42%	6%	13%

C.1.33 Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations, If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

Yes No X

C.1.34 Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	2	2

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	40%	40%

Remarks
This calculation has been made using existing data since the Company's registered office had been relocated to Spain (year 2018).

C.1.35 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details if applicable:

Yes X No

Details of the procedure
<p>The Company adopts the measures that are necessary in order for the directors to have, whenever possible and sufficiently in advance, the necessary information, which shall be drawn up and oriented specifically toward the preparation of the meetings of the Board and of its committees.</p> <p>In this regard, the Board of Directors and its committees shall draw up a calendar of the ordinary meetings to be held during the year. Such calendar may be modified by resolution of the Board itself or of the corresponding committee, or pursuant to a decision by its Chairman, in which case the modification must be disclosed to the Directors as soon as possible.</p> <p>The Board and its committees also have an Action Plan (Agenda) that contains a detailed description and the frequency of the activities to be carried out in each fiscal year, according to the powers and duties assigned to them.</p> <p>Similarly, all of the meetings of the Board and of the committee have a pre-established agenda, which is communicated at least three working days before the date on which the meeting is scheduled to be held, along with the call to the meeting. The Agenda for each meeting indicates the items regarding which the Board of Directors must make a decision or adopt a resolution.</p>

With the same goal, in general, the documentation associated with the agenda for the meetings is made available to the directors sufficiently in advance. In relation to this, the directors have a specific App from which they can easily access meeting documentation to prepare for meetings.

Likewise, and in compliance with the provisions of article 14 of the Regulations of the Board of Directors, the Chairman of the Board of Directors organizes the discussions, seeking and encouraging the active participation of all of the directors in the deliberations, safeguarding the unconstrained statement of their viewpoints. Similarly, with the assistance of the Secretary and Vice Secretary, the Chairman ensures that the directors receive beforehand sufficient information to deliberate on the items on the Agenda. He also ensures that sufficient time is devoted to the discussion of strategic issues and stimulates debate during the meetings.

To facilitate the provision of all of the information and clarifications that may be necessary regarding some of the issues to be addressed, the main officers of the Group attend essentially all of the meetings of the Board and of its committees, along with the speakers who are deemed appropriate, for the presentation of matters lying within their purview.

Furthermore, and in general, the Board of Directors Regulations (article 25) sets forth the directors' right to counsel and information, insofar as they shall have access to all of the Company's services and may, with the broadest powers, obtain any information and advice they may need to perform their duties. This right to information is extended to the subsidiaries, in Spain or overseas, and shall be channeled through the Chairman or Secretary of the Board of Directors. Said Chairman or Secretary will fulfil all requests from directors, by supplying the information directly, putting the directors in touch with the appropriate persons, or taking such measures as may be necessary for the requested examination.

Directors shall also be entitled to propose to the Board of Directors, by way of majority, the engagement, at the company's expense, of any legal, accounting, technical, financial, commercial or other advisors as they may consider necessary for the Company's interests in a bid to assist them in the performance of their functions when facing specific, important or complex problems relating to their duties.

The proposal shall be communicated to the Chairman through the Secretary of the Board. The Board of Directors may withhold its approval if it considers the engagement unnecessary for the performance of the commissioned duties, either in view of its cost (disproportionate to the importance of the problem and the Company's assets and revenues) or if it considers that the technical assistance requested could be adequately given by experts and officers within the company.

Furthermore, the Company shall provide the necessary support so that new directors may acquire a rapid and sufficient knowledge of the Company, as well as of its corporate governance rules, and may, for this purpose, establish orientation programs. Likewise, the Company shall offer training and continuous refresher programs for directors when circumstances so require.

C.1.36 Indicate whether the company has established rules obliging directors to inform the Board of any circumstances, whether or not related to their actions in the company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:

Yes X No

Explain the rules

Pursuant to Article 25 of the Articles of Association and Article 11 of the Board of Directors Regulation, the directors shall make their position available to the Board and execute, where deemed appropriate, the relevant resignation, when remaining on the Board may endanger the company's interests or negatively affect the company's credibility or reputation.

In this regard, the directors must report to the Board of Directors any situation affecting them, whether or not related to their conduct within the Company itself, that may adversely affect the credit or reputation thereof and, in particular, of any criminal cases in which they are under investigation, as well as their procedural vicissitudes.

Having been notified or otherwise become aware of any of the circumstances mentioned in the preceding paragraph, the Board of Directors shall examine the case as soon as possible and, based on the specific circumstances, and after a report from the Appointments, Remunerations and Corporate Governance Committee, shall decide, whether or not to take any action, such as opening an internal investigation, requesting the resignation of the director or proposing his removal to the next General Shareholders' Meeting. Any such matter shall be included in the annual corporate governance report unless special circumstances justify otherwise, which circumstances must be recorded in formal minutes. Those obligations shall be without prejudice to any information that the Company must disseminate at the time that any such measures are adopted.

C.1.37 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:

Yes No X

C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

The Change of Control Clause is included in the agreements concerning the issue of Schuldscheindarlehen („SSD”) and in the bank credit agreements, both agreements signed in 2017.

C.1.39 Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

Number of beneficiaries	0
Type of beneficiary	Description of agreement
Executives and employees	No executives or employees of the Company have in their agreements indemnity or golden parachutes clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of Directors	General Shareholders' Meeting
Body authorising the clauses		
	YES	NO
Are these clauses notified to the General Shareholders' Meeting?		X

C.2 COMMITTEES OF THE BOARD OF DIRECTORS

C.2.1 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

EXECUTIVE COMMITTEE

Name	Position	Current category
Mr. José Parés Gutiérrez	Chairman	Executive
Mr. Luis Miguel Álvarez Pérez	Member	Proprietary
Mr. Pablo Castilla Reparaz	Member	Independent
% of executive directors		33.33%
% of proprietary directors		33.33%
% of independent directors		33.33%
% of other external directors		0.00%

Explain the functions delegated or assigned to this committee, other than those that have already been described in Section C.1.9. and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The Board of Directors has delegated its authority, except for those that by the Law, the Articles of Association and the Board of Directors Regulations of AmRest Holdings, SE cannot be delegated, to an Executive Committee.

In accordance with the provisions of article 30 of the Articles of Association, article 18 of the Company's Board of Directors Regulations governs the Executive Committee in the following terms:

The Executive Committee shall consist of a minimum of three and a maximum of five directors. At least two of them shall be non-executive directors, at least one of whom shall be independent.

At least two-thirds of the Board members currently in office must vote in favour to appoint members of the Executive Committee. The Chairman and Secretary of the Board of Directors shall be the Chairman and Secretary, respectively, of the Executive Committee. The Secretary may be assisted by the Vice Secretary.

The members will step down from the Executive Committee when they retire as directors or whenever else so resolved by the Board of Directors. The Board of Directors shall promptly fill any vacancies.

The Executive Committee shall meet as and when called by the Chairman. The Executive Committee meetings shall be quorate when attended, in person or by proxy, by one half plus one of the members. The secretary shall record the resolutions adopted in the meeting minutes, a copy of which shall be made available to the Board members.

The Executive Committee shall inform the Board of Directors of the important matters and decisions adopted at its meetings.

AUDIT AND RISK COMMITTEE

Name	Position	Current category
Mr. Emilio Fullaondo Botella	Chairman	Independent
Mr. Pablo Castilla Reparaz	Member	Independent
Ms. Mónica Cueva Díaz	Member	Independent
% of executive directors		0.00%
% of proprietary directors		0.00%
% of independent directors		100%
% of other external directors		0.00%

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The Audit and Risk Committee is governed by the provisions of article 19 of the Board of Directors Regulations and in the Regulations of the Audit and Risk Committee itself, approved by the Company's Board of Directors in order to comply with the recommendations set forth in Technical Guide 3/2017 of the Spanish National Securities Market Commission ("CNMV") regarding Audit Committees of Public Interest Entities.

Composition.

The Audit and Risk Committee will be made up of a minimum of three and a maximum of five directors.

All of the Audit Committee members will be appointed and, if necessary, replaced, by the Board of Directors and shall be non-executive directors, the majority of whom, at least, must be independent directors. The members of the committee as a whole, and particularly its Chair, shall be appointed taking into account their knowledge and experience in matters of accounting, auditing and management of both financial and non-financial risks. The Audit Committee members, as a group, must have the relevant know-how regarding the industry of the Company.

The committee shall appoint the Chair out of its members. The Chair must be an independent director. The Chair of the Audit and Risk Committee will exercise his/her office for four years, and may not be re-elected until at least one year after his/her removal has elapsed.

The committee also has a Secretary and a Vice-Secretary.

Responsibilities.

The Audit and Risk Committee shall be responsible, in any case, without prejudice to any other duties that may be assigned to it from time to time by the Board of Directors and by the applicable legislation:

- (a) To report, through its Chair, to the General Shareholders' Meeting on questions raised by the shareholders regarding matters within its remit, and explain the audit's results and how it contributed to the integrity of the financial information and the Audit and Risk Committee's role in this process.
- (b) To oversee the effectiveness of the Company's internal control system, the internal audit, and the risk management system (both financial and non-financial) and discuss with the accounting auditor the significant weaknesses of the internal control system revealed in the course of the audit, while maintaining its independence. For such purposes, the committee may, if appropriate, submit recommendations or motions to the Board of Directors, with the relevant term for follow-up.
- (c) To oversee and assess the preparation and presentation process and the integrity of the financial and non-financial information, reviewing compliance with legal requirements, the proper determination of the scope of consolidation and the correct application of accounting standards, and submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of such financial information.
- (d) To ensure that the annual accounts are prepared by the Board of Directors in accordance with the legal provisions on accounting. However, in cases where the statutory auditor has included a qualification in its audit report, the Chair of the committee shall clearly explain the content and scope thereof at the General Meeting. In addition, a summary of such explanation shall be made available to the shareholders at the time of publication of the call to the General Meeting.
- (e) To submit to the Board of Directors motions regarding the recruitment, appointment, re-election and replacement of the accounting auditor, taking charge of the recruitment process, as well as the terms and conditions of the agreement to be executed with him/her, the scope of his/her professional mandate, the renewal or not of their mandate and where appropriate, and regularly gather information about the audit plan and its implementation, while preserving its independence in the performance of its duties.
- (f) To liaise with the auditor to receive information on: matters that could represent a threat to its independence; any matter related to the implementation of the audit process; and, where appropriate, the authorisation of any services, other than those forbidden under the terms of the applicable audit regulations, and other communications envisaged by these regulations.

In any event, the Audit and Risk Committee must receive, annually from the accounting auditor: a declaration of its independence regarding the entity or those entities that it has direct or indirect links to; information on any additional services rendered of any kind and the relevant fees received by the auditor or persons, natural or legal, related to the auditor, from the above mentioned entities, pursuant to the provisions of the prevailing audit regulations.

- (g) Regarding the auditor, the Audit and Risk Committee shall also be responsible for the following duties:

- In the event of the resignation of the auditor, examine the circumstances giving rise to such resignation.
- Ensure that the compensation received by the auditor for its work does not compromise the quality or independence thereof.
- Oversee that the Company communicates through the CNMV any change in auditor and attaches a statement regarding any disagreements with the outgoing auditor and, if any, the substance thereof.
- Ensure that the auditor meets annually with the full Board of Directors to inform the Board of Directors of the work performed and on the accounting status and the risks of the Company.
- Ensure that the Company and the auditor applicable legal provisions regarding the provision of non-audit services, limits on the concentration of the auditor's business, and generally all other provisions regarding the independence of the auditors.

- (h) To issue, annually prior to the issue of the audit report, a report expressing an opinion on whether the independence of the accounting auditor has been jeopardised. Such report must include a reasoned assessment of the provision of each and every additional service referred to in the foregoing paragraph f (other than the legal audit), individually and as a whole, and in relation to the independence system or the audit regulations.

- (i) To report on related-party transactions that must be approved by the shareholders acting at a General Shareholders' Meeting or by the Board of Directors and to supervise the internal process established by the Company for those transactions for which approval has been delegated by the Board of Directors.

- (j) To advise the Company's Board of Directors, in advance, of all of the topics covered by law, the Statute and these Regulations, and namely, of:

- The financial information and the directors' report that the Company must disclose on a regular basis;
- The creation or acquisition of interests in special purpose vehicles or entities resident in countries or territories considered to be tax havens; and
- The structural modifications and corporate transactions that the Company plans to carry out, analysing and reporting to the Board of Directors on their financial terms, accounting impact and in particular, if applicable, on the proposed exchange ratio.

(k) Ensure the independence of the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or make a proposal for approval to the board of the priorities and annual work programme of the internal audit unit, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

(l) Establish and supervise the mechanisms that allow employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors to report, confidentially and, if deemed appropriate, anonymously, any irregularities of potential significance, financial, accounting or those of any other nature, that are noticed within the Company, respecting in all cases the personal data protection regulations and the fundamental rights of the parties involved.

(m) Ensure in general that the internal control policies and systems established are applied effectively in practice.

In particular, regarding the Company's risk control and management policy, the Audit and Risk Committee is responsible for supervising that it identifies or determines, at least:

- The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, and risks relating to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
- A risk control and management model based on different levels.
- The level of risk that the company considers acceptable.
- The measures in place to mitigate the impact of identified risk events should they occur.
- The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

(n) Oversee the risk control and management unit, which shall perform the following responsibilities:

- Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.
- Participate actively in the preparation of risk strategies and in key decisions about their management.
- Ensure that the risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the Board of Directors.

Operation.

The Audit and Risk Committee must meet at least four times a year and can meet as many times as it is called by its own resolutions or by its Chair. The Chair is obliged to attend the Audit Committee's meetings and to collaborate and give access to the information that any executive or the employees of the Company may have. The Audit Committee can require the accounting auditor to attend its meetings. One of the Audit Committee's meetings must be held to prepare the financial information that the Board of Directors has to approve and include within the public annual documentation.

The Audit and Risk Committee shall be validly quorate when the majority of its members, present or represented, attend. The resolutions shall be adopted by the absolute majority of the attending members, present or represented.

The Audit and Risk Committee may seek the advice of external experts up to the amount approved by the Board of Directors (and in excess with the authorization of the Board of Directors).

Most important activities during the fiscal year 2022.

The primary activities and actions performed by the Audit and Risk Committee during fiscal year 2022 have been associated with the powers and functions of such Committee, either by legal requirements or by internal regulations of AmRest Holdings, SE.

The Annual Report on the Operation of the Audit and Risk Committee for 2022 – which will be available to shareholders on the AmRest website – details the key activities performed by the Committee during such period, including the following:

- In the financial and non-financial area: i) review of the Company's annual financial information (Annual Accounts and Directors Reports, including non-financial information report) for 2021 and of the AmRest Group's quarterly and half-yearly 2022 periodic financial information, prior to their formulation by the Board of Directors; ii) financial accounting aspects of corporate operations; and iii) review of specific presentations on financial and fiscal aspects.
- Regarding the external auditor: i) monitoring of actions and services provided by PWC, and ii) a review of the audit work conducted by the external auditor with regard to the above-mentioned financial information.
- Regarding audit and internal control: i) review and follow-up of the work performed by the internal audit and internal control area; and ii) follow-up of the project to review and update the company's risk map.

- Regarding compliance: review and follow-up of the activities carried out by the compliance area, including cybersecurity and whistleblowing.
- Other items of interest: i) the 2021 report of the Audit and Risk Committee on related-party transactions on the independence of the external auditor; ii) quarterly report and analysis of the Company's treasury stock balance and the transactions executed using its own shares; iii) monitoring of the work carried out to improve the consolidation and reporting systems for better control of information and more efficient preparation to enhance the performance of operations; iv) detailed analysis of the functions of the Committee for a more efficient distribution and assignment of the competencies assigned to each of the Committees, and v) preparation of the Annual Report on the Operation of the Audit and Risk Committee.

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.

Name of directors with experience	Mr. Emilio Fullaondo Botella / Mr. Pablo Castilla Reparaz / Ms. Mónica Cueva Díaz
Date of appointment of the chairperson	30 July 2019

APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

Name	Position	Current category
Mr. Pablo Castilla Reparaz	Chairman	Independent
Mr. Luis Miguel Álvarez Pérez	Member	Proprietary
Mr. Emilio Fullaondo Botella	Member	Independent
Ms. Romana Sadurska	Member	Independent
% of executive directors		0.00%
% of proprietary directors		25.00%
% of independent directors		75.00%
% of other external directors		0.00%

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The Appointments, Remuneration and Corporate Governance Committee is governed by the provisions of article 20 of the Board of Directors Regulations.

Composition.

The Appointments, Remuneration and Corporate Governance Committee shall be made up of no less than three and not greater than five non-executive directors, the majority of whom must be independent directors.

The Board of Directors shall endeavour to ensure that the members, and in particular the Chair, of the Appointments and Remuneration Committee have the appropriate knowledge, qualifications and expertise to discharge the duties entrusted to them.

The Appointments, Remuneration and Corporate Governance Committee shall appoint the Chair out of its members. The Chair must be an independent director.

The committee also has a Secretary.

Responsibilities.

Notwithstanding other tasks the Board of Directors and applicable legislation may entrust to it, the Appointments, Remuneration and Corporate Governance Committee shall have the following basic responsibilities:

- (a) To assess the qualifications, knowledge and experience required for the Board of Directors. For such purposes, to define the functions and qualifications required from candidates who must fill each vacancy, evaluate the exactly amount of time and dedication required for them to effectively discharge their duties, and ensure that the non-executive directors have sufficient time available for the proper performance of their duties.
- (b) Submit proposals on independent directors to be appointed by co-option to the Board of Directors for it to put for decision before the General Shareholders' Meeting, as well as the proposals for the re-election or removal of said directors.
- (c) To issue a report regarding proposals to appoint the remaining directors for their appointment by co-option or to be submitted to the General Shareholders' Meeting, as well as the proposals for their re-election or removal.
- (d) To inform on proposals for the appointment, re-election and removal of internal positions on the Company's Board of Directors.
- (e) To inform on the design of the overall organizational structure of the Group and its modification, establishing appropriate policies, systems or procedures for performance assessment and compensation.
- (f) To inform on proposals for the appointment and removal of members of senior management, the basic conditions of their contracts, their periodic performance and the corresponding decisions regarding remuneration, promotion or any other decisions related to their employment relationship; as well as those relating to any other executive that, due to their relevance, merit being assessed by the committee and the Board of Directors. For this purposes, senior management is understood to be those executives who report directly to the Board of Directors, the chief executive officer or the first executive of the Company.
- (g) To inform the Board of Directors about gender matters and, particularly, to ensure that the selection procedures for directors and executives do not implicitly bias female candidates.
- (h) To propose to the Board of Directors: (i) the remunerations policy for the directors and senior management; and (ii) the individual remuneration for the executive directors and the other conditions of their contracts, ensuring that they are followed.
- (i) To analyse, and periodically review the remuneration policy applied for executive directors and senior executives and the , including the remuneration packages with shares and their application, and ensure that their individual remuneration is proportionate to that paid to the other directors and executives of the Company.
- (j) To check the compliance with the remuneration policy established by the Company.
- (k) To review and arrange for the succession of the Chair of the Board of Directors and of the Company's Chief Executive Office and, where appropriate, to propose motions to the Board of Directors for such succession to take place in an orderly and well-planned manner, as well as ensuring that succession plans are in place for the various key functions and positions in the organization..
- (l) To inform the shareholders about the exercise of its functions, attending the General Shareholders' Meeting for this purpose.
- (m) To assist the Board of Directors in the elaboration of the directors' remuneration report and submit to the Board any other remuneration reports foreseen in these Regulations, verifying the information about the directors and senior executives' remuneration established in different corporate documents, including the annual report on directors' remuneration.
- (n) To oversee compliance with corporate governance policies and rules, as well as the Company's internal codes of conduct in force from time to time, also ensuring that the corporate culture is aligned with its purpose and values.
- (o) To evaluate and periodically review the Company's corporate governance system, so that it fulfils its mission of promoting the corporate interest and takes into account the legitimate interests of the remaining stakeholders.
- (p) To oversee and evaluate the relationship processes with the different stakeholders.

- (q) To ensure that possible conflicts of interest do not impair the independence of the external advice provided to the Committee.
- (r) To oversee application with the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders, monitoring the way in which the Company communicates and relates to small and medium-sized shareholders.
- (s) To oversee compliance with the Company's other policies.

Operation.

The Appointments, Remuneration and Corporate Governance Committee shall meet at least three times a year and each time the Chair deems it necessary. The Chair will call a meeting whenever a report is issued or proposals need to be adopted and, in any case, whenever it is suitable for the successful performance of its functions.

The Appointments, Remuneration and Corporate Governance Committee shall be validly quorate when the majority of its members, present or represented, attend. The resolutions shall be adopted by the absolute majority of the attending members, present or represented.

The Appointments, Remuneration and Corporate Governance Committee shall consult with the Chair of the Board of Directors, especially when dealing with matters relating to executive directors and senior management.

The Appointments, Remuneration and Corporate Governance Committee may seek the advice of external experts up to the amount approved by the Board of Directors (and in excess with the authorization of the Board of Directors).

Most important activities during the fiscal year 2022.

The primary activities and actions performed by the Appointments, Remuneration and Corporate Governance Committee during fiscal year 2022 have been associated with the powers and functions of such Committee, either by legal requirements or by internal regulations of AmRest Holdings, SE.

The Annual Report on the Operation of the Appointments, Remuneration and Corporate Governance Committee for 2022 – which will be available to shareholders on the AmRest website – details the key activities performed by the Committee during such period, including the following:

- Proposed appointments associated with the Board of Directors and its committees.

Regarding the proposals to be submitted to the Company's General Meeting in 2022, the Committee, at its meeting of March 15, 2022, adopted the following resolutions:

- Favourably advise the re-election, for a further period of four years, of the director Mr José Parés Gutiérrez, in the category of executive director, of the director Mr Luis Miguel Álvarez Pérez, in the category of proprietary director, and of the director Mr. Carlos Fernández González, in the category of proprietary director.
- Propose the reappointment for a further period of four years, of the director Mr. Pablo Castilla Reparaz, in the category of independent directors.
- Appointment proposals associated with the senior management and with the organizational structure of the AmRest Group.
- Report on Directors' Remuneration Policy, approved by the General Shareholders' Meeting of May 12, 2022.
- The policy and the compensation plan for the executives of the AmRest Group (in terms of fixed and variable compensation and share plans).
- 2021 Corporate Governance Report and Remuneration Report.
- 2022-2023 Board of Directors' Training Plan.
- 2021 Assessment for the Board of Directors and its committees.
- Report on the amendment of the Regulations of the Board of Directors.
- Preparation of the Annual Report on the Operation of the Appointments, Remuneration and Corporate Governance Committee.

SUSTAINABILITY, HEALTH AND SAFETY COMMITTEE

Name	Post	Category
Ms. Romana Sadurska	Chairman	Independent
Mr. Pablo Castilla Reparaz	Member	Independent
Ms. Mónica Cueva Díaz	Member	Independent
% of executive directors		0.00%
% of proprietary directors		0.00%
% of independent directors		100.00%
% of other external directors		0.00%

Explain the functions assigned to this committee and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The Sustainability, Health and Safety Committee is governed by the provisions of article 20 bis of the Board of Directors Regulations.

Composition.

The Sustainability, Health and Safety Committee shall be made up of no less than three and not greater than five non-executive directors, the majority of whom must be independent directors.

The Board of Directors shall endeavour to ensure that the members, and in particular the Chair, of the Sustainability, Health and Safety Committee have the appropriate knowledge, qualifications and expertise to discharge the duties entrusted to them.

The Sustainability, Health and Safety Committee shall appoint the Chair out of its members. The Chair must be an independent director.

The committee also has a Secretary and a Vice-Secretary.

Functions.

Notwithstanding other tasks the Board of Directors and applicable legislation may entrust to it, the Sustainability, Health and Safety Committee shall have the following basic responsibilities:

- (a) Regarding occupational safety, nutrition, food safety and sustainability:
- Reviewing, monitoring and recommending to the Board of Directors the respective management framework and policies.
 - Advising, reviewing, and recommending to the Board of Directors for approval strategies for achieving the Company's objectives in these areas, and assessing performance against those targets.
 - Aiming the Company's compliance with its sustainability and health policies as well as with the laws applicable to such matters, particularly in relation to the areas referred to in this item (a).
 - Aiming that the systems used to identify and manage the risks related to these areas are fit-for-purpose, being effectively implemented, regularly reviewed and continuously improved.
 - Ensuring that the Board of Directors is properly and regularly informed and updated on matters relating to the risks related to the areas referred to in this item (a).
 - Aiming that the Company is effectively structured to manage risks related to these areas, including having competent workers, adequate communication procedures and proper documentation.
 - Reviewing and recommending to the Board of Directors regarding the appropriateness of resources available for operating the health and safety management systems and programmes, in particular for the areas already indicated.
 - Reviewing and monitoring all health and safety related incidents / issues in particular those related to the areas referred to in this item (a) and the actions taken by the Board of Directors to prevent recurrence.

- (b) To oversee and evaluate the preparation and presentation process and the integrity of the non-financial information, reporting to the Audit and Risk Committee and submitting recommendations or proposals on the same.
- (c) To assist the Board of Directors in the supervision of the process of preparation and presentation of the mandatory non-financial information and to submit recommendations or proposals to the Board of Directors, aimed at safeguarding the integrity of such information.
- (d) To evaluate and periodically review the Company's environmental and social policy, in order to ensure that it fulfils its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of the remaining stakeholders.
- (e) To oversee that the Company's practices in environmental and social matters are in line with the strategy and policy established.

Operation.

The Sustainability, Health and Safety Committee shall meet each time the Chair deems it necessary. The Chair will call a meeting whenever a report is issued or proposals need to be adopted and, in any case, whenever it is suitable for the successful performance of its functions.

The Sustainability, Health and Safety Committee shall be validly quorate when the majority of its members, present or represented, attend. The resolutions shall be adopted by the absolute majority of the attending members, present or represented.

The Sustainability, Health and Safety Committee may seek the advice of external experts up to the amount approved by the Board of Directors (and in excess with the authorization of the Board of Directors).

Most important activities during the fiscal year 2022.

The primary activities and actions performed by the Sustainability, Health and Safety Committee during fiscal year 2022 have been associated with the powers and functions of such Committee, either by legal requirements or by internal regulations of AmRest Holdings, SE.

The Annual Report on the Operation of the Sustainability, Health and Safety Committee for 2022 – which will be available to shareholders on the AmRest website – details the key activities performed by the Committee during such period, including the following:

- Monitoring of the key pillars of the Group's Sustainability Policy: Food, People and Environment.
- Management of food safety policy, divided into the supplier, main kitchen, logistics and restaurant pillars.
- Review of KPI audits performed on suppliers and logistics.
- Implementation of nutrition policies and related roadmaps.
- Analysis of the waste management and environmental strategies of the restaurants of the Group.
- Review of the Group's Animal Welfare Policy, Customer Packaging Policy and Waste Management Policy
- Review of the health and safety policy at the workplace, and monitoring that all restaurants in the Group follow the safety measures to prevent accidents at work.
- Overseeing the Group's preparedness for the non-financial information reporting.

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors			
	Year 2022 Number %	Year 2021 Number %	Year 2020 Number %	Year 2019 Number %
Executive Committee	0	0	0	0
Audit and Risk Committee	1 (33.33%)	1 (33.33%)	1 (33.33%)	0
Appointments, Remuneration and Corporate Governance Committee	1 (25.00%)	1 (25.00%)	1 (25.00%)	1 (25.00%)
Sustainability, Health and Safety Committee	2 (66.67%)	2 (66.67%)	2 (66.67%)	0

C.2.3 Indicate, where applicable, the existence of any regulations governing Board committees, where these regulations are to be found, and any amendments made to them during the year. Also indicate whether any annual reports on the activities of each committee have been voluntarily prepared.

The committees of AmRest's Board of Directors are regulated in the Company's Board of Directors Regulations. In addition, and in order to comply with the recommendations of the Technical Guide 3/2017 of the Spanish National Securities Market Commission on Audit Committees of Public Interest Entities, the Audit and Risk Committee is regulated in its own Regulations, approved by the Company's Board of Directors following a proposal from the Committee. Board of Directors Regulations are available for consultation on the corporate website (www.amrest.eu).

As already detailed in section C.1.15 of this Report, the Regulations of the Board of Directors were modified by resolution of the Board itself, at its meeting held on December 14, 2022.

Each year, all the Committees of the Board of Directors prepare a Annual Report, containing a summary of the main activities and actions carried out during the financial year, detailing the matters examined and dealt with at the meetings held, and outlining aspects related to their duties and responsibilities, composition and performance. These reports are published on the Company's website sufficiently in advance of the Ordinary General Shareholders' Meeting.

D RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Explain, where appropriate, the procedure and competent bodies relating to the approval of transactions with related and intragroup parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

The procedure and competent bodies relating to the approval of transactions with related and intragroup parties are as established by Article 231 bis and 529 vices et seq of the Spanish Capital Companies Act.

In this regard, and as mentioned above, the Board of Directors, at its meeting held on December 14, 2022, and at the proposal of the Appointments, Remuneration and Corporate Governance Committee, approved the partial amendment of the company's Board of Directors' Regulations which basically consists, among other aspect, of adapting them to the novelties of Law 5/2021 of April 12, which amends the revised text of the Capital Companies Act and other financial regulations with regard to the promotion of long-term shareholder involvement in listed companies (Law 5/2021). Specifically, the Board of Directors' Regulations were adapted to the amendments introduced by Law 5/2021 to the regime of related-party transactions applicable to listed companies.

Following the aforementioned amendment, Article 6 the Board of Directors' Regulations includes the following non-delegable powers of the Board, among others:

The approval of related party transactions, after a report from the Audit and Risk Committee, of upon the terms set forth in Article 24 bis of these Regulations, unless approval thereof is reserved to the shareholders acting at General Shareholders' Meeting. The Board of Directors of the Company may delegate the approval of transactions between companies forming part of its Group that are executed within the scope of day-to-day management and on arms-length terms, as well as transactions concluded pursuant to contracts with standardized terms that apply generally to a large number of customers, are carried out at generally established prices or rates, and the amount of which does not exceed 0.5% of the net revenue of the Company, determined in accordance with the calculation rules provided for by law.

In this regard, and in accordance with the provisions of article 24.1(a) of the Board of Directors' Regulations, *the director must refrain from carrying out transactions with the Company, except when they are part of the Company's ordinary business, are carried out under normal market conditions and are of little significance, with these being understood to be those involving information that is not required to express a true image of the Company's property, financial situation and results, except for those transactions that are approved by the Company upon the terms set forth in the rules on related party transactions established by law, the Statute and these Regulations.*

In addition, Article 24 bis of the Board of Directors' Regulations establishes the following with regard to the regime on related-party transactions:

1. *The Board of Directors, after a favourable report from the Audit and Risks Committee, shall approve transactions of the Company or subsidiaries thereof with Directors, with shareholders owning 10% or more of the voting rights or represented on the Company's Board of Directors, or with any other persons who should be considered related parties as provided by law, provided that they are considered related-party transactions under applicable law, and unless approval thereof is reserved to the shareholders acting at a General Shareholders' Meeting. This power may not be delegated, except in the cases and upon the terms provided by law and Article 6 of these Regulations.*

2. Where the Board of Directors has the power to adopt the resolution approving related-party transactions and this power has not been delegated, the affected Director, or the Director representing or connected to the affected shareholder must abstain from participating in the deliberation and voting as provided by law.

3. If the Board of Directors delegates the approval of related-party transactions as provided by law and Article 6 of these Regulations, the Board of Directors shall establish in relation thereto an internal regular reporting and control procedure, in which the Audit and Risks Committee shall participate, to verify the fairness and transparency of these transactions and, where appropriate, compliance with the applicable legal standards. The approval of these transactions shall not require a prior report from the Audit and Risks Committee.

4. As regards related-party transactions for which approval is reserved to the shareholders at a General Shareholders' Meeting, the proposed resolution on approval adopted by the Board of Directors must be submitted to the shareholders at the General Shareholders' Meeting along with a statement as to whether it has been approved by the Board of Directors with or without the dissenting vote of a majority of the independent Directors.

Likewise, Article 19.4 (i) of the Board of Directors Regulations establishes, among the competencies of the Audit and Risks Committee, the following:

To report on related-party transactions that must be approved by the shareholders acting at a General Shareholders' Meeting or by the Board of Directors and to supervise the internal process established by the Company for those transactions for which approval has been delegated by the Board of Directors.

It should be noted that the Board of the Company has not delegated the approval of intragroup and related party transactions, so no specific procedure of periodic control has been established in this regard.

D.2 Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the shareholder or any of its subsidiaries	% Shareholding	Name or company name of the company or entity within its group	Nature of the relationship	Type of operation and other information required for its evaluation	Amount (thousand of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents
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D.3 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the administrators or managers or their controlled or jointly controlled entities	Name or company name of the company or entity within its group	Relationship	Nature of the operation and other information necessary for its evaluation	Amount (thousand of euros)	Approving body	Identity of the shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents
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D.4 Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

Company name of the entity within the group	Brief description of the operation and other information necessary for its evaluation	Amount (thousand of euros)
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D.5 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

Company name of the related party	Brief description of the operation and other information necessary for its evaluation	Amount (thousand of euros)
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D.6 Give details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management, significant shareholders or other associated parties.

In accordance with the Company's corporate governance rules, the principles governing possible conflicts of interest that may affect directors, executives or significant shareholders are as follows:

- With respect to directors, Articles 23 and 24 of the Board of Directors Regulations establish the following:

Directors shall take the necessary measures to avoid incurring situations in which his or her own or other interests may conflict with the corporate interest and their duties towards the company. In any case, directors must inform the Board of Directors of any direct or indirect conflicts which they or related individuals may have with the company's interests.

Likewise, as set forth in said Regulations with regard to the duty of loyalty, directors are obliged to refrain from participating in the discussion and vote on resolutions or decisions with which they or a related person -understanding as such those defined in the Capital Companies Act-, have a direct or indirect conflict of interest. Any resolutions or decisions which affect these individuals in their role as director, such as their appointment or removal from the Board and similar concepts, are excluded from the aforementioned obligation.

Also, Article 24 of the Board of Directors Regulation obliges the directors to refrain from:

- Carrying out transactions with the Company, except when they are part of the Company's ordinary business, are carried out under normal market conditions and are of little significance, with these being understood to be those involving information that is not required to express a true image of the Company's property, financial situation and results, except for those transactions that are approved by the Company upon the terms set forth in the rules on related party transactions established by law, the Statute and these Regulations.
- Using the Company's name or adducing their standing as director to have undue influence when carrying out private transactions.
- Making use of the corporate assets, including the Company's confidential information, for private ends.
- Taking advantage of the Company's business opportunities.
- Obtaining advantages or remuneration from third parties other than the Company or its Group, associated to the discharge of their duties, other than minor matters of mere courtesy.
- Carrying out activities on their own, or another's, behalf which entail effective competition, whether currently or potentially, or which, in any other way, places them in permanent conflict with the Company's interests.

For purposes of the provisions of this paragraph, the following shall not be deemed to be in a situation of actual competition with the Company, even if they have the same or a similar or complementary corporate purpose: (i) companies belonging to the same group to which the Company belongs; and (ii) companies with which the Company has established a strategic alliance. proprietary directors of competitor companies appointed at the instance of the Company or in consideration of the interest the Company may have in any such competitor company shall not be deemed to be in breach of the prohibition on competition.

- With regard to significant shareholders, Article 24 bis of the Board Regulations establishes that the Board of Directors, following a favourable report from the Audit and Risk Committee, shall approve transactions that the company or its subsidiaries carry out with shareholders holding 10% or more of the voting rights or represented on the Company's Board of Directors, provided that, under current legislation, they are considered to be related-party transactions, and unless their approval corresponds to the General Shareholders' Meeting. This power cannot be delegated, except in the cases and under the terms provided by law and in Article 6 of the Company's Board of Directors' Regulations, as described in section D.1 above.

- With respect to executives, the Board of Directors approved on 2022 the new Conflict of interest Group Policy (superseding the previous Procedure for Conflicts of Interest and Related-Party Transactions), which establishes the principles and rules to prevent and manage potential, actual or perceived conflict of interest situations regarding employees and any person or company who AmRest does business with, and how such principles and rules are to be implemented.

The policy sets out guidelines for detecting conflict of interest situations, rules on how to disclose them and establishes the responsibilities of each internal body with regard to reporting and managing conflict of interest situations.

According to the policy, all employees have an obligation to report conflicts of interest at the time such situations arise.

Conflict of interest situations concerning Senior Executives are escalated to the Chair of the Board of Directors and the Chair of the Audit and Risk Committee.

Group Compliance Department is responsible for providing recommendations for managing conflicts of interest disclosed, as well as overseeing and monitoring the implementation of mitigating measures.

The Code of Ethics and Business Conduct also governs this matter under section 2 - Honesty, Integrity and Transparency.

Global Internal Audit and Internal Control Department identify and review during their assignments any risks, including ones related to potential or existing conflicts of interest. In case of identifying such risks, this department provides recommendations, requests for action plans and later monitors and verifies action plans implementation. The audit reports, including risks, recommendations, action plans and status of action plans monitoring and verification, are communicated to the Audit and Risk Committee and the Senior Management.

D.7 Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them.

Yes X No

The Company is controlled by the Finaccess Group.

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely:

Yes No X

Report covering the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported

No information is publicly disclosed about the respective areas of activity and/or about possible business relationships, as there are no business relationships or related activities between any of the parties.

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

Mechanisms for resolving possible conflicts of interest

No specific mechanisms have been established other than those already existing in the applicable regulations in relation to resolving possible conflicts of interest between the parent of the listed company and the other group companies.

E RISK MANAGEMENT AND CONTROL SYSTEMS

E.1 Explain the scope of the company's financial and non-financial risk management and control system, including tax risk.

To effectively govern and manage AmRest enterprise approach to the risk management, the Group has implemented a 3-line of defence model within the organization.

Each of the 3 lines play a distinct role within the framework and the responsibilities allocated: i) the first line, assigned to the risk owners and risk delegates; ii) the second line, supported by Risk and Compliance Department; and iii) the the third line, held by the Global Internal Audit and Internal Control Department.

Global Internal Audit and Internal Control Department supports AmRest Management by realizing planned and ad-hoc audit assignments, according to the Annual Audits Plan.

The Management is responsible for preparing action plans addressing risks and opportunities identified by the Global Internal Audit and Internal Control Department. The Global Internal Audit and Internal Control Department regularly monitors, verifies and reports to the Audit and Risk Committee and the Management, the status of the action plans implementation declared by the Auditees.

The Global Risk and Compliance Department was established in the beginning of 2021 with the department head reporting directly to the Audit and Risk Committee Chairman (Board of Directors level). Department key responsibilities include:

- Promoting and guiding the organization in the creation of a consistent risk management culture, through an adequate communication, training and building awareness of all AmRest employees.
- Periodically updating the risk catalogue and the risk map.
- Overseeing the adequate functioning of the ERM System (Enterprise Risk Management), specifically regarding the identification, assessment, response and reporting to the Audit and Risk Committee over the critical risks to which the Group is exposed, including emerging risks.
- Fostering the implementation of efficient and complete risk response strategies to mitigate or reduce critical risks to which the Group is exposed within the risk appetite and tolerance levels approved by the Group.
- Reporting to the Audit and Risk Committee regarding the performance and functioning of the ERM (Enterprise Risk Management).

AmRest risk management process begins with the organization's long-term and short-term objective setting, which leads to the identification of risks defined as any event which might pose a threat to the fulfilment of such objectives. Risks are assessed on a periodical basis at inherent and residual level, based on their expected impact, likelihood and the organization's vulnerability, and prioritized in the risk map.

For all the risks identified as critical risks based on such assessment, the management defines risk response strategies to mitigate the inherent risk to a reasonable risk appetite level. The response strategies combine the monitoring of risk performance indicators and the execution of control activities, which are assessed for operating effectiveness purposes on a periodical basis.

AmRest identifies financial and non-financial risks and manages them both at the Group level and at the level of individual companies.

The Group has set up as well a Global Tax Governance Group Policy that establishes the rules and procedures on this matter and are supervised by the Tax Department and, ultimately, by the Audit and Risk Committee.

E.2 Identify the bodies within the company responsible for preparing and executing the financial and non-financial risk management and control system, including tax risk.

The risk management system, the internal control system and review of effectiveness of such systems are supervised by risk owners, Chief Risk & Compliance Officer, Risk & Compliance Committee, Senior Management, Audit and Risk Committee and ultimately by the Board of Directors of AmRest Holdings, SE.

AmRest's risk management process begins with the organization's long-term and short-term objective setting, which leads to the identification of risks defined as any event which might pose a threat to the fulfilment of such objectives. Risks are assessed on a periodical basis at inherent and residual level, based on their expected impact, likelihood and the organization's vulnerability, and prioritized in the risk map.

Audit and Risk Committee is responsible to oversee the effectiveness of the Group's risk management system.

Senior Management is responsible for the sponsorship of the ERM, with the aim to foster and promote a common and consistent risk culture throughout the organization.

Global Risk & Compliance Function is responsible for the global coordination of the risk identification, assessment, and response processes; and provides recommendations supporting risk reduction.

Employees and Co-workers are responsible to comply with risk management policies and procedures.

The finance team, led by the Chief Financial Officer, is responsible for the Group's tax policy and for the implementation of its tax strategy. Tax strategy is reviewed on an ongoing basis as part of the regular financial planning cycle. The Audit and Risk Committee is responsible for monitoring all significant tax matters. Audit and Risk Committee meetings are usually attended by a number of Group officers and employees including representatives from the tax, internal audit and control audit, compliance and risk and financial reporting areas, including the Chief Financial Officer.

E.3 Indicate the main financial and non-financial risks, including tax risks, as well as those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant and may affect the achievement of business objectives.

The AmRest Group is subject to various risks in the different markets in which it does business.

1. Liquidity risk

Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. The Group is exposed to the risk to a lack of financing at the moment of the maturity of bank loans and bonds.

As of 31 December 2022, the Group has sufficient liquidity to fulfil its liabilities over the next 12 months.

The Group analyses liquidity needs with particular focus on the maturity of debt and proactively investigates various forms of financing that could be utilised as needed.

2. Risks related to the COVID-19 and its implications for the economy and society

During year 2022, in the main economies where the Group operates, many COVID 19 related restrictions imposed by the governments were relaxed and lifted. This facilitated greater mobility and social interaction that positively impacted the revenues level for Group.

The market which remained affected by the pandemic was China where strict lockdowns were imposed in some areas during first quarter of 2022 and extended into the second quarter.

In September 2022, the head of WHO stated that the end of pandemic was in sight, yet the countries needed to remain vigilant and review their policies to strengthen them for COVID 19 and future viruses.

The occurrence of potential new mutations or variants in coming months, and their potential impact on Group's operations cannot be predicted.

3. Dependency on the franchisor

AmRest manages KFC, Pizza Hut, Burger King and Starbucks (in Romania, Bulgaria, Germany and Slovakia) as a franchisee, and therefore a number of factors and decisions related to the business activities conducted by AmRest and the possibility of renewing or extending the duration of the franchise agreements, depend on the conditions (including limitations or specifications) imposed by the franchisors or are subject to their consent.

Therefore, in relation to the duration of those agreements, the renewal is not automatic and AmRest cannot guarantee that after the expiry of the initial periods of duration of the franchise agreements, which are typically ten years, a given franchise agreement will be extended.

4. Dependency on cooperation with minority shareholders and Starbucks' call option

AmRest operates Starbucks restaurants in Poland, the Czech Republic and Hungary based on partnership agreements with Starbucks Coffee International, Inc. The partnerships establishes that Starbucks Coffee International, Inc. is the minority shareholder of companies operating Starbucks stores in mentioned countries. Therefore, some decisions as part of the joint business activities are dependent on Starbucks' consent.

If AmRest fails to comply with the obligation to open and run the minimum specified number of cafés, Starbucks Coffee International, Inc. has the right to increase its share in these companies by acquiring shares from AmRest Sp. z o.o. at a price agreed between the parties based on the valuation of the companies.

5. No exclusivity rights

International Franchise Agreements per se do not typically grant exclusivity rights to the franchisee in the relevant territories. In order to secure exclusivity rights for a certain territory, franchisees aim to have either a master franchise agreement or a development agreement with the franchisor. Currently, AmRest does not have master franchise agreements or development agreements in all territories and cannot secure that it will have exclusivity on certain territories.

6. Risks related to the consumption of food products

Changes in consumer preferences arising from concerns over the nutritious properties of chicken, which is the main ingredient in the KFC menu, or as a result of unfavourable information being circulated by the mass media concerning the quality of the products, could pose a threat to the Group.

Furthermore, diseases caused by these (i.e. food poisoning) and damages to health as a result of eating in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and Sushi Shop, and as a result of revealing unfavourable data prepared by the government or a given market sector concerning the products served in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and Sushi Shop, health-related issues and issues related to the functioning patterns of one or more restaurants run both by AmRest and the competition could also pose a threat to the Group.

- Food risks can result from a microbiological, chemical (formed during preparation like acrylamide e.g., burned meat, dark brown fried French fries) or physical factors.
- Risks associated with new technologies - that alter the characteristics of the food, such as genetic modification or food irradiation, may change the composition of the food, replacing an existing or traditional method of food production can also lead to a change in the levels of a hazard, such as the levels of pathogenic microorganisms.
- Risks associated with allergenic foods - can range from mild to severe gastrointestinal effects, headaches, respiratory problems or skin reactions to potentially life-threatening anaphylaxis.
- Food poisoning (e.g., by incautious storage and preparation of food, contaminated food, or water).
- Hormones or antibiotics in meat.

7. Risks related to key personnel turnover in the Group and increasing labour costs

AmRest's success depends, to some extent, on the individual effort of selected employees and key members of management.

Excessive turnover of employees and too frequent changes in managerial positions may pose a significant risk to the stability and quality of the business activities.

8. Risks related to limited access to foodstuffs and the variability of their cost

Increases in the cost of commodities, raw materials and goods can have an adverse impact on Group's operating profit margins.

AmRest's situation is also affected by the need to ensure frequent deliveries of fresh agricultural products and foodstuffs and anticipating and responding to changes in supplies costs. The Group cannot rule out the risk related to delivery shortage or interruptions caused by factors such as unfavourable weather conditions, changes in legal regulations or withdrawing some foodstuffs from trading. Also the increased demand for certain products accompanied by limited supply may lead to difficulties in obtaining these by the Group or to relevant price increases. Both the shortages and product price increases may have an adverse effect on the Group's results, operations and financial standing.

9. Risks related to opening restaurants in new countries

Opening or taking over restaurants operating in a new geographical and political area involves the risk of varying consumer preferences, a risk of insufficient knowledge of the market, the risk of legal restrictions arising from local regulations and the political risk of these countries.

10. Currency risk

The results of AmRest are exposed to currency risk related to transactions and exchanges into currencies other than the currency in which business transactions are measured in the individual Capital Group companies. The Group adjusts its currency portfolio of debt to the geographical structure of its profile of activities.

11. Risks related to the current geopolitical situation

The Company conducts its business in countries where political climates are uncertain. Tensions around that subject may result in a negative impact on economy, including unstable currency, interest rates, liquidity, supply chain disruptions and consumer confidence deterioration.

In 2022, the increased geopolitical risk, as a consequence of the war in Ukraine, weighed adversely on global economic conditions including the markets where the Group operates.

The conflict has triggered turmoil in the financial markets around the world, and drastically increased uncertainty about the recovery of the global economy, as reflected in the widespread deterioration of the consumer confidence indicators, which has impacted on financial and commodity markets.

Despite the fact that the conflict has remained localized, it has had 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, 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. The Group has been closely monitoring their potential impact on Group's current and future operations. All these events and uncertainty that accompanies them may have a significant impact on the Group's operations and financial position, of which the effect is difficult to predict.

The future economic and regulatory situation may differ from the Management's expectations.

12. Risk of increased financial costs

AmRest and its subsidiaries are exposed to a certain extent to adverse impact of interest rate fluctuations in connection with obtaining financing which bears floating interest rates and investing in assets bearing floating interest rates. The interest rates of bank loans and borrowings and issued bonds are based on a combination of fixed and floating reference rates which are updated over periods shorter than one year.

Additionally, AmRest and its subsidiaries may, as part of the interest rate hedging strategy, enter into derivative and other financial contracts, where the valuation of which is significantly affected by the level of reference rates.

13. Increases in the cost of energy and utilities

Significant increase of energy pricing impacted cost side on most European markets. Impact which we offsetting by consumption reduction and by adjusted purchasing strategies.

14. Tax risk

In the process of managing and executing strategic decisions, which may affect the tax settlements, AmRest could be exposed to tax risk. In the event of irregularities occurring in tax settlements it would increase the dispute risk in the case of a potential tax control.

15. Credit risk

Exposure to credit risk include cash and cash equivalents and trade and other receivables. With the development of franchise business, AmRest is getting exposed more to credit risk. Therefore the quality of the franchisees portfolio is a key priority.

16. Risks of economic slowdowns

Economic slowdown in the countries where AmRest runs its restaurants may affect the level of consumption expenditure in these markets, which in turn may affect the results of the AmRest restaurants operating in these markets.

17. Risk of system breakdowns and temporary breaks in serving customers in restaurants

Risk of systems failures and communication network failure, as well as the potential partial or complete loss of data in connection with system breakdowns or damage or loss of key tangible fixed assets of the Group might result in temporary interruptions in serving customers in restaurants, which might have an adverse effect on the Group's financial results.

18. Cyberattack risk

The Group's operations are supported by a wide variety of IT systems, including point-of-sale systems, electronic ordering platforms, supply-chain management systems and finance and controlling tools. Consequently, the Group is exposed to the risk of temporary operational disruption, data integrity risk and/or unauthorised access to confidential data, which may be a result of cyberattacks.

19. Global crisis and disruption

The potential occurrence of global disasters, such as health epidemics, economic crises, energy crises, extreme weather events, or other critical events creates a risk of disruption the Group's business, industry and economies where the Group operates and could impact the Group's day to day business concerns.

20. Adverse regulatory change or evolution

Failure to anticipate, identify and respond to new regulation that may result in fines, litigations and/or the loss of operating licences or other restrictions.

21. Remaining factors outside the Group's control

This risk is related to the effect of factors remaining outside the Group's control on AmRest's development strategy which is based on opening new restaurants. Such factors include: opportunities for finding and securing available and appropriate locations for restaurants, the ability to obtain the permits required by relevant bodies, the possibility of delays in opening new restaurants.

E.4 Indicate whether the entity has risk tolerance levels, including for tax risk.

The Global Risk and Compliance Department is responsible for the regular updating of AmRest Risk Map, incorporating the risks to which the Group is exposed in the form of a chart, in which the impact of the risk materialization, and the likelihood of the risk materialization are captured.

The objectives of the AmRest Risk Map are:

- Collect comprehensive and structured information about risks at AmRest Group (identification).
- Perform risk prioritization of the identified risks (assessment).
- Have an updated and integrated risk map for AmRest Group.

In line with the 3-line of defense risks management framework, both risk owners and risk delegates are accountable for risk identification and risk response strategies development. Risk identified are assessed within the process system and risk map is documented.

The Risk Map is communicated to the AmRest Risk and Compliance Committee and to the Audit and Risk Committee for review and overseeing adequate action plans addressing identified risks.

The AmRest Risk structure includes a 3-level risk classification system:

- The first level (main categories of risks) is divided into 5 areas:
 - Governance
 - Strategy & Planning
 - Operations & Infrastructure
 - Compliance
 - Reporting
- The second level includes risk categories.
- The third level contains specific risks.

The risks are evaluated by using the consistent parameters: impact (refers to the extent a risk event might affect the Group and measured as a % of EBITA), and likelihood (represents the probability that a given event will occur, is measured as a % materialization possibility).

The Group identifies and assesses risks that may impact the achievement of the entity's strategy and business objectives, by monitoring key risk indicators to gauge behavior and exposure, providing early warnings which are then combined with strategies of acceptance, reduction or mitigation measures.

The Group has further developed control activities for the risks in the processes with the aim to mitigate the exposure to the risk materialization, either reducing its likelihood or minimizing its impact.

Risks are prioritized according to their severity and considering the entity's risk appetite. The organization then selects risk responses and monitors performance for change. The organization determines a portfolio view of the amount of risk the entity has assumed in the pursuit of its strategy and business objectives.

E.5 Indicate which risks, including tax risks, have materialised during the year.

- Increase in the cost of commodities, raw material and goods

Increases in the cost of commodities, raw materials and goods can have an adverse impact on Group's operating profit margins. In order to mitigate these risks, the Group has implemented sourcing strategies, from Value Added Programs and value engineering initiatives to avoid price increase, offsetting can be done also by consumption reduction and by adjusted purchasing strategies (short term – long term price fixing, spot pricing etc.), periodical tender procedures, and established preventative controls to monitor deviations in actual expenditure, monitoring of pricing trends, and active review of tender processes. The Group will continue to keep long term relationship with suppliers and keep right portfolio of the producers.

Price increases had already significant impact throughout the 2022, however we still expect big inflation pressure on “labor intensive” services (IT, Digital area, etc.).

- Risk related to coronavirus and its implication for the economy and society.

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

Some other risks related to the activity of the Company materialized during the year . None of these risks had a relevant impact on the AmRest business since the measures for their prevention and/or mitigation worked properly.

E.6 Explain the response and oversight plans for the company's main risks, including tax risks, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise.

In order to address and supervise the Group's risk management and control (including fiscal risks), the model is based on a series of tools/ processes described in section E.1 and E.2 of this report.

Global Internal Audit and Internal Control Department supports AmRest Management in risks identification and provides recommendations in area of risk management, collects action plans from the Management, which address risks, and monitors and verifies their implementation.

There are the committees operating at AmRest in order to respond and supervise entity's main risks, including:

1. Committees composed of the members of the Board of Directors:
 - Audit and Risk Committee
 - Sustainability, Health and Safety Committee
 - Appointments, Remuneration and Corporate Governance Committee
 - Executive Committee
2. Other committees:
 - Risk and Compliance Committee
 - Crisis Management Committee
 - Sustainability Committee
 - Global Ethics Committee
 - Local Ethics Committee

To mitigate tax risks, AmRest:

- Applies the Global Tax Governance Group Policy which includes good practices in respect of taxes.
- Ensures that the Company has the accounting and control mechanisms needed to handle day to day tax and reporting requirements.
- Ensures that tax is properly considered as part of corporate decision making processes.
- Considers the probability of a different approach of tax authority to the application of the tax law and acting in a manner which mitigates such risk.

F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms forming your company's Internal Control over Financial Reporting (ICFR) system.

F.1 THE ENTITY'S CONTROL ENVIRONMENT

Report on at least the following, describing their principal features:

F.1.1 The bodies and/or departments that are responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) its implementation; and (iii) its supervision.

The Board of Directors is ultimately responsible for the internal control and risk management systems, reserving for itself, as a non-delegable power, to approve the Company's control and risk management policy, including taxation, and supervision of the internal information and control systems.

Likewise, and in accordance with article 19.4 of the Regulations of the Board of Directors, this function is entrusted to the Audit and Risk Committee. In particular, the Audit and Risk Committee shall:

- Oversee the effectiveness of the Company's internal control system, the internal audit, and the risk management system (both financial and non-financial) and discuss with the external auditor the significant weaknesses of the internal control system revealed in the course of the audit, while maintaining its independence. For such purposes, the committee may, if appropriate, submit recommendations or motions to the Board of Directors, with the relevant term for follow-up.
- Oversee and assess the preparation and presentation process and the integrity of the financial and non-financial information, reviewing compliance with legal requirements, the proper determination of the scope of consolidation and the correct application of accounting standards, and submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of such financial information.
- Ensure that the annual accounts are formulated by the Board of Directors in accordance with the legal provisions on accounting. However, in cases where the statutory auditor has included a qualification in its audit report, the Chair of the committee shall clearly explain the content and scope thereof at the General Meeting. In addition, a summary of such explanation shall be made available to the shareholders at the time of publication of the call to the General Meeting.
- Liaise with the auditor to receive information on: matters that could represent a threat to its independence; any matter related to the implementation of the audit process; and, where appropriate, the authorisation of any services, other than those forbidden under the terms of the applicable audit regulations, and other communications envisaged by these regulations.
- Ensure the independence of the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or make a proposal for approval to the board of the priorities and annual work programme of the internal audit unit, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

The head of the internal audit service shall submit an annual work program to the Audit and Risk Committee, for approval by this committee or the Board of Directors, and shall report to the committee on (i) its execution, as well as any incidents or scope limitations arising during its implementation, (ii) the results, and (iii) the follow-up of its recommendations.

- Ensure in general that the internal control policies and systems established are applied effectively in practice.

In particular, regarding the Company's risk control and management policy, the Audit and Risk Committee is responsible for supervising that it identifies or determines, at least:

- (i) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, and risks relating to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
- (ii) A risk control and management model based on different levels.
- (iii) The level of risk that the company considers acceptable.
- (iv) The measures in place to mitigate the impact of identified risk events should they occur.
- (v) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

- Oversee the risk control and management unit, which shall perform the following responsibilities:
 - (i) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.
 - (ii) Participate actively in the preparation of risk strategies and in key decisions about their management.
 - (iii) Ensure that the risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the Board of Directors.

Also, Regulations adopted on Audit and Risk Committee develop and supplement the provisions of the Regulations of the Board of Directors. With regard to the process of preparing economic and financial information, Audit and Risk Committee shall:

- Oversee the process of preparation and submission and the clarity and integrity of the regulated financial information relating to the Company and its Group, ensuring that the half-yearly financial reports and the quarterly management statements are drafted in accordance with the same accounting standards as the annual financial reports and to oversee the review of the interim financial statements requested from the auditor, with the scope and frequency that may be defined, as the case may be.
- Review compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of such generally accepted accounting principles and international financial reporting standards as may be applicable.
- Submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of the financial information.
- Advise the Board of Directors on any significant change of accounting standard and of the significant risks on the balance sheet and off-balance sheet.

The Finance Department prepares the financial information and submits it for approval of the Audit and Risk Committee and the Board, and keeps the daily interaction and communication with the Group's external auditor.

The Internal Audit and Internal Control Department of the Group, with regard to its function of supporting the Audit and Risk Committee when supervising the efficiency of the Internal Control System and Company Risk Management, includes in its audit plan periodic revisions of the internal, financial and operational controls. The results of these revisions are summarized in the audit reports, indicating the deficiencies detected and the action plans proposed by the Group Management to remedy them.

Additionally, the Global Risk and Compliance Department was established in the beginning of 2021 with the department head reporting directly to the Audit and Risk Committee Chairman.

The Company has also adopted the Global Compliance Group Policy implementing:

- Set of operating principles associated with the main compliance areas affecting organization.
- Set of mechanisms and procedures to prevent, identify and resolve situations in which unethical, unlawful practice or regulatory breaches occur in the course of our activities.

Lastly, the Code of Ethics and Business Conduct sets out the main ethical principles and regulations on behavior for all Group employees.

F.1.2 Indicate whether the following exist, especially in relation to the drawing up of financial information:

- **Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination throughout the entity.**

The Group, through the corporate Organisational Design division and the organisational units for each country, defines, implements and maintains the organisational structures, set of job positions aligned with the size and complexity of the units and strategy of the Group, addressing appropriate distribution of work and segregation of duties.

With respect to the process of preparing financial information group has set in place, several policies, instruction and manuals (like Group Reporting and Accounting Manual, Group Charts of Accounts, Financial Calendar, Global Tax Governance Group Policy, Finance and Investment Policy, Global Compliance Group Policy, Global Risk Management Group Policy) determining responsibilities and authorities. Preparation of financial information concerns planning, the distribution of tasks and functions, specific timeline, various reviews to be performed at several levels and dissemination thereof.

To this end, the Group has financial accounting and control functions in each of its operating markets or countries where it has presence; which are headed up by a Finance Directors for implementing and integrating at the local level of global policies defined by Group ensuring the unified reporting standards across all the Group. The consolidation work is carried out in the corporate unit, in the Finance Department, which has overall responsibility for the preparation and issuance of the Group's financial information. As a consequence of all the former, AmRest's organisational structure defines lines of action and responsibility for the areas involved in the generation of financial information, both at the individual entity level and consolidated Group level.

Internal Audit reviews during its assignments any risks related to responsibilities and reporting lines, distribution of work and duties. In case of identifying such risks, Internal Audit provides recommendations, requests for action plans and later monitors and verifies their implementation. Audit reports, including risks, recommendations, action plans and status of action plans implementation are communicated to the Audit and Risk Committee and to the Management.

Internal Audit functionally reports to the Audit and Risk Committee.

- **Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.**

In December 2021 AmRest reviewed and revitalized its Code of Ethics and Business Conduct. The Board of Directors of the Company has an exclusive authority to approve and amend the Code. The document underlines Group's commitment to ethics and compliance with the law as a fundamental part of the company's culture. The Code covers aspects related to the compliance with the law, prevention of bribery and corruption, good accounting and tax practices, as well as respect in the workplace including due regard for human rights, equal opportunities, diversity and health and safety.

All personnel must familiarize themselves and comply with the Code, and cooperate to facilitate its implementation throughout the Group which includes reporting any breach of the Code of which they become aware through AmRest's whistleblowing channel.

AmRest set up the process to analyse breaches and propose corrective actions and sanctions where the body charged with these responsibilities is Global Ethics Committee on AmRest Group level and Local Ethics Committees on the country level. Global Ethics Committee consists of representatives from Global HR, Legal, Finance, and the Internal Audit, proposed by the Risk and Compliance Committee and approved by the Audit and Risk Committee. Works of Global Ethics Committee are supported by Chief Risk and Compliance Officer together with Global Compliance Director.

- **Whistleblower channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential and whether anonymous notifications can be made, protecting the rights of the whistleblower and the person reported.**

With regard to the whistleblowing channel, as specified in Article 19 of the Regulations for the Board of Directors, the Audit and Risk Committee has as competency: "establish and supervise the mechanisms that allow employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors to report, confidentially and, if deemed appropriate, anonymously, any irregularities of potential significance, financial, accounting or those of any other nature, that are noticed within the Company, respecting in all cases the personal data protection regulations and the fundamental rights of the parties involved."

AmRest operates whistleblowing channels, including the online "Speak Openly" solution, to allow employees and other stakeholders to report any irregularities and breaches of external or internal regulations. The online solution currently operates in all major markets where AmRest is present except for Russia and China (extension to China expected for the next year).

The rules and commitments related to the whistleblowing channels are documented in the Whistleblowing Group Policy, approved by the Board of Directors and ensure among others the confidentiality, possibility of anonymous reporting, protection of whistleblowers and person reported, impartiality of the investigation and prohibition of retaliation.

- **Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.**

With regard to employee training in financial and control issues, AmRest provides it through internal and external trainings.

Financial reporting personnel attend technical sessions run by external consultancy firms, covering developments in accounting. Likewise, the Group relies on the external advice of experts in specific areas related to the financial reporting.

AmRest supports also financial reporting personnel in getting professional and internationally recognized certificates like ACCA or CIMA. AmRest supports Internal Auditors in getting professional and internationally recognized certificates like CIA, CISA and others.

F.2 ASSESSMENT OF RISKS IN FINANCIAL REPORTING

Report on at least the following:

F.2.1 The main characteristics of the risk identification process, including risks of error and fraud, as regards:

■ Whether the process exists and is documented.

AmRest Group's risk identification and assessment is an internal process, defined by Global Risk Management Policy adopted by the Company and cascaded to all subsidiaries within the Group.

Per this policy, process is carried out by:

- Board of Directors and Audit and Risk Committee (oversight the effectiveness of the Group's risk management system).
- Top Management (promoting risk management culture).
- Risk Owners (Identifying current risks, conducting risk assessment and keeping the risk map updated, defining and executing risk response strategies to mitigate risks).
- Risk and Compliance Committee (fostering the implementation of efficient and complete risk response strategies).
- Risk and Compliance Department (coordinating, promoting and supervising risk management process).
- Internal Audit and Internal Control Department (evaluating risk management, internal controls and corporate governance and providing recommendations).
- Employees and Co-workers (complying with Global Risk Management Policy and procedures).

Section E.4 of this report indicates the risk classification system, which takes into account different categories of risks. Its scope includes also risks directly related to the preparation of the Group's financial information.

In relation to reporting of financial information the Group additionally ensures the existence of specific controls covering the potential risk of error or fraud in the issuance of the financial information, i.e., potential errors in terms of: the existence of the assets, liabilities and transactions as of the corresponding date and reporting period; proper and timely recognition and correct measurement of its assets, liabilities and transactions; the correct application of the accounting rules and standards; and adequate disclosures.

These controls are applied dynamically and updated continually to reflect the reality of the Group's business as it evolves.

■ Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.

Identification of risks is carried out for each process identified as relevant, based on the objectives of the financial reporting: existence and occurrence, completeness, valuation, presentation, breakdown and comparability, and rights and obligations.

■ The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.

In the process of identifying the consolidation scope, the Group Controller (Head of Corporate Finance and Reporting Department), regularly updates the consolidation scope, verifying all changes (additions and removals) in the Group structure. Any changes within the scope of consolidation are subject to Audit and Risk Committee approval.

■ Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

The process of identifying risks leading to errors in the financial reporting takes into account also qualitative factors, together with other types of risk (like operational, financial, strategic, regarding regulatory compliance) as they ultimately affect the financial statements.

- The governing body within the company that supervises the process.

The Board through the Audit and Risk Committee supervises this process.

F.3 CONTROL ACTIVITIES

Report on whether the company has at least the following, describing their main characteristics:

F.3.1 Review and authorisation procedures for financial information and a description of the ICFR, to be disclosed to the securities markets, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including accounting closing procedures and the specific review of significant judgements, estimates, valuations and projections.

As indicated in F.1.1 section of this report, the Board of Directors relies on the Audit and Risk Committee to supervise the process of preparing and presenting the required financial information relating to the Company and the Group, including related non financial information, as well as its integrity, reviewing in the first place compliance with regulatory requirements, the proper determination of the scope of consolidation and the correct application of accounting standards.

The Audit and Risk Committee has also the duty to report to the Board of Directors prior to the adoption of the corresponding decisions, regarding the financial information that the Group must periodically disclose to the public, ensuring that such information is prepared in accordance with the same principles and practices used to prepare the financial statements and is as reliable as such statements.

Each quarter the Group Accounting Department submits the periodic consolidated financial information to the Audit and Risk Committee, highlighting the main assumptions and accounting criteria applied and clarifying any significant events which occurred during the reporting period.

Likewise, the AmRest Group has in place documented financial processes, which implies common criteria for preparing financial information for all subsidiaries within the Group. The Group Accounting Department issues mandatory instructions setting out the calendar and contents for the financial reporting period for the preparation of the consolidated financial statements.

The Group Accounting Department also follows documented procedures for preparing consolidated financial information (provided in section F.4.2).

The Group Accounting Department reviews the key judgments, estimates, valuations and forecasts to identify critical accounting policies that require the use of estimates and value judgments. The most relevant are dealt with by the Audit and Risk Committee. Senior management determines the presentation format of the financial statements prior to approval by the Board.

The most significant aspects of the accounting process and the review of the material judgements, estimates, measurements and projections used are as follows:

- Impairment losses on certain assets.
- The useful life of the tangible and intangible assets.
- The measurement of goodwill arising on consolidation.
- Recognition of provisions for potential tax obligations and uncertain tax provisions.
- Going concern.
- Leases.

The Board of Directors is responsible for approving the financial information that the Group, being a listed company, is obliged to publish.

F.3.2 Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) which support significant processes within the company relating to the preparation and publication of financial information.

The Group's IT systems are directly or indirectly related to the financial reporting and financial statements as such. They are configured to ensure the correct preparation and publication of financial information at all times by means of a specific internal control procedures. The Group has internal policies and procedures, which are duly updated and distributed, relating to systems security and access to the IT applications and systems based on roles and in accordance with the duties and clearances ensuring proper separation of powers. The Group's internal policies establish that access to all systems storing or processing data shall be strictly controlled, and that the level of access control required is determined by potential impact on the business. Access rights are assigned by Group experts in this area, by roles and functions. In addition, to ensure compliance, the user and profile maintenance control and review processes in which responsible personnel in each area are involved ensure that information is only available to persons who need it for their work.

Per Group's methodology, any new software developments and any updates of existing IT solutions go through 3 phases, i.e. design, development, and test before final implementation to the productive environment, which guarantees that financial information is handled reliably.

The Group have taken necessary steps to ensure on-going performance of key functions in the event of disasters or other events that could halt or interrupt business operations. These steps constitute specific initiatives mitigating the scale and severity of IT incidents and ensuring that operations are up and running again as quickly and with as little damage as possible. The Group has highly automated back-up systems to ensure the continuity of the most critical systems. In addition, there are specific risk mitigation strategies in place, such as cloud and virtual data processing centres, back-up power suppliers and offsite storage facilities.

F.3.3 Internal control policies and procedures for overseeing the management of activities subcontracted to third parties, as well as of those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect financial statements.

AmRest Group does not usually outsource to third parties' activities that have the impact on the financial reporting process. In case a process or its part is outsourced to an independent party, the same set of policies and procedures applicable for internal reporting purposes is put in place for the external contractor, to ensure coverage of the risks associated with such outsourcing. The Group puts in place service level agreements ensuring the integrity and quality of information provided by external contractors. The Group mostly assesses its estimates in house. Whenever it is advisable to hire a third-party contractor, it does so having verified their expertise and independence, and validated their methods and the reasonableness of the assumptions made.

F.4 INFORMATION AND COMMUNICATION

Report on whether the company has at least the following, describing their main characteristics:

F.4.1 A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

Group Accounting department is responsible for defining, updating and disseminating the accounting policies of the AmRest Group. Accordingly, it has a Group Reporting and Accounting Manual adapted to the needs of the Group. The objectives of the Group Reporting and Accounting Manual are: to adapt the accounting principles and policies developed based on the International Financial Reporting Standards adopted by the European Union (IFRS), to maintain accounting principles and policies which enable that the information is comparable within the Group, to improve the quality of the accounting information of the various Group companies and of the Consolidated Group by disclosing, agreeing and implementing accounting principles which are unique to the Group; and to facilitate the accounting integration of acquired and newly-created companies into the Group's accounting system by means of having a reference manual.

The Group Reporting and Accounting Manual is disseminated throughout all the personnel involved in the financial reporting process.

Any significant changes affecting Group Reporting and Accounting Manual, are communicated to the organization together with the updated Manual. Group Accounting department consist of high qualified personnel and resolves queries or conflicts deriving from the interpretation of the accounting standards and/or policies.

F.4.2 Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or group, and support its main financial statements and notes, as well as disclosures concerning ICFR.

The Group's reporting structure supplies different kinds of services, including:

- General IT systems.
- Management systems providing information for business monitoring and control purposes.
- Business systems encompassing the operation (sales) related systems.
- Structural systems providing the data shared and used by all the applications and services, These systems include all those related to the accounting and financial information.

The same accounting system has already been implemented in main subsidiaries; the Group's is still in progress of implementing it in remaining subsidiaries, Group is in the process of integration of subsidiaries and business acquired during last years.

Likewise, Group has a consolidation system that enables standardized information to be obtained about the Group's companies for the consolidation purposes.

As stated above, there is a Group Accounting and Reporting Manual and Group Charts of Accounts, which include specific instructions on preparing the financial statements.

Preventive controls have been defined, ensuring safe data input to the consolidation system. The implementation of this solution ensures for the financial statement information and the annual accounts standardization.

The data in native currencies reported by subsidiaries are within the consolidation system automatically and in standardized way converted to euro and are subsequently aggregated to the consolidated figures.

The consolidation process is designed to identify intragroup transactions, ensuring they are correctly eliminated. In addition, in order to ensure the quality and comprehensiveness of the information, the consolidation system is configured to make investment-equity elimination adjustments and to eliminate intragroup transactions, which are generated automatically in keeping with the system settings and checks.

This entire process is highly automated and includes automatic controls to enable the detection of incidents in the consolidation process. The Group Accounting and Planning & Analysis departments perform additionally supervision and analytical controls.

F.5 SUPERVISION OF THE FUNCTIONING OF THE SYSTEM

Report on at least the following, describing their principal features:

F.5.1 The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the committee in its task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible for performing the assessment communicates its results, whether the company has an action plan detailing possible corrective measures, and whether their impact on financial reporting has been considered.

The Regulations of the Board of Directors state that the primary duty of the Audit and Risk Committee shall be to support the Board of Directors in its supervisory duties, with its main functions including: supervising the effectiveness of the Company's internal control system and risk management systems (both financial and non-financial), and discussing with the external auditor significant or material weaknesses in the internal control system detected during the audit. The Audit and Risk Committee is responsible for supervising the effectiveness of the AmRest Group's Internal Audit function.

The Internal Audit and Internal Control function and Risk and Compliance function report functionally to the Audit and Risk Committee, with the primary goal of providing support in Audit and Risk Committee responsibilities concerning overseeing company:

- Risk management
- Internal control system

The Internal Audit function is carried out in accordance with Internal Audit Charter.

With regard to supervision of internal control over Financial Reporting (ICFR), AmRest is listed on the Spanish Stock Exchanges (and Warsaw Stock Exchange) and is subject to the regulatory requirements established by the supervision authority (CNMV) applicable to companies being traded on Spanish Stock Exchange.

F.5.2 Whether there is a discussion procedure whereby the auditor (as defined in the Spanish Technical Audit Standards), the internal auditor and other experts can report to senior management and the audit committee or directors of the company any significant weaknesses in internal control identified during the review of the annual financial statements or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.

According to the Internal Audit Charter, the Internal Audit Department reports progress of Annual Audits Plan realization, issues with controls, governance, significant AmRest risks, recommendations, progress of management action plans implementation and others which are required by the Audit and Risk Committee.

Any irregularities identified in standalone and/or consolidated financial statements are reported to the Audit and Risk Committee as Summary Report (after the half-year review and audit of the annual accounts). The Audit and Risk Committee meets the Financial Auditors at least twice a year.

As mentioned above, according to the Regulations of the Board of Directors, the Audit and Risk Committee should, among others, oversee the effectiveness of the Company's internal control system, the internal audit, and the risk management system (both financial and non-financial) and discuss with the accounting auditor the significant weaknesses of the internal control system revealed in the course of the audit, while maintaining its independence. For such purposes, the Committee may, if appropriate, submit recommendations or motions to the Board of Directors with the relevant term for follow-up.

Likewise, according to the Regulations of the Board of Directors and the Regulations of the Audit and Risk Committee, with regard to the preparation of the regulated financial information of the Company and its Group, the Committee shall have the following main duties:

- a) To oversee and assess the preparation and presentation process and the integrity of the financial and non-financial information, reviewing compliance with legal requirements, the proper determination of the scope of consolidation and the correct application of accounting standards, and submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of such financial information.
- b) To ensure that the annual accounts are formulated by the Board of Directors in accordance with the legal provisions on accounting. However, in cases where the statutory auditor has included a qualification in its audit report, the Chair of the committee shall clearly explain the content and scope thereof at the General Meeting. In addition, a summary of such explanation shall be made available to the shareholders at the time of publication of the call to the General Meeting.
- c) To ensure that the half-yearly financial reports and the quarterly management statements are drafted in accordance with the same accounting standards as the annual financial reports and to oversee the review of the interim financial statements requested from the auditor, with the scope and frequency that may be defined, as the case may be. The Committee meets often with the external auditor to comply with this function.
- d) To advise the Board of Directors on any significant change of accounting standard and of the significant risks on the balance sheet and off-balance sheet.

F.6 OTHER RELEVANT INFORMATION

Not applicable

F.7 EXTERNAL AUDITOR'S REPORT

Report:

F.7.1 Whether the ICFR information sent to the markets has been subjected to review by the external auditor, in which case the entity should include the corresponding report as an attachment, If not, reasons why should be given.

The information on the internal risk management and control systems relating to the process of publishing financial information (ICFR) has been not submitted for review by the external auditor as the Group continues implementing the improvements and recommendations arising from the ICFR implementation process at corporate level in Spain and in its main subsidiaries.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct, General explanations are not acceptable.

1. That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.

Complies X | Explain

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

- a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries,
- b) The mechanisms in place to resolve any conflicts of interest that may arise,

Complies | Complies partially | Explain | **Not Applicable X**

3. That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:

- a) Changes that have occurred since the last General Shareholders' Meeting.
- b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

Complies X | Complies partially | Explain

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies X | Complies partially | Explain

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of preemptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of preemptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies X | Complies partially | Explain

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

- a) Report on the auditor's independence.
- b) Reports on the workings of the audit and nomination and remuneration committees.
- c) Report by the audit committee on related party transactions.

Complies X | Complies partially | Explain

7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies | **Complies partially X** | Explain

Thus far, the holding of the General Shareholders' Meeting has not been transmitted via the corporate website since the implementation of the mechanisms required for such retransmission, taking into account the shareholder structure of the Company, has not been considered necessary.

On the other hand, the Company has mechanisms that allow remote delegation and exercise of votes by telematic means. However, since the Company is not a highly capitalized company, attendance and active participation in the General Shareholders' Meeting through telematic means is not considered a priority.

8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.

Complies X | Complies partially | Explain

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies X | Complies partially | Explain

10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

- a) Should immediately distribute such complementary points and new proposals for resolutions.
- b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.
- c) Should submit all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.
- d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Complies | Complies partially | Explain | **Not Applicable X**

11. That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Complies | Complies partially | Explain | **Not Applicable X**

12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies X | Complies partially | Explain

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies X | Explain

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:

- a) Is concrete and verifiable.
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and
- c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies X | Complies partially | Explain

15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies | **Complies partially X** | Explain

The Company's proprietary and independent directors constitute an ample majority of the Board of Directors, the number of executive directors being the minimum necessary. Currently, 6 proprietary and independent directors (85.7%) and 1 executive director (14.3%).

As for the number of female directors, there are currently 2 (28.6%).

16. That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

- a) In large-cap companies where very few shareholdings are legally considered significant.
- b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies X | Explain

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies X | Explain

18. That companies should publish the following information on its directors on their website, and keep it up to date:

- a) Professional profile and biography.
- b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.
- c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.
- d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.

e) Company shares and share options that they own.

Complies X | Complies Partially | Explain

19. That the annual corporate governance report, after verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.

Complies | Complies Partially | Explain | **Not Applicable X**

20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.

Complies | Complies Partially | Explain | **Not Applicable X**

21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies X | Explain

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies X | Complies partially | Explain

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies | Complies Partially | Explain | **Not Applicable X**

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies X | Complies Partially | Explain | Not applicable

25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company Boards on which directors may sit.

Complies X | Complies partially | Explain

26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies X | Complies partially | Explain

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions,

Complies X | Complies partially | Explain

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.

Complies | Complies Partially | Explain | **Not Applicable X**

29. That the company should establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies X | Complies partially | Explain

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.

Complies X | Explain | Not Applicable

31. That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies X | Complies partially | Explain

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies X | Complies partially | Explain

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies X | Complies partially | Explain

34. That when there is a coordinating director, the articles of incorporation or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies X | Complies partially | Explain | Not Applicable

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies X | Explain

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

- a) The quality and efficiency of the Board of Directors' work.
- b) The workings and composition of its committees.
- c) Diversity in the composition and skills of the Board of Directors.
- d) Performance of the chairman of the Board of Directors and of the chief executive officer of the company.
- e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the nomination committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies X | Complies partially | Explain

37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.

Complies X | Complies Partially | Explain | Not Applicable

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies X | Complies Partially | Explain | Not Applicable

39. That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies X | Complies partially | Explain

40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies X | Complies partially | Explain

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies X | Complies Partially | Explain | Not Applicable

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

- a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
- b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.
- c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.
- d) Generally ensuring that internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

- a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.
- b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
- c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
- d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.
- e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies X | Complies partially | Explain

43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.

Complies X | Complies partially | Explain

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies X | Complies Partially | Explain | Not Applicable

45. That the risk management and control policy identify or determine, as a minimum:

- a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.
- c) The level of risk that the company considers to be acceptable.
- d) Measures in place to mitigate the impact of the risks identified in the event that they should materialised.
- e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies X | Complies partially | Explain

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensuring the proper functioning of the risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.
- b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.
- c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies X | Complies partially | Explain

47. That in designating the members of the nomination and remuneration committee – or of the nomination committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies X | Complies partially | Explain

48. That large-cap companies have separate nomination and remuneration committees.

Complies | Explain | **Not Applicable X**

49. That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies X | Complies partially | Explain

50. That the remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) Proposing the basic conditions of employment for senior management to the Board of Directors.
- b) Verifying compliance with the company's remuneration policy.
- c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.
- d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.
- e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies X | Complies partially | Explain

51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.

Complies X | Complies partially | Explain

52. That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:

- a) That they be composed exclusively of non-executive directors, with a majority of independent directors.
- b) That their chairpersons be independent directors.
- c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.
- d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
- e) That their meetings be recorded and their minutes be made available to all directors.

Complies X | Complies Partially | Explain | Not Applicable

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies X | Complies Partially | Explain

54. The minimum functions referred to in the foregoing recommendation are the following:

- a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.
- b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.

- c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.
- d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.
- e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies X | Complies Partially | Explain

55. That environmental and social sustainability policies identify and include at least the following:

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct.
- b) Means or systems for monitoring compliance with these policies, their associated risks, and management.
- c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.
- d) Channels of communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies X | Complies partially | Explain

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.

Complies X | Explain

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies X | Complies partially | Explain

58. That, as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.
- b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.
- c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies | Complies Partially | Explain | **Not Applicable X**

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies | Complies Partially | Explain | **Not Applicable X**

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies | Complies Partially | Explain | **Not Applicable X**

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies | Complies Partially | Explain | **Not Applicable X**

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies | Complies Partially | Explain | **Not Applicable X**

63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies | Complies Partially | Explain | **Not Applicable X**

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies X | Complies Partially | Explanation | Not Applicable

H FURTHER INFORMATION OF INTEREST

1. If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which it is necessary to include in order to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.

2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

3. The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In such case, name the code in question and the date on which the company subscribed to it. Specific mention must be made as to whether the company adheres to the Code of Good Tax Practices of 20 July 2010.

As AmRest is listed on the Warsaw Stock Exchange, the Company periodically reports on the degree of compliance with the corporate governance recommendations required by applicable law through the publication of the Declaration of Compliance with the Principles of Good Practice for Companies Listed on the Warsaw Stock Exchange.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on 27 February, 2023.

State whether any directors voted against or abstained from voting on this report.

Yes | **No X**



Annual Report on Director Remuneration

for the year ended 31 December 2022

Data identify issuer

Ending date of reference financial year

31/12/2022

Tax Identification Code [C.I.F.]

A88063979

Registered name

AmRest Holdings SE

Registered office

Paseo de la Castellana, 163, 10° floor, 28046 Madrid, Spain





AmRest Holdings SE

Annual Report on Director Remuneration
for the year ended 31 December 2022

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A. REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1.1 Explain the current director remuneration policy applicable to the year in progress, To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.

Such specific determinations for the current year as the board may have made in accordance with the contracts signed with the executive directors and with the remuneration policy approved by the General Shareholders' Meeting must be described, as regards directors' remuneration both in their capacity as such and for executive functions carried out.

In any case, the following aspects must be reported, as a minimum:

- Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.
- Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.
- Information on whether any external advisors took part in this process and, if so, their identity.
- Procedures set forth in the current remuneration policy for directors in order to apply temporary exceptions to the policy, conditions under which those exceptions can be used and components that may be subject to exceptions according to the policy.

The Board of Directors of AmRest Holdings, SE (the "Company"), at the proposal of the Appointments, Remuneration and Corporate Governance Committee, drew up the "Remuneration Policy for Directors 2022-2025" (the "Policy") for subsequent approval by the General Shareholders' Meeting held on May 12, 2022.

The main purpose of the AmRest Remuneration Policy for Directors is to contribute to the development of the values, mission and vision of the AmRest Group, so that the remuneration corresponding to the members of the Company's governing body is appropriate to the achievement of the objectives and duties that concern the directors. The Remuneration Policy contributes to the Company's business strategy, interests and long-term sustainability, with the objective of creating shareholder value in a sustainable way over time, incorporating the necessary precautions to avoid excessive risk-taking and the rewarding of unfavourable results.

In this context, the basic principles that inspire the Remuneration Policy to achieve this contribution to the Company's strategy, interests and long-term sustainability are as follows:

- Assess the dedication, qualification and responsibility required for the office, seeking moderation and in any case relating to the remuneration that is paid in the market in comparable companies, so that they align with best market practices.
- The remuneration of external directors, and in particular independent directors, will be as necessary to correspond to the effective dedication, qualification and responsibility required by the office, but not so high as to compromise their independence in judgement.
- Maintain a balance between the interests of the directors and shareholders and, in particular, align the policy with the Company's values, the maximization of the company dividend and profitability for shareholders.
- Ensure that the remuneration system promotes the achievement of the strategic objectives established by the Company and its Group.
- Ensure commitment to the principle of full transparency of the Company's Remuneration Policy by providing timely, sufficient and clear information in line with applicable regulations and corporate governance recommendations, as recognized in international markets for the remuneration of directors.

Likewise, in the preparation of the Remuneration Policy and in determining the remuneration scheme and the other terms and conditions of directors' remuneration, the Board of Directors has paid special attention to the remuneration and employment terms of the Company's employees, to the extent that directors shall not be granted any remuneration concept that is not similar to that which other employees of the Company may have.

In this sense, the Remuneration Policy is aligned with that of the other employees and executives of the Company, with regard to the principles that inspire it, such as, among others:

(i) remuneration equity: ensuring non-discrimination on grounds of gender, age, culture, religion or race in the application of remuneration practices and policies. In this regard, AmRest professionals, including employees, executives and directors, are paid in a manner consistent with the level of responsibility, leadership and performance within the organization, favoring the retention of key professionals and the attraction of the best talent;

(ii) proportionality and risk management: remuneration levels are appropriate to the importance of the Company, its current economic situation and market standards in comparable sectors and companies. In addition, provisions to mitigate inappropriate risk-taking are included; and

(iii) values: the Remuneration Policy is designed to attract and retain the best professionals and to motivate a high performance culture.

Furthermore, in preparing the Remuneration Policy, the Appointments, Remuneration and Corporate Governance Committee and the Board of Directors have taken into account the pay schemes of comparable companies, and no external advisors have participated in the preparation of the policy.

Moreover, regarding the procedures and company bodies involved in determining, approving and applying the remuneration policy:

General Shareholders' Meeting: It approves the Remuneration Policy at least every three years as a separate item on the agenda. Likewise, it approves the maximum amount of the annual remuneration for all the directors in their positions as such. It has an advisory vote on the Annual Report about the directors' remuneration, detailing the remuneration accrued during the last financial year.

Board of Directors: In accordance with the Regulations of the Board of Directors of the Company, the Board is responsible for determining the remuneration of directors for the performance of their duties, including those within the statutory framework, the Remuneration Policy of the directors, and the ceiling set by the General Shareholders' Meeting, as well as for setting up the remuneration package of the executive directors for the performance of their executive duties, within the statutory framework and the Remuneration Policy, and approve the remaining terms and conditions of their contracts.

Appointment, Remuneration and Corporate Governance Committee: In accordance with the Regulations of the Board of Directors, this Committee is responsible for proposing to the Board the Remuneration Policy for directors, as well as the individual remuneration and other contractual conditions of the executive directors, ensuring also their observance. Likewise, the Appointment and Remuneration Committee is responsible for analysing and periodically reviewing the remuneration policy applied to the directors; checking the compliance with the remuneration policy established by the Company; and verifying the information on the remuneration for directors.

- **Structure of remuneration for directors in their capacity as such**

The Board members will receive, as such, statutory remuneration whose maximum annual amount for the entire Board of Directors is determined by the General Meeting and is updated according to the rates or magnitudes that the Meeting itself defines. The maximum remuneration of the directors in their capacity as such is set, as a whole, at EUR 1,500,000.

The Board of Directors is responsible for determining the distribution among its members of the maximum amount of remuneration. The distribution may be made on an individual basis, taking into account the duties and responsibilities assigned to each director, membership in Board committees, and any other objective circumstances deemed relevant by the Board of Directors.

Remuneration for directors is made up of the following items: (i) a fixed amount; and (ii) allowances for effective attendance at Board meetings and at its delegated or advisory committees. The fixed amount is, quantitatively, the main item of remuneration for directors.

- Annual fixed remuneration for participation in the Board of Directors

The maximum amount of the annual fixed remuneration for this item is EUR 82,500 per director annually.

Any remuneration that a director may receive in cash or in kind from the Company or its Group as an employee will be deducted from this amount, with the understanding that this discount will not apply to what is received as executive director.

- Fixed annual remuneration for participation in the Board Committees

In addition to the remuneration provided in section above, Independent Directors will receive an additional annual remuneration of EUR 27,500 for their membership in the Executive Committee or in any of the committees delegated by the Board (regardless of the number of committees of which the independent director is a member).

- Allowances

The directors, in their capacity as such, may receive allowances for attendance at each of the Board and committee meetings they actually attend. The annual amount of the allowance for attendance will depend on the number of meetings actually held and the number of directors attending these meetings.

Currently, the directors do not receive, and are not expected to receive, allowances for attending the meetings of the Board of Directors and the committees they attend.

- Coverage of risk and liability benefits

The Company may pay the amount of the premiums corresponding to the insurance policies contracted by the Company with different insurers to cover the death and disability benefits of directors due to accident or natural causes, as well as contracting a liability insurance for all its directors under the usual market conditions and proportionate to the circumstances of the Company itself.

- Expenses associated with Board and Committee meetings

Expenses associated with travel and stays for attendance at Board and Committee meetings will be covered directly by the Company and/or reimbursed to the directors, provided that these expenses have been previously notified to the Company and accepted by it and are duly justified.

Other than the remuneration indicated in the preceding sections and without prejudice to the provisions of the following section for executive directors, directors will not be entitled to receive any other remuneration from the Company or its Group, regardless of its concept.

- **Structure of the remuneration for executive directors for the performance of executive duties**

In addition to what they may receive as directors in their capacity as such, executive directors may receive, for the performance of the executive duties delegated or entrusted to them by the Board, remuneration as determined by the Board itself.

The basic principles governing the remuneration of executive directors are as follows:

- Ensure that remuneration, in terms of its overall structure and size, complies with market best practices and is competitive in relation to comparable companies.
- Establish objective criteria for the calculation of the individual remuneration of each executive director, taking into account individual performance and the achievement of the Company's business objectives.
- Maintain commitment to the values pursued by the Company and the Group, including corporate and personal ethics, meritocracy and conciliation, so as to retain the best talent.

The remunerative items that make up the remuneration of the executive directors, as well as the basic terms for the performance of his duties, must be included in a contract signed with these directors. This contract must be approved in advance by the Board with the favourable vote of two-thirds of its members, at which time, the director in question must abstain from voting and deliberation.

Remuneration of executive directors may consist of fixed salaries; compensation for termination of the director office for reasons other than failure to perform his duties; pensions; insurance; social security systems and retirement plans; or other remuneration in kind.

- Fixed remuneration

Fixed remuneration for executive directors will vary according to the responsibility assumed and the characteristics of the duties performed by the director, which will be reviewed annually by the Board of Directors at the proposal of the Appointment, Remuneration and Corporate Governance Committee.

Fixed remuneration for executive directors may not exceed EUR 500,000 per year. This figure may be increased during the Policy's period of validity, in accordance with the AmRest Group general salary update rules, which may not exceed 10% per year.

- Variable remuneration

Executive directors of the Company will not receive variable remuneration, nor will they form part of remuneration plans through shares or linked to the share price of the Company.

- Remuneration for the performance of the office of director or other duties in other companies of the Group

Executive directors may receive additional remuneration for the provision of services to other companies of the Group, although the overall amount of remuneration to be received may not exceed the maximum limits set out in this policy.

- Health-care benefits and other remuneration in kind

The remuneration system for executive directors may be complemented by health and life insurance contracted by the Company, in line with the practice followed in the market by comparable companies. Also, executive directors may be paid with other remuneration in kind, such as rental of vehicles, garage spaces, housing, travel expenses, travel allowances, coverage of transfer expenses, including transfer to a location abroad, and other social benefits generally applicable to the executives of the Company. This will be decided by the Board of Directors at the proposal of the Appointment, Remuneration and Corporate Governance Committee.

The relative proportion of health-care benefits and other remuneration to fixed remuneration, will be 20%, unless the executive director receives no fixed remuneration for the performance of executive duties, in which case, the limit on the value of the health-care benefits and other remuneration will be the same as provided for the fixed remuneration.

It should be noted that, of all the above concepts, the only executive director of the Company only receives, in addition to the fixed annual remuneration for his participation in the Board of Directors (82,500 euros per year), an annual remuneration package amounting to 72,000 euros net (120,000 euros gross).

Finally, the Remuneration Policy does not set forth any procedures in order to apply temporary exceptions or any component that may be subject to exception.

A.1.2 Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to ensure an appropriate balance between the fixed and variable components of the remuneration, In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to align it with the long-term objectives, values and interests of the company, which will include, as the case may be, mention of the measures taken to ensure that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of personnel whose professional activities have a material impact on the risk profile of the company and measures in place to avoid conflicts of interest.

Furthermore, indicate whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or delivery of accrued and vested financial instruments, or whether any clause has been agreed reducing the deferred remuneration not yet vested or obliging the director to return remuneration received, when such remuneration has been based on figures that have since been clearly shown to be inaccurate.

The Remuneration Policy for directors of AmRest Holdings, SE does not provide for variable remuneration items, neither in the remuneration for directors in their capacity as such, nor in that of executive directors for the performance of executive duties.

A.1.3 Amount and nature of fixed components that are due to be accrued during the year by directors in their capacity as such.

The following fixed components are expected to accrue to the directors in their capacity as such during the financial year 2023:

- Annual fixed remuneration for participation in the Board of Directors: The maximum amount of the annual fixed remuneration for this item is EUR 82,500 per director annually.
- Fixed annual remuneration for participation in the Board committees: Independent directors will receive an additional annual remuneration of EUR 27,500 for their membership in the Executive Committee or in any of the committees of the Board of Directors (regardless of the number of committees of which the independent director is a member).

Directors are not expected to receive allowances for attending meetings of the Board of Directors and the committees they attend.

A.1.4 Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

During the financial year 2023, no fixed components are expected to accrue for the performance of senior management functions by the executive directors, other than the compensation package the Executive Chairman is entitled to in the amount of 72,000 euros net per year (120,000 euros gross per year).

A.1.5 Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

No remuneration in kind is expected to accrue in favor of the Company's directors during the financial year 2023.

This regardless of the civil liability policy (D&O) that the Company has contracted for directors and executives, with the usual conditions for this type of insurance.

A.1.6 Amount and nature of variable components, differentiating between those established in the short and long terms, Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration for the current year, explaining the extent to which these parameters are related to performance, both of the director and of the company, and to its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance, at the end of the year, with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

Indicate the range, in monetary terms, of the different variable components according to the degree of fulfilment of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

As indicated above, the Remuneration Policy for Directors of AmRest Holdings, SE does not provide for variable remuneration items, neither in the remuneration for directors in their capacity as such, nor in that of executive directors for the performance of executive duties.

A.1.7 Main characteristics of long-term savings schemes, Among other information, indicate the contingencies covered by the scheme, whether it is a defined contribution or a defined benefit scheme, the annual contribution that has to be made to defined contribution schemes, the benefits to which directors are entitled in the case of defined benefit schemes, the vesting conditions of the economic rights of directors and their compatibility with any other type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director.

Indicate whether the accrual or vesting of any of the long-term savings plans is linked to the attainment of certain objectives or parameters relating to the director's short- or long-term performance.

The Company's directors do not participate in long-term savings schemes.

A.1.8 Any type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director, whether at the company's or the director's initiative, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, minimum contract term or loyalty, that entitles the director to any kind of remuneration.

There is no provision for any type of payment or indemnification to directors in these cases.

A.1.9 Indicate the conditions that the contracts of executive directors performing senior management functions should contain, Among other things, information must be provided on the duration, limits on amounts of indemnification, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to signing bonuses, as well as compensation or golden parachute clauses for early termination of the contractual relationship between the company and the executive director, Include, among others, the pacts or agreement on non-competition, exclusivity, minimum contract terms and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.

The contract of the current Executive Director is for an indefinite duration, it does not provide indemnification or permanence clause.

The contract does not establish a specific notice period for its termination, which may take place through unilateral resolution by either party, mutual agreement or by decision of either party in the event of non-compliance by the other, leaving safe, in this case, the claim that for damages may correspond to the other party.

Likewise, the contract does not foresee clauses relating to hiring bonuses, indemnities or shields for early resolution or termination of the contractual relationship between the company and the executive director, nor pacts or agreements of non-competition, exclusivity, permanence or loyalty and post-contractual non-competition.

Finally, the contract provides a standard confidentiality clause.

A.1.10 The nature and estimated amount of any other supplementary remuneration that will be accrued by directors in the current year in consideration for services rendered other than those inherent in their position.

As of the date of this report, no supplementary remuneration is foreseen to the directors as consideration for services rendered other than those intrinsic to the role.

A.1.11 Other items of remuneration such as any deriving from the company's granting the director advances, loans or guarantees or any other remuneration.

As of the date of this report, no advance payments, loans or guarantees are expected to be granted by the Company to the directors.

A.1.12 The nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the foregoing sections, whether paid by the company or by another group company.

As of the date of this report, no supplementary remuneration not included in the foregoing sections is foreseen to be paid by the Company or by another Group company to the directors.

A.2 Explain any significant change in the remuneration policy applicable in the current year resulting from:

- a) A new policy or an amendment to a policy already approved by the General Meeting.
- b) Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.
- c) Proposals that the Board of Directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and for which it is proposed that they be applicable to the current year.

As already indicated, the Board of Directors, at the proposal of the Appointments, Remuneration and Corporate Governance Committee, submitted the current Remuneration Policy for approval at the 2022 General Shareholders' Meeting, which came into force on the date of the General Shareholders' Meeting (May 12, 2022) and will remain in force until December 31, 2025, unless the General Shareholders' Meeting decides to amend or replace it during this period.

- The current Remuneration Policy follows the lines established in the previous remuneration policies for directors, introducing the necessary amendments due to the entry into force of Spanish Law 5/2021, of 12 April, which incorporated important changes in matters of remuneration of the Board members of listed companies. In view of this amendment and in accordance with the new wording of Article 529 novodecies of the Companies Act (Ley de Sociedades de Capital), it was considered appropriate and necessary to take advantage of the approval of a new Remuneration Policy to introduce the legislative amendments approved under that Act, in line with the objective of constant updating and revision of the Company's corporate governance system, so as to align it with the best practices of corporate governance.

- Likewise, it was also considered desirable to update the remuneration of non-executive directors in the new Policy.

The previous AmRest Remuneration Policy for directors provided for non-executive directors the remuneration that had remained unchanged since 2017, except for a 50% reduction for all board members during 2020.

However, the Company's monitoring and supervision requires more and more dedication on the part of the directors. This greater dedication by directors has become evident, for example, by the increase in the number of meetings in 2020 (where 49 Board meetings and 28 various committee meetings were held) and 2021 (where 34 Board meetings and 26 various committee meetings were held). In view of the greater dedication of the directors, and maintaining the primary objective of ensuring that the remuneration received is in reasonable proportion to the Company's importance, with the current economic situation and the market standards of comparable companies at both national and international level, it was considered necessary and appropriate to proceed with the review of the Remuneration Policy, which ensures maintaining the previous principles of proportionality and reasonableness.

In turn, remuneration must be adequate to attract and retain the directors of the desired profile and to reward the dedication, qualification and responsibility required by the office, without compromising the independence of the directors' judgement. The achievement of these objectives is facilitated by the new Company Remuneration Policy.

In this context, i) the fixed annual remuneration for participation in the Board of Directors is 82,500 euros per year per director (in the previous Remuneration Policy it was 75,000 euros) and ii) independent directors will receive an additional remuneration of 27,500 euros per year for their membership in the Executive Committee or any of the committees of the Board of Directors, regardless of the number of committees of which the independent director is a member (in the previous Remuneration Policy such remuneration was 25,000 euros).

- Finally, the remuneration of the Executive Chairman for the performance of his executive functions is maintained under the same terms, as approved in the previous Remuneration Policy for directors. However, the new Policy includes items relating to the contracts of directors which must be noted, in accordance with the provisions of the new regulations in force.

A.3 Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

The current Remuneration Policy for directors is available on the Company's website at <https://www.amrest.eu/en/investors/corporate-governance/board-directors-regulations-and-reports>

A.4 Explain, taking into account the data provided in Section B.4, how account has been taken of the voting of shareholders at the General Shareholders' Meeting to which the annual report on remuneration for the previous year was submitted on a consultative basis.

The annual report on directors' remuneration for the 2021 financial year was submitted to the consultative vote of the General Shareholders' Meeting held on May 12, 2022, being approved by the 98.94% of the votes issued, with 0.10% of votes against and 0.96% of abstentions.

This result reflects the broad support the annual report on directors' remuneration received from the Company's shareholders, for which reason it has been considered appropriate to prepare the report for the 2022 financial year in similar terms.

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED

B.1.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and the identity and role of any external advisors whose services may have been used in the process of applying the remuneration policy in the year last ended.

During the 2022 financial year, two remuneration policies were applicable:

- From January 1 to May 12, the Directors' Remuneration Policy approved at the Company's General Shareholders' Meeting held on May 12, 2021.
- From May 12 until December 31, the Directors' Remuneration Policy approved at the Company's General Shareholders' Meeting held on May 12, 2022.

The remuneration accrued and paid in the financial year 2022 has followed the terms of the Remuneration Policies approved by the General Shareholders' Meeting in 2021 and 2022, without any deviation from the procedure for the application of these Policies, nor has any temporary exception been applied to them.

In this regard, the remuneration accrued and paid in 2022 to the directors (both to the directors in their capacity as such and to the executive directors) has been composed of the same elements as those described in relation to the current Remuneration Policy in force in 2023.

Regarding the process followed for the application of the Remuneration Policy during the financial year 2022, the following should be noted:

- The General Shareholders' Meeting agreed to set the maximum annual amount of remuneration for all of the Company's directors in their capacity as such at €1,500,000.
- In turn, the General Shareholders' Meeting delegated to the Company's Board of Directors the distribution among its members of this amount, taking into account the functions and responsibilities attributed to each director, their membership of the Board's committees, and any other objective circumstances deemed relevant.
- Furthermore, in order to apply the Remuneration Policy during the 2022 fiscal year, the Appointments, Remuneration and Corporate Governance Committee performed the following duties:

(i) to propose to the Board of Directors: (a) the remuneration policy for the directors; (b) the individual remuneration for the executive director and other conditions of its contract, ensuring that they are followed; and (c) the basic conditions of senior executives contracts;

- (ii) to analyse, pose and periodically review the remuneration policy applied to executives, including the remuneration packages with shares and their application, and ensure that it is proportionate to that paid to the personnel of the company;
 - (iii) to ensure compliance with the remuneration policy established by the Company; and
 - (iv) to assist the Board in the preparation of the report on the Remuneration Policy and submit to the Board any other remuneration reports foreseen in internal regulation, verifying the information about the directors and senior executives' remuneration established in different corporate documents, including the annual report on directors' remuneration.
- The services of external advisors have not been used in the process of applying the remuneration policy in the 2022 financial year.

B.1.2 Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year.

During the financial year 2022 there has been no deviation from the procedure established for the application of the Remuneration Policy.

B.1.3 Indicate whether any temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the entity believes that these exceptions have been necessary to serve the long-term interests and sustainability of the society as a whole or ensure its viability. Similarly, quantify the impact that the application of these exceptions has had on the remuneration of each director over the year.

During the financial year 2022 no temporary exception has been applied to the Remuneration Policy.

B.2 Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks, aligning it with the long-term objectives, values and interests of the company, including a reference to the measures adopted to ensure that the long-term results of the company have been taken into consideration in the remuneration accrued. Ensure that an appropriate balance has been attained between the fixed and variable components of the remuneration, the measures adopted in relation to those categories of personnel whose professional activities have a material effect on the company's risk profile and the measures in place to avoid any possible conflicts of interest.

The main purpose of the AmRest Remuneration Policy for Directors is to contribute to the development of the values, mission and vision of the AmRest Group, so that the remuneration corresponding to the members of the Company's governing body is appropriate to the achievement of the objectives and duties that concern the directors. The Remuneration Policy contributes to the Company's business strategy, interests and long-term sustainability, with the objective of creating shareholder value in a sustainable way over time, incorporating the necessary precautions to avoid excessive risk-taking and the rewarding of unfavourable results.

In this context, the basic principles that inspire the Remuneration Policy to achieve this contribution to the Company's strategy, interests and long-term sustainability are as follows:

- Assess the dedication, qualification and responsibility required for the office, seeking moderation and in any case relating to the remuneration that is paid in the market in comparable companies, so that they align with best market practices.
- The remuneration of external directors, and in particular independent directors, will be as necessary to correspond to the effective dedication, qualification and responsibility required by the office, but not so high as to compromise their independence in judgement.
- Maintain a balance between the interests of the directors and shareholders and, in particular, align the policy with the Company's values, the maximization of the company dividend and profitability for shareholders.

- Ensure that the remuneration system promotes the achievement of the strategic objectives established by the Company and its Group.
- Ensure commitment to the principle of full transparency of the Company's Remuneration Policy by providing timely, sufficient and clear information in line with applicable regulations and corporate governance recommendations, as recognized in international markets for the remuneration of directors.

Likewise, in the preparation of the Remuneration Policy and in determining the remuneration scheme and the other terms and conditions of the directors' remuneration, the Board of Directors has paid special attention to the remuneration and employment terms of the Company's employees, to the extent that directors shall not be granted any remuneration concept that is not similar to that which other employees of the Company may have.

In this sense, the Remuneration Policy is aligned with that of the other employees and executives of the Company with regard to the principles that inspire it, such as, among others:

(i) remuneration equity: ensuring non-discrimination on grounds of gender, age, culture, religion or race in the application of remuneration practices and policies. In this regard, AmRest professionals, including employees, executives and directors, are paid in a manner consistent with the level of responsibility, leadership and performance within the organization, favoring the retention of key professionals and the attraction of the best talent,

(ii) proportionality and risk management: remuneration levels are appropriate to the importance of the Company, its current economic situation and market standards in comparable sectors and companies. In addition, provisions to mitigate inappropriate risk-taking are included; and

(iii) values: the Remuneration Policy is designed to attract and retain the best professionals and to motivate a high performance culture.

Within the framework of this Remuneration Policy, the measures or actions taken by the Company in relation to the remuneration system in a bid to reduce exposure to excessive risks and align the system to the long-term objectives, values and interests of the Company are summarised as follows:

(i) No variable remuneration items are provided for, neither in the remuneration for directors in their capacity as such, nor in that of executive directors for the performance of executive duties.

Executive directors of the Company will not receive variable remuneration, nor will they form part of remuneration plans through shares or linked to the share price of the Company. Their remuneration can only be of fixed nature, it may vary based on the specific responsibilities and nature of the duties performed. In any event, said fixed remuneration must remain in line with the market remuneration paid by peer companies.

(ii) To balance the directors and shareholders' interests and, in particular, alignment with the values of the Company, its commitment to maximise its shareholder dividend and returns.

(iii) To align the policy to economic conditions and the international landscape.

B.3 Explain how the remuneration accrued and consolidated over the financial year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the company's long-term and sustainable performance.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, if applicable, how variations in the company's performance have influenced changes in directors' remuneration, including any accrued remuneration payment of which has been deferred, and how such remuneration contributes to the short- and long-term results of the company.

The remuneration accrued in the financial year 2022 fulfils the terms of the current AmRest Directors' Remuneration Policy insofar as the amounts accrued fall within the maximum annual amount approved by the General Shareholders' Meeting and correspond to the allocation agreed by the Board of Directors. In addition, the principles and criteria set out in the Policy have been followed, among others, that the remuneration of the directors in their capacity as such consists only of a fixed amount and, in the case of the remuneration of the Executive Chairman, of a compensation package.

Directors' remuneration is austere and balanced, reflecting the Company's corporate and personal ethics, thus contributing to its sustainability and results.

B.4 Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

	Number	% of total
Votes cast	163,798,400	74.61

	Number	% of total cast
Votes against	158,838	0.10
Votes in favour	162,066,771	98.94
Blank ballots	0	0
Abstentions	1,572,791	0.96

B.5 Explain how the fixed components accrued and vested during the year by the directors in their capacity as such were determined, their relative proportion with regard to each director and how they changed with respect to the previous year:

During the financial year 2022 the following fixed components have been accrued for the directors in their condition as such:

- Annual fixed remuneration for participation in the Board of Directors:

From January to May (date of approval of the current Remuneration Policy) the amount of annual fixed remuneration for this item was 75,000 euros per director annually.

From May to December, the amount of the annual fixed remuneration for this item was 82,500 euros per director annually.

- Annual fixed remuneration for participation in the Board committees:

From January to May (date of approval of the current Remuneration Policy) independent directors received an additional annual remuneration of 25,000 euros for their membership in the Executive Committee or in any of the committees of the Board of Directors (regardless of the number of committees of which the independent director is a member).

From May to December, the amount received for this concept was 27,500 euros annually.

The amount accrued for these same fixed components during the financial year 2021 was as follows:

- Annual fixed remuneration for participation in the Board of Directors: 75,000 euros per director annually.
- Annual fixed remuneration of independent directors for participation in the Board committees: an additional 25,000 euros per independent director annually.

B.6 Explain how the salaries accrued and vested by each of the executive directors over the past financial year for the performance of management duties were determined, and how they changed with respect to the previous year.

During the financial year 2022, no salaries were accrued by the executive directors for the performance of management duties.

The Executive Chairman accrued an amount of €72,000 net per annum (€120,000 gross per annum) as a compensation package. This amount has not changed with respect to the financial year 2021.

B.7 Explain the nature and the main characteristics of the variable components of the remuneration systems accrued and vested in the year last ended.

In particular:

- a) Identify each of the remuneration plans that determined the different types of variable remuneration accrued by each of the directors in the year last ended, including information on their scope, date of approval, date of implementation, any vesting conditions that apply, periods of accrual and validity, criteria used to evaluate performance and how this affected the establishment of the variable amount accrued, as well as the measurement criteria used and the time needed to be able to adequately measure all the conditions and criteria stipulated, explaining the criteria and factors applied in regard to the time required and the methods of verifying that the performance or any other kind of conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.
- b) In the case of share options and other financial instruments, the general characteristics of each plan must include information on the conditions both for acquiring unconditional ownership (vesting) of these options or financial instruments and for exercising them, including the exercise price and period.
- c) Each director that is a beneficiary of remunerations systems or plans that include variable remuneration, and his or her category (executive director, external proprietary director, external independent director or other external director).
- d) Information is to be provided on any periods for accrual, vesting or deferment of payment of vested amounts applied and/or the periods for retention/unavailability of shares or other financial instruments, if any.

Explain the short-term variable components of the remuneration systems

During the financial year 2022 no short-term variable components have been accrued for any of the directors.

Explain the long-term variable components of the remuneration systems

During the financial year 2022 no long-term variable components have been accrued for any of the directors.

B.8 Indicate whether certain variable components have been reduced or clawed back when, in the former case, payment of non-vested amounts has been deferred or, in the latter case, they have vested and been paid, on the basis of data that have subsequently been clearly shown to be inaccurate. Describe the amounts reduced or clawed back through the application of the "malus" (reduction) or clawback clauses, why they were implemented and the years to which they refer.

Not applicable. The Remuneration Policy for Directors of AmRest Holdings, SE does not provide for variable components, neither in the remuneration for directors in their capacity as such, nor in that of executive directors for the performance of executive duties.

B.9 Explain the main characteristics of the long-term savings schemes where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit, whether financed in whole or in part by the company or through internal or external contributions, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies covered, the conditions on which the economic rights vest in favour of the directors and their compatibility with any type of indemnification for early termination or cessation of the contractual relationship between the company and the director.

Not applicable. The Remuneration Policy for Directors of AmRest Holdings, SE does not provide for the participation of directors in long-term savings schemes.

B.10 Explain, where applicable, the indemnification or any other type of payment deriving from the early cessation, whether at the company's or the director's initiative, or from the termination of the contract in the terms provided therein, accrued and/or received by directors during the year last ended.

Not applicable.

B.11 Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, if so, explain them. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

Not applicable.

B.12 Explain any supplementary remuneration accrued by directors in consideration of the provision of services other than those inherent in their position.

During the financial year 2022, no supplementary remuneration has been accrued by the directors as consideration for services rendered other than those inherent to their position.

B.13 Explain any remuneration deriving from advances, loans or guarantees granted, indicating the interest rate, their key characteristics and any amounts returned, as well as the obligations assumed on their behalf by way of guarantee.

No advances payments, loans or guarantees have been granted to any director during the financial year 2022.

B.14 Itemise the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the various salary components.

During the financial year 2022, no in-kind remunerations has been accrued by the directors.

B.15 Explain the remuneration accrued by any director by virtue of payments made by the listed company to a third company in which the director provides services when these payments seek to remunerate the director's services to the company.

No payments of this type were made in 2022.

B.16 Explain and detail the amounts accrued in the year in relation to any other remuneration concept other than that set forth above, whatever its nature or the group entity that pays it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true image of the total remuneration accrued by the director. Explain the amount granted or pending payment, the nature of the consideration received and the reasons for those that would have been considered, if applicable, that do not constitute remuneration to the director or in consideration for the performance of their executive functions and whether or not has been considered appropriate to be included among the amounts accrued under the "Other concepts" heading in Section C.

During the financial year 2022, no amounts have been accrued in relation to any other remuneration concept other than that set forth above.

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in year 2022
Mr. José Parés Gutiérrez	Executive Chairman	From 01/01/2022 to 31/12/2022
Mr. Luis Miguel Álvarez Pérez	Proprietary Vice Chairman	From 01/01/2022 to 31/12/2022
Mr. Carlos Fernández González	Proprietary Director	From 01/01/2022 to 31/12/2022
Mr. Pablo Castilla Reparaz	Independent Director	From 01/01/2022 to 31/12/2022
Ms. Romana Sadurska	Independent Director	From 01/01/2022 to 31/12/2022
Mr. Emilio Fullaondo Botella	Independent Director	From 01/01/2022 to 31/12/2022
Ms. Mónica Cueva Díaz	Independent Director	From 01/01/2022 to 31/12/2022

C.1 Complete the following tables regarding the individual remuneration of each director (including remuneration received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total year 2022	Total year 2021
Mr. José Parés Gutiérrez	80							120	200	195
Mr. Luis Miguel Álvarez Pérez	80								80	75
Mr. Carlos Fernández González	80								80	75
Mr. Pablo Castilla Reparaz	80		26						106	100
Ms. Romana Sadurska	80		26						106	100
Mr. Emilio Fullaondo Botella	80		26						106	100
Ms. Mónica Cueva Díaz	80		26						106	100

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of plan	Financial instruments at start of year 2022		Financial instruments granted during year 2022		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2022	
		Nº of instruments	Nº of equivalent shares	Nº of instruments	Nº of equivalent shares	Nº of instruments	No. of equivalent / vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	Nº of instruments	Nº of instruments	Nº of equivalent shares
No data												

iii) Long-term savings schemes

Name	Remuneration from vesting of rights to savings schemes
No data	

Name	Contribution for the year by the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Schemes with vested economic rights		Schemes with non-vested economic rights	
	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021
No data								

iv) Details of other items

Name	Concept	Amount of remuneration
No data		

b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total year 2022	Total year 2021
No data										

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of plan	Financial instruments at start of year 2022		Financial instruments granted during year 2022		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2022	
		N° of instruments	N° of equivalent shares	N° of instruments	N° of equivalent shares	N° of instruments	N° of equivalent / vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	N° of instruments	N° of instruments	N° of equivalent shares
No data												

iii) Long-term savings schemes

Name	Remuneration from vesting of rights to savings schemes
No data	

Name	Contribution for the year by the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Schemes with vested economic rights		Schemes with non-vested economic rights	
	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021
No data								

iv) Details of other items

Name	Concept	Amount of remuneration
No data		

c) Summary of remuneration (thousands of euros):

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					Total in year 2022 company + group
	Total cash remuneration	EBITDA from vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2022 company	Total cash remuneration	Gross benefit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2022 group	
José Parés Gutiérrez	200				200						200
Luis Miguel Álvarez Pérez	80				80						80
Carlos Fernández González	80				80						80
Pablo Castilla Reparaz	106				106						106
Romana Sadurska	106				106						106
Emilio Fullaondo Botella	106				106						106
Mónica Cueva Díaz	106				106						106
Total:	784				784						784

C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

	Total amounts accrued and % annual variation								
	Year 2022	% variation 2022/2021	Year 2021	% variation 2021/2020	Year 2020	% variation 2020/2019	Year 2019	% variation 2019/2018	Year 2018
Executive directors									
Mr. José Parés Gutiérrez	200	2.56	195	413.16	38	-49.33	75	0.00	75
External directors									
Mr. Luis Miguel Álvarez Pérez	80	6.67	75	97.37	38	-49.33	75	0.00	75
Mr. Carlos Fernández González	80	6.67	75	97.37	38	-49.33	75	0.00	75
Mr. Pablo Castilla Reparaz	106	6.00	100	100.00	50	-50.00	100	0.00	100
Ms. Romana Sadurska	106	6.00	100	100.00	50	-16.67	60		0
Mr. Emilio Fullaondo Botella	106	6.00	100	100.00	50	-16.67	60		0
Ms. Mónica Cueva Díaz	106	6.00	100	100.00	50		0		0
Consolidated results of the company	27,550	-52.40	57,875	-71.27	201,462	115.80	93,358	62.26	57,537
Average employee remuneration	11	10.00	10	11.11	9	-10.00	10	25.00	8

Observations

The Company moved its registered office to Spain and set up a Board of Directors in March 2018.

Ms. Romana Sadurska and Mr. Emilio Fullaondo joined AmRest Board in May 2019. Ms. Mónica Cueva joined in July 2020.

In 2020, due to the exceptional circumstances caused by the Covid-19 pandemic, the Board lowered its remuneration by 50%. In 2021 there was no increase in directors' remuneration but just the reinstatement of the ordinary remuneration, which had remained unchanged since 2017.

D. OTHER INFORMATION OF INTEREST

If there are any significant issues relating to directors' remuneration that it has not been possible to include in the foregoing sections of this report, but which it is necessary to include in order to provide more comprehensive and reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

Note to Section C "ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR".

This section includes the amounts accrued and received by the directors, in thousands of euros and without decimals.

With decimals and without rounding, the amounts are as follows: 80 (79.7); 26 (26.5); 106 (106.3); 120 (120.0); 200 (199.7); 784 (784.3).

This annual remuneration report was approved
by the Board of Directors of the company in its meeting of February 27, 2023.

Indicate whether any director voted against or abstained from approving this report.

Yes ☐ No ☒

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, 27 February 2023

Statement of responsibility of AMREST HOLDINGS, SE

The members of the Board of Directors of AMREST HOLDINGS, SE (“**AmRest**” or the “**Company**”) on its meeting held on 27 February 2023, and according to article 118 of the reinstated text of the Spanish Securities Markets Act approved by Royal Legislative Decree 4/2015 of 23 October as well as to article 8,1, b) of Royal Decree 1362/2007, of 19 October, declare that, as far as they are aware, the individual Annual Accounts of the Company, as well as the consolidated ones with its dependent companies, corresponding to the financial year ended 31 December 2022, drawn up by the Board of Directors on the referred meeting of 27 February 2023 and prepared in accordance with the applicable accounting principles, offer a true and fair image of the equity, the financial situation and the results of the Company and the companies within the consolidation taken as a whole, and the complementary Directors’ Reports of the individual and consolidated Annual Accounts include an accurate analysis of the business evolution and results and of the position of AmRest and the companies within the consolidation taken as a whole, together with the main risks and uncertainties which they face.

Madrid, on 27 February 2023

AmRest Holding SE
2846 Madrid, Spain

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Independent verification report

To the shareholders of AmRest Holdings, SE:

Pursuant to article 49 of the Code of Commerce, we have verified, with the scope of a limited assurance engagement, the Consolidated Statement of Non-Financial Information ("SNFI") for the year ended 31 December 2022 of AmRest Holdings, SE (Parent company) and subsidiaries (hereinafter "AmRest" or the Group) which forms part of the accompanying AmRest's consolidated management report.

Responsibility of the directors of the Parent company

The preparation of the SNFI included in AmRest's consolidated management report and the content thereof, are the responsibility of the directors of AmRest Holdings, SE. The SNFI has been drawn up in accordance with the provisions of current mercantile legislation and following the criteria of the *Sustainability Reporting Standards of the Global Reporting Initiative* ("GRI Standards") selected as per the details provided for each matter in the "GRI Standards content index" of the consolidated management report.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the SNFI to be free of material misstatement due to fraud or error.

The directors of AmRest Holdings, SE are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the SNFI is obtained.

Our independence and quality management

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code") which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies current international quality standards and maintains, consequently, a quality system that includes policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team consisted of professionals specialising in Non-financial Information reviews, specifically in information on economic, social and environmental performance.



Our responsibility

Our responsibility is to express our conclusions in a limited assurance independent report based on the work we have performed. We carried out our work in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and in the Guidelines for verification engagements of the Statement of Non-Financial Information issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

Our work consisted of posing questions to management as well as to the various units of AmRest that were involved in the preparation of the SNFI, of the review of the processes for compiling and validating the information presented in the SNFI, and in the application of certain analytical procedures and review procedures on a sample basis, as described below:

- Meetings with the AmRest Holdings, SE personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content of the SNFI for the year 2022, based on the materiality analysis carried out by AmRest and described in section "Materiality analysis", taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the SNFI for the year 2022.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the SNFI for the year 2022.
- Verification, by means of sample testing, of the information relating to the content of the SNFI for the year 2022 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the directors and management of the Parent company.

Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that the SNFI of AmRest Holdings, SE and its subsidiaries, for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with the provisions of current mercantile legislation and following the criteria of GRI selected as per the details provided for each matter in the "GRI Standards content index" of the consolidated management report.



Emphasis of matter

The Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 relating to the establishment of a framework to facilitate sustainable investments establishes the obligation to disclose information on the manner and extent to which the company's activities are associated with economic activities aligned in relation to the objectives of climate change mitigation and adaptation to climate change for the first time for the year 2022, in addition to the information referring to eligible activities required in the year 2021. Consequently, comparative alignment information has not been included in the accompanying SNFI. On the other hand, to the extent that the information referring to eligible activities in the year 2021 was not required with the same level of detail as in the year 2022, detailed information regarding eligibility is not strictly comparable either in the accompanying SNFI. Additionally, it should be noted that AmRest's directors have incorporated information on the criteria that, in their opinion, best allow compliance with the aforementioned obligations and that are defined in note "AmRest Taxonomy disclosure" of the accompanying SNFI. Our conclusion has not been modified in relation to this matter.

Use and distribution

This report has been drawn up in response to the requirement established in current Spanish mercantile legislation and therefore may not be suitable for other purposes and jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Joaquín Guerola González

28 February 2023

INSTITUTO DE CENSORES
JURADOS DE CUENTAS
DE ESPAÑA

PRICEWATERHOUSECOOPERS
AUDITORES, S.L.

2023 Núm. 01/23/01192

30,00 EUR

SELLO CORPORATIVO:

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Sello distintivo de otras actuaciones

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