AmRest Holdings, SE

Individual annual report 2023

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Annual report has been prepared in XHTML format.

Independent auditor's report on the annual accounts

To the shareholders of AmRest Holdings, SE

Report on the annual accounts

Opinion

We have audited the annual accounts of AmRest Holdings, SE (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement, total statement of changes in equity, statement of cash flows and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2023, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 2 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

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 annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts 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 annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matters	How our audit addressed the key audit matters
Recoverability of non-current investments in group companies	
At 31 December 2023, the balance sheet of the Company in the line item non-current investments in group companies includes an amount of 450.2 million euros, which makes up 57.5% of the total assets of the Company. As explained in note 3.1 of the accompanying notes to the annual accounts, these investments are measured at cost less impairment losses, if any. As a minimum at each year end, the Company evaluates the existence of indications of impairment. If it detects any such indications, it assesses the recoverability of the investment by measuring its value in use, using the future cash flows it expects to obtain from the ordinary activities of its investee. The undertaking of this exercise by Company management requires the use of significant judgements and estimates, including, among others, growth in sales, discount rates and terminal growth rates. As a result of the analyses performed, as disclosed in note 6 of the accompanying notes to the annual accounts, the Company has not recognised any impairment against its non-current investments in group companies in the year. 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 non-current investments in group companies. This fact, together with the significance of this line item, is the reason we view this area as a key audit matter.	We gained an understanding of the processes relating to the impairment evaluation undertaken by Company management in respect of non-current investments in group companies, 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 management. With regard to the cash flows prepared for those investees for which impairment indicators were identified, we analysed the methodology used, as well as the reasonableness of the plans and budgets prepared by Company management, contrasting the key assumptions used against historical performance, available comparable information and relevant industry indicators. 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 terminal growth rates used to calculate the net present value of the cash flows. Lastly, we evaluated whether the disclosures provided in note 6 of the accompanying notes to the annual accounts relating to this matter are adequate, bearing in mind those required under applicable accounting standards. We believe that we have obtained sufficient and adequate evidence regarding the conclusions reached by Company management and the consistency of those conclusions with currently available information.

Other information: Directors' report

Other information comprises only the directors' report for the 2023 financial year, the formulation of which is the responsibility of the Company's directors and does not form an integral part of the annual accounts.

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

a) Verify only that 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 directors' report and the annual accounts as a result of our knowledge of the Company 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 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 directors' report is consistent with that contained in the annual accounts for the 2023 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit and risk committee for the annual accounts

The directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit and risk committee is responsible for overseeing the process of preparation and presentation of the annual accounts.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts 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 annual accounts.

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 annual accounts, 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 entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the 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 Company'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 annual accounts 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's audit and risk 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 entity's audit and risk 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 entity's audit and risk committee, we determine those matters that were of most significance in the audit of the annual accounts 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 file of the European single electronic format (ESEF) of AmRest Holdings, SE for the 2023 financial year that comprises an XHTML file of the annual accounts for the financial year, 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 2023 financial year in accordance with the formatting 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 file prepared by the 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 annual accounts included in the aforementioned file completely agrees with that of the annual accounts that we have audited, and whether the format of these accounts has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined completely agrees with the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit and risk committee

The opinion expressed in this report is consistent with the content of our additional report to the audit and risk committee of the Company dated 28 February 2024.

Appointment period

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

Services provided

Services provided to the audited entity for services other than the audit of the accounts are disclosed in note 20 to the annual accounts.

In relation to the services provided to the subsidiary companies of the Company for services other than the audit of the accounts, refer to the audit report dated 28 February 2024 on the consolidated financial statements of AmRest Holdings, SE and its subsidiary companies, where these subsidiary companies have been consolidated.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Álvaro Moral Atienza (21428)

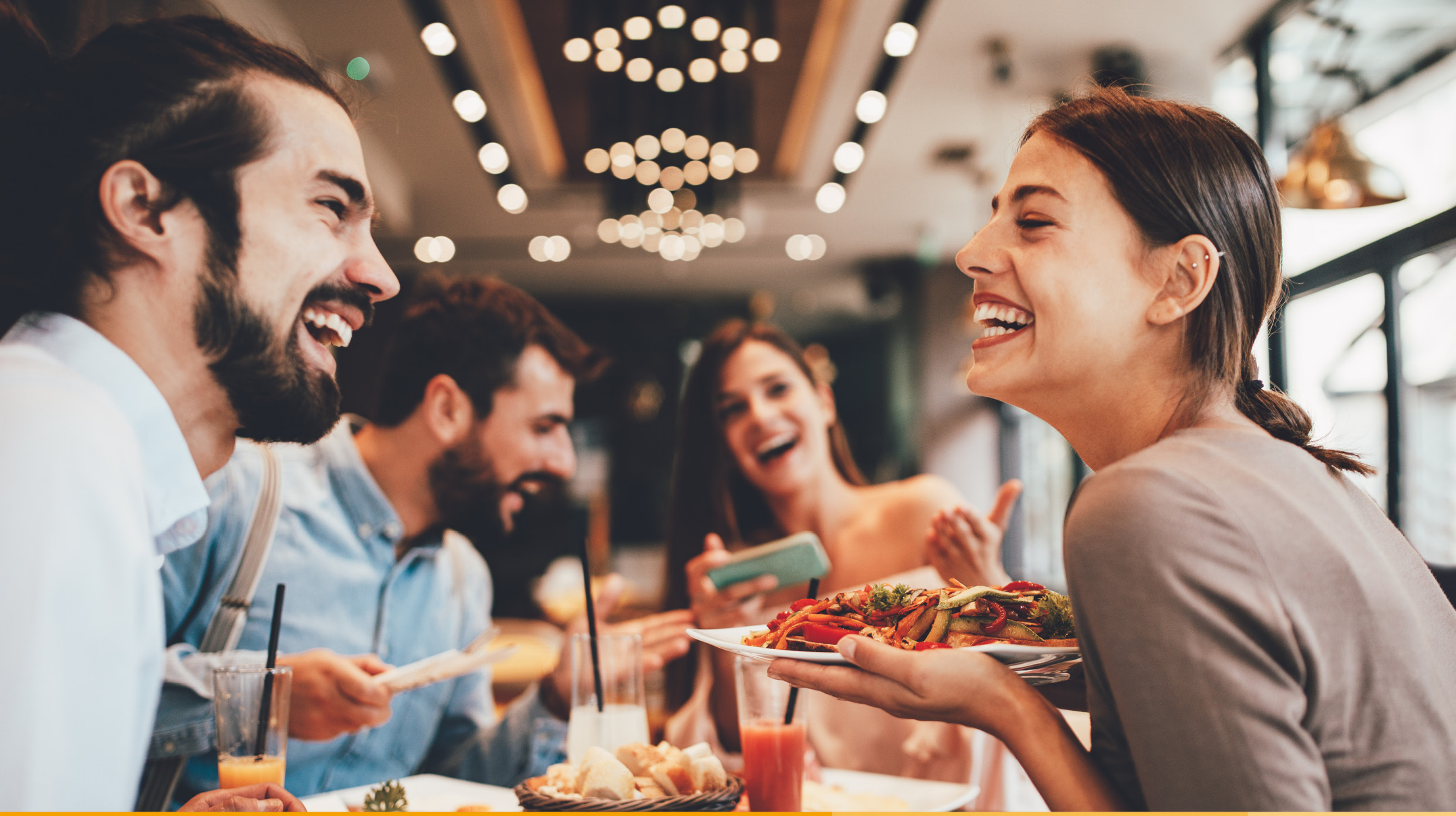
28 February 2024

AUDITORES
INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

2024 Núm. 01/24/00086
SELLO CORPORATIVO: 96,00 EUR

Informe de auditoría de cuentas sujeto a la normativa de auditoría de cuentas española o internacional



Annual Accounts and Directors' Report

for the year ended 31 December 2023

AmRest Holdings, SE

27 FEBRUARY 2024

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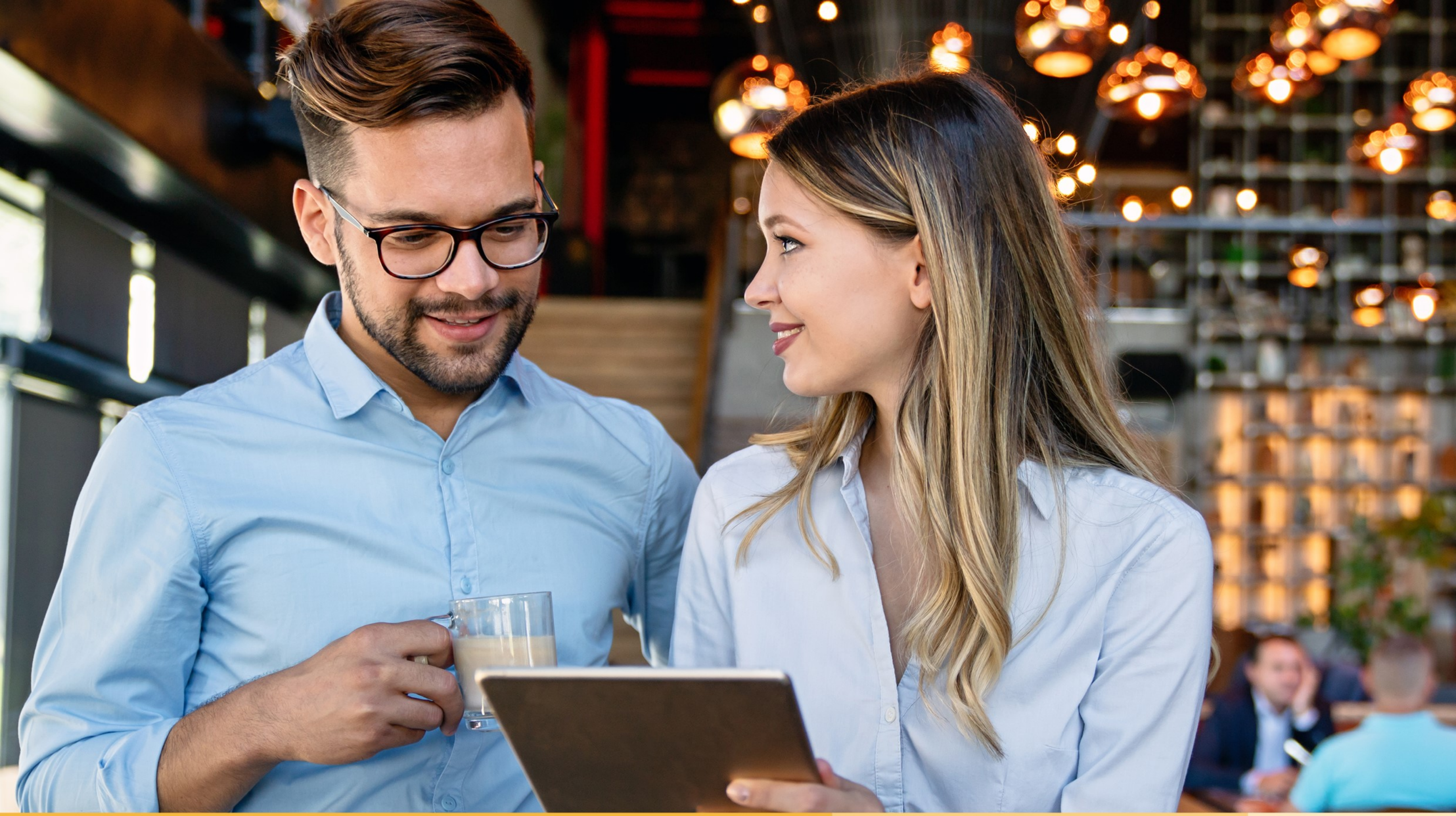


Annual Accounts

(all figures in EUR millions unless stated otherwise)

Balance sheet as of 31 December 2023

	Notes	31 December 2023	31 December 2022
Assets			
Intangible assets		**0.1**	**0.1**
Non-current investment and loans in group companies		**588.2**	**606.9**
Investments in group companies	6 and 8	450.2	444.6
Loans to group companies	5, 7 and 17	138.0	162.3
Non-current financial investments	5 and 7	**0.1**	**0.1**
Deferred tax assets	15	**10.7**	**8.3**
Total non-current assets		**599.1**	**615.4**
Trade and other receivables		**3.2**	**4.3**
Other receivables from group companies	5, 7 and 17	2.9	3.2
Other trade receivables	5 and 7	-	0.2
Current tax assets	15	-	0.8
Other tax receivables	15	0.3	0.1
Investments and loans in group companies	5, 7 and 17	**119.1**	**77.2**
Loans to group companies		111.5	70.6
Other financial assets		7.6	6.6
Other current assets	5 and 7	**-**	**0.1**
Cash and cash equivalents	9	**62.1**	**19.1**
Total current assets		**184.4**	**100.7**
TOTAL ASSETS		**783.5**	**716.1**
Capital and Reserves and adjustments for changes in value			
Share capital	10.1	22.0	22.0
Share premium	10.6	237.3	237.3
Reserves	10.2 and 11	102.7	107.5
Treasury shares and equity instruments	10.3	(9.9)	(3.7)
Profit for the period	11	4.2	(4.8)
Other equity instruments	10.4	(14.5)	(20.1)
Adjustments for changes in value	10.5	(6.7)	(6.7)
TOTAL EQUITY		**335.1**	**331.5**
Liabilities			
Non-current provisions	14	**0.1**	**0.1**
Non-current financial liabilities	5 and 12	**353.4**	**339.6**
Loans and borrowings from financial institutions		353.4	304.1
Other financial debt		-	35.5
Total non-current liabilities		**353.5**	**339.7**
Loans and borrowings from financial institutions	5 and 12	-	35.8
Other financial debt	5 and 12	35.8	0.4
Current debts with group companies	5, 12 and 17	49.3	5.8
Trade and other payables		**9.8**	**2.9**
Trade and other payables to third parties	5 and 12	7.6	0.2
Trade and other payables to group companies	5, 12 and 17	1.8	1.0
Personnel (salaries payable)		0.1	0.1
Other payables with tax administration	15	0.3	1.6
Total current liabilities		**94.9**	**44.9**
TOTAL LIABILITIES		**448.4**	**384.6**
TOTAL EQUITY AND LIABILITIES		**783.5**	**716.1**

The accompanying notes are an integral part of the Annual Accounts for 2023

(all figures in EUR millions unless stated otherwise)

Income Statement for the year 2023

	Notes	YEAR ENDED 31 December 2023	31 December 2022
Revenues	16.1 and 17	**32.9**	**24.3**
Dividends received from subsidiaries		17.9	16.7
Finance income from group companies		15.0	7.6
Personnel expenses	16.2	(0.6)	(0.5)
Other operating expenses	16.3	(3.6)	(2.1)
Impairments of investments in group companies	6 and 17	(0.2)	(18.8)
Depreciation		-	(0.1)
Results from operating activities		**28.5**	**2.8**
Finance expenses	16.5	(26.2)	(16.5)
Exchange rates gains and losses	16.6	(3.5)	1.7
Net finance income (expense)		**(29.7)**	**(14.8)**
Profit before income tax		**(1.2)**	**(12.0)**
Income tax expense	15	5.4	7.2
Profit for the period	11	**4.2**	**(4.8)**

The accompanying notes are an integral part of the Annual Accounts for 2023

Statement of recognized income and expenses for the year 2023

	Notes	YEAR ENDED 31 December 2023	31 December 2022
Profit for the period	11	**4.2**	**(4.8)**
Other income and expenses recognized during the period		-	-
Total recognized income and expenses for the period		**4.2**	**(4.8)**

The accompanying notes are an integral part of the Annual Accounts for 2023

(all figures in EUR millions unless stated otherwise)

Statement of cash flows for the year 2023

	Notes	YEAR ENDED 31 December 2023	YEAR ENDED 31 December 2022
Cash flows from operating activities			
Profit before tax		**(1.2)**	**(12.0)**
Adjustments:		**(3.0)**	**9.4**
Impairment losses	7 and 17	0.2	18.8
Dividends from subsidiaries	16.1	(17.9)	(16.7)
Depreciation		-	0.1
Finance income	16.1	(15.0)	(7.6)
Finance expenses	16.5	26.2	16.5
Exchange gains/losses	16.6	3.5	(1.7)
Changes in operating assets and liabilities		**11.2**	**1.9**
Trade and other receivables		2.2	1.1
Trade and other payables		9.0	0.8
Other cash flows from operating activities		**19.1**	**(6.4)**
Interest paid		-	(9.4)
Interest received		5.5	1.9
Purchase of treasury shares	10.3	(6.6)	-
Dividends received from subsidiaries		20.2	-
Income tax payment		-	1.1
Net cash provided by operating activities		**26.1**	**(7.1)**
Cash flows from investing activities			
Increase in investments loans and borrowings with group companies	5, 7 and 17	(66.8)	(10.3)
Proceeds from investment loans and borrowings with group companies	5, 7 and 17	56.5	17.9
Net cash used in investing activities		**(10.3)**	**7.6**
Cash flows from financing activities			
Proceeds from debts with financial institutions	5 and 12	413.3	99.4
Proceeds from debt with group companies	5, 12 and 17	70.9	4.7
Interest paid		(22.7)	-
Repayment of debt with financial institutions	5 and 12	(404.8)	(56.6)
Repayment of debt with group companies	5 and 12	(29.5)	(33.6)
Net cash provided by/(used in) financing activities		**27.2**	**13.9**
Net change in cash and cash equivalents		**43.0**	**14.4**
Balance sheet change of cash and cash equivalents”		43.0	14.4
Cash and cash equivalents at the beginning of the period	**9**	**19.1**	**4.7**
Cash and cash equivalents as of the end of the period	**9**	**62.1**	**19.1**

The accompanying notes are an integral part of the Annual Accounts for 2023

(all figures in EUR millions unless stated otherwise)

Total statement of changes in equity for the year 2023

	Share capital (Note 10)	Share premium (Note 10)	Legal Reserve (Note 10)	Voluntary Reserves (Note 10)	Treasury shares (Note 10)	Profit or loss for the period (Note 11)	Other Equity instruments (Note 10)	Adjustment for changes in value (Note10)	Total Equity
As of 31 December 2021	**22.0**	**237.3**	**4.4**	**90.8**	**(4.0)**	**12.3**	**(25.3)**	**(6.7)**	**330.8**
Total recognised income and expense (Note 11)	-	-	-	-	-	(4.8)	-	-	(4.8)
Transactions on own shares and equity holdings (net)	-	-	-	-	0.3	-	5.2	-	5.5
Transfer of profit or loss to reserves	-	-	-	12.3	-	(12.3)	-	-	-
As of 31 December 2022	**22.0**	**237.3**	**4.4**	**103.1**	**(3.7)**	**(4.8)**	**(20.1)**	**(6.7)**	**331.5**
Total recognised income and expense (Note 11)	-	-	-	-	-	4.2	-	-	4.2
Transactions on own shares and equity holdings (net)	-	-	-	-	(6.2)	-	5.6	-	(0.6)
Transfer of profit or loss to reserves	-	-	-	(4.8)	-	4.8	-	-	-
As of 31 December 2023	**22.0**	**237.3**	**4.4**	**98.3**	**(9.9)**	**4.2**	**(14.5)**	**(6.7)**	**335.1**

The accompanying notes are an integral part of the Annual Accounts for 2023

Notes to the Annual Accounts

1. General information

AmRest Holdings, SE ("The Company". "AmRest") was incorporated in the Netherlands in October 2000 and since 2008 the Company operates as European Company (Societas Europaea. SE). The Company's registered is Paseo de la Castellana, 163 28046 Madrid, Spain.

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

The Company is the parent of a group in the terms established in article 42 section 2 of the Commercial Code and prepares its consolidated financial statements under IFRS. The Group operates Kentucky Fried Chicken ("KFC"), Pizza Hut ("PH"), Burger King ("BK") and Starbucks ("SBX") restaurants through its subsidiaries in Poland, the Czech Republic (hereinafter Czechia), Hungary, Slovakia, 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"). In 2023 AmRest sold its KFC business in Russia. Transaction is further described in note 6.

In Spain and Portugal the Group operates its own brand La Tagliatella. In China the Group operates its own brand called Blue Frog. Both businesses are based on operating equity and franchise restaurants supported by the central kitchens located in Spain (La Tagliatella) and in China (for Blue Frog) that produce and deliver products to the whole network.

In 2018 the Group acquired the Bacoa and Sushi Shop brands, as a result of which it operates licensed restaurants in Spain (Bacoa) and proprietary and franchise Sushi Shop restaurants in France, Belgium, Spain, Switzerland, United Kingdom, Luxembourg, 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 restaurants for sushi, sashimi and other Japanese specialties.

The shares of AmRest Holdings, SE are listed in the Warsaw Stock Exchange ("WSE") and in all four Spanish stock exchanges through the Spanish Automated Quotation System (Sistema de Interconexión Bursátil – SIBE).

As of 31 December 2023, FCapital Dutch, S.L. is the largest shareholder of AmRest Holdings, SE and held 67.05% of its shares and voting rights. The parent entity of the Group on the top level is Grupo Finaccess S.A.P.I de C.V.

These annual accounts have been prepared and approved by the Company's Board of Directors on 27 February 2024. The Board of Directors considers that the annual accounts for 2023 will be approved with no changes by the shareholders at their annual general meeting.

Simultaneously, the Board of Directors has formulated the consolidated financial statements of AmRest Holdings, SE and its Subsidiaries for the financial year 2023, which show consolidated profit of Euros 50.9 million and consolidated Equity of Euros 400.7 million (profit of Euros 6.6 million and 331.2 million, respectively for the financial year 2022).

2. Basis of preparation

True and fair view

The Annual Accounts for 2023 have been prepared on the basis of the accounting records of AmRest Holdings, SE by the Company's Board of Directors in accordance with current commercial legislation and with the rules established in the General Accounting Plan approved by Royal Decree 1514/2007 and the modifications incorporated thereto, the last being those incorporated by Royal Decree 1/2021, of 12 December, effective for fiscal years beginning on or after January 1, 2023, in order to give a true and fair view of the Company's equity and financial position as of 31 December 2023 and results of operations, changes in equity and cash flows for the year then ended 31 December 2023.

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

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

The recoverability of the investments, and the corresponding valuation adjustments for the difference between the book value and the recoverable amount. In the determination of the impairment estimate of these investments (always that there are impairment evidences), the future cash flows expected to be generated by the investees are taken into account using hypotheses based on the existing market conditions).

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

Despite the fact that the estimates made by the Board of Directors of the Company were calculated based on the best information available at 31 December 2023, it is possible that events which may occur in the future will make it necessary to modify them in later financial years. The effect on the separated financial statements deriving from the adjustments made in later financial years will be recorded prospectively.

Aggregation of items

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

Comparative information

Each item of the balance sheet, the statement of profit and loss, the statement of changes in equity, the statement of recognized income and expenses, the statement of cash flows, and the notes of the annual accounts present for comparative purposes, the amounts from the previous financial year, which formed part of the annual accounts of the financial year ended 31 December 2022, approved by the Shareholders on 11 May 2023.

Functional and presentation currency

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

3. Accounting policies

3.1 FINANCIAL ASSETS

■ **Financial assets at amortized cost:**

There are included in this category those financial assets, even those admitted to negotiation in an organized market, in which the Company has the investments with the purpose for obtaining cash flows from the execution of the contract, and the contractual conditions from these financial assets give in determined dates cash flows that are the reimbursement of the principal and interest from the remaining amounts.

The contractual cash flows that are only reimbursement of principal and interest from the remaining principal amount that are implicit to an agreement that has the feature as a common loan without prejudice that the operation as a zero interest or lower than the market stablishes.

This category includes credits for commercial operations and credits for non-commercial operations:

a) Credits for commercial operations are those financial assets that are originate in the sale of goods and the provision of services for traffic operations of the company with deferred collection, and

b) Credits for non-commercial operations are those financial assets that, not being equity instruments or derivatives, they have no commercial origin and whose collections are of a determined or determinable amount, which come from loan operations or credit granted by the company.

Initial measurement

The assets recognized in this category are initially recognized at fair value, which will be equal to the fair value of the consideration given, plus the transaction costs that are directly attributable to them.
However, credits for commercial operations with a maturity not exceeding one year and do not have an explicit contractual interest rate, as well as loans to personnel, dividends receivable and disbursements required on Equity instruments, whose amount is expected to be received in the short term, can be valued at its value nominal when the effect of not updating the cash flows is not significant.

Subsequent measurement

Financial assets included in this category will be valued at their amortized cost. The accrued interest will be recorded in the profit and loss account, applying the effective interest rate method.
However, credits maturing no more than one year, that, in accordance with the provided in the previous section, are initially valued at their nominal value, they will continue being valued for said amount, unless they have impaired.
When the contractual cash flows of a financial asset change due to financial difficulties of the issuer, the company will analyze whether it is appropriate to record an impairment loss.

Impairment

The necessary valuation corrections are made, at least at annual closing date, and whenever there is objective evidence that the value of a financial asset, or of a group of financial assets with similar risk characteristics valued collectively, has been impaired as a result of one or more events that have occurred after its initial recognition and that cause a reduction or delay in future estimated cash flows, which may be motivated by the insolvency of the debtor.

The impairment loss is calculated as the difference between net book value and the current value of future cash flows, including, where appropriate, those from the execution of real and personal guarantees, which is estimated to be generated, discounted at the effective interest rate calculated at the time of initial recognition.

Impairment losses adjustments, as well as their reversal when the amount of said loss decreases for reasons related to a subsequent event, are recognized as an expense or income, respectively, in the profit and loss account. The reversal of impairment is limited to the book value of the asset that would be recognized on the reversal date if the impairment had not been recorded.

- **Financial assets at cost:**

In this category are included the Investments in the equity of group, multi-group and associated companies.

Initial measurement

Investments included in this category will be initially valued at cost, which It will be equal to the fair value of the consideration given plus the transaction costs that are directly attributable to them. The investments in group companies will be valued at cost reduces by at least the correction amount of the impairments.

However, in cases where there is an investment prior to its classification as a group, multi-group or associated company, the cost of said investment is the book value that it should have immediately before the company has such qualification.

Part of the initial valuation is the amount of preferential subscription rights and the like that, if applicable, have been acquired.

Subsequent measurement

Equity instruments included in this category will be valued at cost, minus, where appropriate, the accumulated amount of the valuation corrections for impairment.
When value must be assigned to these assets due to derecognition or other reason, will apply the method of weighted average cost by homogeneous groups, (values with equals rights) In the case of sale of preferential subscription rights and the like or segregation of the same to exercise them, the amount of the cost of the rights will decrease the book value of the respective assets. Said cost will be determined by applying some valuation formula generally accepted.

Impairment

At least at year-end, the necessary valuation adjustments are made whenever there is objective evidence that the book value of an investment will not be recoverable. The amount of the valuation adjustment is the difference between its book value and the recoverable amount, understood as the higher amount between its fair value less costs to sell and the present value of the future cash flows derived from the investment, which in the case of equity instruments, it is calculated either by estimating what is expected to be received as a result of the distribution of dividends made by the investee company and the disposal or derecognition of the investment therein, or by estimating of its participation in the cash flows that are expected to be generated by the investee company, both from its ordinary activities and from its disposal or derecognition.

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the loss due to impairment of this class of assets is calculated based on the equity of the investee and the tacit capital gains existing at the valuation date, net of the tax effect. In determining this value, and provided that the investee company has in turn invested in another, the equity included in the consolidated annual accounts prepared by applying the criteria of the Code of Commerce and its implementing regulations is taken into account.

The recognition of valuation corrections for value impairment and, if applicable, their reversal, is recorded as an expense or income, respectively, in the profit and loss account. The reversal of impairment is limited to the book value of the investment that would be recognized on the reversal date if the impairment had not been recorded.

- **Interest and dividends received from financial assets:**

Interest and dividends accrued on financial assets after acquisition shall be recognized as revenue. Interest shall be accounted for using the effective interest rate method, while dividends shall be recognized when the equity holder’s right to receive payment is established.
Upon initial measurement of financial assets, accrued explicit interest receivable at the measurement date shall be recognized separately, based on maturity. Dividends declared by the pertinent body at the acquisition date shall also be accounted for separately. “Explicit interest” is the interest obtained by applying the financial instrument’s contractual interest rate.
If distributed dividends are clearly derived from profits generated prior to the acquisition date because the amounts that have been distributed are higher than the profits generated by the investment since acquisition, the difference shall be accounted for as a deduction in the carrying amount of the investment and shall not be recognized as income.

3.2 EQUITY

The share capital is represented by ordinary shares. The costs of issuing new shares or options are presented directly against equity, as lower reserves.
In the case of acquisition of the Company's own shares, the consideration paid, including any directly attributable incremental cost, is deducted from equity until its cancellation, reissue or disposal. When these shares are subsequently sold or reissued, any proceeds received, net of any directly attributable incremental transaction costs, are included in equity.

3.3 FINANCIAL LIABILITIES

Financial liabilities, for the purposes of their valuation, will be included in one of the following categories:

- **Financial liabilities at amortized cost:**

The company will classify all financial liabilities in this category except when must be valued at fair value with changes in the profit and loss account.
In general, this category includes debits from operations commercial transactions and debits for non-commercial operations:

a) Debits from commercial operations are those financial liabilities that are originate in the purchase of goods and services for traffic operations of the company with deferred payment, and
b) Debits from non-commercial operations are those financial liabilities that, not being derivative instruments, they do not have commercial origin, but come from loan or credit operations received by the company.

Initial measurement

The financial liabilities included in this category are initially valued at their fair value, which is the transaction price, which is equivalent to the fair value of the consideration received, adjusted for the transaction costs that are directly attributable to them.
However, debits for commercial operations with a maturity of no more than one year and that do not have a contractual interest rate, as well as disbursements required by third parties on participations, the amount of which is expected to be paid in the short term, are valued at their nominal value, when the effect of not updating the cash flows is not significant.

Subsequent measurement

Financial liabilities included in this category are valued at their amortized cost. Accrued interest is recorded in the profit and loss account, applying the effective interest rate method.
However, debts maturing in no more than one year that are initially valued at their nominal value continue to be valued at that amount.

Derecognition of financial liabilities

The company will write off a financial liability, or part of it, when the obligation has extinguished; that is, when it has been satisfied, canceled, or expired.

When the current conditions of a financial liability are substantially modified, it will be recorded the derecognition of the original financial liability and the new financial liability that arises will be recognized.

In the case the modifications are not substantially different, the original financial liability will be not derecognized. Any transactions cost or commission incurred will adjust the book value of the financial liability and the amortized cost of the financial liability will be determined applying the effective interest rate that equals the book value of the financial liability with the cash flows to be paid under the new conditions since the date of the modification.

For these purposes, the conditions of the contracts will be considered substantially different, among other cases, when the present value of the cash flows of the new contract, including any commission paid, net of any commission received, differs by at least ten percent of the present value of the remaining cash flows of the original contract, restated both amounts at the effective interest rate of the latter.

3.4 CURRENT AND DEFERRED TAXES

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

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

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

The Company as the representative of the tax group, and the Spanish subsidiaries file consolidated tax return.
In addition to the factors to be considered for individual taxation, set out previously, the following factors are taken into account when determining the accrued income tax expense for the companies forming the consolidated tax group:

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

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

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

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

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

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

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

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

3.5 SHARE BASE PAYMENTS TRANSACTIONS

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

Share-based payments

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

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to awarding fair value at the grant date.
The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

Cash-settled transactions

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

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

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

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

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

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

According to consultation nº2 of the BOICAC 97/2014 when the parent company sign settlement agreements (Share transfer agreements) through which the parent company charge the intrinsic value of the cost of the agreement equivalent to the market value of the shares delivered, it is considered that there are two separated operations:

- A non-genuine corporate operation of contribution of the parent company in the subsidiary that is registered as a higher value of the investment according to consultation nº 7 of BOICAC Nº 75/2008;

- And a second corporate operation of distribution or recovery of the investment that is equivalent to difference between the re-charge described above and the valuation of the options at grant date.

3.6 PROVISIONS AND CONTINGENCIES

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

Provisions are valued at the present value of the disbursements that are expected to be necessary to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. The adjustments in the provision due to its update are recognized as a financial expense as they are accrued.
Provisions with maturity less than or equal to one year, with a non-significant financial effect, are not discounted.

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

On the other hand, contingent liabilities are those possible obligations arising because of past events, the materialization of which is conditional on the occurrence or non-occurrence of one or more future events independent of the Company's will.
If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

3.7 REVENUES RECOGNITION

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

- Interest income on financial assets measured at amortized cost is recognized using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the instrument's original effective interest rate and continues to carry the discount as a reduction of interest income. Interest income on impaired loans is recognized using the effective interest rate method.

- Dividend income is recognized as income in the income statement when the right to receive payment is established, provided that, since the date of acquisition, the investee or any group company in which the investee has an interest has generated profits in excess of the equity being distributed. Notwithstanding the foregoing, if the dividends distributed unequivocally arise from profits generated prior to the date of because amounts in excess of the profits generated by the investee since acquisition have been distributed, they are not recognized as income and reduce the carrying amount of the investment.

3.8 FOREIGN CURRENCY TRANSACTIONS

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

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

Non-monetary assets measured at fair value have been translated to the functional currency at the spot exchange rate at the date that the fair value was determined. In the statement of cash flows. cash flows from foreign currency transactions have been translated to Euros at the average exchange rate for the year.

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

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

3.9 TRANSACTIONS BETWEEN RELATED PARTIES

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

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

4. Financial Risk Management

4.1 Financial risk factors

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 analyzing and reviewing risks to which the Group is exposed. The main current risks and threats have been summarized in this section. AmRest reviews and improves its risk management and internal control systems on an on-going basis.

AmRest has a Global Risk Inventory, considering the following 5 risk taxonomies: Operations/infrastructure, Compliance, Strategy and Planning, Governance and Reporting. Under these taxonomies, the AmRest' Global risk inventory considers different categories of the risk.

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 2023, 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 utilized as needed.

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 franchisor 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 unfavorable 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 unfavorable 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.

Risk related to 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.

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. 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. The product price increases may have an adverse effect on the Group's results, operations and financial standing.

Disruption in the supply chain
Disruption to supply of goods, or to logistics suppliers, resulting in limited access to essential supplies.

The Group cannot rule out the risk related to delivery shortage or interruptions caused by factors such as unfavorable weather conditions, changes in legal regulations, problems with delivery infrastructure, reduction in available sources withdrawing some foodstuffs from trading, third-party breach of transport obligations, key suppliers' bankruptcy or lack of alternative sources of supply.

The shortages may have an adverse effect on the Group's results, operations and financial standing.

Risks related to the incorporation of new business and failed openings of new restaurants
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, the ability to obtain the permits required by relevant bodies, the possibility of delays in opening new restaurants,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 2023, 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.

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.

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 failures, 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.

Risk of an inadequate security protection of our data and IT systems and lack of capabilities to respond to cybersecurity threats
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 unauthorized 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.
Likewise, a potential adverse impact on the Group's image or brands may deteriorate its perception with the different stakeholders.

Adverse regulatory change or evolution
Failure to anticipate, identify and respond to new regulation that may result in fines, litigation and/or the loss of operating licenses or other restrictions.

Loss of market share due to a volatile customer trends or an increase in competition
Failure to anticipate or respond to competitors leads to a loss of market share for the Group and failure to anticipate or address consumer's preferences in the Group's products, services, or channels.

5. Financial instruments

a) Analysis by categories:

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

Financial Assets:

	Non-current Financial assets		
Categories 2023	**Equity Instruments**	**Debt Securities**	**Loans and Other**
Financial Assets at Amortized Cost	-	-	138.1
Total	**-**	**-**	**138.1**

	Current Financial assets		
Categories 2023	**Equity Instruments**	**Debt Securities**	**Loans and Other**
Financial Assets at Amortized Cost	-	-	122.0
Total	**-**	**-**	**122.0**

(all figures in EUR millions unless stated otherwise)

	Non-current Financial assets		
Categories 2022	**Equity Instruments**	**Debt Securities**	**Credits and Other**
Financial Assets at Amortized Cost	-	-	162.4
Total	**-**	**-**	**162.4**

	Current Financial assets		
Categories 2022	**Equity Instruments**	**Debt Securities**	**Credits and Other**
Financial Assets at Amortized Cost	-	-	80.7
Total	**-**	**-**	**80.7**

Financial Liabilities:

	Non-current Financial liabilities		
Categories 2023	**Debts with Financial Institutions**	**Bonds and other negotiable securities**	**Derivatives and others**
Financial liabilities at Amortized Cost	353.4	-	-
Total	**353.4**	**-**	**-**

	Current Financial liabilities		
Categories 2023	**Debts with Financial Institutions**	**Bonds and other negotiable securities**	**Derivatives and others**
Financial liabilities at Amortized Cost	-	35.8	58.7
Total	**-**	**35.8**	**58.7**

	Non-current Financial liabilities		
Categories 2022	**Debts with Financial Institutions**	**Bonds and other negotiable securities**	**Derivatives and others**
Financial liabilities at Amortized Cost	304.1	35.5	-
Total	**304.1**	**35.5**	**-**

	Current Financial liabilities		
Categories 2022	**Debts with Financial Institutions**	**Bonds and other negotiable securities**	**Derivatives and others**
Financial liabilities at Amortized Cost	35.8	0.4	7.0
Total	**35.8**	**0.4**	**7.0**

Analysis by Maturities:

As of 31 December 2023 and 2022, the amounts of financial instruments with a determined or determinable maturity classified by year of maturity were the following:

Financial Assets:

2023	**2024**	**2025**	**2026**	**2027**	**Following years**	**Total**
Loans to group companies	111.5	56.1	0.2	41.9	39.8	249.5
Non-current financial investments	-	-	-	-	0.1	0.1
Trade and other receivables	2.9	-	-	-	-	2.9
Other financial assets with group companies	7.6	-	-	-	-	7.6
Total	**122.0**	**56.1**	**0.2**	**41.9**	**39.9**	**260.1**

2022	**2023**	**2024**	**2025**	**2026**	**Following years**	**Total**
Loans to group companies	70.6	77.2	15.3	3.9	65.9	232.9
Non-current financial investments	-	-	-	-	0.1	0.1
Trade and other receivables	3.4	-	-	-	-	3.4
Other financial assets with group companies	6.6	-	-	-	-	6.6
Other current assets	0.1	-	-	-	-	0.1
Total	**80.7**	**77.2**	**15.3**	**3.9**	**66.0**	**243.1**

(all figures in EUR millions unless stated otherwise)

Financial Liabilities

2023	2024	2025	2026	2027	2028	Total
Debts with financial Institutions	-	11.3	47.2	47.2	247.7	**353.4**
Other debts and payables	35.8	-	-	-	-	**35.8**
Debts with group companies	51.1	-	-	-	-	**51.1**
Trade and other payables	7.6	-	-	-	-	**7.6**
Total	**94.5**	**11.3**	**47.2**	**47.2**	**247.7**	**447.9**

2022	2023	2024	2025	2026	2027	Total
Debts with financial Institutions	35.8	304.1	-	-	-	**339.9**
Other debts and payables	0.4	35.1	-	-	-	**35.9**
Debts with group companies	6.8	-	-	-	-	**6.8**
Trade and other payables	0.2	-	-	-	-	**0.2**
Total	**43.2**	**339.6**	-	-	-	**382.8**

6. Investments in group companies

The value of the shares owned by the Company in its subsidiaries as of 31 December 2023 and 2022 was as follow:

	31 December 2023		31 December 2022			
	Interest ownership	Value of Shares	Interest ownership	Value of Shares	Dividends received in 2023	Dividends received in 2022
AmRest Sp. z o.o. (Poland)	100%	**272.6**	100%	**268.5**	-	-
AmRest China Group PTE Ltd. (China)	100%	**40.8**	100%	**40.6**	-	-
AmRest s.r.o. (Czechia)	100%	**7.8**	100%	**7.5**	17.9	16.7
AmRest France SAS (France)	100%	**69.7**	100%	**69.5**	-	-
AmRest EOOD (Bulgaria)	100%	**4.3**	100%	**4.3**	-	-
AmRest Acquisition Subsidiary (Malta)	100%	**45.2**	100%	**45.2**	-	-
AmRest Global S.L.U.	100%	**9.1**	100%	**8.3**	-	-
AmRest Coffee SRB d.o.o.	100%	**0.7**	100%	**0.7**	-	-
		450.2		**444.6**	**17.9**	**16.7**

The movement of the equity instruments in group companies as of 31 December 2023 was as follow:

	31 December 2022	Increase	Decrease	Share-base options	31 December 2023
Cost					
AmRest Sp. z o.o. (Poland)	268.5	-	-	4.1	272.6
AmRest China Group PTE Ltd. (China)	40.6	-	-	0.2	40.8
AmRest s.r.o. (Czechia)	7.5	-	-	0.3	7.8
AmRest France SAS	69.5	-	-	0.2	69.7
AmRest HK Ltd	5.2	-	(5.2)	-	-
AmRest EOOD (Bulgaria)	4.3	-	-	-	4.3
AmRest Acquisition Subsidiary (Malta)	61.0	-	-	-	61.0
AmRest Global S.L.U.	8.3	-	-	0.8	9.1
AmRest Coffee SRB d.o.o.	0.7	-	-	-	0.7
	465.6	**-**	**(5.2)**	**5.6**	**466.0**
Impairment					
AmRest HK Ltd	(5.2)	-	5.2	-	-
AmRest Acquisition Subsidiary (Malta)	(15.8)	-	**-**	-	(15.8)
	(21.0)	**-**	**5.2**	-	**(15.8)**
Total Equity instruments in Group companies	**444.6**	**-**	-	**5.6**	**450.2**

(all figures in EUR millions unless stated otherwise)

- On 20th January 2023 AmRest HK Ltd. was deregistered.
- On 31 December 2023 AmRest Holdings SE, the sole shareholder of AmRest Acquisition Subsidiary Ltd, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.
- The value of investment of some subsidiaries was affected by the valuation of share-based payments plans within SOP, MIP and LTI (Note 13). The total capitalized cost of share-based payments plans in 2023 amounted to EUR 5.6 million and it is presented in the table below:

	Increase
Cost	
AmRest Sp. z o.o. (Poland)	4.1
AmRest China Group PTE Ltd. (China)	0.2
AmRest s.r.o. (Czechia)	0.3
AmRest France SAS	0.2
AmRest Global S.L.U.	0.8
Total	**5.6**

The movement of the equity instruments in group companies as of 31 December 2022 was as follow:

	31 December 2021	**Increase**	**Decrease**	**Share-base options**	**31 December 2022**
Cost					
AmRest Sp. z o.o. (Poland)	264.4	-	-	4.1	268.5
AmRest China Group PTE Ltd. (China)	40.5	-	-	0.1	40.6
AmRest s.r.o. (Czechia)	7.1	-	-	0.4	7.5
AmRest France SAS	58.8	10.7	-	-	69.5
AmRest HK Ltd	5.2	-	-	-	5.2
AmRest EOOD (Bulgaria)	4.2	-	-	0.1	4.3
AmRest Acquisition Subsidiary (Malta)	61.0	-	-	-	61.0
AmRest Global S.L.U.	5.8	2.0	-	0.5	8.3
AmRest Coffee SRB d.o.o.	-	0.7	-	-	0.7
	447.0	**13.4**	**-**	**5.2**	**465.6**
Impairment					
AmRest HK Ltd	(5.2)	-	-	-	(5.2)
AmRest Acquisition Subsidiary (Malta)	-	(15.8)	**-**	-	(15.8)
	(5.2)	**(15.8)**	-	-	**(21.0)**
Total Equity instruments in Group companies	**441.8**	**(2.4)**	-	**5.2**	**444.6**

- On February 2022, was signed a shareholder´s contribution over the entity Amrest Global S.L.U. in a total amount of EUR 2 million.

- On May 2022, was signed capital increases resolutions in the entity Amrest Cofee SRB d.o.o in the amount of EUR 0.7 million.

- On December 2022, was signed capital increases resolutions in the entity Amrest France SAS in the amount of EUR 10.7 million

- The value of investment of some subsidiaries was affected by the valuation of share-based payments plans within SOP, MIP and LTI. The total capitalized cost of share-based payments plans in 2022 amounted to EUR 5.2 million and it is presented in the table below:

(all figures in EUR millions unless stated otherwise)

	Increase
Cost	
AmRest Sp. z o.o. (Poland)	4.1
AmRest China Group PTE Ltd. (China)	0.1
AmRest s.r.o. (Czechia)	0.4
AmRest EOOD (Bulgaria)	0.1
AmRest Global S.L.U.	0.5
Total	**5.2**

Impairment test of Equity Investment in group companies:

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

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

31 December 2023

As of 31 December 2023, the Company identified impairment indicators for its investments in AmRest Acquisition Subsidiary (owner of the Russian Business until the sale), AmRest China Group PTE Ltd and AmRest Global, S.L.

- AmRest Acquisition Subsidiary: AmRest Holdings, SE holds 100% participation in AmRest Acquisition Subsidiary Ltd, the cost of which amounted to EUR 61 million on 31st December 2023 and 31st December 2022. During 2022, the Company recognized an impairment of EUR 15.8 million on its shareholding in AmRest Acquisition Subsidiary Ltd. The investee, AmRest Acquisition Subsidiary Ltd, owned a stake of 44.72% in the Group business in Russia that was sold during 2023.

The investment in the Russian business was 44.72% owned by AmRest Acquisition Subsidiary Ltd and 55.28% owned by AmRest Sp. z o.o. Both companies are 100% owned by AmRest Holdings, S.E.

In December 2022 AmRest Holdings, SE through its subsidiaries AmRest Sp. z o.o. and AmRest Acquisition Subsidiary Ltd, entered into an agreement with Almira OOO, for the sale of its KFC business in Russia (the "Transaction"). The closing of the Transaction was 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. The final terms of the transaction were subject to certain external factors, including EUR/RUB exchange rate.

In February 2023 Unirest LLC, an affiliate of Yum! Brands Inc. exercised its right of first refusal pursuant to the underlying franchise agreements for itself or for the benefit of a third party, and appointed Smart Service Nord Ltd as the purchaser of the KFC restaurant business in Russia. As a consequence of Unirest's exercise of its right of first refusal, AmRest terminated the sale and purchase agreement entered in December 2022, and signed a new sale and purchase agreement with Smart Service on 25 February 2023 substantially in the same terms and conditions.

On 28 April 2023, after the fulfillment of the conditions precedent to which it was subject, the transaction between AmRest´s subsidiaries AmRest Sp. z.o.o. and AmRest Acquisition Subsidiary Ltd and Smart Service Nord Ltd. for the sale of AmRest´s KFC business in Russia was closed. Final price of EUR 100 millon was received by AmRest Holdings, SE, and as required by local regulations, the transaction was submitted to the relevant registries for registration. The registration took place on 15 May 2023.

The final price of EUR 100 million that AmRest Holdings, SE received from the sale, EUR 55.2 million belonged to AmRest Sp. z.o.o. and was therefore transferred by AmRest Holdings, SE to its subsidiary, and EUR 44.8 million belonged to AmRest Acquisition Subsidiary Ltd. for which a loan agreement was entered into on 28 August 2023 with effect from 24 May 2023, with maturity date in December 2024. The loan between AmRest Holdings, SE. and AmRest Acquisition Subsidiary Ltd. was partially repaid during 2023, and the outstanding debt at 31 December 2023, considering principal and interest, that according to the agreement interest should be capitalized, amounted to EUR 44.5 million euros (Note 17).

Regarding the impairment for the investments in AmRest Acquisition Subsidiary Ltd. and considering the outstanding debt at 31 December 2023 mentioned above, and the future interest to be accrued and capitalized until maturity, between AmRest Holdings, SE and AmRest Acquisition Subsidiary Ltd, the Company considers that there are no indications of impairment over its investment.

-AmRest China Group PTE Ltd: The hypothesis considered in the impairment testing of AmRest China Group PTE Ltd considered an average EBITDA Margin of 9.2%, pre-tax rate of 13.1% and post-tax discount rate applied of 10.7%. For the terminal value calculation a perpetual growth of 2.1% has been considered after 2028 exercise.

-AmRest Global, S.L: The hypothesis considered in the impairment testing of AmRest Global,S.L.considered an average EBITDA Margin of 17.1%, pre-tax rate of 14.6% and post-tax discount rate applied of 11.6% . For the terminal value calculation a perpetual growth of 1.9% has been considered after 2028 exercise.

The company carried out a sensitivity analysis for the impairment tests performed. The sensitivity analysis examined the impact of changes in:

discount rate applied,
weighted average budgeted EBITDA margin,
growth rate for residual value,
assuming other factors remain unchanged.

The objective of such a sensitivity analysis is to determine if reasonable possible changes in the main financial assumptions would lead to an impairment loss being 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 described before by 10%.

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.

31 December 2022

As of 31 December 2022, the Company identified impairment indicators for its investments in AmRest Acquisition Subsidiary (owner of the Russian Business), AmRest HK Ltd, and AmRest Global.

-AmRest Holdings, SE holds 100% participation in AmRest Acquisition Subsidiary Ltd, the cost of which amounts to EUR 61 million on 31st December 2022 and 31st December 2021. The investee, AmRest Acquisition Subsidiary Ltd, owned a stake of 44.72% in the existing Group business in Russia.

The investment in the Russian business was 44.72% owned by AmRest Acquisition Subsidiary Ltd and 55.28% owned by AmRest Sp. z o.o. Both companies are 100% owned by AmRest Holdings, S.E. The cost reflected in the financial statements for these participation was not proportional to the percentage of ownership. The value of the participation held by AmRest Acquisition Subsidiary Ltd (44.72% participation) amounted EUR 69 million.

On 6 December 2022 AmRest Holdings, SE, through its subsidiaries AmRest Sp. z o.o. and AmRest Acquisition Limited, entered into an agreement with Almira OOO, for the sale of its KFC business in Russia (the "Transaction"). The closing of the Transaction was 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 EUR 100 million for the Transaction.

Additionally, at the end of 2022, the Company carried out a recoverability analysis of the business in Russia, and as a result of the imbalance between cost and percentage shareholding ratio, AmRest Holding, SE in its individual financial statements, proceeded to recognize an impairment of EUR 15.8 million on its shareholding in AmRest Acquisition Subsidiary Ltd.

The assumptions considered in the impairment testing of the Russian Business were an average EBITDA Margin of 12.80%, pre-tax rate of 37.97% and post-tax discount rate applied of 31.11% . For the terminal value calculation a perpetual growth of 3.80% was considered after 2027 exercise.

The company carried out a sensitivity analysis for the impairment tests performed. The sensitivity analysis examined the impact of changes in:

discount rate applied,
weighted average budgeted EBITDA margin,
growth rate for residual value,
assuming other factors remain unchanged.

The objective of such a sensitivity analysis was to determine if reasonable possible changes in the main financial assumptions would lead to a change in the recognized impairment.

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 could be determined by multiplying the base input data used in the impairment test described before by 10%.

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

Input / Change in input	**(Increase)/decrease in impairment loss (EUR million)**
Growth rate for residual value	
(-10%) of base value	(0.3)
(-5%) of base value	(0.2)
5% of base value	0.1
10% of base value	0.2
Discount rate	
(-10%) of base value	4.6
(-5%) of base value	2.1
5% of base value	(2.0)
10% of base value	(3.7)
Wieighted average budgeted EBITDA margin value	
(-10%) of base value	(5.0)
(-5%) of base value	(2.5)
5% of base value	2.4
10% of base value	4.8

-The investment in the entity AmRest HK Ltd (China) was fully impaired as it is a dormant entity the Company does not expect to reactivate. On 20 January 2023 AmRest HK Ltd. was deregistered.

-The entity AmRest Global, S.L. started its operation during the fiscal year 2021 and based on the projections and business model the Board of Directors of the Company considered the value of this investment will be recoverable in the future.

(all figures in EUR millions unless stated otherwise)

The Details of the main subsidiaries are presented below:

Company name	Registered office	2023				2022			
Holding activity		Total Equity	Net result	Operating result	Dividends distributed	Total Equity	Net result	Operating result	Dividends distributed
AmRest China Group PTE Ltd	Singapore	17.9	0.4	1.9	-	19.1	(3.6)	(3.7)	-
AmRest France SAS	Paris France	37.1	(0.8)	(0.5)	-	43.8	(6.6)	(6.3)	-
Amrest Global S.L.U.	Madrid Spain	7.5	0.3	0.8	-	7.1	4.6	6.1	-
Amrest Acquisition Subsidiary	Birkirkara, Malta	43.9	1.4	1.8	-	69.1	(3.3)	(3.3)	-

Company name	Registered office	2023				2022			
Restaurant, franchise and master-franchise activity		Total Equity	Net result	Operating result	Dividends distributed	Total Equity	Net result	Operating result	Dividends distributed
AmRest Sp. z o.o.	Wroclaw Poland	516.3	58.0	38.7	-	422.6	32.4	27.5	-
AmRest s.r.o.	Prague Czechia	25.2	22.1	29.7	17.9	21.8	17.6	22.3	16.7
AmRest EOOD	Sofia Bulgaria	5.9	1.3	1.5	-	6.4	1.7	2	-
AmRest Coffee SRB d.o.o.	Bucharest Romania	0.7	0.1	0.1	-	0.7	0.1	3.9	-

Above data were derived from local documentation of the main subsidiaries in accordance with local GAAPS in each country. In some countries local audits for 2023 have not finalised.

(all figures in EUR millions unless stated otherwise)

7. Financial Assets at amortized cost

As of 31 December 2023 and 2022 the financial assets at amortized cost were composed as followed:

	31 December 2023	31 December 2022
Non current		
Loans to group companies (Note 17)	138.0	162.3
Non-current financial investments	0.1	0.1
	138.1	**162.4**
Current		
Trade and other receivables	2.9	3.4
Loans to group companies (Note 17)	111.5	70.6
Other financial assets with group companies (Note 17)	7.6	6.6
Other current assets	-	0.1
	122.0	**80.7**

-Loans to group companies:

The Company grants loans to group companies at variable interest rates in the range of 2.3%-5.5% plus 3-months Euribor/Libor margin, with maturities starting in 2024 (note 5).

The Company considers that there are indications of impairment in the financial assets if the financial credits to the Group companies and the amount of the investment exceeds the theoretical book value of the equity of the group company or if the credits has allocated impairments from previous periods.

To estimate the potential impairment of the credits to group companies, this is determined using valuation techniques. The Company uses judgment to select a variety of methods and make assumptions that are based primarily on market conditions existing at the balance sheet date.

The total amount of loans with the entity AmRest Pizza GmbH is fully impaired as it is a dormant entities, the Company does not expect to reactivate. During the year 2023, the Company registered an impairment loss of EUR 0.2 million (EUR 2.8 million during 2022) (note 17).

Based on the analysis performed the Company did not recognize additional impairment loss associated to loans to given to group companies.

-Non-current financial assets:

Under this category the rent deposits related to lease agreements were booked.

-Other current financial assets with group companies

Included mostly the balances originated due to the accounting of the reciprocal balances originated due to the accounting of the income tax under the consolidated tax regimen (Note 15 and 17).

-Other current assets

Were composed by prepaid expenses.

-Trade receivables:

As of 31 December 2023 and 2022 the trade and other receivables were composed as follows (note 5):

	31 December 2023	31 December 2022
Trade and other receivables with third parties	-	0.2
Trade and other receivables with group companies (Note 17)	4.6	5.2
Impairment on other accounts receivables with group companies (Note 17)	(1.7)	(2.0)
Total Trade and other receivables	**2.9**	**3.4**

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

	Year ended	
	31 December 2023	31 December 2022
Balance at the beginning of the year	**(2.0)**	**(1.8)**
Increase (Note 17)	-	(0.2)
Write off	0.3	-
Balance at the end of the financial year	**(1.7)**	**(2.0)**

(all figures in EUR millions unless stated otherwise)

The accounting values of the financial assets at amortized cost as of 31 December 2023 and 2022 were denominated in the following currencies:

2023

Millions of foreign currency	Denominated in CZK	Denominated in USD
Assets foreign currency		
Total non-current assets foreign currency	-	-
Total current assets foreign currency	-	6.0
Total assets foreign currency	**-**	**6.0**

2022

Millions of foreign currency	Denominated in CZK	Denominated in USD
Assets foreign currency		
Total non-current assets foreign currency	-	8.3
Total current assets foreign currency	2.4	2.4
Total assets foreign currency	**2.4**	**10.7**

8. Financial assets at cost

In this item were classified the Investments in Group Companies (see details in note 6).

9. Cash and cash and equivalents

Cash and cash equivalents as of 31 December 2023 and 2022 are presented in the table below:

	31 December 2023	31 December 2022
Cash at bank	62.1	19.1
Total	**62.1**	**19.1**

Cash and cash equivalents were deposited in financial institutions of high credit quality according to the rating received by international rating agencies.

10. Equity

10.1 Share Capital

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

As of 31 December 2023 and 31 December 2022 the Company had 219 554 183 shares issued.

All the shares are ordinary shares and have the same economic and voting rights. 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 2023, in accordance with the information publicly available, 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	9 531 792	4.34%
Other Shareholders	40 733 829	18.55%

* Mr. Carlos Fernández González indirectly controls the majority of the shareholding and voting rights in FCapital Dutch, S.L. (direct shareholder of the stake appearing in the above table).

(all figures in EUR millions unless stated otherwise)

To the best of AmRest's knowledge as of 31 December 2022, in accordance with the information publicly available, 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%

10.2 Reserves

The composition of reserves as of 31 December 2023 and 2022 was as follows:

	31 December 2023	31 December 2022
Voluntary Reserves	98.3	103.1
Legal reserves	4.4	4.4
Total	**102.7**	**107.5**

The legal reserves have been accrued according to article 274 of the Capital Companies Law which establishes that, in any case, an amount of 10% of the profit of the period shall be distributed to legal reserves until it reaches, at least, 20% of the share capital.

It can't be distributed and in case it is used to compensate losses, because there are not other reserves available for it, the reserve has to be replaced with future profits.

As of 31 December 2023 and 31 December 2022, the company had fully endowed this reserve with the minimum limited established.

10.3 Treasury shares

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

As of 31 December 2023, AmRest held 1 412 446 own shares representing 0.6433% of share capital (341.645 shares in 2022). The movement of treasury shares for the stock option plan was as follows:

	YEAR ENDED	
	31 December 2023	31 December 2022
Initial Balance	**(3.7)**	**(4.0)**
Purchase of treasury shares	(6.6)	-
Value of disposed treasury shares	0.4	0.3
Ending Balance	**(9.9)**	**(3.7)**

10.4 Other equity instruments

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

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

	YEAR ENDED	
	31 December 2023	31 December 2022
Initial Balance	**(20.1)**	**(25.3)**
Equity share base plans accrual	6.1	5.5
Value of disposed treasury shares	(0.5)	(0.3)
Ending Balance	**(14.5)**	**(20.1)**

(all figures in EUR millions unless stated otherwise)

10.5 Adjustments for changes in value

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

	31 December 2023	31 December 2022
Currency translation reserve	(6.7)	(6.7)
Adjustments for changes in value	**(6.7)**	**(6.7)**

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

10.6 Share premium

This reserve is unrestricted up to the amount which, as a result of its distribution, means that the equity is not less than the share capital.

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 2023 and 2022.

11. Distribution of result

The Board of Directors propose the following distribution of the benefits for the year ended 31 December 2023 and the shareholders approved the following to 31 December 2022.

	YEAR ENDED	
	31 December 2023	**31 December 2022**
Basis of Distribution		
Profit and loss for the period in EUR	4 233 495.77	(4 789 777.22)
Distribution		
Voluntary Reserves	4 233 495.77	-
Retained earnings EUR	-	(4 789 777.22)
	4 233 495.77	**(4 789 777.22)**

Dividends have not been distributed during the 12 months ended 31 December 2023 and 2022.

Details of non-distributable reserves as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Legal reserve	4.4	4.4

The Company's freely distributable reserves, as well as the results of the period, are nonetheless subject to legal limits. Dividends may not be distributed if equity would be less than share capital as a result. In any case, at 31 December 2023, Voluntary Reserves and Share Premium were totally distributable.

12. Financial liabilities at amortized cost

As of 31 December 2023 and 2022 the financial assets at amortized cost were composed as follow:

	31 December 2023	31 December 2022
Non current		
Loans and borrowings from financial institutions	353.4	304.1
Other financial liabilities	-	35.5
	353.4	**339.6**
Current		
Loans and borrowings from financial institutions	-	35.8
Other financial liabilities	35.8	0.4
Debts with group companies (Note 17)	49.3	5.8
Trade and other payables to third parties	7.6	0.2
Trade and other payables to group companies (Note 17)	1.8	1.0
	94.5	**43.2**

-Debt with financial institutions

New debt: Syndicated bank loan 2023

On 11 December 2023 AmRest Group signed a new financing agreement for an amount of EUR 800 million referred as “Syndicated bank loan 2023”. The following significant terms and conditions apply:

- Lenders: Banco Bilbao Vizcaya Argentaria, S.A., BNP Paribas Bank Polska S.A., Bank Polska Kasa Opieki S.A., Česká Spořitelna, A.S., Coöperatieve Rabobank U.A., ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, Santander Bank Polska S.A. and Banco Santander, S.A. (acting as agent).
- Borrowers: AmRest Holdings, SE, AmRest sp. z o.o. (Polish subsidiary, fully owned).
- Tranches and purposes:
    - Facility A: for an amount of EUR 560 million for the repayment of the existing debt and general corporate purposes (A1: EUR 400 million and A2: PLN 693.1 million). The amount allocated to AmRest Holdings SE amounting to EUR 361 million.
    - Facility B: for an amount of EUR 110 million to finance the organic growth and for general corporate purposes, fully allocated to AmRest Holdings, SE.
    - Revolving Facility: for an amount of EUR 130 million to finance current business activities and the working capital needs of the Group, fully allocated to AmRest Holdings, SE.
- The payment calendar does not foresee any mandatory prepayment during the first two years, with a quarterly repayment calendar starting on 31 December 2025 and a final maturity in December 2028.
- Interest payments scheduled quarterly.
- Cost of the debt: Euribor3m/Wibor3M + margin (depended on the leverage ratio of the Group).
- Securities:submissions to execution from the Borrowers, personal guarantees from Group companies, pledge on shares of Sushi Shop Group and AmRest SAS France, part of which were foreseen as condition subsequent under the Facilities Agreement and have already been fulfilled.
- The loan foresees that the parties undertake to use their respective reasonable endeavors to negotiate and agree, within year after 11 December 2023, a sustainability scheme for the financing granted under this Agreement. No amendment to the conditions will apply if the parties do not reach any agreement on a sustainability scheme.
- The Group is required to maintain certain ratios at agreed levels. In particular, net debt/adjusted consolidated EBITDA is to be held below 3.5 and debt service coverage ratio is to be above 1.5. Both ratios are calculated according to the definitions mentioned in the loan agreement and on non-IFRS16 basis. Additionally, the Group is obliged to maintain the equity ratio, above 8%.

As a consequence of the withdrawal of the Facility A of the new agreement, the Company successfully early re-paid in December 2023 existing borrowings on previous syndicated bank loan (originated in 2017) and Bilateral loans with Santander and BBVA (originated in 2023). All cash payments were made on gross basis. Based on the qualitative and quantitative analysis the repaid borrowings were derecognized and a Syndicated bank loan 2023 was accounted for.

Facility B (EUR 110 million) and the Revolving Facility (EUR 130 million) were fully available (and not withdrawn) as of 31 December 2023.

The Company incurred various transaction costs directly attributable to the issue of new syndicated bank loan. Those included fees and commissions paid to lenders, advisors, lawyers, and would not have been incurred if new debt was not issued. Those costs, amounts to were deducted from the initial fair value of new debt and are included in the calculation of the amortized cost of the borrowing. In effect, they will be increasing the amount of interest expense recognized over the life of the bank loan.

Until 31 December 2023 total of EUR 9.1 million of transaction costs was deducted from the value of borrowings.

Other sources of AmRest Group financing during year 2023

Syndicated bank loan 2017

The previous syndicated bank loan from 2017, that had been subsequently amended and extended, was fully repaid on 14 December 2023, before its maturity date which was 31 December 2024.

Earlier, in May 2023, the Company repaid the Tranche D of Syndicated bank loan 2017 in the amount of EUR 67.5 million, and in September 2023, the Company repaid EUR 35,7 million according to the amortization schedule in the agreement.

As of 31 December 2023, the balance related to Syndicated bank loan 2017 is nil.

Schuldscheinedarlehen (“SSD”)

Schuldscheinedarlehen “SSD” is a debt instrument under German law issued by AmRest Holdings, SE in 2017.
As of 31 December 2023, payables concerning SSD issued amount to EUR 35.5 million plus interests, recognized as "Other financial liabilities" in the balance of Amrest Holdings, SE. No repayments were scheduled or made during 2023. According to the schedule, SSD will be repaid during 2024.

Bilateral loans signed during the first half of 2023

In March 2023 and according to the permitted conditions in the Syndicated loan agreement 2017, Amrest Holdings, SE signed with Banco Santander, S.A an unsecured bilateral loan agreement for EUR 30 million. This bilateral loan was repaid in December 2023.

In April 2023 and according to the permitted conditions in the Syndicated loan agreement 2017, Amrest Holdings, SE signed with Banco Bilbao Vizcaya Argentaria, S.A. an additional unsecured bilateral loans agreement for EUR 21.5 million. This bilateral loan was repaid in December 2023.

Collaterals on borrowings

The Group granted several guarantees to finance institutions under the previous syndicated bank loan agreement. Those guarantees were fully cancelled together with the repayment of cancellation of that loan, which took place on 14 December 2023.

The new Syndicated bank loan 2023 is jointly and severally guaranteed by the Borrowers (AmRest Holdings SE and AmRest Sp. z o.o.) and other group companies, in particular, AmRest S.R.O., AmRest Coffee Deutschland Sp. z o.o. & Co.KG, AmRest DE Sp. z o.o. & Co.KG, AmRest Vendéglátó Korlátolt Felelősségű Társaság, AmRest Coffee SRL, AmRest Tag S.L.U., Restauravia Food S.L.U., Pastificio Service S.L.U.

Additionally, the agreement foresees as a condition subsequent that a pledge on the shares of Sushi Shop Group and AmRest France SAS. That pledge has been granted before the date of approval of these consolidated financial statements and all the conditions subsequent have been fulfilled.

The Group is required to meet certain ratios as agreed with financing institutions. Those covenants were met as of 31 December 2023.

<u>-Debts with group companies:</u>

This item is composed mostly of reciprocal balances with group companies originated from the accounting of the income tax under the consolidation tax regime (note 15 and 17).

<u>-Trade and other payables:</u>

As of 31 December 2023 and 2022 the trade and other payables were composed as follows:

	31 December 2023	31 December 2022
Trade and other payables with third parities	7.6	0.2
Trade and other payables with group companies	1.8	1.0
Total trade and other payables	**9.4**	**1.2**

<u>Information on average payment period to suppliers. Third additional provision. “Information requirement” of Law 15/2010 of July 5.</u>

	31 December 2023	31 December 2022
Number of days:	**65**	**268**
Ratio of payments	82	319
Ratio of outstanding invoices	25	61
Millions of EUR:		
Total payments	5.3	4.2
Outstanding invoices	2.4	1.0
Amount payments<60 days	**2.9**	**2.1**
Number of invoices paid < 60 days	**404**	**427**
% Amount of payments made < 60 days out of the total payments	**54%**	**51%**
% Number of invoices paid < 60 days out of the total payments	**71%**	**68%**

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

Law 18/2022 of 29 September on the creation and growth of companies has again amended, among others, the Law on the average supplier payment period, requiring all trading companies that do not present abridged annual accounts to expressly include in the notes to their annual accounts their average supplier payment period and extending its content to the following (applicable from 2022):

- the monetary volume and number of invoices paid in a period shorter than the maximum established in the regulations on late payment and

- the percentage they represent of the total number of invoices and of the total monetary payments to their suppliers.

In general, payments to external suppliers were made within the legal limit of 60 days. The ratio of outstanding invoices increased since the payment of some intercompany invoices was postponed.

If the intercompany invoices are not considered in the calculation, the average payment to suppliers period would be as follow:

	31 December 2023	31 December 2022
Number of days:	**52**	**45**
Ratio of payments	60	45
Ratio of outstanding invoices	16	35
Millions of EUR:		
Total payments	2.9	2.7
Outstanding invoices	0.6	0.1
Amount payments<60 days	**1.8**	**2.1**
Number of invoices paid < 60 days	**376**	**419**
% Amount of payments made < 60 days out of the total payments	**63%**	**79%**
% Number of invoices paid < 60 days out of the total payments	**75%**	**76%**

The accounting values of the financial liabilities at amortized cost as of December 31 2023 and 2022 were denominated in the following currencies:

2023	Denominated in PLN
Liabilities foreign currency	
Total non-current liabilities foreign currency	117.0
Total current liabilities foreign currency	-
Total liabilities foreign currency	**117.0**
2022	
Liabilities foreign currency	
Total non-current liabilities foreign currency	36.2
Total current liabilities foreign currency	6.6
Total liabilities foreign currency	**42.8**

13. Employee benefits and share based payments

There are several shares based payments plans in AmRest Group as of 31 December 2023. Since 2021 the Group introduced share based payments programs referred as Long Term Incentive plan (LTI). Earlier, the Group was granting options within programs referred as Stock Option and Management Incentive Plans.
One of the Stock Option plan is partially cash-settled, all other plans are equity-settled.

Long Term Incentive Plans (LTI 2021, 2022 and 2023)

In 2021 the Group introduced Long Term Incentive (LTI) Program which is addressed to members of the management team and other relevant personnel of the Group. Participants of the LTI plans have the opportunity to receive AmRest shares.Under each annual program participant are granted three tranches. LTI programs vest after the following periods: 60% after 30 months, 20% after 42 months, 20% after 54 months. The number of shares to be finally received by participant that stays within Group during vesting period is linked to the Group's performance defined as realization of Global EBITDA for three years following the date of approval of each annual grant. Once vested, the LTI rights are evaluated and converted (if applicable) into shares, and the shares transferred to the participant's brokerage account. There are no cash settlement alternatives. The grant date for each annual plan takes place at the vesting date of the 1st tranche.

The principal terms and conditions for each LTI plan as of 31 December 2023 are presented in the table below:

LTI Plan	Approval date	Terms and conditions for vesting of the performance shares	Performance condition factor
LTI 2021	23 December 2021	3-5 years, 60% after 30 months, 20% after 42 months, 20% after 54 months	Global EBITDA 2021-2023
LTI 2022	30 November 2022		Global EBITDA 2022-2024
LTI 2023	29 November 2023		Global EBITDA 2023-2025

In LTI programs the participants are entitled to receive AmRest shares instead of share options. The rights under the LTI Plans were granted as an amount (denominated in payroll currency of each participant), which next is to be converted into number of shares at the vesting date of the 1st tranche. The number of shares to be received is determined according to the following formula:

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

(all figures in EUR millions unless stated otherwise)

- 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 value of Performance condition factor (minimum 0%, maximum 200%) of which will depend on the degree to which non-market performance conditions are met.

Fair value of the LTI grant, is recognised according to the IFRS 2. In these financial statements, the fair value of the LTI grants was determined on the basis of the following parameters:

- Share price at the valuation date: 6.2 EUR (YE 2023),comparing to 4.06 EUR in 2022,
- No expected dividends ,
- Risk-free interest rates for each currency according to the table below:

	BGN	CHF	CNY	CZK	EUR	GBP	HUF	PLN	RON	RSD
LTI 2021	3.76%	N/A	2.33%	4.74%	3.75%	N/A	6.69%	4.67%	6.08%	5.07%
LTI 2022	3.20%	N/A	2.33%	4.74%	2.92%	N/A	7.02%	4.90%	6.09%	5.07%
LTI 2023	3.28%	1.06%	2.33%	4.75%	2.44%	4.31%	6.19%	4.71%	6.09%	5.11%

The total fair value for each LTI grant, determined based on the actuary valuation, is presented in the table below. Value of plans capitalised as the investments in subsidiaries are calculated based taking into account the below fair values adjusted by the multiplier M and recognised over time based on the vesting scheme (described above).

	LTI 2021	LTI 2022	LTI 2023
As of 1 January 2023	**5.9**	**7.6**	**-**
Granted during the period	-	-	9.1
Forfeited and remeasured during the period	(0.1)	(0.6)	-
Outstanding as of 31 December 2023	**5.8**	**7.0**	**9.1**
- including exercisable as of the end of the period	-	-	-
As of 1 January 2022	**7.0**	**-**	**-**
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	-	-	-

Stock Option and Management Incentive Plans

Stock Option and Management Incentive Plans are share option plans. Under these plans, entitled participants receive the options at agreed exercise prices. Annual plans consisted of 3 tranches each, with vesting period of 3, 4 and 5 years. Participants are entitled to exercise options and received shares if remain within the group during the vesting periods. 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.

The fair value of the equity instruments and the fair value of 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 by an external actuary.

As of 31 December 2023 there are 5 share option plans:

Stock Option Plan 2005 (SOP 2005-2016)
The granting of the options finished in 2016. The only program with immaterial part that is accounted as a cash settled share based payment. Currently plan is fully vested, partially exercised.

Stock Option Plan (SOP 2017-2019)
The granting took place in 2017-2019. Plan will be fully vested in April 2024. Plan is partially exercised.

Management Incentive Plan (MIP 2017-2019)
The granting took place in 2017-2019. Plan will be fully vested in May 2024. Plan is not exercised yet.

Stock Option Plan (SOP 2020)
The granting took place in 2020. Plan will be fully vested in October 2025. Plan is partially exercised.

Management Incentive Plan (MIP 2020-2021)
The granting took place in 2020 and 2021. Plan will be fully vested in May 2026. Plan is not exercised yet.

(all figures in EUR millions unless stated otherwise)

The key terms and conditions for the share options plans as of 31 December 2023 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
SOP 2005-2016				
30 April 2014			1.96	Equity or equity/cash*
9 December 2015	1-5 years, 20% per annum	10 years	3.14	Equity or equity/cash*
30 April 2016			5.35	Equity
SOP 2017-2019				
30 May 2017			8.14	Equity
1 January 2018			9.66	Equity
30 April 2018	3-5 years, 60% after 3rd year, 20% after 4th and 5th year	10 years	10.91	Equity
1 October 2018			10.63	Equity
10 December 2018			9.40	Equity
30 April 2019			9.62	Equity
MIP 2017- 2019				
1 October 2018			14.54	Equity
26 March 2019	3-5 years, 33% p.a.	10 years	14.49	Equity
13 May 2019			12.10	Equity
SOP 2020				
13 July 2020	3-5 years, 60% after 3rd year, 20% after 4th and 5th year	10 years	4.99	Equity
1 October 2020			5.78	Equity
MIP 2020-2021				
10 February 2020			15.10	Equity
1 October 2020			7.90	Equity
1 February 2021	3-5 years, 33% p.a.	10 years	7.71	Equity
23 March 2021			6.08	Equity
1 May 2021			9.50	Equity

*For some options only the equity method is applicable, as some employees can decide upon the settlement method, as disclosed in SOP 2005-2016 description above.

The number of options, movements in number of options and weighted average of the exercise prices (WAEP) of options during the year ended 31 December 2023 and 2022 are presented in table below:

Number of options 2023	WAEP in EUR	MIP 2020-2021	SOP 2020	MIP 2017- 2019	SOP 2017-2019	SOP 2005-2016
At the beginning of the period	8.56	2 400 000	2 443 000	700 000	4 707 100	468 482
Granted during the period	-	-	-	-	-	-
Exercised during the period	4.11	-	-	-	-	(99 878)
Expired during the period	9.05	-	-	-	(900 500)	(113 950)
Forfeited during the period	6.52	-	(412 000)		(96 150)	-
Outstanding at the end of the period	8.14	2 400 000	2 031 000	700 000	3 710 450	254 654
- including exercisable as of the end of the period	8.45	599 998	1 222 200	533 333	3 388 440	254 654
Number of options 2022	**WAEP in EUR**	**MIP 2020-2021**	**SOP 2020**	**MIP 2017- 2019**	**SOP 2017-2019**	**SOP 2005-2016**
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

The weighted average share price at the dates of exercise of the options was EUR 6.17 in 2023 and EUR 4.07 in 2022. The weighted average remaining contractual life for the share options outstanding as of 31 December 2023 was 5.21 years (2022: 6.11 years).

(all figures in EUR millions unless stated otherwise)

14. Provisions

In the item of the balance sheet Long Term Provisions are registered the provision of the stock option plan for the employees recognized under the cash settlement method:

	31 December 2023	31 December 2022
Initial Balance	**0.1**	**0.1**
Valuation fair value	-	-
Ending Balance	**0.1**	**0.1**

15. Taxation

The composition of the balances with the public administrations as of 31 December 2023 and 31 December 2022, was as follow:

Assets	31 December 2023	31 December 2022
Income tax receivable	-	0.8
Personal income tax and other withholding taxes	0.2	-
Other tax receivable	0.1	0.1
Total	**0.3**	**0.9**
Liabilities		
Income tax liabilities	0.2	-
Personal income tax and other withholding taxes	0.1	1.6
Total	**0.3**	**1.6**

Income tax

With effects 1 January 2018 the Company is under the consolidation tax regime set forth in Chapter VI of Title VII of Corporate Income Tax Law 27/2014 of 27 November 2014, being the head of the tax group composed by the Company itself and the rest of the Spanish subsidiaries which at 31 December 2023 were the following:

- AmRest TAG. S.L.U.
- Restauravia Food. S.L.U.
- Pastificio Service. S.L.U.
- Black Rice S.L.U.
- Bacoa Holdings S.L.U.
- Sushi Shop Madrid S.L.U.
- AmRest Global S.L.U.

The composition of the income tax expense of the individual Company was as follows:

	31 December 2023	31 December 2022
Corporate income tax	3.1	2.2
Change in deferred taxes and liabilities	2.3	5.0
Total income tax recognized in the income statement	**5.4**	**7.2**

The amounts reported in change in deferred tax assets corresponded to tax losses of the period and intercompany impairment and provisions.

(all figures in EUR millions unless stated otherwise)

The reconciliation between the net result and the tax base of the individual entity as of 31 December 2023 was as follows:

	Income statement		
	Additions	**Decreases**	**Total**
Profit and loss for the period	**-**	**-**	**4.2**
Income tax expense	-	-	(5.4)
Permanent differences	**-**	**(17.0)**	**(17.0)**
Temporary differences	**9.5**	**(0.6)**	**8.9**
With origin in the current year (*)	9.5	(0.6)	8.9
Preliminar tax base	**-**	-	**(18.6)**
Limitation of 50% Net operating loss (NOL)	-	-	(9.3)
NOLs offset from previous years	-	-	(2.9)
Tax base	**-**	-	**(12.2)**
Corporate income tax expense/(revenue) 25%	**-**	**-**	**(2.9)**
Total Corporate income tax expense/(revenue)	-	-	**(3.1)**

(*) The preliminar taxable base includes the limitation of 50% of the Net operating loss.

AmRest Holdings, SE holds the following tax loss carryforwards generated in previous years pending to be offset:

NOLs generated in FY 2020	9.6
NOLs generated in FY 2021	7.5
NOLs generated in FY 2023	9.3
NOLs offset in FY 2023	(2.9)
NOLS pending to be offset	23.5

Also, the tax consolidated group 0539/11 of which AmRest Holdings, SE is a member holds tax loss carryforwards pending to be offset in FY 2023 amounting to 55.7 million.

Regarding the income for corporate income tax recorded by AmRest Holding, SE amounting to 3.1 million as the head of the tax consolidation group is due to the Company tax and tax losses offset in FY 2023 and also the calculation of the tax in each entity resulting the following balances in FY 2023:

Pastificio Service, S.L.U.	6.3
AmRest Global S.L.U.	0.6
AmRest TAG, S.L.U.	(3.30)
Restauravia Food, S.L.U.	(0.10)
Shushi Shop Madrid, S.L.U.	(0.20)

The reconciliation between the net result and the tax base of the individual entity as of 31 December 2022 was as follows:

	Income statement		
	Additions	**Decreases**	**Total**
Profit and loss for the period	**-**	**-**	**(4.8)**
Income tax expense	-	-	(7.2)
Permanent differences	**-**	**(12.6)**	**(12.6)**
Temporary differences	**-**	**-**	**-**
- With origin in the current year	-	-	15.8
-With origin in previous years	-	-	-
Tax base	**-**	-	**(8.8)**
Corporate income tax expense/(revenue) 25%	-	-	**(2.2)**

In permanent differences were adjusted, mainly, the revenues from dividends.

The movement of the deferred tax assets and liabilities for the years ended 31 December 2023 and 2022 was as follows:

Deferred tax assets	**31 December 2023**	**31 December 2022**
Balance at beginning of the period	8.3	3.3
Debit (credit) on the profit and loss account	2.3	5.0
Other movements	0.1	-
Balance at the end of the period	**10.7**	**8.3**

(all figures in EUR millions unless stated otherwise)

The increase in deferred tax assets corresponded, mainly, to the tax losses generated.

Also, for FY 2023 as AmRest Holdings, SE is taxed under a tax consolidation regime individual tax loss carryforwards corresponding to each and every one of the entities comprising the tax group shall be deducted by 50%. The amount of the individual tax loss carryforwards not included in the taxable income of the tax group shall be included in the taxable income of the same in equal parts in each of the first ten tax periods commencing as from January 1, 2024. Additionally, during 2022, as consecuence of the impairment over Amrest Acquisition Subsidiary Ltd participation, deferred tax assets amounting to 3.9 million euros was recognized.

Finally, the Supreme Court has ruled unconstitutional the Royal Decree-Law which, among other changes, limited the deductibility of tax loss carryforwards to those companies whose net turnover was equal to or greater than 20 million. This declaration of unconstitutionality comes into effect in FY2023 and therefore the limitation for the deductibility of AmRest Holdings' tax loss carryforwards is 70%.

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

	31 December 2023	31 December 2022
Tax base AmRest Holdings	**(18.5)**	**(8.8)**
Tax base contributed by subsidiaries of the tax group:	**(1.2)**	**15.1**
AmRest TAG, S.L.U.	(26.5)	(1.9)
AmRest Global S.L.U.	2.5	4.3
Restauravia Food, S.L.U.	(1.1)	0.7
Pastificio Service, S.L.U.	25.6	14.2
Black Rice, S.L.U.	-	(0.3)
Bacoa Holding, S.L.U.	-	(0.1)
Shushi Shop Madrid, S.L.U.	(1.7)	(1.8)
Current income tax of the consolidated tax group (25%)	**0.3**	**1.6**
Withholding taxes and CIT advances	**(0.1)**	**(1.4)**
Subtotal	(0.1)	(1.4)
Income tax receivable payable (receivable)	**0.2**	**0.2**

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

	31 December 2023	31 December 2022
Receivables:		
Restauravia Food. S.L.U.	-	0.2
Pastificio Service, S.L.	6.4	**3.6**
AmRest Global, S.L.	0.6	**1.0**
Total receivables from the Consolidated tax regime	**7.0**	**4.8**
Payables		
Restauravia Food. S.L.U.	(0.1)	-
Black Rice S.L.	-	(0.1)
AmRest TAG S.L.U.	(3.3)	(0.5)
Sushi Shop Madrid S.L.U.	(0.2)	(0.5)
Total payables from the Consolidated tax regime	**(3.6)**	**(1.1)**

International Tax Reform – Pillar Two Model Rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalisation of the global economy. The Pillar Two Global anti-Base Erosion rules (GloBE Rules) represent the first substantial overhaul of the international tax rules in almost a century. The GloBE Rules propose four new taxing mechanisms under which multinational enterprises (MNEs) would pay a minimum level of tax (Minimum Tax).

Under IAS 12 Income Tax, a new tax law is effective when it is enacted or substantively enacted in a particular jurisdiction. MNEs need to monitor the regulatory developments in respect of (substantive) enactment of the GloBE Rules in all of the jurisdictions where they operate either through wholly- or partially-owned subsidiaries, joint ventures, flow through entities or permanent establishments.

In 2023, the IASB amended IAS 12 to provide timely relief for affected entities, to avoid diverse interpretations of IAS 12 and to improve disclosures. The amendments have introduced a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. Furthermore, the Group has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in various jurisdictions.

At of 31 December 2023, some of the countries in which AmRest operates have already enacted the Pillar Two requirements. In this regard, Spain, as country of parent entity subject to Pillar Two, released Draft Law for the implementation of the Pillar Two Directive in Spain, subject to consultation process. The final law would be applicable in Spain for fiscal periods starting after 31 December 2023.

(all figures in EUR millions unless stated otherwise)

No Pillar Two current tax expense is applicable for AmRest Group for the year ended 31 December 2023.

Based on status of implementation process AmRest Group assesses that hat Pillar Two would only have implications in Bulgarian entities and the impact would not be material.

16. Income and expenses

16.1 Revenues

In the item Revenues of the separate income statement for the years ended on 31 December 2023 and 2022 were recognized the interest and dividends received from subsidiaries and the results from financial assets held for sale (see note 6):

	Year ended	
	31 December 2023	31 December 2022
Dividends from Subsidiaries (Note 17)	17.9	16.7
Financial income from group companies (Note 17)	15.0	7.6
Total Revenues	**32.9**	**24.3**

The dividends received during the annual period ended as of 31 December 2023 and 2022 corresponded to the subsidiary AmRest s.r.o. (Czech Republic). The breakdown of Dividends by geographical area for the annual periods ended at 31 December 2022 and 202 was as follow:

	Year ended	
	31 December 2023	31 December 2022
Exports:	17.9	16.7
a) European Union	17.9	16.7
Total Dividends received from Subsidiaries	**17.9**	**16.7**

Financial income from subsidiaries corresponded to the accrued interest of the loans and other financial assets given from the Company to the group companies during the year. The breakdown of finance income from group companies by geographical area for the annual periods ended as of 31 December 2023 and 2022 was as follow:

	Year ended	
	31 December 2023	31 December 2022
Domestic market	6.7	3.7
Exports:	8.3	3.9
a) European Union	5.2	3.4
b) Other countries	3.1	0.5
Finance income from group companies (note 17)	**15.0**	**7.6**

16.2 Personnel expenses

The detail of personnel expenses for the annual periods ended as of 31 December 2023 and 2022 was as follow:

	Year ended	
	31 December 2023	31 December 2022
Salaries	(0.4)	(0.3)
Social Charges	(0.1)	(0.1)
Stock option plan	(0.1)	(0.1)
Total personnel expenses	**(0.6)**	**(0.5)**

16.3 Other operating expenses

	Year ended	
	31 December 2023	31 December 2022
Professional Services	(3.2)	(1.6)
Business travel	(0.3)	(0.1)
Other taxes	-	(0.3)
Other expenses	(0.1)	(0.1)
Total other operating expenses	**(3.6)**	**(2.1)**

16.4 Income and expenses in foreign currency

The income and expenses denominated in foreign currency for the annual periods ended on 31 December 2023 and 2022 were as follow:

For the year ended 31 December 2023	PLN	USD
Expenses expressed in million EUR		
Other operating expenses	0.1	(0.2)
Results from operating activities	0.1	(0.2)
Finance income	4.1	-
Finance expenses	(4.1)	(0.4)
Net finance income (expense)	-	**(0.4)**
Total Income and expenses in foreign currency expressed in million EUR	**0.1**	**(0.2)**
For the year ended 31 December 2022	**PLN**	**USD**
Expenses expressed in million EUR		
Other operating expenses	(0.1)	(0.2)
Results from operating activities	(0.1)	(0.2)
Finance income	-	0.5
Finance expenses	(3.6)	-
Net finance income (expense)	(3.6)	**0.5**
Total Income and expenses in foreign currency expressed in million EUR	**(3.7)**	**0.3**

16.5 Financial result

The financial result for the annual periods ended at 31 December 2023 and 2022 was as follows:

	Year ended	
Financial Expenses	**31 December 2023**	**31 December 2022**
With group companies (note 17)	(2.2)	(0.5)
With third parties	(24.0)	(16.0)
Total Financial Expenses	**(26.2)**	**(16.5)**

16.6 Exchange rates differences:

The breakdown of exchange losses and gains recognized in the income statement was as follows:

	YEAR ENDED	
	31 December 2023	**31 December 2022**
On Investments and loans with group companies	(0.6)	0.6
On Banks and other assets	(2.8)	1.0
On Financial liabilities	(0.1)	0.1
Total	**(3.5)**	**1.7**

17. Related parties balances and transactions

As of 31 December 2023, 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. [5]	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 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
GM Invest SRL	Brussels, Belgium	AmRest TAG S.L.U.	100.00%	October 2018
Sushi Shop Group SAS	Paris, France	GM Invest SRL AmRest TAG S.L.U.	9.47% 90.53%	October 2018
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

(all figures in EUR millions unless stated otherwise)

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	March 2007
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings, SE	100.00%	April 2007
AmRest Coffee s.r.o.	Prague, Czechia	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	August 2007
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	August 2007
AmRest d.o.o.[2]	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.I[1]	Cologne, Germany	AmRest TAG S.L.U.	100.00%	March 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 Co. 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 i.I.[4]	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. AmRest Sp. z o.o.	99.00% 1.00%	December 2015
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o. AmRest TAG S.L.U.	23.00% 77.00%	May 2016
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 Co. Ltd	100.00%	December 2016
LTP La Tagliatella Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	100.00%	February 2017
LTP La Tagliatella II Franchise 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
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.[3]	Bratislava, Slovakia	AmRest s.r.o.	100.00%	April 2018
AmRest Pizza GmbH	Munich, Germany	AmRest DE Sp. z o.o. & Co. KG	100.00%	June 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 in liquidazione[2]	Milan, Italy	Sushi Shop Management SAS Vanray SRL	70.00% 30.00%	October 2018
Sushi Shop Zurich GMBH	Zurich, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Nyon SARL	Nyon, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop 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
AmRest Franchise Sp. z o.o.	Wrocław, Poland	AmRest Sp. z o.o.	100.00%	December 2018
Financial services and others for the Group				
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2012
La Tagliatella 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 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. Ondrej Razga	90.00% 10.00%	March 2007
SCM Sp. z o.o.	Warsaw, Poland	AmRest Sp. z o.o. R&D Sp. z o.o. Beata Szafarczyk-Cylny Zbigniew Cylny	51.00% 33.80% 5.00% 10.20%	October 2008

[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 27 January 2023 Sushi Shop Management SAS and VANRAY S.r.l., shareholders of Sushi Shop Milan SARL, decided to liquidate this company. The company is officially in liquidation and the mention "in liquidazione" has been added to the company's name. The liquidation process has not been finished up until the date of this Report.

[3] On 18 August 2023 share transfer agreement was signed resulting in the transfer of 1% AmRest SK s.r.o. shares from AmRest Sp. z o.o. to AmRest s.r.o.

[4] On 12 October 2023 AmRest TAG S.L.U., the sole shareholder of AmRest Skyline GmbH, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.

[5] On 31 December 2023 AmRest Holdings SE, the sole shareholder of AmRest Acquisition Subsidiary Ltd, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.

- *On 20 January 2023 AmRest HK Ltd. was deregistered.*
- *On 23 February 2023 La Tagliatella International Kft was deregistered.*
- *In December 2022 AmRest entered into a share purchase agreement for the sale of its KFC restaurant business in Russia. On 28 April 2023 after the fulfilment of the conditions precedent to which it was subject, the transaction between AmRest's subsidiaries AmRest Sp. z o.o. and AmRest Acquisition Limited and Smart Service Nord Ltd. for the sale of AmRest's KFC business in Russia has been closed.The registration took place on 15 May 2023, and this date was assessed as a date of loss of control over Russian KFC operations. Transaction is further described in note 5.*
- *On 27 July 2023 the dissolution and liquidation deed of Black Rice, S.L.U. and Bacoa Holding, S.L.U. was registered, which effects with termination of both companies.*
- *On 15 November 2023 AmRest SAS was deregistered.*

(all figures in EUR millions unless stated otherwise)

The balances with the Group entities were as follows:

	31 December 2023	31 December 2022
Assets		
Total loans granted to group companies	**249.5**	**232.9**
(Long and short term classification)		
Long term loans granted to group companies (note 7)	138.0	162.3
Short term loans granted to group companies (note 7)	111.5	70.6
(Group entity classification)		
AmRest TopCo	0.6	0.5
AmRest Opco SAS	40.4	38.0
AmRest China group LTD	9.1	-
AmRest AT GmbH	3.4	3.2
AmRest Kaffee Sp. z o.o.	50.7	47.6
AmRest TAG S.L.U.	69.7	83.3
Blue Frog Food & Beverage Management	-	9.0
Restauravia Food. S.L.U.	28.7	33.5
Sushi Shop Management SAS	3.1	-
AmRest SK s.r.o.	-	4.5
AmRest Global S.L.U.	-	2.6
AmRest France SAS	35.8	10.7
AmRest Sp. z.o.o.	8.0	-
Other financial assets with group companies (note 7)	**7.6**	**6.6**
Restauravia Food. S.L.U.	-	0.3
AmRest S.R. O	-	2.3
Pastificio Service S.L.	3.2	3.0
AmRest Global, S.L.U.	4.4	1.0
Trade and other receivables with group companies (note 7)	**2.9**	**3.2**
AmRest Sp. z o.o.	2.3	0.3
AmRestag S.L	-	0.8
AmRest Global S.L.U.	0.1	1.6
New Precision Limited	0.3	0.2
Horizon Consultants	0.2	0.2
AmRest LLC	-	0.1
Short term debt and other current financial liabilities (note 12 and 15)	**49.3**	**5.8**
Pastificio Service S.L.	0.1	0.1
Restauravia Food. S.L.U.	0.2	-
AmRestag S.L	2.8	-
AmRest EOOD	1.6	1.7
AmRest Kft	-	2.7
Sushi Shop Madrid SL	-	0.5
OOO AmRest	-	0.6
AmRest Global S.L.U.	0.1	0.1
AmRest Sp. z o.o.	-	0.1
AmRest Acquisition Subsidiary (Malta)	44.5	-
Trade payables with group companies (note 12)	**1.8**	**1.0**
AmRest Sp. z o.o.	0.8	0.7
AmRest kft	0.2	-
AmRest TAG S.L.U.	0.2	-
OOO AmRest	-	0.1
Other related parties	0.6	0.2

(all figures in EUR millions unless stated otherwise)

The transactions with group entities were as follows:

	YEAR ENDED	
	31 December 2023	**31 December 2022**
Revenues		
Revenues from dividends (note 16.1)	**17.9**	**16.7**
AmRest SRO	17.9	16.7
Financial Income from group companies (16.1)	**15.0**	**7.6**
AmRest Sp. z o.o.	0.3	0.1
Sushi Shop Management SAS	0.1	-
AmRest China Group PTE Ltd.	0.4	0.4
AmRest France SAS	1.7	-
AmRest Topco France	-	0.3
AmRest Opco SAS	2.4	1.1
AmRest DE Sp. z o.o. & Co. KG	-	0.1
AmRest Kaffee Sp. z o.o.	3.2	1.5
AmRest TAG S.L.U.	4.6	2.9
Pastificio Service S.L.U.	-	0.4
Restauravia Food S.L.U.	1.6	0.4
AmRest AT GmbH	0.2	0.1
AmRest Global S.L.U.	0.1	-
Other group companies	0.4	0.3
Expenses		
Financial expenses with group companies (note 16.5)	**(2.2)**	**(0.5)**
AmRest SRO	-	(0.4)
AmRest Acquisition Subsidiary (Malta)	(2.0)	-
Other group companies	(0.2)	(0.1)
Impairment of investments and credits with group companies (notes 6 and 7)	**(0.2)**	**(18.8)**
AmRest Pizza GmbH	(0.2)	(2.8)
AmRest HK Ltd.	-	(0.2)
AmRest Acquisition Subsidiary (Malta)	-	(15.8)
Exchange rates differences	**0.4**	**0.6**
AmRest China Group PTE Ltd.	0.4	0.1
Blue Frog Food & Beverage Management	-	0.5

(all figures in EUR millions unless stated otherwise)

18. Remuneration of the board of directors and senior executives

(a) Below are described the remunerations of the members of the Board of Directors of Amrest Holdings, SE and the Group Senior Management:

The remuneration of the members of the Board of Directors of AmRest Holdings, SE, for all the retribution concepts, was the following:

	Year ended	
	31 December 2023	31 December 2022
Board of Directors Remunerations		
Fixed Remuneration	0.7	0.7
Other items	0.1	0.1
Total Board of Director remunerations	**0.8**	**0.8**

The members of the Board of Directors of AmRest Holdings, SE have not received in the years 2022 and 2023 any remuneration for seats on the boards of other subsidiary companies.

The current Directors Remuneration Policy was approved at the General Shareholders' Meeting held on 12 May 2022 and will remain in force until December 31, 2025 unless the General Shareholders' Meeting so resolves to amend or replace it during this period.

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

	Year ended	
Senior Executives	31 December 2023	31 December 2022
Remuneration received by the Senior Executives	-	0.5
Total remuneration received by the Senior Executives	**-**	**0.5**

The remuneration of the Senior Management paid by other subsidiaries of the Group was as follows:

	Year ended	
Senior Executives	31 December 2023	31 December 2022
Remuneration received by the Senior Executives	3.7	2.8
Total remuneration received by the Senior Executives	**3.7**	**2.8**

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

The members of the Board of Directors and their related parties have not incurred in any conflict of interest that would require disclosure in accordance with Article 229 of the of the Revised Spanish Capital Companies Act.

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

In 2023 and 2022 the members of the Board of Directors of the Company have not carried out any transactions other than ordinary business with the Company or applied terms that differ from market conditions.

(all figures in EUR millions unless stated otherwise)

19. Other information

19.1 Number of employees

The average number of employees distributed by categories, for the year 2023 and 2022 was as follow:

	YEAR ENDED	
	31 December 2023	31 December 2022
Executive Managers	-	1
Managers and others	4	3
Total	**4**	**4**

The number of employees distributed by gender, as of 31 December 2023 and 2022 was as follow:

	2023 FY			2022 FY		
	Total	Males	Female	Total	Males	Female
Board Members	7	4	3	7	5	2
Executive Managers	-	-	-	-	-	-
Managers and others	4	2	2	3	1	2
Total	**11**	**6**	**5**	**10**	**6**	**4**

There wee no employees with a disability rating of 33% or higher during 2023 and 2022.

19.2 Tax inspections

On 22 July 2019, Pastificio Service, S.L. (as the tax payer), Amrest Tag, S.L. (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, regarding 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, S.L. in corporate income tax bases of 2014 to 2017, regarding the deductions related to certain intangible assets (i.e., patent box regimen).

On 17 August 2020, the mentioned companies received the settlement proposal from the tax auditors, including the regularization of the total amount of the tax relief applied during 2014 to 2017. This settlement proposal amounted to 1 million Euros.

On 14 September 2020, the companies submitted allegations before the Tax Auditors, being dismissed.

On January 2021 the companies submitted the corresponding allegations before the Technical Office against the final settlement proposal.

On 26 July 2021, the companies presented allegations before the Central Economic-Administrative Court (TEAC) and on 5 July 2022, the dismissal of the allegations writ submitted has been received.

As the companies disagree with the TEAC resolution, the companies have submitted the corresponding allegations writ on 21 December 2022 before the National Court and to date the Court's resolution has not been received.

On 18 April 2023, Pastificio Service, S.L. (as the tax payer) and AmRest Holdings, SE (as the head of the Tax Group 539/11) received notification of the initiation of tax audit, regarding to corporate income tax, for the fiscal years 2018 to 2019. This is a partial tax audit, only referred to tax relief applied by Pastificio Service, S.L. in corporate income tax bases of 2018 to 2019, regarding the deductions related to certain intangible assets (i.e., patent box regimen).

On 30 October 2023, the mentioned companies received the settlement proposal from the tax auditors, including the regularization of the total amount of the tax relief applied during 2018 to 2019. This settlement proposal amounted to 1,5 million Euros.

On 1 December 2023, the companies submitted allegations before the Tax Auditors which are pending of resolution.

19.3 Information about the environment

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

All companies face climate-related risks and opportunities and are having to take strategic decisions in this regard. The Company Directors have assessed the climate and environmental risks and consider that they do not have a significant impact on these annual accounts.

19.4 Subsequent events

There were no significant subsequent events after the reporting date.

20. Audit fees

The fees accrued during the year ended 31 December 2023 and 31 December 2022 by PricewaterhouseCoopers Auditores, S.L. were as follows:

	Year ended	
In thousands of Euros	**31 December 2023**	**31 December 2022**
Audit	31.8	30.0
Other services	4.2	4.0
Total fees	**36.0**	**34.0**

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Begoña Orgambide García
Member of the Board

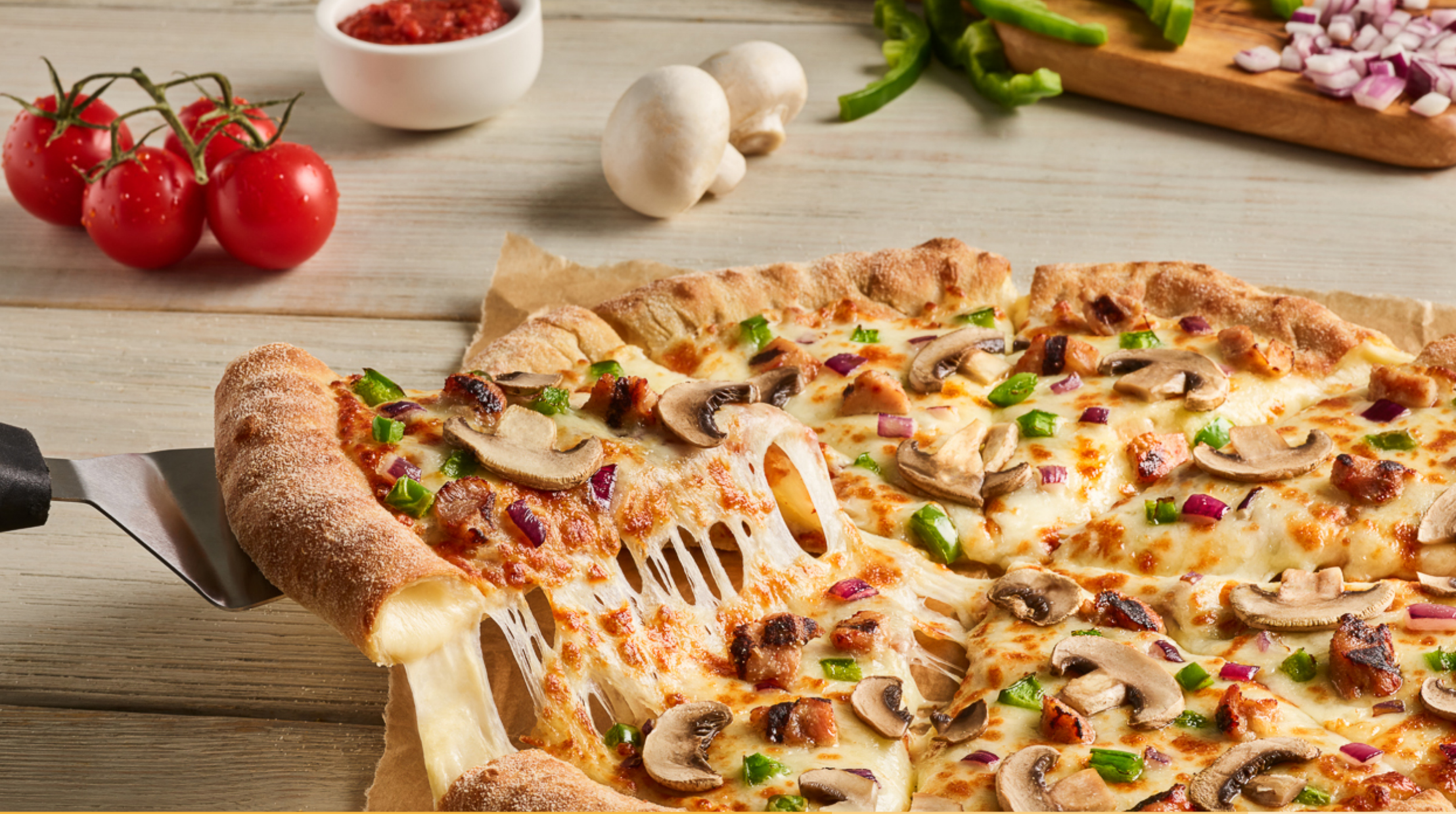
Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 27 February 2024



Directors’ Report

(all figures in EUR millions unless stated otherwise)

1. Financial highlights

	Year ended	
	year ended 31 December 2023	**year ended 31 December 2022**
Revenues	32.9	24.3
Results from operating activities	28.5	2.8
Financial Cost	(29.7)	(14.8)
Income tax expense	5.4	7.2
Profit/(loss) for the period	4.2	(4.8)

	31 December 2023	**31 December 2022**
Total Assets	783.5	716.1
Total liabilities and provisions	448.4	384.6
Non-current liabilities	353.5	339.7
Current liabilities	94.9	44.9
Share capital	22	22

2. Significant events and transactions in 2023

Agreement to sale the business in Russia

On 6 December 2022 AmRest, through its subsidiaries AmRest Sp. z o.o. and AmRest Acquisition Limited entered into a share purchase agreement with Almira OOO, for the sale of its KFC restaurant business in Russia (the "Transaction").
Unirest LLC (“Unirest”), an affiliate of Yum! Brands, exercised its right of first refusal pursuant to the underlying franchise agreements for itself or for the benefit of a third party, and appointed Smart Service Nord Ltd (“Smart Service”) as the purchaser of the KFC business in Russia (the “Business”). As a consequence, AmRest terminated the sale and purchase agreement entered into with OOO Almira, and signed on 25 February 2023 a new sale and purchase agreement with Smart Service, substantially in the same terms and conditions of the agreement between AmRest and OOO Almira.
The closing of the Transaction was subject to approval by the anti-trust agency of Russia and to other regulatory authorizations that were applicable in Russia.
On 15 May 2023, after the fulfilment of the conditions precedent, the Transaction was closed and registered with the relevant local authorities, in accordance with the provisions of the applicable regulations. As a result, AmRest permanently ceased all its operations and corporate presence in Russia.
In line with the terms of the sale and purchase agreement, AmRest received a final amount of EUR 100 million for the Transaction.

Share Buy-back Program

On 4 July 2023 AmRest informed that the Company’s Board of Directors had resolved unanimously to set-up a buy-back program for the repurchase of its own shares (the "Buy-back Program"), pursuant to the authorisation granted by resolution of the AmRest General Meeting of Shareholders held on 12 May 2022 under item nine of the agenda, relating to the authorisation to the Board of Directors for the derivative acquisition of AmRest shares.

The Buy-back Program had been conducted in accordance with the transparency and operational requirements under Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 (the "Delegated Regulation 2016/1052") and had the following features:

- Purpose of the Buy-back Program: to cover the settlements of the remuneration plans currently in force for AmRest Group executives and employees.

- Maximum investment: the Buy-back Program was to have a maximum monetary amount of EUR 6.3 million. The maximum monetary amount of the Buy-back Program could be reduced by the amount applied by the Company, during its term, to the acquisition of its own shares in the block market or outside the market for the same purpose, which would be notified to the market in the periodic communications of other relevant information informing of the transactions carried out under the Buy-back Program or separately.

- Maximum number of shares: the maximum number of shares to be acquired in the execution of the Buy-back Program was to be dependent on the average price at which purchases took place but could not exceed 10% of the Company's share capital.

- Price and volume: the acquisition of the shares was to be carried out in accordance with the price and volume conditions set out in article 3 of Delegated Regulation 2016/1052. Specifically:

- AmRest could not acquire shares at a price higher than the higher of (a) the price of the last independent transaction, or (b) the highest independent bid at that time on the trading venue where the purchase was made, even if the shares were traded on different trading venues. In addition, the limitations approved in the resolution authorizing the acquisition of treasury shares granted to the Board of Directors by AmRest's General Meeting of Shareholders held on 12 May 2022 were to be considered.
- AmRest could not purchase on any trading day more than 25% of the average daily volume of AmRest shares on the Continuous Market of the Spanish Stock Exchanges or, as the case may be, the Warsaw Stock Exchange, during the 20 trading days preceding the date of purchase.

- Indicative duration of the program: the Buy-back Program commenced on 5 July 2023 and was to remain in force until 4 July 2024. However, AmRest reserved the right to terminate the Buy-Back Program if, prior to its expiry date, it reaches the maximum monetary amount, or the maximum number of shares authorized by the Board of Directors or in the event of other circumstances that make it advisable to do so.

- Execution of the Buy-Back Program: Banco Santander, S.A. had been appointed as the manager of the Buy-Back Program, which was to independently make decisions regarding the purchase of the AmRest shares without any influence or interference from the Company. Purchases under the Buy-back Program could be made on the Continuous Market of the Spanish Stock Exchanges or, as the case may be, the Warsaw Stock Exchange.

On 23 October the Company informed that, as a result of the last of the acquisitions of own shares, the maximum investment foreseen in the Buy-Back Program (i.e. EUR 6.3 million) had been reached, which constituted the acquisition of a total of 1 052 235 own shares, representing 0.4793% of the share capital.

All acquisitions under the Buy-Back Program had been carried out and duly reported on a regular basis to the Spanish Securities Market Commission (CNMV) and the Polish Financial Supervision Authority (KNF) by means of the publication of the corresponding communications to the market, in accordance with the provisions of Delegated Regulation 2016/1052 and the Market Abuse Regulation.

As a consequence of the above, the Buy-Back Program was terminated.

Share Buy-back Program II

On 1 December 2023 AmRest informed that the Company’s Board of Directors had resolved unanimously to set-up a new buy-back program for the repurchase of its own shares (the "Buy-back Program II"), pursuant to the authorisation granted by resolution of the AmRest General Meeting of Shareholders held on 12 May 2022 under item nine of the agenda, relating to the authorisation to the Board of Directors for the derivative acquisition of AmRest shares.

The Buy-back Program is conducted in accordance with the transparency and operational requirements under Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 (the "Delegated Regulation 2016/1052") and has the following features:

- Purpose of the Buy-back Program: to cover the settlements of the remuneration plans currently in force for AmRest Group executives and employees.

- Maximum investment: the Buy-back Program shall have a maximum monetary amount of EUR 12 million. The maximum monetary amount of the Buy-back Program may be reduced by the amount applied by the Company, during its term, to the acquisition of its own shares in the block market or outside the market for the same purpose, which shall be notified to the market in the periodic communications of other relevant information informing of the transactions carried out under the Buy-back Program or separately.

- Maximum number of shares: the maximum number of shares to be acquired in the execution of the Buy-back Program shall depend on the average price at which purchases take place but will not exceed 10% of the Company's share capital. If, for illustrative purposes only, closing listing price on the day of announcement of the Buy-back Program, i.e., EUR 5.83, was taken as a reference purchase price, the maximum number of shares to be acquired, would be 2,058,319, representing 0.94% of the Company’s share capital.

- Price and volume: the acquisition of the shares shall be carried out in accordance with the price and volume conditions set out in article 3 of Delegated Regulation 2016/1052. Specifically:

- AmRest may not acquire shares at a price higher than the higher of (a) the price of the last independent transaction, or (b) the highest independent bid at that time on the trading venue where the purchase is made, even if the shares are traded on different trading venues. In addition, the limitations approved in the resolution authorizing the acquisition of treasury shares granted to the Board of Directors by AmRest's General Meeting of Shareholders held on 12 May 2022 shall be considered.
- AmRest may not purchase on any trading day more than 25% of the average daily volume of AmRest shares on the Continuous Market of the Spanish Stock Exchanges or, as the case may be, the Warsaw Stock Exchange, during the 20 trading days preceding the date of purchase.

- Indicative duration of the program: the Buy-back Program commenced on 4 December 2023 and shall remain in force for a period of one year. However, AmRest reserves the right to terminate the Buy-Back Program if, prior to its expiry date, it reaches the maximum monetary amount, or the maximum number of shares authorized by the Board of Directors or in the event of other circumstances that make it advisable to do so.

- Execution of the Buy-Back Program: Banco Santander, S.A. has been appointed as the manager of the Buy-Back Program, which shall independently make decisions regarding the purchase of the AmRest shares without any influence or interference from the Company. Purchases under the Buy-back Program may be made on the Continuous Market of the Spanish Stock Exchanges or, as the case may be, the Warsaw Stock Exchange.

The interruption, termination and modification of the Buy-Back Program, as well as information on all share purchase transactions carried out thereunder, shall be duly communicated to the Spanish Securities Market Commission (CNMV) and the Polish Financial Supervision Authority (KNF) by means of the publication of the corresponding communications to the market, in accordance with the provisions of Delegated Regulation 2016/1052.

Signing of the financing agreement

On 11 December 2023 AmRest announced that on the same day it signed a financing agreement for an amount of EUR 800 million (the “Agreement”) with the following terms and conditions:

- Lenders:
- Banco Bilbao Vizcaya Argentaria, S.A.,
- BNP Paribas Bank Polska S.A.,
- Bank Polska Kasa Opieki S.A.,
- Česká Spořitelna, A.S.,
- Coöperatieve Rabobank U.A.,
- ING Bank Śląski S.A.,
- Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna,
- Banco Santander, S.A. and Santander Bank Polska S.A.
- Tranches and purposes:
- Facility A: for an amount of EUR 560 million - for the repayment of the existing debt,
- Facility B: for an amount of EUR 110 million - for CAPEX, general corporate purposes and to finance the organic growth of the Company and its group (the “Group”), and
- Facility C: revolving facility for an amount of EUR 130 million - to finance the Group’s working capital.
- The payment calendar does not foresee any mandatory prepayment during the first two years, with a quarterly repayment calendar starting on 31 December 2025 and a final maturity in December 2028.
- Cost of the debt: Euribor/Wibor + 2.50% that will be reduced or increased depending on the leverage ratio of the Group.

The Agreement is subject to the fulfillment of certain obligations that are customary in this type of transactions (including maintaining certain financial ratios) and is guaranteed by certain companies of the Group.

On 18 December 2023 AmRest announced that it had withdrawn EUR 560 million corresponding to the entire Facility A, and had paid EUR 492,480,744 of existing debt, which had been consequently duly cancelled.

The Company is allowed to dispose of the rest of the facilities in accordance with its needs during the validity of the Agreement.

3. Shareholders of AmRest Holdings, SE

During the period covered by this Report following changes occurred with respect to the Company’s shareholder structure:

On January 16, 2023 the Commercial Registry of Madrid registered the international transfer of FCapital Dutch, S.L. (formerly FCapital Dutch, B.V.) 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).

In line with the information received from the Company's shareholder and published on the website of the National Securities Market Commission (CNMV) in March 2023, on 30 December 2022 the legal merger of fund management entities: Powszechne Towarzystwo Emerytalne Allianz Polska SA (PTE Allianz) and Aviva Powszechne Towarzystwo Emerytalne Aviva Santander S.A. (PTE Aviva) was completed. Following the merger, PTE Allianz managed three funds:

- Drugi Allianz Otwarty Fundusz Emerytalny (Second Allianz Open Pension Fund; Drugi Allianz OFE) - ex Aviva Otwarty Fundusz Emerytalny Aviva Santander (ex name Aviva Otwarty Fundusz Emerytalny Aviva BZWBK),

- Otwarty Fundusz Emerytalny Allianz Polska SA (Allianz Poland Open Pension Fund; OFE Allianz),

- Dobrowolny Fundusz Emerytalny Allianz Polska SA (Allianz Poland Voluntary Pension Fund; DFE Allianz).

After the merger, the total share of voting rights of PTE Allianz in AmRest Holding SE was 4.34%.

(all figures in EUR millions unless stated otherwise)

Subsequently, according to the notification sent by the shareholder on May 18, 2023 to the CNMV, on May 12, 2023 the merger between Drugi Allianz Polska Otwarty Fundusz Emerytalny (liquidated) and Allianz Polska Otwarty Fundusz Emerytalny was carried out. The share of voting rights of PTE Allianz in AmRest Holdings, SE (4.34%) remained unchanged.

To the best of AmRest's knowledge as at 31 December 2023 AmRest Holdings, SE 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
PTE Allianz Polska SA	9 531 792	4.34
Other Shareholders	40 733 829	18.55

* *Mr. Carlos Fernández González indirectly controls the majority of the shareholding and voting rights in FCapital Dutch, S.L. (direct shareholder of the stake appearing in the above table).*

4. External debt

As explained in the Significant events and transactions section, on 11 December 2023 AmRest signed a financing agreement for an amount of EUR 800 million (the "Agreement") with Banco Bilbao Vizcaya Argentaria, S.A., BNP Paribas Bank Polska S.A., Bank Polska Kasa Opieki S.A., Česká Spořitelna, A.S., Coöperatieve Rabobank U.A., ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, Santander Bank Polska S.A. and Banco Santander, S.A. as the Lenders. The Agreement implied following tranches:

- Facility A: for an amount of EUR 560 million - for the repayment of the existing debt and general corporate purposes,
- Facility B: for an amount of EUR 110 million - for CAPEX, general corporate purposes and to finance the organic growth of the Company and its group (the "Group"), and
- Facility C: revolving facility for an amount of EUR 130 million - to finance the Group's working capital.

The payment calendar does not foresee any mandatory prepayment during the first two years, with a quarterly repayment calendar starting on 31 December 2025 and a final maturity in December 2028.

Cost of the debt - Euribor/Wibor + 2.50% - will be reduced or increased depending on the leverage ratio of the Group.

The Agreement is subject to the fulfillment of certain obligations that are customary in this type of transactions (including maintaining certain financial ratios) and is guaranteed by certain companies of the Group.

On 18 December 2023, AmRest announced that it had withdrawn EUR 560 million corresponding to the entire Facility A, and had paid EUR 492,480,744 of existing debt, including Syndicated bank loan 2017 and bilateral loans granted in the first half of 2023, which had been consequently duly cancelled.

The Company is allowed to dispose of the rest of the facilities in accordance with its needs during the validity of the Agreement.

Additionally, in the reporting period covered by this Report, the Company reached minor refinancing agreements on existing debt.

More information on the external debt, can be found in Note 12 of the Annual Accounts of AmRest Holdings, S.E.

5. Information on dividends paid

Dividends have not been distributed during the 12 months ended 31 December 2023.

6. Changes in the Company's Governing Bodies

During the period covered by this Report following changes occurred with respect to the composition of AmRest's Board of Directors:

On 30 March 2023 the Company informed that the proprietary director Mr. Carlos Fernández González had communicated, through a letter addressed to all the members of the Board, his resignation as director of the Company, effective after the termination of the next General Shareholders Meeting and conditioned to the appointment in such Meeting of a new proprietary director.

As a consequence of the above, the Board of Directors accepted the resignation submitted by Mr. Carlos Fernández González in the terms stated above and approved to distinguish him with the appointment as Chairman of Honor of AmRest. Such appointment was effective when his resignation was formalized.

Also, the Board of Directors approved, with the prior favourable report from the Nominations, Remuneration and Corporate Governance Committee, the proposal presented to the General Shareholders Meeting, for appointing Ms. Begoña Orgambide García, as proprietary director, replacing Mr. Carlos Fernández González.

On 11 May 2023 the General Shareholders Meeting (held on the first call) resolved to appoint Ms. Begoña Orgambide García as director of the Company, with proprietary director status. Thereby, the resignation of Mr. Carlos Fernández González became effective.

As at 31 December 2023 the composition of the Board of Directors was as follows:

Mr. José Parés Gutiérrez
Mr. Luis Miguel Álvarez Pérez
Ms. Romana Sadurska
Mr. Pablo Castilla Reparaz
Mr. Emilio Fullaondo Botella
Ms. Mónica Cueva Díaz
Ms. Begoña Orgambide García
Carlos Fernández González (Honorary chairman, non-Board member)
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.

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

During the year 2023 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 2023 Mr. Carlos Fernández González (honorary chairman, non-Board member) 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. Compared to December 31, 2022, there were no changes with respect to the number of shares owned by FCapital Dutch S.L.

In addition, as of 31 December 2023 Mr. Carlos Fernández González held through his another closely associated person - Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, 1 477 523 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). Compared to December 31, 2022, there were no changes with respect to the number of shares owned by that entity.

8. Transactions on own shares concluded by AmRest

At 31 December 2022, the Company owned a total of 341 645 treasury shares, representing 0.1556% of its share capital.

The Company's Board of Directors approved during 2023 two buy-back programs for the repurchase of its own shares (the "Buy-back Programs"), pursuant to the authorization granted by resolution of the AmRest General Meeting of Shareholders held on 12 May 2022 under item nine of the agenda, relating to the authorization to the Board of Directors for the derivative acquisition of AmRest shares and in accordance with Article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council, of 16 April 2014, on market abuse, and Articles 2.2 and 2.3 of Commission Delegated Regulation (EU) 2016/1052, of March 8, 2016.
These Buy-back Programs of treasury shares were communicated to the Spanish National Securities Market Commission and Polish KNF by means of communication of Inside Information dated July 4, 2023 and December 1, 2023, respectively.

In the period between 1 January 2023 and 31 December 2023, AmRest purchased 1 109 569 own shares with a total nominal value of EUR 110 956.9, representing 0.5054% of the share capital of the Company. The aggregate consideration for those purchases was PLN 29.8 million (EUR 6.6 million).

Also, in the period between 1 January 2023 and 31 December 2023, 38 768 treasury shares with a total nominal value of EUR 3 876.8 and representing 0.0177% of the share capital were delivered to the beneficiaries of the stock options plans in force for the AmRest Group.

As at 31 December 2023 AmRest held 1 412 446 own shares with a total nominal value of EUR 141 244.6 and representing 0.6433% of the share capital.

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

9. Basic risks and threats the Company is 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 analyzing and reviewing risks to which the Group is exposed. The main current risks and threats have been summarized in this section. AmRest reviews and improves its risk management and internal control systems on an on-going basis.
AmRest has a Global Risk Inventory, considering the following 5 risk taxonomies: Operations/infrastructure, Compliance, Strategy and Planning, Governance and Reporting. Under these taxonomies, the AmRest' Global risk inventory considers different categories of the risk.

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 2023, 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 utilized as needed.

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 franchisor 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 unfavorable 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 unfavorable 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.

Risk related to 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.

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. 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. The product price increases may have an adverse effect on the Group's results, operations and financial standing.

Disruption in the supply chain
Disruption to supply of goods, or to logistics suppliers, resulting in limited access to essential supplies.

The Group cannot rule out the risk related to delivery shortage or interruptions caused by factors such as unfavorable weather conditions, changes in legal regulations, problems with delivery infrastructure, reduction in available sources withdrawing some foodstuffs from trading, third-party breach of transport obligations, key suppliers' bankruptcy or lack of alternative sources of supply.

The shortages may have an adverse effect on the Group's results, operations and financial standing.

Risks related to the incorporation of new business and failed openings of new restaurants
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, the ability to obtain the permits required by relevant bodies, the possibility of delays in opening new restaurants,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 2023, 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.

(all figures in EUR millions unless stated otherwise)

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.

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 failures, 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.

Risk of an inadequate security protection of our data and IT systems and lack of capabilities to respond to cybersecurity threats
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 unauthorized 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.
Likewise, a potential adverse impact on the Group's image or brands may deteriorate its perception with the different stakeholders.

Adverse regulatory change or evolution
Failure to anticipate, identify and respond to new regulation that may result in fines, litigation and/or the loss of operating licenses or other restrictions.

Loss of market share due to a volatile customer trends or an increase in competition
Failure to anticipate or respond to competitors leads to a loss of market share for the Group and failure to anticipate or address consumer's preferences in the Group's products, services, or channels.

10. Number of employees

The average number of employees distributed by categories, for the year 2023 and 2022 was as follow:

	YEAR ENDED	
Categories	**31 December 2023**	**31 December 2022**
Executive Managers	-	1
Managers and others	4	3
Total	**4**	**4**

The number of employees distributed by gender, as of 31 December 2023 and 2022 was as follow:

Gender	**31 December 2023**			**31 December 2022**		
	Total	**Males**	**Female**	**Total**	**Males**	**Female**
Board Members	**7**	**4**	**3**	**7**	**5**	**2**
Executive Managers	**-**	**-**	**-**	**1**	**1**	**-**
Managers and others	**4**	**2**	**2**	**1**	**1**	**-**
Total	**11**	**6**	**5**	**9**	**7**	**2**

There were no employees with a disability rating of 33% or higher during 2023 and 2022.

11. Average payment period

During the year ended on 31 December 2023, the average payment period to external suppliers was 52 days (45 days in 2022).

12. Subsequent Events

There were no significant subsequent events after the reporting date.

13. Annual Corporate Governance Report and Annual Report on Director Remuneration

The Annual Corporate Governance Report and the Annual Report on Director Remuneration are an integral part of this Directors Report and are presented in the consolidated Directors report on the 2023 financial year of AmRest Holdings, SE and subsidiaries Reported to the CNMV.

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Begoña Orgambide García
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 2024

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 2024, and according to article 99 of Law 6/2023, of 17 March, on Securities Markets and Investment Services 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 2023, drawn up by the Board of Directors on the referred meeting of 27 February 2024 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 2024

AmRest Holdings, SE
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