Consolidated Directors' Report for 6 months ended 30 June 2021

AmRest Holdings SE

25 AUGUST 2021

AmRest

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Financial highlights (consolidated data)

	6 months ended 30 June 2021		3 months ended 30 June 2020	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Revenue	844.3	684.0	464.4	272.1
EBITDA*	153.7	75.3	104.0	32.7
EBITDA margin	18.2%	11.0%	22.4%	12.0%
Adjusted EBITDA**	156.0	76.5	104.9	32.9
Adjusted EBITDA margin	18.5%	11.2%	22.6%	12.1%
Profit from operations (EBIT)	27.9	(129.4)	37.6	(105.8)
EBIT margin	3.3%	(18.9%)	8.1%	(38.9%)
Profit before tax	8.5	(161.8)	29.8	(113.8)
Net profit	2.4	(153.9)	22.6	(111.6)
Net margin	0.3%	(22.5%)	4.9%	(41.0%)
Net profit attributable to non-controlling interests	0.5	(1.6)	0.7	(0.9)
Net profit attributable to equity holders of the parent	1.9	(152.3)	21.9	(110.7)
Cash flows from operating activities	131.3	101.4	104.8	64.5
Cash flows from investing activities	(33.6)	(29.6)	(19.9)	(15.5)
Cash flows from financing activities	(121.6)	36.9	(72.6)	24.5
Total cash flows, net	(23.9)	108.7	12.3	73.5
Average weighted number of ordinary shares for basic earnings per shares (in thousands)	219 340	219 251	219 366	219 256
Average weighted number of ordinary shares for diluted earnings per shares (in thousands)	220 029	219 453	220 000	219 399
Basic earnings per share (EUR)	0.01	(0.69)	0.1	(0.50)
Diluted earnings per share (EUR)	0.01	(0.69)	0.1	(0.50)
Declared or paid dividend per share	-	-	-	-

** EBITDA – Profit from operations before depreciation, amortization and impairment losses. Reconciliation of the Alternative Performance Measure is presented in tables 3 and 4.*

*** Adjusted EBITDA – EBITDA adjusted for new openings expenses (Start-up costs), M&A expenses (all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with transaction) and effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan). Reconciliation of the Alternative Performance Measure is presented in tables 3 and 4.*

	As at 30 June 2021	As at 31 December 2020
Total assets	2,091.8	2,114.4
Total liabilities	1,817.4	1,849.7
Non-current liabilities	1,327.3	1,371.6
Current liabilities	490.1	478.1
Equity attributable to shareholders of the parent	267.5	257.8
Non-controlling interests	6.9	6.9
Total equity	274.4	264.7
Share capital	22.0	22.0
Number of restaurants	2 367	2 337

Group Business Overview

Basic services provided by the Group

AmRest Holdings SE ("AmRest", "Company") with its subsidiaries (the "Group") is one of the leading publicly listed European restaurant operators, present in 25 countries of Europe and Asia. The portfolio of the Group consists of four franchised brands (KFC, Pizza Hut, Starbucks, Burger King) and fourteen proprietary brands including ten virtual brands (La Tagliatella, Blue Frog, Bacoa, Sushi Shop, and virtual brands: Pokaï, Lepieje, 'Oi Poke, Moya Misa Ramen, Pierwsze i Drugie, Sushi Tone, Eat's Fine, Mr. Kebs, Viva Salad! and Cremontano). The offer of virtual brands in Poland is available also under Food About concept - an umbrella brand that enables ordering different virtual brand dishes within one order. Food About holds its own e-commerce that contributes to Virtual Brands sales. The Shadow Kitchen project started its operation in December 2019 in Wrocław, Poland and has been expanding ever since with its virtual brands in the biggest Polish cities – Kraków and Warsaw.

As at 30 June 2021, AmRest managed the network of 2 367 restaurants. Given the current scale of the business, every day about 46,5 thousand AmRest employees deliver delicious taste and exceptional service at affordable prices.

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

- Central and Eastern Europe ("CEE"), where historically the Company was founded and opened its first restaurant under the name of Pizza Hut; today CEE division covers the region of 10 countries (Poland, Czech Republic, Hungary, Bulgaria, Serbia, Croatia, Romania, Austria, Slovenia and Slovakia) and with 1 042 restaurants under umbrella it accounts for ca. 44% of revenues of the Group;
- Western Europe ("WE"), a segment which primarily consists of Spain, France and Germany, where both franchised and proprietary brands are operated; as a result of dynamic organic expansion supported by recent acquisitions, division of Western Europe has become a significant operating segment of the Group consisting of 11 countries and generating ca. 39% of AmRest's revenues;
- Russia, where AmRest manages the network of KFC and Pizza Hut restaurants. The segment includes also Pizza Hut restaurants located in Armenia and Azerbaijan;
- China, where the networks of Blue Frog proprietary brand is operated.

One additional segment which is "Other" does not include any network of owned or franchised restaurants and accounts for the results of SCM Sp. z o.o. along with its subsidiaries and other support costs and functions rendered for the Group or not allocated to applicable segments such as, for instance, Executive Team, Controlling, Treasury, Investor Relations, Mergers & Acquisitions. The detailed description of the segments is included in Note 4 of the Consolidated Financial Statements.

The operations of AmRest are well-diversified across five main categories of restaurant industry:

1) Quick Service Restaurants ("QSR"), represented by KFC and Burger King,
2) Fast Casual Restaurants ("FCR"), represented by Pizza Hut Delivery and Express, Bacoa and Sushi Shop,
3) Casual Dining Restaurants ("CDR"), represented by Pizza Hut Dine-in, La Tagliatella and Blue Frog,
4) Coffee category, represented by Starbucks,
5) Virtual brands, whose offer is available only online, represented by Pokaï, Lepieje, 'Oi Poke, Moya Misa Ramen, Pierwsze i Drugie, Sushi Tone, Eat's Fine, Mr. Kebs, Viva Salad! and Cremontano.

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

AmRest restaurants provide on-site catering, take-away, drive-in services at special sales points ("Drive Thru"), as well as deliveries of orders placed online or by telephone. The diversification of channels and the continuous enhancement of take away and delivery capabilities had been key to quickly adapting to new consumer habits. Since the outbreak of the pandemic, take away segment has been the most dynamic segment of AmRest´s operations, with increasing relevance during 2021.

(all figures in EUR millions unless stated otherwise)

Number of AmRest restaurants broken down by brands as at 30 June 2021

Brand	Restaurants*	Equity share	Franchise share	Share in total
Franchised	1851	86%	14%	78%
KFC	907	100%	0%	38%
PH	464	51%	49%	20%
Starbucks*	392	94%	6%	17%
Burger King	88	100%	0%	4%
Proprietary	516	54%	46%	22%
La Tagliatella	234	31%	69%	10%
Sushi Shop	193	68%	32%	8%
Blue Frog	79	87%	13%	3%
Bacoa	5	20%	80%	<1%
Food about	5	100%	0%	<1%

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

Number of AmRest restaurants broken down by countries as at 30 June 2021

Region	Restaurants*	Equity share	Franchise share	Share in total
Total	2367	79%	21%	100%
CEE	1042	100%	0%	44%
Poland	575	100%	0%	24%
Czech	205	100%	0%	9%
Hungary	134	100%	0%	6%
Romania	62	100%	0%	3%
Other CEE*	66	100%	0%	3%
WE	981	55%	45%	41%
Spain	332	49%	51%	14%
France	337	55%	45%	14%
Germany**	264	63%	37%	11%
Other WE*	48	56%	44%	2%
Russia*	268	86%	14%	11%
China	76	88%	12%	3%

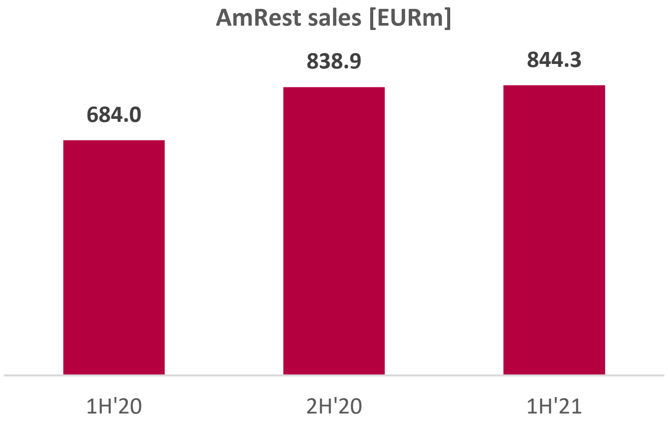
* Other CEE includes Bulgaria (24), Slovakia (16), Serbia (15), Croatia (8), Austria (2), Slovenia (1); Other WE includes Belgium (11), UAE (10), Swiss (10), Portugal (4), UK (5), Italy (2), Luxembourg (3), Saudi Arabia (3); Russia includes also Armenia (3) and Azerbaijan (3)
** Germany franchise share includes Starbucks licensed stores for which AmRest offers supply service but does not receive any royalty

Financial performance of the Group

Group Revenue and Profitability

AmRest recorded a strong sales recovery across all major regions and brands during the first half of 2021 and specifically during the second quarter of the year. Consolidated revenue reached EUR 844.3 million in 1H 2021 and was 23.4% higher than previous year. In 2Q 2021 sales reached EUR 464.4 million, 70.7% higher year-on-year, considering that during the 2Q 2020 the pandemic outbreak and other containment measures were more restrictive, such as sudden dine in closure. Nonetheless, revenues in the second quarter of 2021 posted a substantial recovery of 22.2% compared to the first quarter supported by a gradual easing of the restrictions in major European countries.

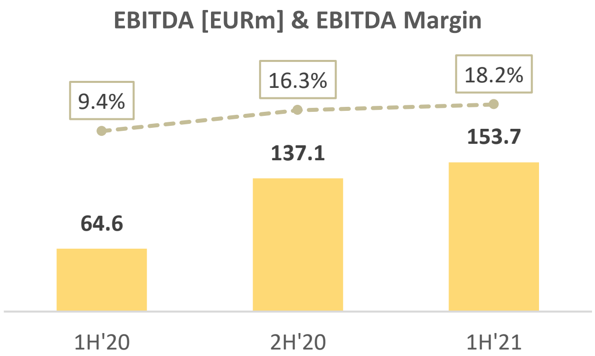
The AmRest Group revenue for 6 months ended 30 June 2020 – 2021



The positive momentum was boosted by our successful execution of digital, take-out and delivery strategies that allowed a fast reaction and adjustment to the new needs of our guests. The slight easing of mobility restriction at the end of the second quarter allowed an encouraging up-turn in dine-in activity where AmRest maintains a big potential. Finally, efficient adjustment to the different rules and regulations by country has been determined to boost the Group's revenues. Comparable restaurants sales index ("like-for-like", "LFL"), excluding temporary closures and F/X, was trending upward, and reached 135.0% in 2Q 2021 approaching quickly to the levels registered during the same period of 2019 (91.3%) and with levels around 95% in the months of May and June. Number of operating restaurants as of end of June 2021 reached 97% or about 2 300 compared to 92% at the beginning of the year.

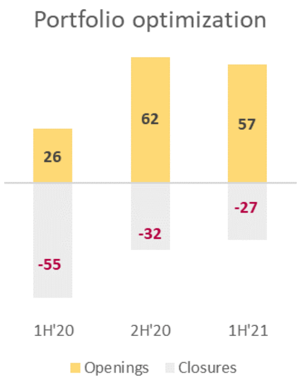
The improvement in the general conditions, strong sales recovery together with successful execution of cost control initiatives and restaurant portfolio optimization has materialized in a significant margin expansion for AmRest. EBITDA reached EUR 153.7 million with a margin of 18.2% during 1H 2021. Remarkable performance in 2Q 2021 with an EBITDA of EUR 104 million and a margin of 22.4% despite activity remained conditioned to periods of closure of non-essential activities, curfew, opening hours restrictions, limited mobility and borders closure.

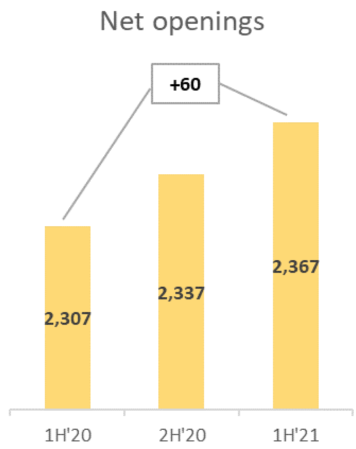
The AmRest Group EBITDA for 6 months ended 30 June 2020 - 2021



The portfolio optimization initiative continues and assumes the closure of unprofitable restaurants from a strategic or profitability perspective. However, this situation has not prevented 119 new restaurants from opening during the last year with a net growth of 60 units. During 1H 2021, 57 new restaurants have been opened with a net growth of 30 units.

Number of AmRest Group stores as of 30 June 2020 - 2021





During 1H 2021 the digital transformation and expanding portfolio of formats continues to be a key pilar in our strategy. The initiatives to reduce non-essential operational and corporate expenses continues, along with rent negotiations and reliefs. This combination of factors, as well as government aid programs, enabled to generate a solid margin improvement.

In 1H 2021 the Group accounted for government assistance programs total amount of EUR 28.4 million, out of that, EUR 10.3 million income was recognized for government assistance programs for payroll and employee benefits (payroll costs EUR 8.7 million and social contribution EUR 1.6 million), whereas EUR 18.1 million was recognized for government support programs for rent and other.

Profit from operations (EBIT) amounted EUR 27.9 million in 1H 2021 compared to EUR (140.1) million registered in 1H 2020 where the result was significantly affected by the impairment of Starbucks Germany business and right-of-use assets.

Consequently, net profit attributable to AmRest shareholders amounted EUR 1.9 million in H1 2021 compared to losses of EUR (152.3) million reported in 1H 2020.

Net debt stood at EUR 541.0 million at the end of 1H 2021, with a cash position of EUR 183.3 million, with resulted in a leverage ratio of 4.4x. The net debt was reduced in (11.5%) during the last year despite the challenging activity and environment. These figures comply comfortably with the commitment reached with the financing banks and bondholders (Schuldschein) to maintain a minimum level of liquidity (EUR 80 million, which is lowered to EUR 50 million for the third and fourth quarters of 2021).

mEUR	Q2'20	Q1'21	Q2'21	QoQ	YoY
Revenue	272.1	380.0	464.4	22.2%	70.7%
EBITDA	32.7	49.6	104.0	109.5%	217.7%
EBITDA margin	12.0%	13.1%	22.4%		
Adjusted EBITDA	32.9	51.1	104.9	105.5%	218.7%
Adjusted EBITDA margin	12.1%	13.5%	22.6%		
EBIT	(105.8)	(9.7)	37.6		
EBIT margin	(38.9%)	(2.5%)	8.1%		
Profit for the period	(111.6)	(20.2)	22.6		
Profit for the period margin	(41.0%)	(5.3%)	4.9%		
Net debt	611.6	590.3	541.0	(8.4%)	(11.5%)
Leverage ratio			4.4		

Revenues and profitability by segments

Central and Eastern Europe (CEE)

Sales reached EUR 370,3 million in 1H 2021, 17.4% higher than in the same period last year. The 2Q 2021 showed the biggest improvement, with a 54.6% increase versus last year, driven by some easing of restrictions, gradual reopening of the dine in, along with an increase in the takeout channel. As of June 100% of restaurants were operating in the segment compared to 96% as of end of March 2021. Although, the improvement was widespread among all countries, Poland showed the strongest performance and the highest number of net openings with 8 (7 equity and 1 franchising).

Central and Eastern Europe posted EBITDA at EUR 76.1 million, 32.2% better than previous year while margin increased up to 20.6%. 2Q 2021 EBITDA grew by 65.7% compared to 1Q 2020.

Western Europe (WE)

Western Europe region reported one of the biggest increases in sales 2021 due to the gradual easing and reopening of the economies, as well as great business execution. This region has a greater sensitivity to the reopening of the dine in and the reactivation of tourism. Majority of the countries in the region relaxed restrictions on dine in during the month of June. Revenues reached EUR 326.5 million with an increase of 26.9% compared with 1H 2020. Once again, the improvement was shared among all countries. France concentrated the biggest net increase of stores with 10 (3 equity and 7 franchising).

In 2Q 2021 sales increase reached 90.2% compared to the same period last year. As of end of June 97% of restaurants were operating in the segment compared to 93% as of end of the 1Q 2021.

EBITDA generated by Western Europe division amounted to EUR 44.8 million in 1H 2021 from EUR 8.2 million in the same period last year. EBITDA margin was at 13.7% showing a solid improvement. Top-line recovery along with further support from payroll schemes and dine in reopening helped to achieve this solid improvement.

Russia

Revenues amounted EUR 84.2 million in 1H 2021, representing a 18.0% improvement versus last year. Growth of both dine in and take-out channels explain the improvement. At the end of the period opening hours for restaurants have been limited due to the increase of positive cases for Covid, resulting a decrease of open restaurants in the segment from 100% as of end of March to 87% as of end of June. Nonetheless, this situation did not affect the positive quarterly trend evolution. Sales in 2Q 2021 were EUR 46.5 million, the highest figure since the beginning of the pandemic.

EBITDA for this region in 1H 2021 reached EUR 21.1 million versus EUR 12.1 million from previous year. Margin stood at 25.1%, reaching 28.9% in 2Q 2021. Business activity recovery along with rent relief and cost optimizations initiatives helped to significantly improve margins in the segment.

China

China posted the biggest improvement across regions with sales that reached Euros 47.9 million in 1H 2021, 64.7% higher than in 1H 2020. Euros 26.6 million were generated during 2Q 2021 marking the highest point ever. Proven business model and the strength of the brand underpinned the continuous expansion registered where three additional franchise restaurants were open during 1H 2021 resulting in 9 franchise restaurants in total.

EBITDA stood at Euros 14.3 million with a margin of 29.7% in 1H 2021, consolidating the levels reached during the last quarters.

(all figures in EUR millions unless stated otherwise)

Table 1 Split of revenues and margins by divisions for H1 2021 and 2020

	6 months ended 30 June 2021		6 months ended 30 June 2020	
	Amount	% of sales	Amount	% of sales
Revenue	844.3		684.0	
Poland	198.3	23.5%	174.7	25.5%
Czechia	82.1	9.7%	74.7	10.9%
Hungary	53.1	6.3%	42.8	6.3%
Other CEE	36.8	4.4%	23.2	3.4%
Total CEE	370.3	43.9%	315.4	46.1%
Russia	84.2	10.0%	71.4	10.4%
Spain	95.9	11.4%	77.4	11.3%
Germany	50.5	6.0%	55.0	8.0%
France	155.9	18.5%	110.3	16.1%
Other WE	24.2	2.9%	14.6	2.1%
Western Europe (WE)	326.5	38.7%	257.3	37.6%
China	47.9	5.7%	29.1	4.3%
Other	15.4	1.8%	10.8	1.6%
	Amount	Margin	Amount	Margin
EBITDA	153.7	18.2%	75.3	11.0%
Poland	33.6	17.0%	32.0	18.3%
Czechia	17.9	21.8%	14.6	19.6%
Hungary	16.0	30.2%	7.9	18.7%
Other CEE	8.6	23.3%	3.1	12.9%
Total CEE	76.1	20.6%	57.6	18.3%
Russia	21.1	25.1%	12.1	17.0%
Spain	13.3	14.0%	10.9	14.0%
Germany	10.0	19.8%	(3.6)	(6.5%)
France	19.1	12.2%	(2.8)	(2.5%)
Other WE	2.4	9.8%	3.7	25.3%
Western Europe (WE)	44.8	13.7%	8.2	3.2%
China	14.3	29.7%	6.9	24.0%
Other	(2.6)	(16.9%)	(9.5)	(88.3%)
	Amount	Margin	Amount	Margin
Adjusted EBITDA*	156.0	18.5%	76.5	11.2%
Poland	33.9	17.1%	32.5	18.6%
Czechia	18.4	22.4%	14.7	19.7%
Hungary	16.2	30.4%	8.1	19.0%
Other CEE	8.8	24.1%	3.3	14.3%
Total CEE	77.3	20.9%	58.6	18.6%
Russia	21.2	25.2%	12.2	17.1%
Spain	13.6	14.2%	10.9	14.1%
Germany	10.2	20.2%	(3.5)	(6.2%)
France	19.2	12.3%	(2.8)	(2.5%)
Other WE	2.6	10.7%	3.9	26.2%
Western Europe (WE)	45.6	14.0%	8.5	3.3%
China	14.4	30.1%	7.0	24.2%
Other	(2.5)	(16.9%)	(9.8)	(91.1%)
	Amount	Margin	Amount	Margin
EBIT	27.9	3.3%	(129.4)	(18.9%)
Poland	1.3	0.6%	(7.1)	(4.1%)
Czechia	4.4	5.4%	0.8	1.1%
Hungary	8.7	16.3%	(0.5)	(1.1%)
Other CEE	1.8	5.0%	(6.6)	(28.4%)
Total CEE	16.2	4.4%	(13.4)	(4.3%)

(all figures in EUR millions unless stated otherwise)

Russia	8.9	10.6%	(7.3)	(10.2%)
Spain	(1.2)	(1.3%)	(15.1)	(19.5%)
Germany	(3.0)	(5.9%)	(53.4)	(97.0%)
France	4.1	2.6%	(28.6)	(25.9%)
Other WE	0.7	2.7%	1.4	9.2%
Western Europe (WE)	0.6	0.2%	(95.7)	(37.2%)
China	5.7	12.0%	(3.1)	(10.4%)
Other	(3.5)	(22.5%)	(9.9)	(92.0%)

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

Table 2 Split of revenues and margins by divisions for Q2 2021 and 2020

	3 months ended 30 June 2021		3 months ended 30 June 2020	
	Amount	% of sales	Amount	% of sales
Revenue	464.4		272.1	
Poland	107.7	23.2%	73.9	27.2%
Czechia	48.4	10.4%	32.7	12.0%
Hungary	29.8	6.4%	18.0	6.6%
Other CEE	20.6	4.4%	9.0	3.3%
Total CEE	206.5	44.5%	133.6	49.1%
Russia	46.5	10.0%	22.3	8.2%
Spain	55.4	11.9%	20.1	7.4%
Germany	29.0	6.3%	20.4	7.5%
France	79.0	17.0%	45.8	16.8%
Other WE	12.3	2.6%	6.1	2.3%
Western Europe (WE)	175.7	37.8%	92.4	34.0%
China	26.6	5.7%	19.2	7.1%
Other	9.1	2.0%	4.6	1.7%
	Amount	Margin	Amount	Margin
EBITDA	104.0	22.4%	32.7	12.0%
Poland	21.1	19.6%	18.1	24.4%
Czechia	12.4	25.7%	6.3	19.3%
Hungary	9.3	31.1%	3.4	19.4%
Other CEE	5.1	24.9%	1.1	11.5%
Total CEE	47.9	23.2%	28.9	21.6%
Russia	13.5	28.9%	4.6	20.7%
Spain	9.5	17.2%	1.4	6.6%
Germany	12.3	42.2%	(2.7)	(13.2%)
France	12.2	15.4%	(4.2)	(9.1%)
Other WE	0.2	1.4%	2.6	42.8%
Western Europe (WE)	34.1	19.4%	(2.9)	(3.1%)
China	8.6	32.4%	7.1	37.6%
Other	(0.1)	(0.9%)	(5.0)	(110.5%)
	Amount	Margin	Amount	Margin
Adjusted EBITDA	104.9	22.6%	32.9	12.1%
Poland	21.4	19.8%	18.2	24.5%
Czechia	12.7	26.2%	6.3	19.4%
Hungary	9.3	31.2%	3.5	19.5%
Other CEE	5.2	25.5%	1.1	13.0%
Total CEE	48.6	23.5%	29.1	21.8%
Russia	13.6	29.2%	4.6	20.8%

(all figures in EUR millions unless stated otherwise)

Spain	9.6	17.3%	1.3	6.6%
Germany	12.1	41.7%	(2.7)	(12.9%)
France	12.2	15.5%	(4.1)	(9.1%)
Other WE	0.2	1.6%	2.8	44.2%
Western Europe (WE)	34.1	19.4%	(2.7)	(2.9%)
China	8.8	33.0%	7.2	37.6%
Other	(0.2)	(0.9%)	(5.3)	(116.9%)
	Amount	Margin	Amount	Margin
EBIT	37.6	8.1%	(105.8)	(38.9%)
Poland	2.7	2.5%	(6.4)	(8.7%)
Czechia	5.1	10.4%	(1.2)	(3.7%)
Hungary	5.4	18.1%	(1.2)	(6.6%)
Other CEE	1.9	9.4%	(5.2)	(57.0%)
Total CEE	15.1	7.3%	(14.0)	(10.5%)
Russia	7.6	16.4%	(6.8)	(30.2%)
Spain	2.3	4.2%	(16.0)	(79.7%)
Germany	5.8	19.9%	(45.4)	(223.0%)
France	4.2	5.2%	(21.6)	(47.3%)
Other WE	(1.0)	(7.8%)	1.3	21.0%
Western Europe (WE)	11.3	6.4%	(81.7)	(88.5%)
China	4.4	16.4%	1.9	10.1%
Other	(0.8)	(8.6%)	(5.2)	(114.7%)

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

Table 3 Reconciliation of the net profit and adjusted EBITDA for 6 months ended 30 June 2021 and 2020

	6 months ended 30 June 2021		6 months ended 30 June 2020		Change
	Amount	% of sales	Amount	% of sales	YoY
Profit/(loss) for the period	2.4	0.3%	(153.9)	(22.5%)	(101.6%)
+ Finance costs	22.1	2.6%	33.2	4.9%	(33.5%)
– Finance income	(2.7)	(0.3%)	(0.8)	(0.1%)	214.0%
+/– Income tax expense	6.1	0.7%	(7.9)	(1.2%)	(177.3%)
+ Depreciation and Amortisation	117.6	13.9%	129.4	18.9%	(9.2%)
+ Impairment losses	8.2	1.0%	75.3	11.0%	(89.1%)
EBITDA	153.7	18.2%	75.3	11.0%	104.2%
+ Start-up expenses*	2.3	0.3%	1.5	0.2%	57.1%
+ M&A related expenses	-	-	-	-	-
+/– Effect of SOP exercise method modification	(0.0)	(0.0%)	(0.3)	(0.0%)	(99.5%)
– Indirect taxes adjustments	-	-	-	-	-
Adjusted EBITDA	156.0	18.5%	76.5	11.2%	103.9%

** Start-up expenses – all material operating expenses incurred in connection with new restaurants opening and prior to the opening.*

(all figures in EUR millions unless stated otherwise)

Table 4 Reconciliation of the net profit and adjusted EBITDA for 3 months ended 30 June 2021 and 2020

	3 months ended 30 June 2021		3 months ended 30 June 2020		Change
	Amount	% of sales	Amount	% of sales	YoY
Profit/(loss) for the period	22.6	4.9%	(111.6)	(41.0%)	(120.3%)
+ Finance costs	10.3	2.2%	8.6	3.2%	19.0%
– Finance income	(2.5)	(0.5%)	(0.6)	(0.2%)	292.1%
+/– Income tax expense	7.2	1.5%	(2.2)	(0.8%)	(427.1%)
+ Depreciation and Amortisation	58.6	12.6%	64.9	23.9%	(9.8%)
+ Impairment losses	7.9	1.7%	73.6	27.0%	(89.3%)
EBITDA	104.0	22.4%	32.7	12.0%	217.7%
+ Start-up expenses*	1.0	0.2%	0.5	0.2%	101.9%
+ M&A related expenses	-	-	-	-	-
+/– Effect of SOP exercise method modification	(0.1)	(0.0%)	(0.3)	(0.1%)	(81.1%)
– Indirect taxes adjustments	-	-	-	-	-
Adjusted EBITDA	104.9	22.6%	32.9	12.1%	218.7%

** Start-up expenses – all material operating expenses incurred in connection with new restaurants opening and prior to the opening.*

Liquidity analysis

	30 June 2021	31 December 2020	30 June 2020
Current assets	303.8	311.6	336.1
Inventories	27.8	26.5	27.0
Current liabilities	490.1	478.1	1 106.9
Cash and cash equivalents	183.3	204.8	217.7
Trade and other receivables	70.7	60.4	66.9
Trade and other accounts payable	252.0	235.4	281.0

Leverage analysis

	30 June 2021	31 December 2020	30 June 2020
Non-current assets	1,788.0	1,802.8	1,984.4
Liabilities	1,817.4	1,849.7	2,023.0
Non-current liabilities	1,327.3	1,371.6	916.1
Debt	1,502.7	1,532.2	1,658.3
Share of inventories in current assets (%)	8.9%	8.5%	8.0%
Share of trade receivables in current assets (%)	22.7%	19.4%	19.9%
Share of cash and cash equivalents in current assets (%)	60.2%	65.8%	64.8%
Equity to non-current assets ratio	0.14	0.15	0.15
Gearing ratio	0.14	0.15	0.15
Long-term liabilities to equity ratio	5.38	5.18	3.08
Liabilities to equity ratio	7.18	6.98	6.80
Debt/equity	5.98	5.79	5.57

** Please see Definitions below*

Definitions:

- *Share of inventories, trade and other receivables, cash and cash equivalents in current assets – ratio of, respectively, inventories, trade receivables and cash and cash equivalents to current assets.*
- *Equity to non-current assets ratio – equity to non-current assets.*

- *Gearing – liabilities and provisions to total assets.*
- *Non-current liabilities to equity – non-current liabilities to equity.*
- *Liabilities to equity – liabilities and provisions to equity.*
- *Debt/equity – total non-current and current interest-bearing loans and borrowings.*

Alternative Performance Measures (APM) additional description

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

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

Debt ratios

Net debt at the end of 1H 2021, excluding the impact from the IFRS 16, equaled EUR 541.0 million registering a (11.5%) reduction during the last year despite the relentlessly activity and challenging environment. The leverage ratio stood at 4.4x.

With the spread of the pandemic at the beginning of 2020 many governments were applying lockdown procedures and various limitations for businesses to operate. It has had an impact on AmRest business scale and profitability which resulted in a deterioration of the results and as a consequence breach of one of the covenant ratios of net debt to EBITDA from 1Q 2020 (covenant < 3.50x vs. 5.37x in 2Q 2020 and 3.62x in 1Q 2020). Nevertheless, AmRest Holdings kept fulfilling its financial obligations and took all the necessary actions to ensure smooth operating activities. The Group received waivers in May for the first quarter 2020 and in September for the second quarter 2020 and consequently the bank debt liability was classified as non-current since the date of the waivers. Since then, the Group maintains close communication with its financing banks and has also established internal task forces in every market to monitor the situation around the employees, guests and financial standing and to implement cost saving initiatives. In addition, part of the capital expenditures were put under review. Finally, the Group has been closely monitoring available support programs that are offered on various markets. These programs include for example direct subsidies to payroll costs, tax exemptions, social security contributions reductions. Therefore, entities from the Group were able to apply for extended deadlines for payments of various taxes. In fact, in April 2020 Spanish and French subsidiaries of AmRest Holdings, SE applied for state supported bank loans, guaranteed by the governments in 70% and 90%, respectively. The Group was granted total EUR 75 million

The successful execution of several initiatives adopted by AmRest during the last quarters together with a timid, but encouraging, ease in the restrictions affecting mobility and the hospitality business are supporting a significant improvement in revenues and margins for the Group. As of June 30, it comfortably complies with the commitment reached with the financing banks and bondholders (Schuldschein) to maintain a minimum level of liquidity (EUR 80 million, which is lowered to EUR 50 million for the third and fourth quarters of 2021).

Nonetheless, some leverage measures continuous to be severely affected by the pandemic impact in AmRest results. Specially since the net losses of EUR (183.7) million during 2020 decreased the equity position of the Group that stood at EUR 264.7 million at the end of the year. This situation has started to revert in 1H 2021 as AmRest generated positive net results and a Total comprehensive income of EUR 9.8 million.

Brands operated by the Group

As at the date of publication of the Report, the portfolio of AmRest consisted of eighteen brands: KFC, Pizza Hut, Starbucks, Burger King, La Tagliatella, Blue Frog, Bacoa, Sushi Shop, Pokaï, Lepieje, 'Oi Poke, Moya Misa Ramen, Pierwsze i Drugie, Sushi Tone, Eat's Fine, Mr. Kebs, Viva Salad! and Cremontano.

AmRest is a franchisee of Yum! Brands Inc. for the KFC and Pizza Hut brands. Starting from 1 October 2016 the Group as a master-franchisee has the right to grant a license to third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise) in countries of Central and Eastern Europe, while ensuring a certain share of restaurants operated directly by AmRest. Pizza Hut restaurants acquired in France in May 2017, in Germany in July 2017 and in Russia in June 2018 are operated both by AmRest and its sub-franchisees.

Burger King restaurants are operated on a franchise basis following an agreement concluded with Burger King Europe GmbH.

Starbucks restaurants in Poland, the Czech Republic and Hungary are opened by the companies AmRest Coffee (owned in 82% by AmRest and in 18% by Starbucks). These companies have the rights and licenses to develop and manage Starbucks restaurants in respective countries. Starbucks restaurants in Romania, Bulgaria, Germany, Serbia and Slovakia are operated by the Group on a franchise basis.

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

Blue Frog and KABB brands became the property of AmRest in December 2012 as a result of acquisition of majority stake in Blue Horizon Hospitality Group LTD. The operation of KABB brand was ceased in 2Q 2021.

Bacoa brand was acquired by AmRest on 31 July 2018, the chain represents five premium burger restaurants operated in Spain through equity and franchise model.

Sushi Shop, a leading European sushi concept, is a proprietary brand of AmRest and became a part of its portfolio through the acquisition of Sushi Shop Group SAS finalized on 31 October 2018. Sushi Shop restaurants are operated by both AmRest (equity stores) and AmRest's franchisees. Sushi Shop network is present in 10 countries and reported within the Western Europe segment.

Pokaï is a virtual brand added to the Company's portfolio together with Sushi Shop business on 31 October 2018.

Lepieje and 'Oi Poke are virtual brands invented and launched in Poland by AmRest in 2019. Moya Misa Ramen, Pierwsze i Drugie, Sushi Tone and Eat's Fine virtual brands were introduced to the Polish market by the Company in 2020. Mr. Kebs joined the portfolio of Polish virtual brands in 2021.

Cremontano and Viva Salad! brands were launched in Spain, respectively in 2019 and 2020.

Quick Service Restaurants (QSR)

Established in 1952, the KFC brand is the biggest, fastest growing and most popular chain of quick service restaurants serving chicken meals. There are currently about 25 000 KFC restaurants in over 145 countries worldwide.

As at 30 June 2021 the Group operated 907 KFC restaurants: 300 in Poland, 109 in the Czech Republic, 73 in Hungary, 210 in Russia, 89 in Spain, 24 in Germany, 71 in France, 12 in Serbia, 8 in Bulgaria, 8 in Croatia, 2 in Austria and 1 in Slovenia.

The beginnings of Burger King date back to 1954. Today, Burger King ("Home of the Whopper") operates about 17 800 restaurants, serving about 11 million customers in over 100 countries every day. Almost 100% of Burger King restaurants are run by independent franchisees and many of them have been managed for decades as family businesses. Burger King brand is owned by 3G Capital.

As at 30 June 2021 AmRest ran the total of 88 Burger King restaurants – 46 in Poland, 28 in the Czech Republic, 5 in Slovakia, 7 in Romania and 2 in Bulgaria.

Casual Dining and Fast Casual Restaurants (CDR, FCR)

La Tagliatella arose from the experience of more than two decades of specialization in the traditional cuisine of the regions of El Piemonte, La Liguria and La Reggio Emilia. Over the past year the brand has entertained more than 9 million customers, who delighted in the most authentic flavours of Italian cuisine.

As at 30 June 2021 AmRest's portfolio included 234 La Tagliatella restaurants — 230 in Spain, 1 in Germany and 3 in Portugal.

Pizza Hut is one of the largest casual dining restaurant chains in Europe. Inspired by the Mediterranean cuisine, it promotes the idea of having a good time while enjoying a meal together with family and friends. It is also the biggest brand in the Polish casual dining segment in terms of sales and the number of transactions. Pizza Hut's strong position results from consistently implemented "Pizza and much more!" strategy which assumes extending the brand's offer by adding new categories such as pastas, salads, desserts and starters while retaining the position of a leader and "pizza expert".

In addition to the well-established Casual Dining format, AmRest focuses now on creating new concepts within the Pizza Hut family. Meeting guests' expectations the Fast Casual Pizza Hut Express and Delivery restaurants have been created. Pizza Hut's exceptional taste is now being leveraged with speed, convenience and ease, creating an unique customer experience.

As at 30 June 2021 AmRest's portfolio included 464 Pizza Hut restaurants – 156 in Poland, 52 in Russia, 26 in Hungary, 17 in Czech Republic, 123 in France, 81 in Germany, 3 in Armenia, 3 in Azerbaijan and 3 in Slovakia.

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

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

As at 30 June 2021 AmRest's portfolio included 79 Blue Frog restaurants (76 in China, 3 in Spain).

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

As 30 June 2021, AmRest's portfolio included 5 Bacoa restaurants in Spain.

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

Sushi Shop has successfully established an international network of company-operated and franchises stores across 10 countries.

As at 30 June 2021, AmRest's portfolio included 193 Sushi Shop restaurants (143 in France, 5 in Spain, 1 in Portugal, 11 in Belgium, 2 in Italy, 3 in Luxemburg, 5 in UK, 10 in Switzerland, 3 in Saudi Arabia and 10 in UAE).

Coffee category

Starbucks is the world leader in the coffee sector with almost 33 000 stores in 80 countries. It offers a broad selection of coffees from different parts of the world, as well as teas, soft drinks and a wide range of fresh snacks and desserts. The store designs and their atmosphere refer to the coffee heritage and reflect the culture of the neighborhood.

As at 30 June 2021 AmRest Coffee operated 392 stores (68 in Poland, 51 in the Czech Republic, 35 in Hungary, 55 in Romania, 14 in Bulgaria, 158 in Germany, 8 in Slovakia and 3 in Serbia).

Virtual Brands

Pokaï is a virtual brand created by the group Sushi Shop in April 2018, which offers a large range of fresh, healthy and gourmet poke bowls. Its products are sold through aggregators (Deliveroo, UberEATS, etc). Pokaï is present in most of the countries where Sushi Shop restaurants operate: France, Belgium, Italy, Spain, Switzerland, UK, Germany and UEA.

Lepieje is one of the virtual brands created within the AmRest's Shadow Kitchen project, which responds to the latest trends of the global restaurant market. The brand operates since December 2019 in Wrocław, Poland and it is available on Glovo and Wolt. The brand is inspired by the dumplings from the different parts of the world.

'Oi Poke is a virtual brand which is offering exotic bowls based on meat, fish or shrimps with original and freshly prepared vegetables. The cuisine comes from Hawaii, where everything "perfect" is called "'Oi" and that's why the brand is called 'Oi Poke. The brand also contributes to the Shadow Kitchen project of AmRest. You may order our Oi bowls on aggregators such as Glovo, Wolt and UberEats and Food About e-commerce. The Brand operates in Poland since December 2019.

For many years ramen has been appealing to consumers' hearts, due to its original ingredients surprising consumers with its satiety and the way they are served in characteristic bowls. In Japan everyone has their own style of preparing Ramen. The secret to a delicious ramen is its consequent uniqueness. The Virtual Brand MOYA MISA RAMEN is tasty and fun! In the preparation process, we play with different flavors, ingredients and the way of consumption. The brand delights our Polish consumers in the delivery segment which runs on aggregators and Food About e-commerce.

The "Pierwsze i Drugie" brand is based on the rule of traditional Polish cuisine – the main meal of a day has to be delicious and satiated, but also should consist of two dishes: the soup and the main course. The brand is currently available in Poland through aggregator platforms and Food About e-commerce.

Viva Salad! is a brand developed exclusively for delivery channel that offers fresh, healthy and highly customizable dishes divided into few segments: Viva salads, protein dishes, desserts, milk shakes and fruit waters and smoothies. The concept was launched in Madrid and Barcelona in June 2020. The dishes are prepared in selected La Tagliatella locations.

Eat's Fine is a virtual brand developed in 2020 in Poland, as part of the Food About concept, committed to responding to specific dietary needs and customer expectations. The brand offers a well-balanced daily menu for those who are curious about healthy plant-based meals!

Sushi Tone is a virtual brand for Japanese cuisine lovers, developed in 2020 in Poland, as part of the Food About concept. It offers 8 sets to choose and all the most popular rolls, including Nigiri and Futomaki, as well as typical Asian side dishes like Miso soup with tofu or kimchi salad. The brand sources ingredients from AmRest's carefully chosen suppliers, offering only products of outstanding quality. Sushi Tone was created with fast and convenient delivery in mind, and this way the dishes get to the consumer within 30 minutes from placing the order. Sushi Tone is a part of the AmRest's Shadow Kitchen concept and is available through the aggregators sites, including Glovo and Wolt, as well as via the AmRest's Food About service.

Cremontano is a premium ice cream brand only available through delivery as Virtual brand. It offers a selection of dozen Italian flavors of all delicious tastes with a design where everything has been taken care of until the smallest detail, providing a fresh image to the brand and highlighting the good product what we have. The concept is present in few Spanish cities and available through Glovo aggregator.

Mr. Kebs was launched in April 2021 as part of AmRest's Shadow Kitchen project in Poland. The concept offers dishes in important CSR category – Doner Kebab. The menu consists of simple dishes such as tortilla wraps or boxes with mix of kebab meat, vegetables and sauces. Mr. Kebs is available on aggregator platforms as well as via Food About e-commerce.

Key investments

The capital expenditure incurred by AmRest relates mainly to a development of restaurant network. The Group increases the scale of the business through construction of new restaurants, acquisition of restaurant chains from third parties as well as reconstruction and replacement of assets in the existing stores. The

(all figures in EUR millions unless stated otherwise)

Group's capital expenditure depends mainly on the number and type of restaurants opened and scale of M&A activity.

Incurred CAPEX in 1H 2021 was financed from cash flows from operating activities.

The table below presents purchases of non-current assets in 6 months ended 30 June 2021 and 30 June 2020.

	6 months ended 30 June 2021	6 months ended 30 June 2020
Intangible assets:	**3,1**	**3,4**
Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	2,0	1,6
Other intangible assets	1,1	1,8
Goodwill	**-**	**-**
Property, plant and equipment:	**29,5**	**32,8**
Land	-	-
Buildings and expenditure on development of restaurants	3,1	4,1
Machinery & equipment	4,4	7,8
Vehicles	0,1	0,1
Other tangible assets (including assets under construction)	21,9	20,8
Total	**32,6**	**36,2**

Capital investment* for 3 and 6 months ended 30 June 2021

	6 months ended		3 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
CEE	13.6	17.4	10.8	3.7
Western Europe	14.0	14.4	8.3	6.1
Russia	3.4	3.6	2.2	-0.2
China	1.5	0.7	1.2	0.5
Other	0.1	0.1	0	-
Total	32.6	36.2	22.5	10.1

**Capital investment comprises increases and acquisition in property, plant and equipment, intangible assets, without goodwill increases*

AmRest's New Restaurants

	AmRest equity restaurants	AmRest franchisee restaurants	Total
31.12.2020	1858	479	2337
New Openings	38	19	57
Acquisitions	-	-	-
Closings	17	10	27
30.06.2021	1879	488	2367

As at 30 June 2021, AmRest operated 2 367 restaurants, including 488 restaurants which are managed by franchisees (161 La Tagliatella, 228 Pizza Hut, 24 Starbucks, 10 Blue Frog, 4 Bacoa and 61 Sushi Shop). Compared with 31 December 2020, the Group runs 30 restaurants more. 57 new restaurants were opened: 17 restaurants in Central and Eastern Europe, 7 in Russia, 27 in Western Europe and 6 in China.

(all figures in EUR millions unless stated otherwise)

Planned investment activities

Since March 2020 as a result of the COVID-19 pandemic spreading across many countries AmRest's capital expenditures have been limited in order to preserve liquidity and due to lack of visibility regarding further restrictions, business trends and general situation of the global economy. Periodic updates of both, short and long term financial plans are running to account for all new information. Additionally, task forces in every market continuous to monitor the situation around our employees, guests and financial standing and to implement cost saving initiatives and communicate with the governments about the support schemes in place.

AmRest has a clear strategy; running a profitable, sustainable operation to deliver growth. The vision is to become the European leader who inspires the global restaurant industry. Our hallmark, which we will not give up, is growth.

The Company is focusing on optimizing the restaurant network. In addition, the development of the equity brands and franchising activity will be key pillars of growth in the short term. Development of lighter store formats continuous to increase availability of new locations across Europe as well as pool of potential franchisees

The Group intends to continue its strategic directions of development, increase of scale in supply chain management and leadership in digital and delivery trends.

Potential acquisitions remain an important factor of AmRest's growth. AmRest has set its footprint on markets with a lot of white space to cover and opportunities to explore. As a partner of choice and leading European restaurant operator AmRest is well-positioned for any sector consolidation or buyouts.

In the light of growing popularity of take-away and delivery segments, AmRest will continue investing in digital channels as well as developing delivery capabilities and cooperation across all markets, including intensified testing of a shadow kitchen concept (delivery-only formats).

Significant events and transactions in H1 2021

Appointment of new auditor for the years 2021, 2022 and 2023

On 30 June 2021 the Extraordinary General Shareholders 'Meeting of AmRest appointed PricewaterhouseCoopers Auditores, SL as new auditor of the Company and its Consolidated Group for the years 2021, 2022 and 2023.

External Debt

In the reporting period covered by this Report the Company did not enter in any significant agreements concerning external debt nor issue any debt instruments.

Shareholders of AmRest Holdings SE

To the best of AmRest's knowledge as at 30 June 2021 AmRest Holdings had the following shareholder structure:

Shareholder	Number of shares and votes at the Shareholders' meeting	% of shares and votes at the Shareholders' meeting
FCapital Dutch B. V.*	147 203 760	67.05%
Artal International S.C.A.	11 366 102	5.18%
Nationale-Nederlanden OFE	9 358 214	4.26%
Aviva OFE	6 843 700	3.12%

(all figures in EUR millions unless stated otherwise)

Shareholder	Number of shares and votes at the Shareholders' meeting	% of shares and votes at the Shareholders' meeting
Other Shareholders	44 782 407	20.40%

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

Changes in the Parent Company's Governing Bodies

During the period covered by this Report there were no changes in the composition of the Board of Directors of AmRest.

On 12 May 2021, following the appointment by co-option on July 1, 2020 of Mrs. Mónica Cueva Díaz by the Board of Directors, the Annual General Shareholders 'Meeting of AmRest resolved to ratify the appointment by co-option and to re-elect Mrs. Mónica Cueva Díaz as a member of the Board of Directors, with the status of independent, for the statutory term of four years, with effect from the date of adoption of the resolution.

As at 30 June 2021 the composition of the Board of Directors was as follows:

- Mr. José Parés Gutiérrez
- Mr. Carlos Fernández González
- Mr. Luis Miguel Álvarez Pérez
- Mr. Emilio Fullaondo Botella
- Ms. Romana Sadurska
- Mr. Pablo Castilla Reparaz
- Ms. Mónica Cueva Díaz

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

As at the day of publication of this Report the composition of the Board of Directors has not changed.

On 13 April, 2021 AmRest informed of the appointment of new CEO. Mr. Mark Chandler, CEO of the AmRest Group since May 2019, left the Group effective 30 June 2021. The Board has appointed Mr. Luis Comas as new CEO of the AmRest Group, former President of La Tagliatella.

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

During the period since 1 January 2021 the following changes occurred with respect to AmRest shares and stock options held by the members of the Board of Directors of AmRest.

As at 31 December 2020 Mr. Carlos Fernández González (member of the Company's Board of Directors) held through its closely associated person, FCapital Dutch B.V., 147 203 760 shares of the Company with a total nominal value of EUR 14 720 376. On 30 June 2021, Mr. Carlos Fernández González still held (through FCapital Dutch B.V.) 147 203 760 AmRest's shares with a total nominal value of EUR 14 720 376.

In addition, as of 31 December 2020, Mr. Carlos Fernández González held through his another closely associated person - Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, 1 172 145 AmRest shares with a total nominal value of EUR 117 214.5. 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). On 30 June 2021, Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión still held 1 172 145 AmRest shares with a total nominal value of EUR 117 214.5.

Transactions on own shares concluded by AmRest

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

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

In the period between 1 January 2021 and 30 June, 2021, AmRest didn't purchase any own shares. During the same period, the Company disposed a total of 118 451 own shares with a total nominal value of EUR 11 845.1 and representing 0.054% of the share capital to entitled participants of the stock options plans. Disposal transactions under these plans were executed in three settlement methods, which impacted the sale price. Major part of the shares was transferred to the participants free of charge. As of 30 June 2021 AmRest held 505 010 own shares with a total nominal value of EUR 50 501.0 and representing 0.23% of the share capital.

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

Dividends paid and received

In the period covered by this Report the Group has paid a dividend to non-controlling interest of SCM Sp. z o.o. in the amount of EUR 0.54 million (PLN 2,45 million).

Factors impacting the Group's development

The Board of Directors of AmRest believes that the following factors will have a significant effect on the Group's future development and results.

External factors

- competitiveness – in terms of prices, quality of service, location and quality of food,
- demographic changes,
- consumer habits and trends as to the number of people using the restaurants,
- number and location of the competitors' restaurants,
- changes in the law and regulations which have a direct effect on the functioning of the restaurants and the employees employed therein,
- change in real estate rental costs and related costs,
- changes in the prices of ingredients used to prepare meals and changes in the prices of packaging materials,
- changes in the general economic condition in all countries where the business is run,
- changes in consumer trust, the amount of disposable income and individual spending patterns,
- changes in legal and tax determinants,
- adverse changes on the financial markets.
- situation around COVID-19 pandemic, including progress and efficiency of medical treatments

Internal factors

- gaining and training the human resources necessary for the development of the existing and new restaurant networks,
- obtaining attractive locations,
- effective launching of new brands and products,
- building an integrated information system.

Basic risks and threats the Group is exposed to

The Board of Directors of AmRest is responsible for the risk management system and the internal control system as well as for reviewing these systems for operating efficiency. These systems help to identify and manage risks which may prevent the execution of the long-term objectives of AmRest. However, having these systems in place does not ensure complete elimination of the risk of fraud and violation of the law. 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.

Risk related to the COVID-19 and its implications for the economy and society

The COVID-19 pandemic has rapidly spread around the world. Most governments are taking constrain measures to contain the spread, which include isolation, confinement, quarantine and restrictions to free movement of people and closure of public and private facilities.

This situation is significantly affecting the global economy, including HORECA sector, as well as AmRest Group.

Visible results of the COVID-19 outbreak include the decrease in demand, the disruption or slowdown of supply chains and a significant increase in economic uncertainty, increase of volatility in the price of assets, exchange rates and a decrease in long term interest rates. Possible results of the COVID-19 outbreak may include changes in the market environment, people behavior and ways of living.

The COVID-19 pandemic has a particularly negative impact on the restaurants sectors. The ban or significant limitations in operation of restaurants resulted in a decrease in business activity and customer demand and consequently decrease of revenues.

Group management is closely monitoring the development of situation and looks for the ways of mitigating the impact of COVID-19 spread on the Group. In addition, the Group implemented additional measures to mitigate the risk of infection among its employees, including in particular:

- Providing detailed instructions and guidelines on monitoring the health of the Group's employees and the health of Group's customers.
- Strengthening already stringent hygiene, cleaning and sanitation procedures and introducing contactless options that protect both employees and guests in restaurants.
- Providing the restaurant employees with additional personal protection and hygiene supplies.
- Requesting to reduce the number of meetings as well as domestic and foreign business travel, and to use teleconferencing and video-conferencing facilities to the largest extent possible, as well enabling remote work.

Liquidity risk

The Group is exposed to the risk of lack of financing at the moment of maturity of bank loans and bonds. As at 30 June 2021, the Group has sufficient liquidity to fulfill its liabilities in the next 12 months.

The Group analyzes liquidity needs with particular focus on maturity of debt and proactively investigates various forms of financing that could be utilized as needed.

Rental agreements and continuation options

Almost all AmRest restaurants operate in rented facilities. The majority of the rental contracts are long-term and they are usually concluded for at least 10 years from the date of commencing the rental (assuming that all continuation options are exercised, on specified terms, and not including contracts which are subject to periodic renewal, unless they are terminated, and contracts concluded for an indefinite period). A number of rental contracts grant AmRest the right to prolong the contract provided that the Company complies with the terms of rental. Regardless of whether the terms are complied with or not, there is no guarantee that AmRest will be able to prolong a rental contract on terms satisfactory from the business point of view. If this is not possible a potential loss of important restaurant locations may have an unfavorable effect on AmRest's operating results and its business activities.

As a consequence of the pandemic and lack of business activity or relatively lower activity in certain locations, the Group performed review of its rental agreements and has entered into negotiations with landlords. One of the outcomes may be that some locations would need to be closed due to worsened economics and lack of mutual agreement between the parties. Terminating the relevant rental contract on cost effective terms may prove impossible. This situation may also have an adverse effect on the business activities and operating results of the Group. Additionally, closing any of the franchised restaurants is subject to the approval by the franchisor and it is not certain that such approval will be obtained.

In the case of Russian and Chinese restaurants acquired by AmRest accordingly in July 2007 and December 2012, the average term of the rental contracts is relatively shorter compared to AmRest restaurants in the remaining countries. This results from the specific nature of these markets.

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 depend on the limitations or specifications imposed by the franchisors or on their consent.

The duration of the franchising agreements related to the KFC, Pizza Hut and Burger King brands is 10 years. AmRest has the option of extending this period for the next 10 years provided that it meets the conditions specified in the franchising agreements and other requirements, including the payment of the related continuation fee.

Despite meeting the above-mentioned terms, there is no guarantee that after the expiry of these periods a given franchising agreement will be prolonged to the next period. In the case of KFC and Pizza Hut restaurants, the first period commenced in 2000. AmRest and Yum are constantly in touch with respect to current and further cooperation. In the case of Burger King, the first period commenced in 2007 with the opening of the first restaurant of this brand.

Franchise agreements for Starbucks stores in Romania are valid till 2023, in Bulgaria until 2027 and in Germany and Slovakia until 2031.

Dependency on cooperation with minority shareholders

AmRest opens Starbucks restaurants in Poland, the Czech Republic and Hungary based on a partnership agreements with Starbucks Coffee International, Inc. The partnership assumes 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 the partners' consent.

The agreements with Starbucks were concluded for a period of 15 years with a possibility of their extension for the next 5 years upon meeting the specified conditions. If AmRest fails to comply with the obligation to open and run the minimum specified number of cafés, Starbucks Coffee International, Inc. shall have 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

The franchising agreements concerning running of KFC, Pizza Hut Dine-In (excluding Russia and Germany) and Burger King (excluding Czech Republic and Slovakia) brands do not contain provisions on granting AmRest any exclusivity rights on a given territory, protection or any other rights on the territory, in the area or on the market surrounding AmRest restaurants. However, in practice, due to the scale of AmRest's operations (including a well-developed distribution network), the possibility that a competitive operator (to the brands currently operated by the Group) should appear who would be able to effectively compete with the AmRest Group restaurants is relatively limited.

In the case of Starbucks restaurants, AmRest subsidiaries are the only entities authorized to develop and run Starbucks cafés in Poland, the Czech Republic and Hungary, without exclusivity rights to some institutional locations. The exclusive rights apply also to restaurants operated in Romania, Bulgaria, Germany and Slovakia.

Risk related to the consumption of food products

Consumer preferences may change in connection with doubts arising as to the healthful properties of chicken which is the main ingredient in KFC menu, or as a result of unfavorable information being circulated by the mass media concerning the quality of the products, diseases caused by them 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, Bacoa 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, Bacoa 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. The above-mentioned risk is limited by using the highest quality ingredients in AmRest restaurants, which come from reliable and reputable suppliers, compliance with strict quality control and hygiene standards and the use of top modern equipment and processes which ensure the absolute safety of the meals.

Risk related to keeping key personnel in the Group

AmRest success depends to some extent on the individual effort of selected employees and key members of management. The methods of remunerating and managing human resources developed by the Group help ensure a low rotation of the key personnel. Additionally, the career planning system supports preparing successors ready to execute tasks in key positions. AmRest believes it will be able to replace its key personnel. Regardless of that, their loss may have a short-term adverse effect on the business activities and operating results of the Group.

Risk related to labour costs of restaurant employees and employing and keeping professional staff

Running catering activities on such a large scale as AmRest does requires employing a large number of professionals. Excessive outflow of employees and too frequent changes in managerial positions may pose a significant risk to the stability and quality of the business activities. Due to the fact that salaries in the catering sector are still relatively lower than in other branches, there is a risk of outflow of qualified staff and thus a risk of the Group being able to ensure the appropriate staff necessary for providing the highest quality catering services. In order to avoid the risk of losing qualified staff it may be necessary to gradually increase the salary rates, which may have an adverse effect on the financial standing of the Group. Additional risk in employment area may be caused by fluctuations in unemployment rate.

Risk related to limited access to foodstuffs and the variability of their cost

AmRest situation is also affected by the need to ensure frequent deliveries of fresh agricultural products and foodstuffs and anticipating and responding to changes in supplies costs. The Group cannot rule out the risk related to delivery deficits or interruptions caused by factors such as unfavorable weather conditions, changes in legal regulations or withdrawing some foodstuffs from trading. Also the increased demand for certain products accompanied by limited supply may lead to difficulties in obtaining them by the Group or to price increases for those products. Both the deficits and product price increases may have an adverse effect on the Group's results, operations and financial standing. In order to mitigate this risk (among others) AmRest Sp. z o.o. concluded a contract with SCM Sp. z o.o. for the provisions of services comprising intermediation and negotiating terms of delivery to restaurants, including negotiating terms of distribution agreements.

Risk related to developing new brands

AmRest has operated Bacoa, Sushi Shop and all the virtual brands for a relatively short time. As these are new concepts for AmRest, there is a risk related to demand for the products offered and their acceptance by customers.

Risk related to opening restaurants in new countries

Opening or taking over restaurants operating in a new geographical and political area involves the risk of varying consumer preferences, a risk of insufficient knowledge of the market, the risk of legal restrictions arising from local regulations and the political risk of these countries.

Currency risk

The results of AmRest are exposed to currency risk related to transactions and translations 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. Additionally, AmRest uses forward contracts to secure transaction risks on a short term basis.

Risk related to the current geopolitical situation

The Company conducts its business in countries where political situation is uncertain. Tensions around that subject may result in a negative impact on economy, including instable currency, interest rates, liquidity, supply chain disruptions and consumer confidence deterioration. All these events and uncertainty that accompanies them may have a significant impact on the Group's operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation may differ from the Management's expectations however it is being monitored in order to adjust strategic intentions and operational decisions, which will minimize business risks.

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 the valuation of which is significantly affected by the level of reference rates.

Tax risk

In the process of managing and making strategic decisions, which can affect the tax settlements, AmRest is exposed to tax risk. All irregularities occurring in tax settlements increase of the risk of dispute in the case of a potential tax control. As part of these risks' minimization, AmRest takes care of deepening the knowledge of its employees in the area of tax risk management and compliance with respective legal requirements. The Company implements adequate procedures to facilitate the identification and subsequent reduction or elimination of risks in the area of tax settlements.

Moreover, in connection with frequent legislative changes, inconsistency of regulations, as well as differences in interpretation of legal regulations, AmRest uses professional tax advisory services and applies for binding interpretations of the tax law provisions.

Current fiscal supervisions are presented in Note 33 to the Consolidated Financial Statements as for the year ended 31 December 2020.

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 franchisees portfolio is key priority.

Risk of economic slowdowns

Economic slowdown in the countries where AmRest runs its restaurants may affect the level of consumption expenditure on these markets, which in turn may affect the results of the AmRest restaurants operating on these markets.

Risk related to seasonality of sales

The seasonality of sales and inventories of AmRest is not significant, which is typical for the restaurant industry. On the European market restaurants record lower sales in the first half of the year, mainly due to the lower number of sale days in February and the relatively less frequent visits to restaurants.

Risk of computer system breakdowns and temporary breaks in serving customers in network restaurants

A potential partial or complete loss of data in connection with computer 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. In order to minimize this risk, the Issuer has implemented appropriate procedures in order to ensure the stability and reliability of IT systems.

Cyberattack risk

Group's operations are supported by 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 both intentional cyberattack or an unintentional event.

In order to mitigate these risks, the Group established specialized IT-security unit and implemented appropriate cybersecurity risk mitigation tools, including security polices, personnel training and technical prevention countermeasures.

Factors remaining outside the Group's control

This risk is related to the effect of factors remaining outside the Group's control on AmRest's development strategy which is based on opening new restaurants. Such factors include: opportunities for finding and securing available and appropriate locations for restaurants, the ability to obtain the permits required by relevant bodies, the possibility of delays in opening new restaurants.

Activity in Research and Development area

The Group wants to serve to its customers the highest quality products that are balanced in terms of taste and nutritional composition. Following business trends and customer needs all brands operated by the Group have established departments focusing on new product development, as well as improvement of the existing products.

Activities in that area include for example: market researches, careful selection of ingredients, packaging, creation and preparation of new products, tastings followed by collection of customers feedbacks and launch of the final products.

(all figures in EUR millions unless stated otherwise)

Financial data of AmRest for 6 months ended 30 June 2021

Condensed consolidated income statement for 6 months ended 30 June 2021 and 2020

	6 months ended	
Continuing operations	30 June 2021	30 June 2020 (restated*)
Restaurant sales	806.4	653.8
Franchise and other sales	37.9	30.2
Total revenue	**844.3**	**684.0**
Restaurant expenses:		
Food and merchandise	(224.9)	(187.6)
Payroll, social security and employee benefits	(212.3)	(198.6)
Royalties	(37.0)	(30.2)
Occupancy and other operating expenses	(275.8)	(248.2)
Franchise and other expenses	(27.6)	(23.8)
Gross Profit	**66.8**	**(4.4)**
General and administrative expenses	(66.3)	(69.7)
Net impairment losses on financial assets	(1.0)	(2.2)
Net impairment losses on other assets	(7.2)	(73.1)
Other operating income/expenses	35.6	20.0
Profit from operations	**27.9**	**(129.4)**
Finance income	2.7	0.8
Finance costs	(22.1)	(33.2)
Profit before tax	**8.5**	**(161.8)**
Income tax	(6.1)	7.9
Profit for the period	**2.4**	**(153.9)**
Profit attributable to:		
Shareholders of the parent	1.9	(152.3)
Non-controlling interests	0.5	(1.6)
Profit for the period	**2.4**	**(153.9)**
Basic earnings per ordinary share in EUR	0.0	(0.7)
Diluted earnings per ordinary share in EUR	0.0	(0.7)

** The above condensed consolidated income statement should be read in conjunction with the accompanying notes included in the Consolidated Financial Statements for month ended 30 June 2021 of AmRest Holdings SE capital group.*

(all figures in EUR millions unless stated otherwise)

Number of AmRest restaurants (as at 30 June 2021)

Countries	Brands	30.06.2020	31.12.2020	31.03.2021	30.06.2021
Poland	**Total**	**550**	**567**	**568**	**575**
	KFC	282	296	296	300
	BK	43	44	45	46
	SBX	70	68	68	68
	PH equity	153	154	154	154
	PH franchised	-	1	1	2
	Shadow Kitchen	2	4	4	5
Czech Republic	**Total**	**191**	**202**	**203**	**205**
	KFC	105	109	109	109
	BK	20	25	26	28
	SBX	49	51	51	51
	PH equity	17	17	17	17
Hungary	**Total**	**130**	**133**	**133**	**134**
	KFC	70	73	73	73
	SBX	34	34	34	35
	PH equity	26	26	26	26
Russia	**Total**	**265**	**262**	**258**	**262**
	KFC	204	206	206	210
	PH equity	32	21	20	20
	PH franchised	29	35	32	32
Bulgaria	**Total**	**24**	**24**	**24**	**24**
	KFC	8	8	8	8
	BK	2	2	2	2
	SBX	14	14	14	14
Serbia	Total	**15**	**15**	**15**	**15**
	KFC	12	12	12	12
	SBX	3	3	3	3
Croatia	KFC	**8**	**8**	**8**	**8**
Romania	**Total**	**54**	**60**	**61**	**62**
	SBX	51	54	55	55
	BK	3	6	6	7
Slovakia	**Total**	**14**	**15**	**15**	**16**
	SBX	7	8	8	8
	PH equity	3	3	3	3
	BK	4	4	4	5
Armenia	PH franchised	**3**	**3**	**3**	**3**
Azerbaijan	PH franchised	**2**	**2**	**3**	**3**
Spain	**Total**	**330**	**334**	**332**	**332**
	TAG equity	72	72	70	69
	TAG franchised	159	161	161	161
	KFC	81	84	86	89
	Blue Frog equity	3	3	3	2
	Blue Frog franchised	2	1	1	1
	Bacoa equity	1	1	1	1
	Bacoa franchised	6	6	4	4
	Sushi Shop equity	4	4	4	3
	Sushi Shop franchised	2	2	2	2
France	**Total**	**325**	**327**	**329**	**337**
	TAG equity	4	3	1	-
	PH equity	12	12	11	8
	PH franchised	110	110	111	115
	KFC	70	70	70	71
	Sushi Shop equity	93	96	100	105
	Sushi Shop franchised	36	36	36	38
Germany	**Total**	**273**	**262**	**264**	**264**
	SBX	139	132	134	134

(all figures in EUR millions unless stated otherwise)

Countries	Brands	30.06.2020	31.12.2020	31.03.2021	30.06.2021
	SBX licensed	21	22	24	24
	TAG equity	2	2	2	1
	KFC	26	26	24	24
	PH equity	10	8	8	8
	PH franchised	75	72	72	73
Austria	KFC	**2**	**2**	**2**	**2**
Slovenia	KFC	**1**	**1**	**1**	**1**
Portugal	**Total**	**6**	**6**	**6**	**4**
	TAG equity	3	3	3	3
	Sushi Shop franchised	3	3	3	1
China	**Total**	**72**	**72**	**73**	**76**
	Blue Frog equity	67	65	65	67
	Blue Frog franchised	4	6	7	9
	KABB	1	1	1	-
Belgium	**Total**	**11**	**11**	**11**	**11**
	Sushi Shop equity	5	5	5	5
	Sushi Shop franchised	6	6	6	6
Italy	**Total**	**3**	**2**	**2**	**2**
	Sushi Shop equity	1	1	1	1
	Sushi Shop franchised	2	1	1	1
Switzerland	Sushi Shop equity	**7**	**9**	**10**	**10**
Luxembourg	Sushi Shop equity	**3**	**3**	**3**	**3**
Netherlands	Sushi Shop equity	**1**	**-**	**-**	**-**
UK	Sushi Shop equity	**5**	**5**	**5**	**5**
UAE	Sushi Shop franchised	**9**	**9**	**10**	**10**
Saudi Arabia	Sushi Shop franchised	**3**	**3**	**3**	**3**
Total AmRest		**2 307**	**2 337**	**2 342**	**2 367**

The statements contained in this Director's Report may contain certain forward-looking statements relating to the Group that are based on the beliefs of the Group's management as well as assumptions made by and information currently available to the Group's management and are not a guarantee of future performance or developments. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. The Group does not intend to update or otherwise revise such forward-looking statements, whether as a result of new information, future events or otherwise.

Reliance on any forward-looking statements involves known and unknown risks and uncertainties and, accordingly, readers are strongly cautioned to not place reliance on any forward-looking information or statements.

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Carlos Fernández González
Member of the Board

Romana Sadurska
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mónica Cueva Díaz
Member of the Board

Emilio Fullaondo Botella
Member of the Board

Madrid, 25 August 2021