Consolidated Directors' Report
for 6 months ended 30 June 2022

AmRest Holdings SE capital group
1 SEPTEMBER 2022

AmRest

AmRest Holding SE

Consolidated Directors' Report
for 6 months ended 30 June 2022

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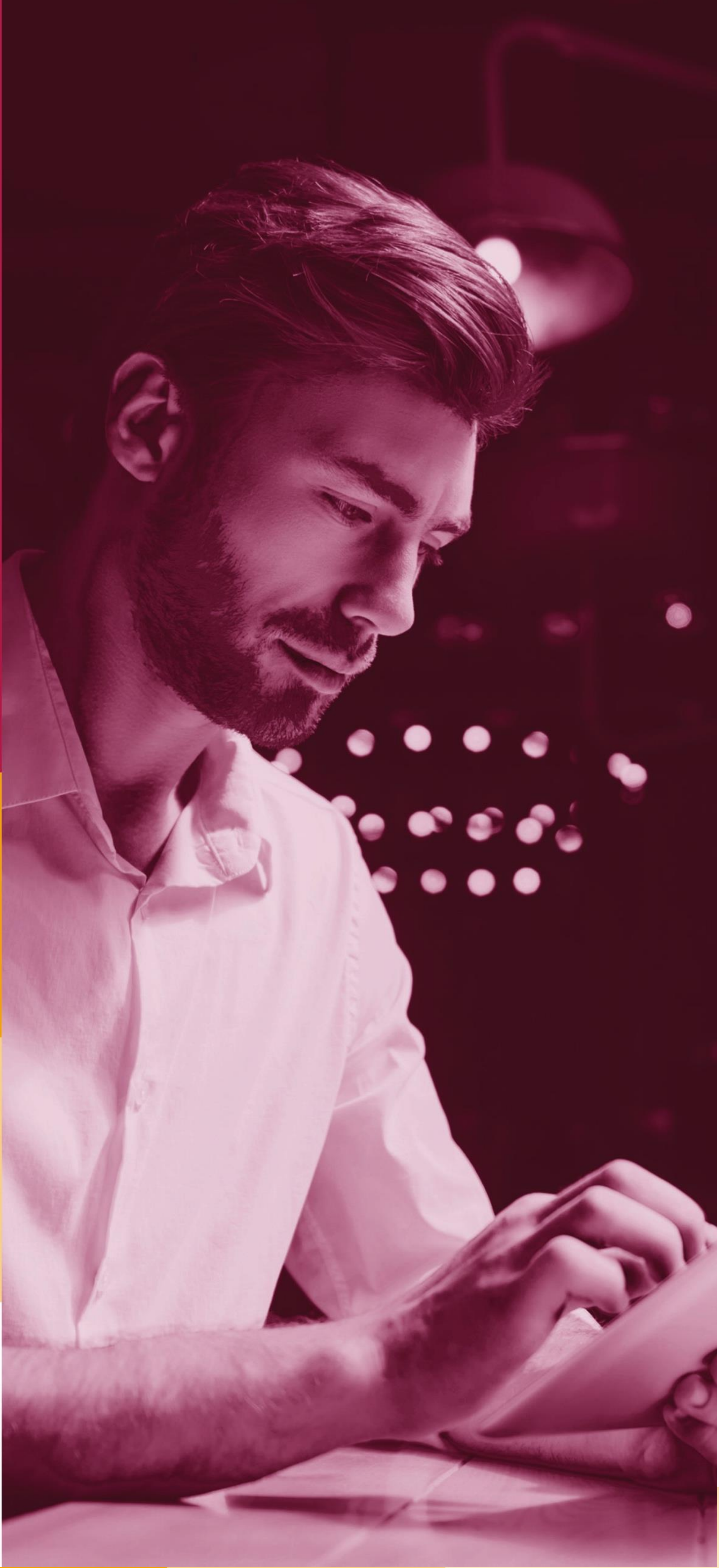
Highlights



Financial highlights (consolidated data)

	6 MONTHS ENDED		3 MONTHS ENDED	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Revenue	1,112.7	844.3	605.7	464.4
EBITDA*	176.1	153.7	100.8	104.0
EBITDA margin	15.8%	18.2%	16.6%	22.4%
Adjusted EBITDA**	177.6	156.0	101.7	104.9
Adjusted EBITDA margin	16.0%	18.5%	16.8%	22.6%
Profit from operations (EBIT)	0.1	27.9	(13.9)	37.6
EBIT margin	0.0%	3.3%	(2.3%)	8.1%
Profit before tax	(22.2)	8.5	(24.0)	29.8
Net profit	(33.0)	2.4	(33.9)	22.6
Net margin	(3.0%)	0.3%	(5.6%)	4.9%
Net profit attributable to non-controlling interests	2.5	0.5	1.7	0.7
Net profit attributable to equity holders of the parent	(35.5)	1.9	(35.6)	21.9
Cash flows from operating activities	154.4	131.3	101.1	104.8
Cash flows from investing activities	(47.8)	(33.6)	(22.2)	(19.9)
Cash flows from financing activities	(79.7)	(121.6)	(32.8)	(72.6)
Total cash flows, net	26.9	(23.9)	46.1	12.3
Average weighted number of ordinary shares for basic earnings per shares (in thousands)	219,271	219,340	219,260	219,366
Average weighted number of ordinary shares for diluted earnings per shares (in thousands)	219,271	220,029	219,260	220,000
Basic earnings per share (EUR)	(0.16)	0.01	(0.16)	0.10
Diluted earnings per share (EUR)	(0.16)	0.01	(0.16)	0.10
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 2022	As at 31 December 2021
Total assets	2,251.7	2,174.9
Total liabilities	1,934.1	1,867.4
Non-current liabilities	1,308.7	1,288.1
Current liabilities	625.4	579.3
Equity attributable to shareholders of the parent	306.8	298.7
Non-controlling interests	10.8	8.8
Total equity	317.6	307.5
Share capital	22.0	22.0
Number of restaurants	2,382	2,440

Group Business Overview

Basic services provided by the Group

AmRest Holdings SE ("AmRest", "Company") with its subsidiaries (the "Group") is Europe's leading listed restaurant operator with a portfolio of renowned brands in 23 countries of Europe and Asia. The Group operates the restaurants under franchised brands such as KFC, Starbucks, Pizza Hut and Burger King, as well as its own brands such as La Tagliatella, Sushi Shop, Bacoa and Blue Frog. The Company owns also several virtual brands, mainly available under Food About concept.

As at 30 June 2022, AmRest managed the network of 2 382 restaurants. Given the current scale of the business, every day about 50 thousand of AmRest employees deliver,on a daily basis, delicious taste and exceptional service at affordable prices, in accordance with the Company's unique culture.

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

- Central and Eastern Europe ("CEE"), where historically the Company was founded and opened its first restaurant under the name of Pizza Hut; today CEE division covers the region of 10 countries (Poland, Czech Republic, Hungary, Bulgaria, Serbia, Croatia, Romania, Austria, Slovenia and Slovakia) and with 1 086 restaurants, accounting for 47% of Group´s revenue.
- Western Europe ("WE"), is a segment which primarily consists of Spain, France and Germany, where both franchised and proprietary brands are operated. As a result of dynamic organic expansion supported by previous acquisitions, Western Europe has become a significant operating segment of the Group consisting of 1 001 restaurants, in 11 countries and generating ca. 35% of AmRest's revenues.
- Russia, where AmRest manages the network of 217 KFC restaurants.
- China, where the 78 restaurants of Blue Frog proprietary brand are operated.

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

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

Quick Service Restaurants ("QSR"), represented by KFC and Burger King,
Fast Casual Restaurants ("FCR"), represented by Pizza Hut Delivery and Express, Bacoa and Sushi Shop,
Casual Dining Restaurants ("CDR"), represented by Pizza Hut Dine-in, La Tagliatella and Blue Frog,
Coffee category, represented by Starbucks.
Virtual brands, whose offer is available only online.

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 and drive-in services at special sales points ("Drive Through"), as well as deliveries of orders placed online or by telephone. The diversification of channels and the continuous enhancement of take away and delivery capabilities has been key to adapting quickly to new consumer habits.

(all figures in EUR millions unless stated otherwise)

Number of AmRest restaurants broken down by brands as at 30 June 2022

Brand	Restaurants*	Equity share	Franchise share	Share in total
Total	**2 382**	**80%**	**20%**	**100%**
Franchised	**1 860**	**87%**	**13%**	**78%**
KFC	954	100%	0%	40%
PH	420	49%	51%	18%
Starbucks*	392	94%	6%	16%
Burger King	94	100%	0%	4%
Proprietary	**522**	**55%**	**45%**	**22%**
La Tagliatella	233	33%	67%	10%
Sushi Shop	203	70%	30%	9%
Blue Frog	78	85%	15%	3%
Bacoa	5	20%	80%	<1%
Shadow Kitchen	3	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 2022

Region	Restaurants*	Equity share	Franchise share	Share in total
Total	**2 382**	**80%**	**20%**	**100%**
CEE	**1 086**	**99%**	**1%**	**46%**
Poland	595	99%	1%	25%
Czech	213	100%	0%	9%
Hungary	143	100%	0%	6%
Romania	63	100%	0%	3%
Other CEE*	72	100%	0%	3%
WE	**1001**	**55%**	**45%**	**42%**
Spain	332	52%	48%	14%
France	356	52%	48%	15%
Germany**	263	61%	39%	11%
Other WE*	50	58%	42%	2%
Russia	**217**	**100%**	**0%**	**9%**
China	**78**	**85%**	**15%**	**3%**

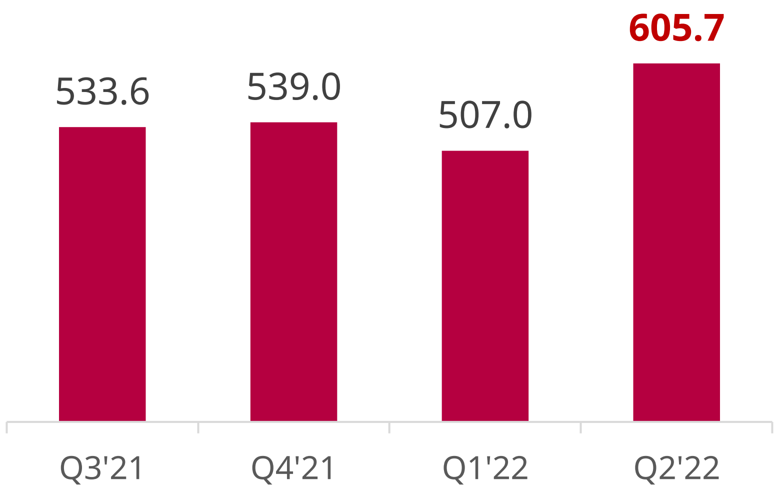
** Other CEE includes Bulgaria (24), Slovakia (18), Serbia (19), Croatia (8), Austria (2), Slovenia (1); Other WE includes Belgium (11), UAE (11), Swiss (11), Portugal (4), UK (6), Italy (1), Luxembourg (3), Saudi Arabia (3);*
*** Germany franchise share includes Starbucks licensed stores for which AmRest offers supply service but does not receive any royalty.*

The Group’s performance in HY 2022

Group Revenues and Profitability

AmRest posted a new sales record in the second quarter of 2022 with revenues of EUR 605.7 million, a year-on-year increase of 30.4%, surpassing the EUR 600 million mark for the first time in its history. This is despite the significant impact of the Covid restrictions on the China business. The comparable same-store sales ratio was 123%.

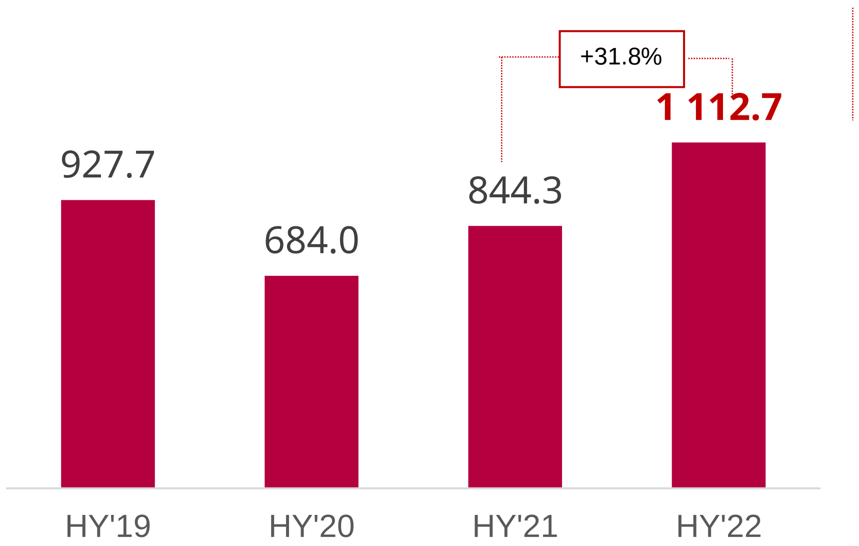
Chart 1 AmRest quarterly Group's revenues (in EUR millions)



All regions, with the exception of China, continue to show excellent commercial dynamics, among which the developments in the Czech Republic and Germany stand out. As a result, the Group's consolidated revenues for the first half of 2022 amounted to EUR 1,112.7 million, 31.8% higher than in the same period of 2021.

AmRest's strong sales momentum, supported by a gradual lifting of Covid restrictions in most of the regions where the Group operates, further underlines the Group's excellent ability to adapt to the new consumer trends and the compelling value proposition that our customers find in our brands' offerings. In keeping with our goal of making our customers' experience more enjoyable, exciting and efficient, while making our restaurants more profitable.

Chart 2 AmRest Group's revenues for 6 months ended 30 June, from 2019 (in EUR millions)



Moreover, these records have been achieved in a context in which the war in Ukraine is generating a new shock that is hitting European economies hard, both directly and indirectly, resulting in lower economic growth and high levels of inflation not seen in decades. This situation is prompting a strong response from central banks by adopting tighter monetary policies. This combination of factors is affecting household purchasing power and consumer confidence. Therefore, in AmRest we continue to work on the continuous improvement and adaptation of our business model to the new challenges:

- **Resilient model adapted to new trends and consumer habits**. AmRest's strength in Quick Service segment (QSR) has historically shown great resilience, even in periods of contraction in consumption. However, the changes and evolution taking place in these services are enormous and, today more than ever, restaurants must adapt to an ever-changing landscape. The long duration of the pandemic has meant that many habits have been permanently modified, affecting the frequency and form of use of restaurant services. The pandemic has also left a more digital customer and technology is increasingly becoming a customer face service tool that directly impacts the consumer experience. Additionally, *take away* and *delivery* channels have taken off around the world, driven by lifestyle changes. During the first half of 2022, these channels generated more than 60% of the Group's sales. The *dine-in* channel continues to recover gradually but is still 10 percentage points lower in absolute terms than before the pandemic.

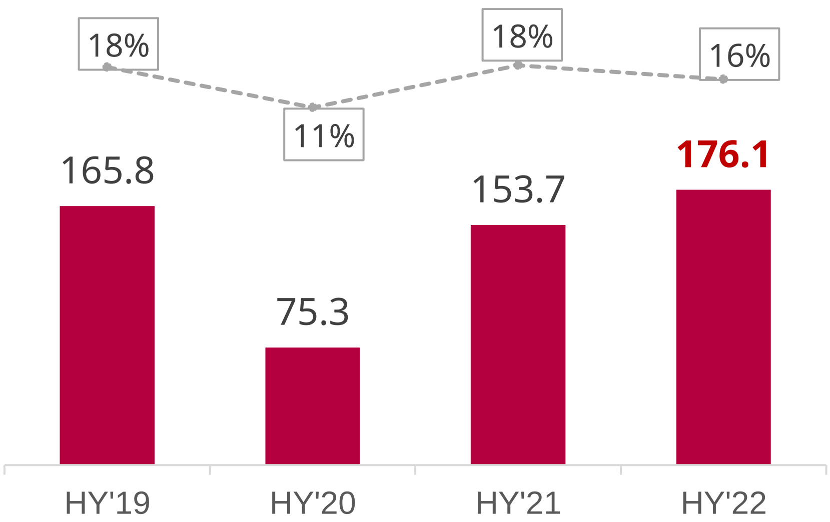
- **Maintaining margins by understanding cost dynamics and developing appropriate pricing strategies.** Having leading brands and a global distribution capability provides a competitive advantage in price management. An appropriate offer, focused on the customer's perception of value and consistency of experience are key factors. To this end, the appropriate management of customer information and knowledge allows us to optimise and adapt pricing strategies. In this regard, the response from our customers is backing our strategy as the number of transactions in Q222 was 6% higher than in the first quarter of the year and 27% higher than in Q221.

- **Financial strength to fund sustainable growth and cope with unexpected shocks.** The Group's leverage ratio[1] stands at 2.0x compared to 4.4x in Q221, having reduced net debt by almost EUR 200 million since the beginning of the pandemic. This level of leverage is at the low end of the Group's target range of 2.0x - 2.5x for the current year.

  The Group's shareholders' equity increased by 3.8% in the quarter and by 15.8% in the last year despite a significant impairment of EUR 52.9 million in the valuation of the KFC Russia business, mainly due to the raise of the cash flow discount rates as a result of the significant increase in country risk. AmRest will continue to monitor the evolution of the situation of this business in Russia and will update impairment reviews accordingly. However, the total impairment figure was partially offset by the reversal of impairments at restaurant level (note 12), where for the first time since the beginning of the pandemic the number of restaurants reversing impairments, 121, exceeded the number of units requiring additional impairments, 84, resulting in a net reversal of EUR 2.3 million.

In terms of profitability AmRest generated an EBITDA of EUR 100.8 million during Q222, representing an EBITDA margin of 16.6%. This brings the EBITDA generated during H122 to EUR 176.1 million with an EBITDA margin of 15.8%, exceeding by more than EUR 22 million the levels achieved during H121, which however included EUR 28 million from the Covid support measures approved by different governments. Excluding the contribution of these extraordinary support measures, the EBITDA margin in the first half of 2022 increased by 1 percentage point despite the ongoing high cost pressures.

Chart 3 AmRest Group's EBITDA for 6 months ended 30 June, from 2019 (in EUR millions)



[1] *Leverage ratio defined as EBITDA vs net financial debt excluding the effect of IFRS 16*

Prices of many commodities are retreating significantly from the peaks seen during the spring. Also, while supply chain disruptions continue to hamper global activity, there are signs that they are easing. Against this backdrop AmRest will continue to protect its margins and is well positioned to expand them when cost pressures moderate.

Group operating profit amounted to EUR 0.1 million in the first half of the year, weighed down by the impairment of the KFC Russia business explained above. Excluding this extraordinary effect, which does not represent a cash outflow, the Group's operating profit would be EUR 53.0 million, almost double the EUR 27.9 million generated in the first half of 2021. Finally, the Group closed the first half with an accounting loss of EUR 33 million.

From a balance sheet perspective, the cash level increased by EUR 61.0 million to EUR 240.5 million. Net financial debt (ex IFRS-16) stood at EUR 433.7 million, having been reduced by EUR 196 million since the start of the pandemic and by EUR 33.9 million during the year. This situation allows to comfortably comply with the financial covenants of a leverage ratio below 3.5x and an interest coverage ratio above 3.5x. At the end of H2122, the Group's leverage ratio stood at 2.0x and debt interest coverage at 9.0x.

Capital expenditure (CAPEX) in the quarter amounted to EUR 26.6 million, EUR 43.1 million in H122. Investments are focused on ensuring the optimal state of the restaurant portfolio, advances in digitalization and the opening of new units, which however, following the seasonality shown in previous years, is expected to concentrate most of the planned openings and the necessary investment in the second half of the year.

With respect to the restaurant portfolio AmRest operates 2 382 units at the end of H1 2022, registering a decrease of 58 units during the year. From an organic perspective, 18 new units were opened during the quarter, bringing the number of openings for the half year to 29. AmRest continues with its goal of optimising its portfolio with a focus on profitability managing the restaurant footprint, regions or brands adjustments according to the Group's strategic outlook. In this regard, the reason for the decrease in the total number of units has been the transfer on 31 May of all the Pizza Hut restaurants located in Russia to a third party designated by YUM! and the termination of the Master Franchise Agreement (MFA) for this market, as previously agreed. This transfer has led to the exit of 59 restaurants, 19 equity and 40 franchised. Likewise, in the case of Germany, where the MFA for Pizza Hut and the transfer of its 83 restaurants was scheduled to end on 31 May, the parties have agreed to extend the end of the MFA and the transfer of the assets to 23 December 2022, in order to allow Yum! to take over the business itself on or before that date.

Chart 4 AmRest new openings and closures of restaurants by quarters – (ex- special transactions)

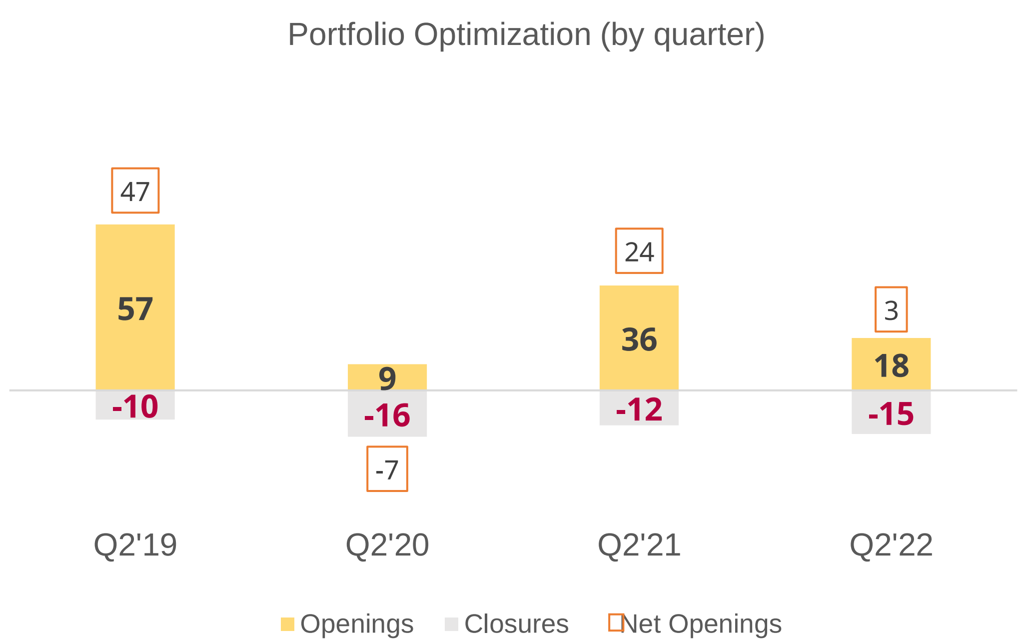
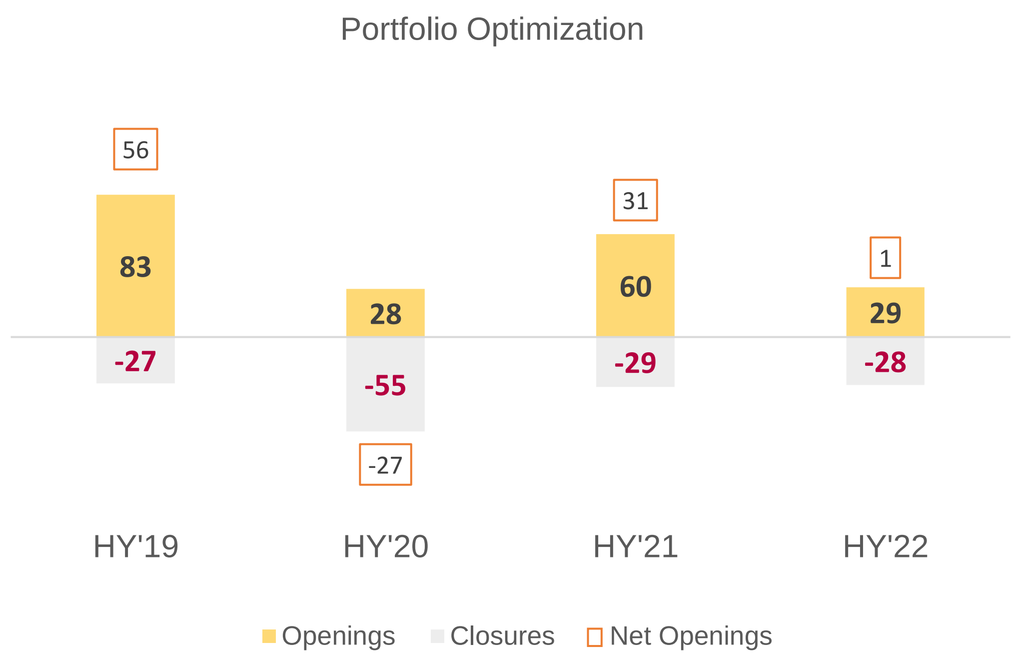


Chart 5 AmRest new openings and closures of restaurants HY – (ex- special transactions)



Revenues and Profitability by segments

Central and Eastern Europe (CEE)

Revenues during H122 reached EUR 523.1 million, 41.3% higher than in the same period of 2021. During the second quarter of the year they amounted to EUR 279.2 million, an increase of 35.2% compared to Q121. By country, the good performance of the Czech Republic stands out, where almost 12% of the Group's revenues are already generated and where AmRest operates its four franchised brands with a total network of 213 restaurants.

EBITDA generated during the first half of the year was EUR 99.7 million, 31% higher than H122, representing a margin of 19.1%. During the second quarter of the year EBITDA was EUR 54.7 million, EUR 6.8 million higher than 2021, the EBITDA margin was 19.6%.

At the end of the quarter, the restaurant portfolio in the region amounted to 1,086 units following the opening of 7 units during the quarter and the closure of 6. No restaurants were closed by Covid restrictions at the end of the period in the region.

Western Europe (WE)

Revenues in the region were EUR 391.4 million in the first half, up 19.9% year-on-year, of which EUR 204.8 million were generated in the second quarter, 17% higher than in Q221. By countries, it is remarkable the excellent performances in Germany and Spain, where the gradual return to *dine-in* consumption continues to boost activity levels.

EBITDA generated in the region during the first half amounted to EUR 50.2 million, 12.1% higher than in H121, bringing the EBITDA margin to 12.8%. EBITDA in the second quarter was EUR 27.5m, -19.4% lower than in Q221.

However, these comparisons are bias by the recognition of EUR 28.5 million contributions from Covid government support measures during the first half of 2021, of which more than EUR 20 million were received in the second quarter. Although the contributions received corresponded to support for all months of restrictions during the pandemic, the accounting recognition was made in cash basis.

The total number of restaurants stood at 1,001 units at the end of the half year following the opening of 10 and the closure of 4 during Q222, bringing the number of openings in the region during the half year to 15 and the closures to 13.

Russia

As previously announced, due to termination on 31 May 2022 of Pizza Hut Master Franchise Agreement in Russia, the Pizza Hut restaurants on this market were transferred in Q2 2022 to a third party operator designated by Yum!. This transaction has led to the transfer of 59 restaurants, 19 equity and 40 franchised.

Additionally, mandatory impairment tests are performed at year ends for goodwill together with any intangible assets with indefinite useful lives. For 6 months period ended 30 June 2022 the Group has identified impairment indicators and performed impairment tests for KFC Russia business were impairment losses of EUR 52.9 million were recognized. The war between Russia and Ukraine has introduced uncertainty in the conduct of businesses and it has impacted the interest rates and inflation trends. Consequently, the discount rate and growth rate for residual period used to determine the recoverable amount were updated to reflect these developments. Finally, all investment in the region were also halted since the inception of the conflict.

China

Strict lockdowns were imposed on some areas of China during first quarter of 2022 and extended into the second quarter. All the local government executed the zero Covid-case strategy and a soon as new cases were confirmed immediate restrictions were implemented. Nonetheless, operations gradually recovery during June, all restaurants in Shanghai could provide delivery service and in Beijing could provide limited dine-in service.

This situation had a significant impact on business development during the first months of the year, especially during Q222.

Revenues generated during H122 amounted to EUR 35.7 million, -25.4% lower than in H121, and during Q222 revenues were EUR 14.2 million, almost half of those generated a year earlier. In terms of EBITDA generation, EUR 5m was generated during H1 2022 and EUR 0.7m during Q222. In terms of EBITDA margin these figures represent 14.1% in H1 2022 and 4.6% in Q222, far from the levels close to 30% obtained throughout 2021.

(all figures in EUR millions unless stated otherwise)

Table 1 Split of revenues and margins by divisions for HY 2022 and 2021

	6 MONTHS ENDED 30 June 2022		6 MONTHS ENDED 30 June 2021	
	Amount	% of sales	Amount	% of sales
Revenue	**1,112.7**	***100.0%***	**844.3**	***100.0%***
Poland	271.9	*24.4%*	198.3	*23.5%*
Czechia	130.2	*11.7%*	82.1	*9.7%*
Hungary	68.6	*6.2%*	53.1	*6.3%*
Other CEE	52.4	*4.7%*	36.8	*4.4%*
Total CEE	**523.1**	***47.0%***	**370.3**	***43.9%***
Russia	**129.0**	***11.6%***	**84.2**	***10.0%***
Spain	138.5	*12.4%*	95.9	*11.4%*
Germany	78.6	*7.1%*	50.5	*6.0%*
France	152.4	*13.7%*	155.9	*18.5%*
Other WE	21.9	*2.0%*	24.2	*2.9%*
Western Europe (WE)	**391.4**	***35.2%***	**326.5**	***38.7%***
China	**35.7**	***3.2%***	**47.9**	***5.7%***
Other	**33.5**	***3.0%***	**15.4**	***1.8%***
EBITDA	**176.1**	***15.8%***	**153.7**	***18.2%***
Poland	45.8	*16.8%*	33.6	*17.0%*
Czechia	29.4	*22.6%*	17.9	*21.8%*
Hungary	12.4	*18.0%*	16.0	*30.2%*
Other CEE	**12.1**	*23.3%*	8.6	*23.3%*
Total CEE	**99.7**	**19.1%**	**76.1**	**20.6%**
Russia	**27.1**	***21.0%***	**21.1**	***25.1%***
Spain	28.7	*20.7%*	13.3	*14.0%*
Germany	9.7	*12.3%*	10.0	*19.8%*
France	9.6	*6.3%*	19.1	*12.2%*
Other WE	**2.2**	*10.3%*	2.4	*9.8%*
Western Europe (WE)	**50.2**	***12.8%***	**44.8**	***13.7%***
China	**5.0**	***13.8%***	**14.3**	***29.7%***
Other	**-5.9**	***-17.6%***	**-2.6**	***-16.9%***
Adjusted EBITDA*	**177.6**	***16.0%***	**156.0**	***18.5%***
Poland	46.1	*17.0%*	33.9	*17.1%*
Czechia	29.6	*22.7%*	18.4	*22.4%*
Hungary	12.5	*18.2%*	16.2	*30.4%*
Other CEE	12.5	*23.7%*	8.8	*24.1%*
Total CEE	**100.7**	***19.2%***	**77.3**	***20.9%***
Russia	**27.1**	***21.1%***	**21.2**	***25.2%***
Spain	29.0	*20.9%*	13.6	*14.2%*
Germany	9.8	*12.5%*	10.2	*20.2%*
France	9.6	*6.3%*	19.2	*12.3%*
Other WE	**2.2**	*10.3%*	2.6	*10.7%*
Western Europe (WE)	**50.6**	***12.9%***	**45.6**	***14.0%***
China	**5.1**	***14.1%***	**14.4**	***30.1%***
Other	**-5.9**	***-17.6%***	**-2.5**	***-16.9%***
EBIT	**0.1**	***0.0%***	**27.9**	***3.3%***
Poland	21.4	*7.9%*	1.3	*0.6%*
Czechia	15.6	*12.0%*	4.4	*5.4%*
Hungary	5.4	*7.9%*	8.7	*16.3%*
Other CEE	4.7	*9.0%*	1.8	*5.0%*
Total CEE	**47.1**	***9.0%***	**16.2**	***4.4%***
Russia	**-41.5**	***-32.2%***	**8.9**	***10.6%***
Spain	13.3	*9.6%*	-1.2	*-1.3%*
Germany	-3.0	*-3.8%*	-3.0	*-5.9%*
France	-4.0	*-2.6%*	4.1	*2.6%*
Other WE	-0.5	*-2.5%*	0.7	*2.7%*
Western Europe (WE)	**5.8**	***1.5%***	**0.6**	***0.2%***
China	**-5.0**	***-14.0%***	**5.7**	***12.0%***
Other	**-6.3**	***-18.7%***	**-3.5**	***-22.5%***

**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).*

(all figures in EUR millions unless stated otherwise)

Table 2 Split of revenues and margins by divisions for Q2 2022 and 2021

	3 MONTHS ENDED 30 June 2022		3 MONTHS ENDED 30 June 2021	
	Amount	% of sales	Amount	% of sales
Revenue	**605.7**	***100.0%***	**464.4**	***100.0%***
Poland	144.0	*23.8%*	107.7	*23.2%*
Czechia	70.3	*11.6%*	48.4	*10.4%*
Hungary	36.0	*5.9%*	29.8	*6.4%*
Other CEE	28.9	*4.8%*	20.6	*4.4%*
Total CEE	**279.2**	***46.1%***	**206.5**	***44.5%***
Russia	**85.3**	***14.1%***	**46.5**	***10.0%***
Spain	74.0	*12.2%*	55.4	*11.9%*
Germany	44.0	*7.3%*	29.0	*6.3%*
France	75.8	*12.5%*	79.0	*17.0%*
Other WE	11.0	*1.8%*	12.3	*2.6%*
Western Europe (WE)	**204.8**	***33.8%***	**175.7**	***37.8%***
China	**14.2**	***2.3%***	**26.6**	***5.7%***
Other	**22.2**	***3.7%***	**9.1**	***2.0%***
EBITDA	**100.8**	***16.6%***	**104.0**	***22.4%***
Poland	24.8	*17.2%*	21.1	*19.6%*
Czechia	16.7	*23.7%*	12.4	*25.7%*
Hungary	6.4	*17.8%*	9.3	*31.1%*
Other CEE	6.8	*23.7%*	5.1	*24.9%*
Total CEE	**54.7**	***19.6%***	**47.9**	***23.2%***
Russia	**19.9**	***23.3%***	**13.5**	***28.9%***
Spain	15.8	*21.3%*	9.5	*17.2%*
Germany	7.1	*16.0%*	12.3	*42.2%*
France	3.2	*4.3%*	12.2	*15.4%*
Other WE	1.4	*12.8%*	0.2	*1.4%*
Western Europe (WE)	**27.5**	***13.4%***	**34.1**	***19.4%***
China	**0.7**	***4.6%***	**8.6**	***32.4%***
Other	**-2.0**	***-8.9%***	**-0.1**	***-0.9%***
Adjusted EBITDA	**101.7**	***16.8%***	**104.9**	***22.6%***
Poland	25.1	*17.4%*	21.4	*19.8%*
Czechia	16.8	*23.9%*	12.7	*26.2%*
Hungary	6.5	*18.0%*	9.3	*31.2%*
Other CEE	6.9	*24.1%*	5.2	*25.5%*
Total CEE	**55.3**	***19.8%***	**48.6**	***23.5%***
Russia	**19.9**	***23.3%***	**13.6**	***29.2%***
Spain	16.1	*21.7%*	9.6	*17.3%*
Germany	7.1	*16.2%*	12.1	*41.7%*
France	3.2	*4.3%*	12.2	*15.5%*
Other WE	1.4	*12.8%*	0.2	*1.6%*
Western Europe (WE)	**27.8**	***13.6%***	**34.1**	***19.4%***
China	**0.7**	***5.0%***	**8.8**	***33.0%***
Other	**-2.0**	***-8.9%***	**-0.2**	***-0.9%***
EBIT	**-13.9**	***-2.3%***	**37.6**	***8.1%***
Poland	14.2	*9.8%*	2.7	*2.5%*
Czechia	9.9	*14.2%*	5.1	*10.4%*
Hungary	3.1	*8.6%*	5.4	*18.1%*
Other CEE	3.1	*10.7%*	1.9	*9.4%*
Total CEE	**30.3**	***10.9%***	**15.1**	***7.3%***
Russia	**-42.8**	***-50.1%***	**7.6**	***16.4%***
Spain	8.7	*11.7%*	2.3	*4.2%*
Germany	0.8	*1.9%*	5.8	*19.9%*
France	-3.9	*-5.2%*	4.2	*5.2%*
Other WE	-0.3	*-2.2%*	-1.0	*-7.8%*
Western Europe (WE)	**5.3**	***2.6%***	**11.3**	***6.4%***
China	**-4.5**	***-31.6%***	**4.4**	***16.4%***
Other	**-2.2**	***-10.0%***	**-0.8**	***-8.6%***

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

(all figures in EUR millions unless stated otherwise)

Table 3 Reconciliation of the net profit and adjusted EBITDA for 6 months ended 30 June 2022 and 2021

	6 MONTHS ENDED 30 June 2022		6 MONTHS ENDED 30 June 2021		Change
	Amount	% of sales	Amount	% of sales	YoY
Profit/(loss) for the period	**(33.0)**	**(3.0%)**	**2.4**	**0.3%**	-
+ Finance costs	23.9	2.1%	22.1	2.6%	8.1%
– Finance income	(1.6)	(0.1%)	(2.7)	(0.3%)	-
+/– Income tax expense	10.8	1.0%	6.1	0.7%	77.7%
+ Depreciation and Amortisation	124.4	11.2%	117.6	13.9%	5.8%
+ Impairment losses	51.6	4.6%	8.2	1.0%	530.8%
EBITDA	**176.1**	**15.8%**	**153.7**	**18.2%**	**14.6%**
+ Start-up expenses*	1.5	0.1%	2.3	0.3%	(34.5%)
+ M&A related expenses	-	-	-	-	-
+/– Effect of SOP exercise method modification	-	-	(0.0)	(0.0%)	-
– Indirect taxes adjustments	-	-	-	-	-
Adjusted EBITDA	**177.6**	**16.0%**	**156.0**	**18.5%**	**13.8%**

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

Table 4 Reconciliation of the net profit and adjusted EBITDA for 3 months ended 30 June 2022 and 2021

	3 MONTHS ENDED 30 June 2022		3 MONTHS ENDED 30 June 2021		Change
	Amount	% of sales	Amount	% of sales	YoY
Profit/(loss) for the period	**(33.9)**	**(5.6%)**	**22.6**	**4.9%**	-
+ Finance costs	11.2	1.9%	10.3	2.2%	**9.5%**
– Finance income	(1.0)	(0.2%)	(2.5)	(0.5%)	-
+/– Income tax expense	9.9	1.6%	7.2	1.5%	**37.3%**
+ Depreciation and Amortisation	63.2	10.4%	58.6	12.6%	**7.9%**
+ Impairment losses	51.4	8.5%	7.9	**1.7%**	**553.1%**
EBITDA	**100.8**	**16.6%**	**104.0**	**22.4%**	**(3.1%)**
+ Start-up expenses*	0.9	0.2%	**1.0**	0.2%	**4.9%**
+ M&A related expenses	-	-	-	-	-
+/– Effect of SOP exercise method modification	-	-	(0.1)	(0.0%)	-
– Indirect taxes adjustments	-	-	-	-	-
Adjusted EBITDA	**101.7**	**16.8%**	**104.9**	**22.6%**	**(3.0%)**

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

Measures (APM) 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:

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.

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.

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.

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.

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 financial debt (ex IFRS-16) stood at EUR 433.7 million, having been reduced by EUR 196 million since the start of the pandemic and by EUR 33.9 million during the year. The cash level increased by EUR 61.0 million to EUR 240.5 million.

This situation allows to comfortably comply with the financial covenants of a leverage ratio below 3.5x and an interest coverage ratio above 3.5x. At the end of H122, the Group's leverage ratio stood at 2.0x and debt interest coverage at 9.0x.

Brands operated by the Group

As at 30 June 2022, the portfolio of AmRest comprises 2 382 restaurants under franchised brands such as KFC, Starbucks, Pizza Hut and Burger King, as well as its own brands such as La Tagliatella, Sushi Shop, Bacoa and Blue Frog. The Company owns also several virtual brands, mainly available under Food About concept.

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 and in Germany in July 2017 are operated both by AmRest and its sub-franchisees.

Burger King restaurants are operated on a franchise basis. With effect 1st of February 2022, Burger King Europe GMBH has notified the termination of AmRest´s development agreements of the Burger King brand in Poland, the Czech Republic, Slovakia, Bulgaria and Romania. Nonetheless, AmRest continues to operate Burger King restaurants that it owns in these countries under the best standards of service and quality, in compliance with the franchise agreements that continue to be in force.

Starbucks restaurants in Poland, the Czech Republic and Hungary are opened by the companies AmRest Coffee (owned in 82% by AmRest and 18% by Starbucks). These companies have the rights and licenses to develop and manage Starbucks restaurants in their respective countries. The license agreements entered into by and between AmRest's affiliates and Starbucks EMEA Limited for Poland, Hungary and Czech Republic are set to expire on September 30, 2022 and are subject to a five year extension. Consistent with AmRest's long-term commitment to its brand portfolio, AmRest and Starbucks EMEA Limited are currently negotiating the terms of such extension. Starbucks restaurants in Romania, Bulgaria, Germany, Serbia and Slovakia are operated by the Group on a franchise basis.

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

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

Bacoa brand was acquired by AmRest on 31 July 2018, the chain represents 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 on 31 October 2018. Sushi Shop restaurants are operated by both AmRest (equity stores) and AmRest's franchisees. Sushi Shop network is present in 9 countries and reported within the Western Europe segment.

Quick Service Restaurants (QSR)

Established in 1952, the KFC brand is the biggest, fastest growing and most popular chain of quick service restaurants serving chicken meals. There are currently nearly 27 000 KFC restaurants in over 145 countries worldwide.

On 30 June 2022 the Group operated 954 KFC restaurants: 317 in Poland, 114 in the Czech Republic, 80 in Hungary, 217 in Russia, 94 in Spain, 25 in Germany, 73 in France, 15 in Serbia, 8 in Bulgaria, 8 in Croatia, 2 in Austria and 1 in Slovenia.

The beginnings of Burger King date back to 1954. Today, Burger King ("Home of the Whopper") operates more than 19 300 restaurants, serving about 11 million customers in over 100 countries every day. Almost 100% of Burger King restaurants are run by independent franchisees and many of them have been managed for decades as family businesses. Burger King brand is owned by 3G Capital.

On 30 June 2022 AmRest ran a total of 94 Burger King restaurants – 46 in Poland, 31 in the Czech Republic, 2 in Bulgaria, 6 in Slovakia and 9 in Romania.

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 10 million customers, who delighted in the most authentic flavours of Italian cuisine.

On 30 June 2022 AmRest operated 233 La Tagliatella restaurants — 228 in Spain, 1 in Germany and 4 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 one of 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.
On 30 June 2022 AmRest ran 420 Pizza Hut restaurants – 160 in Poland, 26 in Hungary, 17 in Czech Republic, 131 in France, 83 in Germany and 3 in Slovakia.

Inclusion of the Blue Horizon Hospitality Group to AmRest structure in 2012 enriched the CDR segment brand portfolio with two new positions operating in the Chinese market: Blue Frog Bar & Grill and KABB. The operation of KABB was ceased in 2021.
Blue Frog Bar & Grill restaurants are serving grilled dishes from the American cuisine and a wide selection of wines and drinks in a nice atmosphere.

On 30 June 2022 AmRest operated 78 Blue Frog restaurants in China.

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

On 30 June 2022, AmRest operated 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 freshly prepared food with highest quality ingredients.
Sushi Shop has successfully established an international network of company-operated and franchises stores across 9 countries.

On 30 June 2022, AmRest's portfolio included 203 Sushi Shop restaurants (152 in France, 5 in Spain, 11 in Belgium, 1 in Italy, 3 in Luxemburg, 6 in UK, 11 in Switzerland, 3 in Saudi Arabia and 11 in UAE).

(all figures in EUR millions unless stated otherwise)

Coffee category

Starbucks is the world leader in the coffee sector with almost 35 000 stores in about 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.

On 30 June 2022 AmRest operated 392 stores (69 in Poland, 51 in the Czech Republic, 37 in Hungary, 54 in Romania, 14 in Bulgaria, 154 in Germany, 9 in Slovakia and 4 in Serbia).

Key investments

The capital expenditure incurred by AmRest relates mainly to the development of restaurant network, refurbishment of existing ones and investment in digitalization. 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 Group's capital expenditure depends mainly on the number and type of restaurants opened and scale of M&A activity.

Incurred CAPEX in H1 2022 was financed from cash flows from operating activities.

The table below presents purchases of non-current assets in 6 months ended 30 June 2022 and 30 June 2021.

	6 MONTHS ENDED 30 June 2022	6 MONTHS ENDED 30 June 2021
Intangible assets:	**3.9**	**3.1**
Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	0.2	2.0
Other intangible assets	3.7	1.1
Goodwill	**-**	**-**
Property, plant and equipment:	**39.2**	**29.5**
Leasehold improvements, land, buildings	2.1	3.1
Machinery, equipment, vehicles	6.1	4.5
Other tangible assets (including assets under construction)	31.0	21.9
Total	**43.1**	**32.6**

Capital investment* for 3 and 6 months ended 30 June 2022 and 30 June 2021.

	6 MONTHS ENDED		3 MONTHS ENDED	
	30 June 2022	**30 June 2021**	**30 June 2022**	**30 June 2021**
CEE	22.4	13.6	14.7	10.8
Western Europe	15.4	14	8.7	8.3
Russia	2.7	3.4	1.6	2.2
China	2.2	1.5	1.3	1.2
Other	0.4	0.1	0.3	0
Total	**43.1**	**32.6**	**26.6**	**22.5**

**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
31.12.2021	1 923	517	**2440**
New Openings	20	9	**29**
Acquisitions / Disinvestments	-19	-40	**-59**
Closings	18	10	**28**
Conversions	2	-2	**-**
30.06.2022	**1 908**	**474**	**2 382**

As at 30 June 2022, AmRest operated 2 382 restaurants, including 474 restaurants which are managed by franchisees (157 La Tagliatella, 215 Pizza Hut, 25 Starbucks, 12 Blue Frog, 4 Bacoa and 61 Sushi Shop). Compared with 31 December 2021, due to a sale of Pizza Hut business in Russia, the Group runs 58 restaurants less. 29 new restaurants were opened: 10 restaurants in Central and Eastern Europe, 15 in Western Europe and 4 in China.

Planned investment activities

Since March 2020 as a result of the COVID-19 pandemic spreading across many countries AmRest's capital expenditures were limited in order to preserve liquidity and due to lack of visibility regarding further restrictions, business trends and general situation of the global economy.

Nonetheless, the recovery of thriving business activity- reaching new quarterly record sales levels and the completion of the balance sheet deleverage objective- allowed a change of approach and a significantly increased in terms of the expected CAPEX. Periodic updates of both, short and long-term financial plans are running to account for all new information.

In this respect, the list of AmRest's working priorities goes from increasing and optimizing the restaurant portfolio and to continuing to make progress in a more efficient capital allocation, to the development of own brands and franchising as key pillars of growth in the short term. The development of lighter restaurant formats as a way to increase the availability of new locations across Europe. In addition, the Group intends to continue to pursue its development objectives, increase scale in supply chain management and lead in digitalisation processes. 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.

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

Significant events and transactions in HY 2022

The end of the development agreement with Burger King
On 1 February 2022 Burger King Europe GMBH has notified AmRest about the termination of the development agreements of the Burger King brand in Poland, the Czech Republic, Slovakia, Bulgaria and Romania effective as of the same day.
AmRest continues to operate more than 90 Burger King restaurants that it owns in mentioned territories under the best standards of service and quality, in compliance with the franchise agreements which continue to be in force.
Therefore, the revenues, EBITDA and total assets of AmRest will not be significantly affected by the termination of the development agreements.

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

Transfer of Pizza Hut business in Russia
As previously announced, due to termination on 31 May 2022 of Pizza Hut Master Franchise Agreement in Russia, the Pizza Hut restaurants on this market were transferred in Q2 2022 to a third party operator designated by Yum!. This transaction has led to the transfer of 59 restaurants, 19 equity and 40 franchised.

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.

(all figures in EUR millions unless stated otherwise)

Shareholders of AmRest Holdings SE

To the best of AmRest's knowledge as at 30 June 2022 AmRest Holdings had the following shareholder structure:

Shareholder	Number of shares and votes at the Shareholders' meeting	% of shares and votes at the Shareholders' meeting
FCapital Dutch B. V.*	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	7 013 700	3.19%
Other Shareholders	43 251 921	19.70%

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

According to the notification received from the shareholder, as a result of the merger by acquisition between FCapital Dutch, B.V., as the acquiring company, and FCapital Lux S.à r.l. (holding directly 56 509 547 AmRest shares), as the acquired company, on 15 July 2022 the shareholding of FCapital Lux S.à r.l. in AmRest Holdings SE became the property of FCapital Dutch, B.V.

Changes in the Parent Company's Governing Bodies

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

As at 30 June 2022 the composition of the Board of Directors was as follows:

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

- Eduardo Rodríguez-Rovira (Secretary, non-Board member)
- Mauricio Garate Meza (Vicesecretary, non-Board member)

On the day of publication of this Report the composition of the Board of Directors remains the same.

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

During the period since 1 January 2022 the following changes occurred with respect to AmRest shares and stock options held by the members of the Board of Directors of AmRest.

On 31 December 2021 Mr. Carlos Fernández González (member of the Company's Board of Directors) held through its closely associated person, FCapital Dutch B.V., 147 203 760 shares of the Company with a total nominal value of EUR 14 720 376. On 30 June 2022, Mr. Carlos Fernández González still owned (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 2021, Mr. Carlos Fernández González held through his another closely associated person - Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, 1 172 145 AmRest shares with a total nominal value of EUR 117 214.5. 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 2022, Finaccess México, S.A. de C.V. held 1 462 420 AmRest shares with a total nominal value of EUR 146 242.0.

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 from 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 from 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 its 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 2022 and 30 June, 2022, AmRest did not purchase any own shares. During the same period, the Company disposed a total of 19 146 own shares with a total nominal value of EUR 1 914.6 and representing 0.0087% 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 2022 AmRest held 352 270 own shares with a total nominal value of EUR 35 227.0 and representing 0.1604% 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 0.5 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, i.e. the number of people using the restaurants,
- number and location of the competitors' restaurants,
- changes in the laws and regulations which have an effect on the functioning of the restaurants and the employees employed therein,
- change in real estate rental costs and related costs,
- changes in the prices of ingredients used to prepare meals and changes in the prices of packaging materials,
- changes in the general economic and political condition in all countries where the business is run,
- changes in consumer trust, the amount of disposable income and individual spending patterns,
- changes in legal and tax determinants,
- adverse changes on the financial markets,
- situation around COVID-19 pandemic, including the progress and efficiency of medical treatments.

Internal factors

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

Basic risks and threats the Group is exposed to

The Board of Directors of AmRest is responsible for the risk management system and the internal control system as well as for reviewing these systems for operating efficiency. These systems help to identify and manage risks which may prevent the execution of the long-term objectives of AmRest. However, having these safeguards in place does not ensure completely against the risk of fraud or against breaking laws. The Board of Directors of AmRest is permanently analyzing and reviewing risks to which the Group is exposed. The main current risks and threats have been summarised in this section. AmRest reviews and improves its risk management and internal control systems on an on-going basis.

Liquidity risk

Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. The Group is exposed to the risk to a lack of financing at the moment of the maturity of bank loans and bonds.
As of 30 June 2022, the Group has sufficient liquidity to fulfil its liabilities over the next 12 months.

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

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

The COVID-19 pandemic continues to affect the global economy, including HORECA sector, and its intensity and accompanied uncertainties continues and it varies between markets.

During year 2022, in the main economies where the Group operates, many restrictions imposed by the governments were relaxed and lifted.
This facilitates greater mobility and social interaction that positively impact the revenues level for Group.

According to the Global health authorities, COVID-19 outbreak entered the endemic stage, in the most markets where the Group operates, the virus is widespread, and is significantly less fatal than it was in 2020 and is spurring only limited changes in public behavior. These endemic conditions are likely to continue through the summer and autumn, unless and until immunity-evading new variants emerge. As immunity wanes, however, the next stage remains highly uncertain.

However, impact of COVID-19 remains uneven between geographical markets. Strict lockdowns were imposed on some areas of China during first quarter of 2022 and extended into the second quarter. The severity of potential new mutations or variants in coming months, and its potential impact on Group's operations cannot be predicted and remains an issue closely monitored by the Group.

Dependency on the franchisor

AmRest manages KFC, Pizza Hut, Burger King and Starbucks (in Romania, Bulgaria, Germany and Slovakia) as a franchisee, and therefore a number of factors and decisions related to the business activities conducted by AmRest and the possibility of renewing or extending the duration of the franchise agreements, depend on the conditions (including limitations or specifications) imposed by the franchisors or are subject to their consent.

Therefore, in relation to the duration of those agreements, the renewal is not automatic and AmRest cannot guarantee that after the expiry of the initial periods of duration of the franchise agreements, which are typically ten years, a given franchise agreement will be extended..

In the case of Burger King, despite the termination by Burger King Europe GMBH of the development agreement, the franchise agreements for the operation by AmRest of the Burger King restaurants in Europe remain in force in accordance with their established terms and conditions.

In relation to Starbucks, the license agreements entered into by and between AmRest's affiliates and Starbucks EMEA Limited for Poland, Hungary and Czech Republic are set to expire on September 30, 2022 and are subject to a five year extension. Consistent with AmRest's long-term commitment to its brand portfolio, AmRest and Starbucks EMEA Limited are currently negotiating the terms of such five year extension.

Dependency on cooperation with minority shareholders and Starbuck's call option

AmRest operates Starbucks restaurants in Poland, the Czech Republic and Hungary based on partnership agreements with Starbucks Coffee International, Inc. The partnerships assume 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 a call option with respect to AmRest's shares in these companies, which allows Starbuck, under certain terms and conditions, to acquire the shares owned by 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 in 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 (ie 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, 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 could also pose a threat to the Group. The above-mentioned risks are mitigated by using the highest quality ingredients in AmRest restaurants, which come from reliable and reputable suppliers, in compliance with strict quality control and hygiene standards and the use of top, modern equipment and processes which ensure the absolute safety of the dishes.

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. 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. In the event of turnover, a personnel replacement process will be triggered, minimising to the fullest extent possible the adverse effect on business activities and the operating results of the Group.

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. In this regard, the Company is constantly evaluating the competitiveness of the remunerations offered to minimize the risk and to remain market competitive. An additional risk in the employment area may be caused by fluctuations in the unemployment rate in a given market.

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

AmRest´s situation is also affected by the need to ensure frequent deliveries of fresh agricultural products and foodstuffs and anticipating and responding to changes in supplies costs. The Group cannot rule out the risk related to delivery shortage or interruptions caused by factors such as 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 these by the Group or to relevant price increases. Both the shortages and product price increases may have an adverse effect on the Group's results, operations and financial standing. In order to mitigate this risk (among others) AmRest Sp. z o.o. signed 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.

Risks related to opening restaurants in new countries

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

Currency risk

The results of AmRest are exposed to currency risk related to transactions and exchanges into currencies other than the currency in which business transactions are measured in the individual Capital Group companies. The Group adjusts its currency portfolio of debt to the geographical structure of its profile of activities. Additionally, AmRest uses forward contracts to secure transaction risks on a short-term basis.

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 instable currency, interest rates, liquidity, supply chain disruptions and consumer confidence deterioration.

In 2022, the increased geopolitical risk, as a consequence of the war in Ukraine, has 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.
Even if the conflict remains localized, it has broad implications for economies across the world. While Russia and Ukraine together represent a relatively small part of the world economy, they account for a large share of global energy exports, as well as exports of a range of metals, food staples and agricultural inputs. As such, the main consequences to economies derived from the conflict are inflation, due to the increased price of energy and non-energy commodities. The Group is 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 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, where the valuation of which is significantly affected by the level of reference rates.

Increases in the cost of commodities, raw materials and goods

Increases in the cost of commodities, raw materials and goods can have an adverse impact on Group's operating profit margins. In order to mitigate these risks, the Group has implemented sourcing strategies, periodical tender procedures, and established preventative controls to monitor deviations in actual expenditure, monitoring of pricing trends, and active review of tender processes.

Tax risk

In the process of managing and making strategic decisions, which can affect the tax settlements, AmRest is exposed to tax risk. In the event of irregularities occurring in tax settlements increase of the risk of dispute in the case of a potential tax control. As part of minimising this risk, AmRest works to deepening the knowledge of its employees in the area of tax risk management and compliance with respective to the legal requirements of the different countries the Group is based in. 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, the inconsistency of regulations, as well as differences in the 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 7 to the Consolidated Financial Statements for the six months ended 30 June 2022.

Credit risk

Exposure to credit risk include cash and cash equivalents and trade and other receivables. With the development of franchise business, AmRest is getting exposed more to credit risk. Therefore the quality of the franchisees portfolio is a key priority.

Risks of economic slowdowns

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

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

Risk of systems failures and communication network failure, as well as the potential partial or complete loss of data in connection with system breakdowns or damage or loss of key tangible fixed assets of the Group might result in temporary interruptions in serving customers in restaurants, which might have an adverse effect on the Group’s financial results. In order to minimise this risk, the Group has implemented appropriate business continuity procedures and disaster recovery plans in order to ensure the stability and reliability of its IT systems.

Cyberattack risk

The Group’s operations are supported by a wide variety of IT systems, including point-of-sale systems, electronic ordering platforms, supply-chain management systems and finance and controlling tools. Consequently, the Group is exposed to the risk of temporary operational disruption, data integrity risk and/or unauthorised access to confidential data, which may be a result of cyberattacks. In order to mitigate these risks, the Group established a specialized IT-security unit and implemented appropriate cybersecurity risk mitigation tools, including security polices, personnel training and technical prevention countermeasures.

Global crisis and disruption

The risk of global disruption to the Group's business, industry or economy as a consequence of global disasters, such as health epidemics, economic crises, energy crises, extreme weather events, or other critical events which, could impact on the Group's day to day business concerns. In response to such events the Group has developed a system of Business Continuity and a Crisis Management framework, incorporating a crisis prevention mechanism, early detection and warning system with an advance incident processing and crisis management framework.

Remaining factors outside the Group’s control

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

Activity in Research and Development area

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

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

(all figures in EUR millions unless stated otherwise)

Financial data of AmRest for 6 months ended 30 June 2022

Condensed consolidated income statement for 6 months ended 30 June 2022 and 2021

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

** 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 2022 of AmRest Holdings SE capital group.*

(all figures in EUR millions unless stated otherwise)

Number of AmRest restaurants (as at 30 June 2022)

Countries	Brands	30.06.2021	31.12.2021	31.03.2022	30.06.2022
Poland	**Total**	**574**	**601**	**599**	**595**
	KFC	301	316	316	317
	BK	46	47	47	46
	SBX	69	70	69	69
	PH equity	151	156	154	152
	PH franchised	2	7	8	8
	Shadow Kitchen	5	5	5	3
Czech Republic	**Total**	**205**	**212**	**212**	**213**
	KFC	109	114	114	114
	BK	28	30	30	31
	SBX	51	51	51	51
	PH equity	17	17	17	17
Hungary	**Total**	**134**	**142**	**142**	**143**
	KFC	73	80	80	80
	SBX	35	36	36	37
	PH equity	26	26	26	26
Bulgaria	**Total**	**24**	**24**	**24**	**24**
	KFC	8	8	8	8
	BK	2	2	2	2
	SBX	14	14	14	14
Serbia	**Total**	**15**	**16**	**16**	**19**
	KFC	12	13	13	15
	SBX	3	3	3	4
Croatia	**KFC**	**8**	**8**	**8**	**8**
Romania	**Total**	**62**	**63**	**63**	**63**
	SBX	55	54	54	54
	BK	7	9	9	9
Slovakia	**Total**	**16**	**17**	**18**	**18**
	SBX	8	9	9	9
	PH equity	3	3	3	3
	BK	5	5	6	6
Slovenia	**KFC**	**1**	**1**	**1**	**1**
Austria	**KFC**	**2**	**2**	**2**	**2**
Russia	**Total**	**261**	**267**	**267**	**217**
	KFC	210	218	218	217
	PH equity	20	19	19	-
	PH franchised	31	30	30	-
Armenia	**PH franchised**	**3**	**6**	**6**	**-**
Azerbaijan	**PH franchised**	**4**	**5**	**5**	**-**
Spain	**Total**	**330**	**333**	**329**	**332**
	TAG equity	69	70	70	71
	TAG franchised	159	160	157	157
	KFC	89	93	92	94
	Blue Frog equity	2	-	-	-
	Blue Frog franchised	1	-	-	-
	Bacoa equity	1	1	1	1
	Bacoa franchised	4	4	4	4
	Sushi Shop equity	3	3	5	5
	Sushi Shop franchised	2	2	-	-
France	**Total**	**341**	**354**	**354**	**356**
	PH equity	9	1	1	1
	PH franchised	117	131	129	130
	KFC	73	73	73	73
	Sushi Shop equity	105	111	112	112
	Sushi Shop franchised	37	38	39	40
Germany	**Total**	**267**	**262**	**261**	**263**
	SBX	135	128	127	129
	SBX licensed	24	25	25	25
	TAG equity	1	1	1	1
	KFC	24	25	25	25

(all figures in EUR millions unless stated otherwise)

Countries	Brands	30.06.2021	31.12.2021	31.03.2022	30.06.2022
	PH equity	8	6	6	6
	PH franchised	75	77	77	77
Portugal	**Total**	**4**	**5**	**4**	**4**
	TAG equity	3	4	4	4
	Sushi Shop franchised	1	1	-	-
Belgium	**Total**	**11**	**11**	**11**	**11**
	Sushi Shop equity	5	5	5	5
	Sushi Shop franchised	6	6	6	6
Italy	**Total**	**2**	**2**	**2**	**1**
	Sushi Shop equity	1	1	1	1
	Sushi Shop franchised	1	1	1	-
Switzerland	Sushi Shop equity	**10**	**11**	**11**	**11**
Luxembourg	Sushi Shop equity	**3**	**3**	**3**	**3**
UK	**Total**	**5**	**5**	**6**	**6**
	Sushi Shop equity	5	5	5	5
	Sushi Shop franchised	-	-	1	1
UAE	Sushi Shop franchised	**10**	**10**	**11**	**11**
Saudi Arabia	Sushi Shop franchised	**3**	**3**	**3**	**3**
China	**Total**	**76**	**77**	**80**	**78**
	Blue Frog equity	67	66	68	66
	Blue Frog franchised	9	11	12	12
Total AmRest		**2 371**	**2 440**	**2 438**	**2 382**

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, 1 September 2022

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