Interim Report for Q1 2021

AmRest Holdings SE capital group

11 MAY 2021

AmRest

AmRest

Contents

Highlights

Financial highlights (consolidated data)

	3 months ended	
	31 March 2021	**31 March 2020**
Revenue	380.0	411.9
EBITDA*	49.6	42.6
Profit/(loss) from operations	(9.7)	(23.6)
Profit/(loss) before tax	(21.3)	(48.0)
Net profit/(loss)	(20.2)	(42.3)
Net profit/(loss) attributable to non-controlling interests	(0.3)	(0.7)
Net profit/(loss) attributable to equity holders of the parent	(19.9)	(41.6)
Cash flows from operating activities	26.5	36.9
Cash flows from investing activities	(13.7)	(14.1)
Cash flows from financing activities	(49.0)	12.4
Total cash flows, net	(36.2)	35.2
Weighted average number of ordinary shares for basic EPS (in thousands of shares)	219 292	219 270
Weighted average number of ordinary shares for diluted EPS (in thousands of shares)	219 888	219 931
Basic earnings per share (EUR)	(0.09)	(0.19)
Diluted earnings per share (EUR)	(0.09)	(0.19)
Declared or paid dividend per share	-	-

**profit from operations excluding amortization, depreciation and impairment costs*

	As of 31 March 2021	**As of 31 December 2020**
Total assets	2 055.5	2 114.4
Total liabilities	1 804.2	1 849.7
Non-current liabilities	1 352.0	1 371.6
Current liabilities	452.2	478.1
Equity attributable to shareholders of the parent	244.8	257.8
Non-controlling interests	6.5	6.9
Total equity	251.3	264.7
Share capital	22.0	22.0
Number of restaurants	2 342	2 337

Part A. Directors' Report for Q1 2021

The Group's performance in Q1 2021

Revenues

Consolidated revenues of AmRest Group in Q1 2021 amounted to EUR 380.0 million, representing a 7.8% or EUR 31.9 million decline year-on-year. The business in China started to be affected by the COVID-19 outbreak during January last year while in the European markets that we operate, the start of the crisis started later, during late March. The discrepancy on the timing plus the different channels available due to the restrictions between these two compared periods explains the sales variances described below.

On a quarter-to-quarter basis revenues decreased by 4.4% compared to Q4 2020. At the end of December 2020, more strict restrictions were imposed in the majority of our markets and those restrictions remained active throughout the first quarter. The loss in the top line driven by the closure of dine-in or with restricted capacity was partially offset by the sales in delivery and takeaway, properly managed operations supported by the digital strategy. Number of operating restaurants as of end of March reached 95% or about 2 300 compared to 92% or about 2 150 as of end of December.

Comparable restaurants sales index ("like-for-like", "LFL"), excluding temporary closures and F/X, was also trending upward in the reported period, and reached 91.9% in Q1 2021 compared to 78.8% in the quarter before.

In Q1 2021 the Group opened 21 restaurants compared to 17 last year and 29 in Q4 2020. The majority of openings where in the Western Europe region. Total store count increased by 5 from the end of 2020 and reached 2 342 driven also by the store review program and closures of non-performing restaurants that started in 2020.

In Central and Eastern Europe (CEE), sales reached EUR 163.8 million in Q1 2021 and were 10.0% lower compared to the same period last year and quarter-to-quarter sales were down by 4.6%. The dine-in business has been impacted and take away and delivery share absorbed approximately half of the nominal volume the dine-in lost. As of end of March 96% of restaurants were operating in the segment compared to 98% as of end of December 2020.

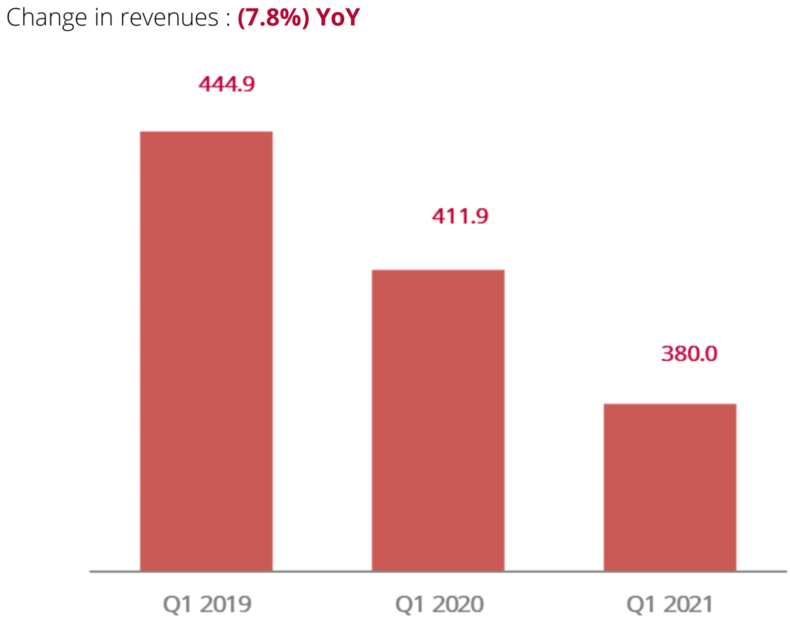
In Western Europe (WE) segment, the revenues reached EUR 150.8 million in Q1 2021 and were 8.6% lower compared to the same period last year. Quarter-to-quarter sales decreased by 4.7%. One of the biggest recovery by markets was achieved in France where revenues increased by 3.7% compared to the prior quarter. On the other hand, Spain continued to experience difficulties due to more casual dining-oriented business and Germany, that posted a 24.6% decline versus the Q4 2020, due to the strict measures introduced in December and continued throughout March. Therefore, dine in traffic remained absent. Delivery share grew consequently but not enough to offset the loss in dine in as the rest of the sales channels available remained at similar levels versus the end of the year. As of end of March 93% of restaurants were operating in the segment compared to 91% as of end of December 2020.

The revenues of Russian division amounted to EUR 37.7 million in Q1 2021, representing a decline of 23.1% versus last year. Compared to the prior quarter sales decreased by 1.5%. Faster base business recovery plus increased share of reopened restaurants in the segment from 88% as of end of December to 100% as of end of March along with delivery, drive-thru and takeaway capabilities of QSR business helped in building top-line recovery.

China posted a significant improvement in sales year-on-year in the reported period of 116.4% to EUR 21.3 million. Proven business model and actions taken around delivery capabilities helped to mitigate the quarter-to-quarter segment sales decrease by 5.6%. As of end of March same 99% restaurants were operating as at the end of December.

Other segment posted a 2.7% growth in sales in Q1 2021 compared to the previous year to EUR 6.4 million attributed mostly to SCM sales increase supported by recovery in business activity. Quarter-to-quarter sales decreased by 6.9%.

Chart 1 AmRest Group's sales in Q1 2021 compared to previous years (in EUR millions)



Profitability

Consolidated EBITDA amounted to EUR 49.6 million in the reported period, representing a 16.5% increase over the year and margin was up by 2.8 p.p. to 13.1%. Quarter-to-quarter EBITDA margin also improved by 1.3 p.p. The main drivers that enabled to generate a solid margin improvement in Q1 2021 compared to the prior quarter came from different tactical promotions specially in the delivery business, along with cost optimization initiatives, further improve food margin, savings in key categories, rent negotiations and reliefs as well as government aid programs.

In Q1 2021 the Group accounted for government support programs total amount of EUR 7.9 million related to payroll costs (EUR 5.2 million), social contribution compensation (EUR 1.3 million) and other support programs (EUR 1.4 million). There were also rental relief benefits of EUR 4.1 million due to successful negotiations with landlords.

Reported profit from operations (EBIT) amounted to losses of EUR 9.7 million and was EUR 13.9 million higher than last year. Margin stood at -2.5% and was 3.2 p.p. up compared to Q1 2020.

Reported net loss attributable to AmRest shareholders in Q1 2021 reached of EUR -19.9 million and was EUR 21.7 million better compared to last year. Margin amounted to -5.2% and was 4.9 p.p. up versus Q1 2020.

The Group's cash position at the end of the quarter reached EUR 168.8 million compared to EUR 144.7 million from last year. Net cash from operations reached EUR 26.5 million in Q1 2021 which was 28.2% lower than a year ago. Net capital expenditures came at EUR 13.7 million in Q1 2021 compared to EUR 14.1 million last year. Net cash from financing arrived at EUR (49.0) million compared to EUR 12.4 million last year.

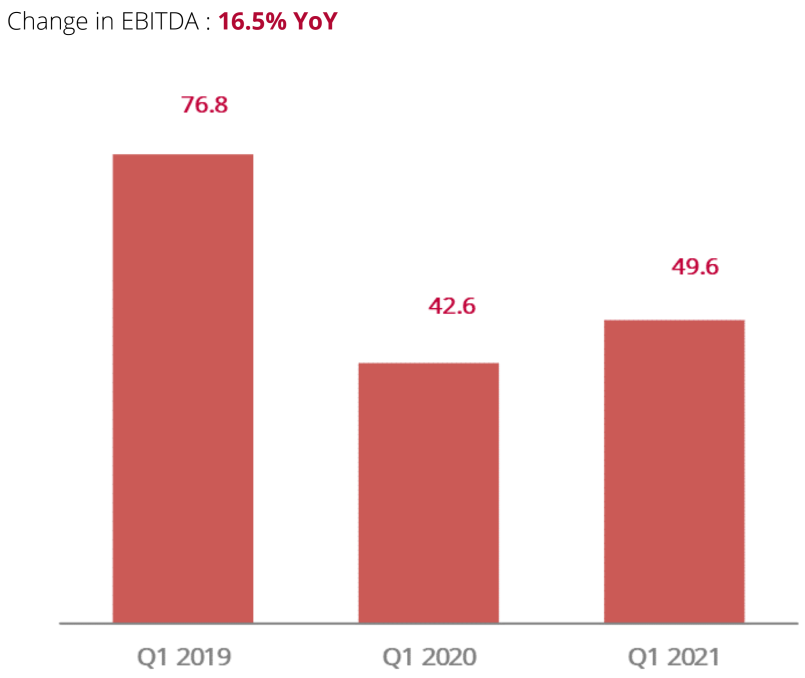
Central and Eastern Europe posted EBITDA at EUR 28.2 million which was 1.7% lower than last year while margin increased by 1.4 p.p. to 17.2%. Compared to the prior quarter, segment EBITDA increased by 2.3 p.p. Sales recovery supported by tactical promotions in Poland, further investments into digital channels, strong delivery share along with the related costs to that sales channel, along with reliefs around rents and government grants, positive impact on VAT decrease in Hungary enabled to report strong profitability by the segment.

EBITDA generated by Western Europe division amounted to EUR 10.6 million in Q1 2021, a decrease of 3.9% over the year. EBITDA margin reached 7.0% and was 0.3 p.p. higher than last year. Quarter-to-quarter EBITDA increased significantly by EUR 2.1 million from EUR 8.5 million in Q4 2020. Top-line recovery along with further support from payroll schemes, rent relief and cost optimizations initiatives in utilities and maintenance across the markets helped to achieve a solid improvement.

EBITDA of Russian division in Q1 2021 amounted to EUR 7.7 million and was 2.2% higher than last year. Margin reached 20.3% and was 5.0 p.p. higher compared to Q1 2020. Quarter-to-quarter EBITDA decreased by 0.3p.p. Business activity recovery along with strong cost control around labor and general restaurant costs, as well as rent relief benefits helped to significantly improve margins in the segment.

China reported EBITDA at EUR 5.6 million which translated to a EUR 5.8 million growth year-on-year and EBITDA margin grew by 28.7 p.p. to 26.3%. Improvement in sales along with cost savings initiatives implemented in response to the COVID-19 pandemic and rental and payroll reliefs booked in the reported period helped to achieve record segment profitability.

Chart 2 AmRest Group's EBITDA in Q1 2021 compared to previous years (in EUR millions)



(all figures in EUR millions unless stated otherwise)

Table 1 Split of revenues and margins by divisions for Q1 2021 and 2020

	3 months ended 31 March 2021		3 months ended 31 March 2020	
	Amount	% of sales	Amount	% of sales
Revenue	**380.0**		**411.9**	
Poland	90.5	23.8%	100.8	24.5%
Czechia	33.7	8.9%	42.0	10.2%
Hungary	23.3	6.1%	24.8	6.0%
Other CEE	16.3	4.3%	14.2	3.4%
Total CEE	**163.8**	**43.1%**	**181.8**	**44.2%**
Russia	**37.7**	**9.9%**	**49.1**	**11.9%**
Spain	40.5	10.7%	57.3	13.9%
Germany	21.4	5.6%	34.6	8.4%
France	76.9	20.2%	64.5	15.7%
Other WE	12.0	3.1%	8.5	2.1%
Western Europe (WE)	**150.8**	**39.7%**	**164.9**	**40.0%**
China	**21.3**	**5.6%**	**9.9**	**2.4%**
Other	**6.4**	**1.7%**	**6.2**	**1.5%**
	Amount	Margin	Amount	Margin
EBITDA	**49.6**	**13.1%**	**42.6**	**10.3%**
Poland	12.5	13.8%	13.9	13.8%
Czechia	5.5	16.3%	8.3	19.8%
Hungary	6.8	29.0%	4.5	18.2%
Other CEE	3.4	20.6%	2.0	13.8%
Total CEE	**28.2**	**17.2%**	**28.7**	**15.8%**
Russia	**7.7**	**20.3%**	**7.5**	**15.3%**
Spain	3.8	9.5%	9.5	16.6%
Germany	(2.3)	(10.6%)	(0.9)	(2.6%)
France	6.9	9.0%	1.4	2.2%
Other WE	2.2	18.4%	1.1	12.6%
Western Europe (WE)	**10.6**	**7.0%**	**11.1**	**6.7%**
China	**5.6**	**26.3%**	**(0.2)**	**(2.4%)**
Other	**(2.5)**	**(39.9%)**	**(4.5)**	**(72.1%)**
	Amount	Margin	Amount	Margin
Adjusted EBITDA*	**51.1**	**13.5%**	**43.6**	**10.6%**
Poland	12.6	14.0%	14.3	14.2%
Czechia	5.7	16.9%	8.4	20.0%
Hungary	6.8	29.2%	4.6	18.6%
Other CEE	3.6	22.2%	2.2	15.2%
Total CEE	**28.7**	**17.5%**	**29.5**	**16.2%**
Russia	**7.7**	**20.4%**	**7.6**	**15.4%**
Spain	4.0	10.0%	9.6	16.7%
Germany	(1.9)	(8.9%)	(0.8)	(2.3%)
France	7.0	9.0%	1.3	2.1%
Other WE	2.4	20.0%	1.1	13.1%
Western Europe (WE)	**11.5**	**7.6%**	**11.2**	**6.8%**
China	**5.7**	**26.5%**	**(0.2)**	**(2.0%)**
Other	**(2.5)**	**(39.0%)**	**(4.5)**	**(72.1%)**
	Amount	Margin	Amount	Margin
EBIT	**(9.7)**	**(2.5%)**	**(23.6)**	**(5.7%)**
Poland	(1.5)	(1.6%)	(0.7)	(0.7%)
Czechia	(0.6)	(1.9%)	2.0	4.8%
Hungary	3.3	14.0%	0.7	2.8%
Other CEE	(0.1)	(0.7%)	(1.4)	(10.0%)
Total CEE	**1.1**	**0.6%**	**0.6**	**0.3%**
Russia	**1.3**	**3.5%**	**(0.5)**	**(1.1%)**
Spain	(3.5)	(8.8%)	0.9	1.6%

(all figures in EUR millions unless stated otherwise)

Germany	(8.8)	(41.0%)	(8.0)	(23.1%)
France	(0.0)	(0.0%)	(7.0)	(10.8%)
Other WE	1.6	13.5%	0.1	0.6%
Western Europe (WE)	**(10.7)**	**(7.1%)**	**(14.0)**	**(8.5%)**
China	**1.4**	**6.4%**	**(5.0)**	**(50.2%)**
Other	**(2.8)**	**(43.8%)**	**(4.7)**	**(75.4%)**

**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 a transaction or profit or loss on sale of a business, effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan) and adjustments in indirect taxes mainly related to VAT.*

Table 2 Reconciliation of net profit and adjusted EBITDA for Q1 2021 and 2020

	3 months ended 31 March 2021		3 months ended 31 March 2020		Change
	Amount	% of sales	Amount	% of sales	YoY
Profit/(loss) for the period	**(20.2)**	**(5.3%)**	**(42.3)**	**(10.3%)**	**(52.2%)**
+ Finance costs	11.8	3.1%	24.6	6.0%	(51.9%)
– Finance income	0.2	0.0%	0.2	0.1%	(21.3%)
+/– Income tax expense	(1.1)	(0.3%)	(5.7)	(1.4%)	(80.5%)
+ Depreciation and Amortisation	59.0	15.5%	64.5	15.7%	(8.6%)
+ Impairment losses	0.3	0.1%	1.7	0.4%	**(80.8%)**
EBITDA	**49.6**	**13.1%**	**42.6**	**10.3%**	**16.5%**
+ Start-up expenses*	1.4	0.4%	1.0	0.2%	44.9%
+ M&A related expenses	-	-	-	-	-
+/– Effect of SOP exercise method modification	0.1	0.0%	-	-	-
– Indirect taxes adjustments	-	-	-	-	-
Adjusted EBITDA	**51.1**	**13.5%**	**43.6**	**10.6%**	**17.3%**

**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:

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 2.
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), M&A related expenses (all material expenses connected with successful acquisition covering professional services, legal, financial, other directly connected with a transaction) or profit/loss on sale of a busines, 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) and adjustments in indirect taxes, mainly related to VAT. 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 2.

(all figures in EUR millions unless stated otherwise)

Significant events and transactions in Q1 2021
(till the date of publication of this Report)

There were no significant events or transactions that occurred in the period covered by this Report.

Changes in the Company's Governing Bodies

There were no changes in the Company's Board of Directors that occurred in the period covered by this Report. As at 31 March 2021 (and simultaneously at the date of publication of this report) 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 Rodríguez (Secretary, non-Board member)
- Jaime Tarrero Martos (Deputy Secretary, non-Board member)

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

Dividends paid during the period covered by this Report

In the period covered by this Report the Group has not paid any dividend to non-controlling interest.

Shareholders of AmRest Holdings SE

Pursuant to the best AmRest's knowledge as at 31 March 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%
Nationale-Nederlanden OFE	9 358 214	4.26%
Artal International S.C.A.	11 366 102	5.18%
Aviva OFE	6 843 700	3.12%
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 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 31 March 2021, Mr. Carlos Fernández González still held 147 203 760 AmRest's shares with a total nominal value of EUR 14 720 376 through FCapital Dutch B.V.

As at 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. As at 31 March 2021 he still held through Finaccess México, S.A. de C.V. 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).

Transactions on AmRest shares concluded for the purpose of executing the management option plan

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 31 March 2021, AmRest didn't purchase any own shares. During the same period, the Company disposed a total of 75 467 own shares with a total nominal value of EUR 7 546.7 and representing 0.0344% of the share capital to entitled participants of the stock options plans. Disposal transactions under these plans were executed in three settlement methods, which impacted the sale price. Major part of the shares was transferred to the participants free of charge. As at 31 March 2021 AmRest held 547 994 own shares with a total nominal value of EUR 54 799.4 and representing 0.2496% of the share capital.

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

Forecasts of financial results

The Company has not published any forecasts of financial results.

Part B. Condensed Consolidated Interim Report for Q1 2021

(all figures in EUR millions unless stated otherwise)

Condensed consolidated income statement for 3 months ended 31 March 2021

	3 months ended	
	31 March 2021	**31 March 2020**
Continuing operations		
Restaurant sales	364.2	391.7
Franchise and other sales	15.8	20.2
Total revenue	**380.0**	**411.9**
Restaurant expenses:		
Food and merchandise	(103.7)	(113.6)
Payroll, social security and employee benefits	(99.9)	(113.5)
Royalties	(16.6)	(19.1)
Occupancy, depreciation and other operating expenses	(132.3)	(139.1)
Franchise and other expenses	(12.0)	(14.9)
Gross Profit	**15.5**	**11.7**
General and administrative expenses	(33.8)	(35.6)
Net impairment losses on financial assets	(0.3)	(1.7)
Net impairment losses on other assets	-	-
Other operating income/expenses	8.9	2.0
Profit/loss from operations	**(9.7)**	**(23.6)**
Finance income	0.2	0.2
Finance costs	(11.8)	(24.6)
Profit/loss before tax	**(21.3)**	**(48.0)**
Income tax expense	1.1	5.7
Profit/loss for the period	**(20.2)**	**(42.3)**
Attributable to:		
Shareholders of the parent	(19.9)	(41.6)
Non-controlling interests	(0.3)	(0.7)
Profit/(loss) for the period	**(20.2)**	**(42.3)**
Basic earnings per ordinary share in EUR	(0.09)	(0.19)
Diluted earnings per ordinary share in EUR	(0.09)	(0.19)

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

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of comprehensive income for 3 months ended 31 March 2021

	3 months ended	
	31 March 2021	**31 March 2020**
Profit/loss for the period	**(20.2)**	**(42.3)**
Other comprehensive income/(loss)		
Exchange differences on translation of foreign operations	8.8	(17.6)
Net investment hedges	(2.8)	(10.4)
Income tax related to net investment hedges	0.5	1.7
Other comprehensive income/loss for the period	**6.5**	**(26.3)**
Total comprehensive income/loss for the period	**(13.7)**	**(68.6)**
Attributable to:		
Shareholders of the parent	(13.3)	(67.5)
Non-controlling interests	(0.4)	(1.1)

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

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of financial position as of 31 March 2021

	31 March 2021	31 December 2020
Assets		
Property, plant and equipment	459.8	475.0
Right-of-use assets	690.4	709.6
Goodwill	314.0	312.1
Intangible assets	240.1	240.7
Investment properties	4.7	4.9
Other non-current assets	22.5	22.9
Deferred tax assets	43.5	37.6
Total non-current assets	**1 775.0**	**1 802.8**
Inventories	25.1	26.5
Trade and other receivables	63.6	60.4
Income tax receivables	7.3	7.3
Other current assets	15.7	12.6
Cash and cash equivalents	168.8	204.8
Total current assets	**280.5**	**311.6**
Total assets	**2 055.5**	**2 114.4**
Equity		
Share capital	22.0	22.0
Reserves	168.1	170.1
Retained earnings	94.7	114.6
Translation reserve	(40.0)	(48.9)
Equity attributable to shareholders of the parent	**244.8**	**257.8**
Non-controlling interests	6.5	6.9
Total equity	**251.3**	**264.7**
Liabilities		
Interest-bearing loans and borrowings	676.4	676.5
Lease liabilities	599.7	616.6
Provisions	31.9	32.0
Deferred tax liability	40.9	39.0
Other non-current liabilities and employee benefits	3.1	7.5
Total non-current liabilities	**1 352.0**	**1 371.6**
Interest-bearing loans and borrowings	80.8	94.3
Lease liabilities	145.8	144.8
Trade payables and other liabilities	222.0	235.4
Income tax liabilities	3.6	3.6
Total current liabilities	**452.2**	**478.1**
Total liabilities	**1 804.2**	**1 849.7**
Total equity and liabilities	**2 055.5**	**2 114.4**

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

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of cash flows for 3 months ended 31 March 2021

	3 months ended	
	31 March 2021	31 March 2020
Cash flows from operating activities		
Profit/loss for the period	(20.2)	(42.3)
Adjustments for:		
Amortisation and depreciation	59.0	64.5
Net interest expense	10.1	11.0
Exchange results	1.1	12.7
Result on disposal of property, plant and equipment and intangibles	-	(0.1)
Share-based payments	0.3	2.5
Tax expenses	(1.1)	(5.7)
Rent concessions	(4.1)	-
Other	-	(0.3)
Working capital changes:		
Change in trade and other receivables	(3.2)	13.4
Change in inventories	1.5	1.4
Change in other assets	(2.7)	0.6
Change in payables and other liabilities	(11.4)	(18.0)
Change in provisions and employee benefits	(0.1)	(0.8)
Cash generated from operations	29.2	38.9
Income tax paid	(2.7)	(2.0)
Net cash from operating activities	**26.5**	**36.9**
Cash flows from investing activities		
Proceeds from the sale of business	-	20.0
Proceeds from the sale of property, plant and equipment	0.3	-
Purchase of property, plant and equipment	(12.4)	(32.8)
Purchase of intangible assets	(1.6)	(1.3)
Net cash used in investing activities	**(13.7)**	**(14.1)**
Cash flows from financing activities		
Proceeds from loans and borrowings	1.0	81.6
Repayment of loans and borrowings	(11.0)	(21.8)
Payments of lease liabilities including interests paid	(33.9)	(43.4)
Interest paid	(5.3)	(4.0)
Interest received	0.2	0.2
Dividends paid to non-controlling interest owners	-	(0.3)
Transactions with non-controlling interest	-	0.1
Net cash from financing activities	**(49.0)**	**12.4**
Net change in cash and cash equivalents	**(36.2)**	**35.2**
Effect of exchange rates movements	0.2	3.3
Balance sheet change of cash and cash equivalents	(36.0)	38.5
Cash and cash equivalents, beginning of period	204.8	106.2
Cash and cash equivalents, end of period	**168.8**	**144.7**

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

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of changes in equity for 3 months ended 31 March 2021

	Attributable to the shareholders of the parent						
	Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As at 1 January 2021	**22.0**	**170.1**	**114.6**	**(48.9)**	**257.8**	**6.9**	**264.7**
Profit/loss for the period	-	-	(19.9)	-	**(19.9)**	(0.3)	**(20.2)**
Other comprehensive income	-	(2.3)	-	8.9	**6.6**	(0.1)	**6.5**
Total comprehensive income	-	**(2.3)**	**(19.9)**	**8.9**	**(13.3)**	**(0.4)**	**(13.7)**
Purchases of treasury shares	-	-	**-**	**-**	**-**	**-**	**-**
Share based payments	-	0.3	-	-	**0.3**	-	**0.3**
As at 31 March 2021	**22.0**	**168.1**	**94.7**	**(40.0)**	**244.8**	**6.5**	**251.3**

	Attributable to the shareholders of the parent						
	Share capital	Reserves	Retained earnings	Translation reserve	**Total**	Non-controlling interest	**Total equity**
As at 1 January 2020	**22.0**	**178.3**	**296.6**	**(29.7)**	**467.2**	**9.5**	**476.7**
Profit for the period	-	-	(41.6)	-	**(41.6)**	(0.7)	**(42.3)**
Other comprehensive income	-	(8.7)	-	(17.2)	**(25.9)**	(0.4)	**(26.3)**
Total comprehensive income	-	**(8.7)**	**(41.6)**	**(17.2)**	**(67.5)**	**(1.1)**	**(68.6)**
Transaction with non-controlling interests	-	-	-	-	**-**	(0.3)	**(0.3)**
Purchases of treasury shares	-	-	**-**	**-**	**-**	**-**	**-**
Share based payments	-	2.6	-	-	**2.6**	-	**2.6**
As at 31 March 2020	**22.0**	**172.2**	**255.0**	**(46.9)**	**402.3**	**8.1**	**410.4**

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

Notes to condensed consolidated interim report

1. General information on the Group

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

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

Paseo de la Castellana 163, 28046 (Madrid), Spain is the Company's registered office as of 31 March 2021 and has not changed during the reporting period.

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

In 2005 the shares of AmRest Holdings SE were quoted for the first time on the Warsaw Stock Exchange ("WSE") and in 2018 were quoted on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Spanish Automated Quotation System (Sistema de Interconexión Bursátil - SIBE). Since 21 November 2018 AmRest's shares have been quoted simultaneously on both the above stock exchanges (dual listing).

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

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

The Group operates Kentucky Fried Chicken ("KFC"), Pizza Hut ("PH"), Burger King ("BK") and Starbucks ("SBX") restaurants through its subsidiaries in Poland, the Czech Republic (hereinafter Czechia), Hungary, Slovakia, Russia, Serbia, Croatia, Bulgaria, Romania, Germany, France, Austria, Slovenia and Spain, on the basis of franchise rights granted. Starting from 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 based on master-franchise agreements.

In Spain, France, Germany and Portugal the Group operates its own brands La Tagliatella. This business is based on own restaurants and the franchise agreements signed with non-related companies. It is supported by the central kitchen located in Spain which produces and delivers products to the whole network of the mentioned own brands. The Group also operates its own brands Blue Frog (in China and Spain) and KABB (in China).

In 2018 the Group acquired the Bacoa and Sushi Shop brands, as a result of which it operates own and franchise restaurants in Spain (Bacoa) and own and franchise Sushi Shop restaurants in France, Belgium, Spain, several Middle East countries, Switzerland, United Kingdom, Luxembourg, Italy, Portugal. Bacoa is a Spanish premium burger chain, and Sushi Shop is the operator of the leading European chain of Japanese cuisine restaurants.

Additionally, among own brands the Group operates virtual brands Pokaï, Lepieje, 'Oi Poke, Moya Misa Ramen, Pierwsze i Drugie, Viva Salad!, Sushi Tone, Eat's Fine, Cremontano. The offer of virtual brands in Poland is available also under Food About concept that enables ordering different virtual brand dishes within one order.

As of 31 March 2021 the Group operates 2 342 restaurants (own and franchise) in comparison to 2 337 restaurants as of 31 December 2020.

(all figures in EUR millions unless stated otherwise)

The Group operates its restaurants mainly on a franchise basis. However being master-franchisee and performing business through own brands has become more important. The table below shows the terms and conditions of cooperation with franchisors and franchisees of particular brands operated by AmRest as at 31 March 2021:

Activity where AmRest is a franchisee					
Brand	**KFC**	**Pizza Hut Dine-In**	**Pizza Hut Express, Delivery**	**Burger King**	**Starbucks [1)]**
Franchisor/ Partner	Yum! Restaurants Europe Limited	Pizza Hut Europe Limited	Pizza Hut Europe Limited	Burger King Europe GmbH	Starbucks Coffee International, Inc/Starbucks EMEA Ltd., Starbucks Manufacturing EMEA B.V.
Area covered by the agreement	Poland, Czechia, Hungary, Bulgaria, Serbia, Croatia, Russia, Spain, Germany, France, Austria, Slovenia	Poland	Poland, Czechia, Hungary, France, Russia, Germany, Slovakia.	Poland, Czechia, Bulgaria, Slovakia, Romania	Poland, Czechia, Hungary, Romania, Bulgaria, Germany, Slovakia, Serbia
Term of agreement	10 years with possibility of extension for a further 10 years	10 years with possibility of extension for a further 10 years	10 years with possibility of extension for a further 10 years and 5 years	Poland, Czechia, Bulgaria, Slovakia, Romania – 20 years or 10 years [4)] Since 20 November 2018: 10 years for restaurants opened during the agreed development period.	15 years, possibility of extension for a further 5 years; in Romania till 10 October 2023 16 years, in Bulgaria till 1 October 2027 20 years
Preliminary fee	up to USD 54.1 thousand [2)]	up to USD 54.1 thousand [2)]	USD 27.1 thousand [2)]	USD 50 thousand or USD 25 thousand, in Czechia USD 60 thousand [4)] Since 20 November 2018: USD 30 thousand for restaurants opened during the agreed development period.	USD 25 thousand
Franchise fee	6% of sales revenues [3)]	6% of sales revenues [3)]	6% of sales revenues [3)]	5% of sales revenues, in Czechia (for 5 restaurants) 3% of sales revenues for first 5 years, then 5% Since 20 November 2018 for restaurants opened during the agreed development period: 3,5% of revenues in first 2 years growing to 4%, 4,5% and 5% in next years.	6% of sales revenues [5)]
Marketing costs	5% of sales revenues	5% of sales revenues	6% or 5% of sales revenues depending on the concept [3)]	5% of sales revenues, in Czechia 3% of sales revenues for first 3 years, then 5%. Since 20 November 2018 for restaurants opened during the agreed development period 4% or 5% of sales revenues (depending on the country) and 3% for flagships.	amount agreed each year

(all figures in EUR millions unless stated otherwise)

Activity performed through own brands					
Brand	**La Tagliatella**	**Blue Frog**	**KABB**	**Bacoa**	**Sushi Shop**
Area of the activity	Spain, France, Germany, Portugal	China, Spain	China	Spain	France, Spain, Belgium, Italy, Switzerland, Luxemburg, UK

Activity where AmRest is a franchisor (own brand or based on master-franchise agreements)						
Brand	**Pizza Hut Dine-In**	**Pizza Hut Express, Delivery**	**La Tagliatella**	**Blue Frog**	**BACOA**	**Sushi Shop**
Partner	Yum Restaurants International Holdings LLC	Pizza Hut Europe Limited, Yum Restaurants International Holdings LLC	Own brand	Own brand	Own brand	Own brand
Area covered by the agreement	Germany, Russia, Armenia and Azerbaijan	Germany, France, CEE (Hungary, Czechia, Poland, Slovakia), Russia, Armenia and Azerbaijan	Spain, France	Spain, China	Spain	France, Belgium, Spain, United Arab Emirates, Saudi Arabia, Italy, Portugal
Term of agreement	10 years with possibility of extension	10 years with possibility of extension	10 years with possibility of extension	5 years in China, 10 years in Spain with possibility of extension	10 years with possibility of extension	Franchise agreements: 5 years with a limited territorial exclusivity and EADA i.e. "master franchise": exclusivity for specific territories granted to from 2 up to 14 years.

1) AmRest Group took up 82% and Starbucks 18% of the share capital of the newly-established companies in Poland, Czechia and Hungary. In the event of default, deadlock, or disputed take-over or change of control over AmRest Holdings SE and/or its shareholders, Starbucks will be entitled to increase its share to 100% by purchasing shares from the Group. Option upon termination for event of default or deadlock are symmetric for both parties, so that AmRest will also be entitled to exercise the option to purchase all of the Shares of Starbucks. According to Group assessment as of the day of this report issuance there are no indicators making the mentioned above options realizable. The Group acquired 100% of shares in Romanian and Bulgarian entities, being the sole operators in these markets. In Germany the Group acquired 100% of shares in a key operator in this market.

2) The fee is updated at the beginning of each calendar year for inflation.

3) Preliminary franchise fees and marketing costs might be changed if certain conditions set in the agreement are met.

4) Validity period of franchisee agreement, therefore licenses for Burger King restaurants opened in Poland in the period from 1 March 2009 till 30 June 2010, and also for newly-opened restaurants in Poland was. extended from 10 to 20 years since the date of restaurant opening, however, without the option of prolongation for the next 10 years, which was provided in the original development agreement with AmRest Sp. z o.o. In relation to restaurants opened in Poland in the period from 1 March 2009 to 30 June 2010 and in relation to restaurants opened after this period (for franchise agreements for 20 years) the initial franchise payment was increased from USD 25,000 to USD 50,000. On 20 November 2018 a new Development Agreement was signed, amended on 15 September 2020

5) Due to global Starbucks decision, the franchisee fee was decreased to 0% for the period April – June 2020.

6) In case of Russia and Germany MFA term ends on 31 May 2022.

(all figures in EUR millions unless stated otherwise)

2. Group Structure

As of 31 March 2021, the Group comprised the following subsidiaries:

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
		Holding activity		
AmRest Acquisition Subsidiary Ltd.	Birkirkara, Malta	AmRest Holdings SE	100.00%	May 2007
AmRest TAG S.L.U.	Madrid, Spain	AmRest Sp. z o.o.	100.00%	March 2011
AmRest HK Ltd	Hong Kong, China	AmRest Holdings SE	100.00%	September 2011
AmRest China Group PTE Ltd	Singapore	AmRest Holdings SE	100.00%	December 2012
Bigsky Hospitality Group Ltd	Hong Kong, China	AmRest China Group PTE Ltd	100.00%	December 2012
New Precision Ltd	Mriehel, Malta	AmRest China Group PTE Ltd	100.00%	December 2012
Horizon Consultants Ltd.	Mriehel, Malta	AmRest China Group PTE Ltd	100.00%	December 2012
AmRest Management Kft	Budapest, Hungary	AmRest Kft AmRest TAG S.L.U.	99.00% 1.00%	August 2018
GM Invest SRL	Brussels, Belgium	AmRest TAG S.L.U.	100.00%	October 2018
Sushi Shop Group SAS	Paris, France	GM Invest SRL AmRest TAG S.L.U.	9.47% 90.53%	October 2018
AmRest France SAS	Paris, France	AmRest Holdings SE	100.00%	December 2018
Sushi Shop Management SAS	Paris, France	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Holding USA LLC[4]	Dover Kent, USA	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Luxembourg SARL	Luxembourg	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Switzerland SA	Fribourg, Switzerland	Sushi Shop Management SAS	100.00%	October 2018
		Restaurant, franchise and master-franchise activity		
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czechia	AmRest Holdings SE	100.00%	December 2000
AmRest Kft	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	March 2007
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd. AmRest Sp. z o.o.	44.72% 55.28%	July 2007
AmRest Coffee s.r.o.	Prague, Czechia	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	August 2007
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o. Starbucks Coffee International,Inc.	82.00% 18.00%	August 2007
AmRest d.o.o.	Belgrade, Serbia	AmRest Sp. z o.o. ProFood Invest GmbH	60.00% 40.00%	October 2007
Restauravia Food S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
Pastificio Service S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
AmRest Adria d.o.o.	Zagreb, Croatia	AmRest Sp. z o.o.	100.00%	October 2011
AmRest GmbH i.L.[1]	Cologne, Germany	AmRest TAG S.L.U.	100.00%	March 2012
AmRest SAS.	Paris, France	AmRest TAG S.L.U.	100.00%	April 2012
AmRest Adria 2 d.o.o.	Ljubljana, Slovenia	AmRest Sp. z o.o.	100.00%	August 2012
Frog King Food&Beverage Management Ltd	Shanghai, China	Bigsky Hospitality Group Ltd	100.00%	December 2012
Blue Frog Food&Beverage Management Ltd	Shanghai, China	New Precision Ltd	100.00%	December 2012
Shanghai Kabb Western Restaurant Ltd	Shanghai, China	Horizon Consultants Ltd.	100.00%	December 2012
AmRest Skyline GMBH	Cologne, Germany	AmRest TAG S.L.U.	100.00%	October 2013
Kai Zhen Food and Beverage Management (Shanghai) Ltd	Shanghai, China	BlueFrog Food&Beverage Management Ltd	100.00%	March 2014
AmRest Coffee EOOD	Sofia, Bulgaria	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee S.r.l.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Food Srl.	Bucharest, Romania	AmRest Sp. z o.o. AmRest Holdings SE	99.00% 1.00%	July 2019 July 2019
AmRest Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o. AmRest Sp. z o.o.	99.00% 1.00%	December 2015
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o. AmRest TAG S.L.U.	23.00% 77.00%	May 2016
AmRest DE Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
The Grill Concept S.L.U.	Madrid, Spain	Pastificio Service S.L.U.	100.00%	December 2016

(all figures in EUR millions unless stated otherwise)

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
Kai Fu Food and Beverage Management (Shanghai) Co. Ltd	Shanghai, China	Blue Frog Food&Beverage Management Ltd	100.00%	December 2016
LTP La Tagliatella Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	100.00%	February 2017
LTP La Tagliatella Franchise II Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	100.00%	April 2019
AmRest AT GmbH	Vienna, Austria	AmRest Sp. z o.o.	100.00%	March 2017
AmRest Topco France SAS	Paris, France	AmRest France SAS	100.00%	May 2017
AmRest Delco France SAS	Paris, France	AmRest Topco France SAS	100.00%	May 2017
AmRest Opco SAS	Paris, France	AmRest France SAS	100.00%	July 2017
OOO Chicken Yug	Saint Petersburg, Russia	OOO AmRest	100.00%	October 2017
OOO AmRest Pizza	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	99.999996%	November 2017
		OOO AmRest	0.000004%	
AmRest Coffee SRB d.o.o.	Belgrade, Serbia	AmRest Holdings SE	100.00%	November 2017
AmRest Chamnord SAS	Paris, France	AmRest Opco SAS	100.00%	March 2018
AmRest SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	April 2018
		AmRest Sp. z o.o.	1.00%	
AmRest Pizza GmbH	Munich, Germany	AmRest DE Sp. z o.o. & Co. KG	100.00%	June 2018
Black Rice S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	July 2018
Bacoa Holding S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	July 2018
Sushi Shop Restauration SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi House SA	Luxembourg	Midicapital	14.00%	October 2018
		Sushi Shop Luxembourg SARL	86.00%	
Sushi Shop London Pvt LTD	London, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Belgique SA	Bruxelles, Belgium	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Louise SA	Bruxelles, Belgium	Sushi Shop Belgique SA	54.80%	October 2018
		Midicapital	45.20%	
Sushi Shop UK Pvt LTD	Charing, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Anvers SA[2]	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Geneve SA	Geneva, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Lausanne SARL	Lasanne, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Madrid S.L.	Madrid, Spain	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Milan SARL	Milan, Italy	Sushi Shop Management SAS	70.00%	October 2018
		Vanray SRL	30.00%	
Sushi Shop NE USA LLC[4]	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop NY1 LLC[4]	New York, USA	Sushi Shop Holding USA LLC	64.00%	October 2018
		Sushi Shop NE USA LLC	36.00%	
Sushi Shop NY2 LLC[4]	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop Zurich GMBH	Zurich, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Nyon SARL	Nyon, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop NL B.V. [3]	Amsterdam, Netherlands	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Vevey SARL	Vevey, Switzerland	Sushi Shop Switzerland SA	100.00%	November 2019
Sushi Shop Fribourg SARL	Fribourg, Switzerland	Sushi Shop Switzerland SA	100.00%	November 2019
Sushi Shop Yverdon SARL	Yverdon, Switzerland	Sushi Shop Switzerland SA	100.00%	Novemner 2019
Financial services and others for the Group				
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2012
La Tagliatella International Kft	Budapest, Hungary	AmRest TAG S.L.U.	100.00%	November 2012
La Tagliatella SAS	Paris, France	AmRest TAG S.L.U.	100.00%	March 2014
AmRest FSVC LLC [5]	Wilmington, USA	AmRest Holdings SE	100.00%	November 2014
AmRest Kaffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2016
AmRest Estate SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Leasing SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Franchise Sp. z o.o.	Wrocław, Poland	AmRest Sp. z o.o.	100.00%	December 2018
AmRest Global S.L.U.	Madrid, Spain	AmRest Holdings SE	100.00%	September 2020
Supply services for restaurants operated by the Group				
SCM Czech s.r.o.	Prague, Czechia	SCM Sp. z o.o.	90.00%	March 2007
		Ondrej Razga	10.00%	
SCM Sp. z o.o.	Warsaw, Poland	AmRest Sp. z o.o.	51.00%	October 2008
		R&D Sp. z o.o.	33.80%	
		Beata Szafarczyk-Cylny	5.00%	
		Zbigniew Cylny	10.20%	

[1] *On 25 November 2016 Amrestavia, S.L.U., the sole shareholder of AmRest GmbH, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.*

[2] *On 1 October 2020 Sushi Shop Belgique SA, the sole shareholder of Sushi Shop Anvers SA, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.*

[3] *On 1 October 2020 Sushi Shop Group SAS, the sole shareholder of Sushi Shop NL B.V., decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.*

[4] *On 16 December 2020 Sushi Shop Management SAS, the sole shareholder of Sushi Shop Holding USA LLC, Sushi Shop NE USA LLC, Sushi Shop NY1 LLC and Sushi Shop NY2 LLC decided to liquidate these companies. The liquidation process has not been finished up until the date of this Report.*

[5] *On 9 April 2021 AmRest FSVC LLC has been deregistered*

3. Basis of preparation

Accounting figures presented in this condensed consolidated report were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

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

This interim report does not include all the information and disclosures required in the annual financial report. Accordingly, this report should be read with conjunction with the consolidated financial statements for the year ended 31 December 2020.

The preparation of this condensed consolidated interim report requires to make certain assumptions and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgments are continually verified, and are based on professional experience and various factors, including expectations of future events, that are deemed to be justified in given circumstances. The results of the estimates and the respective assumptions are the basis for assessing the values of assets or liabilities which do not result directly from other sources. Actual results may differ from these estimates.

The COVID-19 pandemic affects the assumptions and estimation uncertainty associated with the measurement of assets and liabilities. Given the evolving nature of COVID-19 and the limited experience of the economic and financial impacts of such a pandemic, changes to estimates in the measurement of Group's' assets and liabilities may arise in the future.

The accounting policies adopted in the preparation of the condensed consolidated interim report are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standard, interpretations and amendments to standards effective as of 1 January 2021.

Several amendments apply for the first time in 2021, but do not have any material impact on the interim report of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In May 2020 IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases that provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification.

The Group has applied the amendments to IFRS 16 already in 2020 for the first time. The effect of the accounting is presented under "rent concessions" lines.

One of the conditions of applying the amendment was that it related to a reduction in lease payments due originally on or before 30 June 2021. However, the pandemic has continued beyond the period envisaged when the 2020 Amendment was issued. In April 2021 IASB has extended the amendment to IFRS 16 and the entities will be allowed to apply the amendment to a reduction in lease payments originally due on or before 30 June 2022 (the 2021 Amendment).

In late 2019 a novel strain of coronavirus, COVID-19, was first detected and in March 2020, the World Health Organization declared COVID-19 a global pandemic. Throughout 2020 and in 2021 COVID-19 has spread throughout globally, including the countries the Group operates.

Most governments have been implementing measures to reduce the spread of COVID-19. These measures include restrictions on travel outside the home countries, closing or imposing limitations on business and other activities as well as encouraging social distancing. Depending on the epidemic situation in particular countries and regions the restrictions are being lifted, reduced or re-imposed. With the approvals of first vaccines at the end of 2020, the governments are developing and carrying out mass vaccination programs in 2021.

This situation is affecting significantly AmRest Group, as well as the global economy. 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, peoples behaviors and ways of living.

The COVID-19 pandemic has a particularly significant negative impact on the restaurant sectors. Periodical bans or significant restrictions are imposed on the restaurant operators in various countries. That results in significant decrease in business activity. High pressure on social distancing has an impact on the customer demand and daily lives and behavior patterns. This requires adjusting restaurant operations into new reality.

The Group management is closely monitoring the development of situation and actively looks for the ways of mitigating the impact of COVID-19 spread on the Group.

The COVID-19 related risks and uncertainties are being analyzed at different angles to assess if a going concern uncertainty applies for the Group. Crisis Teams were set up in all major countries of Group operations to coordinate actions, execute local sanitary regulations, develop, and execute safety measures to protect employees.

To strengthen Group's position in terms of liquidity the Group has drawn available tranche of syndicated bank loan, and applied state supported bank loans on French, Spanish and Russian markets in 2020.

The Group maintains close communication with its financing banks. Prior to 2020 year end AmRest has obtained from its financing banks and its bondholders (Schuldschein) waivers to the compliance with the covenants related to the Group's leverage and interest coverage ratios until 31 December 2021 (for the fourth quarter of 2020 and the first, second and third quarters of 2021). During said periods, those covenants has been replaced by a commitment to maintain a minimum level of liquidity. Those covenants were met as at 31 March 2021.

The financial forecasts show that the Group will be able to settle its liabilities within next 12 months, including repayment of scheduled loan installments.

In 2020 the Group started, and continues in 2021 the process of the review of its rental agreements and entering into negotiations with landlords. Also the Group takes the benefits of various government schemes that allowed deferral or suspension of payments for rental costs during pandemic.

Government programs implemented to mitigate the impact of COVID-19 allow to defer payments taxes, social securities, and other public obligations. The Group is closely monitoring situation on local markets and is taking the benefits of available schemes which allow to enhance liquidity risk management in current situation.

Additionally, the Group takes numerous actions aimed at utilizing government support related to cost of labor offered on markets where the Group operates. One of the priority tasks in this respect is to avoid a significant decrease in the level of employment, taking into account the effectiveness of the ongoing processes and to ensure financial security for employees to the extent possible in the current situation but also to optimize payroll costs in Group.

Another tool that allows to support liquidity management is the temporary deferral of development plans and renegotiations of certain development agreements.

On the revenues streams side, the Group keeps high number of stores operative. As at 31 March 2021 over 96 % of stores remained open. The Group closely monitors the constrain measures taken and subsequently lifted by governments in various countries and adjusts on daily basis number of opened stores and possible ways of providing products and services to Group's customers, ensuring staff and customer safety, as well complying with all government directives.

4. Segment reporting

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

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

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

Segment	Description
Central and Eastern Europe (CEE)	Restaurant operations and franchise activity in: ■ Poland – KFC, Pizza Hut, Starbucks, Burger King, virtual brands, ■ Czechia – KFC, Pizza Hut, Starbucks, Burger King, ■ Hungary – KFC, Pizza Hut, Starbucks, ■ Bulgaria – KFC, Starbucks, Burger King, ■ Croatia, Austria, Slovenia – KFC, ■ Slovakia – Starbucks, Pizza Hut, Burger King, ■ Romania – Starbucks, Burger King ■ Serbia – KFC, Starbucks.
Western Europe	Restaurant operations together with supply chain and franchise activity in: ■ Spain – KFC, La Tagliatella, Blue Frog, Bacoa, Sushi Shop, ■ France – KFC, Pizza Hut, La Tagliatella, Sushi Shop, ■ Germany – Starbucks, KFC, Pizza Hut, La Tagliatella, ■ Portugal – La Tagliatella, Sushi Shop, ■ Belgium, Italy, Switzerland, Luxemburg, United Kingdom and other countries with activities of Sushi Shop.
China	Blue Frog and KABB restaurant operations in China.
Russia	KFC and Pizza Hut restaurant operations and franchise activity in Russia, Armenia and Azerbaijan.
Other	Other support functions rendered by the subsidiaries for the Group such as e.g. Executive Team, Controlling, Treasury, Investors Relations, Mergers & Acquisitions. Other also includes expenses related to M&A transactions not finalized during the period, whereas expenses related to finalized merger and acquisition are allocated to applicable segments. Additionally, Other includes non-restaurant businesses performed by AmRest Holdings SE, SCM Sp. z o.o. and its subsidiaries and other minor entities performing holding and/or financing services.

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

Segment measures and the reconciliation to profit/loss from operations for the 3 months ended 31 March 2021 and for the comparative 3 months ended 31 March 2020 is presented below.

(all figures in EUR millions unless stated otherwise)

3 months ended 31 March 2021	CEE	Western Europe	Russia	China	Other	Total
Restaurant sales	163.6	141.8	37.6	21.2	-	364.2
Franchise and other sales	0.2	9.0	0.1	0.1	6.4	15.8
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**163.8**	**150.8**	**37.7**	**21.3**	**6.4**	**380.0**
EBITDA	**28.2**	**10.6**	**7.7**	**5.6**	**(2.5)**	**49.6**
Depreciation and amortisation	(27.1)	(21.0)	(6.4)	(4.2)	(0.3)	(59.0)
Net impairment losses on financial assets	-	(0.3)	-	-	-	(0.3)
Net impairment losses on other assets	-	-	-	-	-	-
Profit/loss from operations	**1.1**	**(10.7)**	**1.3**	**1.4**	**(2.8)**	**(9.7)**
Finance income and costs	(5.1)	(1.8)	(0.6)	(0.2)	(3.9)	(11.6)
Profit/loss before tax	**(4.0)**	**(12.5)**	**0.7**	**1.2**	**(6.7)**	**(21.3)**
Capital investment*	**2.8**	**5.7**	**1.2**	**0.3**	**0.1**	**10.1**

3 months ended 31 March 2020	CEE	Western Europe	Russia	China	Other	Total
Restaurant sales	181.6	151.2	49.0	9.9	-	391.7
Franchise and other sales	0.2	13.7	0.1	-	6.2	20.2
Inter-segment revenue	-	-	-	-	-	-
Segment revenue	**181.8**	**164.9**	**49.1**	**9.9**	**6.2**	**411.9**
EBITDA	**28.7**	**11.1**	**7.5**	**(0.2)**	**(4.5)**	**42.6**
Depreciation and amortisation	(28.1)	(23.4)	(8.0)	(4.8)	(0.2)	(64.5)
Net impairment losses on financial assets	-	(1.7)	-	-	-	(1.7)
Profit/loss from operations	**0.6**	**(14.0)**	**(0.5)**	**(5.0)**	**(4.7)**	**(23.6)**
Finance income and costs	(12.7)	(9.6)	(1.8)	(1.1)	0.8	(24.4)
Profit/loss before tax	**(12.1)**	**(23.6)**	**(2.3)**	**(6.1)**	**(3.9)**	**(48.0)**
Capital investment*	**13.7**	**8.3**	**3.8**	**0.2**	**0.1**	**26.1**

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

The segment information has been prepared in accordance with the accounting policies applied in this consolidated interim report.

5. Revenues

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

- Restaurant sales,
- Franchise and other sales.

Restaurant revenues are the most significant source of revenues representing over 95% of total revenues for 3 months period ended 31 March 2021.

The COVID-19 pandemic has a particularly significant 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 the revenues in the reporting period.

Below table shows the percentage of operating restaurants at the end of each month of first quarter of 2021.

(all figures in EUR millions unless stated otherwise)

% Operating stores		
Country	Own stores	Franchise Stores
January	92%	93%
February	95%	87%
March	97%	89%

As at the end of April 2021 operating stores constituted 98% of own and 90% franchise stores. Even with opened restaurants various limitations were and are put on restaurant business that limit number of potential customers. Additionally, the process of returning of the guests to restaurants is not immediate after the lifting of any restrictions and with the pandemic still being in place, the level of sales revenues generated by the restaurants is often lower than before the COVID-19 outbreak. It is not possible to reliably and objectively quantify the economic impact of pandemic situation on the Group's revenues.

6. Operating and other income/costs

Analysis of operating expenses by nature:

	3 months period ended	
	31 March 2021	31 March 2020
Food, merchandise and other materials	116.5	127.8
Utilities	17.9	19.8
Payroll	102.1	113.8
Social security and employee benefits	24.5	29.1
Royalties	17.4	20.1
Marketing expenses	16.3	19.2
Delivery fees	20.7	11.4
Other external services	20.2	17.9
Occupancy cost*	1.0	4.7
Depreciation of right-of-use assets	33.4	35.9
Depreciation of property, plant and equipment	22.6	25.2
Amortization of intangible assets	3.0	3.4
Other	2.7	7.5
Total cost by nature	**398.3**	**435.8**

Summary of operating expenses by functions:

	3 months period ended	
	31 March 2021	31 March 2020
Restaurant expenses	352.5	385.3
Franchise and other expenses	12.0	14.9
General and administrative expenses	33.8	35.6
Total costs	**398.3**	**435.8**

* The Group recognised rent expense from short-term leases of EUR 0.2 million, leases of low-value assets of EUR 2.0 million and variable lease payments of EUR -1.2 million (including negative amount of EUR 4.1 million COVID-19-related rent concessions) for the three months ended 31 March 2021.

Other operating income and expenses section for Q1 2021 consists mainly of accounted government assistance programs. EUR 6.5 million income was recognized for government assistance programs for payroll and employee benefits, whereas EUR 1.4 million was recognized for government support programs for rent and other programs. Further details of COVID-19 pandemic governmental programs used by the Group as disclosed below.

It is not possible to quantify the economic impact of pandemic situation reliably and objectively on the Group's operating costs. Some costs such as depreciation and amortization are fixed in nature, others (like payroll and social contributions) are dependent on number of operating restaurants but may not be directly corelated to sales revenues generated by the restaurants. Cost of sales and royalties, variable rent, as a rule are most directly tied to revenues level, and finally costs of marketing may relatively increase.

To enable Group companies to operate in a possibly smooth manner, procedures have been put in place to ensure prompt reaction of appropriate services. 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 quests 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.

With the spread of pandemic many governments were applying lockdown procedures and various limitations for businesses to operate. In order to mitigate the disadvantageous effects of the lockdowns, many countries' governments, have introduced various measures to assist entities in response to the COVID-19.

The Group was and is closely monitoring available program that are offered on various markets. The government support programs include for example direct subsidies to payroll costs, tax exemptions, social security contributions reductions. Additionally, entities from the Group were able to apply for extended deadlines for payments of various taxes.

The Group has taken numerous actions aimed at utilizing government support related to cost of labor offered on all markets where the Group operates. One of the priority tasks in this respect has been to avoid a significant decrease in the level of employment, taking into account the effectiveness of the ongoing processes and to ensure financial security for employees to the extent possible in the current situation but also to optimize payroll costs in Group.

Government programs implemented with regards to COVID-19 spread allow also to defer payments taxes, social securities and other public obligations.

For the main markets of operation the Group has filled the following programs in the area of labor costs:

- Spain

  In accordance with the provisions of article 47 of the Workers Statute, in relation to Royal Decree 1483/2012 and article 22 and 23 of Royal Decree-Law 8/2020, as well as Royal Decree-Law 30/2020, AmRest companies in Spain have filed before the Spanish labor authority a Temporary Employment Regulation File (Expediente de Regulación Temporal de Empleo or "ERTE"). During the Q1 2021 there has been 1.087 employees under ERTE and at the end of this period 569 employees.

- Poland

  During Q1 2021 Polish subsidiaries have not received support from government programs.

- France

  The Partial Activity technical unemployment government program started on 15 March 2020 continues in the same condition in the first quarter 2021. Restaurants still use it on rotating employee basis (except Sushi Shop in March 21 because of the Revenue of companies).

- Germany

  With next waves of restrictions the companies applied for the governmental help from the reduced working hours (Kurzarbeitergeld) salary government reimbursement program that has been introduced effective on 1 March 2020 and is still continued in 2021.

- Czechia

  The companies have applied for the government aid under special COVID-19 regulations. There were two separate programs:

(all figures in EUR millions unless stated otherwise)

- employees on downtime between 13 March and 31 May 2020: 80% of salary and social contribution reimbursed by the government (1 600 employees covered),
- employees with 40% reduction of working hours between 13 March and 31 May 2020: 60% of salary and social contribution reimbursed by the government (80 employees covered).

Both programs were extended until the end of April 2021. During the second and third wave of restrictions (Q4.2020 and Q1.2021) the companies again applied and received governmental aid.

- Hungary

Under the Act on Special Provisions During COVID-19 (Regulation of 485/2020) released on 10 November 2020 the companies applied for:

- 50% reimbursement of gross salaries, but maximum 671 EUR/employee for the period from November 2020 to May 2021 (reimbursement already transferred by authorities in Q1.2021 with respect to 1 700 employees),
- suspension for employer social contributions and suspension of employer rehabilitation contribution.

Similar actions are also taken on other markets. The Group has applied for support programs offered by each country's government, in the form of reimbursement of labor costs, and introducing internal actions, such as shortening of working hours or technical unemployment.

Group's policy is to present government grants related to income as other operating income.

For 3 months period ended 31 March 2021 Group has recognized government grants for payroll costs (EUR 5.2 million) and social contribution (EUR 1.3 million). The total amount of EUR 6.5 million has been recognized as other operating income. The above government grants are in a form of cash grants out of which EUR 3,9 million as of 31 March 2021 was not received yet.

Entities operating in Czechia applied for a government program called COVID Najem (government grants for rent costs) and Covid Gastro, entities in France applied for government program called Fond de solidarité. The Group has recognized EUR 1,4 million from above described programs in Q1 2021.

Government grants are in some cases associated with requirements to keep the agreed level of workforce for agreed period. As of 31 March 2021 the Group does not expect that such conditions would not be met, therefore there are no material unfulfilled conditions or other contingencies attached to government assistance that has been recognised.

7. Financial costs

Finance costs

	3 months ended	
	31 March 2021	**31 March 2020**
Interest expense	(4.3)	(4.5)
Interest expense on lease liability	(6.0)	(6.7)
Financial fees recognised as interest expense	(0.3)	(0.6)
Net cost from foreign exchange differences	**(1.1)**	**(12.7)**
Net cost from exchange differences on lease liability	(1.8)	(12.7)
Net gain from f exchange differences - other	0.7	-
Other	(0.1)	(0.1)
Total finance cost	**(11.8)**	**(24.6)**

8. Taxes

Income tax calculated according to domestic tax rates applicable to income in particular countries as of 31 March 2021 would amount to EUR 5.9 million (credit entry). Main position affecting effective tax rate in Q1 2021 are tax losses for the current period for which no deferred tax asset was recognized.

Tax risks and uncertain tax positions

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

Tax settlements of AmRest entities are subject to several tax inspections which were widely described in the note 33 "Tax risks and uncertain tax position" to the consolidated financial statements for 2020.

On 30 March 2021 AmRest sp. z o.o. received the final decisions for 2013 and 2014 CIT settlements issued by the Head of the Lower Silesian Tax and Customs Office issued. The decision of the first instance for 2014 has been cancelled. For 2013 the tax office upheld the decision in respect of the CIT levied on VAT refund for this year - due to the fact that the decision was enforceable the Company paid outstanding tax liability together with the interest. The Company did not agree with the decision received in respect of 2013 CIT settlements and within statutory deadline filed the complaint to the Local Administrative Court.

On 22 March 2021 Pastificio Service Service S.L.U. (as the taxpayer), AmRest Tag S.L.U. (as head of the Tax Group during the tax audit period) and AmRest Holdings SE (as the current head of the Tax Group) received the settlement agreement from the tax office indicating the additional tax liability amounting to EUR 1,1 million. On 22 April 2021 the economic-administrative claim was filed.

The Group's risk assessment regarding tax risks and uncertainties has not changed since the publication of the consolidated financial statements for 2020. The Group did not receive any other new decisions except the ones described above and no new tax inspections took place. Therefore, as of 31 March 2021 and as at the date of publication of this Report, no new provisions were created.

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

9. Equity

Share capital

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

As of 31 March 2021, and 31 December 2020 the Company has 219 554 183 shares issued.

(all figures in EUR millions unless stated otherwise)

Reserves

The structure of Reserves is as follows:

	Share premium	Employee options	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As at 1 January 2021	**236.3**	**(25.2)**	**(6.5)**	**(8.2)**	**(26.3)**	**170.1**
Net investment hedges	-	-	-	(2.8)	-	**(2.8)**
Income tax related to net investment hedges	-	-	-	0.5	-	**0.5**
Total comprehensive income	**-**	**-**	**-**	**(2.3)**	**-**	**(2.3)**
Purchases of treasury shares	-	-	-	-	-	**-**
Share based payments						
Value of disposed treasury shares	-	(0.7)	0.7	-	-	**-**
Employee stock option plan – value of employee benefits exercised in the period	-	0.2	-	-	-	**0.2**
Employee stock option plan – proceeds from employees for transferred shares	-	(0.1)	-	-	-	**(0.1)**
Employee stock option plan – change in unexercised options	-	0.2	-	-	-	**0.2**
Total share based payments	-	*(0.4)*	*0.7*	-	-	***0.3***
Total distributions and contributions	**-**	**(0.4)**	**0.7**	**-**	**-**	**0.3**
As at 31 March 2021	**236.3**	**(25.6)**	**(5.8)**	**(10.5)**	**(26.3)**	**168.1**

	Share premium	Employee options	Treasury shares	Hedges valuation	Transactions with NCI	Total Reserves
As at 1 January 2020	**236.3**	**(25.1)**	**(7.5)**	**0.9**	**(26.3)**	**178.3**
Net investment hedges	-	-	-	(10.4)	-	**(10.4)**
Income tax related to net investment hedges	-	-	-	1.7	-	**1.7**
Total comprehensive income	**-**	**-**	**-**	**(8.7)**	**-**	**(8.7)**
Purchases of treasury shares	-	-	-	-	-	**-**
Share based payments						
Value of disposed treasury shares	-	(0.8)	0.8	-	-	**-**
Employee stock option plan – value of employee benefits exercised in the period	-	(0.1)	-	-	-	**(0.1)**
Employee stock option plan – proceeds from employees for transferred shares	-	0.1	-	-	-	**0.1**
Employee stock option plan – change in unexercised options	-	2.6	-	-	-	**2.6**
Total share based payments	-	*1.8*	*0.8*	-	-	***2.6***
Total distributions and contributions	**-**	**1.8**	**0.8**	**-**	**-**	**2.6**
As at 31 March 2020	**236.3**	**(23.3)**	**(6.7)**	**(7.8)**	**(26.3)**	**172.2**

Share premium

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

There were no transactions within share premium in 3 months period ended 31 March 2021.

Hedges valuation

The Group is exposed to foreign currency risk associated with the investment in its foreign subsidiaries, which is managed by applying net hedge investment strategies.

In 2018 AmRest Holdings assigned its PLN 280 million external borrowing as a hedging instrument in a net hedge for its Polish subsidiaries. Following scheduled debt amorisation repayment, the net investment hedge has been decreased to PLN 252 million from the end of September 2020.

AmRest Sp. z o.o., a Polish subsidiary, with PLN as functional currency, is a borrower of external EUR financing. A bank loan of EUR 220 million has been hedging the net investment in its EUR subsidiaries in 2019 and through 30 September 2020. From there on, following amorisation repayment, the net investment hedge has been decreased to EUR 198 million. Following a change in presentation currency of the Group from PLN to EUR, AmRest Sp. z o.o. remains exposed to the foreign currency risk between the functional currency of its net investment in its EUR investments and its own functional currency (PLN). These different functional currencies create a genuine economic exposure to changes in fair values in the consolidated financial statements of the Group.

For all net investment hedges, exchange gains or losses arising from the translation of liabilities that are hedging net investments are charged to equity in order to offset gains or losses on translation of the net investment in subsidiaries.

During the period of 3 months ended 31 March 2021 hedges were fully effective.

As of 31 March 2021 the accumulated value of currency revaluation recognised in reserve capital (resulting from net investment hedges) amounted to EUR 2.8 million, and deferred tax concerning this revaluation EUR 0.5 million.

Translation reserves

The balance of translation reserves depends on the changes in the exchange rates. This parameter is out of control of the Group. Total change in translation reserves allocated to shareholders of the parent for 3 month period ended 31 March 2021 amounted to EUR 8.9 million. The most significant impact has a change in Russian ruble, Chinese yuan, and Polish zloty to EUR.

10. Earnings per share

As of 31 March 2021, 31 December 2020 and 31 March 2020 the Company has 219 554 183 shares issued.

Table below presents calculation of basic and diluted earnings per ordinary share for the 3 months ended 31 March 2021 and 2020.

Basic EPS is calculated by dividing net profit attributable to shareholders of the parent by the weighted average number of ordinary shares outstanding during the year (including treasury shares, vested options under share based programs, number of shares to be transferred as a consideration for acquisition).

Diluted EPS is calculated by dividing net profit attributable to shareholders of the parent by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares (unvested options for open share based payments programs).

EPS calculation	31 March 2021	31 March 2020
Net profit attributable to shareholders of the parent (EUR millions)	(19.9)	(41.6)
Weighted average number of ordinary shares for basic EPS (in thousands of shares)	219 292	219 270
Weighted average number of ordinary shares for diluted EPS (in thousands of shares)	219 888	219 931
Basic earnings per ordinary share (EUR)	(0.09)	(0.19)
Diluted earnings per ordinary share (EUR)	(0.09)	(0.19)

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

Weighted-average number of ordinary shares in thousands of shares	31 March 2021	31 March 2020
Shares issued at the beginning of the period	219 554	219 554
Effect of treasury shares held	(577)	(668)
Effect of share options vested	315	384
Weighted average number of ordinary shares for basic EPS	219 292	219 270

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

Weighted-average number of ordinary shares for diluted EPS in thousands of shares	31 March 2021	31 March 2020
Weighted-average number of ordinary shares for basic EPS	219 292	219 270
Effect of share options unvested	596	661
Weighted average number of ordinary shares for diluted EPS	219 888	219 931

As at 31 March 2021, 12 426 thousand of options were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive. At 31 March 2020, there were 2 775 thousand of options with anti-dilutive effect.

11. Borrowings

Long-term	31 March 2021	31 December 2020
Syndicated bank loans	548.9	550.6
SSD	77.5	77.5
Other bank loans	50.0	48,4
Total	**676.4**	**676.5**

Short-term	31 March 2021	31 December 2020
Syndicated bank loans	56.6	58.9
SSD	14.0	24.9
Other bank loans	10.2	10.5
Total	**80.8**	**94.3**

In March 2021 the Group had repaid the Schuldscheinedarlehen ("SSD" – debt instrument under German law) in the amount EUR 11.0 million.

Prior to 2020 year end AmRest has obtained from its financing banks and its bondholders (Schuldschein) waivers to the compliance with the covenants related to the Group's leverage and interest coverage ratios until 31 December 2021 (for the fourth quarter of 2020 and the first, second and third quarters of 2021). During said periods, those covenants has been replaced by a commitment to maintain a minimum level of liquidity. Those covenants were met as at 31 March 2021.

12. Changes in the future commitments and contingent liabilities

As in the previous reporting period, the Group's future liabilities are derived mainly from the franchise agreements and development agreements. Group restaurants are operated in accordance with franchise and development agreements with YUM! and subsidiaries of YUM!, Burger King Europe GmbH, Starbucks Coffee International, Inc. In accordance with these agreements, the Group is obliged to meet certain development commitments as well as maintain the identity, reputation and high operating standards of each brand. Details of the agreements together with other future commitments have been described in note 1 and 40d of the Group's consolidated financial statements for the year ended 31 December 2020. As the COVID-19 pandemic restrictions impacted restaurants operation, the Group has renegotiated its commitments with each franchisor.

Commitments regarding credit agreement are described in note 29 and note 30 of the Group's consolidated financial statements for the year ended 31 December 2020.

13. Events after the reporting period

After 31 March 2021, until the date of publication of this Report, COVID-19 outbreak continues. Various European countries are adjusting the level of restrictions and limitations both on businesses and citizens as the situations develop. New variants of virus are being discovered.

To bring this pandemic to an end, a large share of the world needs to be immune to the virus. Mass vaccination program are being developed and rolled out.

The Group is continuously analyzing the dynamic changes in the environment and adjusts its ongoing operations to minimize the risk of disruption of business continuity. Still the uncertainties exist, and the effects of the pandemic cannot be reliably estimated.

Part C. Separate Interim Report for Q1 2021

(all figures in EUR millions unless stated otherwise)

Interim separate income statement for 3 months ended 31 March 2021

	3 months ended	
	31 March 2021	31 March 2020
Revenues	**2.2**	**2.2**
Net income from the stock option plan	-	0.4
Finance income from group companies	2.2	1.8
Personnel expenses	(0.5)	(0.3)
Other operating expenses	(1.1)	(0.8)
Impairment in investments in group companies	-	(0.4)
Results from operating activities	**0.6**	**0.7**
Finance expenses	(2.6)	(2.8)
Exchange rates gains and losses	1.8	4.5
Net finance income (expense)	**(0.8)**	**1.7**
Profit before income tax	**(0.2)**	**2.4**
Income tax	0.2	(0.6)
Profit for the period	**-**	**1.8**

Interim separate statement of recognized income and expense for 3 months ended 31 March 2021

	3 months ended	
	31 March 2021	31 March 2020
Profit for the period	**-**	**1.8**
Total recognised income and expenses for the period	**-**	**1.8**

(all figures in EUR millions unless stated otherwise)

Interim separate balance sheet as of 31 March 2021

	31 March 2021	31 December 2020
Assets		
Intangible assets	0.1	0.2
Non-current investment and loans in group companies	651.7	647.7
Equity instruments	390.6	390.8
Loans to group companies	261.1	256.9
Non-current financial investments	0.1	0.1
Deferred tax assets	2.7	2.5
Total non-current assets	**654.6**	**650.5**
Trade and other receivables	1.6	3.6
Other receivables from group companies	0.7	1.2
Other trade receivables	0.5	1.0
Current tax assets	0.2	1.4
Other tax receivables	0.2	-
Investments and loans in group companies	54.3	49.2
Loans to group companies	50.9	45.8
Other financial assets	3.4	3.4
Other current assets	0.3	0.1
Cash and cash equivalents	52.2	74.2
Total current assets	**108.4**	**127.1**
TOTAL ASSETS	**763.0**	**777.6**
Capital and Reserves without valuation adjustments		
Share capital	22.0	22.0
Share premium	237.3	237.3
Reserves	95.2	60.9
Treasury shares and equity instruments	(5.7)	(6.5)
Profit for the period	-	34.3
Other equity instruments	(23.7)	(23.4)
Adjustments for changes in value	(6.7)	(6.7)
TOTAL EQUITY	**318.4**	**317.9**
Liabilities		
Non-current provisions	0.1	0.1
Non-current financial liabilities	398.8	399.8
Loans and borrowings from financial institutions	321.3	322.3
Other financial debt	77.5	77.5
Total non-current liabilities	**398.9**	**399.9**
Loans and borrowings from financial institutions	27.7	28.5
Other financial debt	14.0	25.1
Current debts with group companies	1.6	1.7
Trade and other payables	**2.4**	**4.5**
Trade and other payables to third parties	0.3	1.9
Trade and other payables to group companies	1.6	1.8
Personnel (salaries payable)	0.4	0.3
Other payables with tax administration	0.1	0.5
Total current liabilities	**45.7**	**59.8**
TOTAL LIABILITES	**444.6**	**459.7**
TOTAL EQUITY AND LIABILITIES	**763.0**	**777.6**

(all figures in EUR millions unless stated otherwise)

Interim separate statement of cash flows for 3 months ended 31 March 2021

	3 months ended	
	31 March 2021	**31 March 2020**
Cash flows from operating activities		
Profit before tax	**(0.2)**	**2.4**
Adjustments:	**(1.4)**	**(3.5)**
Impairment losses	-	0.4
Share based payments adjustment	-	(0.4)
Finance income	(2.2)	(1.8)
Finance expenses	2.6	2.8
Exchange gains/losses	(1.8)	(4.5)
Changes in operating assets and liabilities	**(0.5)**	**(4.4)**
Trade and other receivables	1.8	(0.2)
Other current liabilities	(2.0)	(3.8)
Trade and other payables	(0.3)	(0.4)
Other cash flows from operating activities	**(2.0)**	**0.8**
Interest paid	(2.2)	(2.1)
Interest received	0.8	2.4
Other	(0.6)	0.5
Net cash provided by operating activities	**(4.1)**	**(4.7)**
Cash flows from investing activities		
Increase in investments loans and borrowings with group companies	(15.0)	(19.4)
Proceeds from investment loans and borrowings with group companies	7.7	25.7
Net cash used in investing activities	**(7.3)**	**6.3**
Cash flows from financing activities		
Proceeds from disposals of own shares (employees options)	0.2	0.1
Proceeds on issue debt with financial instruments	-	80.0
Proceeds from debt with group companies	-	4.8
Repayment of debt with financial institutions	-	(19.3)
Repayment of other debts	(11.0)	-
Repayment of debt with group companies	(0.1)	(2.2)
Net cash provided by/(used in) financing activities	**(10.9)**	**63.4**
Net change in cash and cash equivalents	**(22.3)**	**65.0**
Balance sheet change of cash and cash equivalents	(22.3)	65.0
Cash and cash equivalents at the beginning of the period	**74.5**	**9.5**
Cash and cash equivalents as at the end of the period	**52.2**	**74.5**

(all figures in EUR millions unless stated otherwise)

Interim separate statement of changes in equity for 3 months ended 31 March 2021

	Share capital	Share premium	Legal Reserve	Voluntary Reserves	Own shares	Profit or loss for the period	Other equity instruments	Adjustments for changes in value	Total Equity
As at 1 January 2020	**22.0**	**237.3**	**1.5**	**33.6**	**(7.5)**	**25.8**	**(25.4)**	**18.4**	**305.7**
Total recognised income and expense	-	-	-	-	-	1.8	-	-	1.8
Transactions on own shares and equity holdings (net)	-	-	-	-	0.8	-	1.8	-	2.6
Transfer of profit or loss to reserves	-	-	2.6	23.2	-	(25.8)	-	-	-
Other equity movements	-	-	-	-	-	-	-	-	-
As at 31 March 2020	**22.0**	**237.3**	**4.1**	**56.8**	**(6.7)**	**1.8**	**(23.6)**	**18.4**	**310.1**
As at 1 January 2021	**22.0**	**237.3**	**4.1**	**56.8**	**(6.5)**	**34.3**	**(23.4)**	**(6.7)**	**317.9**
Total recognised income and expense	-	-	-	-	-	-	-	-	-
Transactions on own shares and equity holdings (net)	-	-	-	-	0.8	-	(0.3)	-	0.5
Transfer of profit or loss to reserves	-	-	-	34.3	-	(34.3)	-	-	-
Other equity movements	-	-	-	-	-	-	-	-	-
As at 31 March 2021	**22.0**	**237.3**	**4.1**	**91.1**	**(5.7)**	**-**	**(23.7)**	**(6.7)**	**318.4**

1. Basis of preparation

These interim financial statements have been prepared on the basis of the accounting records of AmRest Holdings SE by the Company's Board of Directors in accordance with the accounting principles and standards contained in the Spanish General Chart of Accounts, and other prevailing legislation, in order to give a true and fair view of the Company's equity and financial position as of 31 March 2021 and results of operations, changes in equity and cash flows for the 3 months ended on that date.

The COVID-19 pandemic affects the assumptions and estimation uncertainty associated with the measurement of assets and liabilities. Given the evolving nature of COVID-19 and the limited experience of the economic and financial impacts of such a pandemic, changes to estimates in the measurement of Group's' assets and liabilities may arise in the future.

In late 2019 a novel strain of coronavirus, COVID-19, was first detected and in March 2020, the World Health Organization declared COVID-19 a global pandemic. Throughout 2020 and in 2021 COVID-19 has spread throughout globally, including the countries the Group operates.

Most governments have been implementing measures to reduce the spread of COVID-19. These measures include restrictions on travel outside the home countries, closing or imposing limitations on business and other activities as well as encouraging social distancing. Depending on the epidemic situation in particular countries and regions the restrictions are being lifted, reduced or re-imposed. With the approvals of first vaccines at the end of 2020, the governments are developing and carrying out mass vaccination programs in 2021.

This situation is affecting significantly AmRest Group, as well as the global economy. 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, peoples behaviors and ways of living.

The COVID-19 pandemic has a particularly significant negative impact on the restaurant sectors. Periodical bans or significant restrictions are imposed on the restaurant operators in various countries. That results in significant decrease in business activity. High pressure on social distancing has an impact on the customer demand and daily lives and behavior patterns. This requires adjusting restaurant operations into new reality.

Board of Directors is closely monitoring the development of situation and actively looks for the ways of mitigating the impact of COVID-19 spread on the Group.

The COVID-19 related risks and uncertainties are being analyzed at different angles to assess if a going concern uncertainty applies for the Group. Crisis Teams were set up in all major countries of Group operations to coordinate actions, execute local sanitary regulations, develop, and execute safety measures to protect employees.

To strengthen Group's position in terms of liquidity the Group has drawn available tranche of syndicated bank loan, and applied state supported bank loans on French, Spanish and Russian markets in 2020.

The Group maintains close communication with its financing banks. Prior to 2020 year end AmRest has obtained from its financing banks and its bondholders (Schuldschein) waivers to the compliance with the covenants related to the Group's leverage and interest coverage ratios until 31 December 2021 (for the fourth quarter of 2020 and the first, second and third quarters of 2021). During said periods, those covenants has been replaced by a commitment to maintain a minimum level of liquidity.

The financial forecasts show that the Group will be able to settle its liabilities within next 12 months, including repayment of scheduled loan installments.

In 2020 the Group started, and continues in 2021 the process of the review of its rental agreements and entering into negotiations with landlords. Also the Group takes the benefits of various government schemes that allowed deferral or suspension of payments for rental costs during pandemic.

Government programs implemented to mitigate the impact of COVID-19 allow to defer payments taxes, social securities, and other public obligations. The Group is closely monitoring situation on local markets and is taking the benefits of available schemes which allow to enhance liquidity risk management in current situation.

Additionally, the Group takes numerous actions aimed at utilizing government support related to cost of labor offered on markets where the Group operates. One of the priority tasks in this respect is to avoid a significant decrease in the level of employment, taking into account the effectiveness of the ongoing processes and to ensure financial security for employees to the extent possible in the current situation but also to optimize payroll costs in Group.

Another tool that allows to support liquidity management is the temporary deferral of development plans and renegotiations of certain development agreements.

On the revenues streams side, the Group keeps high number of stores operative. As at 31 March 2021 over 96% of stores remained open. The Group closely monitors the constrain measures taken and subsequently lifted by governments in various countries and adjusts on daily basis number of opened stores and possible ways of providing products and services to Group's customers, ensuring staff and customer safety, as well complying with all government directives.

2. Recognition and measurement accounting policies

On January 30, 2021, the Government published in the Official State Gazette the Royal Decree 1/2021, of January 12, which modifies the General Accounting Plan, which do not have any material impact on this standalone interim report.

The standalone interim report was prepared in accordance with the accounting principles and registration and valuation standards contained in the Spanish General Accountancy Plan. The most significant are:

2.1. FINANCIAL INSTRUMENTS

2.1.1 FINANCIAL ASSETS

A financial asset is any asset that is: cash, an equity instruments of another company, or suppose a contractual right to receive cash or another asset financial asset (a debt instrument), or to exchange financial assets or liabilities with third parties under potentially favorable conditions.

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

- **Financial assets at fair value with changes in the profits and loss account:** A financial asset should be included in this category unless its classification is appropriate in any of the remaining categories. Financial assets held for trading will be compulsorily included in this category. For equity instruments that are not held for trading, nor must valued at cost, the company can make the irrevocable choice at the time of its initial recognition of presenting subsequent changes in fair value directly into equity. The assets included in this category will be initially recognized at fair value.

- **Financial assets at amortized cost:** A financial asset will be included in this category, even when it is admitted to negotiation in an organized market, if the company maintains the investment with the objective to receive the cash flows derived from the execution of the contract, and the conditions contractual financial assets give rise, on specified dates, to cash flows which are only collections of principal and interest on the outstanding principal amount.

  In general, this category includes credits for commercial operations and credits for non-commercial operations:
  a) Credits for commercial operations are those financial assets that are originate in the sale of goods and the provision of services for traffic operations of the company with deferred collection, and
  b) Credits for non-commercial operations are those financial assets that, not being equity instruments or derivatives, they have no commercial origin and whose collections are of a determined or determinable amount, which come from loan operations or credit granted by the company.

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

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

- **Financial assets at fair value with changes in equity:**

A financial asset will be included in this category when the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are only collections of principal and interest on the outstanding principal amount, and no hold to negotiate nor should it be classified at amortized cost. Investments in financial equity instruments will also be included in this category.
When the irrevocable option of registering the changes in fair value had been taken.

- **Financial assets at cost:**

a) Investments in the equity of group, multi-group and associated companies.
b) The remaining investments in equity instruments whose fair value does not can be determined by reference to a price quoted in an active market for a identical instrument, or cannot be reliably estimated, and derivatives that have as underlying these investments.
c) Hybrid financial assets whose fair value cannot be estimated reliably reliable, unless the requirements for accounting at amortized cost are met.
d) Contributions made as a result of a joint venture and the like.
e) Participative loans whose interests are contingent, either because a fixed or variable interest rate is agreed upon conditional on the achievement of a milestone in the borrowing company (for example, obtaining profits), or because they are calculated exclusively by reference to the evolution of the activity of the aforementioned company.
f) Any other financial asset that should initially be classified in the portfolio of fair value with changes in the profit and loss account when the fair value cannot be reliably estimated.

Investments included in this category will be initially valued at cost, which It will be equal to the fair value of the consideration given plus the transaction costs that are directly attributable to them.

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

Interest and dividends received from financial assets.

Interest and dividends accrued on financial assets after acquisition shall be recognised as revenue. Interest shall be accounted for using the effective interest rate method, while dividends shall be recognised when the equity holder's right to receive payment is established.

Upon initial measurement of financial assets, accrued explicit interest receivable at the measurement date shall be recognised separately, based on maturity. Dividends declared by the pertinent body at the acquisition date shall also be accounted for separately. “Explicit interest” is the interest obtained by applying the financial instrument’s contractual interest rate.

If distributed dividends are clearly derived from profits generated prior to the acquisition date because the amounts that have been distributed are higher than the profits generated by the investment since acquisition, the difference shall be accounted for as a deduction in the carrying amount of the investment and shall not be recognised as income.

2.1.2 FINANCIAL LIABILITIES

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

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

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

  Participative loans that have the characteristics of an ordinary loan or Common will also be included in this category without prejudice to the operation being agreed to a zero or below market interest rate.

  Financial liabilities included in this category will be initially valued at their fair value, which, unless of evidence to the contrary, will be the price of the transaction, which will be the fair value of the consideration received adjusted for the transaction costs that are directly attributable to them.

  However, debits for commercial operations with maturity not exceeding one year and that do not have a contractual interest rate, as well as the disbursements required by third parties on shares, the amount of which is expected to be paid in the short term, may be valued at their nominal value, when the effect of not updating the cash flows is not significant.

  Financial liabilities included in this category will be valued at their amortized cost. The accrued interest will be recorded in the profit and loss account, applying the effective interest rate method.
  However, debits with a maturity of not more than one year that, in accordance with the provided in the previous section, are initially valued at their nominal value, they will continue being valued for that amount.

  Financial liabilities included in this category shall initially be measured at fair value. In the absence of evidence to the contrary, this shall be the transaction price, which is equivalent to the fair value of the consideration given plus directly attributable transaction costs.

  Nonetheless, trade payables falling due within one year for which there is no contractual interest rate, and called-up equity holdings expected to be settled in the short term can be measured at their nominal amount, provided that the effect of not discounting the cash flows is immaterial.

  The financial liabilities included in this category shall subsequently be measured at amortised cost. Accrued interest shall be recognized in the income statement using the effective interest rate method.

  Nonetheless, payables falling due within one year initially measured at the nominal amount, in accordance with the preceding section, shall continue to be measured at that amount.

- **Financial liabilities at fair value with changes in profit and loss account:**

This category will include financial liabilities that meet any of the following conditions:

a) They are liabilities that are kept for trading
b) From the moment of initial recognition, it has been designated by the entity to carry it at fair value with changes in the profit and loss account. This designation, which will be irrevocable.
c) Optionally and irrevocably, they may be included in their entirety in this hybrid financial liabilities category.

Financial liabilities included in this category shall initially be measured at fair value. In the absence of evidence to the contrary, this shall be the transaction price, which is equivalent to the fair value of the consideration received. The additional transaction cost that are directly attributed will be recognized in the Profit and Loss account.

After the initial valuation, the Company will valuate these Financial liabilities included in this category at fair value with changes in the Profit and Loss account.

2.1.3. INVESTMENTS IN THE EQUITY OF GROUP COMPANIES

Group companies are those over which the Company, either directly or indirectly, through subsidiaries exercises control as defined in article 42 of the Spanish Code of Commerce or which the companies are controlled by one or more individuals or entities acting jointly or under the same management through agreements or statutory clauses. Control is the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities. In assessing control, potential voting rights held by the Group or other entities that are exercisable or convertible at the end of each reporting period are considered.

Investments in group companies are valued at their cost, which is equivalent to the fair value of the consideration given, minus, where applicable, the accumulated amount of the adjustments for impairment of value. However, when there is an investment prior to qualification as a group, multi-group or associate company, the carrying amount of the investment is considered as investment cost before having that qualification. The previous valuation adjustments recorded directly in Equity are transferred to the income statement when the investment is disposed or when there is a loss or reversal of the impairm8ent.

If an investment no longer qualifies for classification under this category, it is reclassified as available-for-sale and is measured as such from the reclassification date.

If there is objective evidence that the book value is not recoverable, the appropriate valuation adjustments are made for the difference between their book value and the recoverable amount, defined as the greater amount between their fair value less costs to sell and the value in use of the investment. Unless there is better evidence of the recoverable amount, in estimating the impairment of these investments, the net equity of the investee company is taken into account, adjusted for the capital gains existing on the valuation date. The value adjustment and, if applicable, its reversal is recorded in the profit and loss account for the year in which it occurs and presented in results from operating activities (as the possession of investments activities is considered part of the ordinary activity of a Holdings company).

Value in use is calculated based on the Company’s share of the present value of future cash flows expected to be derived from ordinary activities and from the disposal of the asset, or the estimated cash flows expected to be received from the distribution of dividends and the final disposal of the investment.

Nonetheless, and in certain cases, unless better evidence of the recoverable amount of the investment is available, when estimating impairment of these types of assets, the investee’s equity is taken into consideration, adjusted, where appropriate, to generally accepted accounting principles and standards in Spain, corrected for any net unrealised gains existing at the measurement date.

The carrying amount of the investment includes any monetary item that is receivable or payable for which settlement is neither planned nor likely to occur in the foreseeable future, excluding trade receivables or trade payables.

2.1.4. NON-MONETARY CONTRIBUTIONS IN EXCHANGE FOR INVESTMENTS IN THE EQUITY OF OTHER GROUP COMPANIES

The equity instruments received in exchange of non-monetary contributions of investments in group companies, are valued at the book value of the assets delivered in the individual annual accounts of the contributor, on the date the transaction is carried out, or at the amount representative of the equity percentage of the business contributed, if this is greater.

2.1.5. OWN EQUITY INSTRUMENTS

In transactions carried out by the Company with its own equity instruments, the amount of these instruments shall be recognized in equity as a change in capital and reserves without valuation adjustments. Under no circumstances may it be accounted for as a financial asset of the Company and no profit or loss may be recognized in the income statement. Expenses arising on these transactions, including costs incurred on issuing the instruments such as lawyer, notary and registrar fees, printing of prospectuses, bulletins and securities, taxes, advertising, commissions and other placement expenses – shall be accounted for directly in equity as a reduction in reserves.

The subsequent amortization of these instruments leads to a capital reduction by the nominal amount of the shares and the positive or negative difference between the purchasing cost and the nominal cost of the shares are accounted in reserves.

2.1.6. OFFSETTING PRINCIPLES

A financial asset and a financial liability are offset only when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.1.7. CASH AND CASH AND EQUIVALENTS

Cash and cash equivalents include cash in hand and sight bank deposits in credit institutions. Under this heading are also included under other highly liquid short-term investments provided that are easily convertible into cash and are subject to an insignificant risk of changes in value. For this purpose, investments with maturities of less than three months from the date of acquisition are included.

The Company recognises cash payments and receipts for financial assets and financial liabilities in which turnover is quick on a net basis in the statement of cash flows. Turnover is considered to be quick when the period between the date of acquisition and maturity does not exceed six months.

In the statement of cash flows. bank overdrafts which are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents. Bank overdrafts are recognised in the balance sheet as financial liabilities arising from loans and borrowings.

2.2. FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

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

2.3. INCOME TAX

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

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

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

The Company as the representative of the tax group, and the Spanish subsidiaries file consolidated tax return.

In addition to the factors to be considered for individual taxation, set out previously, the following factors are taken into account when determining the accrued income tax expense for the companies forming the consolidated tax group:

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

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

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

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

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

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

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

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

2.4. REVENUES RECOGNITION

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

2.5. PROVISIONS AND CONTINGENCIES

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

Provisions are valued at the present value of the disbursements that are expected to be necessary to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. The adjustments in the provision due to its update are recognised as a financial expense as they are accrued.

Provisions with maturity less than or equal to one year, with a non-significant financial effect, are not discounted.

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

On the other hand, contingent liabilities are those possible obligations arising because of past events, the materialization of which is conditional on the occurrence or non-occurrence of one or more future events independent of the Company's will.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

2.6. SHARE BASE PAYMENTS TRANSACTION

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

Share-based payments

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

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to awarding fair value at the grant date.

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

Cash-settled transactions

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

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

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

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

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

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

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

- A non-genuine corporate operation of contribution of the parent company in the subsidiary that is registered as a higher value of the investment according to consultation nº 7 of BOICAC Nº 75/2008;
- And a second corporate operation of distribution or recovery of the investment that is equivalent to difference between the re-charge described above and the cost of the options at grant.

2.7. TRANSACTIONS BETWEEN RELATED PARTIES

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

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

This Interim Report has been approved by resolution of the Board of Directors following the recommendation of the Audit Committee.

Madrid, 11 May 2021