Telefon: +48 22 543 16 00
Telefax: +48 22 543 16 01
E-mail: office@bdo.pl
Internet: www.bdo.pl

BDO Sp. z o.o.
ul. Postępu 12
02-676 Warszawa
Polska

AmRest Holdings Spółka Europejska
50-365 Wrocław, pl. Grunwaldzki 25-27

Audit Report
on the year-end financial statements
for the period from 1 January 2017 to 31 December 2017

Telefon: +48 22 543 16 00
Telefax: +48 22 543 16 01
E-mail: office@bdo.pl
Internet: www.bdo.pl

BDO Sp. z o.o.
ul. Postępu 12
02-676 Warszawa
Polska

INDEPENDENT AUDITOR'S REPORT
ON THE YEAR-END FINANCIAL STATEMENTS
for the General Meeting and Supervisory Board of
AmRest Holdings Spółka Europejska

We have audited the accompanying year-end financial statements of AmRest Holdings Spółka Europejska [European Company] ("the Company") with its registered office in Wrocław, pl. Grunwaldzki 25-27, consisting of: the year-end separate statement of financial position prepared as at 31 December 2017, the year-end separate profit and loss account, the year-end separate statement of comprehensive income, the year-end separate statement of cash flows and the year-end separate statement of changes in equity for the period from 1 January to 31 December 2017, as well as additional information on significant accounting policies and notes to the financial statements ("the financial statements").

Responsibilities of the Company's Management Board and Supervisory Board for the Financial Statements

The Company's Management Board is responsible for the preparation of the financial statements on the basis of properly kept books of account and for their fair presentation in accordance with International Accounting Standards, International Financial Reporting Standards and the related interpretations announced in the form of European Commission regulations, as well as other binding legal regulations and the Company's Statute. The Company's Management Board is also responsible for such internal controls as it considers necessary to ensure that the financial statements are free from material misstatements resulting from fraud or error.

In accordance with the Accounting Act of 29 September 1994 (2018 Journal of Laws item 395 with subsequent amendments ("the Accounting Act"), the Company's Management Board and members of its Supervisory Board are required to ensure that the financial statements meet the requirements of the Accounting Act.

Responsibilities of the Auditor

Our responsibility was to express an opinion whether the financial statements present truly and fairly the Company's financial position and financial result in accordance with the applicable International Accounting Standards, International Financial Reporting Standards and the related interpretations announced in the form of European Commission regulations, as well as with the accounting methods adopted by the Company.

We performed the audit of the financial statements in accordance with the provisions of:

1) the Act of 11 May 2017 on certified auditors, audit firms and on public supervision (2017 Journal of Laws, item 1089) ("the Certified Auditors Act"),
2) National Standards on Auditing in the wording of International Standards on Auditing, adopted in Resolution No. 2783/52/2015 passed by the National Council of Certified Auditors on 10 February 2015 with subsequent amendments,
3) Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (Official Journal of the EU L 158 of 27 May 2014, page 77 and Official Journal of the EU L 170 of 11 June 2014, page 66) ("Regulation 537/2014").

These regulations require us to comply with ethical requirements and to plan and perform the audit in a manner that allows us to obtain sufficient assurance that the financial statements are free from material misstatements.

The objective of an audit is to obtain sufficient assurance about whether the financial statements as a whole are free from material misstatements due to fraud or error, and to issue an independent auditor's report that includes our opinion. Sufficient assurance is a high level of assurance, but it is not a guarantee that an audit performed in accordance with the above standards will always detect an existing material misstatement. Misstatements can arise from fraud or error and are considered material if it could be reasonably expected that they, individually or in aggregate, could influence the economic decisions of users made on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, forgery, deliberate omission, misrepresentation or circumvention of internal controls, and may pertain to every area of law and regulations, not just those that have a direct impact on the financial statements.

The audit consisted of performing procedures aimed at obtaining audit evidence on the amounts and information disclosed in the financial statements. We choose the procedures based on our judgement, including an assessment of the risk of material misstatements in the financial statements due to fraud or error. In assessing this risk we consider the internal controls related to the preparation and fair presentation of the financial statements in order to plan our audit procedures, and not to express an opinion on the effectiveness of the Company's internal controls. An audit also includes assessing the appropriateness of the accounting policies used and the reasonableness of the estimates made by the Company's Management, as well as evaluating the overall presentation of the financial statements.

The scope of the audit does not include an assurance regarding the Company's future profitability, or regarding the Management's effectiveness in the handling of the Company's matters now or in the future.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our opinion is consistent with the additional report for the Audit Committee issued on the date of the present audit report.

Independence

During the audit the auditor in charge and the audit firm remained independent of the audited entity in accordance with the provisions of the Certified Auditors Act, Regulation 537/2014 and the ethical standards adopted by the National Council of Certified Auditors.

To the best of our knowledge and belief we declare that we have provided no non-audit services forbidden by the provisions of Article 136 of the Certified Auditors Act and Article 5 point 1 of Regulation 537/2014.

Selection of Auditor

We were selected as the auditor of the Company's financial statements in a resolution passed by the Company's Supervisory Board on 8 June 2017. We have audited the Company's financial statements continually since the financial year ended 31 December 2017; i.e. for one consecutive year.

Most Significant Types of Risk

In the course of the audit we identified the below described most significant types of risk of material misstatement, including from fraud, and have designed audit procedures appropriate for those types of risk. In cases where we found it appropriate in order to obtain an understanding of an identified risk and of the procedures performed by the auditor, we have also included the most important observations associated with such types of risk.

RISK OF MATERIAL MISSTATEMENT	PROCEDURES PERFORMED IN RESPONSE TO IDENTIFIED RISK AND MOST SIGNIFICANT OBSERVATIONS RELATED TO SUCH RISKS
1 Risk of impairment of interests in subsidiaries	
In its separate financial statements prepared as at 31 December 2017 the Company lists interests in subsidiaries in the amount of PLN 1.369.850 thousand. The details of the Group's accounting policies on the valuation of shares and performance of impairment tests, as well as the results of the performed tests are presented in points "g" and "j" of information about the Company and significant accounting methods, as well as in Note 2 to the separate financial statements. The matter has been classified as a risk of material misstatement due the significant value of shares of subsidiaries in the total value of assets and liabilities and the significant effect of the adopted assumptions on the final result of impairment tests.	As part of our audit procedures we in particular: • Obtained an understanding of the methods used by the Company to test shares for impairment. We verified the correctness of the model used and the rationality of the key assumptions adopted, • Analyzed if the rules used to determine the recoverable amount of the shares is consistent with the Group's accounting policies and IFRS, • Performed sensitivity analyses of test results in terms of key assumptions adopted in the tests, which we have critically assessed, • Assessed the impairment tests performed on shares for completeness, • Assessed the correctness and completeness of the disclosures made in the financial statements about the performed tests.

RISK OF MATERIAL MISSTATEMENT	PROCEDURES PERFORMED IN RESPONSE TO IDENTIFIED RISK AND MOST SIGNIFICANT OBSERVATIONS RELATED TO SUCH RISKS
2 Incentive program of employee share options	
The Company has share-based incentive programs for the key employees of its subsidiaries and management staff. information about the applied accounting policies and the effect of the programs on the financial statements is presented in, among others, point "m" of information about the Company and significant accounting methods, as well as in Notes 6 and 7 to the separate financial statements. The matter has been classified as a risk of material misstatement due to its significant effect on the Company's financial position for the year 2017 and the complexity of the accounting methods relating to incentive programs.	As part of our audit procedures we in particular: • Analyzed the terms of the incentive programs, • Assessed the correctness of the applied accounting methods and their consistency with the prior financial year, • Performed detailed tests on a sample of option assignments and option exercises performed in the audited period, • Assessed the accuracy of the main assumptions underlying the valuations of the programs, • Assessed if the disclosures in the financial statements are appropriate and consistent with the information obtained in the course of the audit.

Opinion

In our opinion, the accompanying year-end financial statements:

a) give a true and fair view of the Company's financial position as at 31 December 2017, as well as of its financial result for the period from 1 January to 31 December 2017, in accordance with International Accounting Standards, International Financial Reporting Standards and the related interpretations announced in the form of European Commission regulations, as well as the adopted accounting methods (policies),

b) have been prepared on the basis of books of account properly kept in accordance with the provisions of Chapter 2 of the Accounting Act,

c) are consistent, in content and in form, with the requirements of the Minister's of finance Decree of 19 February 2009 on the current and periodic information provided by the issuers of securities and on the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state ("the Decree" - 2014 Journal of Laws, item 133 with subsequent amendments), as well as with other applicable laws and regulations and with the Company's Statute.

Report on Other Legal and Regulatory Requirements

Opinion on the Directors' Report on the Company's Activities

Our opinion on the financial statements does not cover the Directors' Report on the Company's activities.

The Company's Management Board and members of its Supervisory Board are responsible for the preparation of the Directors' Report on the Company's activities in accordance with binding regulations.

In accordance with the requirements of the Certified Auditors Act, our responsibility was to issue an opinion whether the Directors' Report on the Company's activities, with the exception of the "Declaration on non-financial information" section, has been prepared in accordance with binding regulations, and whether it is consistent with the information presented in the year-end financial statements.

It was also our responsibility to report whether, based on our knowledge obtained during the audit about the entity and its environment, we have identified any material misstatements in the Directors' Report on the Company's activities, as well as to indicate the nature of each such misstatement.

In our opinion, the information contained in the Directors' Report on the Company's activities complies with the provisions of Article 49 of the Accounting Act and is consistent with the information presented in the year-end financial statements. Furthermore, based on our knowledge obtained during the audit about the Company and its environment we have identified no material misstatements in the Directors' Report on the Company's activities.

Opinion on the Declaration on the Application of Corporate Governance

The Company's Management Board and members of its Supervisory Board are responsible for the preparation of a declaration on the application of corporate governance in accordance with binding regulations.

In connection with our audit of the financial statements it was our responsibility under the Certified Auditors Act to express an opinion on whether an issuer required to file a declaration on the application of corporate governance, which constitutes a separate section of the Directors' Report on the Company's activities, included in this declaration the information required by legal regulations, and - with respect to certain information indicated in the regulations - to report on whether this information is consistent with the applicable regulations and with the information contained in the financial statements.

In our opinion, the Company's declaration on the application of corporate governance contains the information specified in paragraph 91 section 5 point 4 letters a, b, g, j, k and l of the Minister's of finance Decree of 19 February 2009 on the current and periodic information provided by the issuers of securities and on the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state (2014 Journal of Laws, item 133 with subsequent amendments). The information indicated in paragraph 91 section 5 point 4 letters c-f, h and i of the Decree contained in the declaration on the application of corporate governance is consistent with the applicable regulations and with the information contained in the financial statements.

Katowice, 8 March 2018

BDO Sp. z o.o.
ul. Postępu 12
02-676 Warszawa
Authorized Audit Company No. 3355

Auditor in charge:

Rafał Domicz
Certified Auditor
No. 12115

On behalf of BDO Sp. z o.o.:

Dr. André Helin
Managing Partner
Certified Auditor No. 90004

AmRest Holdings SE

Stand-alone Management Board's Report for the year 2017

8 March 2018

AmRest Holdings SE

Contents

AmRest Holdings SE

Letter to the shareholders

Dear Shareholders,

We are pleased to announce the results of AmRest Group achieved in 2017, yet another successful year in our history. Similar to the previous years, we continued dynamic and diversified business growth and made significant steps towards our long-term vision of becoming the #1 ranked restaurant operator in Europe.

Last year our revenues grew by 25% and margins improved in most of our major markets on the back of favorable consumer trends, strengthened position of our brands, accelerated organic growth and M&A activities. Our core business (without M&As) once again delivered on the 20% EBITDA growth target, ranking us among the fastest growing restaurant businesses in Europe. While maintaining the balanced business growth, we continued our efforts to double the company in size within three years, through the enhancement of our core business, M&A activities and investment in the digital business segment.

As indicated before, we have accelerated the pace of organic expansion and opened 210 new restaurants in 2017 (versus 146 in the year before). In addition to the dynamic growth of KFC and La Tagliatella, we increased our investments into Starbucks and Pizza Hut. We are particularly happy about the successful launch of Pizza Hut Express format, enabling significant growth potential for the brand. Today, Pizza Hut Express is already present in four our markets and its further development will be additionally supported by the master-franchise rights for Central Europe, Germany and France.

Looking ahead, our ambition is to accelerate development of our restaurant portfolio as we see a great potential in the current markets of our operations. Solid performance of new openings, improved site selection process and increased effectiveness of capital allocation make us confident to target 300 openings in 2018.

Our diversified growth platform creates new development opportunities and last year we reached several important milestones in this respect. In 2017 AmRest entered three new markets by opening its first KFC locations in Austria and Slovakia, as well as the first La Tagliatella in Portugal. In the meantime, we continued the expansion of our brands in existing markets. Our first Pizza Hut restaurants were opened in the Czech Republic and we also introduced Blue Frog in Europe opening first locations in Spain and Poland. Such a dynamic expansion across the board would not be possible without our strong and effective local teams.

Last year we were also very active in M&A, successfully closing an unprecedented number of nine transactions, mostly within KFC and Pizza Hut brands in Germany, France and Russia. With the addition of 250+ restaurants, we strengthened the position of these brands in our portfolio and increased our exposure to prospective markets of Western Europe. We are convinced that the successful integration and turnaround of those acquired businesses will be a major step on the way to become a leading restaurant operator in Europe.

Recently, the restaurant industry has been heavily impacted by the rapid development of new technologies. Encouraged by these market trends, AmRest continued its investments in Digital, enhancing existing mobile platforms with innovative functions enabling closer interaction with customers. Additionally, through a strategic partnership with Delivery Hero we became a majority shareholder in the online food ordering platform (Pizzaportal.pl) and signed operating agreements for Czech Republic and Hungary. Given the very dynamic growth of our delivery business (in Poland over 30% increase in 2017) and the fact that most of our delivery orders go through digital channels, we are very excited about this partnership. In our opinion, it will significantly enhance the quality of service for our customers and contribute to the future value creation for our shareholders.

This year we are celebrating the 25th anniversary of AmRest. Our long and successful journey, which started with the opening of a single Pizza Hut in Wrocław, has been a showcase of the 'Anything is possible' culture. Today, as a multi-brand restaurant operator, with 1650+ locations across 16 countries, we feel that there is still much more growth ahead of us. Being excited about the future opportunities, we are also fully aware of development and integration challenges. Nevertheless, equipped with the 25-year experience in running restaurant business as well as great commitment of thousands of AmRest Employees, we are confident about our ability to continue this successful journey.

We would like to use this opportunity and thank all our Employees for their passion and devotion in growing the business. Their enormous positive energy fuels our unique organization culture and makes AmRest such a great company.

Management Board of AmRest Holdings SE

Information about financial data in the stand-alone report

AmRest Holdings SE is a holding company and does not run any operations. For this reason any financial data found in this report refers to the AmRest Group

AmRest Holdings SE

1. Selected financial data

DIAGRAM 1: REVENUES IN 2015-2017 (IN PLN'000)

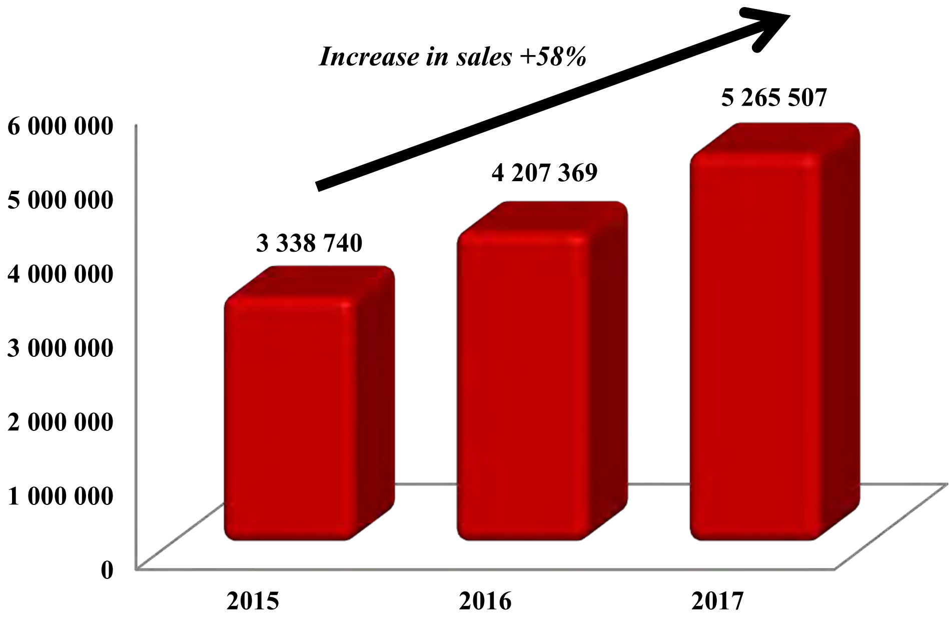


DIAGRAM 2: EBITDA IN 2015-2017 (IN PLN '000)

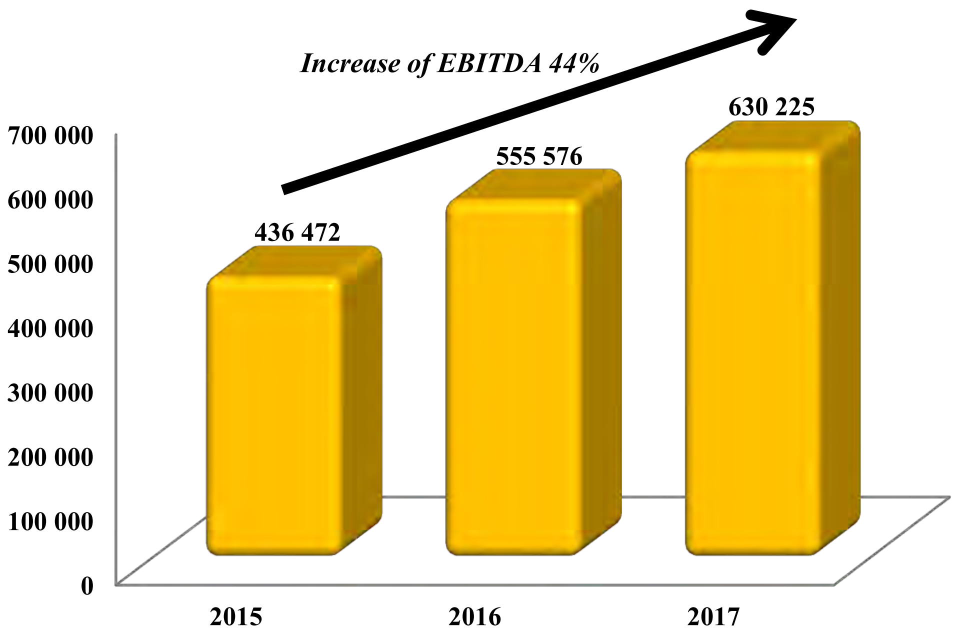
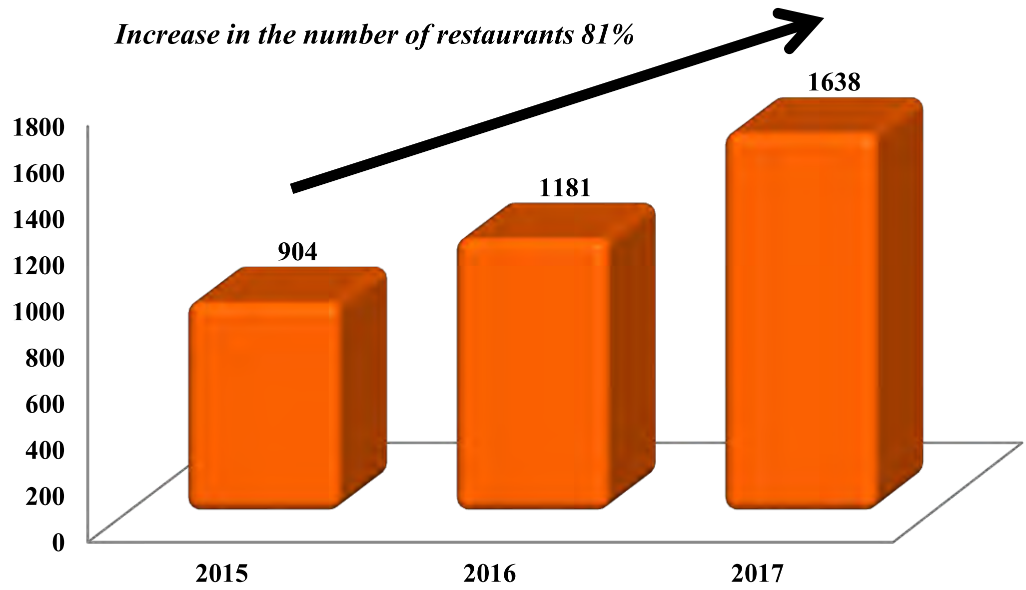
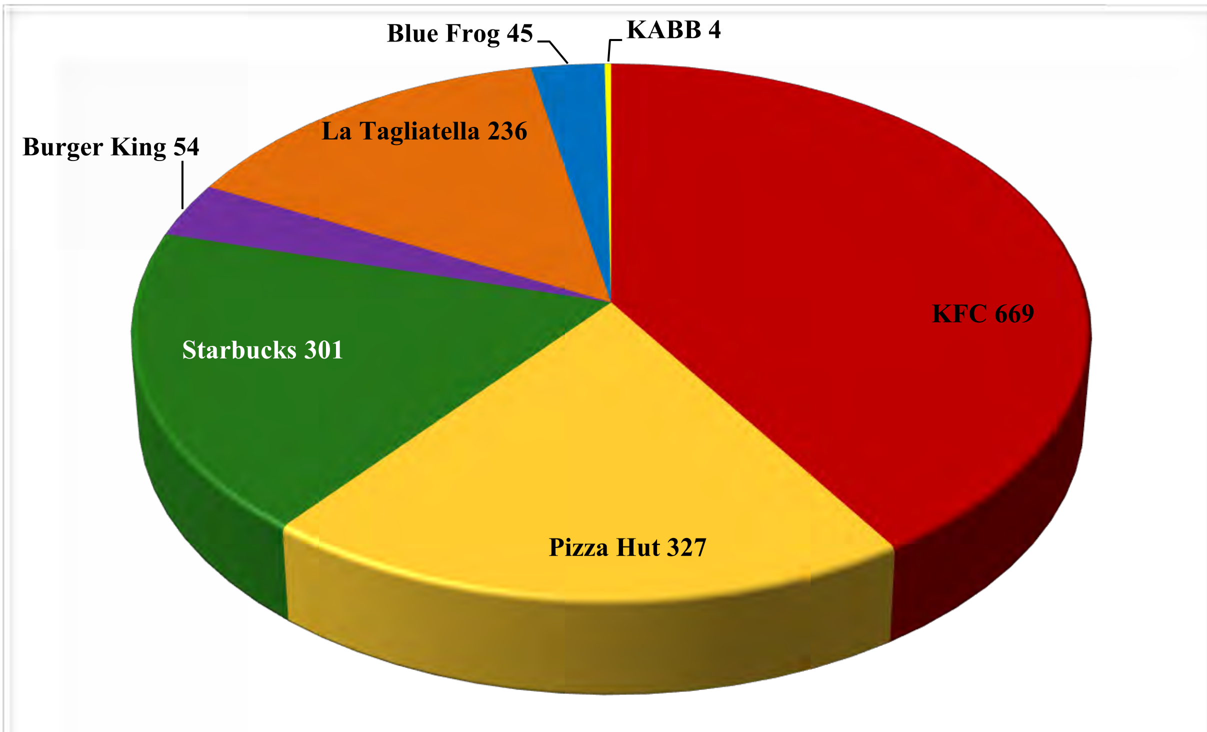


DIAGRAM 3: NUMBER OF AMREST RESTAURANTS IN 2015-2017, BALANCE AS AT 31 DECEMBER 2017



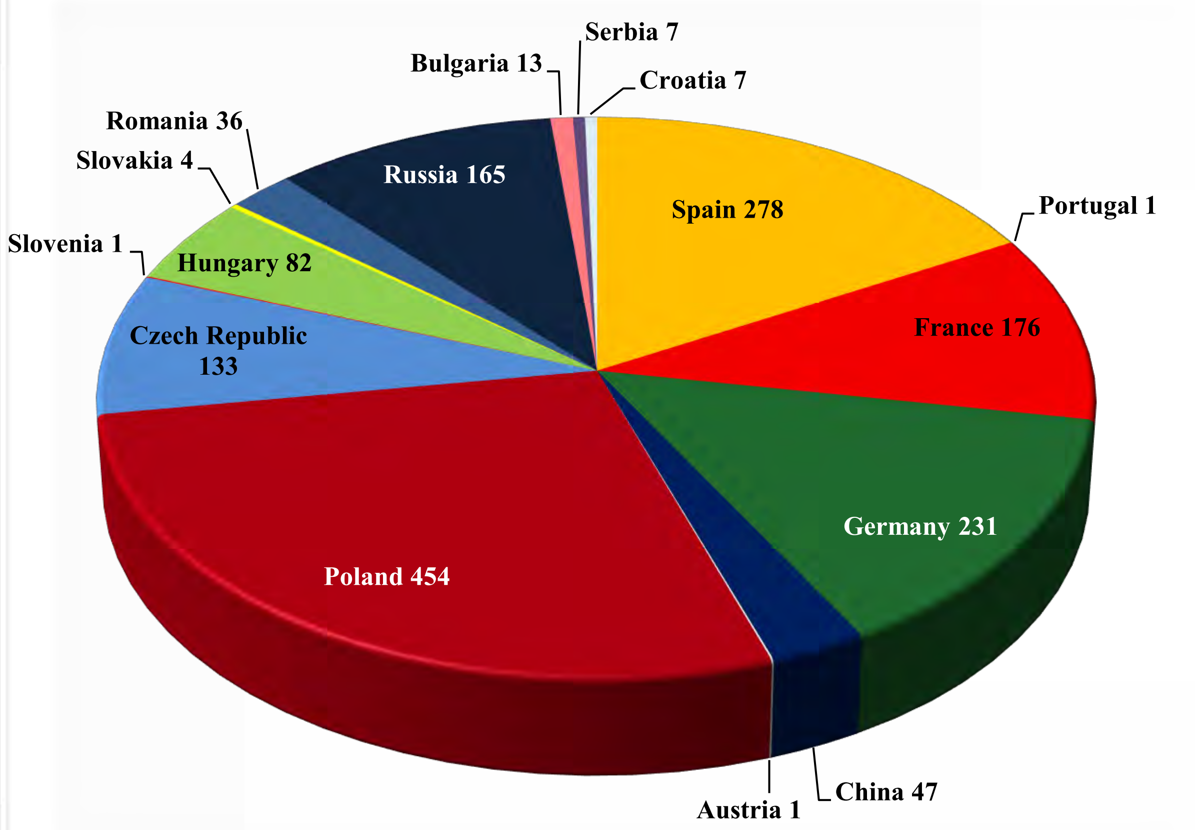
* Including restaurants operated by franchisees of La Tagliatella and Pizza Hut brands.

DIAGRAM 4: NUMBER OF AMREST RESTAURANTS BY BRAND, BALANCE AS AT 31 DECEMBER 2017



* Including restaurants operated by franchisees of La Tagliatella and Pizza Hut brands

DIAGRAM 5: NUMBER OF AMREST RESTAURANTS BY COUNTRY, BALANCE AS AT 31 DECEMBER 2017



* Including restaurants operated by franchisees of La Tagliatella and Pizza Hut brands

2. Description of the Company

2.1. Basic services provided by the Group

As at the date of publication of the report, AmRest Holdings SE ("AmRest") manages 7 restaurant brands in 16 countries of Europe and Asia. Every day over 37 thousand AmRest employees deliver delicious taste and exceptional service at affordable prices, in accordance with our "Wszystko Jest Możliwe!" ("Everything is possible!") culture.

As at March 8th, 2018, AmRest manages 1 647 restaurants in two restaurant sectors: Quick Service Restaurants (QSR) – KFC, Burger King, Starbucks, Pizza Hut Delivery and Express and Casual Dining Restaurants (CDR), restaurants with full waiting service – Pizza Hut, La Tagliatella, Blue Frog and KABB.

AmRest restaurants provide on-site catering services, take away services, drive-in services at special sales points ("Drive Thru"), and deliveries for orders placed online or by telephone. AmRest restaurant menus include brand dishes prepared from fresh products in accordance with original recipes and with KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and KABB chain standards.

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

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

Starbucks restaurants in Poland, Czech Republic and Hungary are opened by joint-venture companies AmRest Coffee (82% AmRest and 18% Starbucks), which have the rights and licenses to develop and manage Starbucks restaurants. Starbucks stores in Romania and Bulgaria (acquired from Marinopoulos Coffee SEE B.V. in June 2015), Germany (acquired from Starbucks Coffee EMEA B.V. in May 2016) and in Slovakia are operated by the Company on a franchise basis.

La Tagliatella is the own brand of AmRest which became part of the portfolio in April 2011. La Tagliatella restaurants are operated both by AmRest and by entities which operate restaurants on a franchise basis.

Blue Frog and KABB brands became the property of AmRest in December 2012 as a result of purchase of a majority stake in Blue Horizon Hospitality Group LTD.

On March 31st AmRest signed the Investment Agreement with Delivery Hero GmbH and Restaurant Partner Polska („RPP"). As a result of the agreement AmRest acquired 51% of shares in RPP becoming its majority shareholder. RPP operates PizzaPortal.pl platform - an aggregator collecting offers from 2,500+ different restaurants in ca. 400 cities in Poland, which allows online meals ordering with delivery.

2.2. Restaurants in the Quick Service Restaurants (QSR) segment

Established in 1952, KFC brand is the biggest, fastest growing and most popular chain of quick service restaurants serving chicken meals. There are almost 20 000 KFC restaurants in 120 countries in the world.

Last year was one of the most dynamic period in the history of KFC restaurants run by AmRest. It was the result of the sales and profitability improvement on the existing markets, but also the effect of the acquisition of KFC business in Germany and France. In 2017 AmRest opened the first KFC restaurants in

Austria and Slovenia. As at the end of last year there were 669 KFC restaurants in AmRest's portfolio, which is 150 more than last year.

The strong dynamics of growth in Central Europe was maintained for all the year. This growth was a result of a continuous realization of the strategy related to the improvement of a general image of the restaurants, the quality of customer service and numerous innovations concerning the product. The brand maintained its strong position in the home delivery channel . Simultaneously, this service was introduced to many new restaurants and to Czech and Hungarian market, which very well-received by our Guests. KFC strengthened its position in "value" segment too – both in case of the basic menu which is B-Smart and others unique products. Among many others new products we rolled out premium burgers and… Also worthy of note is Shake De Lux's innovations…Restaurants in Poland and Hungary introduced the breakfast offer, which is the perfect complement to the KFC's firm menu. KFC Poland launched in some restaurants the "Skip the line" option, which gives the customers a possibility to order a meal without waiting through the KFC application. In the next few years we can expect even more brand's activities in the new technologies sphere. Costs of work increased on the most of Central Europe's markets and, according to the experts, this trend will retain for the next years. At the same time a visible improvement in the remaining cost areas was observed what allowed to improve the margin significantly so it exceeded the initial assumptions.

The results on the Russian market were very good in 2017 despite the demanding macroeconomic situation in this country. Thanks to the consistently executed strategy of building the brand's strategy, product innovations and the offer in the „value" segment, the income in comparable restaurants noted a strong one digit increase in 2017. Due to the big effort put into strengthening operational processes, KFC brand in Russia has significantly improved their margin. The acquiring of KFC business in new for AmRest region in Russia (Krasnodar) was very successful and newly opened restaurants have delivered satisfying financial result. In selected KFC stores the home delivery service has been introduced, which will be for sure implemented step by step in large scale. What is more, some restaurants have been equipped with self-order kiosks, which was very well-received by our Guests.

KFC restaurants operating in Spain have noted the sales improvement in comparison to the last year, which was the result of introducing and promoting products from the "value" segment. Last year AmRest acquired 3 restaurants, earlier possessed by YUM, and opened 7 new spots, which performances in accordance with expectations. The home delivery service is also currently tested in selected restaurants on Spanish market.

Newly acquired KFC restaurants in Western Europe (Germany, France) are now during the integration with the rest of AmRest businesses. On that stage the process is conducted in keeping with the Management Board's expectations.

In 2017 the brand was very actively engaged in the "Harvest" project, aiming working against food wasting and cooperating with local food banks. Thanks to that project more than 500 thousands meals were given to the most needy people. For now, the project is realised mainly in Poland, to a lesser degree on others selected markets. AmRest's KFC brand is also very active in the workers' commitment segment - both concerning social issues and new-products development. For the second time in a row we organized the "Colonel's Kitchen" contest giving our workers the possibility to invent new products, which may appear in the future menu in our restaurants. This activity is very popular among AmRest's workers and will be continued in nest years.

At the date of the publication of this report AmRest runs 676 KFC restaurants - 245 in Poland, 156 in Russia, 85 in Czech Republic, 53 in Spain, 50 in Hungary, 43 in France, 23 in Germany, 7 in Croatia and Serbia, 5 in Bulgaria and 1 in Austria and Slovenia.

Founded in 1954, the Burger King brand is the world's second largest fast food burger restaurant chain measured by the total number of restaurants. The Burger King brand is present in more than 100 countries operating over 15 700 restaurants and serving more than 11 million guests on a daily basis. Burger King restaurants are quick service restaurants that feature flame-grilled burgers, chicken and other specialty sandwiches, French fries, soft drinks and other affordably priced food items.

2017 was a successful year for Burger King restaurants operated by AmRest. The brand continued positive trend from previous year and achieved an increase in same store sales (SSS) and in average guest check (AGC). The strongest SSS improvement has been recorded in Czech market. Brand managed to improve profitability, despite strong negative pressure from increasing cost of labor. EBITDA margin adjusted by startups exceeded last year's level in all the countries that the Burger King brand is operated by AmRest.

On top of the successful improvement of financial performance, brand has experienced most dynamic growth for several years. 2017 brought fulfilling acquisition of four restaurants in Poland and five new openings (four in Czech Republic and one in Poland). Further development of the brand will be realized by new openings in top locations.

At the date of publication of this report AmRest operates 54 Burger King restaurants – 41 in Poland, 12 in Czech Republic and 1 in Bulgaria. In May 2017 Burger King was celebrating 10 years on polish market which was accompanied by PR activities and special offers for our guests. The anniversary proved that the consistently implemented brand strategy allows brand's stable development.

In 2017 the brand continued to focus on the operational excellence. In Poland, Czech Republic and Bulgaria Burger King managed to increase the Guests' satisfaction level thanks to execution of "Service vision" and many investments in the restaurant environment. The implementation of digital menuboards, hot boards (heated table for burgers' preparation) and testing of "pick up order" has resulted in higher AGC (Average Guest Check), improvement of speed of service and overall better brand image perception according to Brand Observer (Millward Brown). It is worth mentioning that eight restaurants were renovated in "Prime design concept" – a fusion of handcrafted feeling, cheerful graphics, bold color palette and American prints. Additionally new crew uniforms were introduced to every restaurant.

These positive results have also been achieved thanks to the maintaining high brand awareness on the Polish, Czech and Bulgarian market. According to the latest Brand Tracker report the main advantage of Burger King brand is high quality food, mainly in following categories: great burgers, flame-grilled burgers and best beef. The brand remains committed to the "Better Burger" strategy, which considerably distinguishes it from the competition. For the first time Burger King introduced in Poland the Tank Burger – an iconic Whopper in a black bun. In cooperation with World of Tanks the advertising campaign has reached big gaming community in Poland (circa 3 million users).

Another prominent successes of 2017 were Value campaigns conducted twice this year. Launch of "Dobre za Drobne" offer in Poland with the set of value products in price from PLN 3.50   product pack "2 za Drobne" and "King of the month" offer in Czech Republic were very well-received by guest's community which was reflected in the financial results. Those activities were supported by outdoor & digital campaigns. Another worth mentioning project in Poland was the cooperation with the popular bit-boxer Dharni, which brought over 5 million views on Youtube and created buzz around the brand. Very time-limited offers called Crazy Days were especially well-received by our most loyal customers.

Having delivered convincing financial results in 2017, the brand shows growing importance of Burger King in the AmRest portfolio and its readiness for further growth. Furthermore, the restaurants continuously enhance the customer's experience by new "Prime design" model as well as follow the commitment to premium products and "Have it your way" spirit of the brand.

As a result of strengthening the relationship between AmRest and Burger King Europe GMBH, in February 2018 the parties signed Development Agreements for Czech and Slovakia markets. According to these contracts AmRest gained the exclusive right to develop further Burger King restaurants in those countries until the end of 2022. In addition, AmRest will take the role of marketing Ad Fund manager for those markets.

Starbucks is the world leader in the coffee sector with more than 27 300 stores in over 70 countries. It offers a broad selection of coffees from different parts of the world, as well as teas, soft drinks and a wide range of fresh food, snacks and desserts. AmRest Coffee (a joint venture between Starbucks Coffee International and AmRest Sp. z o.o.) currently operates Starbucks stores in Poland, Czech Republic and Hungary. The stores in Romania, Bulgaria, Slovakia and Germany are 100% owned and operated by AmRest.

In 2017 the brand continued to grow and develop with 40 new stores opened across the countries. Overall the performance of the brand has been good with growth around 4% on average for LfL (Like for like) sales. Czech Republic and Hungary noted the strongest growth with 6% and 8% respectively. The rest of the markets kept a strong single digit growth pattern. Germany and Slovakia are in their first year as reported in AmRest, so do not have LfL numbers.

AmRest continues to drive the growth of the Starbucks brand through in-store experience and design elevation. Supported by digital engagement expressed through Starbucks Rewards loyalty program, mobile application with payment function as well as activity in the sphere of social media. The third level of brand strengthening is the introduction of Starbucks Capsules (compatible with the Nespresso machines) sold in stores as well as sales of Ready-To-Drink (RTD) bottled beverages across selected countries (not under AmRest operations).

A good example of brand elevation can be seen in the attached photographs of two new stores opened in Romania. Starbucks Lipscani store in the old town of Bucharest with a high profile design, coffee theatre for unique coffee experience with alternative brewing methods as well as a comfortable customer area spread over 2 floors and 400 square meters. The second is the first new design Drive Thru at Military shopping center. Reaching out to the changing habits of customers and openness to consume coffee on the go, the Drive Thru channel is one that will see more growth over the coming years. The performance of both units are on financial plan.

Looking at selected geographies, Germany performed above last year's sales, but below forecast. The New Store Opening count was below plan (5 units) as the need to confirm financial model took priority over openings. First two quarters have proven to be more difficult than expected. In quarter three and four the market produced positive results after the most important part of the integration process was concluded. The outlook is very positive, the brand has gotten momentum in top line sales and the cost structures are falling into place as management becomes more knowledgeable and fluent in executing AmRest operational routines. The engagement of partners is also increasing as the initial investment in building improvements (HVAC) and IT eco-system are consistently showing improvement in working conditions. Significant agreements with the workers councils have been achieved at the end of the financial year opening possibilities for further processes roll-out.

In Bulgaria AmRest opened 2 new stores after years of stagnation. Both units are within acceptable variance to the financial goals. Slovakia saw the opening of one unit (4 in total) with good sales results.

Highest growth came from Poland, where the brand opened 12 units and plans to open another 20 in 2018. This is in line with the strategy for strengthening brand accessibility in the country. Romania grew with 8 units and finished the year with 36. Two openings passed on to this year and have successfully already opened.

On the beverage and food side, the brand has rolled out fresh sandwiches in Hungary, Bulgaria and Romania. This is after the initial roll-out in Poland in 2016. Freshly made on spot sandwiches help build the fresh and healthy category and support driving sales. In the beverage selection, Shaken Iced Tea's performed very well in the summer driving growth in cold beverage, average ticket and margin. Frappuccino's continued to provide healthy margins and growth. In the beginning of 2018 milk option have been introduced providing Almond, Soya and Coconut version. Cold brew will continue to be an important platform for new products. In Germany Nitro Cold Brew has been introduced at the Munich Airport store. The roll-out of this product will continue in 2018 at selected locations throughout the seven countries.

At the date of publication of this report AmRest operates 303 Starbucks cafes (137 stores in Germany, 63 in Poland, 34 in the Czech Republic, 20 in Hungary, 38 in Romania, 7 in Bulgaria and 4 in Slovakia).

2.3. Restaurants in the Casual Dining Restaurants (CDR) segment

La Tagliatella®

La Tagliatella is the leading brand of the Italian Casual Dining segment in Spain. Since the first opening in the small town of Reus in year 2003, the brand has expanded quickly across all the Spanish geography through both equity and franchised restaurants.

The success of the concept lies in its high appeal for all types of targets and its convenience for any occasion. Thus, in La Tagliatella it is very common to see families with kids during lunch on Saturday, couples who celebrate a special night and also business partners meeting over lunch during weekdays. Its extensive and varied menu as well as its quality and attractive price have turned it into a reference for other restaurants in Spain.

During year 2017 La Tagliatella has made a special effort to become even more unique and to strengthen its position of being in the forefront of innovation and product development. As every year, a multidisciplinary team has travelled from the most dynamic markets of Italy to the small hidden corners across the Italian geography to discover the new trends and the most authentic and traditional ingredients of the Italian heritage. New small local producers have been identified to import from them the most exclusive ingredients to be used in La Tagliatella's new creations, adding even more variety and unique flavour to the menu. As an example, the limited production of artichokes from the south of Italy will be collected only for La Tagliatella during 6 weeks when the weather is more favourable for its harvesting. Or the unique Focaccia di Recco (DOP) produced in Recco, small town in the Liguria region close to Genova, filled with stracchino cheese, and brought exclusively for the brand. Or the olive named "tagiascca" of very short production that has been incorporated to several sauces.

Those and other unique ingredients have been chosenby the New Product Development team of the company in order to ensure the best tasting dishes that were incorporated to La Tagliatella new menu during its roll-out in May. The launch campaign included the game 'Le Ricette de la Nueva Carta' (The Recipes of the New Menu) that was promoted in digital media. Through this gamification campaign the consumers were invited to play different online minigames in order to discover the secrets of the new dishes included in the menu, under a theme that built on the brand's storytelling of Italian authenticity, quality ingredients and unique recipes. Together with the new menu La Tagliatella launched also its new web page, more visual and dynamic, with a special focus on highlighting the quality and origin of its ingredients .

In order to ensure the highest standards of service and product quality, La Tagliatella introduced its first training restaurant located in Madrid, where new joiners are closely supported and monitored to assure a perfect and standardize experience is delivered across the system.

2017 has meant a new record also in number of openings, with 27 new restaurants (including 22 locations operated by franchisees). It is meaningful that we have opened 2 equity free-standing buildings, with its spectacular and iconic design that anchors the traditional Tuscany architecture with the integration of light through a crystal cube.

Regarding international expansion, La Tagliatella came into Portuguese market at the end of 2017 and its performance had a steady growth till the end of the year. Portuguese consumers have rated very highly our food and ambiance and Expo Lisbon store/restaurant should be only the first of a list of openings in this country.

As at the publication date the portfolio of La Tagliatella consisted of 236 restaurants – 224 in Spain, 9 in France, 2 in Germany and 1 in Portugal.

Pizza Hut is one of the biggest restaurant chains in the world. The brand is rooted in the United States. Inspired by Mediterranean cuisine, it promotes the idea of a pleasant way of spending time among family and friends. In Poland, Pizza Hut leads the way in the casual dining segment with the highest sales volumes and number of Guests visiting its restaurants. Its leadership position is further supported with the „One Brand, Three Channels" strategy,strengthening its expert position in pizza in all consegment.

Last year was another very successful period for Pizza Hut operations. Development of the brand, historically focused on the casual dining segment, accelerated through –dynamic expansion of Pizza Hut Delivery and Pizza Hut Express formats., Recent developments address changing consumers trends and growing importance of the „convenience" being among major consumer needs. It also sets the brand's strategic development directions for the next years.

Pizza Hut Express is the concept enabling the customers to eat their favorite pizza on their way home, to work or while shopping. Restaurants are relatively small, easily accessible in shopping malls, city centers and locations convenient for a business lunch. Besides Poland and Hungary, where the concept appeared earlier in 2017, Pizza Hut Express was also introduced to the Czech Republic. From a customer's perspective, the unique proposition of Pizza Hut Express lays in a fresh hand made pizza prepared within five minutes in front of customers. It is possible thanks to the limited menu and applying a special kind of stove adjusted to fast baking. The unique concept is advertised with the slogan: "We make fresh pizza in 5 minutes" and offers five most popular pizza flavors from Pizza Hut restaurant menu served on a traditional dough, also with the option of cheese in the crust. At the same time, development of Pizza Hut Delivery is the response to quickly growing trends in home delivery segment.

In 2017, AmRest made significant progress in rolling out both concepts. As a result of signing agreements with YUM, AmRest became the master franchisee of PH in France, Germany and Central Europe acquiring more than 200 delivery and express restaurants in Western Europe. In Poland, we continued opening new stores in both concepts. Fast penetration of key cities both in Central and Western Europe is our strategic goal. Last year we opened 26 restaurants in Poland, 7 in Hungary, 2 in Czech Republic, 5 in Russia, 3 in Germany and 6 in France.

Marketing activities in 2017 traditionally started with the Pizza Festival, organized in our restaurants already for the eighth time. This year we took our Guests in the journey around the world, offering new pizza flavors inspired by cuisines of Asia, Europe and America. We introduced three new flavors every two weeks, encouraging our Guests to visit us again. This all-you-can-eat offer was strongly promoted on TV and the Internet.

The spring was started with the great offer of Bestsellers – attractively priced at PLN 19.95 for the medium size pizza. The aim of the offer was to encourage new Guests to try our offer, which drove the transactions growth in our stores.

For us the summer means sun, holidays and long, warm evenings. To fit this picture, we created our next offer – Big Dipper - a huge (59 cm), oblong pizza, perfect for feasting with friends, accompanied with a fresh salad bar, new flavors and lemonades. The offer was supported by billboards and internet campaign. We encouraged big groups of friends to visit us, which increased the average check during that season.

During autumn time Pizza Hut introduced something entirely new. Using the "craft revolution" in the beer market and referring cult Oktoberfest we wanted to encourage men to visit our restaurants, introducing the Beer Fest offer. It consisted of three new pizza flavors based on the unique, beer dough and, of course, beer itself – famous and popular Guinness. Like earlier, the offer was supported by billboards and internet campaign.

During the autumn/winter season, the limited offer in Pizza Hut Express (Winter Flavors) was introduced for the first time. Three new pizza flavors were well-received by our Guests, leading to significant traffic in our restaurants. Well-thought pricing supported also the average check growth.

In addition to the marketing activities, we also focused on the revitalization of our restaurants. New, refreshed concept of Pizza Hut was first opened in Arkadia shopping center in Warsaw. Its key differentiating elements comprise new design, uniforms and pizza flavors and last but not least - an Italian style pizza made in the brick oven. The concept was very well-received by our Guests, driving our topline growth. In 2018 we are planning to further develop this concept in our key locations.

On a digital side, we successfully continued rolling out our loyalty program "My Pizza Hut" – the innovative tool enhancing customers' engagement in brand's activities and driving the visits' frequency in a long term. Since start, the program has gained our Guests' interest, incentivized by a number of special offers and invitations for registering at our platform. During 2017 the number of program's users reached 350 thousand, increasing by 350% versus 2016.

At the date of the publication of the report Pizza Hut runs 105 restaurants in Poland, 124 in France, 71 in Germany, 12 in Russia,13 in Hungary and 2 in Czech Republic. In 2018 the further, very dynamic development is planned on European markets, mainly in Express and Delivery concept, both by organic growth and next acquisitions.

2017 was the 5th year of AmRest presence in China as in 2012 Company acquired Blue Horizon Hospitality Group – the founder of two casual dining brands present in various cities located in eastern part of the country:

- Blue Frog Bar & Grill — restaurants serving classic American bar and grill cuisine along with Asian inspired favorites in a modern, inviting atmosphere.
- KABB Bistro Bar — premium segment restaurant, serving the favorites of "western cuisine" along with a wide selection of wine and drinks.

As a continuation of strategic direction announced in Q4 2016, last year we accelerated the speed of Blue Frog development in China but also introduced the brand in Europe, opening first restaurants in Spain and Poland. In February 2017 AmRest acquired the minority stake of Blue Horizon becoming the 100% owner of the Company and Brands. This move was accompanied by a change of the Blue Frog leadership both on global as well Chinese levels. A new position of Blue Frog President was created, which showed the growing importance of casual dining brands for the Company, but also its interest in establishing solid position in China.

China as a very dynamic market with very positive outlook and growth opportunities, but also requires a lot of focus and attention to operational challenges driven by faster than ever pace of new stores development. In 2017 AmRest China opened 11 new venues – reaching to new cities of Shenzhen in the South and Wuhan in the Central part of the country. Also, its position in the main centers of Shanghai and Beijing was strengthened with addition of two and three new stores respectively. The Central Kitchen model supported by efficient logistic structure remains an effective solution for Blue Frog operations.. Additionally, with recent expansion to “new territories” (e.g. Shenzhen), we focused on local differentiating factors such as understanding customers’ taste profile, price perception or demand for Western cuisine. Some menu “reengineering” works were initiated last year, which results shall be visible in early 2018. Also last year gave lots of stimulus to design and décor “renewing” works, which will drive the flexibility in adjusting the venue model to local requirements and also reduce investment costs. Latest openings set the standards for future development, but also gave the direction for renovation of mature restaurants. The remodeling program shall continue in 2018 and will enrich guests experience across the country.

In 2017, AmRest China made significant progress in all the three strategic areas of Division’s development: further integration with European business of AmRest, strengthening the brand through improved customer offer, brand positioning and geographical reach as well as implementation of processes and systems enabling dznamic expansion.

In line with the medium-term strategy, the Blue Frog brands crossed Chinese boundaries and opened its first stores in Europe. In September 2017 “Parque Sur” venue in Madrid started its operation, followed by “Wroclavia” opening in October in the home city of AmRest in Poland. Both venues represent the best of Blue Frog China - from design to menu proposition.. What is important is the fact that “classic” Blue Frog menu in both cases was adjusted to local guests’ needs and flavors. Spanish Blue Frog represents more of the “New York” flavors –with its flatbreads and steaks, while Polish one offers also good selection of soups and bigger offer of cocktails and drinks. In both cases however the burgers represent the best within this category. Parque Sur and Wroclavia are already well recognized by their customers which bodes well further brand expansion in Europe.

As at the publication date, AmRest owns 43 Blue Frog Bar & Grill and 4 KABB Bistro Bar restaurants in China, one Blue Frog in Spain and one in Poland.

3. Structure of revenues

Revenues of AmRest Group amounted to PLN 5 266m in 2017, growing by 25% compared with the previous year (PLN +1 058m). Key drivers behind such a dynamic growth were:

- maintained positive sales trends in comparable restaurants (LFL) on all key markets of Group's operations. In some of the markets double-digit growth was observed,
- historically high number of new openings. In 2017 AmRest opened 210 new restaurants (vs 146 in 2016),
- consolidation of revenues from recent M&As (acquisition of Starbucks chain in Germany (May 2016), 15 KFC restaurants in Germany (March 2017), Pizza Hut Delivery chain in France (May 2017) and Pizza Hut network in Germany (August 2017), 21 KFC stores acquired in Russia (October 2017), finalizing the acquisition of 42 KFC restaurants in France (37 stores taken over in Q4 2017) and acquisition of 51% stake in Pizzaportal.pl business by end of August 2017). Consolidated revenues of abovementioned businesses amounted to PLN 780m in 2017.

Excluding the sales of newly acquired businesses the revenues of the Group in 2017 amounted to 4 485m and were 624m higher than in 2016 (16% growth vs last year).

TABLE 1. AMREST GROUP'S SALES BY DIVISION

Divisions	2017		2016	
	PLN '000	share %	PLN '000	share %
Central and Eastern Europe (CE)	2 633 787	50.0%	2 254 327	53.6%
Weestern Europe	1 702 799	32.3%	1 212 674	28.8%
Russia	605 785	11.5%	465 223	11.1%
China	265 159	5.0%	229 028	5.4%
Unallocated*	57 977	1.1%	46 117	1.1%
Total	**5 265 507**	**100.0%**	**4 207 369**	**100.0%**

*Revenues of SCM Group and Pizzaportal.pl

The seasonality of sales and inventories of AmRest Group is not significant which is typical for the whole restaurant industry. In the CE region restaurants achieve lower revenues in the first half of the year, which is the result of lower number of days of sales in February as well as relatively less frequent visits of customers in restaurants.

4. Supply chain

2017 was the year of good harvest and, on the other hand, of the increase of inflation for selected groups of raw materials. The situation on cereal market was quite stable. After the raise of prices, that we noticed in the first half of a year, in the second half some decreases and stabilization appeared, because of the good harvest and high stocks. Global markets of oilseeds looked similar, what favored maintaining low prices of the products produced based on these materials.

After very low harvest of potato in 2016, in 2017 sowing areas were increased and high harvest was responsible for relatively low prices of that product. However, due to the low quality of the material, the productivity of the potato used for production decreased, what influenced on the increase of final products' prices, f.e. fries. This situation may have unfortunately the influence on the reduction of sowing areas in the next season, because of reducing the crops' profitability and may cause the materials' costs increase.

The chicken market was stable as well, mainly thanks to low fodder's prices supplied by the good harvest. At the same time the poultry sector in the region continuing its development and investments increased its export competitiveness.

The milk and dairy market after the stabilization time came into the period of increases initiated already in 2016. The reason was the downturn in production on the south hemisphere and the growing demand for cheese and butter inside European Union reinforced by the import from countries like China, United States and Mexico. The end of the year brought decreases on the milk market, which should remain for the next months.

The dispersal of the African swine fever (ASF) had a significant effect on the pork prices. Only in Poland the sickness took around 2m of pigs. This factor will be also relevant on global pork market in 2018, which may limit the export possibilities. The second important factor is strong rate of EUR vs USD, which exacerbate the competitive of EU's pork. However the increase in investments noted in 2017 can be the positive forecast for the future.

The increase of beef prices was caused mainly by growing export on the Middle East, especially to Turkey. Moreover, Poland received the "free of BSE" (Bovine spongiform encephalopathy, so called mad cow disease) status, which gives us more possibilities to export. The positive impact on the prices may have the Ministry of Agriculture's program helping pigs farmers to change their sector of operation into the cattle business.

Thanks to the continuing of the purchase strategy, the AMRest's inflation assumptions for the main groups of products have been managed to accomplish. Its basic elements, which were realized last year and will be continued in the following period are as follows:

- Continuing cooperation with long-standing, solid partners and building long-term business relations,
- Cooperating only with approved suppliers, who maintain the highest QA standards and food safety,
- Following the situation on the world raw materials market and the events which can have the influence on their prices what facilitates taking appropriate decisions in appropriate time,
- Following materials' price-generating events, like embargo, changes on financial markets, diseases, weather etc.,
- Developing the local suppliers chain to increase the competitiveness and reduce currency risk,
- The regional purchases' consolidation, which will enable introducing new technologies in order to improve effectiveness and decrease production costs,
- Supporting new products' development as part of Innovation Center based on the newest market trends,
- Cooperating with experts and market leaders,
- Introducing environment-friendly packages mainly based on recycle materials with maintaining the highest quality standards and binding law.

The list of the largest suppliers of AmRest in 2017:

- Quick Service Logistics Polska Sp. z o.o. Sp. K. – distributor in Poland,
- Lekkerland Deutschland GmbH & Co KG – distributor in Germany,
- Quick Service Logistics Czech s.r.o. – distributor in the Czech Republic,
- Conway S.A. – distributor in Spain,
- Quick Service Logistics Hungaria Bt – distributor in Hungary,
- OOO RBD Distribution – distributor in Russia,
- Roldrob S.A. – supplier of chicken products in Poland,
- Przedsiębiorstwo Drobiarskie Drobex Sp. z o.o. – supplier of chicken products in Poland,
- Drobimex Sp. z o.o. – supplier of chicken products in Poland,
- Vodňanská drůbež, a.s. – supplier of chicken products in Czech Rebublic,
- OOO East-West Logistic – distributor in Russia,
- HAVI Logistics GmbH – distributor in Germany.

5. Employment in AmRest

The table below shows employment in the Group in the years 2015–2017.

*TABLE 2. NUMBER OF EMPLOYEES IN AMREST (BALANCE AS AT 31 DECEMBER 2017, 2016, 2015)**

Year	**2017**	**2016**	**2015**
Employment in restaurants	36 384	27 612	22 679
Employment in administration	1 889	1 159	944
Total	**38 273**	**28 771**	**23 623**

* The data includes employees employed on short-term service contracts

6. Financial and asset position of the Group

6.1. Assessment of the Group's results and the structure of its balance sheet

TABLE 3. KEY FINANCIAL CONSOLIDATED DATA OF AMREST (2016–2017)

PLN '000, unless stated otherwise	**2017**	**2016**
Sales revenue	5 265 507	4 207 369
Operating profit before depreciation and amortization (EBITDA)	630 225	555 576
Operating margin before depreciation and amortization (EBITDA margin)	*12.0%*	*13.2%*
Adjusted operating profit before depreciation and amortization (adjusted EBITDA)*	689 492	588 438
*Adjusted operating margin before depreciation and amortization (adjusted EBITDA margin)**	*13.1%*	*14.0%*
Operating profit (EBIT)	266 882	268 174
Operating margin (EBIT margin)	*5.1%*	*6.4%*
Net profit (attributable to AmRest shareholders)	182 281	190 564
Net margin	*3.5%*	*4.5%*
Equity	1 345 648	1 376 610
Return on equity (ROE)	*13.5%*	*13.8%*
Total assets	4 319 087	3 457 756
Return on assets (ROA)	*4.2%*	*5.5%*

* Amounts net of costs of new openings (start-up), costs of mergers and acquisitions (all material costs relating to professional services, connected with finalized merger or acquisition and directly related to the transaction), corrections in indirect taxes and the effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).

Definitions:

Operating margin before depreciation and amortization – operating profit before amortization and depreciation (EBITDA) to sales;

Operating margin – operating profit to sales;

Net margin – net profit to sales;

Return on equity (ROE) – net profit to average equity;

Return on assets (ROA) – net profit to average assets.

TABLE 4. LIQUIDITY ANALYSIS (IN THE YEARS 2016-2017)

PLN '000, unless stated otherwise	**2017**	**2016**
Current assets	929 625	588 806
Inventory	93 628	82 086
Short-term liabilities	963 682	845 790
Current ratio	*0.96*	*0.70*
Quick ratio	*0.87*	*0.60*
Cash and cash equivalents	548 248	291 641
Cash ratio	*0.57*	*0.34*
Inventory turnover (in days)	*5.80*	*6.20*
Trade and other receivables	162 004	99 384
Trade receivables turnover (in days)	*8.53*	*6.83*
Operating ratio (cycle) (in days)	*14.33*	*13.02*
Trade and other short-term payables	779 839	613 093
Trade payables turnover (in days)	*41.92*	*40.90*
Cash conversion ratio (in days)	*-27.60*	*-27.87*

Definitions:

Current ratio – current assets to current liabilities;

Quick ratio – current assets net of inventories to current liabilities;

Cash ratio – cash and cash equivalents to current liabilities at the end of the period;

Inventories turnover ratio (in days) – average inventories to sales multiplied by the number of days in the period;

Trade and other receivables turnover ratio (in days) – average trade receivables to sales multiplied by the number of days in the period;

Operating ratio (cycle) (in days) – total of inventories turnover and receivables turnover;

Trade and other payables turnover ratio (in days) – ratio of average trade payables to sales multiplied by the number of days in the period;

Cash conversion ratio – difference between the operating ratio (cycle) and the trade payables turnover ratio.

TABLE 5. DEBT ANALYSIS (IN THE YEARS 2016–2017)

PLN ’000, unless stated otherwise	2017	2016
Non-current assets	3 389 462	2 868 950
Liabilities	2 973 439	2 081 146
Long-term liabilities	2 009 757	1 235 356
Debt	1 969 855	1 262 288
Share of inventories in current assets (%)	*10.1%*	*13.9%*
Share of trade receivables in current assets (%)	*17.4%*	*16.9%*
Share of cash and cash equivalents in current assets (%)	*59.0%*	*49.5%*
Equity to non-current assets ratio	0.40	0.48
Gearing ratio	0.69	0.60
Long-term liabilities to equity ratio	1.49	0.90
Liabilities to equity ratio	2.21	1.51
Debt/equity	1.46	0.92

Definitions:

Share of inventories, trade receivables, cash and cash equivalents in current assets – ratio of, respectively, inventories, trade receivables and cash and cash equivalents to current assets;

Equity to non-current assets ratio – equity to non-current assets;

Gearing – liabilities and provisions as at the end of a given period to the balance sheet total;

Long-term liabilities to equity – long-term liabilities as at the end of a given period to the value of equity;

Liabilities to equity – liabilities and provisions as at the end of a given period to the value of equity;

Debt – total long-term and short-term loans and borrowings.

Consolidated revenues of AmRest Group grew by 25% over the year amounting to PLN 5 266m in 2017. Strong top line growth resulted mainly from continued positive LFL trends in all major markets of Group’s operations, dynamic pace of new openings and intensified M&A activities. The revenues of AmRest adjusted by the impact of acquired businesses (all major M&As starting from Starbucks Germany in May 2016) amounted to PLN 4 485m, representing a 16% growth over the year.

The most dynamic sales growth was reported in Western Europe (+40%). Revenues in Spain grew by 11% in 2017, supported by positive LFL trends and accelerated pace of new openings. The remaining part of growth came from consolidation of acquired businesses in Germany (Starbucks, KFC, Pizza Hut) and France (Pizza Hut, KFC). As a result, the share of Western Europe in total revenues of AmRest increased to 32%. The revenues of Central Europe in 2017 amounted to PLN 2 634m. Key factors contributing to the 17% growth were solid LFL trends (double-digit growth in some markets) and a record-high number of new openings (117 new restaurants added to portfolio in CE in 2017). Russian division grew 30% top line in 2017, driven by positive LFL, new openings as well as addition of 21 KFC stores through M&A in October 2017. In 2017 the Group also benefited from the appreciation of ruble (in local currency revenues grew by 21%). In China, the 16% sales growth in 2017 came mostly from a dynamic expansion of Blue Frog brand (AmRest opened 11 new restaurants in China).

*TABLE 6. KEY FINANCIALS OF AMREST GROUP BY DIVISION (Q4 2016 AND Q4 2017)**

PLN '000	Q4 2017			Q4 2016		
		Share	*Margin*		*Share*	*Margin*
Sales	**1 519 256**			**1 214 524**		
Poland	*432 424*	*28.5%*		*382 129*	*31.5%*	
Czech Republic	*176 073*	*11.6%*		*136 987*	*11.3%*	
Hungary	*88 014*	*5.8%*		*67 622*	*5.6%*	
Other CE	*48 768*	*3.2%*		*41 128*	*3.4%*	
Total CE	745 279	*49.1%*		627 866	*51.7%*	
Russia	176 994	*11.7%*		134 958	*11.1%*	
Spain	250 889	*16.5%*		227 788	*18.8%*	
Germany	183 861	*12.1%*		146 231	*12.0%*	
Other Western Europe	79 859	*5.3%*		4 639	*0.4%*	
Western Europe	514 609	*33.9%*		378 658	*31.2%*	
China	64 715	*4.3%*		59 959	*4.9%*	
Unallocated	17 659	*1.2%*		13 083	*1.1%*	
EBITDA	**163 884**		10.8%	**151 844**		12.5%
Poland	*55 698*		*12.9%*	*46 094*		*12.1%*
Czech Republic	*34 117*		*19.4%*	*25 820*		*18.8%*
Hungary	*11 736*		*13.3%*	*8 437*		*12.5%*
Other CE	*8 081*		*16.6%*	*8 024*		*19.5%*
Total CE	109 632		*14.7%*	88 375		*14.1%*
Russia	20 629		*11.7%*	12 200		*9.0%*
Spain	62 078		*24.7%*	53 777		*23.6%*
Germany	4 719		*2.6%*	9 573		*6.5%*
Other Western Europe	-4 646		-	-1 665		-
Western Europe	62 151		*12.1%*	61 685		*16.3%*
China	3 896		*6.0%*	4 224		*7.0%*
Unallocated	-32 424		-	-14 640		-
Adjusted EBITDA*	**196 809**		13.0%	**168 547**		13.9%
Poland	*61 070*		*14.1%*	*49 883*		*13.1%*
Czech Republic	*36 464*		*20.7%*	*27 220*		*19.9%*
Hungary	*13 697*		*15.6%*	*10 508*		*15.5%*
Other CE	*9 844*		*20.2%*	*8 561*		*20.8%*
Total CE	121 075		*16.2%*	96 172		*15.3%*
Russia	22 239		*12.6%*	13 065		*9.7%*
Spain	64 068		*25.5%*	55 604		*24.4%*
Germany	6 209		*3.4%*	10 447		*7.1%*
Other Western Europe	-2 864		-	-1 664		-
Western Europe	67 413		*13.1%*	64 387		*17.0%*
China	4 321		*6.7%*	5 176		*8.6%*
Unallocated	-18 239		-	-10 253		-
EBIT	**45 589**		3.0%	**67 309**		5.5%
Poland	*23 952*		*5.5%*	*19 385*		*5.1%*
Czech Republic	*25 000*		*14.2%*	*16 835*		*12.3%*
Hungary	*6 116*		*6.9%*	*3 611*		*5.3%*
Other CE	*3 646*		*7.5%*	*5 434*		*13.2%*
Total CE	58 714		*7.9%*	45 265		*7.2%*
Russia	8 324		*4.7%*	2 832		*2.1%*
Spain	42 281		*16.9%*	38 282		*16.8%*
Germany	-13 086		-	2 585		*1.8%*
Other Western Europe	-13 612		-	-1 740		-
Western Europe	15 583		*3.0%*	39 127		*10.3%*
China	-3 886		-	-4 986		-
Unallocated	-33 146		-	-14 929		-

* Data have not been audited
** EBITDA adjusted by costs of new openings (start-up), costs of mergers and acquisitions (all material costs relating to professional services, connected with finalized merger or acquisition and directly related to the transaction), corrections in indirect taxes and the effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).

TABLE 7. KEY FINANCIALS OF AMREST GROUP BY DIVISION (2016 – 2017)

PLN '000	2017			2016		
		Share	*Margin*		*Share*	*Margin*
Sales	**5 265 507**			**4 207 369**		
Poland	*1 574 851*	*29.9%*		*1 413 526*	*33.6%*	
Czech Republic	*591 103*	*11.2%*		*487 444*	*11.6%*	
Hungary	*300 481*	*5.7%*		*219 694*	*5.2%*	
Other CE	*167 352*	*3.2%*		*133 663*	*3.2%*	
Total CE	2 633 787	*50.0%*		2 254 327	*53.6%*	
Russia	605 785	*11.5%*		465 223	*11.1%*	
Spain	924 610	*17.6%*		836 531	*19.9%*	
Germany	667 698	*12.7%*		356 998	*8.5%*	
Other Western Europe	110 491	*2.1%*		19 145	*0.5%*	
Western Europe	1 702 799	*32.3%*		1 212 674	*28.8%*	
China	265 159	*5.0%*		229 028	*5.4%*	
Unallocated	57 977	*1.1%*		46 117	*1.1%*	
EBITDA	**630 225**		12.0%	**555 576**		13.2%
Poland	*198 885*		*12.6%*	*184 747*		*13.1%*
Czech Republic	*116 037*		*19.6%*	*93 190*		*19.1%*
Hungary	*49 394*		*16.4%*	*31 312*		*14.3%*
Other CE	*29 503*		*17.6%*	*23 662*		*17.7%*
Total CE	393 819		*15.0%*	332 911		*14.8%*
Russia	71 490		*11.8%*	50 631		*10.9%*
Spain	208 740		*22.6%*	179 505		*21.5%*
Germany	-2 684		-	13 003		*3.6%*
Other Western Europe	-8 506		-	-4 056		-
Western Europe	197 550		*11.6%*	188 452		*15.5%*
China	25 127		*9.5%*	15 103		*6.6%*
Unallocated	-57 761		-	-31 521		-
Adjusted EBITDA*	**689 492**		13.1%	**588 438**		14.0%
Poland	*209 963*		*13.3%*	*186 585*		*13.2%*
Czech Republic	*120 470*		*20.4%*	*95 595*		*19.6%*
Hungary	*52 941*		*17.6%*	*34 693*		*15.8%*
Other CE	*32 610*		*19.5%*	*25 155*		*18.8%*
Total CE	415 984		*15.8%*	342 028		*15.2%*
Russia	76 084		*12.6%*	54 414		*11.7%*
Spain	214 426		*23.2%*	184 708		*22.1%*
Germany	-849		-	16 047		*4.5%*
Other Western Europe	-6 465		-	-4 055		-
Western Europe	207 112		*12.2%*	196 700		*16.2%*
China	27 904		*10.5%*	17 833		*7.8%*
Unallocated	-37 592		-	-22 537		-
EBIT	**266 882**		5.1%	**268 174**		6.4%
Poland	*91 275*		*5.8%*	*86 994*		*6.2%*
Czech Republic	*83 867*		*14.2%*	*62 942*		*12.9%*
Hungary	*28 549*		*9.5%*	*15 922*		*7.2%*
Other CE	*14 965*		*8.9%*	*11 327*		*8.5%*
Total CE	218 656		*8.3%*	177 185		*7.9%*
Russia	28 639		*4.7%*	17 812		*3.8%*
Spain	146 645		*15.9%*	124 031		*14.8%*
Germany	-44 975		-	-4 328		-
Other Western Europe	-21 839		-	-5 778		-
Western Europe	79 831		*4.7%*	113 925		*9.4%*
China	-1 012		-	-8 547		-
Unallocated	-59 232		-	-32 201		-

* EBITDA adjusted by costs of new openings (start-up), costs of mergers and acquisitions (all material costs relating to professional services, connected with finalized merger or acquisition and directly related to the transaction), corrections in indirect taxes and the effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).

In 2017 the operating profit (EBIT) of the Group amounted to PLN 267m (PLN -1m vs 2016), while EBIT margin decreased by 1.3pp to 5.1%. Solid top line growth across the board and maintained cost discipline in core business allowed for the Group to mitigate the negative impact of labor cost pressure and expenses related to its activity in M&As. In 2017, positive trends continued in cost of sales (-0.7pp vs 2016), which partially offset increasing payroll (+1.2pp vs 2016) and G&A costs (+0.4pp). The EBIT margin was also supported by a decrease in depreciation cost (-0.1pp), driven by savings in new stores' average build costs and relatively lower depreciation expenses in acquired businesses.

The EBITDA of the Group in 2017 reached all-time high level of PLN 630m, growing 13% over the year. In the meantime, EBITDA margin decreased by 1.2pp to 12%. At the same time, the core business of AmRest continued solid performance, resulting in strong profitability improvement. EBITDA of the Group, adjusted by the impact of acquisitions (Starbucks, KFC and Pizza Hut in Germany, KFC and Pizza Hut in France, KFC in Russia and Pizzaportal.pl) and related transaction costs, grew by 20% in 2017. Respective EBITDA margin of the core business reached 14.6% and was 0.5pp higher than a year ago.

In 2017, performance of the core business stood behind solid results achieved in particular divisions of AmRest Group. In Central Europe, positive LFL trends and disciplined cost management translated into 18% EBITDA growth over the year. EBITDA margins strengthened by 0.2pp to 15% in 2017. The improvement in profitability was mostly driven by continued downward trend in cost of sales (-1.2pp vs 2016) and relatively lower rental cost (-0.3pp), which offset the impact of labor cost pressure and higher pre-opening expenses. Similar to previous years, the markets of Czech Republic and Hungary performed exceptionally well (EBITDA profit in 2017 increased by 25% and 58% respectively and margins reached 19.6% and 16.4% respectively). In Poland EBITDA margin decreased by 0.5pp over the year due to the raising payroll, only partially covered by relatively lower food cost rents.

Solid business performance continued in Russia, with EBITDA profit growing by 41% to PLN 71m in 2017. EBITDA margin improved by 0.9pp to the level of 11.8%. Such results were mainly achieved through savings in food cost, rents, maintenance and G&A expenses.

Nearly 5% EBITDA growth was noted in Western Europe, mostly on the back of strong results reported by Spain (EBITDA of Spanish market grew by 16% and the margin reached a record level of 22.6%). The results of other Western European countries in 2017 were under the pressure from recent acquisitions. The performance of acquired in 2017 chains of KFC and Pizza Hut in France and Germany is currently weaker than the mature business in Central Europe. AmRest's focus on integration of these markets is expected to improve the profitability in the future. It is worth mentioning, that the first positive signs of turnaround are visible in Starbucks in Germany. In Q4 2017 the chain reported the second consecutive positive EBITDA for a quarter.

In China AmRest continued further expansion of Blue Frog brand. Growing scale (11 new stores opened in 2017) and improved efficiency in cost of labor and G&A drove the 66% increase in EBITDA. Meantime, EBITDA margin improved by 2.9pp reaching 9.5% in 2017.

Within the 'Unallocated' segment, the PLN 26m increase of costs over the year was mainly driven by consolidation of Pizzaportal.pl, acquired in September 2017 as well as one-off notary fees related to the acquisition of KFC in France.

Net profit of the Group, attributable to AmRest shareholders, amounted to PLN 182m (PLN -8m vs 2016). Such a result came from further improvement of operating profitability in Core business, which was balanced by the costs of strengthening future growth platform through a number of M&A projects in 2017.

The long-term debt ratio amounted to 1.49 at the end of 2017 (vs 0.90 year ago), driven by the growth of long-term debt necessary to finance the accelerated pace of new openings and recent acquisitions. Net debt calculated for contractual covenants as at the end of 2017 amounted to PLN 1 430m. Net debt/EBITDA ratio amounted to 2.21.

6.2. Assessment of future ability to settle incurred liabilities

The Consolidated Financial Statements for the period of 12 months ending 31 December 2017 were prepared in accordance with going concern assumption by the Group in foreseeable future what assumes realization of assets and liabilities throughout the normal terms of Group business operations. The Annual Consolidated Financial Statements do not contain any adjustments that would be necessary in such circumstances. In the opinion of the Management Board, as at the date on which the Consolidated Financial Statements were drawn up, there were no circumstances indicating any threat to the Company continuing as a going concern.

6.3. Financial instruments in AmRest

AmRest uses the following financial instruments: loans, borrowings, bonds and forward transactions.

At 31 December 2017 the AmRest Group held the following committed credit lines available for use (in respect of foreign currency loans, their amounts are given in PLN, translated at the NBP rate prevailing on 31.12.2017):

- Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A and Česká spořitelna – PLN 585.9m (including PLN 450m of revolving loan in PLN)
- Bank Pekao S.A., Bank Zachodni WBK S.A., ING Bank Śląski S.A., Bank BGŻ BNP Paribas S.A. (Poland) – PLN 300m (revolving loan in PLN, tranche D),

Detailed information on loans, borrowings and bonds as at 31 December 2017 are presented in Note 19 to the Consolidated Financial Statements and in point 13 of this Management Board's Report.

Other financial instruments as at 31 December 2017, are described in Note 31 of the Consolidated Financial Statements.

6.4. Structure of key investments and capital expenditure projects

As at 31 December 2017, there were no investments in associates made by AmRest.

6.5. Description of key domestic and foreign investments

Increases in non-current assets in the years 2016 and 2017 are shown in the table below.

TABLE 8. THE GROUP'S PURCHASES OF NON-CURRENT ASSETS (2016–2017)

PLN '000	2017	2016
Intangible assets, including:	**299 515**	**199 729**
Licences for use of Pizza Hut, KFC, Starbucks and Burger King trademarks	38 384	22 574
Goodwill	192 158	154 818
Favourable lease agreements	2 120	-
Other intangible assets	66 853	22 337
Fixed assets, including:	**734 061**	**483 523**
Land	47 606	-
Buildings	331 205	244 579
Equipment	225 612	141 871
Vehicles	2 136	2 515
Other (including fixed assets under construction)	127 502	94 558
Total	**1 033 576**	**683 252**

Capital expenditure incurred by AmRest Group in 2017 related mainly to the construction of new restaurants, renovation of existing stores, acquired restaurant businesses in Germany, France and Russia, as well as investment in Pizzaportal.pl. The goodwill increased in 2017 by PLN 192m, mostly due to acquisition of KFC chains in abovementioned countries. The PLN 251m increase in capital spending on fixed assets was driven by a dynamic pace of organic expansion and M&As. In 2017 capital expenditure was financed mainly with operating cash flows and bank loans.

As at the end of 2017, AmRest was operating 1 636 restaurants (1 181 as at the end of 2016). In 2017 the Group opened 210 new restaurants and acquired 274 restaurants. 29 restaurants were closed (including 5 conversions of franchised restaurant into equity restaurant or vice versa).

TABLE 9. NUMBER OF AMREST RESTAURANTS AS AT 31 DECEMBER 2017

	AmRest	Franchisees	Total
As at the end of 2016	1 047	134	1 181
Openings	181	29	210
Acquisitions	89	185	274
Closings	23	6	29
Total	1 294	342	1 636

* Data include 5 conversions of franchised restaurant into equity restaurant or vice versa.

As at March 8th, 2018 AmRest operates 1 647 restaurants.

TABLE 10. NUMBER OF AMREST RESTAURANTS AS AT THE DATE OF PUBLICATION OF THE REPORT

Countries	Brands	31.12.2016	31.03.2017	30.06.2017	30.09.2017	31.12.2017	08.03.2018
Poland	**TOTAL**	**389**	**389**	**399**	**416**	**454**	**455**
	KFC	222	222	223	227	243	245
	BK	36	36	36	37	41	41
	SBX	52	52	54	58	64	63
	PH	79	79	86	94	105	105
	Blue Frog	0	0	0	0	1	1
The Czech Republic	**TOTAL**	**114**	**115**	**118**	**122**	**133**	**133**
	KFC	78	79	80	81	85	85
	BK	8	8	8	9	12	12
	SBX	28	28	30	31	34	34
	PH	0	0	0	1	2	2
Hungary	**TOTAL**	**66**	**66**	**69**	**71**	**82**	**83**
	KFC	45	45	45	46	50	50
	SBX	16	16	16	17	20	20
	PH	**5**	**5**	**8**	**8**	**12**	13
Russia	**TOTAL**	**123**	**124**	**128**	**135**	**165**	**168**
	KFC	115	116	121	125	154	156
	PH	8	8	7	10	11	12
Bulgaria	**TOTAL**	**11**	**11**	**11**	**12**	**13**	**13**
	KFC	5	5	5	5	5	5
	BK	1	1	1	1	1	1
	SBX	5	5	5	6	7	7
Serbia	**TOTAL**	**5**	**5**	**6**	**6**	**7**	**7**
	KFC	5	5	6	6	7	7
Croatia	**TOTAL**	**6**	**6**	**7**	**7**	**7**	**7**
	KFC	6	6	7	7	7	7
Romania	**TOTAL**	**28**	**28**	**30**	**31**	**36**	**38**
	SBX	28	28	30	31	36	38
Slovakia	**TOTAL**	**3**	**3**	**3**	**3**	**4**	**4**
	SBX	3	3	3	3	4	4
Spain	**TOTAL**	**245**	**248**	**253**	**264**	**278**	**278**
	TAG - own	73	73	74	73	72	71
	TAG - franchised	129	131	134	140	152	153
	KFC	43	44	45	50	53	53
	Blue Frog	0	0	0	1	1	1
France	**TOTAL**	**10**	**9**	**132**	**133**	**176**	**176**
	TAG - own	5	4	4	4	4	4
	TAG - franchised	5	5	5	5	5	5
	PH - own	0	0	7	7	8	8
	PH - franchised	0	0	116	117	118	116
	KFC	0	0	0	0	41	43
Germany	**TOTAL**	**145**	**157**	**156**	**227**	**231**	**233**
	SBX	**143**	**140**	**139**	**135**	**136**	137
	TAG - own	2	2	2	2	2	2
	KFC	0	15	15	19	22	23
	PH - own	0	0	0	3	3	4
	PH - franchised	0	0	0	68	68	69
Austria	**TOTAL**	**0**	**0**	**0**	**0**	**1**	**1**
	KFC	0	0	0	0	1	1
Slovenia	**TOTAL**	**0**	**0**	**0**	**0**	**1**	**1**
	KFC	0	0	0	0	1	1
Portugal	**TOTAL**	**0**	**0**	**0**	**1**	**1**	**1**
	TAG - own	0	0	0	1	1	1
China	**TOTAL**	**36**	**38**	**43**	**45**	**47**	**47**
	Blue Frog	32	33	39	41	43	43
	KABB	4	4	4	4	4	4
	TAG - own	0	0	0	0	0	0
TOTAL AmRest		**1181**	**1199**	**1355**	**1473**	**1636**	**1647**

6.6. Insurance contracts

TABLE 11. INSURANCE CONTRACTS (AS AT THE END OF 2017)

The Insured	Type of insurance	The Insurer
A master property insurance agreement for all companies CEE, Russia and Germany (in each country a local policy was underwritten with reference to the master policy)	All risks property insurance All risks insurance of loss of profit Electronic property policy insurance	AXA TUiR S.A. [local policies underwritten by AXA or local partner of AXA]
A master general liability insurance policy for all operations of all companies CEE, Russia and Germany (in each country a local policy was underwritten with reference to the master policy)	General liability insurance in respect of operations and property with extensions	AXA TUiR S.A. [local policies underwritten by AXA or local partner of AXA]

6.7. Major events with a significant impact on the Company's operations and results

On January 25th, 2017 the Management Board of AmRest announced the signing of a Share Purchase Agreement ("SPA"), dated January 24th, 2017, between AmRest and Top Brands NV ("Seller"). Pursuant to SPA AmRest will acquire 100% shares of Pizza Topco France SAS ("Pizza Topco") at estimated price of ca. EUR 14m (approx. PLN 61m). Final purchase price will be determined as at the day of closing of the transaction.

Pizza Topco is the exclusive master franchisee of Pizza Hut Delivery restaurants across France. At the date of the SPA signing Pizza Topco operated 123 restaurants, the majority of which are managed by franchisees. The equity restaurants (7 locations) are managed by Pizza Delco France SAS ("Pizza Delco"), a company owned in 100% by Pizza Topco. In 2016 fiscal year the network generated the system sales of approx. EUR 67.6m (PLN 295.6m). The consolidated revenues of Pizza Topco amounted to ca. EUR 14.5m (approx.. PLN 63.4m).

Both parties intended to close the transaction within couple of months. The completion is contingent upon a number of conditions, such as: standard Material Adverse Change clause ("MAC"), approval from the Supervisory Board of AmRest, signing of a master franchise agreement with YUM! Restaurant Holdings (Pizza Hut brand owner), etc.

The acquisition of Pizza Topco fits perfectly the plans of accelerated development of the Pizza Hut brand initiated by signing in August 2016 the master franchise agreement for Central and Eastern Europe countries. AmRest intends to develop in France both the Pizza Hut Delivery and Express concepts.

On May 16th, 2017 Management Board of AmRest Holdings SE ("AmRest") annouced the Completion of a SPA between AmRest and Top Brands NV. As a result of the Completion AmRest acquired 100% shares of Pizza Topco France and changed the name of Pizza Topco into AmRest Topco France SAS. The purchase price at the day of closing of the transaction amounted to EUR 12.3m (approx. PLN 51.5m).

All the approvals and conditions the Completion was contingent upon in accordance with the SPA have been obtained and fulfilled - among others, the master franchise agreement (the "MFA") with Pizza Hut Europe Sarl (US Branch) ("PH Europe") has been signed. According to the MFA AmRest, as the exclusive master-franchisee, have the right to granting the license to the third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (subfranchise) in France and Monaco, while ensuring a certain share of restaurants operated directly by the Company. The MFA was granted for initial period of 10 years with an option of further prolongations upon the fulfillment of certain terms and conditions. In order to facilitate the growth of scale of Pizza Hut business, PH Europe introduced an incentive mechanism reducing certain fees incurred by AmRest under the MFA ("Reduced Fees 1"), provided that the Company meets certain development obligations specified in the MFA. Upon entry into force of the MFA AmRest is required to open and operate Pizza Hut Express and Delivery restaurants in accordance with the development schedule setting the minimum number of openings in the subsequent years of the Agreement's term. If AmRest fails to meet the development obligations, PH Europe will have the right to increase the Reduced Fees 1 and change the terms or terminate the MFA. The Company's intention is to open more than 150 Pizza Hut restaurants in the French market within 5 years.

On January 25th, 2017 the Management Board of AmRest announced signing on January 24th, 2017 the Binding Head of Terms 1 determining the key terms and conditions on, and subject to which, KFC France SAS ("KFC France") would be willing to proceed with a potential transaction with AmRest whereby (i) KFC would sell and AmRest would buy 42 equity restaurants run by KFC France ("KFC Business") in the French market, and (ii) KFC and the Company would sign a Development Agreement ("Development Agreement 1") and Standard KFC International Franchise Agreement for each restaurant (collectively called the "Contemplated Transaction 1").

The purchase price for the KFC Business is subject to the results of a due diligence to be carried out by AmRest.

It is the intention of AmRest and KFC France that the final agreements (the agreements required for closing of the Contemplated Transaction 1) shall be signed no later than April 30th, 2017, and closing of the Contemplated Transaction 1, including transfer of ownership of KFC Business and payment of the purchase price shall occur no later than June 30th, 2017. If the parties fail to sign the final agreements by August 1st, 2017 the Head of Terms 1 shall terminate immediately, unless otherwise agreed in writing by both parties.

In the opinion of the Management Board of AmRest there is a great potential for growing KFC brand in Western Europe. Acquisition of a number of KFC French restaurants will contribute to strengthening the partnership with Yum! Brands and AmRest's leadership position of restaurant operator in Europe as well as drive the value creation for AmRest's shareholders.

On July 12th, 2017 the Management Board of AmRest informed about signing on the same day the Framework Agreement ("Framework Agreement 1") between AmRest ("Buyer A") and KFC France SAS ("KFC France", "Seller"). Under the terms of the Framework Agreement 1 Buyer A was to acquire 42 equity restaurants run by KFC France in the French market, and Seller and the Company were to sign a Development Agreement 1 and Standard KFC International Franchise Agreement for each restaurant. Estimated purchase price is expected at ca. EUR 39.9 million (ca. PLN 169 million). Final purchase price will be determined as at the day of the transaction closing. Estimated revenues of the restaurants in the twelve months period ended on April 30th, 2017 amounted to EUR 99 million (ca. PLN 420 million). It is the intention of the parties of the Framework Agreement 1 that the closing of the transaction, including transfer of ownership of KFC business and payment of the purchase price, shall occur till end of the year 2017 (the "Completion"). The Completion is contingent upon some additional conditions, such as concluding additional agreements ensuring restaurants proper functioning after Completion, and lack of the Material Adverse Change ("MAC"). According to the Development Agreement 1 to be signed before the Completion, AmRest intends to open about 150 KFC restaurants in the French market by end of 2023.

On March 27th, 2017 the Management Board of AmRest informed about signing on the same day the Binding Head of Terms (the "Head of Terms 2") determining the key terms and conditions on, and subject to which, Yum Restaurants International Holding, Ltd ("Yum") and Pizza Hut Delivery Germany GmbH ("PH Delivery") would be willing to proceed with a potential transaction with AmRest, whereby the Company would become Pizza Hut master franchisee for Germany and acquire two Pizza Hut delivery stores in Dusseldorf ("Contemplated Transaction 2"). As the result of the Contemplated Transaction 2 AmRest would become the master-franchisee for 74 restaurants currently operated by multiple sub-franchisees in the German market and, and would have the right to grant the license to the third parties to operate Pizza Hut restaurants (subfranchise). Additionally the Company would acquire 2 Pizza Hut equity restaurants ("Equity Business 1") from PH Delivery. The purchase price for the Equity Business 1 is subject to the results of a due diligence to be carried out by AmRest. The Head of Terms 2 provides for signing of the agreements required for the acquisition of the Equity Business 1 from PH Delivery ("Purchase Agreements 2") as well as certain agreements with Yum: International Franchise Agreement for each of the equity units and the Master Franchise Agreement ("MFA 2"). It is the intention of the parties that the MFA 2 and the Purchase Agreements 2 shall be signed and closed (including transfer of ownership of the Equity Business 1 and signing of sub-franchised agreements under the MFA 2) no later than May 30th, 2017. If the parties fail to sign the MFA 2 and the Purchase Agreements 1 by that date the Head of Terms 2 shall terminate immediately, unless otherwise agreed in writing by both parties. In the opinion of the Management Board of AmRest there is a great potential for growing international presence of Pizza Hut brand in Europe. The master franchise rights for another country will contribute to strengthening the partnership with Yum! Brands and AmRest's leadership position of restaurant operator in Europe.

On May 30th, 2017 the Management Board of AmRest informed about signing on the same day the Amendment to Head of Terms 2. The Amendment extended the term of Head of Terms 2, and simultaneously the period during which the agreements required for the acquisition of the equity business from PH Delivery and the MFA 2 with Yum were to be executed to July 31th, 2017. If the parties failed to execute the Agreements by that day, the Head of Terms 2 would terminate immediately. Remaining provisions of the Head of Terms 2 have not been changed.

On July 31st, 2017 the Management Board of AmRest announced signing and closing ("Completion 2") on the same day of an Asset Purchase Agreement ("APA") between AmRest DE Sp. z o.o. & Co. KG (subsidiary of AmRest, "Buyer") and PH Delivery. As a result of the Completion 2 the Buyer acquired two Pizza Hut delivery restaurants in Dusseldorf. The purchase price amounted to EUR 1 (approx. PLN 4). Additionally, AmRest and AmRest Kft. (subsidiary of AmRest) signed on July 31st, 2017 the MFA 2 with Yum. The MFA 2 came into force on August 1st, 2017. According to the MFA 2 AmRest became the master-franchisee for 67 Pizza Hut Dine in, Express and Delivery restaurants operated by multiple sub-franchisees in the German market. The Company, as the exclusive master-franchisee, gained the right to granting the license to the third parties to operate Pizza Hut Dine in, Express and Delivery restaurants (subfranchise) in Germany, while ensuring a certain share of restaurants operated directly by the Company. The MFA 2 was granted for initial period of 10 years with an option of further prolongations upon the fulfillment of certain terms and conditions. In 2016 the network generated the system sales of approx. EUR 55m (PLN 239m) and consolidated revenues of ca. EUR 4m (approx. PLN 17.4m). In order to facilitate the growth of scale of Pizza Hut business, Yum introduced an incentive mechanism reducing certain fees incurred by AmRest under the MFA 2 ("Reduced Fees 2"), provided that the Company meets certain development obligations specified in the MFA 2. Upon entry into force of the MFA 2 AmRest is required to open and operate Pizza Hut Dine in, Express and Delivery restaurants in accordance with the development schedule setting the minimum number of openings in the subsequent years of the MFA's 2 term. If AmRest fails to meet the development obligations, Yum will have the right to increase the Reduced Fees 2 and change the terms or terminate the MFA 2. The Company's intention is to open more than 150 Pizza Hut restaurants in the German market within 5 years.

On April 1st, 2017 the Management Board of AmRest announced signing on the same day the Investment Agreement (the "IA") with Delivery Hero GmbH, based in Berlin, Germany ("Delivery Hero") and Restaurant Partner Polska Sp. z o.o., based in Łódź, Poland („RPP"). As a result of the IA, AmRest will acquire from Delivery Hero the newly issued shares in RPP and become its majority shareholder, holding 51% of total number of RPP shares. The outstanding 49% will remain in the possession of Delivery Hero. Delivery Hero is the global leader in online food-ordering segment. RPP operates PizzaPortal.pl platform in Poland - an aggregator offering meals from 2,500+ different restaurants in ca. 400 cities in Poland. According to the IA, AmRest will also start the partnership with Delivery Hero's subsidiaries in Czech Republic and Hungary - DameJidlo.cz and NetPincér.hu. Both platforms are the market leaders in online food ordering industry. Intention of the parties was to finalize the transaction within next couple of weeks, which was a subject to condition precedents defined in IA.

On August 31st, 2017 the Management Board of AmRest announced signing on the same day the Shareholders Agreement (the "SHA") with Delivery Hero, being execution of the Investment Agreement (the "IA") concluded by the Company, Delivery Hero and RPP on March 31st, 2017. As a result, AmRest took over the newly issued shares in RPP – the operator of PizzaPortal.pl platform in Poland, and became its majority shareholder, holding 51% of total number of RPP shares. The outstanding 49% of shares remained in the possession of Delivery Hero.

The acquisition price for the 51% of shares in the RPP was agreed at PLN 10 million. In addition, the parties of SHA committed to make investment in the RPP in the amount of PLN 14 million (PLN 7 million each) in the first quarter of 2018.

All the conditions necessary for the completion of the transaction that were agreed by the parties of the Investment Agreement have been fulfilled.

According to the IA, in the coming months AmRest will also start the partnership with Delivery Hero's subsidiaries in Czech Republic and Hungary - DameJidlo.cz and NetPincér.hu. Both platforms are the market leaders in online food ordering industry. PizzaPortal.pl, DameJidlo.cz and NetPincér.hu platforms are expected to significantly enhance the operation of food delivery segment within AmRest.

The Management Board of AmRest believes that the partnership with Delivery Hero will make the offer of Company's operated brands more accessible to new customers and substantially increase AmRest's market share in delivery segment. In the long term, this should have a positive impact on creating value for the Company's shareholders.

On April 7th, 2017 the Management Board of AmRest informed that on the same day, as a result of the issue of Schuldscheindarlehen („SSD 1") debt instrument under German law, the Company incured liabilities for the total value of EUR 26 million (PLN 110 million). SSD 1 issue was aimed at diversification of AmRest's debt financing sources. The proceeds will be used for the development of the Company and refinancing of its debt. The SSD 1 interest rate is fixed. The maturity date is April 7th, 2022 for the issue of EUR 17 million and April 5th, 2024 for the issue of EUR 9 million. The role of the Lead Arranger and Paying Agent was entrusted to Erste Group Bank AG. CaixaBank S.A. acted as Co-lead Arranger.

In regards to RB 61/2013 dated September 10th, 2013 and RB 20/2016 dated May 6th, 2016 concerning the Credit Agreement ("the Agreement") concluded between AmRest Holdings SE, AmRest Sp. z o.o. („AmRest Poland") and AmRest s.r.o. – jointly „the Original Borrowers", AmRest Kaffee Sp. z o.o., AmRest Coffee Deutschland Sp. z o.o. & CO. KG. and AmRest Kft., who joined the Agreement afterwards („Additional Borrowers") and Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Bank BGŻ BNP Paribas S.A. and ING Bank Śląski S.A. – „the Lenders", the Management Board of the Company informed on April 19th, 2017 about signing on April 18th, 2017 another Annex to the Agreement introducing amended and restated version of the credit agreement („the Amended Agreement") between all above-mentioned parties. AmRest Polska, AmRest s.r.o., AmRest Kaffee Sp. z o.o., AmRest Coffee Deutschland Sp. z o.o. & CO. KG. and AmRest Kft are 100% subsidiaries of AmRest.

Based on the Amended Agreement the Lenders increased revolving credit tranche ("Tranche D") by PLN 50 million ("Tranche D3") and granted to AmRest and AmRest Polska an additional credit tranche ("Tranche F") in the amount of EUR 40 million. After fulfillment of additional terms defined in the Amended Agreement, the Lenders may also grant a new loan tranche ("Tranche G") in the amount of EUR 50 million. The amount granted within Tranche F and D3 is dedicated to finance working capital and capital expenditures, while Tranche G is to finance or refinance costs of M&A activities. The tranches are provided at the variable interest rates and other terms of the traches are consistent with the market conditions. All Original and Additional Borrowers bear joint liability for any obligations resulting from the Agreement. All tranches are to be repaid in full by September 10th, 2018.

On April 25th, 2017 the Management Board of AmRest informed about signing on April 24th, 2017 the Binding Head of Terms (the "Head of Terms 3") determining the key terms and conditions on, and subject to which, Pizza Hut Europe Sarl US Branch („PH Europe") and Yum Restaurants International Russia and CIS LLC ("PH Russia") would be willing to proceed with a potential transaction with AmRest, whereby the Company's controlled entity (the "Subsidiary") would become Pizza Hut master franchisee for Russia and acquire 18 Pizza Hut restaurants operated by PH Russia ("Contemplated Transaction 3"). As the result of the Contemplated Transaction 3 AmRest's controlled entity would become the master-franchisee for 36 restaurants currently operated by multiple sub-franchisees in Russia and would have the right to grant the license to the third parties to operate Pizza Hut restaurants (subfranchise) in that market.

Additionally the Subsidiary would acquire 18 Pizza Hut equity restaurants ("Equity Business 3") from PH Russia. The purchase price for the Equity Business 2 is subject to the results of a due diligence to be carried out by AmRest.

The Head of Terms 3 provides for signing of the agreements required for the acquisition of the Equity Business 2 from PH Russia ("Purchase Agreements 3") as well as certain agreements with PH Europe: International Franchise Agreement for each of the equity units and the Master Franchise Agreement ("MFA 3"). It is the intention of the parties that the MFA 3 and the Purchase Agreements 2 shall be signed and closed (including transfer of ownership of the Equity Business 3 and signing of sub-franchised agreements under the MFA 3) no later than September 30th, 2017. If the parties fail to sign the MFA 3 and the Purchase Agreements 3 by that date the Head of Terms 3 shall terminate immediately, unless otherwise agreed in writing by both parties.

In the opinion of the Management Board of AmRest there is a great potential for growing the presence of Pizza Hut brand in Russia. The master franchise rights for another country will contribute to strengthening the partnership with Yum! Brands and AmRest's position as restaurant operator in the Russian market.

On June 6th, 2017 the Management Board of AmRest informed about signing on June 5th, 2017 an Agreement granting an option to enter into a Share Purchase Agreement (the "Option") between OOO AmRest (AmRest Russia), being 100% subsidiary of AmRest, and Svetlana Mikhailovna Popova aimed at acquisition by AmRest Russia of 21 KFC restaurants operating in the Russian market ("KFC RU Business"). The purchase price will be determined as at the day of the transaction closing. Estimated revenues of the KFC RU Business in the year 2016 amounted to RUB 1 376 million (ca. PLN 98 million). The parties of the Option intend to sign the Share Purchase Agreement and, consequently, close the transaction within next couple of months. The Completion will be contingent upon some additional conditions, including obtaining antitrust approvals, concluding additional agreements ensuring restaurants proper functioning after Completion, and lack of the Material Adverse Change ("MAC"). In the opinion of the Management Board the transaction is a great opportunity to strengthen AmRest presence in Russia, where the Company currently operates 120 KFC restaurants.

On October 3rd, 2017 the Management Board of AmRest informed about the Completion on October 2nd, 2017 of a Share Purchase Agreement between AmRest Russia and Svetlana Mikhailovna Popova aimed at acquisition by AmRest Russia of 21 KFC restaurants operating in the Russian market. As a result of the Completion AmRest Russia acquired KFC RU Business for the price of RUB 1 655 million (ca. PLN 105 million).

All the approvals and conditions the Completion was contingent upon have been obtained and fulfilled.

On June 27th, 2017 the Management Board of AmRest informed that the Company signed on June 26th, 2017 an agreement concerning the issue of Schuldscheindarlehen („SSD 2") debt instrument under German law for the total value of EUR 75 million. The expected date of incurring the liabilities was July 3rd, 2017. SSD 2 issue was to be aimed at diversification of AmRest's debt financing sources. The proceeds will be used for the development of the Company and refinancing of its debt.

On July 4th, 2017 the Management Board of AmRest informed that on July 3rd, 2017, as a result of the issue of SSD 2 debt instrument, the Company incurred liabilities for the total value of EUR 75 million (approximately

PLN 318 million). The SSD 2 interest is fixed on the following tranches: EUR 45.5m - repayment due on July 1st, 2022 and EUR 20m - repayment due on July 3rd, 2024. EUR 9.5m tranche was issued with variable interest rate and repayment date of July 3rd, 2024. The role of the Lead Arranger and Paying Agent was entrusted to Erste Group Bank AG with CaixaBank S.A. and Bank Zachodni WBK S.A. acting as Co-lead Arrangers.

On July 28th, 2017 the Management Board of AmRest informed about a transfer proposal of the Company's registered office from Poland to Spain. The Transfer will not impact the current Company's listing on the Warsaw Stock Exchange S.A. The Company's share capital will not change either. However, the Company's Statute will be changed, and the rights and obligations of shareholders will be governed by Spanish law. Pursuant to Article 8(10) of the SE Regulation, the Transfer shall take effect on the date on which the Company is registered by the relevant Commercial Registry ("Registro Mercantil") in Spain as a Spanish-registered Societas Europaea, which registration is anticipated to take place in March 2018. The appropriate documents such as the Transfer proposal, proposed New Statute and Management Board report justifying the transfer were attached to the regulatory announcement RB 190/2017 dated July 28th, 2017.

On October 5th, 2017 the Extraordinary General Meeting of AmRest adopted a resolution on the approval of the international transfer of the registered office to Spain and amendment to the Statute as well as the approval of the adaptation to Spanish regulations and the adoption of Spanish nationality. The General Meeting, after examination of the Transfer Proposal and Management Report Justifying the Transfer both dated July 28th 2017, approved the transfer of the seat from Plac Grunwaldzki 25-27, Wrocław (Republic of Poland) to calle Enrique Granados, 6, 28224, Pozuelo de Alarcón, Madrid (Spain) and amended the Company statute by derogating the current text in force and approve the new wording which is adapted to the nature of the Company as a European public limited-liability company domiciled in Spain. The General Meeting, resolved to approve the Company’s adaptation to Spanish law and, hence, its adoption of the Spanish nationality. To these effects, among others the follow matters were approved:

- New Regulations of the Company’s General Shareholders’ Meeting, the wording of which is adapted to the nature of the Company as a European public limited-liability company domiciled in Spain:

- Modification of the Company’s administration system: the change of current administration system (made up of a management body and a supervisory board, based on a two tier system) to a one tier system, establishing a “board of directors” (in Spanish: consejo de administración) comprised of 7 directors, as the Company’s administrative body and dismissal of all members of the management board and the supervisory board.

- Appointment of following people as members of the Company’s board of directors, for the 4- year period established in the new Statute:

1) Mr. José Parés Gutiérrez

2) Mr. Carlos Fernández González

3) Mr. Luis Miguel Álvarez Pérez

4) Mr. Henry McGovern

5) Mr. Steven Kent Winegar Clark

6) Mr. Pablo Castilla Reparaz

7) Mr. Mustafa Ogretici

The Company’s adaptation to Spanish law, will apply from the date when the Commercial Registry of Madrid registers the Company as a Spanish-registered Societas Europaea and, therefore, the registered office’s transfer becomes effective.

Furthermore, the General Meeting resolved to authorize the Company’s Management Board, with express powers of sub-delegation, to perform, acting jointly by at least two members of the Management Board, all and every legal and factual act that is necessary or appropriate to ensure the proper execution of any actions that are necessary or merely convenient to take in the jurisdiction of Spain for the complete execution of the resolutions and the transfer of domicile.

On October 6th 2017, The Management Board of AmRest informed about signing on October 5th, 2017 a Senior Term and Revolving Facilities Agreement („the Credit Agreement") between AmRest, AmRest Sp. z o.o.(„AmRest Poland") and AmRest s.r.o. („AmRest Czech") – jointly „the Borrowers" and Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A and Česká spořitelna, a.s. – jointly „the Lenders". AmRest Poland and AmRest Czech are 100% subsidiaries of AmRest.

Based on the Credit Agreement, the Lenders grant to the Borrowers a credit facility in the approximate amount of EUR 430 million, about PLN 1 848 million (committed at signing, tranches A-D), which can be extended by additional amount of roughly EUR 145 million, about PLN 623 million (two uncommitted tranches – E and F). The facility shall be repaid by September 30th, 2022 and is dedicated for repayment of the obligations under the credit agreement signed on September 10th, 2013, financing of AmRest growth and working capital management.

The following 4 tranches are committed at signing: Tranche A - EUR 250 million, Tranche B - PLN 300 million, Tranche C - CZK 300 million and Tranche D granted as a revolving credit facility - PLN 450 million. Additionally, facility comprises 2 Tranches that may be committed during term of the Credit Agreement, subject to Lender's approval: Tranche E, PLN 280 million, that may be dedicated to repayment of Polish bonds and Tranche F, PLN 350m, that can be used for general corporate purposes.

All Borrowers bear joint liability for any obligations resulting from the Credit Agreement.

Majority of the facility is provided at variable interest rate and a part of tranche A is provided on fixed rate.

AmRest is required to maintain certain ratios at agreed levels, in particular, net debt/EBITDA is to be held below 3.5x and EBITDA/interest charge is to stay above 3.5.

On February 27th, 2018 the Management Board of AmRest announced signing on the same day the Subscription and Shareholders' Agreement (the "SSHA") with LPQ Russia Limited, based in London, United Kingdom ("the Partner").

The SSHA defined the main terms and conditions of cooperation between the Company and the Partner aimed at developing a restaurant business in the bakery segment in Russia through a newly-formed corporate structure. As a result, AmRest will become a majority shareholder, holding 51% stake in newly created company ("NewCo"). The remaining 49% stake will be held by the Partner. NewCo will own and control its subsidiaries: the operating entity in Russia and the trademarks holding company (altogether "the Structure").

Currently the Partner owns the trademarks of "Хлеб Насущный" (Xleb Nasuschny), "Филипповъ" (Philippov) "Наш хлеб" (Nash Khleb) and "Андреевские булочные" (Andreevsky Bulochnye) (jointly: "Trademarks").

The cooperation assumes the contribution of Trademarks to the Structure by the Partner. AmRest will invest EUR 6m (six million Euro) into the Structure with the purpose of developing the restaurant business in Russia.

Intention of the parties is to finalize the transaction by June 2018, which is a subject to fulfilment of conditions precedent defined in SSHA.

The Management Board of AmRest believes that described partnership and expansion into bakery sector will increase Company's footprint in the Russian market, enhance its product portfolio and broaden the customer base. The above is expected to strengthen AmRest's position in the restaurant sector in the region as well as be a source of value creation for AmRest shareholders in the future.

6.8. Information on significant transactions with related parties concluded by the Issuer or its subsidiaries on terms other than market's conditions

In the reporting period there were no transactions with related parties concluded within the AmRest Group on terms other than market's conditions.

6.9. Major achievements of the Company in the field of research and development

The Company does not conduct research and development activities. Innovative products introduced to the menu of restaurants operated by AmRest are described in sections 2.2 and 2.3 of this Report.

7. The AmRest Holdings SE Group in 2017

7.1. Planned investment activities and assessment of their feasibility

Investment activities of AmRest Group are focused on strengthening its leadership position and further expansion of scale in Europe a through dynamic organic development and M&A activities. Additionally, continued improvement of operating efficiency and increased effectiveness in capital allocation support long-term value creation for shareholders.

In 2017 AmRest significantly increased the pace of organic growth and opened 210 restaurants. Management of the Company recognized ample white space for continued expansion within existing portfolio in current markets of operations. Additionally, the potential for new stores development increased as a result of M&A projects realized in 2017 in the markets of Western Europe. Similar to the master-franchise agreement for development of Pizza Hut Express and Delivery concepts in CE, in 2017 the Company was granted similar rights for Germany and France. This will further support the portfolio roll out in Europe. All the above-mentioned factors will contribute to accelerated pace of organic growth in 2018.

AmRest monitors recent developments in the M&A market for the potential acquisition targets that would fit in the strategy of the Group. Current portfolio of the Company as well as existing markets of operation are the two filters of potential M&A activity.

Recent dynamic growth of delivery segment, expansion of online food ordering platforms as well as promising initial results of adding chosen AmRest's brands to Pizzaportal.pl encourage to continue investing in this segment. Long-term ambition of the Group is building a leadership position of food delivery segment in restaurant markets of Europe.

The plan of new openings will be adjusted on an on-going basis to the current market conditions and access to attractive locations in each country. Management of the Group is very restrictive and selective in allocation of available capital to ensure minimum 20% IRR on each investment.

AmRest Management assumes the long-term growth to be financed mainly with own funds and debt financing.

7.2. External and internal factors which are significant to the Company's development

Listed below are the factors that, in the opinion of the Management Board, had a significant effect on the Company's future development and results.

7.2.1. External factors

The external factors include:

- competitiveness – in terms of prices, quality of service, location and quality of food,
- demographic changes,
- consumer habits and trends as to the number of people using the restaurants,
- number and location of the competitors' restaurants,
- changes in the law and regulations which have a direct effect on the functioning of the restaurants and the employees employed therein,
- change in real estate rental costs and related costs,
- changes in the prices of ingredients used to prepare meals and changes in the prices of packaging materials,
- changes in the general economic condition in Poland, the Czech Republic, Hungary, Bulgaria, Russia, Serbia, Croatia, Romania, Slovakia, Austria, Slovenia, Spain, Portugal, France, Germany and China.
- changes in consumer trust, the amount of disposable income and individual spending patterns,

- changes in legal and tax determinants,
- adverse changes on the financial markets.

7.2.2. Internal factors

The internal factors include:

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

8. Basic risks and threats to which the Company is exposed

The Management Board of AmRest is responsible for the risk management system and the internal control system as well as for reviewing these systems for operating efficiency. These systems help identify and manage risks which may prevent the execution of the long-term objectives of AmRest. However, having these systems in place does not ensure complete elimination of the risk of fraud and violation of the law. The Management Board of AmRest performed a review, an analysis and a ranking of risks to which the Company is exposed. The main current risks and threats have been summarized in this section. AmRest reviews and improves its risk management and internal control systems on an on-going basis.

8.1. Factors remaining outside the Company's control

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

8.2. Dependency on the franchisor

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

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

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

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

8.3. Dependency on joint venture partners

AmRest opens Starbucks restaurants through joint venture Companies in Poland, the Czech Republic and Hungary, based on a partnership as part of joint venture agreements. Therefore, some decisions as part of the joint business activities will be dependent on the partners' consent.

The joint venture agreements with Starbucks were concluded for a period of 15 years with a possibility of their extension for the next 5 years upon meeting the specified conditions. Should AmRest fail to comply with the obligation to open and run the minimum specified number of cafés, Starbucks Coffee International, Inc. shall have the right to increase its share in the joint venture companies by acquiring shares from AmRest Sp. z o.o. at a price agreed between the parties based on the valuation of the joint venture companies.

8.4. No exclusive rights

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

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

8.5. Rental agreements and continuation options

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

Moreover, in certain circumstances AmRest may make a decision to close a given restaurant and terminating the relevant rental contract on cost effective terms may prove impossible. This situation may also have an adverse effect on the business activities and operating results of the Company. Closing any of the restaurants is subject to approval by the franchisor and it is not certain that such approval will be obtained.

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

8.6. Risk related to the consumption of food products

Consumer preferences may change in connection with doubts arising as to the healthful properties of chicken which is the main ingredient in KFC menu, or as a result of unfavourable information being circulated by the mass media concerning the quality of the products, diseases caused by them and damages to health as a result of eating in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and KABB, and as a result of revealing unfavourable data prepared by the government or a given market sector concerning the products served in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and KABB, health-related issues and issues related to the functioning patterns of one or more restaurants run both by AmRest and the competition. The above-mentioned risk is limited by using the highest quality ingredients in AmRest restaurants, which come from reliable and reputable suppliers, compliance with strict quality control and hygiene standards and the use of top modern equipment and processes which ensure the absolute safety of the meals.

8.7. Risk related to keeping key personnel in the Company

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

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

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

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

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

8.10. Risk related to developing new brands

AmRest has operated the Burger King, Starbucks, La Tagliatella, Blue Frog and KABB brands for a relatively short time. As these are new concepts for AmRest, there is a risk related to demand for the products offered and their acceptance by customers.

8.11. Risk related to opening restaurants in new countries

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

8.12. Currency risk

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

8.13. Risk related to the current geopolitical situation in the Ukraine and Russia

Russia is one of the largest markets for AmRest. The recent geopolitical and economic turmoil witnessed in the region, in particular the developments in Ukraine, have had and may continue to have a negative impact on the Russian economy, including weakening of the Russian Ruble, higher interest rates, reduced liquidity and consumer confidence. These events, including current and future international sanctions against Russian companies and individuals and the related uncertainty and volatility of the supply chain, may have a significant impact on the Group's operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation may differ from management's expectations however it is being monitored in order to adjusts strategic intentions and operational decisions, which will minimize business risks.

8.14. Risk of increased financial costs

The Issuer and its subsidiaries are exposed to the significant adverse impact of interest rate fluctuations in connection with obtaining financing which bears floating interest rates and investing in assets bearing floating and fixed interest rates. The interest rates of bank loans and borrowings and issued bonds is based on floating reference rates which are updated over periods shorter than one year. Interest on financial assets with fixed interest rates is fixed over the entire period to maturity of these instruments. Additionally, the Issuer and its subsidiaries may, as part of the interest rate hedging strategy, enter into derivative and other financial contracts the valuation of which is significantly affected by the level of reference rates.

8.15. Liquidity risk

The Company is exposed to the risk of lack of financing at the moment of maturity of bank loans and bonds. As at 31 December 2017, the Company has enough short-term assets, including cash and promised credit limits, to fulfil is liabilities due in the next 12 months.

8.16. Tax risk

In the process of managing and making strategic decisions, which can affect the tax settlements, AmRest Company is placed at tax risk. All abnormalities present in tax settlements cause also the increase of the risk of dispute in case of potential fiscal supervision. As part of these risks' minimalization, AmRest cares about deepening its workers knowledge about tax risk management and legal provisions' following. The Company introduces also adequate procedures, which should make it more easier to identify and then limit or eliminate the risks in tax settlements. Moreover, with regard to often changing laws, provisions' incoherence and different tax law interpretations, AmRest uses the professional tax advisory services and claims for binding tax law interpretation.

Current fiscal supervisions are presented in Note 8 to the Consolidated Financial Statements as at December 31st, 2017.

8.17. Risk of economic slowdowns

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

8.18. Risk related to seasonality of sales

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

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

A potential partial or complete loss of data in connection with computer system breakdowns or damage or loss of key tangible fixed assets of the Company might result in temporary interruptions in serving customers in restaurants, which might have an adverse effect on the Group's financial results. In order to minimize this risk, the Issuer has implemented appropriate procedures in order to ensure the stability and reliability of IT systems.

9. Company’s strategic development directions

AmRest’s strategy is to leverage its unique “Anything Is Possible” culture, international capability and superior brand portfolio to grow scalable (min. USD 50m annual sales) and highly profitable (min. 20% IRR) restaurants globally.

In the upcoming years, the Group plans to strengthen its leadership position of restaurant sector in Europe. The growth will be mainly driven by increased pace of new openings (expected min. 300 openings in 2018) as well as continued consolidation of European restaurant markets through potential M&A activities. Additionally, AmRest will focus on integration of recently acquired businesses and further development of delivery and online food ordering platform.

Given the market potential and favourable macro trends, the Company will focus on further expansion of KFC, Starbucks, La Tagliatella and Pizza Hut Express and Delivery brands. The latter one will be developed in connection with the master-franchise agreements for Pizza Hut Express and Delivery formats in CE, Germany and France.

In a long-term perspective, the Company will continue building attractive growth platform in new markets of Europe, mainly through the expansion of proprietary brands portfolio.

Company’s strategic development directions will be also determined by current trends in restaurant industry as well as changing patterns in consumers’ behaviours.

10. Changes in the basic principles of the issuer's and its capital group's management

In 2017 there were no changes in the basic principles of AmRest Group management.

11. Information on the control system for employee share programs

Stock Option Plan 1

In April 2005, the Company announced the rules of the Stock Option Plan 1 to its employees. The scheme enabled the employees of the AmRest Group to purchase shares in AmRest Holdings SE. The total number of shares to which options could be issued was determined by the Management Board. However, it could not exceed 3% of all the shares in trading. Additionally, in accordance with the provisions of the Option Plan, the circle of employees entitled to participate in the Stock Option Plan 1, the number of granted options and the dates of granting them were subject to approval by the Management Board. The options' execution price was equal to the market price of the Company's shares as of the date of granting the options, and the vesting period was from 3 to 5 years. The options could be executed within 10 years from the date of granting.

In January 2010, the Supervisory Board of the Group's parent passed a resolution confirming and systematizing the total number of shares to which options could be issued, in an amount that could not exceed 3% of all the shares in trading.

In June 2011, the Supervisory Board of the Group's parent passed a resolution amending the previous provisions concerning the number of shares transferred for potential purchase by employees through the execution of options. The number was limited to 100,000 a year.

In November 2014, Supervisory Board of Group parent entity approved and changed wording of regulations by adding net settlement in shares and cash.

For the grants after December 8, 2015 a change in regulations was implemented which eliminated possibility of option settlement with cash method.

In September 2017, Supervisory Board of Group parent entity approved changes of regulations of Employee Stock Option Plan Rules by adding notations regarding potential restrictions in regards with *long absence* of a Participant.

Management Incentive Plan 1

In December 2011, the Group introduced another employee share option plan - Management Incentive Plan 1 (MIP 1) - settled with shares, having a selected group of employees in mind. The total number of shares to which the options can be issued is determined by the Management Board. However it cannot exceed 1,041,000 shares. In accordance with the MIP's provisions, the Supervisory Board, at the request of the Management Board, has the right to specify, apart from other issues, which employees shall be entitled to participate in the MIP, and the number of options awarded and the date of their being awarded. The options' execution price shall in principle be equal to the market price of the Company's shares as of the date of granting the options, and the vesting period shall be 5 years. The options' execution price will increase annually by 11%.

The Management Incentive Plan 1 was approved by the Company's Management Board and the General Shareholders' Meeting.

Stock Option Plan 2

In December 2016 the Group introduced another employee share option plan settled with shares (Stock Option Plan 2) to its chosen employees (for avoidance of doubt the term employment shall be interpreted broadly and include different forms and types of cooperation with the Company or its Subsidiaries). Plan entered into force on January 1st, 2017. The total number of shares to which options could be issued is determined by the Supervisory Board. However, it could not exceed 750 000 shares. In accordance with the provisions of the Option Plan, among other issues, the circle of employees entitled to participate in the Stock Option Plan 2, the number of granted options and the dates of granting them are subject to Management Board decision. The options' execution price shall generally be equal to the market price of the Company's shares as of the date of granting the options, and the vesting period is 5 years (60 % shall vest on the third anniversary of granting date; 20 % shall vest on the fourth anniversary of granting date; remaining unvested options shall vest on the fifth anniversary of granting date). The options could be executed within 10 years from the date of granting.

Employee Stock Option Plan 2 has been approved by Supervisory Board.

In September 2017, Supervisory Board of Group parent entity approved changes of regulations of Employee Stock Option Plan Rules 2017 by adding notations regarding potential restrictions in regards with *long absence* of a Participant.

Management Incentive Plan 2

In December 2016 the Group introduced another Management Incentive Plan (Management Incentive Plan 2), settled with shares, to its chosen managers (for avoidance of doubt the term employment shall be interpreted broadly and include different forms and types of cooperation with the Company or its Subsidiaries). Plan entered into force on January 1st, 2017. The total number of shares to which options could be issued is determined by the Supervisory Board, however, it cannot exceed 1 000 000 shares. In accordance with the provisions of the Management Incentive Plan 2, among other issues, the number of granted options and the dates of granting them are subject to Supervisory Board decision (upon Management Board request). The options' execution price shall generally be equal to the market price of the Company's shares as of the date of granting the options, and the vesting period is 5 years (1/3 shall vest on the third anniversary of granting date; 1/3 shall vest on the fourth anniversary of granting date; remaining unvested options shall vest on the fifth anniversary of granting date). The options' execution price will increase annually by 11%.

Management Incentive Plan 2 has been approved by Supervisory Board

The above-mentioned plans are incentive schemes and are addressed solely to the employees and management of the AmRest Group companies.

Detailed information on the valuations and accounting treatment of the above-mentioned schemes is provided in Note 20 to the consolidated financial statements.

12. Composition of the Holding

The current composition of the AmRest Group is presented in Note 1a of the Consolidated Financial Statements for the year 2017.

On February 21st, 2017 registered address of AmRest DE Sp. z o.o.& Co. KG was changed. New registered address of company is Berlin (10117), Friedrichstrasse 191.

On February 24th, 2017 AmRest Holdings SE finalized the acquisition of minority shareholders shares owned in Blue Horizon Hospitality Group PTE Ltd. Currently AmRest Holdings SE is sole member of Blue Horizon Hospitality Group PTE Ltd.

On March 1st, 2017 new company LTP La Tagliatella Portugal Lda was registered within AmRest Group. Shareholders of this company are AmRest Tag S.L.U. (74%) and AmRestavia S.L.U. (26%).

On March 6th, 2017 registered address of AmRest Adria d.o.o was changed. New registered address of company is Croatia, Trstenicka 2 Street, (10 000) Zagreb.

On March 21st, 2017 new entity in the AmRest Holdings SE was registered – AmRest AT GmbH with registered office in Wien, Austria.

On April 6th, 2017 a change of Blue Horizon Hospitality Group PTE Ltd name was registered. New name of the company is AmRest China Group PTE Ltd.

On May 16th , 2017 AmRest Holdings SE finalized the acquisition of AmRest Topco SAS with registered office in Paris, France.

On June 7th, 2017 registered address of AmRest Coffee SK s.r.o. was changed. New registered address of company is Slovakia, Pajštúnska Street (851 02) Bratislava.

On June 16th , 2017 as a result of increase of share capital of AmRest OOO, AmRest sp. z o.o. holds 99.83% in AmRest OOO.

On July 28th, 2017 new entity in AmRest Holdings SE group was registered – AmRest Opco SAS with registered in Paris, France.

On August 21st, 2017 address of AmRest SAS and La Tagliatella SAS was changed. Registered address of entities is still Lyon, France.

On September 7th, 2017 registered address of AmRest AT GmbH was changed. New registered address of company is Horn, Austria.

On September 21st 2017 new entities in AmRest Holdings SE group were registered – AmRest Estate SAS and AmRest Leasing SAS with registered address in Paris, France.

On October 4th, 2017 new company name SCM Due Sp. z o.o. was registered (former company name: Activita Sp. z o.o.)

On October 10th , 2017 AmRest Sp. z o.o. has increased percentage of shares of OOO AmRest to 99,9%.

On October 11th, 2017 new company in AmRest Holdings SE group was registered – OOO Chicken Yug with registered address in Petersburg, Russia.

On October 23rd, 2017, AmRest Captial Zrt has increased percentage of holding shares of AmRest Coffee Deustchland Sp. z o.o. & co KG to 20%, whereas AmRest Kaffee Sp. z o.o. has decreased to 80%.

On October 27th , 2017 registered addresses of Pastificio Service S.L.U., Pastificio S.L.U., The Grill Concept S.L.U., Pastificio Restaurantes S.L.U. were changed to Madrid (formerly Leida).

On November 7th , 2017 new company in AmRest Holdings SE group was registered - AmRest Coffee SRB d.o.o. Beograde – Stari Grad with registered address in Belgrade, Serbia.

On November 10th, 2017 process of liquidation of AmRest Restaurant Management Shanghai Co. Ltd. has finished.

On November 15th , 2017 new company in AmRest Holdings SE group was registered - OOO Pizza Company with registered address in Petersburg, Russia.

On December 28th, 2017 AmRest Holdings SE acquisition 51% of shares of Restaurant Partner Polska Sp. z o.o. with registered address in Łódź was registered.

AmRest Holdings SE has its seat in Wroclaw, Poland. Currently, the restaurants run by the Group are located in Poland, the Czech Republic, Hungary, Austria, Russia, Romania, Serbia, Bulgaria, Croatia, Slovakia, Slovenia, Spain, France, Germany, Portugal and China.

13. Loans and borrowings

The summary of all loans granted to related entities in 2017 is presented in the table below.

TABLE 12. LOANS GRANTED TO RELATED ENTITIES IN 2017

Lender	Borrower	Agreement date	Final repayment date	Loan amount [k]	Loan currency	Reference rate
AmRest sp. z o.o.	AmRest Work sp. z o.o.	20.01.2017*	31.12.2017	500	PLN	3M WIBOR + margin
AmRest Capital Zrt	AmRest DE	23.02.2017	01.03.2022	10 000	EUR	3M EURIBOR + margin
AmRest Holdings SE	AmRest China (BHHG)	09.01.2017	09.01.2019	3 000	USD	fixed
AmRest Holdings SE	AmRest Coffee Germany	20.04.2017*	10.07.2020	10 000	EUR	3M EURIBOR + margin
AmRest Holdings SE	AmRest TopCo France SAS	22.05.2017*	22.05.2020	5 000	EUR	3M EURIBOR + margin
AmRest Holdings SE	AmRest Sp. z o.o.	05.06.2017*	05.06.2020	20 000	EUR	3M EURIBOR + margin
AmRest Slovakia	AmRest AT GmbH	20.06.2017*	31.12.2017	500	EUR	3M EURIBOR + margin
AmRest Coffee SK sro	AmRest AT GmbH	20.06.2017*	31.12.2017	500	EUR	3M EURIBOR + margin
AmRest Holdings SE	AmRest Sp. z o.o.	03.07.2017*	31.03.2018	180 000	PLN	3M WIBOR + margin
AmRest Holdings SE	AmRest OpCo SAS	15.09.2017*	15.09.2022	20 000	EUR	3M EURIBOR + margin
AmRest Capital ZRT	AmRest Adria 2 d.o.o.	26.09.2017*	30.09.2020	1 200	EUR	3M EURIBOR + margin
AmRest Capital ZRT	AmRest OOO	21.09.2017*	22.09.2022	6 000	EUR	3M EURIBOR + margin
OOO AmRest	OOO Chicken YUG	21.09.2017	31.12.2017	95	RUB	fixed
AmRest Capital ZRT	AmRest DE	30.09.2017*	30.09.2022	10 000	EUR	3M EURIBOR + margin
AmRest EOOD	AmRest Coffee EOOD	02.10.2017*	02.10.2019	1 500	BGN	fixed
AmRest Capital ZRT	AmRest Austria GmbH	10.10.2017*	30.09.2020	1 000	EUR	3M EURIBOR + margin
AmRest Capital ZRT	AmRest OpCo SAS	10.10.2017*	30.09.2022	30 000	EUR	3M EURIBOR + margin
AmRest Capital ZRT	AmRest Adria d.o.o.	12.10.2017*	30.09.2020	1 000	EUR	3M EURIBOR + margin
AmRestavia SL	AmRest SAS	21.12.2017*	21.12.2020	200	EUR	3M EURIBOR + margin

* revolving loan

No agreements on loans or borrowings were terminated in 2017.

TABLE 13. LOANS BETWEEN RELATED ENTITIES

Lender	Borrower	Loan currency	Contract value of loans granted [PLN‘000]*	Total value of loans as at 31/12/2017 [PLN‘000]*
AmRest Coffee s.r.o.	AmRest s.r.o.	CZK	13 088	13 103
AmRest Kft	OOO AmRest	RUB	45 129	31 059
AmRest Capital Zrt	AmRest AT GmbH	EUR	4 177	4 177
AmRest Capital Zrt	AmRest DE	EUR	54 301	54 324
AmRest Capital Zrt	AmRest Coffee DE	EUR	16 708	16 714
AmRest Capital Zrt	Spółki hiszpańskie	EUR	477 427	477 130
AmRest Capital Zrt	AmRest Opco SAS	EUR	108 602	109 180
AmRest Capital Zrt	AmRest Adria d.o.o.	EUR	418	420
AmRest Capital Zrt	AmRest Adria 2 d.o.o.	EUR	1 044	1 046
AmRest Capital Zrt	AmRest Kaffee Sp. z o.o.	EUR	153 786	154 184
AmRest Capital Zrt	OOO AmRest	EUR	92 688	92 892
AmRest Finance Zrt	AmRest Sp. z o.o.	PLN	19 966	19 975
SCM Sp. z o.o.	SCM Due Sp. z o.o.	PLN	245	253
AmRest Holdings SE	AmRest China (BHHG)	USD	18 958	18 810
AmRest Holdings SE	AmRest TopCo France SAS	EUR	8 661	8 718
AmRest Holdings SE	AmRest Opco SAS	EUR	38 232	37 380
Loans granted within Spanish and Portuguese companies		EUR	60 637	70 064

* Translated using the ECB rate as of 31/12/2017

14. Guarantees and warranties

In regards to credit agreement, described in point 6.7. of this Management Board's Report and the Note 19 to the Financial Statements, the following Group entities provided surety: AmRest Kaffee sp. z o.o., AmRest Coffee Deutschland Sp. z o.o. & Co.KG, AmRest DE Sp. z o.o. & Co.KG, AmRest Capital ZRT., AmRest KFT, OOO AmRest, AmRest Tag, S.L.U., Amrestavia, S.L.U., Restauravia Grupo Empresarial, S.L., Restauravia Food, S.L.U., Pastificio Service, S.L.U. for the following banks Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Česka Sporitelna A.S., ING Bank Śląski S.A. in amount of EUR 375 million, PLN 1 125 million, CZK 450 million till the date of debt payment however not later than October 5th, 2025.

15. Court, arbitration or administrative proceedings

As at December 31, 2017 or at the date of publication of this report no court, arbitration or administrative proceedings concerning liabilities and receivables, whose single or aggregate value exceeds 10% of the Company's equity, were pending against the Company.

16. Management Representations

16.1. Correctness and fairness of the presented financial statements

To the best knowledge of the Management Board of AmRest Holdings SE, the Annual Financial Statements and the comparative figures presented in the Annual Financial Statements of AmRest Holdings SE have been prepared in accordance with the binding accounting policies and they give a true, fair and clear view of the financial position of AmRest Holdings SE and its results. The Annual Management Board's Report included in this document provides a true image of the development and achievements and the situation of AmRest Holdings SE, including a description of the key risks and threats.

16.2. Selection of the registered audit company

On June 9th, 2017 the Management Board of AmRest informed that on June 8th, 2017, in connection with new regulations introducing mandatory rotation of statutory auditors in public-interest entities (provisions of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision (Journal of Laws 2017, Item 1089) and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC), the Supervisory Board of AmRest appointed a resolution granting consent for:

1) termination by the Company's Management Board - by the mutual agreement of the parties - of the agreement with PricewaterhouseCoopers Sp. z o.o. with its seat in Warsaw, Al. Armii Ludowej 14, listed on the list of registered auditors under no. 144 ("PWC"), i.e., the entity that under the agreement dated 18 June 2015 concluded by the Company and PWC ("Agreement") was entitled to examine the financial statements of the Company for the years 2015 – 2017 (statutory auditor);

2) termination of PWC's appointment as the statutory auditor examining the stand-alone and consolidated financial statements of the Company for 2017 (along with the report and opinion) and issuing the report on review of the stand-alone and consolidated financial statements of the Company for the period from 1 January to 30 June 2017.

In connection with the adoption of the above-mentioned resolution and based on the recommendation of the Audit Committee, the Supervisory Board passed also a resolution selecting and appointing BDO Sp. z o.o. with its seat in Warsaw, at Postępu 12, listed on the list of registered auditors under no. 3355, to conduct audit of the standalone and consolidated financial statements of the Company for the years 2017 - 2019.

On June 14th, 2017 the Management Board of AmRest informed about termination by the mutual agreement of the parties on the same day of the Agreement under which PricewaterhouseCoopers Sp. z o.o. with its seat in Warsaw, Al. Armii Ludowej 14, listed on the list of registered auditors under no. 144 ("PWC") was entitled to examine the financial statements of the Company for the years 2015 – 2017. The Agreement was terminated with effect from May 31st, 2017.

The entity authorized to audit the financial statements, BDO Sp. z o.o., which carried out the annual audit of the Annual Financial Statements of the AmRest Group has been selected in compliance with the provisions of the law. Both the entity and auditors conducting the audit met the requirements necessary to enable them to issue an unbiased and independent audit opinion, in accordance with the relevant laws.

The agreement with BDO Sp. z o.o. was signed on July 4th, 2017 and is valid until December 31st, 2019.

TABLE 14. REMUNERATION OF THE ENTITY ENTITLED TO AUDIT FINANCIAL STATEMENTS

PLN '000	For the period: from 01.01.2017 to 31.12.2017	For the period: from 01.01.2016 to 31.12.2016
BDO Sp. z o.o.	**275**	**-**
Due to a contract for the review and audit of financial statements, including:		
- audit of annual financial statements	165	-
- review of financial statements	85	-
- other contracts	25	-
PricewaterhouseCoopers Sp. z o.o.	**-**	**398**
Due to a contract for the review and audit of financial statements, including:		
- audit of annual financial statements	-	238
- review of financial statements	-	160
- other contracts	-	-
Other entities auditing AmRest subsidiaries within the Group i. a. PricewaterhouseCoopers and KPMG	**2 828**	**2 703**
Due to a contract for the review and audit of financial statements, including:		
- audit and review of annual financial statements	2 568	1 780
- tax advisory services	6	913
- other contracts	254	10

The fee for BDO Sp. z o.o. in the amount of PLN 25 thousand from other agreements concerns confirmation of the fulfillment of the terms of the bank loan agreement on the basis of the analysis of financial information originating from the audited consolidated financial statements of AmRest Holdings Group for 2017.

Wrocław, March 8th, 2018

Mark Chandler

AmRest Holdings SE

Board Member

Jacek Trybuchowski

AmRest Holdings SE

Board Member

Oksana Staniszewska

AmRest Holdings SE

Board Member

Olgierd Danielewicz

AmRest Holdings SE

Board Member

Appendix No. 1: Financial results for the fourth quarter of 2017

*TABLE 1.1. CONSOLIDATED FINANCIAL RESULTS FOR THE FOURTH QUARTER OF 2016 AND 2017**

PLN '000	3 months ended 31/12/2017	3 months ended 31/12/2016
Continued operations		
Revenue from restaurant operations	1 424 610	1 144 657
Revenue from franchising and other activities	94 646	69 867
Total revenue	1 519 256	1 214 524
Direct costs of restaurant operations:		
Food product costs	(418 154)	(337 786)
Salaries and wages and related employee benefits	(345 119)	(263 330)
Costs of licence (franchise) fees	(74 031)	(58 391)
Rental costs and other operating expenses	(436 179)	(345 749)
Total costs of franchising and other activities	(72 186)	(46 046)
General and administrative expenses	(110 836)	(92 148)
Revaluation of assets	(25 722)	(9 494)
Total operating costs and expenses	(1 482 227)	(1 152 944)
Other operating income	8 560	5 729
Operating profit	**45 589**	**67 309**
Financial expenses	(18 231)	(13 096)
Financial income	1 272	1 151
Share in profit (loss) of associates	-	91
Profit before income tax	**28 630**	**55 455**
Income tax	11 355	(4 664)
Profit (loss) from continued operations	39 985	50 791
Net profit	**39 985**	**50 791**
Net profit /(loss) attributable to		
Minority interest	(3 429)	(1 303)
Equity holders of the parent	43 414	52 094
Net profit	**39 985**	**50 791**
Basic earnings per share in PLN	2,05	2,46
Diluted earnings per share in PLN	2,05	2,46
Continued operations		
Basic earnings per share in PLN	2,05	2,46
Diluted earnings per share in PLN	2,05	2,46
Discontinued operations		
Basic earnings per share in PLN	-	-
Diluted earnings per share in PLN	-	-

* Data have not been audited

*TABLE 1.2. RECONCILIATION OF ADJUSTED NET PROFIT AND EBITDA IN THE FOURTH QUARTER 2017 AND 2016**

in thousands of PLN		12 months ended December 31, 2017	*% of sales*	3 months ended December 31, 2017	*% of sales*	12 months ended December 31, 2016	*% of sales*	3 months ended December 31, 2016	*% of sales*	Q4oQ4 change (YTD)	% of change	Q4oQ4 change	% of change
Restaurant sales		*4 943 953*	*93,9%*	*1 424 610*	*93,8%*	*3 947 314*	*93,8%*	*1 144 657*	*94,2%*	*996 639*	*25,2%*	*279 953*	*24,5%*
Franchise and other sales		*321 554*	*6,1%*	*94 646*	*6,2%*	*260 055*	*6,2%*	*69 867*	*5,8%*	*61 499*	*23,6%*	*24 779*	*35,5%*
Total sales		**5 265 507**		**1 519 256**		**4 207 369**		**1 214 524**		**1 058 138**		**304 732**	
Profit/(loss) for the period		**181 329**	***3,4%***	**39 985**	***2,6%***	**190 744**	***4,5%***	**50 791**	***4,2%***	**-9 415**	***-4,9%***	**-10 806**	***-21,3%***
+	*Finance costs*	*59 633*	*1,1%*	*18 231*	*1,2%*	*48 089*	*1,1%*	*13 096*	*1,1%*	*11 544*	*24,0%*	*5 135*	*39,2%*
-	*Finance income*	*-3 397*	*-0,1%*	*-1 272*	*-0,1%*	*-3 326*	*-0,1%*	*-1 151*	*-0,1%*	*-71*	*2,1%*	*-121*	*10,5%*
-	*Income from associates*	*0*	*0,0%*	*0*	*0,0%*	*-59*	*0,0%*	*-91*	*0,0%*	*59*	*-100,0%*	*91*	*-100,0%*
+	*Income tax expense*	*29 317*	*0,6%*	*-11 355*	*-0,7%*	*32 726*	*0,8%*	*4 664*	*0,4%*	*-3 409*	*-10,4%*	*-16 019*	*-343,5%*
+	*Depreciation and Amortisation*	*330 491*	*6,3%*	*92 573*	*6,1%*	*271 073*	*6,4%*	*75 041*	*6,2%*	*59 418*	*21,9%*	*17 532*	*23,4%*
+	*Impairment losses*	*32 852*	*0,6%*	*25 722*	*1,7%*	*16 329*	*0,4%*	*9 494*	*0,8%*	*16 523*	*101,2%*	*16 228*	*170,9%*
EBITDA		**630 225**	***12,0%***	**163 884**	***10,8%***	**555 576**	***13,2%***	**151 844**	***12,5%***	**74 649**	***13,4%***	**12 040**	***7,9%***
+	*Start-up expenses[1]*	*39 099*	*0,7%*	*18 842*	*1,2%*	*26 139*	*0,6%*	*11 440*	*0,9%*	*12 960*	*49,6%*	*7 402*	*64,7%*
+	*M&A related expenses[2]*	*12 431*	*0,2%*	*10 771*	*0,0%*	*3 044*	*0,1%*	*876*	*0,1%*	*9 387*	*308,4%*	9 895	*1129,6%*
+ / -	*Effect of SOP exercise method modification[3]*	*7 737*	*0,1%*	*3 312*	*0,2%*	*8 984*	*0,2%*	*4 387*	*0,4%*	*- 1 247*	*-13,9%*	-1 075	*-24,5%*
+ / -	*Indirect taxes adjustments[4]*	*0*	*0,0%*	*0*	*0,0%*	*-5 305*	*-0,1%*	*0*	*0,0%*	*5 305*	*-100,0%*	*0*	*n/a*
EBITDA adjusted		**689 492**	**13,1%**	**196 809**	**13,0%**	**588 438**	**14,0%**	**168 547**	**13,9%**	**101 054**	**17,2%**	**28 262**	**16,8%**

[1] Start-Up expenses – all material operating expenses incurred in connection with new stores opening prior the opening.
[2] M&A expenses – all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with transaction.
[3] Effect of SOP exercise method modification – is a difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan.
[4] Indirect taxes – all material adjustments for indirect taxes reported in given period but concerning prior reporting periods resulting from tax fillings adjustments. Indirect taxes are mainly VAT, land tax and other EBITDA level taxes.

* Data have not been audited

AmRest Holdings SE

Appendix No. 2: Corporate Governance

1. Statement of compliance with the Code of Best Practices for WSE Listed Companies

AmRest Holdings SE, which shares are listed on the Warsaw Stock Exchange, makes every effort to apply the principles of corporate governance stipulated in "Best Practice for WSE Listed Companies 2016".

Referring to the Principles adopted by Resolution No. 26/1413/2015 of the Warsaw Stock Exchange Supervisory Board dated October 13th, 2015 (effective from January 1st, 2016), The Management Board of the Company informs that it applies most of the recommendations and principles contained in Best Practices. The list of practices that are not applied, together with justifications, is presented below.

According to the current status of compliance with the Best Practice, the Company does not apply:

- 4 recommendations: IV.R.2., VI.R.1., VI.R.2., VI.R.3.

- 5 detailed principles: II.Z.7., IV.Z.2., VI.Z.1., VI.Z.3., VI.Z.4.

Not applied recommendations:

IV.R.2. If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:

1) real-life broadcast of the general meeting;

2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;

3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary.

Recommendation is not applied.

Comments of the Company: *The recommendation is applied in the scope referred to in IV.R.2.3). The Issuer enables the shareholders to use the institution of proxies at the General Meeting of the Company. The proxies receive voting instructions from individual shareholders.*

AmRest has not yet implemented the functionality of bilateral real-time communication, which allows the shareholders to remotely participate in the general meeting.

The Company decided that voting via the Internet involves too many technological, legal and image risk elements, such as:

• Difficulties in certifying the identity of the shareholders

• Technological barriers, e.g. overload of Internet connection and delays in the transmission of image, which may negatively impact the dynamics of the discussion at the meeting, and even cause breaks in the sessions, which in turn can lead to an allegation of breaching the rights of the shareholders who came to the GSM in person, reserving an adequate amount of time for it.

• The responsibility of the Issuer for a potential break of connection with the General Meeting (also such which results from a lack of equipment ensuring fast, stable Internet connection at the part of the shareholder) and the risk of a reputation loss related with it in the case when a shareholder is unable to participate in the GM and exercise the voting right. A break of Internet connection and the inability of a shareholder to vote may result in not adopting a resolution during the meeting or a later claim against it.

The company has not until now received any propositions regarding a need to introduce remote participation in the vote from its shareholders.

AmRest does not ensure the recommended real-life broadcast of the general meeting, but it records the course of the proceedings. The video recording is promptly publicized on the Company's website and is available in the General Meeting tab. The company does not exclude the possibility that it will apply this recommendation in the future.

VI.R.1. The remuneration of members of the company's governing bodies and key managers should follow the approved remuneration policy.

Recommendation is not applied.

Comments of the Company: *In the Issuer's enterprise, the level of remuneration of the Management Board is discussed with the Company's Supervisory Board, and the level of remuneration of the Supervisory Board is determined by the General Meeting. It was left in the competence of the statutory bodies to determine the remunerations of the members of the Company's bodies. However, the governing bodies of the Company are in the process of analyzing the rationale of developing the remuneration policy in a form of document in the future.*

VI.R.2. The remuneration policy should be closely tied to the company's strategy, its short- and long-term goals, long-term interests and results, taking into account solutions necessary to avoid discrimination on whatever grounds.

Recommendation is not applied.

Comments of the Company: *The bonuses being a part of remuneration of members of the Management Board and key managers as well as their benefits from the stock option plans are closely tied to the company's short- and long-term goals, long-term interests and results. However, the remuneration regulations functioning in AmRest have not been drawn up in a form of document. The governing bodies of the Company are in the process of analyzing the rationale of developing the remuneration policy in a form of document.*

VI.R.3. If the supervisory board has a remuneration committee, principle II.Z.7 applies to its operations.

Recommendation is not applied.

Comments of the Company: *The composition of the Remuneration Committee meets the criteria specified in principle II.Z.7. AmRest doesn't apply this recommendation because the terms of reference of Remuneration Committee were not created in a form of formal document. The Supervisory Board is in the process of analyzing the rationale and the possible method of implementing the recommendation in the future.*

Not applied detailed principles:

II.Z.7. Annex I to the Commission Recommendation referred to in principle II.Z.4 applies to the tasks and the operation of the committees of the Supervisory Board. Where the functions of the audit committee are performed by the supervisory board, the foregoing should apply accordingly.

Principle is not applied.

Comments of the Company: *AmRest applies this corporate governance rule in a wide scope, but it should not be considered as fulfilled because the terms of reference of Remunetration Committee were not created in a form of formal document. AmRest applies this corporate governance rule with respect to the Audit Committee. The Supervisory Board is in the process of analyzing the rationale and the possible method of implementing this corporate governance principle with respect to the Remuneration Committee in the future.*

IV.Z.2. If justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings.

Principle is not applied.

Comments of the Company: *AmRest does not ensure the recommended real-life broadcast of the general meeting, but it records the course of the proceedings. The video recording is promptly publicized on the Company's website and is available in the General Meeting tab. The company does not exclude the possibility that it will apply this recommendation in the future.*

VI.Z.1. Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term financial standing of the company and long-term shareholder value creation as well as the company's stability.

Principle is not applied.

Comments of the Company: *As at today, this corporate governance principle is applied partially. There are two incentive schemes functioning within AmRest - Employee Stock Option Plan and Management Incentive Plan, but only the second one is designed in the way defined in principle VI.Z.1.*

VI.Z.3. The remuneration of members of the supervisory board should not be linked to options or other derivatives or any other variable components, and neither should it be linked to the company's results.

Principle is not applied.

Comments of the Company: *This principle is not applied, because one of the members of the Company's Supervisory Board is employee within AmRest Group - and therefore is a beneficiary of the incentive schemes functioning in the Company.*

VI.Z.4. In this activity report, the company should report on the remuneration policy including at least the following:

1) general information about the company's remuneration system;

2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group;

3) information about non-financial remuneration components due to each management board member and key manager;

4) significant amendments of the remuneration policy in the last financial year or information about their absence;

5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

Principle is not applied.

Comments of the Company: *The remuneration policy has not been developed in a form of document yet. AmRest discloses in the Appendix 2 to its Directors' Report the information on remuneration and number of options for AmRest shares granted to the Management and Supervisory Board Members. The Management Board together with the Remuneration Committee will analyze the rationale and the possible method of implementing this corporate governance principle in the Company and decide on adoption of this principle or non-compliance with it.*

The document "Best Practice for WSE Listed Companies 2016" is available on the official website of the Warsaw Stock Exchange devoted to the corporate governance of listed companies (www.corp-gov.gpw.pl, in "Regulations" tab).

Statement of AmRest's compliance with the Code of Best Practices for WSE Listed Companies 2016 is available on the Company website (section "Investors", tab "Corporate Governance").

2. *Description of the main features of internal control and risk management systems in reference to the preparation of financial statements*

The Issuer prepares standalone and consolidated financial statements based on the generally binding regulations of law and internal procedures. In order to develop high-quality documents and ensure their compliance with relevant law regulations, the AmRest Group has in place an internal control and risk management system. The Management Board of the Company is responsible for the internal control system and its effectiveness in the process of preparing financial statements and periodical reports.

As part of the internal control and risk management system in the process of preparing financial statements, the AmRest Group applies number of procedures and internal bylaws aimed at ensuring effective and efficient control as well as identification and elimination of potential risks. This system is implemented mainly based on:

- AmRest Articles of Association;
- Group Accounting Policy defining the applied reporting principles (for more information on the accounting principles, see Note 1 b-d of the Consolidated Financial Statements),
- Risk Management Policy and Procedures,
- Individual Reporting Standard defining the rules aimed at the fulfillment of information obligations of stock listed companies, referring to the appropriate legal regulations
- Rules of the flow of confidential information,
- Clear scopes of employee responsibilities (job maps), including division of tasks related to preparation of financial statements.
- Global Tax Policy,
- Rules regarding the selection of the entity authorized to audit the financial statements of the Company,
- Monitoring the financial reporting process and the effectiveness of internal control and internal audit systems by the Supervisory Board,
- Presenting financial results in the process of approving financial statements by the General Shareholders Meeting of AmRest,

This process is also supported by the use of proven, unified financial statement templates ensuring consistency of disclosures, through reviewing and approval process of documents prior to their publication as well as the examining of financial statements by an independent auditor.

3. *Composition of the governing bodies*

3.1. Changes in the Parent Company's Management Board

On January 31st, 2017 the Management Board of AmRest informed that it received on the same day from Mr. Jacek Trybuchowski the resignation from the function of the member of AmRest Management Board, effective February 1st, 2017. The resignation was due to personal reasons. Mr. Trybuchowski served as the Company's Chief Operating Officer.

On May 17th, 2017 the Management Board of AmRest informed that on May 16th, 2017 the Supervisory Board of the Company adopted a resolutions on reappointing Mr. Jacek Trybuchowski to hold the position of AmRest's Management Board Member. The resolution came into force on June 30th, 2017.

Information on reappointed Management Board Member:

Jacek Trybuchowski

Mr. Trybuchowski graduated from University of Szczecin, with master degree in Management and Marketing. Additionally, he studied at West Pomeranian Business School in Szczecin, achieving Bachelor's degree in International Trade.

He started his career at AmRest in 1993, as a student. During past 24 years Mr. Trybuchowski held numerous positions at the Company, ranging from Assistant Manager and General Manager of Pizza Hut, Area Coach of

Pizza Hut and KFC, through Supply Director, Align Manager, P&A Manger, Pizza Hut Brand President to Country Manager for Hungary, New Markets Director, Mergers & Acquisition Director, Russia Division President and - currently - Chief Operations Officer.

In 2004-2015 he was involved in Russian market. Mr. Trybuchowski actively acts as a Board Member of AmRest Sp. z o.o. He is also a Member of the Board of Directors of Blue Horizon Group (AmRest China).

Between 2003 and 2005 he worked for Yum!, primarily in Europe and then became Operational Director of Rostik/KFC in Russia.

Mr. Trybuchowski informed that he was not conducting other activities which are competitive in relation to the issuer, and was not engaged in a competitive company or partnership, as a partner in a civil-law or general partnership or as a member of a governing body of an incorporated company or any other competitive legal person. Mr. Trybuchowski is not listed in the Insolvent Debtor Register kept in accordance of the Law on National Court Register.

On May 19th, 2017 the Management Board of AmRest informed that it received on the same day from Mr. Drew O'Malley the resignation from the function of the member of AmRest Management Board, effective June 30th, 2017. The resignation was due to personal reasons. Mr. O'Malley served as the Company's Chief Operating Officer

On December 27th, 2017 the Management Board of AmRest informed that it received on December 27th, 2017 from Mr. Wojciech Mroczyński the resignation from the function of the member of AmRest Management Board, effective December 28th, 2017. The resignation is due to personal reasons. Mr. Mroczyński served as the Company's Chief Strategy Officer.

3.2. Changes in the Parent Company's Supervisory Board

On January 1st,, 2017 the resolutions adopted by Extraordinary General Meeting on December 12th, 2016 came into force. Resolutions appointed the following persons as a member of the Company's Supervisory Board:

- Pablo Castilla Reparaz (Resolution no. 10)
- Mustafa Ogretici (Resolution no. 11)

Information on appointed members of the Supervisory Board:

Pablo Castilla Reparaz

Mr. Pablo Castilla Reparaz is a Spanish citizen. He had been involved in the banking sector working for the Spanish bank Banco Santander, S.A. for 30 years. He has broad experience in M&A transactions. He held position of Managing Director of Corporate Legal Advice / Legal Manager of corporate transactions of Grupo Santander. His scope of responsibilities included M&A transactions in many jurisdictions both EU and non–EU. In the past Mr. Pablo Castilla Reparaz held also functions of Director of Santander Direkt Bank (Germany), Director of Banco Mercantil (Peru), Non-member Secretary of BT Telecomunicaciones S.A., Member Secretary of Open Bank S.A, Member Secretary of Santander Investment, S.A. and Secretary of the Investments Committee of Grupo Santander.

Mr. Castilla holds a Bachelor's Degree of Laws (Universidad de San Pablo) as well as a Master's Degrees in Tax Legal Advice and EU Law (ICAI – ICADE) and finished Advanced Management Program for Overseas Bankers (the Wharton School of the University of Pennsylvania). He is also a member of the Madrid Bar Association.

Mr. Castilla declared, that he meets all the criteria required for the independent member of the Supervisory Board.

Mustafa Ogretici

Mr. Mustafa Ogretici is a British citizen. He specializes in gastronomy and real estate sectors. His experience includes managing restaurants and franchising. He has owned and run restaurants in the United Kingdom since 1997. Since 2005 he has been real estate investor.

Mr. Ogretici graduated with a distinction from Cassio Campus College, Watford, where he studied Business Management and Law.

Mr. Ogretici declared, that he meets all the criteria required for the independent member of the Supervisory Board.

3.3. Composition of the Management and the Supervisory Boards

Management Board

In 2017, the Management Board of AmRest comprised:

- Drew O'Malley (until June 30th, 2017)
- Jacek Trybuchowski (excluding a period from February 2nd till June 29th, 2017)
- Mark Chandler
- Oksana Staniszewska
- Olgierd Danielewicz
- Wojciech Mroczyński (until December 28th, 2017)

At the date of publication of this report the composition of the Management Board of AmRest is as follows:

- Mark Chandler
- Oksana Staniszewska
- Olgierd Danielewicz
- Jacek Trybuchowski

Supervisory Board

In 2017, the Supervisory Board of AmRest comprised:

- Henry McGovern,
- José Parés Gutiérrez (Chairman of the Supervisory Board),
- Luis Miguel Álvarez Pérez,
- Steven Kent Winegar Clark,
- Carlos Fernández González,
- Pablo Castilla Reparaz
- Mustafa Ogretici

As at the day of publication of this report, the above list reflects the current composition of the Supervisory Board.

4. Functional description of the management and supervisory bodies

Principles concerning appointment and dismissal of managers and their entitlements are regulated in the Company's Statute.

The Management Board shall manage the Company's affairs and represent it. Joint action of two members of the Management Board shall be required to represent the Company.

The members of the Management Board shall be appointed and revoked by the Supervisory Board. The members of the Management Board shall be appointed for a period of three years. The Management Board shall consist of at least two members. The Supervisory Board shall specify the number of members of the Management Board.

The entitlements of the Management Board to take the decision on issue of shares are also described in §4 of the Statute of the Company:

- *The Management Board may issue shares in exchange for cash or in-kind contributions.*

- *The increase of share capital within the boundaries of authorized capital shall be carried only for the purposes of the exercise of stock options granted under any incentive management stock option plan to employees, including members of the Management Board of the Company or its subsidiaries, previously approved by the General Meeting or the Supervisory Board before June 1, 2010. Resolutions of the Management Board on the setting of issue price, or issuing the shares in exchange for contribution in kind do not require the consent of the Supervisory Board.*
- *Within the boundaries of the authorised share capital, the Management Board shall be authorised to deprive, whether in full or in part, of the pre-emptive right to shares upon the consent of the Supervisory Board. The consent referred to in the first sentence shall be given in a resolution adopted by a majority of four fifths of the votes of the Supervisory Board members.*

The Supervisory Board oversees the affairs of the Company conducted by the Management Board.

The obligations of the Supervisory Board shall comprise inter alia:

- assessment of the report of the Management Board on the Company's operation (Management Board's Report) and the financial statements for a given financial year as to their compliance with the books of account and documents as well as the facts;
- assessment of the motions of the Management Board concerning distribution of profit or coverage of losses;
- submitting to the General Shareholders' Meeting of an annual written report on the results of the assessments listed above;
- choosing of a statutory auditor in order to audit the financial statements;
- approval of the annual and long term business plans of the Company.

There are the following Supervisory Board committees in the Company: the Audit Committee and the Remuneration Committee.

5. Remuneration of Management and Supervisory Board Members

TABLE 2.1. REMUNERATION OF THE SUPERVISORY BOARD MEMBERS FOR 2017

Member of the Supervisory Board	Period of serving in the Supervisory Board	Remuneration for sitting on the Supervisory Board	Income from other contracts	Other benefits	Total income for the 12 months ended 31 December 2017
Henry McGovern	1.01 - 31.12.17	315 978	2 131 506	-	2 447 484
José Parés Gutiérrez	1.01 - 31.12.17	315 851	-	-	315 851
Luis Miguel Álvarez Pérez	1.01 - 31.12.17	315 851	-	-	315 851
Steven Kent Winegar Clark [1]	1.01 - 31.12.17	-	-	460 175	460 175
Carlos Fernandez Gonzalez	1.01 - 31.12.17	320 495	-	-	320 495
Pablo Castilla Repáraz	1.01 - 31.12.17	434 371	-	-	434 371
Mustafa Ogretici	1.01 - 31.12.17	434 371	-	-	434 371
Total		**2 136 917**	**2 131 506**	**460 175**	**4 728 598**

[1] Voluntary resignation from the remuneration

TABLE 2.2. REMUNERATION OF THE MANAGEMENT BOARD MEMBERS FOR 2017

Management Board Member	Period of serving in the Management Board in 2017	Remuneration	Annual bonus, sector rewards	Income earned in subsidiaries and associates	Benefits, other income	Total income for 2017
Wojciech Mroczyński	1.01 - 28.12.17	992 593	186 109	1 178 702	15 056	1 193 758
Mark Chandler	1.01 - 31.12.17	1 337 969	334 492	1 672 461	-	1 672 461
Drew O'Malley	1.01 - 30.06.17	606 000	-	606 000	13 313	619 313
Jacek Trybuchowski	1.01 - 01.02.17 i 30.06 - 31.12.17	601 672	104 156	705 828	-	705 828
Oksana Staniszewska	1.01 - 31.12.17	743 750	185 938	929 688	-	929 688
Olgierd Danielewicz	1.01 - 31.12.17	741 667	148 333	890 000	-	890 000
Total		**5 023 651**	**959 029**	**5 982 679**	**28 369**	**6 011 048**

* Remuneration for the period of service at the Management Board

Changes in the number of options for AmRest shares owned by members of management and supervisory bodies of AmRest in 2017, based on the Company's information are presented below.

TABLE 2.3. NUMBER OF OPTIONS FOR AMREST SHARES OWNED BY MEMBERS OF THE COMPANY MANAGEMENT AND SUPERVISORY BODIES IN 2017

Name and surname	Function*	Period being M/S for period of 12 months ending December 31st, 2016	Number of share options as at 31/12/2015	Number of share options granted in 2016	Number of share options executed in 2016	Number of share options as at 31/12/2016	Number of vested options	Fair value of all options at the grant date (PLN'000)
Henry McGovern	S	1.01-31.12.17	216 666	75 000	10 000	281 666	206 666	10 315
Wojciech Mroczyński	M	1.01 - 28.12.17	36 667	50 000	36 667	50 000	0	2 772
Mark Chandler	M	1.01 - 31.12.17	40 000	-	-	40 000	40 000	943
Drew O'Malley	M	1.01 - 30.06.17	46 667	-	46 667	-	-	-
Jacek Trybuchowski	M	1.01 - 01.02.17 and 30.06 - 31.12.17	-	100 000	-	100 000	-	6 009
Oksana Staniszewska	M	1.01 - 31.12.17	10 420	50 000	3 820	56 600	600	3 393
Olgierd Danielewicz	M	1.01 - 31.12.17	8 000	50 000	-	58 000	2 000	3 603

* (M) member of management body, (S) member of the supervisory body

For more information on the option scheme see Note 20 to the consolidated financial statements.

6. *The Audit Committee of AmRest – its functioning, composition and changes that occurred during the last financial year*

In 2017 there were following changes in the composition of the Audit Committee:

On January 1st, 2017 the Supervisory Board's resolutions from December 12th, 2016 about appointing Mr. José Parés Gutiérrez, Mr. Pablo Castilla Reparaz and Mr. Mustafa Ogretici as members of the Audit Committee came into force.

With effect from January 1, 2017, Mr. Steven Kent Winegar Clark resigned from the position of the Audit Committee member.

As at the date of publication of this report, the Audit Committee comprises the following members of AmRest Supervisory Board:

– José Parés Gutiérrez,
– Pablo Castilla Reparaz,
– Mustafa Ogretici.

The Audit Committee's tasks:

The Audit Committee's tasks are advising the Supervisory Board on matters regarding the proper implementation of the principles of budget and financial reporting and the Company's and its Capital Group internal audit (within the meaning of the provisions on accounting) as well as cooperation with the Company's authorized auditors. In particular, the Audit Committee's tasks are the following:

(A) monitoring the work of the Company's authorized auditors as well as giving to the Supervisory Board recommendations on the selection and remuneration of authorized auditors;

(B) discussing, before the beginning of each annual financial statement audit, with the Company's authorized auditors the nature and scope of the audit as well as monitoring the coordination of work between the Company's authorized auditors;

(C) reviewing the Company's periodic and annual financial statements (stand alone and consolidated), in particular concentrating attention on the following:

- any changes in booking standards, principles and practices;

- main issues being reviewed;

- substantial adjustments resulting from the audit;

- statements on continuation of operation;

- accuracy with the binding law on book keeping;

(D) discussing any problems or reservations which may arise from the audit of financial statements;

(E) analyzing the Company's authorized auditor's letters to the Management Board, analyzing the independence and objectivity of the accomplished audit and the Management Board responses;

(F) reviewing management accountancy systems;

(G) reviewing the AmRest's capital group annual report and internal audit system, including the mechanics of financial, operational, managerial checks, checks on compliance with regulations, and risk assessment;

(H) analyzing the internal auditors' reports and internal analysts' main observations, the Management Board responses to these observations; checking the internal auditors' level of independence and giving opinions on the Management Board's plans regarding the employment and dismissal of the head of the internal audit department;

(I) annual review of the internal audit schedule, internal and external auditors work coordination, and inspection of the internal auditors' work conditions;

(J) cooperation with the Company's departments, responsible for audit and checking, as well as periodic assessment of their work;

(K) consideration of any other matters regarding the Company's audit, highlighted by the committee or the Supervisory Board;

(L) informing the Supervisory Board of any significant issues regarding the activities of the Audit Committee.

7. *The Company's shareholding structure*

According to the information held by the Company, as at December 31st, 2017 (as well as at the date of submitting this annual report, March 8th, 2018) – following shareholders provided information on holding directly or indirectly (through subsidiaries) at least 5% of the number of votes at the General Shareholders' Meeting of AmRest:

TABLE 2.4. SHAREHOLDING STRUCTURE OF AMREST AS AT DECEMBER 31ST, 2017

Shareholders	Number of shares	Share in capital %	Number of votes at GSM	% shares at GSM
FCapital Dutch B. V.*	11 959 697	56.38%	11 959 697	56.38%
Nationale-Nederlanden OFE**	1 484 893	7.00%	1 484 893	7.00%
Gosha Holding S.à.r.l.***	2 463 511	11.61%	2 463 511	11.61%
Other shareholders	5 305 792	25.01%	5 305 792	25.01%

* FCapital Dutch B. V. is the dominant entity of FCapital Lux (holding 5 232 907 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finacces SAPI de CV is the directly dominant entity of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The directly dominant person of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is the Supervisory Board member of AmRest.
** The previous name: ING OFE
*** Gosha Holding S.à.r.l. is an entity closely associated with Mr. Henry McGovern and Mr. Steven Kent Winegar, members of the Supervisory Board of AmRest

As at the date of submitting this annual report, March 8th, 2018, the table illustrating current structure of shareholders is as follows:

TABLE 2.5. SHAREHOLDING STRUCTURE OF AMREST AS AT THE DATE OF SUBMITTING THIS ANNUAL REPORT, MARCH 8TH, 2018

Shareholders	Number of shares	Share in capital %	Number of votes at GSM	% shares at GSM
FCapital Dutch B. V.*	11 959 697	56.38%	11 959 697	56.38%
Nationale-Nederlanden OFE**	1 484 893	7.00%	1 484 893	7.00%
Gosha Holding S.à.r.l.***	2 263 511	10.67%	2 263 511	10.67%
Other shareholders	5 505 792	25.95%	5 505 792	25.95%

* FCapital Dutch B. V. is the dominant entity of FCapital Lux (holding 5 232 907 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finacces SAPI de CV is the directly dominant entity of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The directly dominant person of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is the Supervisory Board member of AmRest.
** The previous name: ING OFE
*** Gosha Holding S.à.r.l. is an entity closely associated with Mr. Henry McGovern and Mr. Steven Kent Winegar, members of the Supervisory Board of AmRest

8. *Changes in the shareholding structure*

According to the best knowledge of AmRest, in the period from 1 January 2017 to the date of submitting this report (March 8th, 2018), there were no changes in the shareholding structure of AmRest other than those described below.

8.1. Changes in the shareholding with respect to the shareholders holding over 5% of votes at the General Meeting of Shareholders

On August 11th, 2017 the Management Board of AmRest informed that it received on the same day a notification from Gosha Holding S.à.r.l., a company organized under the laws of the Grand Duchy of the Luxembourg, with its registered office in Luxembourg, L-1528, 8A Boulevard de la Foire, registered with the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés) under number B202224 (hereinafter referred as the “Gosha”), that as a result of a block transaction executed at the Warsaw Stock Exchange on August 9th, 2017 Gosha disposed 200,000 shares in AmRest representing app. 0.94% of the total number of shares of the Company, which entitle to exercise 200,000 votes at the Company’s General Meeting of Shareholders, constituting app. 0.94% of total number of votes at the Company’s General Meeting of Shareholders (the “Transaction”) and, as a result, decreased its share in the total amount of votes at the Company’s General Meeting of Shareholders to less than 5%.

Prior to the Transaction Gosha held 1,242,056 shares of the Company representing app. 5.85% of the total number of shares of the Company, which entitled to exercise 1,242,056 votes at the Company’s General Meeting of Shareholders, constituting app. 5.85% of total number of votes at the Company’s General Meeting of Shareholders.

After execution of the Transaction Gosha held 1,042,056 shares of the Company representing app. 4.91% of the total number of shares of the Company, which entitled to exercise 1,042,056 votes at the Company’s General Meeting of Shareholders, constituting app. 4.91% of total number of votes at the Company’s General Meeting of Shareholders.

Additionally, Gosha informed that it did not hold, acquire or disposed any instruments referred to in Article 69b.1 of the Act of 29 July 2005 on Public Offering and the Conditions Governing the Introduction of Financial Instruments to Organized Trading and on Public Companies (“POA”), and that there are no persons or entities referred to in Article 87 section 1 point 3 c) of the POA.

Since the publication of the previous periodical report (September 14th, 2017) there were no changes in the shareholding structure of AmRest other than those described below:

On September 16th, 2017 the Management Board of AmRest informed that it had received on September 15th, 2017 a notification from:

1. FCapital Lux S.à.r.l. (hereinafter referred as the “FCapital Lux”),
2. FCapital Dutch, B.V. (hereinafter referred as the “FCapital”),
3. Inmobiliaria Tabga, S.A. de C.V. (hereinafter referred as the “Tabga”),
4. Finaccess Capital, S.A. de C.V. (hereinafter referred as the “Finaccess”),
5. Grupo Finaccess S.A.P.I. de C.V. (hereinafter referred as the “Grupo Finaccess”),
6. Grupo Far-Luca, S.A. de C.V. (hereinafter referred as the “Grupo Far-Luca”),
7. Carlos Fernández–González (hereinafter referred as “Mr. Fernández”),

that on September 15th, 2017 FC Lux sold 1 711 455 shares of AmRest representing app. 8.07 % of the total number of shares of the Company, which entitle to exercise 1 711 455 votes at the Company’s General Meeting of Shareholders, constituting app. 8.07% of total number of votes at the Company’s General Meeting of Shareholders. Prior to the sale, FCapital Lux had held 6 394 362 shares of the Company representing 30.14% of the total number of shares of the Company, which entitle to exercise 6 394 362 votes at the Company’s General Meeting of Shareholders, constituting app. 30.14% of total number of votes at the Company’s General Meeting of Shareholders. Prior to the sale, FCapital as a direct dominant entity of FCapital Lux, had held 13 121 152 shares of the Company representing app. 61.85% of the total number of shares of the Company, which entitle to exercise 13 121 152 votes at the Company’s General Meeting of Shareholders, constituting app. 61.85% of total number of votes at the Company’s General Meeting of Shareholders, out of which:

(i) it directly held 6 726 790 shares of the Company representing app. 31.71% of the total number of shares of the Company, which entitle to exercise 6 726 790 votes at the Company's General Meeting of Shareholders, constituting app. 31.71% of total number of votes at the Company's General Meeting of Shareholders;

(ii) it indirectly (through FCapital Lux) held 6 394 362 shares of the Company representing app. 30.14% of the total number of shares of the Company, which entitle to exercise 6 394 362 votes at the Company's General Meeting of Shareholders, constituting app. 30.14% of total number of votes at the Company's General Meeting of Shareholders.

Prior to the sale, Tabga, Finaccess, Grupo Finaccess, Grupo Far Luca and Mr. Fernandez, as indirect dominant entities of FCapital Lux, had held indirectly 13 121 152 shares of the Company representing app. 61.85% of the total number of shares of the Company, which entitle to exercise 13 121 152 votes at the Company's General Meeting of Shareholders, constituting app. 61.85% of total number of votes at the Company's General Meeting of Shareholders. After the sale, FCapital Lux held 4 682 907 shares of the Company representing app. 22.07% of the total number of shares of the Company, which entitle to exercise 4 682 907 votes at the Company's General Meeting of Shareholders, constituting app. 22.07% of total number of votes at the Company's General Meeting of Shareholders. After the sale, FCapital as a direct dominant entity of FCapital Lux held 11 409 697 shares of the Company representing app. 53.78% of the total number of shares of the Company, which entitle to exercise 11 409 697 votes at the Company's General Meeting of Shareholders, constituting app. 53.78% of total number of votes at the Company's General Meeting of Shareholders, out of which:

(i) it directly held 6 726 790 shares of the Company representing app. 31.71% of the total number of shares of the Company, which entitle to exercise 6 726 790 votes at the Company's General Meeting of Shareholders, constituting app. 31.71% of total number of votes at the Company's General Meeting of Shareholders;

(ii) it indirectly (through FC Lux) held 4 682 907 shares of the Company representing app. 22.07% of the total number of shares of the Company, which entitle to exercise 4 682 907 votes at the Company's General Meeting of Shareholders, constituting app. 22.07% of total number of votes at the Company's General Meeting of Shareholders.

After the sale, Tabga, Finaccess, Grupo Finaccess, Grupo Far Luca and Mr. Fernandez, as indirect dominant entities of FCapital Lux, held indirectly 11 409 697 shares of the Company representing app. 53.78% of the total number of shares of the Company, which entitle to exercise 11 409 697 votes at the Company's General Meeting of Shareholders, constituting app. 53.78% of total number of votes at the Company's General Meeting of Shareholders. FCapital Lux notified that it did not have any controlled entities. FCapital further notified that its controlled entities, other than FCapital Lux, did not hold any shares of the Company. Tabga, Finaccess, Grupo Finaccess, Grupo Far-Luca and Mr. Fernández further notified that, with respect of each of them, their controlled entities, other than FCapital Lux and FCapital, did not hold any shares of the Company. Additionally, FCapital Lux, FCapital, Tabga, Finaccess, Grupo Finaccess, Grupo Far-Luca and Mr. Fernández informed that there were no persons or entities referred to in Article 87 section 1 point 3 c) of the Act on public offering, conditions governing the introduction of financial instruments to organized trading and public companies dated July 29 th 2005 ("POA"). Furthermore, FCapital Lux informed that it did not hold, acquired or disposed any instruments referred to in Article 69b.1 of the POA and in aggregate was only authorized to exercise votes from 4 682 907 shares of the Company representing 22.07% of the total number of shares of the Company, which entitle to exercise 4 682 907 votes at the Company's General Meeting of Shareholders, constituting app. 22.07% of total number of votes at the Company's General Meeting of Shareholders. Also FCapital, Tabga, Finaccess, Grupo Finaccess, Grupo Far-Luca and Mr. Fernández informed that, with respect of each of them, they did not hold, acquired or disposed any instruments referred to in Article 69b.1 of the POA and in aggregate they only held votes from 11 409 697 shares of the Company representing app. 53.78% of the total number of shares of the Company, which entitle to exercise 11 409 697 votes at the Company's General Meeting of Shareholders, constituting app. 53.78% of total number of votes at the Company's General Meeting of Shareholders.

On September 20th, 2017 the Management Board of AmRest informed that it received on September 19th, 2017 a notification from:

1. Gosha Holding S.à.r.l. (hereinafter referred as the "Gosha");

2. PCMMM S.à r.l. (hereinafter referred as the “PCMMM”);

3. Metropolitan Properties International Sp. z o.o. (hereinafter referred as the “MPI”);

4. Małgorzata McGovern (hereinafter referred as “Ms. McGovern”);

5. Steven Winegar (hereinafter referred as “Mr. Winegar”);

that on September 15th, 2017, as a result of a transaction executed outside the regulated market Gosha purchased 1 711 455 shares of AmRest representing app. 8.07% of the total number of shares of the Company, which entitle to exercise 1 711 455 votes at the Company’s General Meeting of Shareholders, constituting app. 8.07% of total number of votes at the Company’s General Meeting of Shareholders (the “Transaction”) and, as a result, Gosha increased its share in the total amount of votes at the Company’s General Meeting of Shareholders to more than 10%.

Prior to the Transaction Gosha held 1 042 056 shares of the Company representing app. 4.91% of the total number of shares of the Company, which entitle to exercise 1 042 056 votes at the Company’s General Meeting of Shareholders, constituting app. 4.91% of total number of votes at the Company’s General Meeting of Shareholders.

After execution of the Transaction Gosha held 2 753 511 shares of the Company representing app. 12.98% of the total number of shares of the Company, which entitle to exercise 2 753 511 votes at the Company’s General Meeting of Shareholders, constituting app. 12.98% of total number of votes at the Company’s General Meeting of Shareholders.

Furthermore, as a result of the transaction Gosha dominant entities i.e. PCMMM direct Gosha dominant entity, MPI (direct PCMMM dominant entity) and indirect Gosha dominant entity, Ms. McGovern and Mr. Winegar (ultimate dominant entities) indirectly acquired 1 711 455 shares of the Company representing app. 8.07% of the total number of shares of the Company, which entitle to exercise 1 711 455 votes at the Company’s General Meeting of Shareholders, constituting app. 8.07% of total number of votes at the Company’s General Meeting of Shareholders and, as a result, indirectly increased their share in the total amount of votes at the Company’s General Meeting of Shareholders to more than 10%.

Prior to the Transaction Gosha dominant entities held 1 042 056 shares of the Company representing app. 4.91% of the total number of shares of the Company, which entitle to exercise 1 042 056 votes at the Company’s General Meeting of Shareholders, constituting app. 4.91% of total number of votes at the Company’s General Meeting of Shareholders.

After execution of the Transaction Gosha dominant entities held 2 753 511 shares of the Company representing app. 12.98% of the total number of shares of the Company, which entitle to exercise 2 753 511 votes at the Company’s General Meeting of Shareholders, constituting app. 12.98% of total number of votes at the Company’s General Meeting of Shareholders.

Gosha notified that it did not have any controlled entities. PCMMM notified that its controlled entities, other than Gosha, did not hold any shares of the Company. MPI notified that its controlled entities, other than Gosha, did not hold any shares of the Company. Ms. McGovern and Mr. Winegar notified that their controlled entities, other than Gosha, did not hold any shares of the Company.

Additionally, Gosha, PCMMM, MPI, Ms. McGovern and Mr. Winegar informed that, with respect of each of them, there were no persons or entities referred to in Article 87 section 1 point 3 c) of the Act on public offering, conditions governing the introduction of financial instruments to organized trading and public companies dated July 29th 2005 (“POA”).

Furthermore, Gosha, PCMMM, MPI, Ms. McGovern and Mr. Winegar inform that, with respect of each of them, they did not hold, acquired or disposed any instruments referred to in Article 69b.1 of the POA. In aggregate they held, directly or indirectly, 2 753 511 shares of the Company representing app. 12.98% of the total number of shares of the Company, which entitle to exercise 2 753 511 votes at the Company’s General Meeting of Shareholders, constituting app. 12.98% of total number of votes at the Company’s General Meeting of Shareholders.

On October 16th, 2017 the Management Board of AmRest informed that it received a request pursuant to Art. 48 of the Act of March 4th 2005 on European Economic Interest Grouping and the European Company to buy-back 550 000 shares from one shareholder - Nationale-Nederlanden Otwarty Fundusz Emerytalny (hereinafter referred as "Nationale-Nederlanden"), represented by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. who voted against Resolution No. 3 of the Extraordinary General Meeting of AmRest Holdings SE of October 5th, 2017 on the approval of the international transfer of the registered office to Spain and amendment to the Statute.

On October 20th, 2017 the Management Board of AmRest informed that it received on October 20th, 2017 it an offer from FCapital Lux to acquire all the shares being a subject to buy-back from the shareholders who voted against the Resolution No. 3 of the Extraordinary General Meeting of the Company of October 5th, 2017 on the approval of the international transfer of the registered office to Spain and amendment to the Statute, and requested the buy-back of their shares. The Management Board of AmRest confirmed that pursuant to Art. 18.4 of the Act of March 4th 2005 on European Economic Interest Grouping and the European Company (the "Act on SE"), FCapital Lux transferred the total purchase price for 550 000 shares (PLN 361.65 per share) to the Company's bank account. Due to the offer filed by FCapital Lux, there is no longer a risk that the Company will be obliged to buy-out shares due to lack of offers.

On November 10th, 2017 the Management Board of AmRest informed that within the deadline envisaged by the relevant provisions of law i.e. until November 9th, 2017, it did not receive any more offers of acquisition of the shares being a subject to buy-back from the shareholders who voted against the abovementioned Resolution No. 3 of the Extraordinary General Meeting of the Company and requested the buy-back of their shares. Consequently, FCapital Lux is the only entity, which submitted its offer to buy all 550 000 shares from Nationale-Nederlanden and transferred the amount equal to the price for all shares to the Company's bank account.

On November 21st, 2017 the Management Board of AmRest informed that it had adopted on November 21st, 2017 a resolution on allocation of shares under the buy-back from the shareholders who voted against the Resolution No. 3.

In accordance with Art. 18 Sec. 5 in connection with Art. 48 of the Act of March 4th 2005 on European Economic Interest Grouping and the European Company the Management Board of the Company allocated all 550 000 shares, the buy-back of which was requested by the shareholder Nationale-Nederlanden to FCapital Lux. The total price for the shares being the subject to the buy-back was PLN 198,907,500.

On November 23rd, 2017 the Management Board of AmRest informed about signing on November 22nd, 2017 of the agreement between Nationale-Nederlanden, FCapital Lux and AmRest on buy-back of 550,000 shares by FCapital Lux from shareholder Nationale-Nederlanden, who had voted against the transfer of the registered office to Spain.

In accordance with the above-mentioned agreement, AmRest returned to FCapital Lux's account an amount equal to the price for all 550,000 shares - PLN 198,907,500, which pursuant to Art. 18.4 in connection with Art. 48 of the Act of March 4th 2005 on European Economic Interest Grouping and the European Company FCapital Lux transferred to the Company's bank account while declaring a willingness to acquire the shares.

Simultaneously, the Management Board informed about execution and settlement on November 23, 2017 of the acquisition by FCapital Lux of 550,000 AmRest shares at the price of PLN 361.65 per share (total price: PLN 198,907,500) from Nationale-Nederlanden.

On November 24th, 2017 the Management Board of AmRest informed that it had received on November 23rd, 2017 a notification from:

1. FCapital Lux S.à.r.l., (hereinafter referred as the "FCapital Lux"),
2. FCapital Dutch, B.V., (hereinafter referred as the "FCapital"),
3. Inmobiliaria Tabga, (hereinafter referred as the "Tabga"),
4. Finaccess Capital, (hereinafter referred as the "Finaccess"),

5. Grupo Finaccess, (hereinafter referred as the “Grupo Finaccess”),
6. Grupo Far-Luca, (hereinafter referred as the “Grupo Far-Luca”),
7. Carlos Fernández–González, (hereinafter referred as “Mr. Fernández”),

that on 23 November 2017 FCapital Lux had purchased in a block trade transaction on the Warsaw Stock Exchange 550,000 shares of AmRest representing app. 2.59 % of the total number of shares of the Company, which entitle to exercise 550,000 votes at the Company’s General Meeting of Shareholders, constituting app. 2.59% of total number of votes at the Company’s General Meeting of Shareholders (“Transaction”).

Prior to the Transaction, FCapital Lux had held 4,682,907 shares of the Company representing 22.07% of the total number of shares of the Company, which entitle to exercise 4,682,907 votes at the Company’s General Meeting of Shareholders, constituting app. 22.07% of total number of votes at the Company’s General Meeting of Shareholders.

Prior to the Transaction FCapital as a direct dominant entity of FCapital Lux, had held 11,409,697 shares of the Company representing app. 53.78% of the total number of shares of the Company, which entitle to exercise 11,409,697 votes at the Company’s General Meeting of Shareholders, constituting app. 53.78% of total number of votes at the Company’s General Meeting of Shareholders, out of which:

(i) it directly held 6,726,790 shares of the Company representing app. 31.71% of the total number of shares of the Company, which entitle to exercise 6,726,790 votes at the Company’s General Meeting of Shareholders, constituting app. 31.71% of total number of votes at the Company’s General Meeting of Shareholders;

(ii) it indirectly (through FCapial Lux) held 4,682,907 shares of the Company representing app. 22.07% of the total number of shares of the Company, which entitle to exercise 4.682.907 votes at the Company’s General Meeting of Shareholders, constituting app. 22.07% of total number of votes at the Company’s General Meeting of Shareholders.

Prior to the Transaction, Tabga, Finaccess, Grupo Finaccess, Grupo Far Luca and Mr. Fernández, as (direct or indirect) dominant entities of FCapital Lux and FCapital, had held indirectly 11,409,697 shares of the Company representing app. 53.78% of the total number of shares of the Company, which entitle to exercise 11,409,697 votes at the Company’s General Meeting of Shareholders, constituting app. 53.78% of total number of votes at the Company’s General Meeting of Shareholders.

After the Transaction, FCapital Lux held 5,232,907 shares of the Company representing app. 24.67% of the total number of shares of the Company, which entitle to exercise 5,232,907 votes at the Company’s General Meeting of Shareholders, constituting app. 24.67% of total number of votes at the Company’s General Meeting of Shareholders.

After the Transaction, FCapital as a direct dominant entity of FC Lux, holds 11,959,697 shares of the Company representing app. 56.38% of the total number of shares of the Company, which entitle to exercise 11,959,697 votes at the Company’s General Meeting of Shareholders, constituting app. 56.38% of total number of votes at the Company’s General Meeting of Shareholders, out of which:

(i) it directly held 6,726,790 shares of the Company representing app. 31.71% of the total number of shares of the Company, which entitle to exercise 6,726,790 votes at the Company’s General Meeting of Shareholders, constituting app. 31.71% of total number of votes at the Company’s General Meeting of Shareholders;

(ii) it indirectly (through FCapital Lux) held 5,232,907 shares of the Company representing app. 24.67% of the total number of shares of the Company, which entitle to exercise 5,232,907 votes at the Company’s General Meeting of Shareholders, constituting app. 24.67% of total number of votes at the Company’s General Meeting of Shareholders.

After the sale, Tabga, Finaccess, Grupo Finaccess, Grupo Far Luca and Mr. Fernández, as indirect dominant entities of FCapital Lux, hold indirectly 11,959,697 shares of the Company representing app. 56.38% of the total number of shares of the Company, which entitle to exercise 11,959,697 votes at the Company’s General Meeting of Shareholders, constituting app. 56.38% of total number of votes at the Company’s General Meeting of Shareholders.

FC Lux notified that it did not have any controlled entities.

FCapital further notified that its controlled entities, other than FCapital Lux, did not hold any shares of the Company.

Tabga, Finaccess, Grupo Finaccess, Grupo Far-Luca and Mr. Fernández further notified that, with respect of each of them, their controlled entities, other than FCapital Lux and FCapital, did not hold any shares of the Company.

Additionally, FCapital Lux, FCapital, Tabga, Finaccess, Grupo Finaccess, Grupo Far-Luca and Mr. Fernández informed that there were no persons or entities referred to in Article 87 section 1 point 3 c) of the Act on public offering, conditions governing the introduction of financial instruments to organized trading and public companies dated July 29th 2005 ("POA").

Furthermore, FCapital Lux informed that it did not hold, acquired or disposed any instruments referred to in Article 69b.1 of the POA and in aggregate is only authorized to exercise votes from 5,232,907 shares of the Company representing app. 24.67% of the total number of shares of the Company, which entitle to exercise 5,232,907 votes at the Company's General Meeting of Shareholders, constituting app. 24.67% of total number of votes at the Company's General Meeting of Shareholders.

Also FCapital, Tabga, Finaccess, Grupo Finaccess, Grupo Far-Luca and Mr. Fernández informed that, with respect of each of them, they did not hold, acquired or disposed any instruments referred to in Article 69b.1 of the POA and in aggregate they only hold votes from 11,959,697 shares of the Company representing app. 56.38% of the total number of shares of the Company, which entitle to exercise 11,959,697 votes at the Company's General Meeting of Shareholders, constituting app. 56.38% of total number of votes at the Company's General Meeting of Shareholders.

8.2. Changes in the number of shares held by members of AmRest Management and Supervisory Boards

According to the best knowledge of AmRest, there were six members of Management Board, who in 2017 owned the Issuer's shares: Mr. Wojciech Mroczyński, Mr. Drew O'Malley, Mr. Jacek Trybuchowski, Mr. Mark Chandler, Mrs. Oksana Staniszewska and Mr. Olgierd Danielewicz,.

As at December 31st, 2016 Mr. Wojciech Mroczyński held 14 shares of the Company with a total nominal value of EUR 0.14. On December 28th, 2017 (being the last day on the position of the Management Board member) he held 1 355 shares of the Company with a total nominal value of EUR 13.55.

As at December 31st, 2016 Mr. Drew O'Malley did not hold any Company's shares. On June 30th, 2017 (being the last day on the position of the Management Board member) he held 918 shares of the Company with a total nominal value of EUR 9.18.

As at December 31st, 2016 Mr. Jacek Trybuchowski held 48 505 shares of the Company with a total nominal value of EUR 485.05. On December 31st, 2017 (and simultaneously on the date of publication of this report) he held 4 296 shares of the Company with a total nominal value of EUR 42.96.

As at December 31st, 2016 Mr. Mark Chandler held 38 000 shares of the Company with a total nominal value of EUR 380.00. On December 31st, 2017 (and simultaneously on the date of publication of this report) he held 1 379 shares of the Company with a total nominal value of EUR 13.79.

As at December 31st, 2016 Mrs. Oksana Staniszewska held 2 020 shares of the Company with a total nominal value of EUR 20.20. On December 31st, 2017 (and simultaneously on the date of publication of this report) she did not hold any Company's shares.

As at December 31st, 2016 Mr. Olgierd Danielewicz held 21 508 shares of the Company with a total nominal value of EUR 215.08. On December 31st, 2017 (and simultaneously on the date of publication of this report) he held 5 047 shares of the Company with a total nominal value of EUR 50.47.

Pursuant to the information available to the Company, the only Supervisory Board member, who owns directly the Issuer's shares is Mr. Henry McGovern .

As at December 31st, 2016 Mr. Henry McGovern did not hold directly any Company's shares. On December 31st, 2017 (and simultaneously on the date of publication of this report) he holds directly 7 234 shares of the Company with a total nominal value of EUR 72.34.

As at December 31st, 2016 Gosha Holdings S.a.r.l. – the closely associated person of Mr. Henry McGovern and Mr. Steven Kent Winegar (the Company's Supervisory Board members) held 1 242 056 shares of the Company with a total nominal value of EUR 12 420.56. On December 31st, 2017 Gosha Holdings S.a.r.l. held 2 463 511 shares of the Company with a total nominal value of EUR 24 635.11. As at the date of publication of this report Gosha Holdings S.a.r.l. holds 2 263 511 the Company's shares with a total nominal value of EUR 22 635.11.

As at December 31st, 2016 FCapital Dutch B.V. – the closely associated person of Mr. Carlos Fernández González (the Company's Supervisory Board member) held 13 121 152 shares of the Company with a total nominal value of EUR 131 211.52. On December 31st, 2017 (and simultaneously on the date of publication of this report) FCapital Dutch B.V. held 11 959 697 the Company's shares with a total nominal value of EUR 119 596.97.

8.3. Transactions on AmRest shares executed by persons having access to confidential information

On January 10th, 2017 AmRest informed that it received on the same day a notice from Mr. Zbigniew Cylny - Chairman of the Board of AmRest subsidiary, about a purchase of 600 AmRest shares at the average price of PLN 113.27 per share executed on January 5th, 2017. The transaction was executed outside the regulated marked as a result of exercising AmRest management options.

On January 12th, 2017 AmRest informed that it received on the same day a notice from Mr. Olgierd Danielewicz - a member of the Company's Management Board, about:

- a purchase of 5 274 AmRest executed on January 11th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options,

- a purchase of 1 065 AmRest executed on January 12th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options.

The transactions were executed outside the regulated marked.

On January 25th, 2017 AmRest informed that it received on the same day a notice from Mr. Mark Chandler - a member of the Company's Management Board, about:

- a sale of 6 000 AmRest shares at the average price of PLN 303.72 per share executed on January 23rd, 2017,

- a sale of 1 428 AmRest shares at the average price of PLN 313.27 per share executed on January 24th, 2017,

The transaction was executed at the Warsaw Stock Exchange.

On January 27th, 2017 AmRest informed that it received on the same day a notice from Mr. Mark Chandler - a member of the Company's Management Board, about a sale of 4 589 AmRest shares at the average price of PLN 319.37 per share executed on January 25th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On February 14th, 2017 AmRest informed that it received on the same day a notice from Mr. Olgierd Danielewicz - a member of the Company's Management Board, about a sale of 500 AmRest shares at the average price of PLN 330.60 per share executed on February 10th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On March 24th, 2017 AmRest informed that it received on the same day a notice from Mr. Drew O'Malley - a member of the Company's Management Board, about a purchase of 20 000 AmRest shares executed on March 23rd, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

On March 24th, 2017 AmRest also informed that it received on the same day a notice from Mrs. Oksana Staniszewska - a member of the Company's Management Board, about a sale of 1 669 AmRest shares at the average price of PLN 330.75 per share executed on March 23rd, 2017. The transaction was executed at the Warsaw

Stock Exchange.

On March 30th, 2017 AmRest informed that it received on the same day a notice from Mr. Drew O'Malley - a member of the Company's Management Board, about a sale of 20 000 AmRest shares at the average price of PLN 341.33 per share executed on March 28th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On March 30th, 2017 AmRest also informed that it received on the same day a notice from Mr. Mark Chandler - a member of the Company's Management Board, about:

- a sale of 12 563 AmRest shares at the average price of PLN 341.05 per share executed on March 28th, 2017,

- a sale of 9 000 AmRest shares at the average price of PLN 344.60 per share executed on March 29th, 2017,

- a sale of 1 532 AmRest shares at the average price of PLN 346.30 per share executed on March 30th, 2017.

The transactions were executed at the Warsaw Stock Exchange.

On March 30th, 2017 AmRest also informed that it received on the same day a notice from Mrs. Oksana Staniszewska - a member of the Company's Management Board, about:

- a sale of 351 AmRest shares at the average price of PLN 324.30 per share executed on March 24th, 2017. The transaction was executed at the Warsaw Stock Exchange.

- a purchase of 1 427 AmRest shares executed on March 30th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

- a sale of 1 427 AmRest shares at the average price of PLN 344.60 per share executed on March 30th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 3rd, 2017 AmRest informed that it received on the same day a notice from Mr. Olgierd Danielewicz - a member of the Company's Management Board, about a sale of 900 AmRest shares at the average price of PLN 338.06 per share executed on March 31st, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 4th, 2017 AmRest informed that it received on the same day a notice from Mr. Drew O'Malley - a member of the Company's Management Board, about a purchase of 3 015 AmRest shares executed on April 3rd, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

On April 4th, 2017 AmRest also informed that it received on the same day a notice from Mr. Wojciech Mroczyński - a member of the Company's Management Board, about a purchase of 18 246 AmRest shares executed on April 3rd, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

On April 6th, 2017 AmRest informed that it received on the same day a notice from Mr. Wojciech Mroczyński - a member of the Company's Management Board, about a sale of 8 260 AmRest shares at the average price of PLN 344.17 per share executed on April 4th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 7th, 2017 AmRest informed that it received on the same day a notice from Mr. Drew O'Malley - a member of the Company's Management Board, about a sale of 3 015 AmRest shares at the average price of PLN 340.27 per share executed on April 5th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 12th, 2017 AmRest informed that it received on the same day a notice from Mr. Wojciech Mroczyński - a member of the Company's Management Board, about

- a sale of 1 233 AmRest shares at the average price of PLN 344.75 per share executed on April 10th, 2017,

- a sale of 5 246 AmRest shares at the average price of PLN 344.88 per share executed on April 11th, 2017.

The transactions were executed at the Warsaw Stock Exchange.

On April 12th, 2017 AmRest also informed that it received on the same day a notice from Mr. Olgierd Danielewicz - a member of the Company's Management Board, about a sale of 600 AmRest shares at the average price of PLN 343.15 per share executed on April 10th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 13th, 2017 AmRest informed that it received on the same day a notice from Mr. Zbigniew Cylny - Chairman of the Board of AmRest subsidiary, about a sale of 600 AmRest shares at the average price of PLN 343.96 per share executed on April 11th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 14th, 2017 AmRest informed that it received on the same day a notice from Mr. Wojciech Mroczyński - a member of the Company's Management Board, about a sale of 3 521 AmRest shares at the average price of PLN 345.45 per share executed on April 12th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 19th, 2017 AmRest informed that it received on the same day a notice from Mr. Henry McGovern – a member of the Company's Supervisory Board, about a purchase of 7 234 AmRest shares executed on April 18th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

On April 19th, 2017 AmRest also informed that it received on the same day a notice from Mr. Drew O'Malley - a member of the Company's Management Board, about a purchase of 9 036 AmRest shares executed on April 18th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

On April 20th, 2017 AmRest informed that it received on the same day a notice from Mr. Wojciech Mroczyński - a member of the Company's Management Board, about:

- a purchase of 7 164 AmRest shares executed on April 18th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

- a sale of 2 225 AmRest shares at the average price of PLN 344.95 per share executed on April 18th, 2017. The transaction was executed at the Warsaw Stock Exchange.

- a sale of 3 584 AmRest shares at the average price of PLN 344.80 per share executed on April 19th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 24th, 2017 AmRest informed that it received on the same day a notice from Mr. Drew O'Malley - a member of the Company's Management Board, about a sale of 6 036 AmRest shares at the average price of PLN 344.21 per share executed on April 21st, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 27th, 2017 AmRest informed that it received on the same day a notice from Mr. Jacek Trybuchowski - a member of the Management Board of AmRest subsidiary, about:

- a sale of 116 AmRest shares at the price of PLN 365.00 per share executed on April 25th, 2017,

- a sale of 2 009 AmRest shares at the average price of PLN 369.75 per share executed on April 26th, 2017.

The transactions were executed at the Warsaw Stock Exchange.

On April 28th, 2017 AmRest informed that it received on the same day a notice from Mr. Jacek Trybuchowski - a member of the Management Board of AmRest subsidiary, about:

- a sale of 693 AmRest shares at the average price of PLN 372.07 per share executed on April 27th, 2017,

- a sale of 733 AmRest shares at the price of PLN 368.00 per share executed on April 28th, 2017.

The transactions were executed at the Warsaw Stock Exchange.

On May 4th, 2017 AmRest informed that it received on the same day a notice from Mr. Mark Chandler - a member of the Company's Management Board, about a sale of 509 AmRest shares at the average price of PLN 367.50 per share executed on April 28th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On May 31st, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mr. Jerzy Tymofiejew - a person discharging managerial responsibilities, about a purchase of 450 AmRest shares at the average price of PLN 207.76 executed on May 29th, 2017. The transaction was executed outside the regulated marked as a result of exercising AmRest management option plan.

On June 12th, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mr. Drew O'Malley - a member of the Company's Management Board, about a sale of 2 082 AmRest shares at the average price of PLN 360.24 per share executed on June 9th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On June 22nd, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mr. Olgierd Danielewicz - a member of the Company's Management Board, about a sale of 800 AmRest shares at the average price of PLN 360.01 per share executed on June 20th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On October 16th, 2017 AmRest informed that it received on the same day a notice from Mrs. Maria Elena Pato-Castel, La Tagliatella President, being a person discharging managerial responsibilities in the Company, about:

- a purchase of 11 542 AmRest shares executed on October 12th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked,

- a sale of 370 AmRest shares at the price of PLN 366.00 per share executed on October 13th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On October 19th, 2017 AmRest informed that it received on the same day a notice from Mrs. Maria Elena Pato-Castel, La Tagliatella President, being a person discharging managerial responsibilities in the Company, about:

- a sale of 2 000 AmRest shares at the price of PLN 359.15 per share executed on October 17th, 2017,

- a sale of 3 419 AmRest shares at the price of PLN 358.61 per share executed on October 18th, 2017.

The transactions were executed at the Warsaw Stock Exchange.

On 24th November, 2017 AmRest informed that it received on the same day a notice from Mrs. Maria Elena Pato-Castel, La Tagliatella President, being a person discharging managerial responsibilities in the Company, about about a sale of 3600 AmRest shares at the price of PLN 369.74 per share executed on November 22nd, 2017. The transaction was executed at the Warsaw Stock Exchange.

On November 24th, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mr. Jacek Trybuchowski - a member of the Company's Management Board, about:

- a sale of 16 619 AmRest shares at the average price of PLN 374.54 per share executed on November 22nd, 2017,

- a sale of 20 039 AmRest shares at the average price of PLN 370.00 per share executed on November 23rd, 2017.

The transactions were executed at the Warsaw Stock Exchange.

On November 27th, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mr. Olgierd Danielewicz - a member of the Company's Management Board, about a sale of 20 000 AmRest shares at the price of PLN 370.00 per share executed on November 24th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On November 28th, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mrs. Maria Elena Pato-Castel, La Tagliatella President, being a person discharging managerial responsibilities in the Company, about:

- a sale of 554 AmRest shares at the price of PLN 370.05 per share executed on November 24th, 2017.

- a sale of 1 599 AmRest shares at the price of PLN 369.00 per share executed on November 27th, 2017.

The transactions were executed at the Warsaw Stock Exchange.

On November 28th, 2017 the Management Board of AmRest also informed that it received on the same day a notice from Mr. Jacek Trybuchowski - a member of the Company's Management Board, about a sale of 4 000 AmRest shares at the price of PLN 370.00 per share executed on November 24th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On December 14th, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mrs. Oksana Staniszewska - a member of the Company's Management Board, about:

- a purchase of 1 303 AmRest shares executed on December 13th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

- a sale of 1 303 AmRest shares at the average price of PLN 353.71 per share executed on December 13th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On December 21st, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mr. Jerzy Tymofiejew - a person discharging managerial responsibilities, about a purchase of 180 AmRest shares at the price of PLN 130.90 executed on December 19th, 2017. The transaction was executed outside the regulated marked as a result of exercising AmRest management option plan.

On December 29th, 2017 the Management Board of AmRest informed that it received on December 28th, 2017 a notice from Mr. Jerzy Tymofiejew - a person discharging managerial responsibilities, about a sale of 860 AmRest shares at the price of PLN 392.00 executed on December 28th, 2017. The transaction was executed at the Warsaw Stock Exchange.

8.4. Transactions on AmRest shares concluded for the purpose of executing the stock option plan

The buyback is based on Resolution no. 7 of the Annual General Meeting of AmRest of May 19th, 2015 on the authorization of Company's Management Board to acquire Company's own shares and the establishment of a reserve capital for the acquisition of own shares.

In the period between January 1st, 2017 and the day of publication of this report AmRest purchased a total of 225 692 own shares for a total price of PLN 79 128 483. During the same period, the Company disposed a total of 147 348 own shares to entitled participants of the stock options plans.

TABLE 2.6. TRANSACTIONS ON AMREST SHARES EXECUTED BY AMREST FROM JANUARY 1ST, 2017 TO THE DATE OF SUBMITTING THIS REPORT (MARCH 8TH, 2018)

conclusion date	settlement date	purchase /disposal	number of purchased/ disposed shares	average purchase/ disposal price per share	nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
05.01.2017	05.01.2017	D	611	0.00	0.01	0.0066%	1 391	38 201	38 201	0.1801%
			200	78.00	0.01					
			580	130.90	0.01					
09.01.2017	09.01.2017	D	231	0.00	0.01	0.0011%	231	37 970	37 970	0.1790%
10.01.2017	10.01.2017	D	1 212	0.00	0.01	0.0070%	1 492	36 478	36 478	0.1720%
			280	130.90	0.01					
11.01.2017	11.01.2017	D	6 464	0.00	0.01	0.0311%	6 594	29 884	29 884	0.1409%
			130	130.90	0.01					
12.01.2017	12.01.2017	D	1 332	0.00	0.01	0.0088%	1 872	28 012	28 012	0.1320%
			540	130.90	0.01					
13.01.2017	13.01.2017	D	259	0.00	0.01	0.0019%	399	27 613	27 613	0.1302%
			140	130.90	0.01					
16.01.2017	16.01.2017	D	140	0.00	0.01	0.0059%	1 260	26 353	26 353	0.1242%
			200	70.00	0.01					
			280	78.00	0.01					
			200	81.00	0.01					
			200	81.82	0.01					
			240	130.90	0.01					
17.01.2017	17.01.2017	D	121	0.00	0.01	0.0011%	241	26 112	26 112	0.1231%
			120	130.90	0.01					

conclusion date	settlement date	purchase /disposal	number of purchased/ disposed shares	average purchase/ disposal price per share	nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
18.01.2017	18.01.2017	D	118	0.00	0.01	0.0172%	3 658	22 454	22 454	0.1058%
			800	70.00	0.01					
			1 300	81.00	0.01					
			840	81.82	0.01					
			500	96.50	0.01					
			100	130.90	0.01					
20.01.2017	20.01.2017	D	43	0.00	0.01	0.0011%	223	22 231	22 231	0.1048%
			80	78.00	0.01					
			100	130.90	0.01					
23.01.2017	23.01.2017	D	56	0.00	0.01	0.0003%	56	22 175	22 175	0.1045%
24.01.2017	24.01.2017	D	50	130.90	0.01	0.0002%	50	22 125	22 125	0.1043%
26.01.2017	30.01.2017	P	9	342.90	0.01	0.00004%	9	22 134	22 134	0.1043%
27.01.2017	31.01.2017	P	50	343.00	0.01	0.0002%	50	22 184	22 184	0.1046%
30.01.2017	01.02.2017	P	710	337.16	0.01	0.0033%	710	22 894	22 894	0.1079%
31.01.2017	31.01.2017	D	4 956	0.00	0.01	0.0234%	4 956	17 938	17 938	0.0846%
31.01.2017	02.02.2017	P	2 090	335.96	0.01	0.0099%	2 090	20 028	20 028	0.0944%
01.02.2017	03.02.2017	P	2 000	325.43	0.01	0.0094%	2 000	22 028	22 028	0.1038%
02.02.2017	06.02.2017	P	850	317.75	0.01	0.0040%	850	22 878	22 878	0.1078%
03.02.2017	07.02.2017	P	2 000	307.00	0.01	0.0094%	2 000	24 878	24 878	0.1173%
06.02.2017	08.02.2017	P	2 040	316.00	0.01	0.0096%	2 040	26 918	26 918	0.1269%
07.02.2017	09.02.2017	P	490	328.25	0.01	0.0023%	490	27 408	27 408	0.1292%
08.02.2017	10.02.2017	P	2 400	329.42	0.01	0.0113%	2 400	29 808	29 808	0.1405%
09.02.2017	13.02.2017	P	2 500	329.30	0.01	0.0118%	2 500	32 308	32 308	0.1523%
10.02.2017	14.02.2017	P	2 461	330.58	0.01	0.0116%	2 461	34 769	34 769	0.1639%
14.02.2017	16.02.2017	P	2 809	319.90	0.01	0.0132%	2 809	37 578	37 578	0.1771%
15.02.2017	17.02.2017	P	1 295	319.45	0.01	0.0061%	1 295	38 873	38 873	0.1832%
16.02.2017	20.02.2017	P	2 000	322.64	0.01	0.0094%	2 000	40 873	40 873	0.1927%
20.02.2017	22.02.2017	P	2 250	330.00	0.01	0.0106%	2 250	43 123	43 123	0.2033%
21.02.2017	23.02.2017	P	2 250	332.88	0.01	0.0106%	2 250	45 373	45 373	0.2139%
17.03.2017	21.03.2017	P	3 800	335.68	0.01	0.0179%	3 800	49 173	49 173	0.2318%
20.03.2017	22.03.2017	P	1 011	333.71	0.01	0.0048%	1 011	50 184	50 184	0.2366%
21.03.2017	23.03.2017	P	858	327.56	0.01	0.0040%	858	51 042	51 042	0.2406%
22.03.2017	24.03.2017	P	1 018	327.80	0.01	0.0048%	1 018	52 060	52 060	0.2454%
23.03.2017	23.03.2017	D	20 000	0.00	0.01	0.0943%	20 000	32 060	32 060	0.1511%
23.03.2017	27.03.2017	P	2 503	335.28	0.01	0.0118%	2 503	34 563	34 563	0.1629%
24.03.2017	28.03.2017	P	1 500	330.61	0.01	0.0071%	1 500	36 063	36 063	0.1700%
27.03.2017	29.03.2017	P	505	333.59	0.01	0.0024%	505	36 568	36 568	0.1724%
28.03.2017	30.03.2017	P	2 100	340.00	0.01	0.0099%	2 100	38 668	38 668	0.1823%
29.03.2017	31.03.2017	P	3 000	344.58	0.01	0.0141%	3 000	41 668	41 668	0.1964%
30.03.2017	30.03.2017	D	1 650	0.00	0.01	0.0078%	1 650	40 018	40 018	0.1886%
30.03.2017	03.04.2017	P	3 000	344.63	0.01	0.0141%	3 000	43 018	43 018	0.2028%
31.03.2017	31.03.2017	D	1 780	0.00	0.01	0.0084%	1 780	41 238	41 238	0.1944%
31.03.2017	04.04.2017	P	1 548	348.25	0.01	0.0073%	1 548	42 786	42 786	0.2017%
03.04.2017	03.04.2017	D	22 287	0.00	0.01	0.1051%	22 287	20 499	20 499	0.0966%
03.04.2017	05.04.2017	P	2 452	347.00	0.01	0.0116%	2 452	22 951	22 951	0.1082%
04.04.2017	04.04.2017	D	279	0.00	0.01	0.0013%	279	22 672	22 672	0.1069%
04.04.2017	06.04.2017	P	4 000	343.78	0.01	0.0189%	4 000	26 672	26 672	0.1257%
05.04.2017	07.04.2017	P	3 000	340.17	0.01	0.0141%	3 000	29 672	29 672	0.1399%

conclusion date	settlement date	purchase /disposal	number of purchased/ disposed shares	average purchase/ disposal price per share	nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
06.04.2017	06.04.2017	D	819	0.00	0.01	0.0039%	819	28 853	28 853	0.1360%
06.04.2017	10.04.2017	P	4 200	341.97	0.01	0.0198%	4 200	33 053	33 053	0.1558%
07.04.2017	07.04.2017	D	1 038	0.00	0.01	0.0049%	1 038	32 015	32 015	0.1509%
07.04.2017	11.04.2017	P	3 594	340.70	0.01	0.0169%	3 594	35 609	35 609	0.1679%
10.04.2017	12.04.2017	P	606	344.67	0.01	0.0029%	606	36 215	36 215	0.1707%
11.04.2017	11.04.2017	D	114	0.00	0.01	0.0005%	114	36 101	36 101	0.1702%
11.04.2017	13.04.2017	P	4 196	344.16	0.01	0.0198%	4 196	40 297	40 297	0.1900%
12.04.2017	18.04.2017	P	4 750	345.39	0.01	0.0224%	4 750	45 047	45 047	0.2123%
13.04.2017	19.04.2017	P	5 054	345.53	0.01	0.0238%	5 054	50 101	50 101	0.2362%
18.04.2017	18.04.2017	D	24 638	0.00	0.01	0.1171%	24 838	25 263	25 263	0.1191%
			200	130.90	0.01					
20.04.2017	20.04.2017	D	96	0.00	0.01	0.0005%	96	25 167	25 167	0.1186%
20.04.2017	24.04.2017	P	5 150	342.86	0.01	0.0243%	5 150	30 317	30 317	0.1429%
21.04.2017	21.04.2017	D	429	0.00	0.01	0.0020%	429	29 888	29 888	0.1409%
21.04.2017	25.04.2017	P	1 482	343.83	0.01	0.0070%	1 482	31 370	31 370	0.1479%
25.04.2017	27.04.2017	P	5 943	368.90	0.01	0.0280%	5 943	37 313	37 313	0.1759%
26.04.2017	28.04.2017	P	2 557	373.43	0.01	0.0121%	2 557	39 870	39 870	0.1879%
27.04.2017	27.04.2017	D	108	0.00	0.01	0.0005%	108	39 762	39 762	0.1874%
28.04.2017	28.04.2017	D	830	0.00	0.01	0.0039%	830	38 932	38 932	0.1835%
22.05.2017	24.05.2017	P	3 100	332.46	0.01	0.0146%	3 100	42 032	42 032	0.1981%
23.05.2017	25.05.2017	P	2 900	336.33	0.01	0.0137%	2 900	44 932	44 932	0.2118%
24.05.2017	24.05.2017	D	85	0.00	0.01	0.0004%	85	44 847	44 847	0.2114%
24.05.2017	26.05.2017	P	1 364	337.78	0.01	0.0064%	1 364	46 211	46 211	0.2178%
25.05.2017	29.05.2017	P	683	338.21	0.01	0.0032%	683	46 894	46 894	0.2211%
26.05.2017	26.05.2017	D	1 212	0.00	0.01	0.0097%	2 052	44 842	44 842	0.2114%
			240	70.00	0.01					
			200	81.00	0.01					
			140	81.82	0.01					
			260	223.50	0.01					
26.05.2017	30.05.2017	P	2 608	339.98	0.01	0.0123%	2 608	47 450	47 450	0.2237%
29.05.2017	29.05.2017	D	1 335	0.00	0.01	0.0106%	2 245	45 205	45 205	0.2131%
			100	70.00	0.01					
			100	81.00	0.01					
			150	81.82	0.01					
			80	130.90	0.01					
			480	223.50	0.01					
29.05.2017	31.05.2017	P	1 472	340.00	0.01	0.0069%	1 472	46 677	46 677	0.2200%
30.05.2017	30.05.2017	D	837	0.00	0.01	0.0039%	837	45 840	45 840	0.2161%
30.05.2017	01.06.2017	P	2 377	340.60	0.01	0.0112%	2 377	48 217	48 217	0.2273%
31.05.2017	31.05.2017	D	270	0.00	0.01	0.0013%	270	47 947	47 947	0.2260%
31.05.2017	02.06.2017	P	3 200	345.25	0.01	0.0151%	3 200	51 147	51 147	0.2411%
01.06.2017	01.06.2017	D	574	0.00	0.01	0.0037%	794	50 353	50 353	0.2374%
			220	223.50	0.01					
01.06.2017	05.06.2017	P	150	339.70	0.01	0.0007%	150	50 503	50 503	0.2381%
05.06.2017	05.06.2017	D	809	0.00	0.01	0.0054%	1 149	49 354	49 354	0.2326%
			120	70.00	0.01					
			100	81.00	0.01					
			120	81.82	0.01					

conclusion date	settlement date	purchase /disposal	number of purchased/ disposed shares	average purchase/ disposal price per share	nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
06.06.2017	06.06.2017	D	501	0.00	0.01	0.0065%	1 371	47 983	47 983	0.2262%
			180	70.00	0.01					
			210	81.00	0.01					
			220	81.82	0.01					
			260	223.50	0.01					
06.06.2017	08.06.2017	P	3 400	364.16	0.01	0.0160%	3 400	51 383	51 383	0.2422%
07.06.2017	09.06.2017	P	2 000	366.44	0.01	0.0094%	2 000	53 383	53 383	0.2516%
08.06.2017	08.06.2017	D	1 078	0.00	0.01	0.0051%	1 078	52 305	52 305	0.2466%
12.06.2017	12.06.2017	D	463	0.00	0.01	0.0041%	863	51 442	51 442	0.2425%
			20	70.00	0.01					
			100	81.00	0.01					
			120	81.82	0.01					
			160	223.50	0.01					
13.06.2017	13.06.2017	D	705	0.00	0.01	0.0033%	705	50 737	50 737	0.2392%
13.06.2017	16.06.2017	P	2 374	356.50	0.01	0.0112%	2 374	53 111	53 111	0.2504%
14.06.2017	14.06.2017	D	292	0.00	0.01	0.0016%	342	52 769	52 769	0.2487%
			50	81.00	0.01					
14.06.2017	19.06.2017	P	2 000	355.00	0.01	0.0094%	2 000	54 769	54 769	0.2582%
16.06.2017	20.06.2017	P	1 076	355.18	0.01	0.0051%	1 076	55 845	55 845	0.2632%
19.06.2017	19.06.2017	D	2 890	0.00	0.01	0.0183%	3 890	51 955	51 955	0.2449%
			200	70.00	0.01					
			200	81.00	0.01					
			200	81.82	0.01					
			400	223.50	0.01					
20.06.2017	20.06.2017	D	725	0.00	0.01	0.0049%	1 047	50 908	50 908	0.2400%
			80	81.00	0.01					
			82	81.82	0.01					
			160	223.50	0.01					
20.06.2017	22.06.2017	P	1 027	359.89	0.01	0.0048%	1 027	51 935	51 935	0.2448%
21.06.2017	21.06.2017	D	676	0.00	0.01	0.0046%	977	50 958	50 958	0.2402%
			141	70.00	0.01					
			80	81.00	0.01					
			80	81.82	0.01					
21.06.2017	23.06.2017	P	2 000	362.76	0.01	0.0094%	2 000	52 958	52 958	0.2496%
22.06.2017	26.06.2017	P	555	364.92	0.01	0.0026%	555	53 513	53 513	0.2523%
23.06.2017	23.06.2017	D	1 015	0.00	0.01	0.0048%	1 015	52 498	52 498	0.2475%
23.06.2017	27.06.2017	P	1 002	363.95	0.01	0.0047%	1 002	53 500	53 500	0.2522%
26.06.2017	26.06.2017	D	562	0.00	0.01	0.0026%	562	52 938	52 938	0.2495%
28.06.2017	30.06.2017	P	2 040	348.99	0.01	0.0096%	2 040	54 978	54 978	0.2592%
29.06.2017	03.07.2017	P	995	348.52	0.01	0.0047%	995	55 973	55 973	0.2639%
30.06.2017	04.07.2017	P	1 000	354.28	0.01	0.0047%	1 000	56 973	56 973	0.2686%
03.07.2017	03.07.2017	D	209	0.00	0.01	0.0010%	209	56 764	56 764	0.2676%
03.07.2017	05.07.2017	P	1 800	354.61	0.01	0.0085%	1 800	58 564	58 564	0.2761%
04.07.2017	06.07.2017	P	35	342.05	0.01	0.0002%	35	58 599	58 599	0.2762%
05.07.2017	05.07.2017	D	40	81.00	0.01	0.0009%	192	58 407	58 407	0.2753%
			72	81.82	0.01					
			80	223.50	0.01					

conclusion date	settlement date	purchase /disposal	number of purchased/ disposed shares	average purchase/ disposal price per share	nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
05.07.2017	07.07.2017	P	1 800	342.94	0.01	0.0085%	1 800	60 207	60 207	0.2838%
06.07.2017	10.07.2017	P	1 600	343.25	0.01	0.0075%	1 600	61 807	61 807	0.2914%
07.07.2017	11.07.2017	P	2 200	351.71	0.01	0.0104%	2 200	64 007	64 007	0.3017%
12.07.2017	14.07.2017	P	289	355.89	0.01	0.0014%	289	64 296	64 296	0.3031%
17.07.2017	17.07.2017	D	53	0.00	0.01	0.0002%	53	64 243	64 243	0.3028%
17.07.2017	19.07.2017	P	1 611	366.04	0.01	0.0076%	1 611	65 854	65 854	0.3104%
18.07.2017	20.07.2017	P	1 329	370.15	0.01	0.0063%	1 329	67 183	67 183	0.3167%
19.07.2017	21.07.2017	P	1 981	370.90	0.01	0.0093%	1 981	69 164	69 164	0.3260%
21.07.2017	25.07.2017	P	2 000	363.97	0.01	0.0094%	2 000	71 164	71 164	0.3355%
24.07.2017	24.07.2017	D	159	0.00	0.01	0.0007%	159	71 005	71 005	0.3347%
24.07.2017	26.07.2017	P	2 400	371.41	0.01	0.0113%	2 400	73 405	73 405	0.3460%
25.07.2017	25.07.2017	D	100	223.50	0.01	0.0005%	100	73 305	73 305	0.3456%
25.07.2017	27.07.2017	P	867	370.22	0.01	0.0041%	867	74 172	74 172	0.3496%
26.07.2017	28.07.2017	P	318	373.50	0.01	0.0015%	318	74 490	74 490	0.3511%
27.07.2017	31.07.2017	P	2 364	373.94	0.01	0.0111%	2 364	76 854	76 854	0.3623%
02.08.2017	04.08.2017	P	2 400	369.19	0.01	0.0113%	2 400	79 254	79 254	0.3736%
03.08.2017	03.08.2017	D	76	0.00	0.01	0.0004%	76	79 178	79 178	0.3732%
03.08.2017	07.08.2017	P	2 400	370.81	0.01	0.0113%	2 400	81 578	81 578	0.3845%
04.08.2017	08.08.2017	P	1 500	369.98	0.01	0.0071%	1 500	83 078	83 078	0.3916%
07.08.2017	09.08.2017	P	1 550	370.88	0.01	0.0073%	1 550	84 628	84 628	0.3989%
08.08.2017	10.08.2017	P	1 600	367.53	0.01	0.0075%	1 600	86 228	86 228	0.4065%
23.08.2017	25.08.2017	P	1 088	376.39	0.01	0.0051%	1 088	87 316	87 316	0.4116%
24.08.2017	28.08.2017	P	218	380.00	0.01	0.0010%	218	87 534	87 534	0.4126%
25.08.2017	29.08.2017	P	1 625	379.99	0.01	0.0077%	1 625	89 159	89 159	0.4203%
31.08.2017	04.09.2017	P	2 000	357.71	0.01	0.0094%	2 000	91 159	91 159	0.4297%
01.09.2017	05.09.2017	P	2 313	369.81	0.01	0.0109%	2 313	93 472	93 472	0.4406%
04.09.2017	06.09.2017	P	2 248	364.95	0.01	0.0106%	2 248	95 720	95 720	0.4512%
05.09.2017	07.09.2017	P	2 200	365.74	0.01	0.0104%	2 200	97 920	97 920	0.4616%
08.09.2017	12.09.2017	P	2 059	355.75	0.01	0.0097%	2 059	99 979	99 979	0.4713%
11.09.2017	13.09.2017	P	1 841	349.49	0.01	0.0087%	1 841	101 820	101 820	0.4800%
19.09.2017	19.09.2017	D	632	0.00	0.01	0.0030%	632	101 188	101 188	0.4770%
19.09.2017	21.09.2017	P	3 099	358.90	0.01	0.0146%	3 099	104 287	104 287	0.4916%
20.09.2017	22.09.2017	P	1 731	364.62	0.01	0.0082%	1 731	106 018	106 018	0.4998%
21.09.2017	25.09.2017	P	1 464	364.37	0.01	0.0069%	1 464	107 482	107 482	0.5067%
03.10.2017	03.10.2017	D	1 448	0.00	0.01	0.0096%	2 028	105 454	105 454	0.4971%
			100	81.00	0.01					
			180	81.82	0.01					
			180	130.90	0.01					
			120	223.50	0.01					
04.10.2017	04.10.2017	D	867	0.00	0.01	0.0041%	867	104 587	104 587	0.4930%
04.10.2017	06.10.2017	P	3 600	359.78	0.01	0.0170%	3 600	108 187	108 187	0.5100%
05.10.2017	09.10.2017	P	3 200	359.12	0.01	0.0151%	3 200	111 387	111 387	0.5251%
06.10.2017	10.10.2017	P	3 400	360.55	0.01	0.0160%	3 400	114 787	114 787	0.5411%
09.10.2017	09.10.2017	D	206	0.00	0.01	0.0010%	206	114 581	114 581	0.5401%
10.10.2017	10.10.2017	D	39	0.00	0.01	0.0002%	39	114 542	114 542	0.5399%
12.10.2017	12.10.2017	D	11 723	0.00	0.01	0.0559%	11 863	102 679	102 679	0.4840%
			140	223.50	0.01					
16.10.2017	18.10.2017	P	3 200	364.93	0.01	0.0151%	3 200	105 879	105 879	0.4991%

conclusion date	settlement date	purchase /disposal	number of purchased/ disposed shares	average purchase/ disposal price per share	nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
17.10.2017	17.10.2017	D	272	0.00	0.01	0.0013%	272	105 607	105 607	0.4978%
17.10.2017	19.10.2017	P	1 240	358.76	0.01	0.0058%	1 240	106 847	106 847	0.5037%
18.10.2017	18.10.2017	D	360	81.82	0.01	0.0017%	360	106 487	106 487	0.5020%
18.10.2017	20.10.2017	P	3 200	358.57	0.01	0.0151%	3 200	109 687	109 687	0.5171%
19.10.2017	19.10.2017	D	120	223.50	0.01	0.0006%	120	109 567	109 567	0.5165%
23.10.2017	25.10.2017	P	1 441	342.32	0.01	0.0068%	1 441	111 008	111 008	0.5233%
24.10.2017	26.10.2017	P	1 253	338.96	0.01	0.0059%	1 253	112 261	112 261	0.5292%
25.10.2017	27.10.2017	P	2	338.96	0.01	0.00001%	2	112 263	112 263	0.5292%
26.10.2017	30.10.2017	P	210	351.90	0.01	0.0010%	210	112 473	112 473	0.5302%
27.10.2017	31.10.2017	P	79	355.69	0.01	0.0004%	79	112 552	112 552	0.5306%
07.11.2017	09.11.2017	P	1 500	367.01	0.01	0.0071%	1 500	114 052	114 052	0.5376%
08.11.2017	10.11.2017	P	2 064	364.66	0.01	0.0097%	2 064	116 116	116 116	0.5474%
09.11.2017	13.11.2017	P	1 654	363.89	0.01	0.0078%	1 654	117 770	117 770	0.5552%
10.11.2017	14.11.2017	P	916	354.91	0.01	0.0043%	916	118 686	118 686	0.5595%
13.11.2017	15.11.2017	P	283	363.38	0.01	0.0013%	283	118 969	118 969	0.5608%
16.11.2017	20.11.2017	P	2 300	358.26	0.01	0.0108%	2 300	121 269	121 269	0.5716%
17.11.2017	21.11.2017	P	500	365.00	0.01	0.0024%	500	121 769	121 769	0.5740%
21.11.2017	23.11.2017	P	2 597	364.82	0.01	0.0122%	2 597	124 366	124 366	0.5862%
22.11.2017	22.11.2017	D	156	0.00	0.01	0.0007%	156	124 210	124 210	0.5855%
27.11.2017	29.11.2017	P	1 664	369.02	0.01	0.0078%	1 664	125 874	125 874	0.5934%
28.11.2017	30.11.2017	P	739	367.24	0.01	0.0035%	739	126 613	126 613	0.5968%
29.11.2017	01.12.2017	P	1 728	368.02	0.01	0.0081%	1 728	128 341	128 341	0.6050%
04.12.2017	06.12.2017	P	241	367.98	0.01	0.0011%	241	128 582	128 582	0.6061%
06.12.2017	08.12.2017	P	2 895	363.11	0.01	0.0136%	2 895	131 477	131 477	0.6198%
07.12.2017	07.12.2017	D	30	0.00	0.01	0.0001%	30	131 447	131 447	0.6196%
08.12.2017	08.12.2017	D	79	0.00	0.01	0.0004%	79	131 368	131 368	0.6193%
13.12.2017	13.12.2017	D	1 534	0.00	0.01	0.0072%	1 534	129 834	129 834	0.6120%
19.12.2017	19.12.2017	D	1 337	0.00	0.01	0.0102%	2 157	127 677	127 677	0.6019%
			540	130.90	0.01					
			280	223.50	0.01					
19.12.2017	19.12.2017	D	120	0.00	0.01	0.0010%	220	127 457	127 457	0.6008%
			100	130.90	0.01					
21.12.2017	27.12.2017	P	502	376.09	0.01	0.0024%	502	127 959	127 959	0.6032%
22.12.2017	22.12.2017	D	1 262	0.00	0.01	0.0117%	2 492	125 467	125 467	0.5914%
			1 230	130.90	0.01					
27.12.2017	27.12.2017	D	596	0.00	0.01	0.0028%	596	124 871	124 871	0.5886%
09.01.2018	09.01.2018	D	995	0.00	0.01	0.0051%	1 075	123 796	123 796	0.5836%
			50	130.90	0.01					
			30	223.50	0.01					
10.01.2018	10.01.2018	D	412	0.00	0.01	0.0019%	412	123 384	123 384	0.5816%
11.01.2018	11.01.2018	D	715	0.00	0.01	0.0034%	715	122 669	122 669	0.5782%
12.01.2018	12.01.2018	D	120	130.90	0.01	0.0006%	120	122 549	122 549	0.5777%
17.01.2018	17.01.2018	D	211	0.00	0.01	0.0010%	211	122 338	122 338	0.5767%
18.01.2018	18.01.2018	D	3 186	0.00	0.01	0.0150%	3 186	119 152	119 152	0.5617%
19.01.2018	19.01.2018	D	259	0.00	0.01	0.0022%	459	118 693	118 693	0.5595%
			200	130.90	0.01					
25.01.2018	25.01.2018	D	101	0.00	0.01	0.0005%	101	118 592	118 592	0.5590%
26.01.2018	26.01.2018	D	475	0.00	0.01	0.0022%	475	118 117	118 117	0.5568%

conclusion date	settlement date	purchase /disposal	number of purchased/ disposed shares	average purchase/ disposal price per share	nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
01.02.2018	01.02.2018	D	131	0.00	0.01	0.0006%	131	117 986	117 986	0.5562%
02.02.2018	02.02.2018	D	259	0.00	0.01	0.0012%	259	117 727	117 727	0.5550%

8.5. Other information on shareholding

The Management Board of AmRest is not in possession of the information concerning holders of securities giving special rights of control in relation to the Company.

9. *The functioning of the general meeting, its basic entitlements, the rights of shareholders and the manner of exercising these rights and entitlements*

The functioning of the general meeting, its basic entitlements, the rights of shareholders and the manner of exercising these rights and entitlements, in particular the rules stipulated in the GM regulations, are described in detail in the Company's Statute and the Regulations of AmRest General Shareholders Meeting. Both documents are available at the Company's website.

10. *Description of amendments to the Articles of Association of the Issuer*

Amendments' to the Statutes of the issuer require a resolution of the General Meeting adopted by three-fourths majority. Legal basis: Art. 415 § 1 and 430 § 1 of the Commercial Companies Code, in connection with art. 9 and art. 53 Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (SE).

11. *Diversity policy in relation to the company's governing bodies and its key managers*

The AmRest Group has in place a diversity policy that supports the creation of a favorable working environment, in which employees feel respected and appreciated. However, the Company did not develop in a form of document the diversity policy in relation to the Company's governing bodies and its key managers. The appointment process of the Management and Supervisory Board members is free from any discrimination (including gender, age or ethnicity) and focuses on the assessment of elements such as: professional experience, education and competences of candidates.

The Issuer will consider the possibility of implementing an appropriate diversity policy in the future, if it turns out to be necessary to maintain diversity in relation to the company's governing bodies and its key managers.

12. *Information about the policy in the area of sponsorship, charity and other similar activities*

12.1. Charitable activities

a. AmRest defines charity as activities or support for initiatives which help those in need, in a disinterested and beneficial way.

b. Our policy on charity is integrated with the way AmRest delivers on Core Values and in line with AmRest's overall development strategy.
c. Charitable activities must not be detrimental to building and strengthening awareness of the AmRest brand as a socially responsible company nor to creating a positive image of the company.
d. AmRest can engage in specific charitable initiatives, under the condition that an initiative:
   - is in line with AmRest Core Values and corporate strategy,
   - enables building good relations with local communities,
   - is not-for-profit,
   - is related to areas of public benefit, such as: social care, family support and foster care systems, education, learning, bringing up children, health protection and promotion, environment protection and ecology, promotion and organisation of voluntary actions, preventing social exclusion, arts and culture, national heritage protection and relief for victims of natural and other disasters.

   The organizer of the initiative must:

   - be a non-governmental organisation or a public benefit institution, which has been operating for at least a year (reports and statements demonstrating a history of a minimum of one year must be provided)
   - have a good reputation and experience in implementing specific activities (especially in areas in which the organisation is seeking charitable support),
   - not undertake activities supported by companies involved in gambling, arms production or trading, pornography or producers of addictive substances.
e. AmRest does not provide charitable support to:
   - Private persons,
   - Events which require a high financial commitment, if their implementation has not yet started or is still at an early stage, without guarantee of securing funding to cover the costs of the whole event,
   - Events which are of religious, or political character, or exhort discrimination, violence, breaking the law or which threaten the natural environment,
   - Initiatives which can negatively impact the image of AmRest,
   - Initiatives supported by charity programmes of companies which are AmRest competitors, or organisations affiliated to them.
f. The above lists do not exclude other possible criteria, which may influence positively or negatively the final decision as to whether AmRest becomes involved in a given initiative.
g. The decision on awarding charitable support to an initiative is based on an analysis of the initiative and its organiser, the provisions as described above and in relation to the funding available for charitable activities from AmRest.

12.2. Sponsorship activities

a. AmRest defines sponsorship as a tool for marketing and building brand recognition in order to promote products or the company through paid participation in a specified event. The sponsor provides funding, materials or services to the initiative being sponsored in return for promotion services for the benefit of the sponsor.
b. The sponsorship policy is in line with AmRest's overall development strategy and forms an integral part of the company's marketing and corporate communication. Sponsorship policy is to support development of AmRest as a whole and also its individual brands and products.
c. The basic objective of AmRest sponsorship activities is to build and strengthen recognition of AmRest as a brand, along with its individual brands and products and to create a positive image of the company.
d. Indirectly, the sponsorship activities are intended to increase sales of AmRest products and to increase market share for the company in target markets.
e. In line with its character and development strategy, AmRest seeks primarily to sponsor events which enable direct communication with its target customer groups.
f. AmRest avoids events, which have no recognition, where organisers have no experience or which are directed at audiences which are outside the company's target markets.

g. AmRest may get involved as a sponsor in an initiative, where the initiative is determined to:
   - be in line with AmRest Core Values and corporate strategy,
   - enable good relations with customers and build closer cooperation with them.

   And where the organiser of the initiative:

   - enjoys a good reputation and experience with respect to implementing specific initiatives,
   - Guarantees industry exclusivity to AmRest, where other sponsors are involved,
   - Provides AmRest with a specified package of promotional benefits, which ensure the visibility of the brand and/or its products.

h. AmRest does not sponsor:
   - Private persons,
   - Events which require high financial commitment, if their implementation has not yet started or is still at an early stage, without guarantee of securing funding to cover the costs of the whole event,
   - Events which are of religious, or political character, or exhort to discrimination, violence, breaking the law or which threaten the natural environment,
   - Initiatives involving organisations with an image that differs from AmRest, which can impact negatively the company's reputation,
   - Initiatives sponsored by companies which are AmRest competitors or organisations affiliated to them.

i. AmRest will analyse with great caution possibilities of sponsoring initiatives, which:
   - are co-sponsored by companies involved in gambling, arms production or trading, pornography or addictive substances,
   - Events which involve a large number of sponsors.

The above lists do not exclude other criteria, which may influence positively or negatively the final decision relating to AmRest involvement in a given initiative.

The decision on awarding charitable support to an initiative is based on an analysis of the initiative and its organiser, the provisions as described above and in relation to the funding available for sponsorship activities from AmRest.

Appendix No. 3: Statement on non-financial information of the AmRest Holdings SE Group for 2017

1. Introduction

The "Statement on non-financial information of the AmRest Holdings SE Group for 2017" was prepared in accordance with non-financial disclosure guidelines included in the Accounting Act, in particular in Art. 49b and Art. 55. The statement is a separated part of the "Consolidated Management Board's Report for the year 2017". It includes information on all companies within the AmRest Holdings SE Group (further down, this name is interchangeably used with AmRest, the AmRest Group or the Group), including the data on the parent entity listed on the Warsaw Stock Exchange in Warsaw, AmRest Holdings SE, which does not meet the conditions for non-financial disclosure at the standalone unit level, as specified in Art. 49b of the Accounting Act. The statement was not the subject of additional verification by a third party.

Along with preparation of this Statement, the AmRest Holdings SE Group was carrying out preparations for a separate publication of "The AmRest 2017 Sustainable Development Report" for 2017, based on the international GRI Standards for non-financial disclosure. Some of the conclusions from the stages of the process of non-financial disclosure in compliance with the GRI Standards, including results of workshops and consultations with participation of AmRest key managerial staff and surveys of expectations of AmRest employees and other stakeholders, were used to expand the scope of information presented in this Statement. The GRI Standards also affected the method of disclosure of some of the results of implementation of policies on social, environmental and employee issues, human rights and prevention of corruption. In this statement, AmRest discloses information based on the GRI Standards indicators.

2. Business model description

The AmRest Holdings SE Group is the largest independent restaurant chain operator in the Central and Eastern Europe. The Group also develops its activities in Western Europe, Russia and China.

The key business area of the Group is operation of Kentucky Fried Chicken („KFC"), Pizza Hut, Burger King and Starbucks restaurants, based on franchise agreements, through its subsidiaries in Poland, the Czech Republic, Hungary, Slovakia, Russia, Serbia, Croatia, Bulgaria, Romania, Germany, France, Austria, Slovenia and Spain. In Spain, France and Germany, the Group operates La Tagliatella, Trastevere and il Pastificio own brand restaurants on the basis of franchise agreements through entities not related to the Group and through its own restaurants, using a central kitchen which produces and supplies products to all of the networks of the said own brands. In addition, the Group operates Blue Frog own brand restaurants (in China, Spain and Poland) and KABB restaurants (in China).

As on 31 December 2017, AmRest operated a total of 1,638 restaurants in two restaurant sectors: Quick Service Restaurants (QSR) – KFC, Burger King, Starbucks, Pizza Hut Delivery (pizza with home delivery) and Pizza Hut Express and Casual Dining Restaurants (CDR) – Pizza Hut, La Tagliatella, Blue Frog and KABB.

AmRest restaurants offer in-house catering services, take-away, drive-thru services and telephone orders. AmRest restaurant menus offer high quality dishes made from fresh products, based on original recipes and standards of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and KABB restaurants.

The following table briefly presents the operating model for various brands. A detailed description of various brands is presented in chapter two of the Consolidated Report of the Management Board 2017.

Brand	Method of management
STARBUCKS	Starbucks coffee shops in Poland, Czech Republic and Hungary are opened by AmRest Coffee joint venture companies (82% AmRest and 18% Starbucks Coffee International Inc.), which hold rights and licences necessary to develop and manage Starbucks coffee shops. Starbucks coffee shops in Romania and Bulgaria were purchased from Marinopoulos Coffee SEE B.V. in June 2015. Starbucks coffee shops in Germany were purchased from Starbucks Coffee EMEA B.V. in 2016. In Slovakia, it operates its own coffee shops, based on a franchise agreement with Starbucks EMEA Ltd.
KFC	For the KFC brand, AmRest is the franchisee of Yum! Brands Inc. The first AmRest managed KFC was opened in 1995 in Szczecin, Poland. In May 2005, AmRest took over 8 Big Food Ford restaurants in the Czech Republic and converted them to KFC. Since 2006 AmRest has managed the brand in Hungary. In July 2007, AmRest took over 22 KFC restaurants in Russia. In 2017, AmRest took over 15 restaurants in Germany and opened the first restaurants in Austria and Slovenia. Currently, AmRest operates KFC restaurants in 12 markets.
Pizza Hut	For the Pizza Hut brand, AmRest is the franchisee of Yum! Brands Inc. The history of AmRest began with opening of the first Pizza Hut restaurant in Wrocław. Since 1 October 2016 the Company, as the master franchisee, has the right to grant a licence to third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants in Central and Eastern European countries, ensuring the specific share of restaurants directly operated by AmRest. For Pizza Hut restaurants purchased in France in May 2017 and in Germany in July 2017, AmRest is also the master franchisee who holds the exclusive right to grant licences to other franchisees. In 2017, AmRest opened its first Pizza Hut restaurant in the Czech Republic. Currently AmRest operates Pizza Hut restaurants in 6 markets.
BURGER KING	Burger King restaurants operate on the franchise basis and an agreement signed with Burger King Europe GmbH. In May 2007, AmRest opened the first Burger King restaurant in Warsaw, in Złote Tarasy Shopping Centre. AmRest manages Burger King restaurants in Poland, Bulgaria and the Czech Republic.
La Tagliatella	La Tagliatella is AmRest own brand, which became a part of the portfolio in April 2011. La Tagliatella restaurants are operated by AmRest, as well as by entities to which the Company leases the rights to operate restaurants on the basis of a franchise agreement.
blue frog bar & grill 蓝蛙	The Blue Frog brand became the AmRest property in December 2012 following the purchase of the majority stake in Blue Horizon Hospitality Group LTD. In 2017, the minority shareholder was bought out and AmRest became 100% owner of the business in China and thus, a 100% brand owner. In 2017, the company began the expansion of the Blue Frog brand in Europe, by opening the first restaurants in Poland and in Spain.
KABB	The KABB brand became the AmRest property in December 2012 following the purchase of the majority stake in Blue Horizon Hospitality Group LTD. In 2017, the minority shareholder was bought out and AmRest became 100% owner of the business in China and thus, a 100% brand owner.
PizzaPortal	On 31 March 2017, AmRest signed an investment agreement with Delivery Hero GmbH and Restaurant Partner Polska (“RPP”). Under the agreement, AmRest purchased 51% of RPP shares and became the majority shareholder of the company. RPP runs the PizzaPortal.pl website, an aggregator which gathers offers from more than 2,500 restaurants in nearly 400 Polish cities and which offers the customers an option to buy meals online with home delivery.

In 2017 the AmRest Group strategy was directed towards the development of proven and mature portfolio brands. In practice, this translated into the development of the KFC and Starbucks networks in Europe, and the further growth of scale of the La Tagliatella network in Spain.

The adopted business model secured a rapid growth for the AmRest Group and satisfactory financial results, while respecting the natural environment and, most of all, focusing on customers.

The following table presents the growth rate of the AmRest Group from 2015 to 2017 (including both its own restaurants and franchise restaurants).

31 December 2015	31 December 2016	31 December 2017
904 restaurants	1,181 restaurants	1,636 restaurants

In 2017 the number of AmRest's own restaurants increased by 247 units (as a result of organic growth, acquisition and restaurant closings), including first AmRest-managed restaurants in Austria (KFC), Slovenia (KFC) and Portugal (La Tagliatella). On the markets where AmRest has been previously present new brands were introduced: Blue Frog in Poland and Spain and Pizza Hut in Czech Republic. In 2017 AmRest has broadened its restaurant portfolio by another 208 places, mainly acquired by means of acquisition of Pizza Hut in France and Pizza Hut in Germany.

3. Key non-financial effectiveness rates

In 2017, the AmRest Holdings SE Group **managed 1,636 restaurants in 16 of the following countries:** Austria, Bulgaria, Croatia, China, Czech Republic, Croatia, Spain, France, Germany, Hungary, Poland, Portugal, Romania, Russia, Serbia, Slovakia, and Slovenia.

In 2017, a total of 200 m transactions were carried out in restaurants and coffee stores managed by AmRest.

TABLE 3.1 THE NUMBER OF RESTAURANTS AND COFFEE STORES MANAGED BY THE AMREST HOLDINGS SE GROUP, BY BRANDS

Brand	Number of all restaurants	Increase in number of own restaurants vs 2016	Increase in number of franchised restaurants vs 2016
KFC	669	150	
Pizza Hut	327	49	186
Starbucks	301	26	
La Tagliatella	236		22
Burger King	54	9	
Blue Frog	45	13	
KAAB	4		
Total number of restaurants and coffee stores	1,636	247	208

In its operations, AmRest cooperates with more than 12,000 business partners, such as franchisees, franchisers and suppliers.

TABLE 3.2. NUMBER OF BUSINESS PARTNERS OF THE AMREST GROUP BROKEN DOWN TO FRANCHISEES, SUPPLIERS AND FRANCHISERS

Partner	Number
Franchisees (for Pizza Hut brand in Germany, Pizza Hut and La Tagliatella in France and La Tagliatella in Spain)	215
Franchisers	4
Suppliers (including food suppliers)	11,931 1,167
Total:	**12,150**

Number of employees of the AmRest Holdings SE Group

In connection with the rapid development and opening of a large number of restaurants, including restaurants on markets that are new to the AmRest Group, effective recruitment and offering of attractive employment conditions are key to the Group.

As on 31 December 2017, the AmRest Holding SE Group employed a total of **31,325 employees** in 16 countries under contracts of employment and **6,948 persons** hired under agreements other than contracts of employment; a total of 38,273 persons.

TABLE 3.3. THE TOTAL NUMBER OF EMPLOYEES HIRED UNDER CONTRACTS OF EMPLOYMENT OR ANOTHER TYPE OF AGREEMENT (INCLUDING MANDATE CONTRACTS) BROKEN DOWN BY COUNTRIES (AS ON 31 DECEMBER 2017):

Country	Total number of employees (hired under contracts of employment and civil law agreements)
Austria	26
Bulgaria	270
China	1,791
Croatia	162
Czech Republic	5,712
France	1,931
Germany	2,934
Hungary	1,510
Poland	14,198
Portugal	27
Romania	538
Russia	5,570
Serbia	164
Slovakia	78
Spain	3,340
Slovenia	22
Total:	**38,273**

For detailed information on employment, see: "12.7. Employee issues: a description of policies of the AmRest Holdings SE Group and their results".

4. *Risk management and non-financial risks*

The AmRest Holdings SE Group (AmRest) identifies the financial and non-financial risks and manages them in its companies and at the Group's level. The risk management system, the internal control system and the review of effectiveness of such systems is supervised by managers responsible for the functions, and ultimately by the Management Board of AmRest Holdings SE (Management Board of AmRest).

The Management Board of AmRest performed a review, analysis and classification of risks to which AmRest is exposed.

The Global Internal Audit and Internal Control Department (Audit Department) plays a major role in risk management; this Department reports directly to the Audit Committee of the Supervisory Board of the Group. As defined in the Internal Audit Charter, tasks of the Audit Department include, among others:

- identification of risks and opportunities in AmRest,
- recommendation of solutions that address identified risks and opportunities
- monitoring and verification of implementation of remedial actions declared by managers responsible for audited processes or functions.

AmRest developed a model to systematize the approach to the risk identification, evaluation and management. One of the elements of the model is the Risk Map, which contains risks arising out of the specific nature of AmRest activities. These risks break down to strategic, financial, operational and compliance risks and are periodically evaluated by the AmRest management. The Risk Map is one of the sources of information in the process of creating the annual and long-term Audit Plan.

AmRest analyses the risks and improves its risk management systems and the internal control systems on the ongoing basis.

Below we present the risks that may have a considerable adverse effect on operating areas of AmRest related to personnel, social, environmental issues as well as corruption prevention and respect for human rights.

TABLE 3.4. RISKS THAT MAY HAVE A CONSIDERABLE ADVERSE EFFECT ON OPERATING AREAS OF AMREST RELATED TO HUMAN RESOURCES, SOCIAL, ENVIRONMENTAL ISSUES AS WELL AS CORRUPTION PREVENTION AND RESPECT FOR HUMAN RIGHTS.

Issues: S - social, HR - human resources, E - environmental, PHR - protection of human rights, CP - corruption prevention

Risk	Risk description	Possible considerable adverse effect on the issues:				
		S	HR	E	PHR	CP
Risk related to consumption of foods	Consumer preferences regarding the AmRest product offering may change as a result of new nutrition trends or unfavourable information about the products or the quality of products sold in restaurants of brands managed by AmRest. This risk is alleviated by using the highest quality ingredients in AmRest restaurants – sourced from reputable suppliers, by complying with strict standards of quality and hygiene control and by using the latest equipment and processes that ensure the safety of products and food sold.	✓	✓	✓		

Risk related to keeping the personnel on key positions	The excessive turnover of key personnel may be a severe risk factor for the stability and quality of the activities. The system of remuneration and management of human resources developed by AmRest guarantees a low level of rotation at key positions. In addition, the career planning systems allows the company to prepare successors who are ready to perform tasks at key positions within the company.		✓			
Risk related to labour costs associated with employees and employment and retention of professional staff	The excessive turnover of staff may be a severe risk factor for the stability and quality of the activities. There is a risk of turnover of qualified staff and thus the risk of keeping the catering services at the highest possible level. To avoid the risk of losing qualified staff, it may be necessary to gradually raise salaries. AmRest puts focus on creating a friendly, attractive workplace, where the employees and their diversity are respected.	✓	✓		✓	
Risk of non-compliance of AmRest activities with legal regulations and business ethics standards.	The risk of non-compliance of AmRest activities with domestic and international and/or internal regulations and business ethics standards. AmRest addresses this risk with the support of appropriate internal processes and functions (Legal, OHS, HR, Internal Audit, Internal Control, etc.) and by using third-party consultants (legal, tax, environmental protection, OHS, etc.). In addition, besides the management and operational structure responsible for risk management, AmRest has appointed an Ethics Committee and a CSR Committee, consisting of representatives of AmRest managerial staff and employees.	✓	✓	✓	✓	✓
Risk of lack of support for ethical rules by the top management and non-ethical behaviour of staff.	Ethical rules adopted by the company might not be supported by the top management, which may cause a weakness in the corporate control systems and jeopardize the goals of the company. This may increase the risk that the employees, by not following the ethics rules, will act dishonestly; for example, they may commit fraud or other abuse. AmRest prevents this risk by, among others, propagating the Supreme Values and ethical behaviour described in the Code of Business Conduct. To address this risk, the Ethics Committee was appointed, responsible for resolving issues related to ethics in business. In addition, AmRest has developed guidelines, monitors the implementation of the CSR Strategy and has developed the CSR Committee, which consists of the top managerial staff and members of the AmRest Management Board.	✓	✓	✓	✓	✓
Social and environmental risks (CSR viewpoint)	Having implemented the Code of Business Conduct and the CSR Strategy, AmRest prevents, among others, the following risks: - negative perception of the company by the public in connection with undue care paid by AmRest to social/public interest; - lack of awareness and sensitivity of managers with regard to the ethics and rules of responsible business; - major negative impact of the company's operations on the natural environment and health; - inadequate response to environmental trends; - damage to the AmRest's reputation caused by AmRest cooperation with unethical suppliers of low reputation;	✓	✓	✓	✓	✓

	- the lack of public knowledge of AmRest involvement in the implementation of goals in the area of ethics and responsible business; - unethical practices by AmRest and AmRest employees.					

5. *Policies to prevent corruption and results of such policies*

The AmRest Holdings SE Group (AmRest) has not identified the need to develop a separate policy for corruption prevention at the Group level to date. The issues of corruption prevention are regulated in AmRest in the Code of Business Conduct among others, which applies to all of the managerial staff and all the employees and contractors of the Group, as well as it lays down the standards for relations with customers, business partners, media, local authorities and communities.

AmRest has also implemented procedures and systems that apply to procurement processes (direct, indirect and investment procurement, as discussed in chapter 8) that minimise the risk of corruption.

For example, in the area of indirect procurement a procedure has been implemented to describe the process of purchasing products and services related to overheads. This document lays down responsibilities of the procurement process participants in all entities the AmRest Group. The procedure defines the stages of the procurement process and the requirements to be met by the staff involved in the selection of suppliers and offers. In accordance with this procedure, the persons who participate in the procurement process are obliged to sign a declaration on the lack of the conflict of interest.

The AmRest Management Board is regularly informed of any inconsistencies related to the risk of corruption and is actively involved in risk management in this area. The Global Internal Audit and Internal Control Department plays a major role in preventing all the abnormalities and corruption.

AmRest employees are able to report all the abnormalities and suspected acts of corruption, via the following channels of communication:

- direct contact with their superior,
- a report to the HR Department, Internal Audit, Internal Control,
- anonymous or public notification via the violation reporting system, including corruption related reports.

In 2017, no corruption behaviour was identified in the AmRest Holdings SE Group.

6. *Environmental issues: a description of policies of the AmRest Holdings SE Group and their results*

Given the different legal regulations in the countries where AmRest operates and the rapid development of the Group in new markets, the AmRest Holdings SE Group has not developed a uniform environmental policy at the level of the entire Group.

The environmental issues and priorities are presented in “The strategy of responsible business and sustainable development of the AmRest Central Europe Division for 2015 – 2020”. In accordance with its Strategy, AmRest tries to act in an environmental friendly manner in all of its operating areas. Goals set for the companies of the Central Europe Division include, among others, reduction in consumption of energy and water in restaurants, reduction in energy consumption in the offices and increased consumption of recycled materials in product packaging.

Individual AmRest companies implement solutions to minimise the impact of operational activities of coffee stores and restaurants on the natural environment. This particularly applies to the issues of energy efficiency and waste management. These solutions are, in many cases, strictly related to the specific nature and procedures defined for the specific brand managed by AmRest.

The AmRest Management Board analyses the environmental impact of the company's operations and the possibilities of environmental-oriented optimisation, among others as part of the comprehensive risk management. Organisational units at the level of individual companies are responsible for environmental issue management.

In Poland, the Internal Control Department monitors the issues related to proper waste management. The Energy Team in the Facility Management Department is responsible for the costs of utility consumption and the costs and consumption of energy and the issues of environmental protection.

Managers of the individual coffee stores and restaurants also play an important role in management of AmRest environmental impact.

Energy efficiency

Our everyday actions and habits have an impact on the natural environment. By optimising the operations of the coffee stores and restaurants managed by AmRest and by educating staff in using various equipment and in energy saving, we contribute to reduction in costs and reduction in CO2 emissions.

Most of the coffee stores and restaurants managed by AmRest in Poland have introduced an electricity consumption remote monitoring system. This system facilitates analysis of detailed data on energy consumption in various locations, prevention of energy waste and seeking of optimisation solutions. AmRest plans to install the electricity consumption remote monitoring system in all restaurants soon.

In Poland, KFC and Pizza Hut restaurants and Starbucks coffee stores use procedures optimised for energy efficiency in operation of electrical devices. These procedures are described in information materials for the staff. In 2018, such information materials for the employees will be prepared on the basis of results of the analysis of energy efficiency of electrical devices used in Burger King restaurants. In addition, managers and employees of coffee stores and restaurants in Poland will receive general materials about electricity saving and rules of waste management, via the Intranet and by e-mail.

Examples of solutions used in Poland and other countries to reduce energy consumption:

- we use motion detectors to switch on/off light in service rooms and toilets; we also use energy-saving fans,
- we use energy-saving air-conditioners with heat pumps; KFC restaurants use smooth control of ventilation efficiency,
- some of the deep fryers, fridges, freezers, ovens and other equipment used in the restaurants is energy saving equipment, ENERGY STAR certified. The deep fryers feature a special energy saving system of operation that allows using a small amount of oil.
- in KFC and Pizza Hut restaurants we use LED type lighting for indoor and outdoor lighting systems,
- in KFC, Burger King and Pizza Hut restaurants we recuperate heat from cooling and freezing units. The recuperated energy is used to heat water.
- in KFC, Burger King and Pizza Hut restaurants we use environmental-friendly coolants in cooling and freezing units.

In 2018, AmRest plans to build the first standalone KFC DT GREEN restaurant, LEED certified.

In 2017, the AmRest Holdings SE Group consumed a total of **1,009,963 GJ** of electricity. In addition, in Poland a total of **122,433 GJ** of gas was consumed.

TABLE 3.5. LEVEL OF ELECTRICITY CONSUMPTION BY AMREST IN 2017, BROKEN DOWN BY REGIONS

Country	Electricity consumed in 2017 [GJs]
Bulgaria	5,586
China	30,766
Croatia	3,311
Czech Republic	93,176
France	76,199
Germany	68,069
Hungary	53,219
Poland	337,559
Romania	6,805
Russia	119,483
Serbia	4,348
Spain	211,402
Portugal	310
Total	**1,010,273**

Waste and sewage

In 2017, the AmRest Group consumed a total of **2,125,011 cu.m. of water.**

TABLE 3.6. LEVEL OF WATER CONSUMPTION IN 2017, BROKEN DOWN BY COUNTRIES

Country	Level of water consumption [cu.m.]
Bulgaria	20,876
China	142,840
Croatia	7,190
Czech Republic	161,258
France	621,137
Germany	N/A*
Hungary	83,820
Poland	443,391
Romania	69,360
Russia	240,900
Serbia	8,090
Spain	326,149
Total	**2,125,011**

*Data for 2017 not available. Payments for water are lump-sum payments and are included in rent.

In most of newly built coffee stores and restaurants managed by AmRest (KFC, Burger King, Pizza Hut and Starbucks brands), the toilets are equipped with washbasins with energy-saving taps and proximity sensors.

In connection with rapid development of the company in many markets, AmRest has not implemented the waste generation monitoring system that would support detailed reporting of the total mass of waste generated in all the coffee stores and restaurants in all the countries. The companies report waste management in accordance with requirements of the local law of a given state. The Group is working on the system to centralise reporting of this issue and the option of full, consolidated reporting of waste generation level for the entire Group.

In 2017 AmRest generated and handed over to the main waste collector a total of 2,753 tons of waste in Poland, where 9 tons was waste qualified as hazardous waste. In addition, some coffee stores and restaurant locations generated waste disposed into bins of Shopping Centre Operators - AmRest keeps no separate records for such waste.

In some markets, AmRest minimises its considerable adverse impact on the environment by following the policy of separation and sale of spent oil from restaurants to entities which use this waste to manufacture biofuels.

TABLE 3.7. THE AMOUNT OF SPENT OIL FROM RESTAURANTS PASSED IN 2017 FOR RE-USE IN BIOFUEL PRODUCTION PROCESSES

Country	**Amount of recycled oil, in kgs**
Poland	393,198
Czech Republic	239,053
Hungary	78,570
Total	**710,821**

In 2017, AmRest was obliged to pay additional fees related to environmental impact in the total amount of PLN 584,600. These were:

a. Poland: increased fees for exceeded pH standards or substances such as phosphorus, suspension, anionic and non-ionic surfactants, etc. in some of its restaurants (depending on the location).
b. Poland: a fine for exceeding the noise standard for KFC Powsinka and KFC Dantex
c. Spain: a fine of €72,000 for the identified incorrect pH of waste and failure to clean the grease trap in the restaurant.

7. Employee issues: a description of policies of the AmRest Holdings SE Group and their results

The success of the AmRest Holdings SE Group is based on the “Everything is possible!” culture of values deeply rooted in the history of the company, where the employees are one of its key pillars. It is the AmRest’s ambition to create a safe and friendly workplace that values diversity and fosters employee development.

The cultural diversity is a typical feature of AmRest as an international organisation, which is treated as a source of inspiration. The company creates an inclusive culture, which translates, among others, to openness and care that the company pays to hiring staff and the disabled. In Poland, 5.25% of all employees hired by AmRest under contracts of employment are disabled employees.

As on 31 December 2017 AmRest Holdings SE employed 38,273 employees (31,325 under contracts of employment and 6,948 under civil law agreements) in 16 countries, out of which 36,482 employees in Europe and Russia (contracts of employment and civil law agreements), and 1,791 employees in China (contracts of employment and civil law agreements).

7.1. Policies

All employees and AmRest Holdings SE must follow the AmRest Code of Ethics, which governs the ethical standards in the Group. It is a set of rules and standards of ethical behaviour followed by AmRest and its staff in everyday work. The Code carries an obligation for the employees to follow the rules, by stressing the importance of diversity and respect at the workplace. The issues that govern relations among the employees as described in the Code of Conduct through the following actions:

- AmRest's support for actions which foster building of positive relations;
- lack of tolerance in the company for any behaviour that constitutes harassment, mobbing or violence at the workplace;
- ensuring equal growth opportunities for the employees, promotion of diversity;
- zero tolerance for any signs of discrimination;
- compliance with the principles of equality at all stages of employment, including during the recruitment process;

The policy applicable within the entire AmRest Holdings SE Group is the Diversity Policy. The policy supports creation of such a working environment at AmRest where all employees feel respected and appreciated, where they can fully utilise their potential, which contributes to the success of the entire organisation.

Another global policy in the field of HR is the Talent Acquisition and Retention Policy.

Given:

- the rapid growth of operations and entering into new markets in 2017,
- high diversity of specifics of each country in which the Group operates,

Given the rapid development of activities in new markets, AmRest has no other uniform, international policies that govern the HR issues at the Group level. Currently, key employment issues that regulate the internal order, rights and obligations of the staff and of the employer are governed by documents specified for each company, in accordance with the provisions of the countries in which AmRest Holdings SE operates.

A document which describes company's approach to HR issues is the "The strategy of responsible business and sustainable development of the AmRest Central Europe Division for 2015 – 2020". It applies to brands managed by AmRest in the Central Europe Division, namely in Poland, Czech Republic, Hungary, Croatia, Bulgaria, Romania and Serbia. In 2018, the company plans to implement the CSR strategy in other markets in which AmRest operates.

The strategy lays down rules of accountability in relations with stakeholders and employees. Key topics identified by the organisation in the HR area is the culture of inclusion and openness, employer by choice, training and development.

Key strategic goals in the HR area:

- continuation of a policy of the place which values diversity, in particular being open to hiring the disabled
- regular satisfaction surveys and employee involvement surveys

- an increase in the number of employees who positively perceive their work satisfaction
- continuation and enhancement of development programmes for the employees.

The issues of occupational health and safety are governed in accordance with the law applicable in the countries in which AmRest Holdings SE operates; thus the OHS issues are not governed at the Group level. In the Polish market, each brand managed by the Group has implemented OHS procedures and manuals as well as the occupational risk assessment. As part of popularisation of the safety rules in AmRest, modern training materials were prepared and e-learning courses were developed to improve accident prevention among the employees.

In Poland, a series of regulations in the HR area was introduced for AmRest Sp. z o.o. and AmRest Coffee Sp. z.o.o. These include, among others (the same for both companies): Work Rules, Remuneration Rules, Rules of the Company Social Benefits Fund, Internal Anti-Mobbing Policy.

As mentioned above, an internal anti-mobbing policy is in effect in both companies in Poland, which must be read by each employee.

7.2. Results

The AmRest Holdings SE Group is a continuously and quickly growing organisation, therefore employee training and development is one of its key pillars. The company operates an extensive system of in-house training courses (hard and soft skills) run by in-house coaches. For department heads and directors, the company offers a special development programme called the **AmRest University,** while the managers undergo a special training path called **AmCollege** and **Leadership University of AmRest**. Besides training paths for managerial positions, the company prepares its team for everyday duties, customer-oriented approach, and sales tasks. These rules apply to the entire Group.

In 2017, the employee development programme called **Spread Your Wings** was performed in the entire Group (with the exception of new markets acquired in 2017). The goal of the programme was to find talent within the organisation and foster professional development of staff, in line with their competencies, and to support and develop world class leaders in response to the needs resulting from the dynamic and global growth of the Group.

“Job Performance Appraisal” evaluation programme is a formal way of evaluation of the employee’s work during the period covered by the assessment, and its result may constitute a factor qualifying for “Spread Your Wings” programme and for annual bonus. The process consists of self-assessment performed by the employee and the assessment of employee’s job performance by the supervisor. Evaluation covers managers of restaurants and coffee shops, as well as office employees in all countries, in which AmRest Holdings SE capital Group operates. In Poland the self-assessment process of employees is regulated by “Work results evaluation” procedure.

In 2017, the **Talent Amcademy** internship programme was carried out in Poland. The goal of the programme was to offer development opportunities to students and graduates and allow them to gain professional experience while they were still at the university. The internship programme contributed to development of the positive image of AmRest as a first-choice employer and was the basis for employee recruitment in the future.

As a responsible employer, since 2007 AmRest has carried out **employee satisfaction surveys**. The employee satisfaction surveys were conducted in Poland, Czech Republic, Romania, Bulgaria, Serbia, Croatia, Russia and Spain, among all the employees. In 2017, the company decided not to conduct the global survey. The company is currently choosing the best way to express opinions and employee involvement in the changing work environment and the diverse operating markets of the company so that these ways can be tested in 2018. In the years to come, the company plans to conduct annual surveys for all of its employees.

Since the AmRest Holdings SE Group is an international corporation and development of professional career may result in the employee changing their place of domicile, the company has implemented the **relocation policy**, which was in force in Poland in 2017. In 2018, the new relocation policy is expected to be implemented in the entire Group. The goal of the policy is to support employees who perform their business duties in one of the countries where AmRest operates. Among others, the company provides accommodation, health insurance, school for children, and help with tax returns in the new country. This policy is an expression of the **“Everything is possible!” culture of values**, which facilitates employees’ acclimatisation to the new reality.

Rate	Number
Number of all employees in the AmRest Holding SE Group	38,273
Number of persons participating in the Spread Your Wings programme (CEE countries)	800
Number of employees who performed their self-appraisal (as part of the Job Performance Appraisal, the JPA)	5,709
Number of Talent Amcademy internships (Poland)	31

TABLE 3.8. NUMBER OF EMPLOYEES WHO TOOK PART IN THE ANNUAL JOB PERFORMANCE APPRAISAL IN 2017

Country	Number of employees
Bulgaria	46
Croatia	37
Czech Republic	587
Germany	94
Hungary	388
Poland	2,188
Romania	154
Russia	811
Serbia	34
Slovakia	15
Spain	218
China	1,137
Total	**5,709**

TABLE 3.9. THE TOTAL NUMBER OF EMPLOYEES OF THE AMREST HOLIDNGS SE GROUP BROKEN DOWN BY COUNTRIES AND TYPE OF CONTRACT

Country	Employees employed under contracts of employment	Employees employed under civil law agreements	Total number of employees
Austria	26	0	26
Bulgaria	245	25	270
China	1,529	262	1,791
Croatia	105	57	162
Czech Republic	5,712	0	5,712
France	1,931	0	1,931
Germany	2,934	0	2,934
Hungary	1,510	0	1,510
Poland	7,698	6,500	14,198
Portugal	27	0	27
Romania	538	0	538
Russia	5,570	0	5,570
Serbia	60	104	164
Slovakia	78	0	78
Spain	3,340	0	3,340
Slovenia	22	0	22
Total	**31,325**	**6,948**	**38,273**

TABLE 3.10. NUMBER OF ALL EMPLOYEES HIRED UNDER CONTRACTS OF EMPLOYMENT AND CIVIL LAW AGREEMENTS, BROKEN DOWN BY SEX

women	men
21,603	16,670

Diversity at work is also manifested by the number of employed disabled persons and the number of persons of different nationality than the nationality of the country in which the company operates.

TABLE 3.11. DIVERSITY FACTOR AMONG ALL THE EMPLOYEES, BROKEN DOWN BY COUNTRIES

Country		Number of persons
Austria	ethnic origin	19
	disability	0
Bulgaria	ethnic origin	5
	disability	0
China	ethnic origin	7
	disability	0

Country		Number of persons
Croatia	ethnic origin	0
	disability	0
Czech Republic	ethnic origin	437
	disability	97
France	ethnic origin	25
	disability	0
Germany	ethnic origin	1,282
	disability	19
Hungary	Different nationality	15
	disability	30
Poland	ethnic origin	1,054
	disability	746
Portugal	ethnic origin	9
	disability	0
Romania	ethnic origin	5
	disability	0
Russia	ethnic origin	141
	disability	4
Serbia	ethnic origin	0
	disability	0
Slovakia	ethnic origin	4
	disability	0
Spain	ethnic origin	1,017
	disability	12
Slovenia	ethnic origin	2
	disability	0

*TABLE 3.12. WORKPLACE ACCIDENT RATE FOR POLAND**

Category	Sex	Company			
		AmRest Sp. z o.o.	**AmRest Coffee Sp. z o.o.**	**SCM Sp. z o.o.**	**Restaurant Partner Polska Sp. z o.o.**
Work-related injuries, by employee sex	women	53	2	0	0
	men	39	2	0	0
Total number of injuries		**92**	**4**	**0**	**0**
Employee accident rate (AR) by sex	women	11.79	7.09	0	0
	men	14.68	12.34	0	0
Accident rate (AR) by companies (men and women combined)		**12.89**	**9.00**	**0**	**0**

*The incident ratio is calculated using the following formula: the number of incidents recorded in a certain period, divided by the number of the employers, times 1,000.

8. *Social issues: a description of policies of the AmRest Holdings SE Group and their results*

Among social issues and social impact of the company, two areas that are the most important to operations of the AmRest Holdings SE Group must be noted:

1. the area related to the impact on customers understood as product safety and quality and customer satisfaction

2. the area related to AmRest social involvement, in particular actions for the local communities.

8.1 Social policies and their results: product quality and safety

The most important responsibilities of the AmRest Holdings SE Group include the issues of quality and safety of food products offered by restaurants managed by the company. The Group focuses on the highest standards of food safety and quality in the entire chain of supplies and procuring fresh products from local suppliers.

The quality and safety of food is one of the four areas of the "The strategy of responsible business and sustainable development of the AmRest Central Europe Division for 2015 – 2020" (the CSR Strategy). In 2017, the strategy applied to brands managed by AmRest Holdings SE in the Central Europe Division. In the years to come, the company plans to implement the CSR strategy in other markets where AmRest Holdings SE operates.

Key topics identified by the organisation in the CSR Strategy in the area of "Our food" are:
- food quality and safety
- responsible procurement and sale
- transparency of information about nutritional value of products.

Selected **strategic goals** in the "Our food" area include:
- key products tested and verified in laboratories, in accordance with the annual monitoring plan
- monitoring of suppliers: audits of key suppliers
- performance of actions to improve the legibility of information for customers about the quality and safety of meals and products offered, in line with the annual plan
- development of cooperation with local suppliers.

Each of the brands managed by the AmRest Holdings SE Group has its own restrictive policies on food safety and requires that such policies be strictly complied with. In addition, AmRest enforces global standards related to food safety as prescribed in the **Food Safety Fundamentals** (FSF) policy. The FSF is a global document for specific groups of persons responsible for quality control and safety of foods. It is not the policy implemented directly in restaurants, but it is the basis for development or update of the existing food safety standards in each of the brands and in each country managed by AmRest Holdings SE. The Food Safety Fundamentals is also a document which confirms the food safety level on new markets acquired by AmRest. Each market and brand have their own specifics, however, regardless of the local regulations, individual standards or procedures, they have to be additionally verified to meet the level of food safety as expected by AmRest.

The AmRest Holdings SE Group runs regular tests of product quality and conducts audits among its suppliers. The rules and scope of supplier audits are strictly defined in the Suppliers Approval Process policy and product quality tests are defined in the **Brand Protection Monitoring System (BPMS)** Policy, which primarily applies to food safety.

AmRest has implemented the BPMS Policy in: Poland, Czech Republic, Hungary, Bulgaria, Serbia, Croatia and Austria. It applies to selected brands managed by AmRest: KFC, Burger King and Pizza Hut. Product quality tests are conducted in accordance with restrictive standards for each of the brands managed by AmRest. This follows the specific nature of each brand, which differ from each other in terms of the scope of products offered (including food products used by the brand) and the analysis of risks and threats, which is conducted on the basis of long-term experience in brand management.

Each brand restaurant managed by AmRest requires specific products that meet certain parameters. Therefore, ongoing contact with suppliers, joint improvement of processes of production, storage and transport of products is such an important operating area of the Group. AmRest cooperates with proven and reputable manufacturers, who are market leaders in product quality. In all of its operating markets, AmRest enforces the **Supply Approval Process**, which governs the entire process of supplier approval.

Procurement processes of the AmRest Group are performed in three separate channels, which use separate policies and procedures:

a. SCM: direct procurement and some of the investment procurement
b. Indirect Procurement Department
c. Investment Department

The Procurement Procedure is a document that governs the procurement processes in the SCM procurement channel. This procedure applies in the CEE markets (it will be also implemented in the French and German markets). The procedure defines the documentation that is necessary before starting the cooperation with the supplier, defines the time of tender procedure execution and frequency of tender procedures and defines the method of approving the tender procedure. It is an audit requirement applied within product groups. The SCM also conducts procurement tasks on the basis of the Supplier Approval Process, which applies globally, with the exception of China and Spain.

The Indirect Procurement Department conducts procurement based on its on Global Procurement Procedure, which applies to the entire Group, with the possible exception of Spain and China, which have local policies that overlap the global policy.

The Cost Management Procedure governs expenses incurred within the entire Group by the Investment Department.

TABLE 3.13. EXPENSES INCURRED ON SUPPLIERS BY THE AMREST HOLDINGS SE GROUP IN THE POLISH MARKET

Expenses incurred on suppliers (Polish market, AmRest Sp. z o.o. and Amrest Coffee Sp. z.o.o)

Supplier category:	Percent
Expenses on local suppliers:	93%
Expenses on foreign suppliers:	7%

TABLE 3.14. SUPPLIERS OF THE AMREST HOLDINGS SE GROUP IN THE POLISH MARKET

Number of local and foreign suppliers (Polish market)

Supplier category	Number of suppliers	Per cent
AmRest Sp. z o.o.		
Local suppliers:	3,320	97%
Foreign suppliers:	102	3%
AmRest Coffee Sp. z o.o.		
Local suppliers:	575	98%
Foreign suppliers:	13	2%

By taking special and restrictive care of the safety and quality of foods, the AmRest Holdings SE Group controls this area, among others, by:

- systems of control of expiry dates and the product rotation system in the restaurants
- the system which supports coffee stores and restaurant managers with orders and which optimises the necessary quantity of products and ensures that products are fresh in the restaurant
- coffee stores and restaurants have dedicated storage rooms – walk-in refrigerators and walk-in freezers, with electronic temperature control and necessary equipment to store the products; in addition the walk-in refrigerators and walk-in freezers have curtains built into the door to reduce temperature spikes
- the restaurants use professional heavy duty cleaning and/or disinfection agents and equipment that ensures that such agents are effectively dosed – the concentration of agents is constantly controlled to maintain the highest effectiveness
- hand wash and/or disinfection systems for the employees
- regular training in hygiene and quality standards
- unexpected audits in restaurants, conducted by the internal audit department and third-party independent auditors.
- procedures for dealing with products in restaurants to maintain the highest quality and safety of the products
- thermal processing control systems – among others, frying and roasting to ensure the highest quality and safety of foods

Customer satisfaction surveys

The opinion of customers of restaurants managed by AmRest is an important element that affects decisions made in the process of management and improvement of corporate procedures. The restaurant customer satisfaction level is surveyed locally. Each brand managed by AmRest Holdings SE runs its own customer satisfaction survey programme. Since every brand has its peculiarities while the questions asked in the survey must be adequate to the services of the brand, the brands implement their own customer satisfaction survey programmes. Restaurant customers are asked to fill out an online survey. The customers rate the quality of service, products they order, waiting time, whether the order is correctly fulfilled, how clean the restaurant is and most of all, describe their overall satisfaction level.

Surveys are analysed at the restaurant level, region and country level, and brand level. At each level, managers can generate survey results at any time, by directly accessing the online customer satisfaction survey collection and analysis system.

TABLE 3.15. RESULTS OF THE OVERALL CUSTOMER SATISFACTION SURVEY IN 2017, BROKEN DOWN BY BRANDS:

Brand	Result*
Starbucks	73
KFC	72
Blue Frog	70
Burger King	70
Pizza Hut	70
La Tagliatella	69
KAAB	68

*The result means % of awarded highest score of overall satisfaction level (where the maximum score = 100% of awarded highest scores for overall satisfaction level)

Complaint processes are governed in separate AmRest complaint policies in individual markets. In 2018, the policies are expected to be consolidated at the global level. The Customer Support Team is in charge of reviewing customer reports. The time the customer receives the response to the report is **no more than 72 hours**. The customers may use different channels to submit their reports, whether directly in restaurants, by a dedicated mailbox, by surveys, by calling the helpline or by visiting brand profiles in social media.

In 2018, AmRest plans to launch a global tool to manage reports from AmCare customers (among others complaints, suggestions, questions). Initially, the system will be implemented in Poland, the Czech Republic and Hungary.

8.2 Social policies and their results: social involvement

The AmRest Holdings SE Group is a socially involved group, which takes care of its impact on the surroundings and local communities. Given the diversity of markets in which the Group operates, there is no social involvement policy that would apply in all companies and countries in which the Group operates. Since a widely understood diversity is a major value for the company, companies of the Group have a choice and take such social initiatives dedicated to local communities that respond to identified needs and are tailored to the local needs.

The issues of social involvement of the Group are addressed in **"The strategy of responsible business and sustainable development of the AmRest Central Europe Division for 2015–2020" (the CSR Strategy)**, where local communities are one of the strategic areas. Key directions of social actions identified in the CSR Strategy are programmes that support development of kids and young people and employee voluntary service.

Selected strategic goals:

- AmRest is perceived as a socially responsible company, which helps to solve major social issues in the **closest environment of the company**.
- AmRest supports employees' involvement **in local initiatives**, and inspires them to act, by providing staff with proper tools and by creating in-house programmes.

The approach of AmRest and its employees to their environment is addressed in the **Code of Conduct,** which requires that the employees be responsible citizens of local communities, encourages them to act for such communities and to support charitable and educational activities.

Some examples of AmRest social initiatives:

In 2017, the AmRest Holdings SE Group spent **PLN 3,146,800** on social activities. In the reported period, the biggest social investment by AmRest was PLN 2,865,000 spent on implementation and execution of a unique social project entitled SIEMACHA Spot Magnolia Park Wrocław. AmRest also supported the FCSR Foundation from Pomerania and donated PLN 120,000 to promote its statutory goals.

AmRest as a strategic partner of SIEMACHA Spot Magnolia Park Wrocław

In 2017 AmRest continued strategic partnership with the SIEMACHA Association, as part of its own concept of SIEMACHA Spots. The institution in Wrocław operates through cooperation between the SIEMACHA Association, the Magnolia Park Shopping Centre, the City of Wrocław and AmRest. It is the place where modern educational solutions are implemented in practice, which support the development of young people who often find themselves in very difficult situations. The SIEMACHA Spot Magnolia Park in Wrocław offers a wide range of educational, musical, artistic, multimedia, cooking and sports activities to kids and young people.

The project created a place in the Magnolia Shopping Centre for kids from families in need of support, as well as a programme of employee voluntary service, with activities such as cooking, language, therapeutic and sports classes. The institution can be also supported by people who are not members of the organisation, by registering at www.wolontariuszeamrest.pl.

For detailed information about the project, please visit: http://siemachaspot.pl/placowki/spot-magnolia-park#.WoFiHajiY2w.

Employee voluntary service

Involvement of the AmRest's employees in education of kids and young people who frequent the SIEMACHA Spot Magnolia Park Wrocław is one of many examples of the employee voluntary service targeted at local needs and communities. In all the countries where AmRest operates, a total of **800 AmRest employees** were involved in various projects of employee voluntary service in 2017.

There were approx. **5,000 beneficiaries** of the social activities carried out by AmRest in 2017.

In 2017, **40 grant projects** were completed in Poland and the Czech Republic, with **150 volunteers** participating. The projects provided **support to 1,500 beneficiaries** (children, the elderly, the disabled children and adults, and animals). AmRest appropriated PLN 75,000 to support the grant programme of the employee voluntary service in those two countries.

In Poland, AmRest staff took part in the Corporate Run to raise funds for the disabled and ill children.

The system of providing food to those in need

In 2017, the AmRest Group launched a system for providing the surplus foods from the KFC restaurants to institutions and organisations that support persons in a difficult situation. The procedure for storage and supply of foods to social partners, strictly monitored in terms of food quality and safety, was implemented. The programme carries out two social goals that are of major importance to AmRest: help to local communities in need and preventing food waste.

In 2017, in Poland alone, the KFC restaurants handed over chicken foods worth PLN 4.7m to those in need. AmRest has also implemented the project in Hungary, Serbia and Spain.

9. Human rights: a description of policies of the AmRest Holdings SE Group and their results

AmRest has not developed a separate policy of prevention of human rights violations at the Group level. The issues of human rights at the workplace are addressed at the Group level in documents such as:

- Code of Business Conduct

- Diversity Policy in AmRest - available at:
https://www.amrest.eu/sites/default/files/dokumenty/information_on_diversity_policy_in_amrest.pdf

AmRest Sp. z o.o. and AmRest Coffee Sp. z.o.o. implemented the Anti-Mobbing Policy.

AmRest employees in Hungary, Poland and the Czech Republic can report all the violations, including cases of mobbing and violations of human rights at work, through the following channels of communication:
- direct contact with their superior,

- anonymous online report,

- anonymous telephone report via Speak Openly, a helpline operated by a third party.

No confirmed cases of violation of human rights at work, discrimination at work or cases of mobbing were identified in the AmRest Group in 2017.

AmRest Holdings SE

Annual Separate Financial Statements as at and for the twelve months ended December 31st, 2017

Contents:

Annual Separate Income Statement for the 12 months ended December 31, 2017

In thousands of Polish Zloty	Note	12 months ended December 31, 2017	12 months ended December 31, 2016
General and administrative expenses (G&A)		(12 028)	(1 919)
Other operating costs	9	(7 738)	(7 829)
Other operating income	9	35 248	35 564
Finance income	9	45 617	32 367
Finance cost	9	(18 074)	(12 001)
Profit before tax		**43 025**	**46 182**
Income tax expense	10	1 964	(383)
Profit for the period		**44 989**	**45 799**
Basic profit per share in Polish zloty	14	2,12	2,16
Diluted profit per share in Polish zloty	14	2,12	2,16

The Annual Separate Income Statement has to be analyzed jointly with the notes which constitute an integral part of these financial statements.

Annual Separate Statement of Comprehensive Income for the 12 months ended December 31, 2017

In thousands of Polish Zloty	12 months ended December 31, 2017	12 months ended December 31, 2016
Profit for the period	**44 989**	**45 799**
Other comprehensive income	-	-
Total comprehensive income for the period	**44 989**	**45 799**
Total items that may be reclassified subsequently to profit or loss	44 989	45 799

The Annual Separate Statement of Comprehensive Income has to be analyzed jointly with the notes which constitute an integral part of these financial statements.

Annual Separate Statement of Financial Position as at December 31, 2017

In thousands of Polish Zloty	Note	December 31, 2017	December 31, 2016
Assets			
Other intangible assets		351	316
Investment in associates	2	1 369 850	898 093
Other non-current assets	3	56 119	174 314
Deferred tax assets	10	1 206	-
Total non-current assets		**1 427 526**	**1 072 723**
Trade and other receivables	5	11 847	42 554
Income tax receivables	5	601	-
Other current assets		82	79
Other financial assets	3	8 789	8 963
Cash and cash equivalents	8	102 112	11 139
Total current assets		**123 431**	**62 735**
Total assets		**1 550 957**	**1 135 458**
Equity			
Share capital		714	714
Reserves	7	675 731	733 667
Retained earnings	7	146 699	101 710
Total Equity attributable to shareholders of the parent		**823 144**	**836 091**
Liabilities			
Deferred tax liabilities	10	61	372
Trade and other payables	6	9 355	11 255
Non-current financial liabilities	4	561 029	279 483
Total non-current liabilities		**570 445**	**291 110**
Trade and other payables	6	6 548	7 918
Other financial liabilities	4	150 820	8
Liabilities from income tax		-	331
Total current liabilities		**157 368**	**8 257**
Total liabilities		**727 813**	**299 367**
Total equity and liabilities		**1 550 957**	**1 135 458**

The Annual Separate Statement of Financial Position has to be analyzed jointly with the notes which constitute an integral part of these financial statements.

Annual Separate Statement of Cash Flows for the 12 months ended December 31, 2017

In thousands of Polish Zloty	**Nota**	**12 months ended December 31, 2017**	**12 months ended December 31, 2016**
Cash flows from operating activities			
Profit/loss before tax		43 025	46 182
Adjustments for:			
Amortization		182	268
Interest, net		4 261	1 850
Unrealized foreign exchange differences		(543)	(585)
Change in receivables	8	24 284	(17 738)
Change in other current assets	8	(3)	65
Change in payables and other liabilities	8	(1 153)	4 578
The result of realized options	9	(34 601)	(35 560)
Income taxes paid		(485)	737
Interest paid	4	(5 843)	(11 666)
Interest received		13 053	9 454
Dividends received from subsidiaries		(30 895)	(21 750)
Impairment on investments	9	4 979	6 343
Other		(711)	267
Net cash provided by operating activities		**15 550**	**(17 555)**
Cash flows from investing activities			
Proceeds from repayment of loan given	3	438 100	-
Expense on loans given		(323 182)	(111)
Dividends received from subsidiaries	9	30 895	21 750
Acquisition of subsidiaries, net of cash acquired		(472 788)	(14 834)
Acquisition of property, plant and equipment		(434)	(92)
Net cash used in investing activities		**(327 409)**	**6 713**
Cash flows from financing activities			
Proceeds on issue debt securities		427 259	-
Commission for issue debt securities		(1 667)	-
Proceeds from share issuance (employees options)		56 538	58 048
Expense on acquisition of own shares (employees option)		(79 298)	(50 079)
Net cash provided by/(used in) financing activities		**402 832**	**7 969**
Net change in cash and cash equivalents		**90 973**	**(2 873)**
Balance sheet in cash and cash equivalents		**90 973**	**(2 873)**
Cash and cash equivalents, beginning of period		**11 139**	**14 012**
Cash and cash equivalents, end of period		**102 112**	**11 139**

The Annual Separate Statement of Cash Flows has to be analyzed jointly with the notes which constitute an integral part of these financial statements.

Annual Separate Statement of Changes in Equity for the 12 months ended December 31, 2017

	Issued capital	Own shares	Reserves	Retained Earnings	**Total Equity**
As at January 1, 2016	**714**	**(21 212)**	**765 315**	**55 911**	**800 728**
Comprehensive Income					
Profit for the period	-	-	-	45 799	**45 799**
Total Comprehensive Income	**-**	**-**	**-**	**45 799**	**45 799**
Transactions with shareholders					
Change in share option plan for employees	-	-	(20 525)	-	**(20 525)**
Transfer of own shares	-	60 168	-	-	**60 168**
Purchase of own shares	-	(50 079)	-	-	**(50 079)**
Total of transactions with shareholders	**-**	**10 089**	**(20 525)**	**-**	**(10 436)**
As at December 31, 2016	**714**	**(11 123)**	**744 790**	**101 710**	**836 091**
As at January 1, 2017	**714**	**(11 123)**	**744 790**	**101 710**	**836 091**
Comprehensive Income					
Profit for the period	-	-	-	44 989	**44 989**
Total Comprehensive Income	**-**	**-**	**-**	**44 989**	**44 989**
Transactions with shareholders					
Change in share option plan for employees	-	-	(24 049)	-	**(24 049)**
Transfer of own shares	-	45 411	-	-	**45 411**
Purchase of own shares	-	(79 298)	-	-	**(79 298)**
Total of transactions with shareholders	**-**	**(33 888)**	**(24 049)**	**-**	**(57 936)**
As at December 31, 2017	**714**	**(45 010)**	**720 741**	**146 699**	**823 144**

1 Company overview and significant accounting policies

(a) Background

AmRest Holdings SE ("the Company", "AmRest", "Equity holders of the parent") was established in the Netherlands in October 2000 as a joint-stock company. On September 19, 2008, the Commercial Chamber in Amsterdam registered the change in the legal status of the Company to a European Company (Societas Europaea) and of its name to AmRest Holdings SE. On December 22, 2008, the District Court for Wrocław-Fabryczna in Wrocław registered the new registered office of AmRest in the National Court Register. The address of the Company's new registered office is: pl. Grunwaldzki 25-27, Wrocław (50-365), Poland. The Court also registered amendments to the Company's Memorandum of Association related to the transfer of the registered office of AmRest to Poland.

AmRest is the first public company in Poland operating in the form of a European Company. The purpose of transforming AmRest into a European Company was to increase its operating effectiveness and reduce operating and administrative expenses. Following the fact of transfer into European Company and transfer of Company registered head office to Poland, the functional currency of AmRest holdings SE since January 1, 2009 is polish zloty (PLN).

The Company's core activity is direct management of the following entities ("the Group"):

- AmRest Sp. z o.o. (Poland), the entity being a parent in an international group comprising of AmRest s.r.o. (The Czech Republic),
- AmRest EOOD (Bulgaria),
- AmRest Acqusition Subsidiary Inc (Malta),
- AmRest HK Limited (China),
- AmRest China Group PTE Ltd. (China), the entity being a parent in a group, comprising of entities located in China,
- AmRest FSVC LLC (USA),
- AmRest Topco (France),
- AmRest Opco SAS (France),
- Restaurant Partner Polska Sp. z o.o. (Poland).

The Group's core activity is operating Kentucky Fried Chicken ("KFC"), Pizza Hut, Burger King and Starbucks restaurants through its subsidiaries in Poland, the Czech Republic (further Czech), Hungary, Slovakia, Russia, Serbia, Croatia, Bulgaria, Romania, Germany, France, Austria, Slovenia and Spain, on the basis of franchises granted. In Spain, France, Germany the Group operates its own brands La Tagliatella, Trastevere and il Pastificio. This business is based on the franchise agreements signed with non-related companies and own restaurants. It is supported by the central kitchen which produces and delivers products to the whole network of own brands. Additionally, in China, Spain and Poland the Group operates its own brands Blue Frog and KABB (China).

On April 27, 2005, the shares of AmRest Holdings SE were quoted for the first time on the Warsaw Stock Exchange ("GPW").

Before April 27, 2005, the Company's co-shareholders and entities exercising their rights from the shares held in the Company were International Restaurants Investments, LLC ("IRI") with its registered office in the United States of America, and Kentucky Fried Chicken Poland Holdings BV ("KFC BV") with its registered office in the Netherlands. The co-shareholders held 50% shares each and had the same proportion of voting rights before the Company was first quoted on the stock exchange. IRI was a company controlled by American Retail Concepts, Inc. with its registered office in the United States of America ("ARC"), and KFC BV was a company controlled by YUM! Brands, Inc. ("YUM!") with its registered office in the USA.

In connection with the flotation of the Company on GPW, YUM! sold all its shares in the Company and is no more a shareholder or a related entity. Also when the Company was floated on GPW, IRI sold part of the shares held.

On April 22, 2010 share subscription agreement was signed between AmRest Holdings S.E, and WP Holdings VII B.V., following which on May 24, 2010 WP Holdings VII B.V. obtained 4 726 263 shares of the Company from new emission at emission price of PLN 65 for total value of PLN 307.2 million. At June 10, 2010 was registered by the registry court in Wroclaw the increase in the share capital of the Company by the amount of EUR 47 262.63 (PLN 195 374.26). Additionally during 12 months from the date on which the described above emission shares were registered by the registry court proper for the Company's registered office, the WP Holdings VII B.V. will have an option to subscribe for additional shares in up to two instalments to the extent that its shareholding does not exceed 33% of the post-issuance share capital. The issuance price for the additional shares subscription was PLN 75 per share. On March 25, 2011, WP subscribed for 2 271 590 shares with the issuance price of PLN 75 per share. After decrease by all costs concern capital issue the growth was PLN 168 926 thousand.

As at December 31, 2017, FCapital Dutch B.V. was the largest shareholder of AmRest and held 56,38% of its shares and voting rights. The parent entity of the Group on the top level is Grupo Finaccess.

These financial statements were authorized by the Management Board on March 8, 2018.

(b) Representations on compliance of the financial statements with the International Financial Accounting Standards

These separate financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union for annual financial reporting, in force as at December 31, 2017. As at December 31, 2017 there are no discrepancies between the accounting policies adopted by the Group according to IFRS standards accepted to use in European Union and the IFRS standards published by the International Accounting Standards Board ("IASB").

- **IFRS 9 Financial instruments**

IFRS 9 replace IAS 39 and is effective for annual periods beginning on or after January 1, 2018.

Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL). IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income. Hedge accounting requirements were amended to align accounting more closely with risk management.

The Company applies hedge accounting and from January 1, 2018 will also be in line with the requirements of new standard.

The Company applied the standard from January 1, 2018.

The impact of standard application is not significant.

- **IFRS 15 Revenue from Contracts with Customers**

The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

The Company applied the standard for January 1, 2018.

The impact of standard application is not significant.

- **Amendments to IFRS 15, Revenue from Contracts with Customers**

The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

The Company applied the standard for January 1, 2018.

- **IFRS 16 "Leases"**

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company will apply the standard from January 1, 2019.

The impact of standard application is not significant.

- **Amendments to IFRS 2, Share-based Payment**

The amendments mean that non-market performance vesting conditions will impact measurement of cash-settled share-based payment transactions in the same manner as equity-settled awards. The amendments also clarify classification of a transaction with a net settlement feature in which the entity withholds a specified portion of the equity instruments, that would otherwise be issued to the counterparty upon exercise (or vesting), in return for settling the counterparty's tax obligation that is associated with the share-based payment. Such arrangements will be classified as equity-settled in their entirety.

Finally, the amendments also clarify accounting for cash-settled share based payments that are modified to become equity-settled, as follows (a) the share-based payment is measured by reference to the modification-date fair value of the equity instruments granted as a result of the modification; (b) the liability is derecognised upon the modification, (c) the equity-settled share-based payment is recognised to the extent that the services have been rendered up to the modification date, and (d) the difference between the carrying amount of the liability as at the modification date and the amount recognised in equity at the same date is recorded in profit or loss immediately.

The Company applied the standard from January 1, 2018.

The impact of standard application is not significant.

- **Transfers of Investment Property - Amendments to IAS 40**

The amendments clarify the requirements on transfers to, or from, investment property in respect of properties under construction.

The Company will apply the standard once approve by UE.

- **Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28**

The amendments are effective for annual periods beginning January 1, 2019 or later. The amendments clarify that reporting entities should apply IFRS 9 to long-term loans, preference shares and similar instruments that form part of a net investment in an equity method investee before they can reduce such carrying value by a share of loss of the investee that exceeds the amount of investor's interest in ordinary shares.

The Company will apply the standard from January 1, 2019.

At the date of preparation this financial statements the Company has not yet completed its assessment of the impact of the amendments on the separated financial statement.

At the date of preparation of these separated financial statements, this standard has not yet been approved by the European Union.

- **IFRIC 22 - Foreign Currency Transactions and Advance Consideration**

The interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) on the derecognition of a non-monetary asset or non-monetary liability arising from an advance consideration in a foreign currency. IFRIC is effective for annual periods beginning January 1, 2018 or later.

The Company will apply the standard once approved by UE.

- **IFRIC 23 "Uncertainty over Income Tax Treatments**

IAS 12 specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC is effective for annual periods beginning January 1, 2019 or later

The Company will apply the standard from January 1, 2019.

At the date of preparation this financial statements the Company has not yet completed its assessment of the impact of the amendments on the separated financial statement.

At the date of preparation of these separated financial statements, this standard has not yet been approved by the European Union.

- **Annual Improvements to IFRSs 2015-2017 cycle - amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23**

IASB issued in December 2017 annual improvements to IFRSs 2015-2017 cycle changing IFRS 3, IFRS 11, IAS 12 and IAS 23. Amendments contain clarifications and specification relating to recognition and valuation.

The Company will apply the standard from January 1, 2019.

At the date of preparation this financial statements the Company has not yet completed its assessment of the impact of the amendments on the separated financial statement.

At the date of preparation of these separated financial statements, this standard has not yet been approved by the European Union.

- **Amendments to IAS 19: Plan Amendment, Curtailment or Settlement**

The amendments were issued on February 7, 2018 and are effective for annual periods beginning January 1, 2019 or later. The amendments specifies how a company accounts for a defined benefit plan. When a change to a plan—an amendment, curtailment or settlement—takes place, IAS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Until now, IAS 19 did not specify how to determine these expenses for the period after the change to the plan.

The Company will apply the standard from January 1, 2019.

At the date of preparation this financial statements the Company has not yet completed its assessment of the impact of the amendments on the separated financial statement.

At the date of preparation of these separated financial statements, this standard has not yet been approved by the European Union.

- **IFRS 14, Regulatory Deferral Accounts**

IFRS 14 permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard.

The standard was not endorsed by the IASB.

Other issued but not endorsed standards or interpretations do not affect the Company's activity.

(c) Basis of preparation of financial statements

Because of the fact that Company has moved its seat to Poland financial statements was prepared in polish zloty (PLN), after rounding to full thousands (TPLN).

The Company prepares separate financial statements of the Group for which it acts as a parent. The consolidated and separate financial statements have to be analyzed jointly in order to vies a full picture of the Company's financial.

The financial statements were prepared on the historical cost excluding valuation of derivative instruments and investment properties to their fair value.

The preparation of the IFRS financial statements requires the Management of the Company to make certain assumptions and estimates which are reflected in the accounting policy and that affect the reported amounts of assets and liabilities and reported revenues and expenses during the period. The results of the estimates and the respective assumptions being the result of experience and various factors deemed to be justified in given circumstances are the basis for assessing the values of assets or liabilities which do not result directly from other sources. The actual financial results may differ from the adopted estimates.

The estimates and the assumptions on which they are based are subject to current verification. The adjustment of accounting estimates is recognized in the period in which it was made, on condition that it only relates to that period, or in the period in which it was made, and in future periods, if it relates both to the current and future periods.

The accounting policies described above have been applied consistently in all the financial years covered by the separate financial statements, except for those instances were changes were made in connection to new standards and interpretations were applied.

(d) Going concern assumption

Information presented below should be read together with information provided in Note 12 and 16, describing accordingly: contingencies, and significant post balance sheet events after December 31, 2017.

Annual separate financial statements for the period of 12 months ended December 31, 2017 were prepared in accordance with going concern assumption by the Entity in foreseeable future, what assumes realization of assets and liabilities throughout the normal terms of business operations. Annual separate financial statements does not account for adjustments, which would be essential in such events. As at the date of annual separate financial statements issuance in assessment made by Management Board Entity there are no circumstances indicating threats for business going concern of the Entity and any related party in AmRest Group as well.

(e) Property, plant and equipment

Property, plant and equipment owned by the Company

The initial value of the property, plant and equipment is recognized in the books of account at historical cost net of accumulated depreciation and potential impairment. The initial value of the property, plant and equipment manufactured internally covers the cost of materials, direct labor, and – if material – the initial estimate of the cost of disassembly and removal of the assets and of bringing the location to the condition it had been in before the lease agreement was signed.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds from sale with carrying amounts and recognized in the income statement under „Gains/losses on disposal of property, plant and equipment".

(f) Intangible assets

Computer software

Acquired licenses for computer software are capitalized on the basis of costs incurred to acquire and prepare specific software for use. These costs are amortized on the basis of the expected useful lives.

Other intangible assets

Other intangible assets are recognized at cost (purchase price or manufacturing cost) less amortization and potential impairment.

Amortization

Intangible assets are amortized on a straight-line basis over the expected useful life of the assets if it is determined. Goodwill and other intangible assets whose expected useful lives cannot be specified are assessed annually for potential impairment and are not amortized. Other intangible assets are amortized as of the date of their availability for use.

The expected useful lives of assets are as follows:

- Computer software 3 -5 years

(g) Financial assets – investments in subsidiaries

Investments in subsidiaries

Investments in subsidiaries are valued at cost, net of impairment losses.

The value of shares is further adjusted by the amount of the costs arising from the share option plan (options granted to employees of subsidiaries).

Other than investments in subsidiaries the Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity assets, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition and reviews this designation at every balance sheet date.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories described below. The Entity does not maintain any investments classified as available-for-sale financial assets as at the end of each of the periods covered by these separate financial statements.

Financial assets at fair value profit or loss

This category has two sub-categories: 'financial assets held for trading', and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. The Company does not maintain any investments classified as financial assets at fair value through profit or loss as at the end of each of the periods covered by these financial statements.

Financial assets held to maturity

This category covers financial assets which the Management Board decided would be maintained to maturity upon inception. Financial assets held to maturity are stated at amortized cost. The carrying amount of investments measured at adjusted purchase price (amortized cost) and is calculated as the amount due on maturity net of all non-amortized initial discounts or premiums.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. They are carried at amortized cost less impairment losses and are classified as 'trade and other receivables' in the balance sheet for maturities not greater than 12 months after the balance sheet date (see note (h) of accounting policies below).

Regular investment purchase and sale transactions are recognized as at the transaction date – the date on which the Company commits to purchase or sell a given asset. Investments are initially recognized at fair value plus transaction costs. This relates to all financial assets not measured at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at fair value, and the transaction costs are recognized in the income statement. Financial assets recognized at fair value through profit or loss are derecognized when the rights to receive cash flows from the financial assets have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at adjusted purchase price (amortized cost using the effective interest method).

(h) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognized initially at fair value and subsequently measured at amortized cost less impairment losses.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(j) Impairment

As at each balance sheet date the Company verifies the carrying amount of assets other than inventories and deferred income tax assets, to determine whether the assets do not show signs of impairment. If there are signs of impairment, the recoverable value of the assets is determined. In respect of assets whose economic useful life is not determined and assets which were not commissioned for use, and goodwill, the recoverable amount is determined as at each balance sheet date. Impairment write-downs are recognized in the books of account in the event that the present value of an asset or a group of assets generating specific cash flows exceeds their recoverable value. Impairment losses are recognized in the income statement.

Impairment write-downs of trade and other receivables are recognized when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivables. If there is such evidence, the impairment write-downs recognized in amortized cost of the receivables are determined as the difference between the value of the assets following from the books of account as at the measurement date and the present value of the expected future cash flows discounted using the effective interest rate of the financial instrument. Impairment losses are recognized in the income statement.

Impairment on the investments in subsidiaries is recognized to the recoverable amount if the recoverable amount of these assets is lower than their book value. When tasting for impairment of investments in subsidiaries the Entity measures the value in use of an asset by determining the current present value of the estimated future cash flow expected to be derived from the continued use of these assets and their disposal at the end of useful life period. Value of the future cash flows is based on the most recent and approved by Management Board budget, which covers the period of following 5 years, while data for the period beyond the period covered by the most recent budget by extrapolating the projections using a steady growth rate at the level of 3%. A cash-generating unit is a separate subsidiary running business activity.

The recoverable amount of the remaining assets is estimated at the higher of the fair value net of costs to sell and the value in use. Value in use is deemed to be the sum of discounted future cash flows which will be generated from the asset using the market discount rate before tax reflecting the time value of money and the risks characteristic for the given asset. If it is not possible to determine the future cash flows from a given asset, for the purpose of determining the value in use, a group of assets which includes the given asset, which generate specific cash flows, are taken into account.

Reversal of impairment write-downs

Impairment write-downs in respect of receivables recognized at amortized cost are reversed if the later increase in their recoverable value may be objectively attributed to an event which arose after the impairment was recognized.

Impairment write-downs in respect of goodwill cannot be reversed. In respect of other assets, impairment write-downs are reversible if there are premises indicating that the impairment has ceased to exist or decreased. Reversal of impairment should be made if estimates used to determine the recoverable value are changed.

Impairment write-downs are reversed only to the extent to which the carrying amount of an asset does not exceed the carrying amount it would be recognized at, net of depreciation, had the impairment not been recognized.

(k) Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

The supplementary capital comprises of:

- surpluses between income from share issue and nominal value of issued shares, less costs of issue,
- costs of employee benefits and share option plans.

(l) Financial liabilities - interest bearing loans and borrowings and bonds obligations

Interest-bearing loans and borrowings as well as bonds obligations are recognized initially at cost being their fair value, less attributable transaction costs. In subsequent periods, borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings using the effective interest rate method.

If the loan is settled before the maturity date, any difference between the settled cost and the current cost is recognized in the income statement.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The zero coupons bonds obligations are classified as non-current liabilities if the maturity date is equal greater than 12 months after the balance sheet date.

(m) Employee benefits

Share-based compensation

The Company, having no own employees, provides two equity-settled, share-based compensation plans for the key employees of AmRest Group (see Note 6). The fair value of work performed by the employees for a consideration payable in options increases costs. The total amount which has to be taken to the income statements over the vesting period is based on the fair value of options received. As at each balance-sheet date entity verifies its estimates connected with number of options expected to vest. The impact of the potential verification of initial estimates is recognized by the Group in the income statement, in correspondence with equity. The proceeds from the exercise of options (net of transaction costs directly related to the exercise) are recognized in share capital (at nominal value) and in supplementary capital, in share premium.

For share-based payment transactions in which the terms of the arrangement provide either the entity / the Company or the counterparty with the choice of whether the entity settles the transaction in cash or by issuing equity instruments, the entity / the Company shall account for that transaction, or the components of that transaction, as a cash-settled share-based payment transaction if, and to the extent that, the entity has incurred a liability to settle in cash, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

In 2014 the share-based payment plans (plan 2) were modified so that it may be settled in cash instead of shares. As a result the group re-measures the liability at the date of change using the modification date fair value of the equity-settled award or the present value of the future cash outflows, based on the elapsed portion of the vesting period.

The subsequent settlement of the liability follows the requirements for a cash-settled share-based payment.

The Company incurred a liability measured at fair value, taking into account the period of service / vesting period, and any changes in value are recognized in investments at the end of the period.

At the date of settlement, the Company shall remeasure 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 will reduce the entirely recognised liability; Any equity component previously recognised will remain within equity, but it could be reclassified to other components of equity;
- if the settlement is in shares, the balance of the liability is transferred to equity, being consideration for the shares granted. Any equity component previously recognised shall remain within equity.

(n) Trade and other payables

They are recognized initially at fair value and subsequently measured at amortized cost.

(o) Currency and exchange differences

Entity presented its annual separate financial statements in Polish zloty. Transactions denominated in foreign currencies are translated into the functional currency at the rate prevailing as at the transaction date. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into Polish zloty at the rate prevailing as at that date. Foreign exchange differences arising as a result of translating the transactions denominated in foreign currencies into Polish zloty were recognized in the income statement, except incomes and losses concern hedging instrument, which constitutes effective hedge presented directly in other comprehensive income. Non-monetary assets and liabilities stated at historical cost and denominated in foreign currencies are translated using the exchange rate as of the transaction date.

(p) Income tax expense

The income tax shown in the income statement comprises the current and deferred portion. The current portion of the income tax includes tax calculated on the basis of the taxable income for the current period using the income tax rates which have been enacted or substantially enacted as at the balance sheet date, and adjustments of the income tax liability from prior years.

Income tax expense is recognized in the income statement, with the exception of transactions accounted for in equity, in respect of which the tax is also recognized directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arose in respect of the initial recognition of an asset or liability under a transaction other than a business combination which has no impact on the profit/loss for accounting or tax purposes, it is not recognized. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax is not recognized upon the initial recognition of goodwill.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(r) Other operating income and expenses

Other operating income and expenses include recurrent, indirect revenue and costs related only to the actual operational business of the Company (ie. core, statutory activities). This kind of business include among others: revenue resulting from re-invoicing of costs of realized share options to the related entities, cost of impaired assets, cost of issued own shares, results on fixed assets disposed.

(s) Financial cost and income

Financial costs and income include any benefits incurred from the possession, lending or sales of the financial assets to third parties (dividends, interest, discounts, increase in the fair value of the financial assets) and any fees charged by third parties for any monetary assets or any equivalents of the monetary assets borrowed from these third parties resulting with the recognition of the financial liabilities (interest, provisions, discounts) as well as the loss resulting from the recognition of the decrease in the fair value of the financial assets.
Financial income and costs include also balance of positive and negative foreign exchange differences, both recognized in the repayments of the foreign currency liabilities as well as the valuation of the foreign currency assets and liabilities, excluding foreign exchange differences impacting the purchase price of the produced assets they relate to.

2 Investments in subsidiaries

As at each balance sheet date the Company verifies the carrying amount of finance assets (investments in subsidiaries) to determine whether the assets do not show signs of impairment. Impairment on the investments in subsidiaries is recognized to the recoverable amount if the recoverable amount of these assets is lower than their book value. When book value of the investment is lower than net assets of the Company, Company prepare analysis to identify needs of adjustment valuation of the investments of subsidiaries.

Company evaluates external and internal factors which can influence financial results of subsidiaries (e.g. evaluation of execution planed budgets for the year).What is more Company evaluates micro- and macro-economic factors including currency fluctuations and cost of capital in the markets in which subsidiaries operates.

Impairment of the investments in subsidiaries is determined as the difference between the current present value of these assets from books at the valuation date and present value of expected future cash flows, discounted at the effective interest rate. For such measured value of future discounted cash flows, Company also carried out a sensitivity analysis of the impact of changes in the effective interest rate and currency fluctuations. The value of assets is updated only when the loss of value of the investment is permanent and irreversible in long term.

As at December 31, 2017, Company carried test for entities: AmRest China Group PTE Ltd. and AmRest EOOD. There were no conditions for testing of shares in other companies. According to the assumptions mentioned above, Company did not carry test for AmRest Sp. z o.o.

The discount rate used to calculation is the average cost of capital before tax for particular currencies. As at December 31, 2017 the pre-tax discount rate was 11,49% for China and 7,49% for Bulgaria.

If discount rates in period of 12 months ended December 31, 2017 were bigger/smaller by 3 percentage points, it would not result in recognition of additional impairment provision.

If EBITDA in period of 12 months ended December 31, 2017 were bigger/smaller by 3 percentage points, it would not result in recognition of additional impairment provision.

The discount rate adopted for the calculation is the average cost of capital before tax for the particular currencies.

The table below presents the number and value of the shares owned by the Company in its subsidiaries as at December 31, 2017 and as at December 31, 2016.

	December 31, 2017		**December 31, 2016**	
	Interest ownership	Value of Shares	Interest ownership	Value of Shares
AmRest Sp. z o.o. (Poland)[(a)]	100,00%	894 461	100,00%	590 513
AmRest s.r.o. (Czech Republik)	100,00%	33 573	100,00%	33 573
AmRest Acquisition Subsidiary (Malta) [(b)]	100,00%	147 620	100,00%	146 962
AmRest EOOD (Bulgaria)	100,00%	14 388	100,00%	14 388
AmRest Topco France[(c)]	100,00%	54 007	-	-
Restarurant Partner Polska Sp. z o.o.[(d)]	51,00%	12 641	-	-
AmRest Opco SAS[(e)]	100,00%	44 701	-	-
AmRest China Group PTE Ltd. (China)[(d)]	100,00%	168 459	67,56%	112 657
Total	**-**	**1 369 850**	**-**	**898 093**

(a) On December 15, 2017 Company passed a resolution of share capital increase in AmRest Sp. z o.o. in amount of 300 000 TPLN. Additionally, the value of investment in AmRest Sp. z o.o. was increased by 20 375 TPLN and decreased by 16 427 TPLN by capitalized costs of the share option plan (share options granted to the employees of the subsidiaries).

(b) On August 18, 2017 Company passed a resolution of share capital increase in AmRest Acquisition Subsidiary in amount of 180 TUSD.

(c) On May 16, 2017 Company passed a resolution of purchase share from Top Brands NV in Pizza Topco France SAS and from that date became a sole owner for the company.

(d) On August 31, 2017 Company passed a resolution of purchase share from Deliver Hero GmbH in Restaurants Partner Polska Sp z o.o. As a result of the agreement AmRest Holdings SE acquired 51% of shares. On November 29, 2017 Company passed a resolution of share capital increase in Restaurant Partners Polska Sp. z .o.o by 12 000 TPLN to the total amount 24 000 TPLN. As the result of agreement Company acquired 122 400 shares in the nominal value 50 PLN for each, so the total nominal value is 6 120 TPLN. The remaining 4 491 TPLN have not been available to Restaurant Partner Polska Sp. z .o.o by the date of publication of these financial statements.

(e) On October 4, 2017 Company passed a resolution of share capital increase in AmRest Opco SAS in amount of 15 000 TEUR. The remaining 4 500 TEUR have not been available to AmRest Opco SAS by the date of publication of these financial statements.

(f) On February 17, 2017 Company passed a resolution of purchase share from Blue Horizon Hospitality Group LTD, Macau Jiu Jia Partners LP and Wintrust New Zealand Limited in Blue Horizon Hospitality PTE LTD which resulted additional 32.44% of shares and from that date became a sole owner of the company. On April 6, 2017 Blue Horizon Hospitality PT LTD was renamed AmRest China Group PTE Ltd.

3 Other financial assets

As at December 31, 2017 and December 31, 2016, the balances of other financial assets were as follows:

Other long-term financial assets	**December 31, 2017**	**December 31, 2016**
Loans given	56 119	174 314
Total of other long-term financial assets	**56 119**	**174 314**

Other short-term financial assets	**December 31, 2017**	**December 31, 2016**
Loans given	8 789	8 963
Total of other short-term financial assets	**8 789**	**8 963**

The Entity provided subsidiaries with the loans specified as below:

Borrower	- AmRest Sp. z o.o.
Maximum loan amount	- 350 000 thousands PLN
Interest rate	- 3M WIBOR + margin

The loan agreement was signed on October 18, 2010. In accordance with the agreement the interest will be paid on the quarterly basis. The change of the compound interest rate will be executed on the first day of each quarter. In 2017 AmRest Sp. z o.o. was repaid the loan with accrued interest. The balance at the end of December 2017 is 0,00 TPLN.

Borrower	- AmRest Sp. z o.o.
Maximum loan amount	- 180 000 thousands PLN
Interest rate	- 3M WIBOR + margin

The loan agreement was signed on July 3, 2017. In accordance with the agreement the interest will be paid on the quarterly basis. The change of the compound interest rate will be executed on the first day of each quarter. In 2017 AmRest Sp. z o.o. was repaid the loan with accrued interest. The balance at the end of December 2017 is 0,00 TPLN.

Borrower	- AmRest Sp. z o.o.
Loan amount	- 20 000 thousands EUR
Interest rate	- 3M EURIBOR + margin

The loan agreement was signed on June 5, 2017. In accordance with the agreement the interest will be paid on the quarterly basis. The change of the compound interest rate will be executed on the first day of each quarter. In 2017 AmRest Sp. z o.o. was repaid the loan with accrued interest. The balance at the end of December 2017 is 0,00 TEUR.

Borrower	- AmRest Acquisition Subsidiary Inc.
Loan amount	- 150 thousands EUR
Interest rate	- 3M EURIBOR + margin

The loan agreement was signed on December 22, 2016. In accordance with the agreement the interest will be paid on the quarterly basis. The principal amount of the loan with all accrued interest will be repaid till December 31, 2018. In 2017 AmRest Acquisition Subsidiary Inc. was repaid the loan with accrued interest. The balance at the end of December 2017 is 0,00 TEUR.

Borrower	- AmRest HK Ltd.
Loan amount	- 1 000 thousands USD
Interest rate	- 3M LIBOR + margin

The loan agreement was signed on November 19, 2012. By December 31, 2017 the principal amount of the loan with all accrued interest was not repaid. The company recognized an impairment at the end of the 2015 in the value of the loan including accrued interest. The company recognized an impairment at the end of the 2017 in the value of accrued interest in 2017.

Borrower	- AmRest HK Ltd.
Loan amount	- 210 thousands USD
Interest rate	- 3M LIBOR + margin

The loan agreement was signed on September 5, 2013. By December 31, 2016 the principal amount of the loan with all accrued interest was not repaid. The company recognized an impairment at the end of the 2015 in the value of the loan including accrued interest. The company recognized an impairment at the end of the 2017 in the value of accrued interest in 2017.

(in PLN thousands unless stated otherwise)

Borrower	- AmRest China Group PTE. LTD
Loan amount	- 1 085 thousands USD
Interest rate	- fixed

The loan agreement was signed on June 24, 2014. In accordance with the agreement the interest will be calculated and paid on a quarterly basis till 25-th day of the last month of the quarter. The principal amount of the loan will be pay back till December 31, 2018. By December 31, 2017 the principal amount of the loan with all accrued interest was not repaid.

Borrower	- AmRest China Group PTE. LTD
Loan amount	- 844 thousands USD
Interest rate	- fixed

The loan agreement was signed on March 25, 2015.In accordance with the agreement the interest will be calculated and paid on a quarterly basis till 25-th day of the last month of the quarter. The principal amount of the loan will be repaid till December 31, 2018. By December 31, 2017 the principal amount of the loan with all accrued interest was not repaid.

Borrower	- AmRest China Group PTE Ltd.
Loan amount	- 3 000 thousands USD
Interest rate	- fixed

The loan agreement was signed on January 9, 2017. In accordance with the agreement the interest will be calculated and paid on a quarterly basis till 25-th day of the last month of the quarter. The principal amount of the loan with all accrued interest will be repaid till January 9, 2019. By June 30, 2017 the principal amount of the loan with all accrued interest was not repaid.

The table below presents the change of loan value during the twelve months period ended December 31, 2017:

As at January 1, 2017	**183 277**
Including:	
Short – term loans	**8 963**
Long – term loans	**174 314**
Change of loan value during the twelve months period ended December 31, 2017:	
Loans granted	322 755
Loan repayment (capital)	(437 672)
Interest accrued	13 628
Interest repayment	(11 950)
Impairment of loans	(234)

(in PLN thousands unless stated otherwise)

WHT Tax	(56)
Exchange rate differences of valuation (financial cost)	(4 840)
As at December 31, 2017	**64 908**
Including:	
Short – term loans	**8 789**
Long – term loans	**56 119**

Loans are not secured. The fair value of the loans presented above does not differ significantly from its carrying value.

4 Liabilities

Liabilities to third parties

On June 18, 2013 bonds in the amount of PLN 140 million were issued and on September 10 another issue was completed, also for PLN 140 million. Both issues were completed under agreement signed with Pekao S.A on August 22, 2012.
Bonds were issued with variable interest rate 6M WIBOR increased by a margin and are due on June 30, 2018 and September 10, 2019, respectively. Interest is paid on semi-annual basis (June 30 and December 30) and the Group is required to maintain certain financial ratios (net debt/EBITDA, equity/total assets, EBITDA/interest charge) at levels agreed in the respective Issue Terms and Conditions. There are no additional securities on the bond issues.

On April 7, 2017 AmRest issued Schuldscheindarlehen ("SSD" – debt instrument under German law) in the amount of EUR 26 million. SSD were issued on a fixed interest rate with EUR 17 million maturing on April 7, 2022 and 9 million maturing on April 5, 2024.
The role of the Lead Arranger and Paying Agent was entrusted to Erste Group Bank AG and CaixaBank S.A. acted as Co-lead Arranger.

On July 3, 2017 AmRest finalized another issue of Schuldscheindarlehen („SSD") for the total value of EUR 75 million. The SSD interest is fixed on the following tranches: EUR 45.5 million - repayment due on July 1, 2022 and EUR 20 million - repayment due on July 3, 2024. EUR 9.5 million tranche was issued with variable interest rate and repayment date of July 3, 2024.

The role of the Lead Arranger and Paying Agent was entrusted to Erste Group Bank AG with CaixaBank S.A. and Bank Zachodni WBK S.A. acting as Co-lead Arrangers.

Both issues aimed at diversifying financing sources and also allowed to diversify interest rate structure of debt. The proceeds were used for the development of the Company and refinancing of its debt.

As at December 31, 2017 the payables concerning bonds issued and Schuldscheindarlehen (SSD) are PLN 711.849 thousand.

The bonds and Schuldscheindarlehen (SSD) were issued to finance the investment activities of the Group.

The table below presents the change of borrowings value during the twelve months period ended December 31, 2017:

As at January 1, 2017	**279 491**
Including:	
Short – term	**8**
Long – term	**279 483**

(in PLN thousands unless stated otherwise)

Change of borrowing value during the twelve months period ended December 31, 2017:

Issue bonds cost	(711)
Proceeds from issue debt security SSD	427 259
Interest accrued of bonds	11 748
Interest accrued of SSD	5 287
Exchange rate differences of valuation	(5 382)
Interest paid on bonds	(5 843)
As at December 31, 2017	**711 849**
Including:	
Short – term	**150 820**
Long – term	**561 029**

On October 5, 2017 a Credit Agreement („the Agreement”) between AmRest Holdings SE, AmRest Sp. z o.o. and AmRest s.r.o. – jointly „the Borrowers” and Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski Polska S.A. and Česká spořitelna – jointly „the Lenders” was signed. AmRest Sp. z o.o. and AmRest s.r.o. are fully owned by AmRest Holdings SE.

Based on the Agreement the Lenders granted to the Borrowers a credit facility in the approximated amount of EUR 430 million, app. PLN 1.848 million (tranche A-D granted at the moment of signing the contract), which might be increased by amount of EUR 148 million, app. PLN 623 million (what stands for tranche E-F) upon fulfilment certain conditions. Ultimate due date for credit repayment is September 30, 2022. The facility is dedicated for repayment of the obligations under the credit agreement signed September 10, 2013 along with further annexes, financing development activities of AmRest and working capital management.

The facility (available as at the day of signing the contract) consists of four tranches:
- tranche A in maximum amount of EUR 250 million,
- tranche B in maximum amount of PLN 300 million,
- tranche C in maximum amount of CZK 300 million,
- tranche D granted as a revolving credit facility in amount of PLN 450 million.

Additionally, two more tranches might be granted:
- tranche E – PLN 280 million that might be used for Polish bonds repayment
- tranche F – PLN 350 million that might be used for general corporate purpose, including development activities.

All Borrowers bear joint liability for any obligations resulting from the Agreement.
The liability incurred by other debtors under the loan agreement as at December 31, 2017 is presented in the table below:

Currency	Lender/ book builder	Interest rate	31.12.2017
in PLN	Syndicated bank loan	3M WIBOR+margin	125 762
in EUR	Syndicated bank loan	3M/cont. EURIBOR+ margin	1 084 290
in CZK	Syndicated bank loan	3M PRIBOR+ margin	38 302
			1 248 354

(in PLN thousands unless stated otherwise)

5 Trade and other receivables

As at December 31, 2017 and December 31, 2016 Company has receivables of following characteristics:

Receivables descriptions	**December 31, 2017**	**December 31, 2016**
Receivables from related party – AmRest Sp. z o.o. cash pooling	-	21 640
Receivables from re-invoicing SOP/MIP – AmRest Coffee Sp. z o.o.	30	-
Receivables from re-invoicing SOP/MIP – AmRest Sp. z o.o.	2 051	18 216
Receivables from re-invoicing SOP/MIP – OOO AmRest	152	-
Receivables from re-invoicing SOP/MIP – AmRest Kft	102	-
Receivables from re-invoicing SOP/MIP – Restauravia Food	23	2
Receivables from re-invoicing SOP/MIP – Pastificio Service S.L.U.	16	-
Receivables from re-invoicing SOP/MIP – Amrestavia S.L.U.	9 102	-
Receivables from related party employees related to the share option plan	252	2 615
Tax receivables	119	81
Total of receivables	**11 847**	**42 554**

6 Employee benefits and share option plans

As at December 31, 2017 and December 31, 2016 Company has trade and other payables of following characteristics:

Payables descriptions	**December 31, 2017**	**December 31, 2016**
Liabilities for accounting services, legal services – AmRest Sp. z o.o.	69	44
Liabilities for the management services – AmRest LLC	77	93
Liabilities resolution of the capital increase – AmRest HK Limited	102	102
Liabilities for services – Amrestavia S.L.U.	3 329	-
Liabilities to third parties	203	5 609
Other liabilities	2 768	2 070
Total of receivables	**6 548**	**7 918**

Employee share option plan 2

In April 2005, the Group implemented another Employee Option Plan which is share-based, thinking of its selected employees. The whole number of shares which are attributed to the options is determined by the Management Board, however, it may not exceed 3% of all the outstanding shares. Moreover, the number of options granted to employees is limited to 200 000 options. In accordance with the provisions of the Plan, the Group, following approval by the Management Board, is entitled to determine, apart from other issues, the employees authorized to participate in the Plan and the number of options granted and the dates for their granting. The option exercise price will be in principle equal to the market price of the Company’s shares as at the date of awarding the option, and the vesting period will be 3 to 5 years. The Employee Option Plan was approved by the Company’s Management Board and the General Shareholders’ Meeting.

In January 2010, Supervisory Board of Group parent entity approved resolution confirming and systemizing total amount of shares for which may be issued options that will not exceed allowed 3% of shares in market.

In June 2011, Supervisory Board of Group parent entity approved and changed the previous note related to the number of options granted to employees is limited to 100 000 per annum.

In November 2014, Supervisory Board of Group parent entity approved and changed wording of regulations by adding net cash settlement of option value (employee decides about settlement method).

For the grants after December 8, 2015 a change in regulations was implemented which eliminated a possibility of option settlement with cash method. Furthermore, group of employees made a unilateral statement about resignation from cash settlement possibility in relation to option granted also in previous periods. Due to above changes, Employee option plan 2 comprises of both equity-settled options and cash-settled options. As a result of modification of some options from cash-settled into equity-settled, a reclassification was performed from liabilities into equity in amount of PLN 2.287 thousand. As at December 31, 2017 liability of PLN 9.355 thousand was recognized. As at December 31, 2016 liability amounted to PLN 11.255 thousand.

For equity-settled options as at December 31, 2017 a provision of PLN 16.242 thousand was recognized in reserve capital (modification described above included). As at December 31, 2016 this provision amounted to PLN 14.043 thousand.

Employee share option plan 3

In December, 2011, the Group implemented further Employee Option Plan which is share-based, thinking of its selected employees. The whole number of shares which are attributed to the options is determined by the Supervisory Board, however, it may not exceed 1.041.000 shares. In accordance with the provisions of the Plan, the Supervisory Board of Group, on request of the Management Board, is entitled to determine, apart from other issues, the employees authorized to participate in the Plan and the number of options granted and the dates for their granting. The option exercise price will be in principle equal to the market price of the Company's shares as at the date of preceding the day of awarding the option, and the vesting period will be 3 years. The option exercise price will be increased by 11% each year. The Employee Option Plan was approved by the Company's Supervisory Board.

As at December 31, 2017 PLN 5.124 thousand of liabilities were presented in equity according to group policy. As *at* December 31, 2016 PLN 7.399 thousand were presented in equity.

Employee share option plan 4

In January 2017 the Group introduced share-based Employee Option Plan, thinking of its selected employees. The whole number of shares which are attributed to the options is determined by the Management Board. Moreover, the number of options granted to employees is limited to 750.000 options in the period from 1 January 2017 till 31 December 2019. In accordance with the provisions of the Plan, the Group, following approval by the Management Board, is entitled to determine, apart from other issues, the employees authorized to participate in the Plan and the number of options granted and the dates for their granting. The option exercise price will be in principle equal to the market price of the Company's shares as at the date of awarding the option, and the vesting period will be 3 to 5 years. As at December 31, 2017 the amount of PLN 1.838 thousand were recognized in reserve capital for this program.

Employee share option plan 5

In January 2017 the Group introduced share-based Employee Option Plan, thinking of its selected employees. The whole number of shares which are attributed to the options is determined by the Supervisory Board, however, it may not exceed 1.000.000 shares. In accordance with the provisions of the Plan, the Supervisory Board of Group, on request of the Management Board, is entitled to determine, apart from other issues, the employees authorized to participate in the Plan and the number of options granted and the dates for their granting. The option exercise price will be in principle equal to the market price of the Company's shares as at the date of preceding the day of awarding the option, and the vesting period will be 3 to 5 years. The option exercise price will increase by 11%

(in PLN thousands unless stated otherwise)

each of three years. As at December 31, 2017 the amount of PLN 3.826 thousand were recognized in reserve capital for this program.

As at December 31, 2017 PLN 8.951 thousands of liabilities were presented in supplementary capital according to policy.

Value of liability for Employee share option plan as at December 31,2017 and December 31, 2016 was presented below:

	31.12.2017	**31.12.2016**
Liability for Employee share option plan 2	9 356	11 255
	9 356	**11 255**

Award date	**Number of share options awarded**	**Terms and conditions for exercising the options**	**Option exercise price in PLN**	**Options term to maturity period**
Plan 4				
May 30, 2017	196 170	3-5 years, 60% after 3 year, 20% after 4 and 5 year	340.0	10 years
Plan 5				
March 15, 2017	290 000	3-5 years, gradually, 33% per annum	321.1	10 years
June 30, 2017	100 000	3-5 years, gradually, 33% per annum	355.0	10 years
September 13, 2017	10 000	3-5 years, gradually, 33% per annum	335.0	10 years
October 13, 2017	60 000	3-5 years, gradually, 33% per annum	362.6	10 years

In the table below we present the number and weighted average of the exercise price of the options from all plans for the 12 months period ended December 31, 2017 and 2016:

		Number of option 2017					Number of option 2016	
	Weighted average option exercise price (before indexation)	Plan 5	Plan 4	Plan 3	Plan 2	Weighted average option exercise price (before indexation)	Plan 3	Plan 2
At the beginning of the period	PLN 61	-	-	405 002	425 884		659 999	403 649
Utilized during the period	PLN 112	-	-	(121 669)	(90 318)	PLN 90	(254 997)	(111 575)
Redeemed during the period	PLN 136	-	-	-	(22 888)	PLN 111	-	(9 150)
Awarded during the period	PLN 336	460 000	196 170	-	-	PLN 224	-	142 960
At the end of the period	PLN 209	460 000	196 170	283 333	312 678	PLN 61	405 002	425 884
Available for exercising as at the end of the period	PLN 74	-	-	206 666	97 428	PLN 65	253 334	97 358

(in PLN thousands unless stated otherwise)

The fair value of the work performed in consideration for the options granted is measured using the fair value of the options awarded. The estimated fair value of the benefits is measured using numerical method for solving differential equations by approximating them with difference equations, called finite difference method.

The fair value of the options as at the moment of awarding was determined on the basis of the following parameters:

	Average fair value of option as at the date of award	Average price of share at the date of measurement/grant	Average exercise price	Expected volatility of share prices (expressed as the weighted average volatility in share prices used in the model)	Expected term to exercise of the options (expressed as the weighted average historical exercises period used in the model)	Expected dividend	Risk-free interest rate
Plan 4	PLN 97	PLN 340	PLN 340	28%	5 years	-	2%
Plan 5	PLN 57	PLN 334	PLN 334	28%	5 years	-	2%

Options vest when the terms and conditions relating to the period of employment are met. The Plan does not provide for any additional market conditions on which the vesting of the options would depend.

The costs recognized in connection with the plans relating to share-based payments for the period of twelve months ending on December 31, 2017 and 2016 respectively are presented below:

	December 31, 2017	**December 31, 2016**
Value of employee services	3 948	(1 250)
	3 948	**(1 250)**

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

7 Equity

Share capital

As described in Note 1a, on April 27, 2005, the shares of AmRest Holdings SE commenced trading on the Warsaw Stock Exchange ("WSE") in Warsaw, Poland.

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

As at December 31, 2017, the Company held 21 213 893 issued, fully paid-up shares. The Company's target capital is 500 000 shares. Nominal value of one share is 1 eurocent (0.01 euro).

Pursuant to the information available to the Company, as at the date of release of this annual report, that is March 8, 2018 the following shareholders submitted information on holding directly or indirectly (through subsidiaries) 5% or more of the total vote at the General Shareholders Meeting of AmRest Holdings SE:

(in PLN thousands unless stated otherwise)

Shareholders	Shares amount	Share in Equity%	Shares amount at AGM	Share at AGM%
FCapital Dutch B.V.*	11 959 697	56,38%	11 959 697	56,38%
Nationale-Nederlanden OFE	1 484 893	7,00%	1 484 893	7,00%
Gosha Holding S.à.r.l.**	2 263 511	10,67%	2 263 511	10,67%
Pozostali akcjonariusze	5 505 792	25,95%	5 505 792	25,95%

* FCapital Dutch B. V. is the dominant entity of FCapital Lux (previously Cullinan S.à.r.l.) (holding 6 394 362 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finacces SAPI de CV is the directly dominant entity of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The directly dominant person of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is the Supervisory Board member of AmRest.

*** Gosha Holding S.à.r.l. is the entity which is connected with Mr Henry McGovern and Mr Steven Kent Winegar, Supervisory Board members of AmRest.

Reserves

Structure of the reserved capital is as follows:

	December 31, 2017	December 31, 2016
Share premium	786 911	786 911
The provision for stock option program 2	18 080	14 043
The provision for stock option program 3	8 951	7 399
The value of exercised options	(64 796)	(35 158)
Non-refundable capital deposit without additional share issue, made by shareholders of the Entity before entry on GPW	6 191	6 191
Functional currency translation	(31 219)	(31 219)
Net profit for treasury shares for the period 2012-2014	(3 424)	(3 424)
Purchase of treasury shares	(45 010)	(11 123)
Other	47	47
Total supplementary capital	**675 731**	**733 667**

Retained earnings

Retained Earnings of an Entity according to 16th resolution of Annual Shareholders Meeting dated June 10, 2011 includes also reserve fund in value of PLN 50,000 thousands for purchase of treasury shares only for share option redemption to every existing and future employee and managerial motivational stock option plans, including Management Board members of Group entities. In 2017 year (as it was disclosed in statement of changes in equity) were realized transaction on treasury shares for existing stock option plans amounting PLN (33 886) thousand (respectively in 2016 10 089 TPLN).

According to the 5th resolution of Annual Shareholders Meeting dated June 28, 2017. The company decided that the profit for the financial year 2016 in the amount of 45 799 TPLN will be allocated to increase the Company's reserve capital.

The company decided to presenting in the separate financial statements the results of previous year in retained earnings, which, in accordance with the resolutions of the General Meeting of Shareholders shall be applied to other categories of capital.

8 Cash and cash equivalents

	December, 31 2017	December, 31 2016
Cash at bank	102 112	11 139
	102 112	**11 139**

(in PLN thousands unless stated otherwise)

Reconciliation of working capital changes as at December 31, 2017 and December 31, 2016 is presented in the table below:

12 months ended December 31, 2017	The balance sheet change	Elimination of settlements of the share option plan for employees	Other liabilities and paid Invoices for intangible assets	Working capital changes
Change in receivables	30 707	(6 423)	-	24 284
Change in other assets	(3)	-	-	(3)
Change in payables and other liabilities	(3 270)	1 900	217	(1 153)

12 months ended December 31, 2016	The balance sheet change	Elimination of settlements of the share option plan for employees	Other liabilities and paid Invoices for intangible assets	Working capital changes
Change in receivables	(25 836)	8 098	-	(17 738)
Change in other assets	65	-	-	65
Change in payables and other liabilities	(5 190)	10 374	(606)	4 578

9 Finance income and expenses and other operating income and expenses

Finance income and expenses

	12 months ended December 31, 2017	12 months ended December 31, 2016
Interest income	14 307	10 107
Dividends received	30 895	21 750
Other financial income	30	13
Net exchange rate gains	385	497
Finance income, total	**45 617**	**32 367**
Interest expense	(17 131)	(11 674)
Other	(943)	(327)
Finance expenses, total	**(18 074)**	**(12 001)**

(in PLN thousands unless stated otherwise)

Other operating income and expenses

	12 months ended December 31, 2017	12 months ended December 31, 2016
The result on the execution of stock option by employees of subsidiaries*	34 603	35 559
Revenues from re-invoicing	29	5
Other operation incomes	2	-
Writs-off	614	-
Other operating income, total	**35 248**	**35 564**
Impairment on loans granted	(234)	(224)
Impairment of investments	(4 979)	(6 342)
Liquidated value of intangible assets	-	(32)
Impairment on receivables	(2 525)	(1 231)
Other operating expenses, total	**(7 738)**	**(7 829)**

* *The result on the execution of stock option by employees of subsidiaries consist of the following items:*
- for 2017 years revenue from re-invoicing of services based on own shares to affiliated companies in the amount of TPLN *48.209 thousand. PLN reduced by the amount of* TPLN *13.606 - the value of the costs arising from the share option plan (options granted to employees of subsidiaries).*
- for 2016 years revenue from re-invoicing of services based on own shares to affiliated companies in the amount of TPLN *55.089 thousand. PLN reduced by the amount of TPLN 19.530 - the value for the costs arising from the share option plan (options granted to employees of subsidiaries*

10 Income Tax

	12 months ended December 31, 2017	12 months ended December 31, 2016
Corporate income tax - current period	(458)	339
Change in deferred tax assets/liabilities	(1 506)	44
Income tax recognized in the income statement	**(1 964)**	**383**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. After the offset, the following amounts are disclosed in the separate financial statements:

	December 31, 2017	December 31, 2016
Deferred tax asset to be recovered within 12 months	1 206	229
Deferred tax asset:	**1 206**	**229**

	December 31, 2017	December 31, 2016
Deferred tax liabilities to be used within 12 months	61	601
Deferred tax liabilities:	**61**	**601**

Temporary differences after the offset accounted for in the calculation of deferred tax relate to the following items:

(in PLN thousands unless stated otherwise)

	December 31, 2017	December 31, 2016
Intangible assets	-	22
Other financial liabilities	6 349	579
Trade and other payables	(324)	(17)
Tax loss	-	(212)
Deferred tax asset	**1 206**	**-**
Deferred tax liabilities	**(61)**	**372**

As at December 31, 2017, tax loss carried forward are as follows:

	December 31, 2017	December 31, 2016
Tax loss	-	1 114
Tax loss, total	**-**	**1 114**

11 Related party transaction

As at December 31, 2017 the Group of which the Company is a parent consisted of the following subsidiaries (direct and indirect):

Company name	Seat	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
AmRestavia S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
Restauravia Grupo Empresarial S.L.	Madrid, Spain	AmRestavia S.L.U. AmRest TAG S.L.U.	16.52% 83.48%	April 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	Apia, Samoa	AmRest China Group PTE Ltd	100.00%	December 2012
Horizon Group Consultants (BVI)	Road Town, Tortola, BVI	AmRest China Group PTE Ltd	100.00%	December 2012
Kai Fu Restaurant Management (Shanghai) Co., Ltd	Shanghai, China	Blue Frog Food&Beverage Management Ltd	100.00%	December 2016
		Restaurant activity		
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czech	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

(in PLN thousands unless stated otherwise)

Company name	Seat	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Inc.	0.1%	July 2007
		AmRest Sp. z o.o.	99.9%	
AmRest Coffee s.r.o.	Prague, Czech	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest d.o.o.	Belgrade, Serbia	AmRest Sp. z o.o.	60.00%	October 2007
		ProFood Invest GmbH	40.00%	
Restauravia Food S.L.U.	Madrid, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Service S.L.U.	Lleida, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Restaurantes S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100.00%	April 2011
Pastificio S.L.U.	Lleida, Spain	Pastificio Service 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*	Cologne, Germany	AmRestavia S.L.U.	100.00%	March 2012
AmRest SAS	Lyon, France	AmRestavia 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 Group Consultants (BVI)	100.00%	December 2012
AmRest Skyline GMBH	Cologne, Germany	AmRestavia 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 Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	December 2015
		AmRest Sp. z o.o.	1.00%	
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	80.00%	May 2016
		AmRest Capital Zrt	20.00%	
AmRest DE Sp. z o.o. & Co. KG	Berlin, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
The Grill Concept S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100.00%	December 2016
LTP La Tagliatella Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	74.00%	February 2017
		AmRestavia S.L.U.	26.00%	
AmRest AT GmbH	Vienna, Austria	AmRest Sp. z o.o.	100.00%	March 2017
AmRest Topco SAS	Paris, France	AmRest Holdings SE	100.00%	May 2017
AmRest Delco SAS	Paris, France	AmRest Topco SAS	100.00%	May 2017
AmRest Opco SAS	Paris, France	AmRest Holdings SE	100.00%	July 2017
OOO Chicken Yug	Saint Petersburg, Russia	OOO AmRest	100.00%	October 2017
LLC Pizza Company	Saint Petersburg, Russia	OOO AmRest	100.00%	November 2017

(in PLN thousands unless stated otherwise)

Company name	Seat	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
AmRest Coffee SRB	Belgrade, Serbia	AmRest Holdings SE	100.00%	November 2017
Financial services and others for the Group				
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
AmRest Capital Zrt	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	November 2011
AmRest Finance Zrt	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	November 2011
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2012
La Tagliatella International Kft	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella Financing Kft**	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella SAS	Lyon, France	AmRestavia S.L.U.	100.00%	March 2014
AmRest FSVC LLC	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
Restaurant Partner Polska Sp. z o.o.	Łódź, Poland	AmRest Holdings SE Delivery Hero GmbH	51.00% 49.00%	August 2017
AmRest Estate SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Leasing SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
Supply services for restaurants operated by the Group				
SCM s.r.o.	Prague, Czech	SCM Sp. z o.o. Ondrej Razga	90.00% 10.00%	March 2007
SCM Sp. z o.o.	Warsaw, Poland	AmRest Sp. z o.o. R&d Sp. z o.o. Beata Szfarczyk-Cylny Zbigniew Cylny	51.00% 43.80% 5.00% 0.20%	October 2008
SCM Due Sp. z o.o.	Warsaw, Poland	SCM Sp. z o.o.	100.00%	October 2014

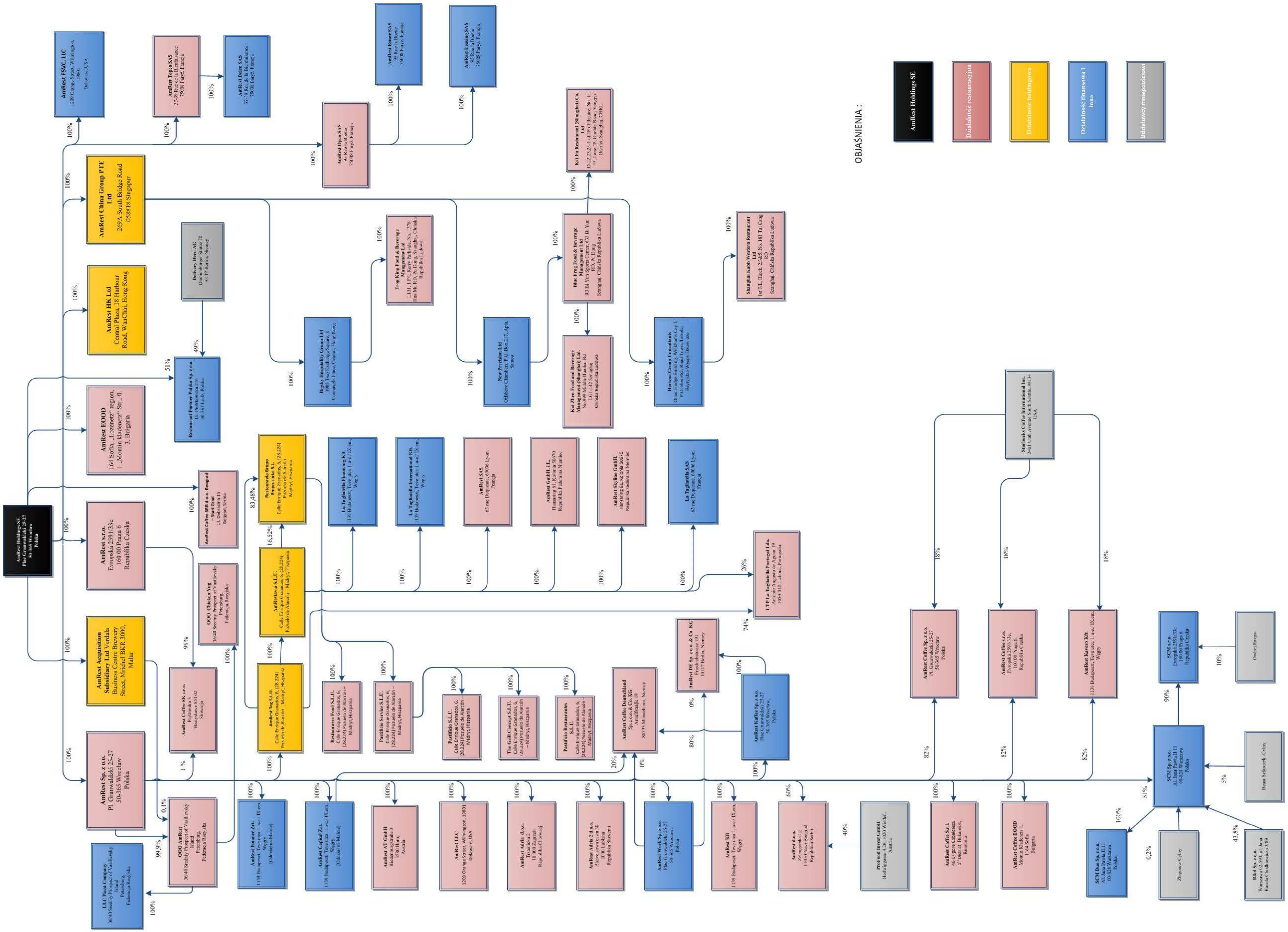
* On November 25, 2016 Amrestavia, S.L.U., the sole shareholder of AmRest GmbH, has decided to liquidate this company.

** On September 5, 2017 Amrestavia, S.L.U., the sole shareholder of La Tagliatella Financing Kft, has decided to liquidate this company.

The Group's office is in Wroclaw, Poland. At December 31, 2017 the restaurants operated by the Group are located in Poland, the Czech Republic, Hungary, Slovakia, Russia, Bulgaria, Romania, Austria, Serbia, Croatia, Spain, Germany, France, Portugal, Slovenia and China.

AmRest Holdings SE

Notes to the Annual Separate Financial Statements
(in PLN thousands unless stated otherwise)



(in PLN thousands unless stated otherwise)

Related party transaction

Trade and other receivables from related entities

	December 31, 2017	December 31, 2016
AmRest Coffee Sp. z o.o.	30	-
AmRest Sp. z o.o.	2 051	39 856
Pastificio Service S.L.U.	16	-
Restauravia Food S.L.U.	23	2
OOO AmRest	152	-
AmRestavia S.L.U.	9 102	-
AmRest Kft	102	-
Related party employees	252	2 616
	11 728	**42 474**

Loans granted to related entities	December 31, 2017	December 31, 2016
AmRest Sp. z o.o.	-	174 200
AmRest TopCo	8 718	-
AmRest Opco SAS	37 380	-
Amrest Acquisition Subsidiary	-	114
AmRest China	18 810	8 963
	64 908	**183 277**

Trade and other payables to related entities

	December 31, 2017	December 31, 2016
AmRest Sp. z o.o.	69	44
AmRestavia S.L.U.	3 329	-
AmRest LLC	77	93
AmRest HK	102	102
	3 577	**239**

Other operating income from related entities

	12 months ended December 31, 2017	12 months ended December 31, 2016
AmRest Sp. z o.o.*	19 701	32 780
Restaurant Partner Polska	2	-
Restauravia Food S.L.U	362	-
AmRest s.r.o.	380	440
AmRest Coffee S.r.o.	291	-
AmRest LLC	-	1 847
Pastificio Service, S.L.U.	543	-
OOO AmRest	265	-
AmRest DE	13	-
AmRest d.o.o.	29	-
AmRest China Group	-	1
OOO Chicken Yug	11	-
AmRest Coffee Sp. z o.o.	518	396
AmRestavia S.L.U.	9 324	-
SCM Sp. z o.o.	105	98

(in PLN thousands unless stated otherwise)

AmRest AT	3	-
AmRest Kft	536	-
AmRest FSVC LLC	2 525	-
AmRest Adria d.o.o.	25	-
Restauravia Food S.L.U.	-	2
Related party employees	1 906	-
	36 539	**35 564**

** Balance of other operating income includes the following items:*
for 2017 years revenue from re-invoicing of services based on treasury shares in the amount of TPLN 33.307 reduced by the amount of TPLN 13.606 - the value for the costs arising from the share option plan (options granted to employees of subsidiaries).

for 2016 years revenue from re-invoicing of services based on treasury shares in the amount of TPLN 55.089 and re-invoicing travel expenses in the amount of 4 PLN reduced by the amount of TPLN 19.530. - the value for the costs arising from the share option plan (options granted to employees of subsidiaries).

Other operating cost – related entities	**12 months ended December 31, 2017**	**12 months ended December 31, 2016**
AmRest FSVC LLC – impairment of investments in subsidiary	(4 979)	(6 134)
AmRest LLC – impairment of receivables	(2 525)	(1 231)
AmRest HK Ltd. – impairment of loan interest	(234)	(432)
	(7 738)	**(7 797)**

General and administrative expenses – related entities	**12 months ended December 31, 2017**	**12 months ended December 31, 2016**
AmRest Sp. z o.o.	(483)	(64)
AmRest AT	(3)	-
AmRest DE	(13)	-
AmRestavia S.L.U.	(3 329)	-
Restaurant Partner Polska	(2)	-
AmRest Coffee Sp. z o.o.	(1)	(1)
OOO Chicken Yug	(11)	-
Finaccess Capital USA, Inc.	(90)	-
AmRest China Group PTE Ltd.	-	(1)
	(3 932)	**(66)**

Financial income form related entities	**12 months ended December 31, 2017**	**12 months ended December 31, 2016**
AmRest Sp. z o.o. – interest	11 438	9 112
AmRest Acquisition Subsidiary – interest, valuation	4	4
AmRest s.r.o. – dividend	30 895	21 750
AmRest HK Ltd. – interest	234	224
AmRest LLC – exchange difference	14	22
La Tagliatella LLC – valuation	-	-
AmRest Opco SAS – interest	274	-
AmRest TopCo	157	-
AmRest Finance S.L.	-	13
AmRest Coffee Deutschland - interest	551	
Finaccess Capital USA, Inc.	5	-
AmRest China Group PTE Ltd. – interest	1 014	1 012
	44 586	**32 137**

(in PLN thousands unless stated otherwise)

Financial cost – related entities	**12 months ended December 31, 2017**	**12 months ended December 31, 2016**
AmRest Coffee Deutshland – exchange difference	(108)	-
Pastificio Service, S.L.U. - exchange difference	(1)	-
AmRestavia S.L.U. - exchange difference	(192)	-
AmRest Opco SAS - exchange difference	(1 127)	-
AmRest TopCo Francja - exchange difference	(100)	-
AmRest Sp. z o.o. – exchange difference	(316)	-
AmRest Acquisition Subsidiary. – exchange difference	(5)	-
AmRest China - exchange difference	(3 610)	-
AmRest Sp. z o.o. – cash pool interest	(94)	-
	(5 553)	**-**

Transactions with the management/ Management Board, Supervisory Board

Remuneration of the Management and Supervisory Board

	12 months ended December 31, 2017	**12 months ended December 31, 2016**
Remuneration of the Management and Supervisory Boards paid by the Company's subsidiaries	10 740	13 318
Total remuneration of the Management Board and Supervisory Board	**10 740**	**13 318**

The Group's key employees also participate in an employee share option plan (see note 6). The costs recognized by the Group companies regarding the employee share option plan in respect of the management staff amounted to PLN 3.329 thousand and PLN 2.166 thousand respectively in the 12 month period ended December 31, 2017 and 2016.

		For the 12 months ended December 31, 2017	**For the 12 months ended December 31, 2016**
Number of options awarded	Items	586 266	358 420
Number of available options	Items	249 666	305 353
Fair value of options as at the moment of awarding	PLN	27 035 182	11 954 180

As at December 31, 2017 and as at December 31, 2016 there were no liabilities to former employees.

12 Commitments and contingencies

As at December 31, 2017 the Company bears joint liability for any obligations resulting from the Agreement dated on October 5, 2017.

As at December 31, 2017 the liability from the incurred loan were described in note 4.

13 Financial instruments

Fair value estimation

As at financial statement publishing date fair value of financial instruments which are in turnover on active market bases on market quotation. Fair value of financial instruments which aren't in turnover on active market is calculated by using valuation techniques.

The Company uses different methods and assumes assumptions based on market conditions as at each balance sheet date. Fair value of financial assets and investment property available for sale, which aren't in turnover on active market, is calculated with using sector indexes and last available information concerning the investment. Fair value of currency exchange rate option and forwards is calculated based on valuation made by banks which issued the instrument.

The following fair value valuations concerning financial instruments were used by the Company:

- quoted prices (not adjusted) from active markets for the same assets and liabilities (Level 1),
- input data different from quoted prices included in Level 1, which are observed for assets and liabilities directly (as prices) or indirectly (based on prices) (Level 2),
- input data for valuation of assets and liabilities, which don't base on possible to observe market data (input data not observed) (Level 3).

The table below presents financial instruments in the Company, which are not measured at fair value, in their book value and fair value, in division on classes and categories of assets and liabilities:

In thousands of Polish Zloty				**31.12.2017**		**31.12.2016**	
Financial instrument	**IAS 39 category**	**Fair value hierarchy**	**Notes**	**Fair value**	**Book value**	**Fair value**	**Book value**
Other non-current financial assets	A	3	3	56 119	56 119	174 314	174 314
Other current financial assets	A	*	3	8 789	8 789	8 963	8 963
Trade and other receivables	A	*	5	11 847	11 847	42 554	42 554
Other current assets	A	*		82	82	79	79
Cash and cash equivalents	A	*	8	102 112	102 112	11 139	11 139
Non-current liabilities – bonds, SSD	B	3	4	561 029	561 029	279 483	279 483
Current liabilities – bonds, SSD	B	*	6	150 820	150 820	8	8
Trade and other payables	B	*	6	6 548	6 548	7 918	7 918

A - loans and receivables measured at amortized cost

B - financial liabilities measured at amortized cost

** It is assumed, that fair value almost equals the book value, therefore no fair value measurement techniques have been used to valuation of these items.*

Book values of short-term: receivables, other assets, payables, loans and liabilities are similar to their fair values due to short term capacity. According to the estimations of the Company, fair value of non-current assets and liabilities immaterially differ from their respective book value.
As at December 31, 2017 the Company did not possess financial instruments measured at fair value. As at December 31, 2017 the Group did not recognize the transfers between levels of fair value valuations.

The Company is exposed to a variety of financial risks: market risk (including currency and interest rate risk) and - to a limited extent - credit risk. The risk management program implemented by the Company is based on the assumption of the unpredictability of the financial markets and is used to maximally limit the impact of negative factors on the Company's financial results.

Risk management is carried out based on procedures approved by the Management Board.

(in PLN thousands unless stated otherwise)

Credit risk

Financial instruments that are exposed to the credit risk include cash and cash equivalents, receivables and loans. The Company invests cash and cash equivalents in highly reliable financial institutions. There is no significant concentration of credit risk in respect of trade and other receivables due to their level as at balance sheet date. As at December 31, 2017 maximum amount exposed to credit risk was 77 438 TPLN and consist of the intercompany receivables from loan granted to related party (note 3). As at December 31, 2017, the Company create an impairment on loans and receivables in the amount of 7 738 thousand. PLN

Interest rate risk

The loan granted to the subsidiary (Note 3) was based on a floating interest rate. As at December 31, 2017, the Company did not hedge against changes in cash flows resulting from interest rate fluctuations which have an impact on the results. The fair value of that instruments, does not differ significantly from its carrying value.

Foreign currency risk

The Company is exposed to the foreign currency risk mainly due to the receivables and payables valuation denominated in currencies other than functional currency of the Company. The exposure to foreign currency cash flow risk is not hedged as there is no impact on cash flows.

Liquidity risk

The Company does not provide any operating activities (except of holding activity and the stock option program for senior management), which results in no need of constant access to the financing and control over timely liability payments.

For the purpose of financing of investment activities of the Group, the Company issued bonds (Note 4) for the amount of PLN 280 million and Schuldscheindarlehen for the amount EUR 101 million.. Details of this bonds is presented in note 4.

Capital risk

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

The gearing ratios at December 31, 2017 and December 31, 2016 were as follows:

	December 31, 2017	**December 31, 2016**
Bonds obligations and other liabilities	727 813	299 367
Less: cash and cash equivalent	(102 112)	(11 139)
Net debt	625 701	288 228
Total equity	823 144	836 091
Capital involved	1 448 845	1 124 319
Gearing ratio	**43%**	**26%**

14 Earnings per share

The basic and diluted earnings per ordinary share for the 12 months ended December 31, 2017 and December 31, 2016 was calculated as follows:

(in PLN thousands unless stated otherwise)

	12 months ended December 31, 2017	12 months ended December 31, 2016
Profit/loss for the period	44 989	45 799
Weighted average number of ordinary shares in issue	21 213 893	21 213 893
Weighted average number of ordinary shares in issue	21 213 893	21 213 893
Profit/loss per ordinary share		
Basic profit/loss per ordinary share	2,12	2,16
Diluted profit/loss per ordinary share	2,12	2,16

On December 1st, 2014 , expired possibility for AmRest Holdings SE Exec to make capital increases to the amount of EUR 5 thousand the authorized capital (in accordance with paragraph 4.1 of the Articles of Association of the Company). This law was given the resolutions of the AGM of shareholders No. 13 of June 10th 2011. As at December 31st 2016, the Company is not possible potential issuance of shares for the clearance of the stock option schemes. Settlement of share option plans can be made in the form of shares or cash.

15 Collateral on borrowings

The loans incurred by the Company do not account for collateral set up on fixed assets and other assets owned by the Company. The Borrowers (AmRest Holding SE, AmRest Sp. z o.o. and AmRest s.r.o.) are jointly and severally responsible for paying the liabilities resulting from credit agreements. Additionally, Group companies – OOO AmRest, AmRest TAG S.L.U., AmRestavia S.L.U., Restauravia Grupo Empresarial S.L., Restauravia Food S.L.U., Pastificio Service S.L.U. and AmRest Capital Zrt – granted guarantees to the financing banks. These companies guarantee that the Borrowers will discharge their obligations following from the credit agreement until the loan is repaid, i.e. September 30, 2022.

16 Events after the balance sheet date

The Management Board of AmRest Holdings SE ("AmRest", the "Company") announced signing on February 27, 2018 the Subscription and Shareholders' Agreement (the "SSHA") with LPQ Russia Limited, based in London, United Kingdom ("the Partner"). The SSHA defines the main terms and conditions of cooperation between the Company and the Partner aimed at developing a restaurant business in the bakery segment in Russia through a newly-formed corporate structure. As a result, AmRest will become a majority shareholder, holding 51% stake in newly created company ("NewCo"). The remaining 49% stake will be held by the Partner. NewCo will own and control its subsidiaries: the operating entity in Russia and the trademarks holding company.

Currently the Partner owns the trademarks of "Хлеб Насущный" (Xleb Nasuschny), "Филипповъ" (Philippov) "Наш хлеб" (Nash Khleb) and "Андреевские булочные" (Andreevsky Bulochnye) (jointly: "Trademarks"). The cooperation assumes the contribution of Trademarks to the Structure by the Partner. AmRest will invest EUR 6m (six million Euro) into the Structure with the purpose of developing the restaurant business in Russia.
Intention of the parties is to finalize the transaction by June 2018, which is a subject to fulfilment of conditions precedent defined in SSHA.

On October 5, 2017 the Extraordinary General Meeting of AmRest Holdings SE adopted a resolution on the approval of the international transfer of the registered office to Spain. As a result of that, on March 1, 2018 the transfer public deed to the Madrid Commercial Registry was filed. Additionally the Group is planning to change the presentation currency of its consolidated financial statements that will be applied in the first report issued after registration of domicile change.

Signatures of Board Members

Olgierd Danielewicz AmRest Holdings SE Board Member	Mark Chandler AmRest Holdings SE Board Member
Jacek Trybuchowski AmRest Holdings SE Board Member	Oksana Staniszewska AmRest Holdings SE Board Member

Wrocław, March 8, 2018

Telefon: +48 22 543 16 00
Telefax: +48 22 543 16 01
E-mail: office@bdo.pl
Internet: www.bdo.pl

BDO Sp. z o.o.
ul. Postępu 12
02-676 Warszawa
Polska

AmRest Holdings Spółka Europejska

50-365 Wrocław, pl. Grunwaldzki 25-27

Audit Report

on the year-end consolidated financial statements for the period from 1 January 2017 to 31 December 2017

BDO

Telefon: +48 22 543 16 00
Telefax: +48 22 543 16 01
E-mail: office@bdo.pl
Internet: www.bdo.pl

BDO Sp. z o.o.
ul. Postępu 12
02-676 Warszawa
Polska

INDEPENDENT AUDITOR'S REPORT
ON THE YEAR-END CONSOLIDATED FINANCIAL STATEMENTS
for the General Meeting and Supervisory Board of
AmRest Holdings Spółka Europejska

We have audited the accompanying year-end consolidated financial statements of AmRest Holdings Spółka Europejska [European Company] ("the Company") with its registered office in Wrocław, pl. Grunwaldzki 25-27, consisting of: the year-end consolidated statement of financial position prepared as at 31 December 2017, the year-end consolidated profit and loss account, the year-end consolidated statement of comprehensive income, the year-end consolidated statement of cash flows and the year-end consolidated statement of changes in equity for the period from 1 January to 31 December 2017, as well as additional information on significant accounting policies and notes to the financial statements ("the consolidated financial statements").

Responsibilities of the Holding Company's Management Board and Supervisory Board for the Consolidated Financial Statements

The Holding Company's Management Board is responsible for the preparation of the year-end consolidated financial statements and for their fair presentation in accordance with International Accounting Standards, International Financial Reporting Standards and the related interpretations announced in the form of European Commission regulations, as well as other binding legal regulations and the Holding Company's Statute. The Holding Company's Management Board is also responsible for such internal controls as it considers necessary to ensure that the consolidated financial statements are free from material misstatements resulting from fraud or error.

In accordance with the Accounting Act of 29 September 1994 (2018 Journal of Laws item 395 with subsequent amendments ("the Accounting Act"), the Holding Company's Management Board and members of its Supervisory Board are required to ensure that the consolidated financial statements meet the requirements of the Accounting Act.

Responsibilities of the Auditor

Our responsibility was to express an opinion whether the consolidated financial statements present truly and fairly the group's financial position and financial result in accordance with the applicable International Accounting Standards, International Financial Reporting Standards and the related interpretations announced in the form of European Commission regulations, as well as with the adopted accounting methods.

We performed the audit of the consolidated financial statements in accordance with the provisions of:

1) the Act of 11 May 2017 on certified auditors, audit firms and on public supervision (2017 Journal of Laws, item 1089) ("the Certified Auditors Act"),
2) National Standards on Auditing in the wording of International Standards on Auditing, adopted in Resolution No. 2783/52/2015 passed by the National Council of Certified Auditors on 10 February 2015 with subsequent amendments,
3) Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (Official Journal of the EU L 158 of 27 May 2014, page 77 and Official Journal of the EU L 170 of 11 June 2014, page 66) ("Regulation 537/2014").

These regulations require us to comply with ethical requirements and to plan and perform the audit in a manner that allows us to obtain sufficient assurance that the consolidated financial statements are free from material misstatements.

The objective of an audit is to obtain sufficient assurance about whether the consolidated financial statements as a whole are free from material misstatements due to fraud or error, and to issue an independent auditor's report that includes our opinion. Sufficient assurance is a high level of assurance, but it is not a guarantee that an audit performed in accordance with the above standards will always detect an existing material misstatement. Misstatements can arise from fraud or error and are considered material if it could be reasonably expected that they, individually or in aggregate, could influence the economic decisions of users made on the basis of these consolidated financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, forgery, deliberate omission, misrepresentation or circumvention of internal controls, and may pertain to every area of law and regulations, not just those that have a direct impact on the consolidated financial statements.

The audit consisted of performing procedures aimed at obtaining audit evidence on the amounts and information disclosed in the consolidated financial statements. We choose the procedures based on our judgement, including an assessment of the risk of material misstatements in the financial statements due to fraud or error. In assessing this risk we consider the internal controls related to the preparation and fair presentation of the consolidated financial statements in order to plan our audit procedures, and not to express an opinion on the effectiveness of internal controls. An audit also includes assessing the appropriateness of the accounting policies used and the reasonableness of the estimates made by the Holding Company's Management, as well as evaluating the overall presentation of the year-end consolidated financial statements.

The scope of the audit does not include an assurance regarding the group's future profitability, or regarding the Holding Company Management's effectiveness in the handling of the group's matters now or in the future.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our opinion is consistent with the additional report for the Audit Committee issued on the date of the present audit report.

Independence

During the audit the auditor in charge and the audit firm remained independent of the entities comprising the group in accordance with the provisions of the Certified Auditors Act, Regulation 537/2014 and the ethical standards adopted by the National Council of Certified Auditors.

To the best of our knowledge and belief we declare that we have provided no non-audit services forbidden by the provisions of Article 136 of the Certified Auditors Act and Article 5 point 1 of Regulation 537/2014 to the entities comprising the group.

Selection of Auditor

We were selected as the auditor of the consolidated financial statements in a resolution passed by the Company's Supervisory Board on 8 June 2017. We have audited the group's consolidated financial statements continually since the financial year ended 31 December 2017; i.e. for one consecutive year.

Most Significant Types of Risk

In the course of the audit we identified the below described most significant types of risk of material misstatement, including from fraud, and have designed audit procedures appropriate for those types of risk. In cases where we found it appropriate in order to obtain an understanding of an identified risk and of the procedures performed by the auditor, we have also included the most important observations associated with such types of risk.

RISK OF MATERIAL MISSTATEMENT	PROCEDURES PERFORMED IN RESPONSE TO IDENTIFIED RISK AND MOST SIGNIFICANT OBSERVATIONS RELATED TO SUCH RISKS
1 Tax risk at the subsidiary	
AmRest Sp. z o.o., being a subsidiary of AmRest Holdings SE, is a party to tax proceedings and audits relating to VAT for selected periods of 2012-2017. Information about ongoing proceedings and audits, as well as the Group's accounting approach to an existing position of tax authorities are described in a separate point in explanatory note 8 to the consolidated financial statements. The matter was considered a risk of material misstatement due to its potentially significant impact on the Group's financial position for 2017 and significant uncertainty regarding the final outcome of the matter.	As part of our audit procedures, we in particular: • Discussed the ongoing tax audits and proceedings with representatives of the Management Board of AmRest Holdings SE and AmRest Sp. z o.o. and persons responsible for tax matters at the Group in order to understand the judgement applied by the Company. • Obtained the standpoints of the Company's external tax advisors relating to their assessment of the risk of the dispute being resolved with an unfavorable result for AmRest Sp. z o.o. • Read the documentation from the audit conducted by the auditor of AmRest Sp. z o.o., in particular with regard to an audit of provisions and tax liabilities resulting from the ongoing tax audits. • Made a critical assessment of the arguments presented by the Company and its advisors, as well as the audit materials collected by the auditor of AmRest Sp. z o.o. • Conducted our own analysis of the documents from the tax audits obtained by AmRest Sp. z o.o., the tax interpretations in this matter, decisions of the tax authorities and the appeals lodged against these decisions. • Carried out our own analysis of the judgements of administrative courts in similar cases. • Assessed the risk and the factors impacting the formation of a provision based on IFRS, in particular IAS 37.

	• Assessed if the disclosures in the consolidated financial statements adequately describe the uncertainties relating to the ongoing tax audits and proceedings. Due to the material amount of potential liabilities and significant uncertainty regarding the final resolution of the case, we decided to include an additional emphasis of matter paragraph in the audit opinion on the consolidated financial statements.

RISK OF MATERIAL MISSTATEMENT	PROCEDURES PERFORMED IN RESPONSE TO IDENTIFIED RISK AND MOST SIGNIFICANT OBSERVATIONS RELATED TO SUCH RISKS
2 Risk associated with the settlement of business combinations	
In the audited financial year, the group concluded significant transactions described in detail in note 3 of additional information and explanations, as a result of which it acquired control over other entities. The said transactions were settled as business combinations in accordance with IFRS 3. Settlements for transactions concluded in 2017 were performed on a temporary basis. Furthermore, the group made the final purchase price allocation of Starbucks Coffee Deutschland GmbH & Co. KG which took place in the previous financial year. The matter was considered a risk of material misstatement due to its significant impact on the Group's financial position for 2017, consisting of, inter alia, recognizing goodwill and other assets and liabilities stated at fair value as at the acquisition date.	As part of our audit procedures, we in particular: • Analyzed the terms of key agreements connected with the concluded transactions with regard to their impact on the settlement of the transactions, • Familiarized ourselves with the conclusions of the due diligence reports and valuations drafted by the advisors engaged by the Group, as well as other calculations and analyses drafted independently by the Company, which constituted the basis of an initial or final settlement of the effects of a given transaction. We assessed the correctness of inclusion of the conclusions from these documents in the settlements. • Interviewed the persons responsible for the settlement of transactions and representatives of the holding company's Management Board in order to understand the specifics of the individual transactions and the intentions for the future with regard to the group's strategy in reference to the markets on which the acquisition was performed, • Assessed the methodology used to allocate the purchase price and the assumptions adopted for the valuation of the material acquired assets and liabilities, • Analyzed the financial results of the acquired entities after the acquisition date.

	• Assessed the risk of impairment of the goodwill on the transactions concluded in the audited financial year, • Analyzed the conclusions from the reports received from the auditor of the subsidiaries relating to additional procedures performed for the purpose of audit.

RISK OF MATERIAL MISSTATEMENT	PROCEDURES PERFORMED IN RESPONSE TO IDENTIFIED RISK AND MOST SIGNIFICANT OBSERVATIONS RELATED TO SUCH RISKS
3 Risk of impairment of tangible assets relating to restaurant activity	
In its consolidated financial statements prepared as at 31 December 2017, the Group discloses tangible assets relating to its restaurant activity, as well as the Group's other tangible assets in the amount of PLN 1.690.155 thousand. In accordance with its accounting policies, the Group performs periodic assessments of the risk of impairment of its tangible assets. The details of the Group's accounting policy on the recognition of impairment write-downs of tangible assets relating to its restaurants and information on tests performed are presented in point "p" of information about the Group and in significant accounting policies in the consolidated financial statements of the Group and additional explanatory note 9. This matter was considered a risk of material misstatement due to the high share of tangible assets in the Group's total assets and liabilities and the possible significant impact of the adopted assumptions on the value in use of the restaurant assets.	As part of our audit procedures, we in particular: • Gained an understanding of the methods used by the Company to test its restaurant assets for impairment. We verified the correctness of the model used and the rationality of the key assumptions adopted, • Analyzed whether the model used to determine the value in use of the assets is compliant with the Group's accounting policies and IFRS, • Performed sensitivity analyses of test results in terms of key assumptions adopted in the model, • Familiarized ourselves with the documentation from the audits conducted by the auditors of the subsidiaries with regard to procedures relating to potential impairment of assets and evaluated their correctness and sufficiency from the viewpoint of the purpose of the audit of the consolidated financial statements.

RISK OF MATERIAL MISSTATEMENT	PROCEDURES PERFORMED IN RESPONSE TO IDENTIFIED RISK AND MOST SIGNIFICANT OBSERVATIONS RELATED TO SUCH RISKS
4 Risk of impairment of goodwill and intangible assets with unspecified useful lives	
In its consolidated financial statements prepared as at 31 December 2017, the Group discloses goodwill in the amount of PLN 909 310 thousand, as well as the "La Tagliatella" trademark with an unspecified useful life, in the amount of PLN 271 514 thousand. The details of the Group's accounting policy on the recognition of goodwill, as well as the relevant disclosures relating to assets and impairment tests are presented in point "p" of information about the Group and in significant accounting policies, as well as in notes 11 and 12 to the Group's consolidated financial statements. As disclosed in the notes indicated above, the Group, by performing an annual test for the impairment of goodwill determines the recoverable amount of cash-generating centers using the discounted cash flows method. This issue was considered a risk of material misstatement due to the high share of intangible assets in the Group's total assets and liabilities and the possible significant impact of the adopted assumptions on the final result of impairment tests.	As part of our audit procedures, we in particular: • Gained an understanding of the methods used by the Company to test for impairment the goodwill and the intangible assets with unspecified useful lives. We verified the correctness of the model used and the rationality of the key assumptions adopted, • Analyzed whether the model used to determine the value in use of the goodwill is compliant with the Group's accounting policies and IFRS, • Performed sensitivity analyses of test results in terms of key assumptions adopted in the model, • Assessed the correctness and completeness of the disclosures regarding goodwill impairment tests in the consolidated financial statements of the Group. • Verified the correctness of currency translation for the goodwill recognized in a foreign currency.

Opinion

In our opinion, the accompanying year-end consolidated financial statements:

a) give a true and fair view of the group's financial position as at 31 December 2017, as well as of its financial result for the period from 1 January to 31 December 2017, in accordance with International Accounting Standards, International Financial Reporting Standards and the related interpretations announced in the form of European Commission regulations, as well as the adopted accounting methods (policies),

b) are consistent, in content and in form, with the requirements of the Minister's of finance Decree of 19 February 2009 on the current and periodic information provided by the issuers of securities and on the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state ("the Decree" - 2014 Journal of Laws, item 133 with subsequent amendments), as well as with other applicable laws and regulations and with the Holding Company's Statute.

Emphasis of matter paragraph

Without qualifying our opinion on the truth and fairness of the audited financial statements, we draw your attention to the significant information contained in note 8 to the consolidated financial statements, describing the risk associated with ongoing tax proceedings and audits in a subsidiary of the parent Company, Amrest Sp. z o.o., with which there is uncertainty as to the future outcome of these proceedings. Our opinion does not contain a qualification on the above matter.

Report on Other Legal and Regulatory Requirements

Opinion on Directors' Report on the Group's Activities

Our opinion on the financial statements does not cover the Directors' Report on the group's activities.

In accordance with the Accounting Act and other binding regulations, the preparation of the Directors' Report on the group's activities is the responsibility of the Holding Company's Management Board. In addition, the Holding Company's Management Board and members of its Supervisory Board are responsible for ensuring that the Directors' Report on the group's activities meets the requirements of the Accounting Act.

In connection with our audit of the year-end consolidated financial statements our responsibility was to read the Directors' Report on the group's activities, with the exception of the "Declaration on non-financial information" section, and to indicate whether it complies with the applicable binding regulations and is consistent with the information presented in the year-end consolidated financial statements.

It was also our responsibility to report whether, based on our knowledge obtained during the audit about the group and its environment, we have identified any material misstatements in the Directors' Report on the group's activities, as well as to indicate the nature of each such misstatement.

In our opinion, the information contained in the Directors' Report on the group's activities complies with the provisions of Article 49 of the Accounting Act and is consistent with the information presented in the year-end consolidated financial statements. Furthermore, based on our knowledge obtained during the audit about the group and its environment we have identified no material misstatements in the Directors' Report on the group's activities.

Opinion on the Declaration on the Application of Corporate Governance

The Holding Company's Management Board and members of its Supervisory Board are responsible for the preparation of a declaration on the application of corporate governance in accordance with binding regulations.

In connection with our audit of the financial statements it was our responsibility under the Certified Auditors Act to express an opinion on whether an issuer required to file a declaration on the application of corporate governance, which constitutes a separate section of the Directors' Report on the group's activities, included in this declaration the information required by legal regulations, and - with respect to certain information indicated in the regulations - to report on whether this information is consistent with the applicable regulations and with the information contained in the year-end consolidated financial statements.

In our opinion, the Holding Company's declaration on the application of corporate governance contains the information specified in paragraph 91 section 5 point 4 letters a, b, g, j, k and l of the Minister's of finance Decree of 19 February 2009 on the current and periodic information provided by the issuers of securities and on the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state (2014 Journal of Laws, item 133 with subsequent amendments) ("the Decree"). The information indicated in paragraph 91 section 5 point 4 letters c-f, h and i of the Decree contained in the declaration on the application of corporate governance is consistent with the applicable regulations and with the information contained in the year-end consolidated financial statements.

Information about the preparation of a declaration on non-financial information

In accordance with the requirements of the Certified Auditors Act we hereby inform you that the Holding Company has prepared the declaration on non-financial information referred to in Article 49b par. 1 of the Accounting Act as a separate section of the Directors' Report on the group's activities.

We have performed no assurance work on the declaration on non-financial information and, accordingly, do not express any assurance on the declaration.

Katowice, 8 March 2018

BDO Sp. z o.o.
ul. Postępu 12
02-676 Warszawa
Authorized Audit Company No. 3355

Auditor in charge:

Rafał Domicz
Certified Auditor
No. 12115

On behalf of BDO Sp. z o.o.:

Dr. André Helin
Managing Partner
Certified Auditor No. 90004

AmRest Holdings SE

Consolidated Management Board's Report for the year 2017

8 March 2018

Contents

Letter to the shareholders

Dear Shareholders,

We are pleased to announce the results of AmRest Group achieved in 2017, yet another successful year in our history. Similar to the previous years, we continued dynamic and diversified business growth and made significant steps towards our long-term vision of becoming the #1 ranked restaurant operator in Europe.

Last year our revenues grew by 25% and margins improved in most of our major markets on the back of favorable consumer trends, strengthened position of our brands, accelerated organic growth and M&A activities. Our core business (without M&As) once again delivered on the 20% EBITDA growth target, ranking us among the fastest growing restaurant businesses in Europe. While maintaining the balanced business growth, we continued our efforts to double the company in size within three years, through the enhancement of our core business, M&A activities and investment in the digital business segment.

As indicated before, we have accelerated the pace of organic expansion and opened 210 new restaurants in 2017 (versus 146 in the year before). In addition to the dynamic growth of KFC and La Tagliatella, we increased our investments into Starbucks and Pizza Hut. We are particularly happy about the successful launch of Pizza Hut Express format, enabling significant growth potential for the brand. Today, Pizza Hut Express is already present in four our markets and its further development will be additionally supported by the master-franchise rights for Central Europe, Germany and France.

Looking ahead, our ambition is to accelerate development of our restaurant portfolio as we see a great potential in the current markets of our operations. Solid performance of new openings, improved site selection process and increased effectiveness of capital allocation make us confident to target 300 openings in 2018.

Our diversified growth platform creates new development opportunities and last year we reached several important milestones in this respect. In 2017 AmRest entered three new markets by opening its first KFC locations in Austria and Slovakia, as well as the first La Tagliatella in Portugal. In the meantime, we continued the expansion of our brands in existing markets. Our first Pizza Hut restaurants were opened in the Czech Republic and we also introduced Blue Frog in Europe opening first locations in Spain and Poland. Such a dynamic expansion across the board would not be possible without our strong and effective local teams.

Last year we were also very active in M&A, successfully closing an unprecedented number of nine transactions, mostly within KFC and Pizza Hut brands in Germany, France and Russia. With the addition of 250+ restaurants, we strengthened the position of these brands in our portfolio and increased our exposure to prospective markets of Western Europe. We are convinced that the successful integration and turnaround of those acquired businesses will be a major step on the way to become a leading restaurant operator in Europe.

Recently, the restaurant industry has been heavily impacted by the rapid development of new technologies. Encouraged by these market trends, AmRest continued its investments in Digital, enhancing existing mobile platforms with innovative functions enabling closer interaction with customers. Additionally, through a strategic partnership with Delivery Hero we became a majority shareholder in the online food ordering platform (Pizzaportal.pl) and signed operating agreements for Czech Republic and Hungary. Given the very dynamic growth of our delivery business (in Poland over 30% increase in 2017) and the fact that most of our delivery orders go through digital channels, we are very excited about this partnership. In our opinion, it will significantly enhance the quality of service for our customers and contribute to the future value creation for our shareholders.

This year we are celebrating the 25th anniversary of AmRest. Our long and successful journey, which started with the opening of a single Pizza Hut in Wrocław, has been a showcase of the 'Anything is possible' culture. Today, as a multi-brand restaurant operator, with 1650+ locations across 16 countries, we feel that there is still much more growth ahead of us. Being excited about the future opportunities, we are also fully aware of development and integration challenges. Nevertheless, equipped with the 25-year experience in running restaurant business as well as great commitment of thousands of AmRest Employees, we are confident about our ability to continue this successful journey.

We would like to use this opportunity and thank all our Employees for their passion and devotion in growing the business. Their enormous positive energy fuels our unique organization culture and makes AmRest such a great company.

Management Board of AmRest Holdings SE

1. Selected financial data

DIAGRAM 1: REVENUES IN 2015-2017 (IN PLN'000)

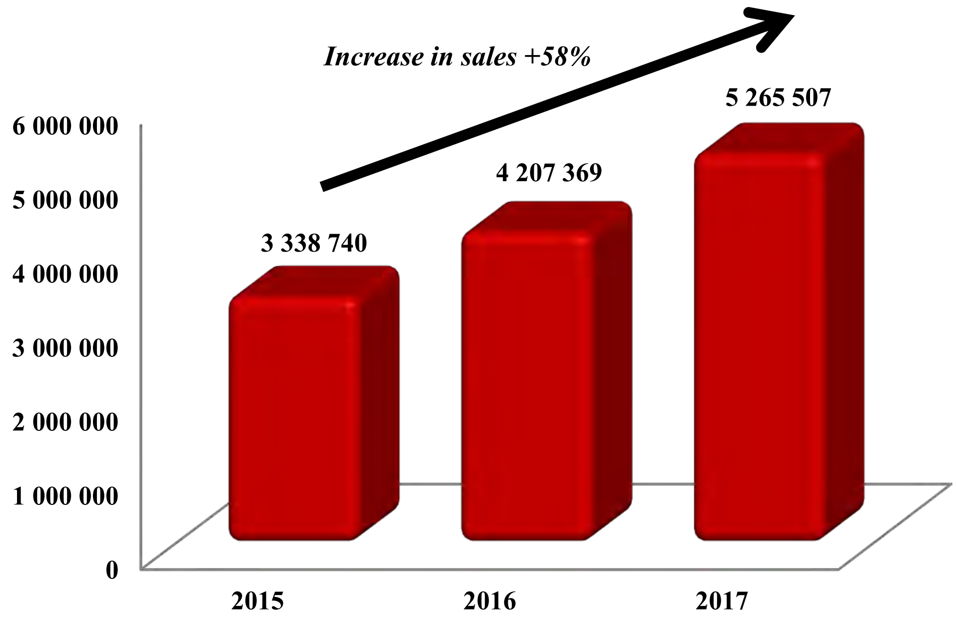


DIAGRAM 2: EBITDA IN 2015-2017 (IN PLN '000)

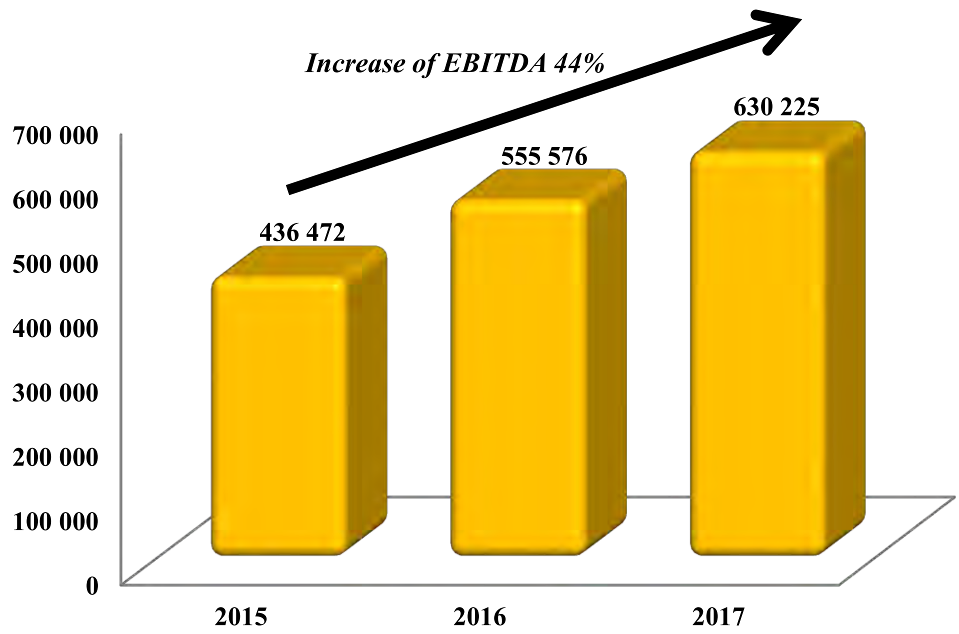
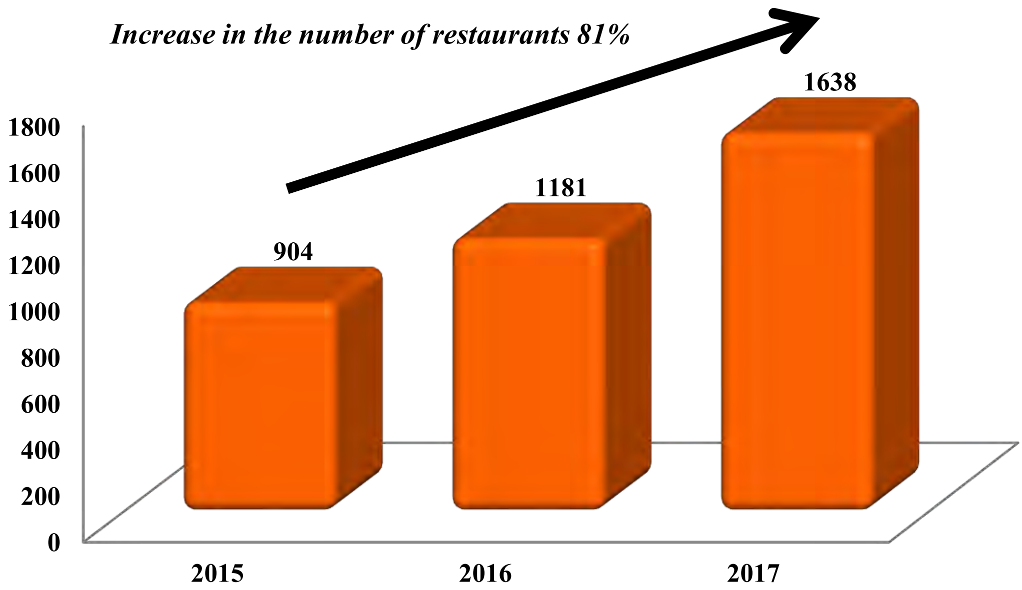
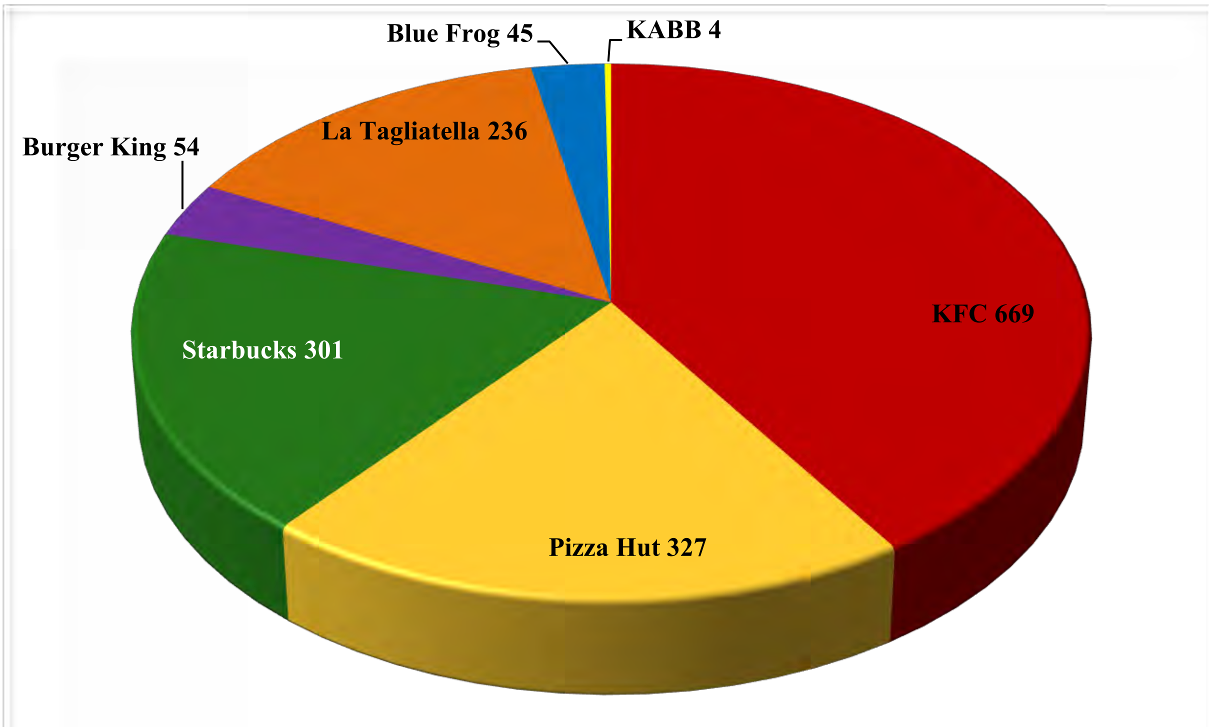


DIAGRAM 3: NUMBER OF AMREST RESTAURANTS IN 2015-2017, BALANCE AS AT 31 DECEMBER 2017



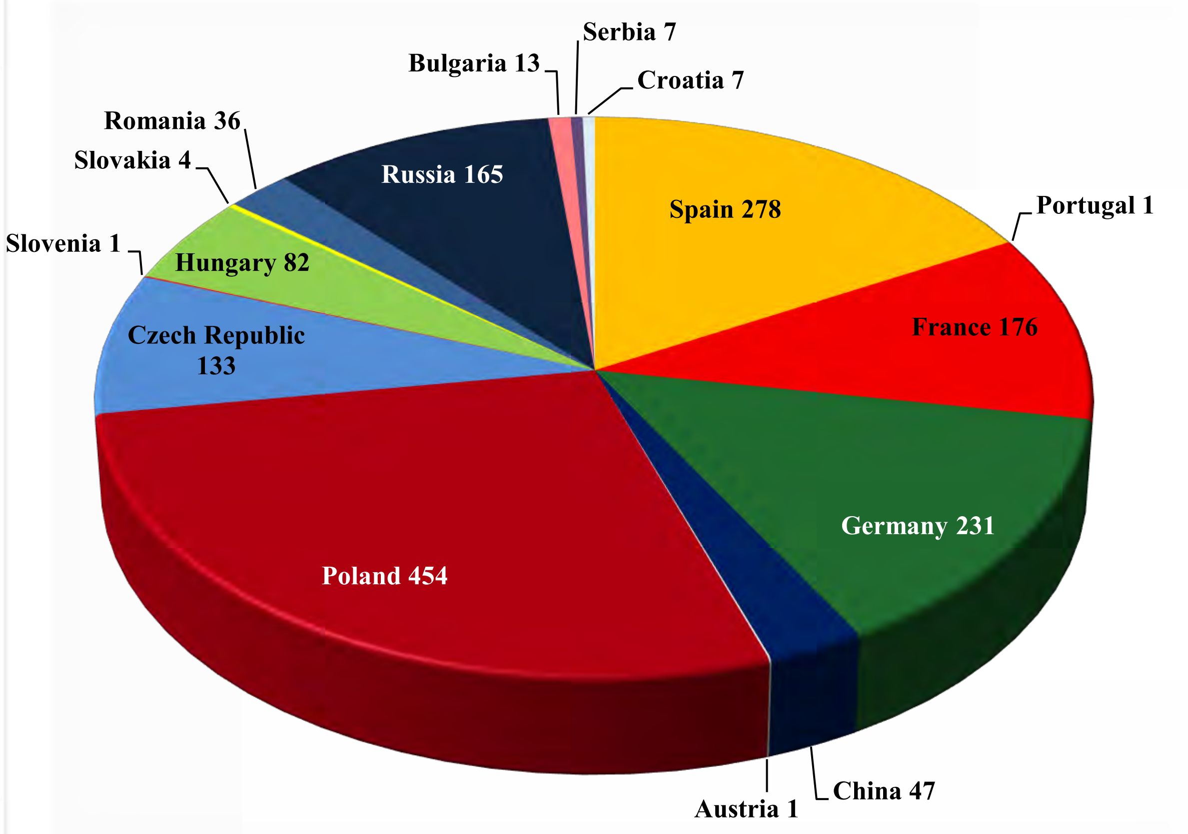
* Including restaurants operated by franchisees of La Tagliatella and Pizza Hut brands.

DIAGRAM 4: NUMBER OF AMREST RESTAURANTS BY BRAND, BALANCE AS AT 31 DECEMBER 2017



* Including restaurants operated by franchisees of La Tagliatella and Pizza Hut brands

DIAGRAM 5: NUMBER OF AMREST RESTAURANTS BY COUNTRY, BALANCE AS AT 31 DECEMBER 2017



* Including restaurants operated by franchisees of La Tagliatella and Pizza Hut brands

2. Description of the Company

2.1. Basic services provided by the Group

As at the date of publication of the report, AmRest Holdings SE ("AmRest") manages 7 restaurant brands in 16 countries of Europe and Asia. Every day over 37 thousand AmRest employees deliver delicious taste and exceptional service at affordable prices, in accordance with our "Wszystko Jest Możliwe!" ("Everything is possible!") culture.

As at March 8th, 2018, AmRest manages 1 647 restaurants in two restaurant sectors: Quick Service Restaurants (QSR) – KFC, Burger King, Starbucks, Pizza Hut Delivery and Express and Casual Dining Restaurants (CDR), restaurants with full waiting service – Pizza Hut, La Tagliatella, Blue Frog and KABB.

AmRest restaurants provide on-site catering services, take away services, drive-in services at special sales points ("Drive Thru"), and deliveries for orders placed online or by telephone. AmRest restaurant menus include brand dishes prepared from fresh products in accordance with original recipes and with KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and KABB chain standards.

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

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

Starbucks restaurants in Poland, Czech Republic and Hungary are opened by joint-venture companies AmRest Coffee (82% AmRest and 18% Starbucks), which have the rights and licenses to develop and manage Starbucks restaurants. Starbucks stores in Romania and Bulgaria (acquired from Marinopoulos Coffee SEE B.V. in June 2015), Germany (acquired from Starbucks Coffee EMEA B.V. in May 2016) and in Slovakia are operated by the Company on a franchise basis.

La Tagliatella is the own brand of AmRest which became part of the portfolio in April 2011. La Tagliatella restaurants are operated both by AmRest and by entities which operate restaurants on a franchise basis.

Blue Frog and KABB brands became the property of AmRest in December 2012 as a result of purchase of a majority stake in Blue Horizon Hospitality Group LTD.

On March 31st AmRest signed the Investment Agreement with Delivery Hero GmbH and Restaurant Partner Polska („RPP"). As a result of the agreement AmRest acquired 51% of shares in RPP becoming its majority shareholder. RPP operates PizzaPortal.pl platform - an aggregator collecting offers from 2,500+ different restaurants in ca. 400 cities in Poland, which allows online meals ordering with delivery.

2.2. Restaurants in the Quick Service Restaurants (QSR) segment

Established in 1952, KFC brand is the biggest, fastest growing and most popular chain of quick service restaurants serving chicken meals. There are almost 20 000 KFC restaurants in 120 countries in the world.

Last year was one of the most dynamic period in the history of KFC restaurants run by AmRest. It was the result of the sales and profitability improvement on the existing markets, but also the effect of the acquisition of KFC business in Germany and France. In 2017 AmRest opened the first KFC restaurants in

Austria and Slovenia. As at the end of last year there were 669 KFC restaurants in AmRest's portfolio, which is 150 more than last year.

The strong dynamics of growth in Central Europe was maintained for all the year. This growth was a result of a continuous realization of the strategy related to the improvement of a general image of the restaurants, the quality of customer service and numerous innovations concerning the product. The brand maintained its strong position in the home delivery channel . Simultaneously, this service was introduced to many new restaurants and to Czech and Hungarian market, which very well-received by our Guests. KFC strengthened its position in "value" segment too – both in case of the basic menu which is B-Smart and others unique products. Among many others new products we rolled out premium burgers and… Also worthy of note is Shake De Lux's innovations…Restaurants in Poland and Hungary introduced the breakfast offer, which is the perfect complement to the KFC's firm menu. KFC Poland launched in some restaurants the "Skip the line" option, which gives the customers a possibility to order a meal without waiting through the KFC application. In the next few years we can expect even more brand's activities in the new technologies sphere. Costs of work increased on the most of Central Europe's markets and, according to the experts, this trend will retain for the next years. At the same time a visible improvement in the remaining cost areas was observed what allowed to improve the margin significantly so it exceeded the initial assumptions.

The results on the Russian market were very good in 2017 despite the demanding macroeconomic situation in this country. Thanks to the consistently executed strategy of building the brand's strategy, product innovations and the offer in the „value" segment, the income in comparable restaurants noted a strong one digit increase in 2017. Due to the big effort put into strengthening operational processes, KFC brand in Russia has significantly improved their margin. The acquiring of KFC business in new for AmRest region in Russia (Krasnodar) was very successful and newly opened restaurants have delivered satisfying financial result. In selected KFC stores the home delivery service has been introduced, which will be for sure implemented step by step in large scale. What is more, some restaurants have been equipped with self-order kiosks, which was very well-received by our Guests.

KFC restaurants operating in Spain have noted the sales improvement in comparison to the last year, which was the result of introducing and promoting products from the "value" segment. Last year AmRest acquired 3 restaurants, earlier possessed by YUM, and opened 7 new spots, which performances in accordance with expectations. The home delivery service is also currently tested in selected restaurants on Spanish market.

Newly acquired KFC restaurants in Western Europe (Germany, France) are now during the integration with the rest of AmRest businesses. On that stage the process is conducted in keeping with the Management Board's expectations.

In 2017 the brand was very actively engaged in the "Harvest" project, aiming working against food wasting and cooperating with local food banks. Thanks to that project more than 500 thousands meals were given to the most needy people. For now, the project is realised mainly in Poland, to a lesser degree on others selected markets. AmRest's KFC brand is also very active in the workers' commitment segment - both concerning social issues and new-products development. For the second time in a row we organized the "Colonel's Kitchen" contest giving our workers the possibility to invent new products, which may appear in the future menu in our restaurants. This activity is very popular among AmRest's workers and will be continued in nest years.

At the date of the publication of this report AmRest runs 676 KFC restaurants - 245 in Poland, 156 in Russia, 85 in Czech Republic, 53 in Spain, 50 in Hungary, 43 in France, 23 in Germany, 7 in Croatia and Serbia, 5 in Bulgaria and 1 in Austria and Slovenia.

Founded in 1954, the Burger King brand is the world's second largest fast food burger restaurant chain measured by the total number of restaurants. The Burger King brand is present in more than 100 countries operating over 15 700 restaurants and serving more than 11 million guests on a daily basis. Burger King restaurants are quick service restaurants that feature flame-grilled burgers, chicken and other specialty sandwiches, French fries, soft drinks and other affordably priced food items.

2017 was a successful year for Burger King restaurants operated by AmRest. The brand continued positive trend from previous year and achieved an increase in same store sales (SSS) and in average guest check (AGC). The strongest SSS improvement has been recorded in Czech market. Brand managed to improve profitability, despite strong negative pressure from increasing cost of labor. EBITDA margin adjusted by startups exceeded last year's level in all the countries that the Burger King brand is operated by AmRest.

On top of the successful improvement of financial performance, brand has experienced most dynamic growth for several years. 2017 brought fulfilling acquisition of four restaurants in Poland and five new openings (four in Czech Republic and one in Poland). Further development of the brand will be realized by new openings in top locations.

At the date of publication of this report AmRest operates 54 Burger King restaurants – 41 in Poland, 12 in Czech Republic and 1 in Bulgaria. In May 2017 Burger King was celebrating 10 years on polish market which was accompanied by PR activities and special offers for our guests. The anniversary proved that the consistently implemented brand strategy allows brand's stable development.

In 2017 the brand continued to focus on the operational excellence. In Poland, Czech Republic and Bulgaria Burger King managed to increase the Guests' satisfaction level thanks to execution of "Service vision" and many investments in the restaurant environment. The implementation of digital menuboards, hot boards (heated table for burgers' preparation) and testing of "pick up order" has resulted in higher AGC (Average Guest Check), improvement of speed of service and overall better brand image perception according to Brand Observer (Millward Brown). It is worth mentioning that eight restaurants were renovated in "Prime design concept" – a fusion of handcrafted feeling, cheerful graphics, bold color palette and American prints. Additionally new crew uniforms were introduced to every restaurant.

These positive results have also been achieved thanks to the maintaining high brand awareness on the Polish, Czech and Bulgarian market. According to the latest Brand Tracker report the main advantage of Burger King brand is high quality food, mainly in following categories: great burgers, flame-grilled burgers and best beef. The brand remains committed to the "Better Burger" strategy, which considerably distinguishes it from the competition. For the first time Burger King introduced in Poland the Tank Burger – an iconic Whopper in a black bun. In cooperation with World of Tanks the advertising campaign has reached big gaming community in Poland (circa 3 million users).

Another prominent successes of 2017 were Value campaigns conducted twice this year. Launch of "Dobre za Drobne" offer in Poland with the set of value products in price from PLN 3.50 product pack "2 za Drobne" and "King of the month" offer in Czech Republic were very well-received by guest's community which was reflected in the financial results. Those activities were supported by outdoor & digital campaigns. Another worth mentioning project in Poland was the cooperation with the popular bit-boxer Dharni, which brought over 5 million views on Youtube and created buzz around the brand. Very time-limited offers called Crazy Days were especially well-received by our most loyal customers.

Having delivered convincing financial results in 2017, the brand shows growing importance of Burger King in the AmRest portfolio and its readiness for further growth. Furthermore, the restaurants continuously enhance the customer's experience by new "Prime design" model as well as follow the commitment to premium products and "Have it your way" spirit of the brand.

As a result of strengthening the relationship between AmRest and Burger King Europe GMBH, in February 2018 the parties signed Development Agreements for Czech and Slovakia markets. According to these contracts AmRest gained the exclusive right to develop further Burger King restaurants in those countries until the end of 2022. In addition, AmRest will take the role of marketing Ad Fund manager for those markets.

Starbucks is the world leader in the coffee sector with more than 27 300 stores in over 70 countries. It offers a broad selection of coffees from different parts of the world, as well as teas, soft drinks and a wide range of fresh food, snacks and desserts. AmRest Coffee (a joint venture between Starbucks Coffee International and AmRest Sp. z o.o.) currently operates Starbucks stores in Poland, Czech Republic and Hungary. The stores in Romania, Bulgaria, Slovakia and Germany are 100% owned and operated by AmRest.

In 2017 the brand continued to grow and develop with 40 new stores opened across the countries. Overall the performance of the brand has been good with growth around 4% on average for LfL (Like for like) sales. Czech Republic and Hungary noted the strongest growth with 6% and 8% respectively. The rest of the markets kept a strong single digit growth pattern. Germany and Slovakia are in their first year as reported in AmRest, so do not have LfL numbers.

AmRest continues to drive the growth of the Starbucks brand through in-store experience and design elevation. Supported by digital engagement expressed through Starbucks Rewards loyalty program, mobile application with payment function as well as activity in the sphere of social media. The third level of brand strengthening is the introduction of Starbucks Capsules (compatible with the Nespresso machines) sold in stores as well as sales of Ready-To-Drink (RTD) bottled beverages across selected countries (not under AmRest operations).

A good example of brand elevation can be seen in the attached photographs of two new stores opened in Romania. Starbucks Lipscani store in the old town of Bucharest with a high profile design, coffee theatre for unique coffee experience with alternative brewing methods as well as a comfortable customer area spread over 2 floors and 400 square meters. The second is the first new design Drive Thru at Military shopping center. Reaching out to the changing habits of customers and openness to consume coffee on the go, the Drive Thru channel is one that will see more growth over the coming years. The performance of both units are on financial plan.

Looking at selected geographies, Germany performed above last year's sales, but below forecast. The New Store Opening count was below plan (5 units) as the need to confirm financial model took priority over openings. First two quarters have proven to be more difficult than expected. In quarter three and four the market produced positive results after the most important part of the integration process was concluded. The outlook is very positive, the brand has gotten momentum in top line sales and the cost structures are falling into place as management becomes more knowledgeable and fluent in executing AmRest operational routines. The engagement of partners is also increasing as the initial investment in building improvements (HVAC) and IT eco-system are consistently showing improvement in working conditions. Significant agreements with the workers councils have been achieved at the end of the financial year opening possibilities for further processes roll-out.

In Bulgaria AmRest opened 2 new stores after years of stagnation. Both units are within acceptable variance to the financial goals. Slovakia saw the opening of one unit (4 in total) with good sales results.

Highest growth came from Poland, where the brand opened 12 units and plans to open another 20 in 2018. This is in line with the strategy for strengthening brand accessibility in the country. Romania grew with 8 units and finished the year with 36. Two openings passed on to this year and have successfully already opened.

On the beverage and food side, the brand has rolled out fresh sandwiches in Hungary, Bulgaria and Romania. This is after the initial roll-out in Poland in 2016. Freshly made on spot sandwiches help build the fresh and healthy category and support driving sales. In the beverage selection, Shaken Iced Tea's performed very well in the summer driving growth in cold beverage, average ticket and margin. Frappuccino's continued to provide healthy margins and growth. In the beginning of 2018 milk option have been introduced providing Almond, Soya and Coconut version. Cold brew will continue to be an important platform for new products. In Germany Nitro Cold Brew has been introduced at the Munich Airport store. The roll-out of this product will continue in 2018 at selected locations throughout the seven countries.

At the date of publication of this report AmRest operates 303 Starbucks cafes (137 stores in Germany, 63 in Poland, 34 in the Czech Republic, 20 in Hungary, 38 in Romania, 7 in Bulgaria and 4 in Slovakia).

2.3. Restaurants in the Casual Dining Restaurants (CDR) segment

La Tagliatella is the leading brand of the Italian Casual Dining segment in Spain. Since the first opening in the small town of Reus in year 2003, the brand has expanded quickly across all the Spanish geography through both equity and franchised restaurants.

The success of the concept lies in its high appeal for all types of targets and its convenience for any occasion. Thus, in La Tagliatella it is very common to see families with kids during lunch on Saturday, couples who celebrate a special night and also business partners meeting over lunch during weekdays. Its extensive and varied menu as well as its quality and attractive price have turned it into a reference for other restaurants in Spain.

During year 2017 La Tagliatella has made a special effort to become even more unique and to strengthen its position of being in the forefront of innovation and product development. As every year, a multidisciplinary team has travelled from the most dynamic markets of Italy to the small hidden corners across the Italian geography to discover the new trends and the most authentic and traditional ingredients of the Italian heritage. New small local producers have been identified to import from them the most exclusive ingredients to be used in La Tagliatella's new creations, adding even more variety and unique flavour to the menu. As an example, the limited production of artichokes from the south of Italy will be collected only for La Tagliatella during 6 weeks when the weather is more favourable for its harvesting. Or the unique Focaccia di Recco (DOP) produced in Recco, small town in the Liguria region close to Genova, filled with stracchino cheese, and brought exclusively for the brand. Or the olive named "tagiascca" of very short production that has been incorporated to several sauces.

Those and other unique ingredients have been chosenby the New Product Development team of the company in order to ensure the best tasting dishes that were incorporated to La Tagliatella new menu during its roll-out in May. The launch campaign included the game 'Le Ricette de la Nueva Carta' (The Recipes of the New Menu) that was promoted in digital media. Through this gamification campaign the consumers were invited to play different online minigames in order to discover the secrets of the new dishes included in the menu, under a theme that built on the brand's storytelling of Italian authenticity, quality ingredients and unique recipes. Together with the new menu La Tagliatella launched also its new web page, more visual and dynamic, with a special focus on highlighting the quality and origin of its ingredients .

In order to ensure the highest standards of service and product quality, La Tagliatella introduced its first training restaurant located in Madrid, where new joiners are closely supported and monitored to assure a perfect and standardize experience is delivered across the system.

2017 has meant a new record also in number of openings, with 27 new restaurants (including 22 locations operated by franchisees). It is meaningful that we have opened 2 equity free-standing buildings, with its spectacular and iconic design that anchors the traditional Tuscany architecture with the integration of light through a crystal cube.

Regarding international expansion, La Tagliatella came into Portuguese market at the end of 2017 and its performance had a steady growth till the end of the year. Portuguese consumers have rated very highly our food and ambiance and Expo Lisbon store/restaurant should be only the first of a list of openings in this country.

As at the publication date the portfolio of La Tagliatella consisted of 236 restaurants – 224 in Spain, 9 in France, 2 in Germany and 1 in Portugal.

Pizza Hut is one of the biggest restaurant chains in the world. The brand is rooted in the United States. Inspired by Mediterranean cuisine, it promotes the idea of a pleasant way of spending time among family and friends. In Poland, Pizza Hut leads the way in the casual dining segment with the highest sales volumes and number of Guests visiting its restaurants. Its leadership position is further supported with the „One Brand, Three Channels" strategy,strengthening its expert position in pizza in all consegment.

Last year was another very successful period for Pizza Hut operations. Development of the brand, historically focused on the casual dining segment, accelerated through –dynamic expansion of Pizza Hut Delivery and Pizza Hut Express formats., Recent developments address changing consumers trends and growing importance of the „convenience" being among major consumer needs. It also sets the brand's strategic development directions for the next years.

Pizza Hut Express is the concept enabling the customers to eat their favorite pizza on their way home, to work or while shopping. Restaurants are relatively small, easily accessible in shopping malls, city centers and locations convenient for a business lunch. Besides Poland and Hungary, where the concept appeared earlier in 2017, Pizza Hut Express was also introduced to the Czech Republic. From a customer's perspective, the unique proposition of Pizza Hut Express lays in a fresh hand made pizza prepared within five minutes in front of customers. It is possible thanks to the limited menu and applying a special kind of stove adjusted to fast baking. The unique concept is advertised with the slogan: "We make fresh pizza in 5 minutes" and offers five most popular pizza flavors from Pizza Hut restaurant menu served on a traditional dough, also with the option of cheese in the crust. At the same time, development of Pizza Hut Delivery is the response to quickly growing trends in home delivery segment.

In 2017, AmRest made significant progress in rolling out both concepts. As a result of signing agreements with YUM, AmRest became the master franchisee of PH in France, Germany and Central Europe acquiring more than 200 delivery and express restaurants in Western Europe. In Poland, we continued opening new stores in both concepts. Fast penetration of key cities both in Central and Western Europe is our strategic goal. Last year we opened 26 restaurants in Poland, 7 in Hungary, 2 in Czech Republic, 5 in Russia, 3 in Germany and 6 in France.

Marketing activities in 2017 traditionally started with the Pizza Festival, organized in our restaurants already for the eighth time. This year we took our Guests in the journey around the world, offering new pizza flavors inspired by cuisines of Asia, Europe and America. We introduced three new flavors every two weeks, encouraging our Guests to visit us again. This all-you-can-eat offer was strongly promoted on TV and the Internet.

The spring was started with the great offer of Bestsellers – attractively priced at PLN 19.95 for the medium size pizza. The aim of the offer was to encourage new Guests to try our offer, which drove the transactions growth in our stores.

For us the summer means sun, holidays and long, warm evenings. To fit this picture, we created our next offer – Big Dipper - a huge (59 cm), oblong pizza, perfect for feasting with friends, accompanied with a fresh salad bar, new flavors and lemonades. The offer was supported by billboards and internet campaign. We encouraged big groups of friends to visit us, which increased the average check during that season.

During autumn time Pizza Hut introduced something entirely new. Using the “craft revolution” in the beer market and referring cult Oktoberfest we wanted to encourage men to visit our restaurants, introducing the Beer Fest offer. It consisted of three new pizza flavors based on the unique, beer dough and, of course, beer itself – famous and popular Guinness. Like earlier, the offer was supported by billboards and internet campaign.

During the autumn/winter season, the limited offer in Pizza Hut Express (Winter Flavors) was introduced for the first time. Three new pizza flavors were well-received by our Guests, leading to significant traffic in our restaurants. Well-thought pricing supported also the average check growth.

In addition to the marketing activities, we also focused on the revitalization of our restaurants. New, refreshed concept of Pizza Hut was first opened in Arkadia shopping center in Warsaw. Its key differentiating elements comprise new design, uniforms and pizza flavors and last but not least - an Italian style pizza made in the brick oven. The concept was very well-received by our Guests, driving our topline growth. In 2018 we are planning to further develop this concept in our key locations.

On a digital side, we successfully continued rolling out our loyalty program “My Pizza Hut” – the innovative tool enhancing customers’ engagement in brand’s activities and driving the visits’ frequency in a long term. Since start, the program has gained our Guests’ interest, incentivized by a number of special offers and invitations for registering at our platform. During 2017 the number of program’s users reached 350 thousand, increasing by 350% versus 2016.

At the date of the publication of the report Pizza Hut runs 105 restaurants in Poland, 124 in France, 71 in Germany, 12 in Russia,13 in Hungary and 2 in Czech Republic. In 2018 the further, very dynamic development is planned on European markets, mainly in Express and Delivery concept, both by organic growth and next acquisitions.

2017 was the 5th year of AmRest presence in China as in 2012 Company acquired Blue Horizon Hospitality Group – the founder of two casual dining brands present in various cities located in eastern part of the country:

- Blue Frog Bar & Grill ― restaurants serving classic American bar and grill cuisine along with Asian inspired favorites in a modern, inviting atmosphere.
- KABB Bistro Bar ― premium segment restaurant, serving the favorites of “western cuisine” along with a wide selection of wine and drinks.

As a continuation of strategic direction announced in Q4 2016, last year we accelerated the speed of Blue Frog development in China but also introduced the brand in Europe, opening first restaurants in Spain and Poland. In February 2017 AmRest acquired the minority stake of Blue Horizon becoming the 100% owner of the Company and Brands. This move was accompanied by a change of the Blue Frog leadership both on global as well Chinese levels. A new position of Blue Frog President was created, which showed the growing importance of casual dining brands for the Company, but also its interest in establishing solid position in China.

China as a very dynamic market with very positive outlook and growth opportunities, but also requires a lot of focus and attention to operational challenges driven by faster than ever pace of new stores development. In 2017 AmRest China opened 11 new venues – reaching to new cities of Shenzhen in the South and Wuhan in the Central part of the country. Also, its position in the main centers of Shanghai and Beijing was strengthened with addition of two and three new stores respectively. The Central Kitchen model supported by efficient logistic structure remains an effective solution for Blue Frog operations.. Additionally, with recent expansion to "new territories" (e.g. Shenzhen), we focused on local differentiating factors such as understanding customers' taste profile, price perception or demand for Western cuisine. Some menu "reengineering" works were initiated last year, which results shall be visible in early 2018. Also last year gave lots of stimulus to design and décor "renewing" works, which will drive the flexibility in adjusting the venue model to local requirements and also reduce investment costs. Latest openings set the standards for future development, but also gave the direction for renovation of mature restaurants. The remodeling program shall continue in 2018 and will enrich guests experience across the country.

In 2017, AmRest China made significant progress in all the three strategic areas of Division's development: further integration with European business of AmRest, strengthening the brand through improved customer offer, brand positioning and geographical reach as well as implementation of processes and systems enabling dznamic expansion.

In line with the medium-term strategy, the Blue Frog brands crossed Chinese boundaries and opened its first stores in Europe. In September 2017 "Parque Sur" venue in Madrid started its operation, followed by "Wroclavia" opening in October in the home city of AmRest in Poland. Both venues represent the best of Blue Frog China - from design to menu proposition.. What is important is the fact that "classic" Blue Frog menu in both cases was adjusted to local guests' needs and flavors. Spanish Blue Frog represents more of the "New York" flavors –with its flatbreads and steaks, while Polish one offers also good selection of soups and bigger offer of cocktails and drinks. In both cases however the burgers represent the best within this category. Parque Sur and Wroclavia are already well recognized by their customers which bodes well further brand expansion in Europe.

As at the publication date, AmRest owns 43 Blue Frog Bar & Grill and 4 KABB Bistro Bar restaurants in China, one Blue Frog in Spain and one in Poland.

3. Structure of revenues

Revenues of AmRest Group amounted to PLN 5 266m in 2017, growing by 25% compared with the previous year (PLN +1 058m). Key drivers behind such a dynamic growth were:

- maintained positive sales trends in comparable restaurants (LFL) on all key markets of Group's operations. In some of the markets double-digit growth was observed,
- historically high number of new openings. In 2017 AmRest opened 210 new restaurants (vs 146 in 2016),
- consolidation of revenues from recent M&As (acquisition of Starbucks chain in Germany (May 2016), 15 KFC restaurants in Germany (March 2017), Pizza Hut Delivery chain in France (May 2017) and Pizza Hut network in Germany (August 2017), 21 KFC stores acquired in Russia (October 2017), finalizing the acquisition of 42 KFC restaurants in France (37 stores taken over in Q4 2017) and acquisition of 51% stake in Pizzaportal.pl business by end of August 2017). Consolidated revenues of abovementioned businesses amounted to PLN 780m in 2017.

Excluding the sales of newly acquired businesses the revenues of the Group in 2017 amounted to 4 485m and were 624m higher than in 2016 (16% growth vs last year).

TABLE 1. AMREST GROUP'S SALES BY DIVISION

Divisions	2017		2016	
	PLN '000	share %	PLN '000	share %
Central and Eastern Europe (CE)	2 633 787	50.0%	2 254 327	53.6%
Weestern Europe	1 702 799	32.3%	1 212 674	28.8%
Russia	605 785	11.5%	465 223	11.1%
China	265 159	5.0%	229 028	5.4%
Unallocated*	57 977	1.1%	46 117	1.1%
Total	**5 265 507**	**100.0%**	**4 207 369**	**100.0%**

*Revenues of SCM Group and Pizzaportal.pl

The seasonality of sales and inventories of AmRest Group is not significant which is typical for the whole restaurant industry. In the CE region restaurants achieve lower revenues in the first half of the year, which is the result of lower number of days of sales in February as well as relatively less frequent visits of customers in restaurants.

4. Supply chain

2017 was the year of good harvest and, on the other hand, of the increase of inflation for selected groups of raw materials. The situation on cereal market was quite stable. After the raise of prices, that we noticed in the first half of a year, in the second half some decreases and stabilization appeared, because of the good harvest and high stocks. Global markets of oilseeds looked similar, what favored maintaining low prices of the products produced based on these materials.

After very low harvest of potato in 2016, in 2017 sowing areas were increased and high harvest was responsible for relatively low prices of that product. However, due to the low quality of the material, the productivity of the potato used for production decreased, what influenced on the increase of final products' prices, f.e. fries. This situation may have unfortunately the influence on the reduction of sowing areas in the next season, because of reducing the crops' profitability and may cause the materials' costs increase.

The chicken market was stable as well, mainly thanks to low fodder's prices supplied by the good harvest. At the same time the poultry sector in the region continuing its development and investments increased its export competitiveness.

The milk and dairy market after the stabilization time came into the period of increases initiated already in 2016. The reason was the downturn in production on the south hemisphere and the growing demand for cheese and butter inside European Union reinforced by the import from countries like China, United States and Mexico. The end of the year brought decreases on the milk market, which should remain for the next months.

The dispersal of the African swine fever (ASF) had a significant effect on the pork prices. Only in Poland the sickness took around 2m of pigs. This factor will be also relevant on global pork market in 2018, which may limit the export possibilities. The second important factor is strong rate of EUR vs USD, which exacerbate the competitive of EU's pork. However the increase in investments noted in 2017 can be the positive forecast for the future.

The increase of beef prices was caused mainly by growing export on the Middle East, especially to Turkey. Moreover, Poland received the "free of BSE" (Bovine spongiform encephalopathy, so called mad cow disease) status, which gives us more possibilities to export. The positive impact on the prices may have the Ministry of Agriculture's program helping pigs farmers to change their sector of operation into the cattle business.

Thanks to the continuing of the purchase strategy, the AMRest's inflation assumptions for the main groups of products have been managed to accomplish. Its basic elements, which were realized last year and will be continued in the following period are as follows:

- Continuing cooperation with long-standing, solid partners and building long-term business relations,
- Cooperating only with approved suppliers, who maintain the highest QA standards and food safety,
- Following the situation on the world raw materials market and the events which can have the influence on their prices what facilitates taking appropriate decisions in appropriate time,
- Following materials' price-generating events, like embargo, changes on financial markets, diseases, weather etc.,
- Developing the local suppliers chain to increase the competitiveness and reduce currency risk,
- The regional purchases' consolidation, which will enable introducing new technologies in order to improve effectiveness and decrease production costs,
- Supporting new products' development as part of Innovation Center based on the newest market trends,
- Cooperating with experts and market leaders,
- Introducing environment-friendly packages mainly based on recycle materials with maintaining the highest quality standards and binding law.

The list of the largest suppliers of AmRest in 2017:



- Quick Service Logistics Polska Sp. z o.o. Sp. K. – distributor in Poland,
- Lekkerland Deutschland GmbH & Co KG – distributor in Germany,
- Quick Service Logistics Czech s.r.o. – distributor in the Czech Republic,
- Conway S.A. – distributor in Spain,
- Quick Service Logistics Hungaria Bt – distributor in Hungary,
- OOO RBD Distribution – distributor in Russia,
- Roldrob S.A. – supplier of chicken products in Poland,
- Przedsiębiorstwo Drobiarskie Drobex Sp. z o.o. – supplier of chicken products in Poland,
- Drobimex Sp. z o.o. – supplier of chicken products in Poland,
- Vodňanská drůbež, a.s. – supplier of chicken products in Czech Rebublic,
- OOO East-West Logistic – distributor in Russia,
- HAVI Logistics GmbH – distributor in Germany.

5. Employment in AmRest

The table below shows employment in the Group in the years 2015–2017.

*TABLE 2. NUMBER OF EMPLOYEES IN AMREST (BALANCE AS AT 31 DECEMBER 2017, 2016, 2015)**

Year	**2017**	**2016**	**2015**
Employment in restaurants	36 384	27 612	22 679
Employment in administration	1 889	1 159	944
Total	**38 273**	**28 771**	**23 623**

* The data includes employees employed on short-term service contracts

6. Financial and asset position of the Group

6.1. Assessment of the Group's results and the structure of its balance sheet

TABLE 3. KEY FINANCIAL CONSOLIDATED DATA OF AMREST (2016–2017)

PLN '000, unless stated otherwise	**2017**	**2016**
Sales revenue	5 265 507	4 207 369
Operating profit before depreciation and amortization (EBITDA)	630 225	555 576
Operating margin before depreciation and amortization (EBITDA margin)	*12.0%*	*13.2%*
Adjusted operating profit before depreciation and amortization (adjusted EBITDA)*	689 492	588 438
*Adjusted operating margin before depreciation and amortization (adjusted EBITDA margin)**	*13.1%*	*14.0%*
Operating profit (EBIT)	266 882	268 174
Operating margin (EBIT margin)	*5.1%*	*6.4%*
Net profit (attributable to AmRest shareholders)	182 281	190 564
Net margin	*3.5%*	*4.5%*
Equity	1 345 648	1 376 610
Return on equity (ROE)	*13.5%*	*13.8%*
Total assets	4 319 087	3 457 756
Return on assets (ROA)	*4.2%*	*5.5%*

* Amounts net of costs of new openings (start-up), costs of mergers and acquisitions (all material costs relating to professional services, connected with finalized merger or acquisition and directly related to the transaction), corrections in indirect taxes and the effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).

Definitions:

Operating margin before depreciation and amortization – operating profit before amortization and depreciation (EBITDA) to sales;

Operating margin – operating profit to sales;

Net margin – net profit to sales;

Return on equity (ROE) – net profit to average equity;

Return on assets (ROA) – net profit to average assets.

TABLE 4. LIQUIDITY ANALYSIS (IN THE YEARS 2016-2017)

PLN ’000, unless stated otherwise	**2017**	**2016**
Current assets	929 625	588 806
Inventory	93 628	82 086
Short-term liabilities	963 682	845 790
Current ratio	*0.96*	*0.70*
Quick ratio	*0.87*	*0.60*
Cash and cash equivalents	548 248	291 641
Cash ratio	*0.57*	*0.34*
Inventory turnover (in days)	*5.80*	*6.20*
Trade and other receivables	162 004	99 384
Trade receivables turnover (in days)	*8.53*	*6.83*
Operating ratio (cycle) (in days)	*14.33*	*13.02*
Trade and other short-term payables	779 839	613 093
Trade payables turnover (in days)	*41.92*	*40.90*
Cash conversion ratio (in days)	*-27.60*	*-27.87*

Definitions:

Current ratio – current assets to current liabilities;

Quick ratio – current assets net of inventories to current liabilities;

Cash ratio – cash and cash equivalents to current liabilities at the end of the period;

Inventories turnover ratio (in days) – average inventories to sales multiplied by the number of days in the period;

Trade and other receivables turnover ratio (in days) – average trade receivables to sales multiplied by the number of days in the period;

Operating ratio (cycle) (in days) – total of inventories turnover and receivables turnover;

Trade and other payables turnover ratio (in days) – ratio of average trade payables to sales multiplied by the number of days in the period;

Cash conversion ratio – difference between the operating ratio (cycle) and the trade payables turnover ratio.

TABLE 5. DEBT ANALYSIS (IN THE YEARS 2016–2017)

PLN ’000, unless stated otherwise	**2017**	**2016**
Non-current assets	3 389 462	2 868 950
Liabilities	2 973 439	2 081 146
Long-term liabilities	2 009 757	1 235 356
Debt	1 969 855	1 262 288
Share of inventories in current assets (%)	*10.1%*	*13.9%*
Share of trade receivables in current assets (%)	*17.4%*	*16.9%*
Share of cash and cash equivalents in current assets (%)	*59.0%*	*49.5%*
Equity to non-current assets ratio	0.40	0.48
Gearing ratio	0.69	0.60
Long-term liabilities to equity ratio	1.49	0.90
Liabilities to equity ratio	2.21	1.51
Debt/equity	1.46	0.92

Definitions:

Share of inventories, trade receivables, cash and cash equivalents in current assets – ratio of, respectively, inventories, trade receivables and cash and cash equivalents to current assets;

Equity to non-current assets ratio – equity to non-current assets;

Gearing – liabilities and provisions as at the end of a given period to the balance sheet total;

Long-term liabilities to equity – long-term liabilities as at the end of a given period to the value of equity;

Liabilities to equity – liabilities and provisions as at the end of a given period to the value of equity;

Debt – total long-term and short-term loans and borrowings.

Consolidated revenues of AmRest Group grew by 25% over the year amounting to PLN 5 266m in 2017. Strong top line growth resulted mainly from continued positive LFL trends in all major markets of Group’s operations, dynamic pace of new openings and intensified M&A activities. The revenues of AmRest adjusted by the impact of acquired businesses (all major M&As starting from Starbucks Germany in May 2016) amounted to PLN 4 485m, representing a 16% growth over the year.

The most dynamic sales growth was reported in Western Europe (+40%). Revenues in Spain grew by 11% in 2017, supported by positive LFL trends and accelerated pace of new openings. The remaining part of growth came from consolidation of acquired businesses in Germany (Starbucks, KFC, Pizza Hut) and France (Pizza Hut, KFC). As a result, the share of Western Europe in total revenues of AmRest increased to 32%. The revenues of Central Europe in 2017 amounted to PLN 2 634m. Key factors contributing to the 17% growth were solid LFL trends (double-digit growth in some markets) and a record-high number of new openings (117 new restaurants added to portfolio in CE in 2017). Russian division grew 30% top line in 2017, driven by positive LFL, new openings as well as addition of 21 KFC stores through M&A in October 2017. In 2017 the Group also benefited from the appreciation of ruble (in local currency revenues grew by 21%). In China, the 16% sales growth in 2017 came mostly from a dynamic expansion of Blue Frog brand (AmRest opened 11 new restaurants in China).

*TABLE 6. KEY FINANCIALS OF AMREST GROUP BY DIVISION (Q4 2016 AND Q4 2017)**

PLN '000	Q4 2017			Q4 2016		
		Share	*Margin*		*Share*	*Margin*
Sales	**1 519 256**			**1 214 524**		
Poland	*432 424*	*28.5%*		*382 129*	*31.5%*	
Czech Republic	*176 073*	*11.6%*		*136 987*	*11.3%*	
Hungary	*88 014*	*5.8%*		*67 622*	*5.6%*	
Other CE	*48 768*	*3.2%*		*41 128*	*3.4%*	
Total CE	745 279	*49.1%*		627 866	*51.7%*	
Russia	176 994	*11.7%*		134 958	*11.1%*	
Spain	250 889	*16.5%*		227 788	*18.8%*	
Germany	183 861	*12.1%*		146 231	*12.0%*	
Other Western Europe	79 859	*5.3%*		4 639	*0.4%*	
Western Europe	514 609	*33.9%*		378 658	*31.2%*	
China	64 715	*4.3%*		59 959	*4.9%*	
Unallocated	17 659	*1.2%*		13 083	*1.1%*	
EBITDA	**163 884**		10.8%	**151 844**		12.5%
Poland	*55 698*		*12.9%*	*46 094*		*12.1%*
Czech Republic	*34 117*		*19.4%*	*25 820*		*18.8%*
Hungary	*11 736*		*13.3%*	*8 437*		*12.5%*
Other CE	*8 081*		*16.6%*	*8 024*		*19.5%*
Total CE	109 632		*14.7%*	88 375		*14.1%*
Russia	20 629		*11.7%*	12 200		*9.0%*
Spain	62 078		*24.7%*	53 777		*23.6%*
Germany	4 719		*2.6%*	9 573		*6.5%*
Other Western Europe	-4 646		-	-1 665		-
Western Europe	62 151		*12.1%*	61 685		*16.3%*
China	3 896		*6.0%*	4 224		*7.0%*
Unallocated	-32 424		-	-14 640		-
Adjusted EBITDA*	**196 809**		13.0%	**168 547**		13.9%
Poland	*61 070*		*14.1%*	*49 883*		*13.1%*
Czech Republic	*36 464*		*20.7%*	*27 220*		*19.9%*
Hungary	*13 697*		*15.6%*	*10 508*		*15.5%*
Other CE	*9 844*		*20.2%*	*8 561*		*20.8%*
Total CE	121 075		*16.2%*	96 172		*15.3%*
Russia	22 239		*12.6%*	13 065		*9.7%*
Spain	64 068		*25.5%*	55 604		*24.4%*
Germany	6 209		*3.4%*	10 447		*7.1%*
Other Western Europe	-2 864		-	-1 664		-
Western Europe	67 413		*13.1%*	64 387		*17.0%*
China	4 321		*6.7%*	5 176		*8.6%*
Unallocated	-18 239		-	-10 253		-
EBIT	**45 589**		3.0%	**67 309**		5.5%
Poland	*23 952*		*5.5%*	*19 385*		*5.1%*
Czech Republic	*25 000*		*14.2%*	*16 835*		*12.3%*
Hungary	*6 116*		*6.9%*	*3 611*		*5.3%*
Other CE	*3 646*		*7.5%*	*5 434*		*13.2%*
Total CE	58 714		*7.9%*	45 265		*7.2%*
Russia	8 324		*4.7%*	2 832		*2.1%*
Spain	42 281		*16.9%*	38 282		*16.8%*
Germany	-13 086		-	2 585		*1.8%*
Other Western Europe	-13 612		-	-1 740		-
Western Europe	15 583		*3.0%*	39 127		*10.3%*
China	-3 886		-	-4 986		-
Unallocated	-33 146		-	-14 929		-

* Data have not been audited

** EBITDA adjusted by costs of new openings (start-up), costs of mergers and acquisitions (all material costs relating to professional services, connected with finalized merger or acquisition and directly related to the transaction), corrections in indirect taxes and the effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).

TABLE 7. KEY FINANCIALS OF AMREST GROUP BY DIVISION (2016 – 2017)

PLN '000	2017			2016		
		Share	*Margin*		*Share*	*Margin*
Sales	**5 265 507**			**4 207 369**		
Poland	*1 574 851*	*29.9%*		*1 413 526*	*33.6%*	
Czech Republic	*591 103*	*11.2%*		*487 444*	*11.6%*	
Hungary	*300 481*	*5.7%*		*219 694*	*5.2%*	
Other CE	*167 352*	*3.2%*		*133 663*	*3.2%*	
Total CE	2 633 787	*50.0%*		2 254 327	*53.6%*	
Russia	605 785	*11.5%*		465 223	*11.1%*	
Spain	924 610	*17.6%*		836 531	*19.9%*	
Germany	667 698	*12.7%*		356 998	*8.5%*	
Other Western Europe	110 491	*2.1%*		19 145	*0.5%*	
Western Europe	1 702 799	*32.3%*		1 212 674	*28.8%*	
China	265 159	*5.0%*		229 028	*5.4%*	
Unallocated	57 977	*1.1%*		46 117	*1.1%*	
EBITDA	**630 225**		12.0%	**555 576**		13.2%
Poland	*198 885*		*12.6%*	*184 747*		*13.1%*
Czech Republic	*116 037*		*19.6%*	*93 190*		*19.1%*
Hungary	*49 394*		*16.4%*	*31 312*		*14.3%*
Other CE	*29 503*		*17.6%*	*23 662*		*17.7%*
Total CE	393 819		*15.0%*	332 911		*14.8%*
Russia	71 490		*11.8%*	50 631		*10.9%*
Spain	208 740		*22.6%*	179 505		*21.5%*
Germany	-2 684		-	13 003		*3.6%*
Other Western Europe	-8 506		-	-4 056		-
Western Europe	197 550		*11.6%*	188 452		*15.5%*
China	25 127		*9.5%*	15 103		*6.6%*
Unallocated	-57 761		-	-31 521		-
Adjusted EBITDA*	**689 492**		13.1%	**588 438**		14.0%
Poland	*209 963*		*13.3%*	*186 585*		*13.2%*
Czech Republic	*120 470*		*20.4%*	*95 595*		*19.6%*
Hungary	*52 941*		*17.6%*	*34 693*		*15.8%*
Other CE	*32 610*		*19.5%*	*25 155*		*18.8%*
Total CE	415 984		*15.8%*	342 028		*15.2%*
Russia	76 084		*12.6%*	54 414		*11.7%*
Spain	214 426		*23.2%*	184 708		*22.1%*
Germany	-849		-	16 047		*4.5%*
Other Western Europe	-6 465		-	-4 055		-
Western Europe	207 112		*12.2%*	196 700		*16.2%*
China	27 904		*10.5%*	17 833		*7.8%*
Unallocated	-37 592		-	-22 537		-
EBIT	**266 882**		5.1%	**268 174**		6.4%
Poland	*91 275*		*5.8%*	*86 994*		*6.2%*
Czech Republic	*83 867*		*14.2%*	*62 942*		*12.9%*
Hungary	*28 549*		*9.5%*	*15 922*		*7.2%*
Other CE	*14 965*		*8.9%*	*11 327*		*8.5%*
Total CE	218 656		*8.3%*	177 185		*7.9%*
Russia	28 639		*4.7%*	17 812		*3.8%*
Spain	146 645		*15.9%*	124 031		*14.8%*
Germany	-44 975		-	-4 328		-
Other Western Europe	-21 839		-	-5 778		-
Western Europe	79 831		*4.7%*	113 925		*9.4%*
China	-1 012		-	-8 547		-
Unallocated	-59 232		-	-32 201		-

* EBITDA adjusted by costs of new openings (start-up), costs of mergers and acquisitions (all material costs relating to professional services, connected with finalized merger or acquisition and directly related to the transaction), corrections in indirect taxes and the effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).

In 2017 the operating profit (EBIT) of the Group amounted to PLN 267m (PLN -1m vs 2016), while EBIT margin decreased by 1.3pp to 5.1%. Solid top line growth across the board and maintained cost discipline in core business allowed for the Group to mitigate the negative impact of labor cost pressure and expenses related to its activity in M&As. In 2017, positive trends continued in cost of sales (-0.7pp vs 2016), which partially offset increasing payroll (+1.2pp vs 2016) and G&A costs (+0.4pp). The EBIT margin was also supported by a decrease in depreciation cost (-0.1pp), driven by savings in new stores' average build costs and relatively lower depreciation expenses in acquired businesses.

The EBITDA of the Group in 2017 reached all-time high level of PLN 630m, growing 13% over the year. In the meantime, EBITDA margin decreased by 1.2pp to 12%. At the same time, the core business of AmRest continued solid performance, resulting in strong profitability improvement. EBITDA of the Group, adjusted by the impact of acquisitions (Starbucks, KFC and Pizza Hut in Germany, KFC and Pizza Hut in France, KFC in Russia and Pizzaportal.pl) and related transaction costs, grew by 20% in 2017. Respective EBITDA margin of the core business reached 14.6% and was 0.5pp higher than a year ago.

In 2017, performance of the core business stood behind solid results achieved in particular divisions of AmRest Group. In Central Europe, positive LFL trends and disciplined cost management translated into 18% EBITDA growth over the year. EBITDA margins strengthened by 0.2pp to 15% in 2017. The improvement in profitability was mostly driven by continued downward trend in cost of sales (-1.2pp vs 2016) and relatively lower rental cost (-0.3pp), which offset the impact of labor cost pressure and higher pre-opening expenses. Similar to previous years, the markets of Czech Republic and Hungary performed exceptionally well (EBITDA profit in 2017 increased by 25% and 58% respectively and margins reached 19.6% and 16.4% respectively). In Poland EBITDA margin decreased by 0.5pp over the year due to the raising payroll, only partially covered by relatively lower food cost rents.

Solid business performance continued in Russia, with EBITDA profit growing by 41% to PLN 71m in 2017. EBITDA margin improved by 0.9pp to the level of 11.8%. Such results were mainly achieved through savings in food cost, rents, maintenance and G&A expenses.

Nearly 5% EBITDA growth was noted in Western Europe, mostly on the back of strong results reported by Spain (EBITDA of Spanish market grew by 16% and the margin reached a record level of 22.6%). The results of other Western European countries in 2017 were under the pressure from recent acquisitions. The performance of acquired in 2017 chains of KFC and Pizza Hut in France and Germany is currently weaker than the mature business in Central Europe. AmRest's focus on integration of these markets is expected to improve the profitability in the future. It is worth mentioning, that the first positive signs of turnaround are visible in Starbucks in Germany. In Q4 2017 the chain reported the second consecutive positive EBITDA for a quarter.

In China AmRest continued further expansion of Blue Frog brand. Growing scale (11 new stores opened in 2017) and improved efficiency in cost of labor and G&A drove the 66% increase in EBITDA. Meantime, EBITDA margin improved by 2.9pp reaching 9.5% in 2017.

Within the 'Unallocated' segment, the PLN 26m increase of costs over the year was mainly driven by consolidation of Pizzaportal.pl, acquired in September 2017 as well as one-off notary fees related to the acquisition of KFC in France.

Net profit of the Group, attributable to AmRest shareholders, amounted to PLN 182m (PLN -8m vs 2016). Such a result came from further improvement of operating profitability in Core business, which was balanced by the costs of strengthening future growth platform through a number of M&A projects in 2017.

The long-term debt ratio amounted to 1.49 at the end of 2017 (vs 0.90 year ago), driven by the growth of long-term debt necessary to finance the accelerated pace of new openings and recent acquisitions. Net debt calculated for contractual covenants as at the end of 2017 amounted to PLN 1 430m. Net debt/EBITDA ratio amounted to 2.21.

6.2. Assessment of future ability to settle incurred liabilities

The Consolidated Financial Statements for the period of 12 months ending 31 December 2017 were prepared in accordance with going concern assumption by the Group in foreseeable future what assumes realization of assets and liabilities throughout the normal terms of Group business operations. The Annual Consolidated Financial Statements do not contain any adjustments that would be necessary in such circumstances. In the opinion of the Management Board, as at the date on which the Consolidated Financial Statements were drawn up, there were no circumstances indicating any threat to the Company continuing as a going concern.

6.3. Financial instruments in AmRest

AmRest uses the following financial instruments: loans, borrowings, bonds and forward transactions.

At 31 December 2017 the AmRest Group held the following committed credit lines available for use (in respect of foreign currency loans, their amounts are given in PLN, translated at the NBP rate prevailing on 31.12.2017):

- Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A and Česká spořitelna – PLN 585.9m (including PLN 450m of revolving loan in PLN)
- Bank Pekao S.A., Bank Zachodni WBK S.A., ING Bank Śląski S.A., Bank BGŻ BNP Paribas S.A. (Poland) – PLN 300m (revolving loan in PLN, tranche D),

Detailed information on loans, borrowings and bonds as at 31 December 2017 are presented in Note 19 to the Consolidated Financial Statements and in point 13 of this Management Board's Report.

Other financial instruments as at 31 December 2017, are described in Note 31 of the Consolidated Financial Statements.

6.4. Structure of key investments and capital expenditure projects

As at 31 December 2017, there were no investments in associates made by AmRest.

6.5. Description of key domestic and foreign investments

Increases in non-current assets in the years 2016 and 2017 are shown in the table below.

TABLE 8. THE GROUP'S PURCHASES OF NON-CURRENT ASSETS (2016–2017)

PLN '000	2017	2016
Intangible assets, including:	**299 515**	**199 729**
Licences for use of Pizza Hut, KFC, Starbucks and Burger King trademarks	38 384	22 574
Goodwill	192 158	154 818
Favourable lease agreements	2 120	-
Other intangible assets	66 853	22 337
Fixed assets, including:	**734 061**	**483 523**
Land	47 606	-
Buildings	331 205	244 579
Equipment	225 612	141 871
Vehicles	2 136	2 515
Other (including fixed assets under construction)	127 502	94 558
Total	**1 033 576**	**683 252**

Capital expenditure incurred by AmRest Group in 2017 related mainly to the construction of new restaurants, renovation of existing stores, acquired restaurant businesses in Germany, France and Russia, as well as investment in Pizzaportal.pl. The goodwill increased in 2017 by PLN 192m, mostly due to acquisition of KFC chains in abovementioned countries. The PLN 251m increase in capital spending on fixed assets was driven by a dynamic pace of organic expansion and M&As. In 2017 capital expenditure was financed mainly with operating cash flows and bank loans.

As at the end of 2017, AmRest was operating 1 636 restaurants (1 181 as at the end of 2016). In 2017 the Group opened 210 new restaurants and acquired 274 restaurants. 29 restaurants were closed (including 5 conversions of franchised restaurant into equity restaurant or vice versa).

TABLE 9. NUMBER OF AMREST RESTAURANTS AS AT 31 DECEMBER 2017

	AmRest	Franchisees	Total
As at the end of 2016	1 047	134	1 181
Openings	181	29	210
Acquisitions	89	185	274
Closings	23	6	29
Total	1 294	342	1 636

* Data include 5 conversions of franchised restaurant into equity restaurant or vice versa.

As at March 8th, 2018 AmRest operates 1 647 restaurants.

TABLE 10. NUMBER OF AMREST RESTAURANTS AS AT THE DATE OF PUBLICATION OF THE REPORT

Countries	Brands	31.12.2016	31.03.2017	30.06.2017	30.09.2017	31.12.2017	08.03.2018
Poland	**TOTAL**	**389**	**389**	**399**	**416**	**454**	**455**
	KFC	222	222	223	227	243	245
	BK	36	36	36	37	41	41
	SBX	52	52	54	58	64	63
	PH	79	79	86	94	105	105
	Blue Frog	0	0	0	0	1	1
The Czech Republic	**TOTAL**	**114**	**115**	**118**	**122**	**133**	**133**
	KFC	78	79	80	81	85	85
	BK	8	8	8	9	12	12
	SBX	28	28	30	31	34	34
	PH	0	0	0	1	2	2
Hungary	**TOTAL**	**66**	**66**	**69**	**71**	**82**	**83**
	KFC	45	45	45	46	50	50
	SBX	16	16	16	17	20	20
	PH	**5**	**5**	**8**	**8**	**12**	13
Russia	**TOTAL**	**123**	**124**	**128**	**135**	**165**	**168**
	KFC	115	116	121	125	154	156
	PH	8	8	7	10	11	12
Bulgaria	**TOTAL**	**11**	**11**	**11**	**12**	**13**	**13**
	KFC	5	5	5	5	5	5
	BK	1	1	1	1	1	1
	SBX	5	5	5	6	7	7
Serbia	**TOTAL**	**5**	**5**	**6**	**6**	**7**	**7**
	KFC	5	5	6	6	7	7
Croatia	**TOTAL**	**6**	**6**	**7**	**7**	**7**	**7**
	KFC	6	6	7	7	7	7
Romania	**TOTAL**	**28**	**28**	**30**	**31**	**36**	**38**
	SBX	28	28	30	31	36	38
Slovakia	**TOTAL**	**3**	**3**	**3**	**3**	**4**	**4**
	SBX	3	3	3	3	4	4
Spain	**TOTAL**	**245**	**248**	**253**	**264**	**278**	**278**
	TAG - own	73	73	74	73	72	71
	TAG - franchised	129	131	134	140	152	153
	KFC	43	44	45	50	53	53
	Blue Frog	0	0	0	1	1	1
France	**TOTAL**	**10**	**9**	**132**	**133**	**176**	**176**
	TAG - own	5	4	4	4	4	4
	TAG - franchised	5	5	5	5	5	5
	PH - own	0	0	7	7	8	8
	PH - franchised	0	0	116	117	118	116
	KFC	0	0	0	0	41	43
Germany	**TOTAL**	**145**	**157**	**156**	**227**	**231**	**233**
	SBX	**143**	**140**	**139**	**135**	**136**	137
	TAG - own	2	2	2	2	2	2
	KFC	0	15	15	19	22	23
	PH - own	0	0	0	3	3	4
	PH - franchised	0	0	0	68	68	69
Austria	**TOTAL**	**0**	**0**	**0**	**0**	**1**	**1**
	KFC	0	0	0	0	1	1
Slovenia	**TOTAL**	**0**	**0**	**0**	**0**	**1**	**1**
	KFC	0	0	0	0	1	1
Portugal	**TOTAL**	**0**	**0**	**0**	**1**	**1**	**1**
	TAG - own	0	0	0	1	1	1
China	**TOTAL**	**36**	**38**	**43**	**45**	**47**	**47**
	Blue Frog	32	33	39	41	43	43
	KABB	4	4	4	4	4	4
	TAG - own	0	0	0	0	0	0
TOTAL AmRest		**1181**	**1199**	**1355**	**1473**	**1636**	**1647**

6.6. Insurance contracts

TABLE 11. INSURANCE CONTRACTS (AS AT THE END OF 2017)

The Insured	Type of insurance	The Insurer
A master property insurance agreement for all companies CEE, Russia and Germany (in each country a local policy was underwritten with reference to the master policy)	All risks property insurance All risks insurance of loss of profit Electronic property policy insurance	AXA TUiR S.A. [local policies underwritten by AXA or local partner of AXA]
A master general liability insurance policy for all operations of all companies CEE, Russia and Germany (in each country a local policy was underwritten with reference to the master policy)	General liability insurance in respect of operations and property with extensions	AXA TUiR S.A. [local policies underwritten by AXA or local partner of AXA]

6.7. Major events with a significant impact on the Company's operations and results

On January 25th, 2017 the Management Board of AmRest announced the signing of a Share Purchase Agreement ("SPA"), dated January 24th, 2017, between AmRest and Top Brands NV ("Seller"). Pursuant to SPA AmRest will acquire 100% shares of Pizza Topco France SAS ("Pizza Topco") at estimated price of ca. EUR 14m (approx. PLN 61m). Final purchase price will be determined as at the day of closing of the transaction.

Pizza Topco is the exclusive master franchisee of Pizza Hut Delivery restaurants across France. At the date of the SPA signing Pizza Topco operated 123 restaurants, the majority of which are managed by franchisees. The equity restaurants (7 locations) are managed by Pizza Delco France SAS ("Pizza Delco"), a company owned in 100% by Pizza Topco. In 2016 fiscal year the network generated the system sales of approx. EUR 67.6m (PLN 295.6m). The consolidated revenues of Pizza Topco amounted to ca. EUR 14.5m (approx.. PLN 63.4m).

Both parties intended to close the transaction within couple of months. The completion is contingent upon a number of conditions, such as: standard Material Adverse Change clause ("MAC"), approval from the Supervisory Board of AmRest, signing of a master franchise agreement with YUM! Restaurant Holdings (Pizza Hut brand owner), etc.

The acquisition of Pizza Topco fits perfectly the plans of accelerated development of the Pizza Hut brand initiated by signing in August 2016 the master franchise agreement for Central and Eastern Europe countries. AmRest intends to develop in France both the Pizza Hut Delivery and Express concepts.

On May 16th, 2017 Management Board of AmRest Holdings SE ("AmRest") annouced the Completion of a SPA between AmRest and Top Brands NV. As a result of the Completion AmRest acquired 100% shares of Pizza Topco France and changed the name of Pizza Topco into AmRest Topco France SAS. The purchase price at the day of closing of the transaction amounted to EUR 12.3m (approx. PLN 51.5m).

All the approvals and conditions the Completion was contingent upon in accordance with the SPA have been obtained and fulfilled - among others, the master franchise agreement (the "MFA") with Pizza Hut Europe Sarl (US Branch) ("PH Europe") has been signed. According to the MFA AmRest, as the exclusive master-franchisee, have the right to granting the license to the third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (subfranchise) in France and Monaco, while ensuring a certain share of restaurants operated directly by the Company. The MFA was granted for initial period of 10 years with an option of further prolongations upon the fulfillment of certain terms and conditions. In order to facilitate the growth of scale of Pizza Hut business, PH Europe introduced an incentive mechanism reducing certain fees incurred by AmRest under the MFA ("Reduced Fees 1"), provided that the Company meets certain development obligations specified in the MFA. Upon entry into force of the MFA AmRest is required to open and operate Pizza Hut Express and Delivery restaurants in accordance with the development schedule setting the minimum number of openings in the subsequent years of the Agreement's term. If AmRest fails to meet the development obligations, PH Europe will have the right to increase the Reduced Fees 1 and change the terms or terminate the MFA. The Company's intention is to open more than 150 Pizza Hut restaurants in the French market within 5 years.

On January 25th, 2017 the Management Board of AmRest announced signing on January 24th, 2017 the Binding Head of Terms 1 determining the key terms and conditions on, and subject to which, KFC France SAS ("KFC France") would be willing to proceed with a potential transaction with AmRest whereby (i) KFC would sell and AmRest would buy 42 equity restaurants run by KFC France ("KFC Business") in the French market, and (ii) KFC and the Company would sign a Development Agreement ("Development Agreement 1") and Standard KFC International Franchise Agreement for each restaurant (collectively called the "Contemplated Transaction 1").

The purchase price for the KFC Business is subject to the results of a due diligence to be carried out by AmRest.

It is the intention of AmRest and KFC France that the final agreements (the agreements required for closing of the Contemplated Transaction 1) shall be signed no later than April 30th, 2017, and closing of the Contemplated Transaction 1, including transfer of ownership of KFC Business and payment of the purchase price shall occur no later than June 30th, 2017. If the parties fail to sign the final agreements by August 1st, 2017 the Head of Terms 1 shall terminate immediately, unless otherwise agreed in writing by both parties.

In the opinion of the Management Board of AmRest there is a great potential for growing KFC brand in Western Europe. Acquisition of a number of KFC French restaurants will contribute to strengthening the partnership with Yum! Brands and AmRest's leadership position of restaurant operator in Europe as well as drive the value creation for AmRest's shareholders.

On July 12th, 2017 the Management Board of AmRest informed about signing on the same day the Framework Agreement ("Framework Agreement 1") between AmRest ("Buyer A") and KFC France SAS ("KFC France", "Seller"). Under the terms of the Framework Agreement 1 Buyer A was to acquire 42 equity restaurants run by KFC France in the French market, and Seller and the Company were to sign a Development Agreement 1 and Standard KFC International Franchise Agreement for each restaurant. Estimated purchase price is expected at ca. EUR 39.9 million (ca. PLN 169 million). Final purchase price will be determined as at the day of the transaction closing. Estimated revenues of the restaurants in the twelve months period ended on April 30th, 2017 amounted to EUR 99 million (ca. PLN 420 million). It is the intention of the parties of the Framework Agreement 1 that the closing of the transaction, including transfer of ownership of KFC business and payment of the purchase price, shall occur till end of the year 2017 (the "Completion"). The Completion is contingent upon some additional conditions, such as concluding additional agreements ensuring restaurants proper functioning after Completion, and lack of the Material Adverse Change ("MAC"). According to the Development Agreement 1 to be signed before the Completion, AmRest intends to open about 150 KFC restaurants in the French market by end of 2023.

On March 27th, 2017 the Management Board of AmRest informed about signing on the same day the Binding Head of Terms (the "Head of Terms 2") determining the key terms and conditions on, and subject to which, Yum Restaurants International Holding, Ltd ("Yum") and Pizza Hut Delivery Germany GmbH ("PH Delivery") would be willing to proceed with a potential transaction with AmRest, whereby the Company would become Pizza Hut master franchisee for Germany and acquire two Pizza Hut delivery stores in Dusseldorf ("Contemplated Transaction 2"). As the result of the Contemplated Transaction 2 AmRest would become the master-franchisee for 74 restaurants currently operated by multiple sub-franchisees in the German market and, and would have the right to grant the license to the third parties to operate Pizza Hut restaurants (subfranchise). Additionally the Company would acquire 2 Pizza Hut equity restaurants ("Equity Business 1") from PH Delivery. The purchase price for the Equity Business 1 is subject to the results of a due diligence to be carried out by AmRest. The Head of Terms 2 provides for signing of the agreements required for the acquisition of the Equity Business 1 from PH Delivery ("Purchase Agreements 2") as well as certain agreements with Yum: International Franchise Agreement for each of the equity units and the Master Franchise Agreement ("MFA 2"). It is the intention of the parties that the MFA 2 and the Purchase Agreements 2 shall be signed and closed (including transfer of ownership of the Equity Business 1 and signing of sub-franchised agreements under the MFA 2) no later than May 30th, 2017. If the parties fail to sign the MFA 2 and the Purchase Agreements 1 by that date the Head of Terms 2 shall terminate immediately, unless otherwise agreed in writing by both parties. In the opinion of the Management Board of AmRest there is a great potential for growing international presence of Pizza Hut brand in Europe. The master franchise rights for another country will contribute to strengthening the partnership with Yum! Brands and AmRest's leadership position of restaurant operator in Europe.

On May 30th, 2017 the Management Board of AmRest informed about signing on the same day the Amendment to Head of Terms 2. The Amendment extended the term of Head of Terms 2, and simultaneously the period during which the agreements required for the acquisition of the equity business from PH Delivery and the MFA 2 with Yum were to be executed to July 31th, 2017. If the parties failed to execute the Agreements by that day, the Head of Terms 2 would terminate immediately. Remaining provisions of the Head of Terms 2 have not been changed.

On July 31st, 2017 the Management Board of AmRest announced signing and closing ("Completion 2") on the same day of an Asset Purchase Agreement ("APA") between AmRest DE Sp. z o.o. & Co. KG (subsidiary of AmRest, "Buyer") and PH Delivery. As a result of the Completion 2 the Buyer acquired two Pizza Hut delivery restaurants in Dusseldorf. The purchase price amounted to EUR 1 (approx. PLN 4). Additionally, AmRest and AmRest Kft. (subsidiary of AmRest) signed on July 31st, 2017 the MFA 2 with Yum. The MFA 2 came into force on August 1st, 2017. According to the MFA 2 AmRest became the master-franchisee for 67 Pizza Hut Dine in, Express and Delivery restaurants operated by multiple sub-franchisees in the German market. The Company, as the exclusive master-franchisee, gained the right to granting the license to the third parties to operate Pizza Hut Dine in, Express and Delivery restaurants (subfranchise) in Germany, while ensuring a certain share of restaurants operated directly by the Company. The MFA 2 was granted for initial period of 10 years with an option of further prolongations upon the fulfillment of certain terms and conditions. In 2016 the network generated the system sales of approx. EUR 55m (PLN 239m) and consolidated revenues of ca. EUR 4m (approx. PLN 17.4m). In order to facilitate the growth of scale of Pizza Hut business, Yum introduced an incentive mechanism reducing certain fees incurred by AmRest under the MFA 2 ("Reduced Fees 2"), provided that the Company meets certain development obligations specified in the MFA 2. Upon entry into force of the MFA 2 AmRest is required to open and operate Pizza Hut Dine in, Express and Delivery restaurants in accordance with the development schedule setting the minimum number of openings in the subsequent years of the MFA's 2 term. If AmRest fails to meet the development obligations, Yum will have the right to increase the Reduced Fees 2 and change the terms or terminate the MFA 2. The Company's intention is to open more than 150 Pizza Hut restaurants in the German market within 5 years.

On April 1st, 2017 the Management Board of AmRest announced signing on the same day the Investment Agreement (the "IA") with Delivery Hero GmbH, based in Berlin, Germany ("Delivery Hero") and Restaurant Partner Polska Sp. z o.o., based in Łódź, Poland („RPP"). As a result of the IA, AmRest will acquire from Delivery Hero the newly issued shares in RPP and become its majority shareholder, holding 51% of total number of RPP shares. The outstanding 49% will remain in the possession of Delivery Hero. Delivery Hero is the global leader in online food-ordering segment. RPP operates PizzaPortal.pl platform in Poland - an aggregator offering meals from 2,500+ different restaurants in ca. 400 cities in Poland. According to the IA, AmRest will also start the partnership with Delivery Hero's subsidiaries in Czech Republic and Hungary - DameJidlo.cz and NetPincér.hu. Both platforms are the market leaders in online food ordering industry. Intention of the parties was to finalize the transaction within next couple of weeks, which was a subject to condition precedents defined in IA.

On August 31st, 2017 the Management Board of AmRest announced signing on the same day the Shareholders Agreement (the "SHA") with Delivery Hero, being execution of the Investment Agreement (the "IA") concluded by the Company, Delivery Hero and RPP on March 31st, 2017. As a result, AmRest took over the newly issued shares in RPP – the operator of PizzaPortal.pl platform in Poland, and became its majority shareholder, holding 51% of total number of RPP shares. The outstanding 49% of shares remained in the possession of Delivery Hero.

The acquisition price for the 51% of shares in the RPP was agreed at PLN 10 million. In addition, the parties of SHA committed to make investment in the RPP in the amount of PLN 14 million (PLN 7 million each) in the first quarter of 2018.

All the conditions necessary for the completion of the transaction that were agreed by the parties of the Investment Agreement have been fulfilled.

According to the IA, in the coming months AmRest will also start the partnership with Delivery Hero's subsidiaries in Czech Republic and Hungary - DameJidlo.cz and NetPincér.hu. Both platforms are the market leaders in online food ordering industry. PizzaPortal.pl, DameJidlo.cz and NetPincér.hu platforms are expected to significantly enhance the operation of food delivery segment within AmRest.

The Management Board of AmRest believes that the partnership with Delivery Hero will make the offer of Company's operated brands more accessible to new customers and substantially increase AmRest's market share in delivery segment. In the long term, this should have a positive impact on creating value for the Company's shareholders.

On April 7th, 2017 the Management Board of AmRest informed that on the same day, as a result of the issue of Schuldscheindarlehen („SSD 1") debt instrument under German law, the Company incured liabilities for the total value of EUR 26 million (PLN 110 million). SSD 1 issue was aimed at diversification of AmRest's debt financing sources. The proceeds will be used for the development of the Company and refinancing of its debt. The SSD 1 interest rate is fixed. The maturity date is April 7th, 2022 for the issue of EUR 17 million and April 5th, 2024 for the issue of EUR 9 million. The role of the Lead Arranger and Paying Agent was entrusted to Erste Group Bank AG. CaixaBank S.A. acted as Co-lead Arranger.

In regards to RB 61/2013 dated September 10th, 2013 and RB 20/2016 dated May 6th, 2016 concerning the Credit Agreement ("the Agreement") concluded between AmRest Holdings SE, AmRest Sp. z o.o. („AmRest Poland") and AmRest s.r.o. – jointly „the Original Borrowers", AmRest Kaffee Sp. z o.o., AmRest Coffee Deutschland Sp. z o.o. & CO. KG. and AmRest Kft., who joined the Agreement afterwards („Additional Borrowers") and Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Bank BGŻ BNP Paribas S.A. and ING Bank Śląski S.A. – „the Lenders", the Management Board of the Company informed on April 19th, 2017 about signing on April 18th, 2017 another Annex to the Agreement introducing amended and restated version of the credit agreement („the Amended Agreement") between all above-mentioned parties. AmRest Polska, AmRest s.r.o., AmRest Kaffee Sp. z o.o., AmRest Coffee Deutschland Sp. z o.o. & CO. KG. and AmRest Kft are 100% subsidiaries of AmRest.

Based on the Amended Agreement the Lenders increased revolving credit tranche ("Tranche D") by PLN 50 million ("Tranche D3") and granted to AmRest and AmRest Polska an additional credit tranche ("Tranche F") in the amount of EUR 40 million. After fulfillment of additional terms defined in the Amended Agreement, the Lenders may also grant a new loan tranche ("Tranche G") in the amount of EUR 50 million. The amount granted within Tranche F and D3 is dedicated to finance working capital and capital expenditures, while Tranche G is to finance or refinance costs of M&A activities. The tranches are provided at the variable interest rates and other terms of the traches are consistent with the market conditions. All Original and Additional Borrowers bear joint liability for any obligations resulting from the Agreement. All tranches are to be repaid in full by September 10th, 2018.

On April 25th, 2017 the Management Board of AmRest informed about signing on April 24th, 2017 the Binding Head of Terms (the "Head of Terms 3") determining the key terms and conditions on, and subject to which, Pizza Hut Europe Sarl US Branch („PH Europe") and Yum Restaurants International Russia and CIS LLC ("PH Russia") would be willing to proceed with a potential transaction with AmRest, whereby the Company's controlled entity (the "Subsidiary") would become Pizza Hut master franchisee for Russia and acquire 18 Pizza Hut restaurants operated by PH Russia ("Contemplated Transaction 3"). As the result of the Contemplated Transaction 3 AmRest's controlled entity would become the master-franchisee for 36 restaurants currently operated by multiple sub-franchisees in Russia and would have the right to grant the license to the third parties to operate Pizza Hut restaurants (subfranchise) in that market.

Additionally the Subsidiary would acquire 18 Pizza Hut equity restaurants ("Equity Business 3") from PH Russia. The purchase price for the Equity Business 2 is subject to the results of a due diligence to be carried out by AmRest.

The Head of Terms 3 provides for signing of the agreements required for the acquisition of the Equity Business 2 from PH Russia ("Purchase Agreements 3") as well as certain agreements with PH Europe: International Franchise Agreement for each of the equity units and the Master Franchise Agreement ("MFA 3"). It is the intention of the parties that the MFA 3 and the Purchase Agreements 2 shall be signed and closed (including transfer of ownership of the Equity Business 3 and signing of sub-franchised agreements under the MFA 3) no later than September 30th, 2017. If the parties fail to sign the MFA 3 and the Purchase Agreements 3 by that date the Head of Terms 3 shall terminate immediately, unless otherwise agreed in writing by both parties.

In the opinion of the Management Board of AmRest there is a great potential for growing the presence of Pizza Hut brand in Russia. The master franchise rights for another country will contribute to strengthening the partnership with Yum! Brands and AmRest's position as restaurant operator in the Russian market.

On June 6th, 2017 the Management Board of AmRest informed about signing on June 5th, 2017 an Agreement granting an option to enter into a Share Purchase Agreement (the "Option") between OOO AmRest (AmRest Russia), being 100% subsidiary of AmRest, and Svetlana Mikhailovna Popova aimed at acquisition by AmRest Russia of 21 KFC restaurants operating in the Russian market ("KFC RU Business"). The purchase price will be determined as at the day of the transaction closing. Estimated revenues of the KFC RU Business in the year 2016 amounted to RUB 1 376 million (ca. PLN 98 million). The parties of the Option intend to sign the Share Purchase Agreement and, consequently, close the transaction within next couple of months. The Completion will be contingent upon some additional conditions, including obtaining antitrust approvals, concluding additional agreements ensuring restaurants proper functioning after Completion, and lack of the Material Adverse Change ("MAC"). In the opinion of the Management Board the transaction is a great opportunity to strengthen AmRest presence in Russia, where the Company currently operates 120 KFC restaurants.

On October 3rd, 2017 the Management Board of AmRest informed about the Completion on October 2nd, 2017 of a Share Purchase Agreement between AmRest Russia and Svetlana Mikhailovna Popova aimed at acquisition by AmRest Russia of 21 KFC restaurants operating in the Russian market. As a result of the Completion AmRest Russia acquired KFC RU Business for the price of RUB 1 655 million (ca. PLN 105 million).

All the approvals and conditions the Completion was contingent upon have been obtained and fulfilled.

On June 27th, 2017 the Management Board of AmRest informed that the Company signed on June 26th, 2017 an agreement concerning the issue of Schuldscheindarlehen („SSD 2") debt instrument under German law for the total value of EUR 75 million. The expected date of incurring the liabilities was July 3rd, 2017. SSD 2 issue was to be aimed at diversification of AmRest's debt financing sources. The proceeds will be used for the development of the Company and refinancing of its debt.

On July 4th, 2017 the Management Board of AmRest informed that on July 3rd, 2017, as a result of the issue of SSD 2 debt instrument, the Company incurred liabilities for the total value of EUR 75 million (approximately

PLN 318 million). The SSD 2 interest is fixed on the following tranches: EUR 45.5m - repayment due on July 1st, 2022 and EUR 20m - repayment due on July 3rd, 2024. EUR 9.5m tranche was issued with variable interest rate and repayment date of July 3rd, 2024. The role of the Lead Arranger and Paying Agent was entrusted to Erste Group Bank AG with CaixaBank S.A. and Bank Zachodni WBK S.A. acting as Co-lead Arrangers.

On July 28th, 2017 the Management Board of AmRest informed about a transfer proposal of the Company's registered office from Poland to Spain. The Transfer will not impact the current Company's listing on the Warsaw Stock Exchange S.A. The Company's share capital will not change either. However, the Company's Statute will be changed, and the rights and obligations of shareholders will be governed by Spanish law. Pursuant to Article 8(10) of the SE Regulation, the Transfer shall take effect on the date on which the Company is registered by the relevant Commercial Registry ("Registro Mercantil") in Spain as a Spanish-registered Societas Europaea, which registration is anticipated to take place in March 2018. The appropriate documents such as the Transfer proposal, proposed New Statute and Management Board report justifying the transfer were attached to the regulatory announcement RB 190/2017 dated July 28th, 2017.

On October 5th, 2017 the Extraordinary General Meeting of AmRest adopted a resolution on the approval of the international transfer of the registered office to Spain and amendment to the Statute as well as the approval of the adaptation to Spanish regulations and the adoption of Spanish nationality. The General Meeting, after examination of the Transfer Proposal and Management Report Justifying the Transfer both dated July 28th 2017, approved the transfer of the seat from Plac Grunwaldzki 25-27, Wrocław (Republic of Poland) to calle Enrique Granados, 6, 28224, Pozuelo de Alarcón, Madrid (Spain) and amended the Company statute by derogating the current text in force and approve the new wording which is adapted to the nature of the Company as a European public limited-liability company domiciled in Spain. The General Meeting, resolved to approve the Company's adaptation to Spanish law and, hence, its adoption of the Spanish nationality. To these effects, among others the follow matters were approved:

- New Regulations of the Company's General Shareholders' Meeting, the wording of which is adapted to the nature of the Company as a European public limited-liability company domiciled in Spain:

- Modification of the Company's administration system: the change of current administration system (made up of a management body and a supervisory board, based on a two tier system) to a one tier system, establishing a "board of directors" (in Spanish: consejo de administración) comprised of 7 directors, as the Company's administrative body and dismissal of all members of the management board and the supervisory board.

- Appointment of following people as members of the Company's board of directors, for the 4- year period established in the new Statute:

1) Mr. José Parés Gutiérrez

2) Mr. Carlos Fernández González

3) Mr. Luis Miguel Álvarez Pérez

4) Mr. Henry McGovern

5) Mr. Steven Kent Winegar Clark

6) Mr. Pablo Castilla Reparaz

7) Mr. Mustafa Ogretici

The Company's adaptation to Spanish law, will apply from the date when the Commercial Registry of Madrid registers the Company as a Spanish-registered Societas Europaea and, therefore, the registered office's transfer becomes effective.

Furthermore, the General Meeting resolved to authorize the Company's Management Board, with express powers of sub-delegation, to perform, acting jointly by at least two members of the Management Board, all and every legal and factual act that is necessary or appropriate to ensure the proper execution of any actions that are necessary or merely convenient to take in the jurisdiction of Spain for the complete execution of the resolutions and the transfer of domicile.

On October 6th 2017, The Management Board of AmRest informed about signing on October 5th, 2017 a Senior Term and Revolving Facilities Agreement („the Credit Agreement") between AmRest, AmRest Sp. z o.o.(„AmRest Poland") and AmRest s.r.o. („AmRest Czech") – jointly „the Borrowers" and Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A and Česká spořitelna, a.s. – jointly „the Lenders". AmRest Poland and AmRest Czech are 100% subsidiaries of AmRest.

Based on the Credit Agreement, the Lenders grant to the Borrowers a credit facility in the approximate amount of EUR 430 million, about PLN 1 848 million (committed at signing, tranches A-D), which can be extended by additional amount of roughly EUR 145 million, about PLN 623 million (two uncommitted tranches – E and F). The facility shall be repaid by September 30th, 2022 and is dedicated for repayment of the obligations under the credit agreement signed on September 10th, 2013, financing of AmRest growth and working capital management.

The following 4 tranches are committed at signing: Tranche A - EUR 250 million, Tranche B - PLN 300 million, Tranche C - CZK 300 million and Tranche D granted as a revolving credit facility - PLN 450 million. Additionally, facility comprises 2 Tranches that may be committed during term of the Credit Agreement, subject to Lender's approval: Tranche E, PLN 280 million, that may be dedicated to repayment of Polish bonds and Tranche F, PLN 350m, that can be used for general corporate purposes.

All Borrowers bear joint liability for any obligations resulting from the Credit Agreement.

Majority of the facility is provided at variable interest rate and a part of tranche A is provided on fixed rate.

AmRest is required to maintain certain ratios at agreed levels, in particular, net debt/EBITDA is to be held below 3.5x and EBITDA/interest charge is to stay above 3.5.

On February 27th, 2018 the Management Board of AmRest announced signing on the same day the Subscription and Shareholders' Agreement (the "SSHA") with LPQ Russia Limited, based in London, United Kingdom ("the Partner").

The SSHA defined the main terms and conditions of cooperation between the Company and the Partner aimed at developing a restaurant business in the bakery segment in Russia through a newly-formed corporate structure. As a result, AmRest will become a majority shareholder, holding 51% stake in newly created company ("NewCo"). The remaining 49% stake will be held by the Partner. NewCo will own and control its subsidiaries: the operating entity in Russia and the trademarks holding company (altogether "the Structure").

Currently the Partner owns the trademarks of "Хлеб Насущный" (Xleb Nasuschny), "Филипповъ" (Philippov) "Наш хлеб" (Nash Khleb) and "Андреевские булочные" (Andreevsky Bulochnye) (jointly: "Trademarks").

The cooperation assumes the contribution of Trademarks to the Structure by the Partner. AmRest will invest EUR 6m (six million Euro) into the Structure with the purpose of developing the restaurant business in Russia.

Intention of the parties is to finalize the transaction by June 2018, which is a subject to fulfilment of conditions precedent defined in SSHA.

The Management Board of AmRest believes that described partnership and expansion into bakery sector will increase Company's footprint in the Russian market, enhance its product portfolio and broaden the customer base. The above is expected to strengthen AmRest's position in the restaurant sector in the region as well as be a source of value creation for AmRest shareholders in the future.

6.8. Information on significant transactions with related parties concluded by the Issuer or its subsidiaries on terms other than market's conditions

In the reporting period there were no transactions with related parties concluded within the AmRest Group on terms other than market's conditions.

6.9. Major achievements of the Company in the field of research and development

The Company does not conduct research and development activities. Innovative products introduced to the menu of restaurants operated by AmRest are described in sections 2.2 and 2.3 of this Report.

7. The AmRest Holdings SE Group in 2017

7.1. Planned investment activities and assessment of their feasibility

Investment activities of AmRest Group are focused on strengthening its leadership position and further expansion of scale in Europe a through dynamic organic development and M&A activities. Additionally, continued improvement of operating efficiency and increased effectiveness in capital allocation support long-term value creation for shareholders.

In 2017 AmRest significantly increased the pace of organic growth and opened 210 restaurants. Management of the Company recognized ample white space for continued expansion within existing portfolio in current markets of operations. Additionally, the potential for new stores development increased as a result of M&A projects realized in 2017 in the markets of Western Europe. Similar to the master-franchise agreement for development of Pizza Hut Express and Delivery concepts in CE, in 2017 the Company was granted similar rights for Germany and France. This will further support the portfolio roll out in Europe. All the above-mentioned factors will contribute to accelerated pace of organic growth in 2018.

AmRest monitors recent developments in the M&A market for the potential acquisition targets that would fit in the strategy of the Group. Current portfolio of the Company as well as existing markets of operation are the two filters of potential M&A activity.

Recent dynamic growth of delivery segment, expansion of online food ordering platforms as well as promising initial results of adding chosen AmRest's brands to Pizzaportal.pl encourage to continue investing in this segment. Long-term ambition of the Group is building a leadership position of food delivery segment in restaurant markets of Europe.

The plan of new openings will be adjusted on an on-going basis to the current market conditions and access to attractive locations in each country. Management of the Group is very restrictive and selective in allocation of available capital to ensure minimum 20% IRR on each investment.

AmRest Management assumes the long-term growth to be financed mainly with own funds and debt financing.

7.2. External and internal factors which are significant to the Company's development

Listed below are the factors that, in the opinion of the Management Board, had a significant effect on the Company's future development and results.

7.2.1. External factors

The external factors include:

- competitiveness – in terms of prices, quality of service, location and quality of food,
- demographic changes,
- consumer habits and trends as to the number of people using the restaurants,
- number and location of the competitors' restaurants,
- changes in the law and regulations which have a direct effect on the functioning of the restaurants and the employees employed therein,
- change in real estate rental costs and related costs,
- changes in the prices of ingredients used to prepare meals and changes in the prices of packaging materials,
- changes in the general economic condition in Poland, the Czech Republic, Hungary, Bulgaria, Russia, Serbia, Croatia, Romania, Slovakia, Austria, Slovenia, Spain, Portugal, France, Germany and China.
- changes in consumer trust, the amount of disposable income and individual spending patterns,

- changes in legal and tax determinants,
- adverse changes on the financial markets.

7.2.2. Internal factors

The internal factors include:

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

8. Basic risks and threats to which the Company is exposed

The Management Board of AmRest is responsible for the risk management system and the internal control system as well as for reviewing these systems for operating efficiency. These systems help identify and manage risks which may prevent the execution of the long-term objectives of AmRest. However, having these systems in place does not ensure complete elimination of the risk of fraud and violation of the law. The Management Board of AmRest performed a review, an analysis and a ranking of risks to which the Company is exposed. The main current risks and threats have been summarized in this section. AmRest reviews and improves its risk management and internal control systems on an on-going basis.

8.1. Factors remaining outside the Company's control

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

8.2. Dependency on the franchisor

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

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

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

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

8.3. Dependency on joint venture partners

AmRest opens Starbucks restaurants through joint venture Companies in Poland, the Czech Republic and Hungary, based on a partnership as part of joint venture agreements. Therefore, some decisions as part of the joint business activities will be dependent on the partners' consent.

The joint venture agreements with Starbucks were concluded for a period of 15 years with a possibility of their extension for the next 5 years upon meeting the specified conditions. Should AmRest fail to comply with the obligation to open and run the minimum specified number of cafés, Starbucks Coffee International, Inc. shall have the right to increase its share in the joint venture companies by acquiring shares from AmRest Sp. z o.o. at a price agreed between the parties based on the valuation of the joint venture companies.

8.4. No exclusive rights

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

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

8.5. Rental agreements and continuation options

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

Moreover, in certain circumstances AmRest may make a decision to close a given restaurant and terminating the relevant rental contract on cost effective terms may prove impossible. This situation may also have an adverse effect on the business activities and operating results of the Company. Closing any of the restaurants is subject to approval by the franchisor and it is not certain that such approval will be obtained.

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

8.6. Risk related to the consumption of food products

Consumer preferences may change in connection with doubts arising as to the healthful properties of chicken which is the main ingredient in KFC menu, or as a result of unfavourable information being circulated by the mass media concerning the quality of the products, diseases caused by them and damages to health as a result of eating in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and KABB, and as a result of revealing unfavourable data prepared by the government or a given market sector concerning the products served in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and KABB, health-related issues and issues related to the functioning patterns of one or more restaurants run both by AmRest and the competition. The above-mentioned risk is limited by using the highest quality ingredients in AmRest restaurants, which come from reliable and reputable suppliers, compliance with strict quality control and hygiene standards and the use of top modern equipment and processes which ensure the absolute safety of the meals.

8.7. Risk related to keeping key personnel in the Company

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

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

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

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

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

8.10. Risk related to developing new brands

AmRest has operated the Burger King, Starbucks, La Tagliatella, Blue Frog and KABB brands for a relatively short time. As these are new concepts for AmRest, there is a risk related to demand for the products offered and their acceptance by customers.

8.11. Risk related to opening restaurants in new countries

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

8.12. Currency risk

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

8.13. Risk related to the current geopolitical situation in the Ukraine and Russia

Russia is one of the largest markets for AmRest. The recent geopolitical and economic turmoil witnessed in the region, in particular the developments in Ukraine, have had and may continue to have a negative impact on the Russian economy, including weakening of the Russian Ruble, higher interest rates, reduced liquidity and consumer confidence. These events, including current and future international sanctions against Russian companies and individuals and the related uncertainty and volatility of the supply chain, may have a significant impact on the Group's operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation may differ from management's expectations however it is being monitored in order to adjusts strategic intentions and operational decisions, which will minimize business risks.

8.14. Risk of increased financial costs

The Issuer and its subsidiaries are exposed to the significant adverse impact of interest rate fluctuations in connection with obtaining financing which bears floating interest rates and investing in assets bearing floating and fixed interest rates. The interest rates of bank loans and borrowings and issued bonds is based on floating reference rates which are updated over periods shorter than one year. Interest on financial assets with fixed interest rates is fixed over the entire period to maturity of these instruments. Additionally, the Issuer and its subsidiaries may, as part of the interest rate hedging strategy, enter into derivative and other financial contracts the valuation of which is significantly affected by the level of reference rates.

8.15. Liquidity risk

The Company is exposed to the risk of lack of financing at the moment of maturity of bank loans and bonds. As at 31 December 2017, the Company has enough short-term assets, including cash and promised credit limits, to fulfil is liabilities due in the next 12 months.

8.16. Tax risk

In the process of managing and making strategic decisions, which can affect the tax settlements, AmRest Company is placed at tax risk. All abnormalities present in tax settlements cause also the increase of the risk of dispute in case of potential fiscal supervision. As part of these risks' minimalization, AmRest cares about deepening its workers knowledge about tax risk management and legal provisions' following. The Company introduces also adequate procedures, which should make it more easier to identify and then limit or eliminate the risks in tax settlements. Moreover, with regard to often changing laws, provisions' incoherence and different tax law interpretations, AmRest uses the professional tax advisory services and claims for binding tax law interpretation.

Current fiscal supervisions are presented in Note 8 to the Consolidated Financial Statements as at December 31st, 2017.

8.17. Risk of economic slowdowns

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

8.18. Risk related to seasonality of sales

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

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

A potential partial or complete loss of data in connection with computer system breakdowns or damage or loss of key tangible fixed assets of the Company might result in temporary interruptions in serving customers in restaurants, which might have an adverse effect on the Group's financial results. In order to minimize this risk, the Issuer has implemented appropriate procedures in order to ensure the stability and reliability of IT systems.

9. Company's strategic development directions

AmRest's strategy is to leverage its unique "Anything Is Possible" culture, international capability and superior brand portfolio to grow scalable (min. USD 50m annual sales) and highly profitable (min. 20% IRR) restaurants globally.

In the upcoming years, the Group plans to strengthen its leadership position of restaurant sector in Europe. The growth will be mainly driven by increased pace of new openings (expected min. 300 openings in 2018) as well as continued consolidation of European restaurant markets through potential M&A activities. Additionally, AmRest will focus on integration of recently acquired businesses and further development of delivery and online food ordering platform.

Given the market potential and favourable macro trends, the Company will focus on further expansion of KFC, Starbucks, La Tagliatella and Pizza Hut Express and Delivery brands. The latter one will be developed in connection with the master-franchise agreements for Pizza Hut Express and Delivery formats in CE, Germany and France.

In a long-term perspective, the Company will continue building attractive growth platform in new markets of Europe, mainly through the expansion of proprietary brands portfolio.

Company's strategic development directions will be also determined by current trends in restaurant industry as well as changing patterns in consumers' behaviours.

10. Changes in the basic principles of the issuer's and its capital group's management

In 2017 there were no changes in the basic principles of AmRest Group management.

11. Information on the control system for employee share programs

Stock Option Plan 1

In April 2005, the Company announced the rules of the Stock Option Plan 1 to its employees. The scheme enabled the employees of the AmRest Group to purchase shares in AmRest Holdings SE. The total number of shares to which options could be issued was determined by the Management Board. However, it could not exceed 3% of all the shares in trading. Additionally, in accordance with the provisions of the Option Plan, the circle of employees entitled to participate in the Stock Option Plan 1, the number of granted options and the dates of granting them were subject to approval by the Management Board. The options' execution price was equal to the market price of the Company's shares as of the date of granting the options, and the vesting period was from 3 to 5 years. The options could be executed within 10 years from the date of granting.

In January 2010, the Supervisory Board of the Group's parent passed a resolution confirming and systematizing the total number of shares to which options could be issued, in an amount that could not exceed 3% of all the shares in trading.

In June 2011, the Supervisory Board of the Group's parent passed a resolution amending the previous provisions concerning the number of shares transferred for potential purchase by employees through the execution of options. The number was limited to 100,000 a year.

In November 2014, Supervisory Board of Group parent entity approved and changed wording of regulations by adding net settlement in shares and cash.

For the grants after December 8, 2015 a change in regulations was implemented which eliminated possibility of option settlement with cash method.

In September 2017, Supervisory Board of Group parent entity approved changes of regulations of Employee Stock Option Plan Rules by adding notations regarding potential restrictions in regards with *long absence* of a Participant.

Management Incentive Plan 1

In December 2011, the Group introduced another employee share option plan - Management Incentive Plan 1 (MIP 1) - settled with shares, having a selected group of employees in mind. The total number of shares to which the options can be issued is determined by the Management Board. However it cannot exceed 1,041,000 shares. In accordance with the MIP's provisions, the Supervisory Board, at the request of the Management Board, has the right to specify, apart from other issues, which employees shall be entitled to participate in the MIP, and the number of options awarded and the date of their being awarded. The options' execution price shall in principle be equal to the market price of the Company's shares as of the date of granting the options, and the vesting period shall be 5 years. The options' execution price will increase annually by 11%.

The Management Incentive Plan 1 was approved by the Company's Management Board and the General Shareholders' Meeting.

Stock Option Plan 2

In December 2016 the Group introduced another employee share option plan settled with shares (Stock Option Plan 2) to its chosen employees (for avoidance of doubt the term employment shall be interpreted broadly and include different forms and types of cooperation with the Company or its Subsidiaries). Plan entered into force on January 1st, 2017. The total number of shares to which options could be issued is determined by the Supervisory Board. However, it could not exceed 750 000 shares. In accordance with the provisions of the Option Plan, among other issues, the circle of employees entitled to participate in the Stock Option Plan 2, the number of granted options and the dates of granting them are subject to Management Board decision. The options' execution price shall generally be equal to the market price of the Company's shares as of the date of granting the options, and the vesting period is 5 years (60 % shall vest on the third anniversary of granting date; 20 % shall vest on the fourth anniversary of granting date; remaining unvested options shall vest on the fifth anniversary of granting date). The options could be executed within 10 years from the date of granting.

Employee Stock Option Plan 2 has been approved by Supervisory Board.

In September 2017, Supervisory Board of Group parent entity approved changes of regulations of Employee Stock Option Plan Rules 2017 by adding notations regarding potential restrictions in regards with *long absence* of a Participant.

Management Incentive Plan 2

In December 2016 the Group introduced another Management Incentive Plan (Management Incentive Plan 2), settled with shares, to its chosen managers (for avoidance of doubt the term employment shall be interpreted broadly and include different forms and types of cooperation with the Company or its Subsidiaries). Plan entered into force on January 1st, 2017. The total number of shares to which options could be issued is determined by the Supervisory Board, however, it cannot exceed 1 000 000 shares. In accordance with the provisions of the Management Incentive Plan 2, among other issues, the number of granted options and the dates of granting them are subject to Supervisory Board decision (upon Management Board request). The options' execution price shall generally be equal to the market price of the Company's shares as of the date of granting the options, and the vesting period is 5 years (1/3 shall vest on the third anniversary of granting date; 1/3 shall vest on the fourth anniversary of granting date; remaining unvested options shall vest on the fifth anniversary of granting date). The options' execution price will increase annually by 11%.

Management Incentive Plan 2 has been approved by Supervisory Board

The above-mentioned plans are incentive schemes and are addressed solely to the employees and management of the AmRest Group companies.

Detailed information on the valuations and accounting treatment of the above-mentioned schemes is provided in Note 20 to the consolidated financial statements.

12. Composition of the Holding

The current composition of the AmRest Group is presented in Note 1a of the Consolidated Financial Statements for the year 2017.

On February 21st, 2017 registered address of AmRest DE Sp. z o.o.& Co. KG was changed. New registered address of company is Berlin (10117), Friedrichstrasse 191.

On February 24th, 2017 AmRest Holdings SE finalized the acquisition of minority shareholders shares owned in Blue Horizon Hospitality Group PTE Ltd. Currently AmRest Holdings SE is sole member of Blue Horizon Hospitality Group PTE Ltd.

On March 1st, 2017 new company LTP La Tagliatella Portugal Lda was registered within AmRest Group. Shareholders of this company are AmRest Tag S.L.U. (74%) and AmRestavia S.L.U. (26%).

On March 6th, 2017 registered address of AmRest Adria d.o.o was changed. New registered address of company is Croatia, Trstenicka 2 Street, (10 000) Zagreb.

On March 21st, 2017 new entity in the AmRest Holdings SE was registered – AmRest AT GmbH with registered office in Wien, Austria.

On April 6th, 2017 a change of Blue Horizon Hospitality Group PTE Ltd name was registered. New name of the company is AmRest China Group PTE Ltd.

On May 16th , 2017 AmRest Holdings SE finalized the acquisition of AmRest Topco SAS with registered office in Paris, France.

On June 7th, 2017 registered address of AmRest Coffee SK s.r.o. was changed. New registered address of company is Slovakia, Pajštúnska Street (851 02) Bratislava.

On June 16th , 2017 as a result of increase of share capital of AmRest OOO, AmRest sp. z o.o. holds 99.83% in AmRest OOO.

On July 28th, 2017 new entity in AmRest Holdings SE group was registered – AmRest Opco SAS with registered in Paris, France.

On August 21st, 2017 address of AmRest SAS and La Tagliatella SAS was changed. Registered address of entities is still Lyon, France.

On September 7th, 2017 registered address of AmRest AT GmbH was changed. New registered address of company is Horn, Austria.

On September 21st 2017 new entities in AmRest Holdings SE group were registered – AmRest Estate SAS and AmRest Leasing SAS with registered address in Paris, France.

On October 4th, 2017 new company name SCM Due Sp. z o.o. was registered (former company name: Activita Sp. z o.o.)

On October 10th , 2017 AmRest Sp. z o.o. has increased percentage of shares of OOO AmRest to 99,9%.

On October 11th, 2017 new company in AmRest Holdings SE group was registered – OOO Chicken Yug with registered address in Petersburg, Russia.

On October 23rd, 2017, AmRest Captial Zrt has increased percentage of holding shares of AmRest Coffee Deustchland Sp. z o.o. & co KG to 20%, whereas AmRest Kaffee Sp. z o.o. has decreased to 80%.

On October 27th , 2017 registered addresses of Pastificio Service S.L.U., Pastificio S.L.U., The Grill Concept S.L.U., Pastificio Restaurantes S.L.U. were changed to Madrid (formerly Leida).

On November 7th , 2017 new company in AmRest Holdings SE group was registered - AmRest Coffee SRB d.o.o. Beograde – Stari Grad with registered address in Belgrade, Serbia.

On November 10th, 2017 process of liquidation of AmRest Restaurant Management Shanghai Co. Ltd. has finished.

On November 15th , 2017 new company in AmRest Holdings SE group was registered - OOO Pizza Company with registered address in Petersburg, Russia.

On December 28th, 2017 AmRest Holdings SE acquisition 51% of shares of Restaurant Partner Polska Sp. z o.o. with registered address in Łódź was registered.

AmRest Holdings SE has its seat in Wroclaw, Poland. Currently, the restaurants run by the Group are located in Poland, the Czech Republic, Hungary, Austria, Russia, Romania, Serbia, Bulgaria, Croatia, Slovakia, Slovenia, Spain, France, Germany, Portugal and China.

13. Loans and borrowings

The summary of all loans granted to related entities in 2017 is presented in the table below.

TABLE 12. LOANS GRANTED TO RELATED ENTITIES IN 2017

Lender	Borrower	Agreement date	Final repayment date	Loan amount [k]	Loan currency	Reference rate
AmRest sp. z o.o.	AmRest Work sp. z o.o.	20.01.2017*	31.12.2017	500	PLN	3M WIBOR + margin
AmRest Capital Zrt	AmRest DE	23.02.2017	01.03.2022	10 000	EUR	3M EURIBOR + margin
AmRest Holdings SE	AmRest China (BHHG)	09.01.2017	09.01.2019	3 000	USD	fixed
AmRest Holdings SE	AmRest Coffee Germany	20.04.2017*	10.07.2020	10 000	EUR	3M EURIBOR + margin
AmRest Holdings SE	AmRest TopCo France SAS	22.05.2017*	22.05.2020	5 000	EUR	3M EURIBOR + margin
AmRest Holdings SE	AmRest Sp. z o.o.	05.06.2017*	05.06.2020	20 000	EUR	3M EURIBOR + margin
AmRest Slovakia	AmRest AT GmbH	20.06.2017*	31.12.2017	500	EUR	3M EURIBOR + margin
AmRest Coffee SK sro	AmRest AT GmbH	20.06.2017*	31.12.2017	500	EUR	3M EURIBOR + margin
AmRest Holdings SE	AmRest Sp. z o.o.	03.07.2017*	31.03.2018	180 000	PLN	3M WIBOR + margin
AmRest Holdings SE	AmRest OpCo SAS	15.09.2017*	15.09.2022	20 000	EUR	3M EURIBOR + margin
AmRest Capital ZRT	AmRest Adria 2 d.o.o.	26.09.2017*	30.09.2020	1 200	EUR	3M EURIBOR + margin
AmRest Capital ZRT	AmRest OOO	21.09.2017*	22.09.2022	6 000	EUR	3M EURIBOR + margin
OOO AmRest	OOO Chicken YUG	21.09.2017	31.12.2017	95	RUB	fixed
AmRest Capital ZRT	AmRest DE	30.09.2017*	30.09.2022	10 000	EUR	3M EURIBOR + margin
AmRest EOOD	AmRest Coffee EOOD	02.10.2017*	02.10.2019	1 500	BGN	fixed
AmRest Capital ZRT	AmRest Austria GmbH	10.10.2017*	30.09.2020	1 000	EUR	3M EURIBOR + margin
AmRest Capital ZRT	AmRest OpCo SAS	10.10.2017*	30.09.2022	30 000	EUR	3M EURIBOR + margin
AmRest Capital ZRT	AmRest Adria d.o.o.	12.10.2017*	30.09.2020	1 000	EUR	3M EURIBOR + margin
AmRestavia SL	AmRest SAS	21.12.2017*	21.12.2020	200	EUR	3M EURIBOR + margin

* revolving loan

No agreements on loans or borrowings were terminated in 2017.

TABLE 13. LOANS BETWEEN RELATED ENTITIES

Lender	Borrower	Loan currency	Contract value of loans granted [PLN'000]*	Total value of loans as at 31/12/2017 [PLN'000]*
AmRest Coffee s.r.o.	AmRest s.r.o.	CZK	13 088	13 103
AmRest Kft	OOO AmRest	RUB	45 129	31 059
AmRest Capital Zrt	AmRest AT GmbH	EUR	4 177	4 177
AmRest Capital Zrt	AmRest DE	EUR	54 301	54 324
AmRest Capital Zrt	AmRest Coffee DE	EUR	16 708	16 714
AmRest Capital Zrt	Spółki hiszpańskie	EUR	477 427	477 130
AmRest Capital Zrt	AmRest Opco SAS	EUR	108 602	109 180
AmRest Capital Zrt	AmRest Adria d.o.o.	EUR	418	420
AmRest Capital Zrt	AmRest Adria 2 d.o.o.	EUR	1 044	1 046
AmRest Capital Zrt	AmRest Kaffee Sp. z o.o.	EUR	153 786	154 184
AmRest Capital Zrt	OOO AmRest	EUR	92 688	92 892
AmRest Finance Zrt	AmRest Sp. z o.o.	PLN	19 966	19 975
SCM Sp. z o.o.	SCM Due Sp. z o.o.	PLN	245	253
AmRest Holdings SE	AmRest China (BHHG)	USD	18 958	18 810
AmRest Holdings SE	AmRest TopCo France SAS	EUR	8 661	8 718
AmRest Holdings SE	AmRest Opco SAS	EUR	38 232	37 380
Loans granted within Spanish and Portuguese companies		EUR	60 637	70 064

* Translated using the ECB rate as of 31/12/2017

14. Guarantees and warranties

In regards to credit agreement, described in point 6.7. of this Management Board's Report and the Note 19 to the Financial Statements, the following Group entities provided surety: AmRest Kaffee sp. z o.o., AmRest Coffee Deutschland Sp. z o.o. & Co.KG, AmRest DE Sp. z o.o. & Co.KG, AmRest Capital ZRT., AmRest KFT, OOO AmRest, AmRest Tag, S.L.U., Amrestavia, S.L.U., Restauravia Grupo Empresarial, S.L., Restauravia Food, S.L.U., Pastificio Service, S.L.U. for the following banks Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Česka Sporitelna A.S., ING Bank Śląski S.A. in amount of EUR 375 million, PLN 1 125 million, CZK 450 million till the date of debt payment however not later than October 5th, 2025.

15. Court, arbitration or administrative proceedings

As at December 31, 2017 or at the date of publication of this report no court, arbitration or administrative proceedings concerning liabilities and receivables, whose single or aggregate value exceeds 10% of the Company's equity, were pending against the Company.

16. Management Representations

16.1. Correctness and fairness of the presented financial statements

To the best knowledge of the Management Board of AmRest Holdings SE, the Annual Financial Statements and the comparative figures presented in the Annual Financial Statements of AmRest Holdings SE have been prepared in accordance with the binding accounting policies and they give a true, fair and clear view of the financial position of AmRest Holdings SE and its results. The Annual Management Board's Report included in this document provides a true image of the development and achievements and the situation of AmRest Holdings SE, including a description of the key risks and threats.

16.2. Selection of the registered audit company

On June 9th, 2017 the Management Board of AmRest informed that on June 8th, 2017, in connection with new regulations introducing mandatory rotation of statutory auditors in public-interest entities (provisions of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision (Journal of Laws 2017, Item 1089) and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC), the Supervisory Board of AmRest appointed a resolution granting consent for:

1) termination by the Company's Management Board - by the mutual agreement of the parties - of the agreement with PricewaterhouseCoopers Sp. z o.o. with its seat in Warsaw, Al. Armii Ludowej 14, listed on the list of registered auditors under no. 144 ("PWC"), i.e., the entity that under the agreement dated 18 June 2015 concluded by the Company and PWC ("Agreement") was entitled to examine the financial statements of the Company for the years 2015 – 2017 (statutory auditor);

2) termination of PWC's appointment as the statutory auditor examining the stand-alone and consolidated financial statements of the Company for 2017 (along with the report and opinion) and issuing the report on review of the stand-alone and consolidated financial statements of the Company for the period from 1 January to 30 June 2017.

In connection with the adoption of the above-mentioned resolution and based on the recommendation of the Audit Committee, the Supervisory Board passed also a resolution selecting and appointing BDO Sp. z o.o. with its seat in Warsaw, at Postępu 12, listed on the list of registered auditors under no. 3355, to conduct audit of the standalone and consolidated financial statements of the Company for the years 2017 - 2019.

On June 14th, 2017 the Management Board of AmRest informed about termination by the mutual agreement of the parties on the same day of the Agreement under which PricewaterhouseCoopers Sp. z o.o. with its seat in Warsaw, Al. Armii Ludowej 14, listed on the list of registered auditors under no. 144 ("PWC") was entitled to examine the financial statements of the Company for the years 2015 – 2017. The Agreement was terminated with effect from May 31st, 2017.

The entity authorized to audit the financial statements, BDO Sp. z o.o., which carried out the annual audit of the Annual Financial Statements of the AmRest Group has been selected in compliance with the provisions of the law. Both the entity and auditors conducting the audit met the requirements necessary to enable them to issue an unbiased and independent audit opinion, in accordance with the relevant laws.

The agreement with BDO Sp. z o.o. was signed on July 4th, 2017 and is valid until December 31st, 2019.

TABLE 14. REMUNERATION OF THE ENTITY ENTITLED TO AUDIT FINANCIAL STATEMENTS

PLN '000	For the period: from 01.01.2017 to 31.12.2017	from 01.01.2016 to 31.12.2016
BDO Sp. z o.o.	**275**	**-**
Due to a contract for the review and audit of financial statements, including:		
- audit of annual financial statements	165	-
- review of financial statements	85	-
- other contracts	25	-
PricewaterhouseCoopers Sp. z o.o.	**-**	**398**
Due to a contract for the review and audit of financial statements, including:		
- audit of annual financial statements	-	238
- review of financial statements	-	160
- other contracts	-	-
Other entities auditing AmRest subsidiaries within the Group i. a. PricewaterhouseCoopers and KPMG	**2 828**	**2 703**
Due to a contract for the review and audit of financial statements, including:		
- audit and review of annual financial statements	2 568	1 780
- tax advisory services	6	913
- other contracts	254	10

The fee for BDO Sp. z o.o. in the amount of PLN 25 thousand from other agreements concerns confirmation of the fulfillment of the terms of the bank loan agreement on the basis of the analysis of financial information originating from the audited consolidated financial statements of AmRest Holdings Group for 2017.

Wrocław, March 8th, 2018

Mark Chandler

AmRest Holdings SE

Board Member

Jacek Trybuchowski

AmRest Holdings SE

Board Member

Oksana Staniszewska

AmRest Holdings SE

Board Member

Olgierd Danielewicz

AmRest Holdings SE

Board Member

Appendix No. 1: Financial results for the fourth quarter of 2017

*TABLE 1.1. CONSOLIDATED FINANCIAL RESULTS FOR THE FOURTH QUARTER OF 2016 AND 2017**

PLN '000	3 months ended 31/12/2017	3 months ended 31/12/2016
Continued operations		
Revenue from restaurant operations	1 424 610	1 144 657
Revenue from franchising and other activities	94 646	69 867
Total revenue	1 519 256	1 214 524
Direct costs of restaurant operations:		
Food product costs	(418 154)	(337 786)
Salaries and wages and related employee benefits	(345 119)	(263 330)
Costs of licence (franchise) fees	(74 031)	(58 391)
Rental costs and other operating expenses	(436 179)	(345 749)
Total costs of franchising and other activities	(72 186)	(46 046)
General and administrative expenses	(110 836)	(92 148)
Revaluation of assets	(25 722)	(9 494)
Total operating costs and expenses	(1 482 227)	(1 152 944)
Other operating income	8 560	5 729
Operating profit	**45 589**	**67 309**
Financial expenses	(18 231)	(13 096)
Financial income	1 272	1 151
Share in profit (loss) of associates	-	91
Profit before income tax	**28 630**	**55 455**
Income tax	11 355	(4 664)
Profit (loss) from continued operations	39 985	50 791
Net profit	**39 985**	**50 791**
Net profit /(loss) attributable to		
Minority interest	(3 429)	(1 303)
Equity holders of the parent	43 414	52 094
Net profit	**39 985**	**50 791**
Basic earnings per share in PLN	2,05	2,46
Diluted earnings per share in PLN	2,05	2,46
Continued operations		
Basic earnings per share in PLN	2,05	2,46
Diluted earnings per share in PLN	2,05	2,46
Discontinued operations		
Basic earnings per share in PLN	-	-
Diluted earnings per share in PLN	-	-

* Data have not been audited

*TABLE 1.2. RECONCILIATION OF ADJUSTED NET PROFIT AND EBITDA IN THE FOURTH QUARTER 2017 AND 2016**

in thousands of PLN	**12 months ended December 31, 2017**	*% of sales*	**3 months ended December 31, 2017**	*% of sales*	**12 months ended December 31, 2016**	*% of sales*	**3 months ended December 31, 2016**	*% of sales*	**Q4oQ4 change (YTD)**	**% of change**	**Q4oQ4 change**	**% of change**
Restaurant sales	*4 943 953*	*93,9%*	*1 424 610*	*93,8%*	*3 947 314*	*93,8%*	*1 144 657*	*94,2%*	*996 639*	*25,2%*	*279 953*	*24,5%*
Franchise and other sales	*321 554*	*6,1%*	*94 646*	*6,2%*	*260 055*	*6,2%*	*69 867*	*5,8%*	*61 499*	*23,6%*	*24 779*	*35,5%*
Total sales	**5 265 507**		**1 519 256**		**4 207 369**		**1 214 524**		**1 058 138**		**304 732**	
Profit/(loss) for the period	**181 329**	***3,4%***	**39 985**	***2,6%***	**190 744**	***4,5%***	**50 791**	***4,2%***	**-9 415**	***-4,9%***	**-10 806**	***-21,3%***
+ *Finance costs*	*59 633*	*1,1%*	*18 231*	*1,2%*	*48 089*	*1,1%*	*13 096*	*1,1%*	*11 544*	*24,0%*	*5 135*	*39,2%*
- *Finance income*	*-3 397*	*-0,1%*	*-1 272*	*-0,1%*	*-3 326*	*-0,1%*	*-1 151*	*-0,1%*	*-71*	*2,1%*	*-121*	*10,5%*
- *Income from associates*	*0*	*0,0%*	*0*	*0,0%*	*-59*	*0,0%*	*-91*	*0,0%*	*59*	*-100,0%*	*91*	*-100,0%*
+ *Income tax expense*	*29 317*	*0,6%*	*-11 355*	*-0,7%*	*32 726*	*0,8%*	*4 664*	*0,4%*	*-3 409*	*-10,4%*	*-16 019*	*-343,5%*
+ *Depreciation and Amortisation*	*330 491*	*6,3%*	*92 573*	*6,1%*	*271 073*	*6,4%*	*75 041*	*6,2%*	*59 418*	*21,9%*	*17 532*	*23,4%*
+ *Impairment losses*	*32 852*	*0,6%*	*25 722*	*1,7%*	*16 329*	*0,4%*	*9 494*	*0,8%*	*16 523*	*101,2%*	*16 228*	*170,9%*
EBITDA	**630 225**	***12,0%***	**163 884**	***10,8%***	**555 576**	***13,2%***	**151 844**	***12,5%***	**74 649**	***13,4%***	**12 040**	***7,9%***
+ *Start-up expenses[1]*	*39 099*	*0,7%*	*18 842*	*1,2%*	*26 139*	*0,6%*	*11 440*	*0,9%*	*12 960*	*49,6%*	*7 402*	*64,7%*
+ *M&A related expenses[2]*	*12 431*	*0,2%*	*10 771*	*0,0%*	*3 044*	*0,1%*	*876*	*0,1%*	*9 387*	*308,4%*	9 895	*1129,6%*
+ / - *Effect of SOP exercise method modification[3]*	*7 737*	*0,1%*	*3 312*	*0,2%*	*8 984*	*0,2%*	*4 387*	*0,4%*	- 1 247	*-13,9%*	-1 075	*-24,5%*
+ / - *Indirect taxes adjustments[4]*	*0*	*0,0%*	*0*	*0,0%*	*-5 305*	*-0,1%*	*0*	*0,0%*	*5 305*	*-100,0%*	*0*	*n/a*
EBITDA adjusted	**689 492**	**13,1%**	**196 809**	**13,0%**	**588 438**	**14,0%**	**168 547**	**13,9%**	**101 054**	**17,2%**	**28 262**	**16,8%**

[1] Start-Up expenses – all material operating expenses incurred in connection with new stores opening prior the opening.
[2] M&A expenses – all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with transaction.
[3] Effect of SOP exercise method modification – is a difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan.
[4] Indirect taxes – all material adjustments for indirect taxes reported in given period but concerning prior reporting periods resulting from tax fillings adjustments. Indirect taxes are mainly VAT, land tax and other EBITDA level taxes.

* Data have not been audited

Appendix No. 2: Corporate Governance

1. Statement of compliance with the Code of Best Practices for WSE Listed Companies

AmRest Holdings SE, which shares are listed on the Warsaw Stock Exchange, makes every effort to apply the principles of corporate governance stipulated in "Best Practice for WSE Listed Companies 2016".

Referring to the Principles adopted by Resolution No. 26/1413/2015 of the Warsaw Stock Exchange Supervisory Board dated October 13th, 2015 (effective from January 1st, 2016), The Management Board of the Company informs that it applies most of the recommendations and principles contained in Best Practices. The list of practices that are not applied, together with justifications, is presented below.

According to the current status of compliance with the Best Practice, the Company does not apply:

- 4 recommendations: IV.R.2., VI.R.1., VI.R.2., VI.R.3.

- 5 detailed principles: II.Z.7., IV.Z.2., VI.Z.1., VI.Z.3., VI.Z.4.

Not applied recommendations:

IV.R.2. If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:

1) real-life broadcast of the general meeting;

2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;

3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary.

<u>*Recommendation is not applied*</u>.

Comments of the Company: *The recommendation is applied in the scope referred to in IV.R.2.3). The Issuer enables the shareholders to use the institution of proxies at the General Meeting of the Company. The proxies receive voting instructions from individual shareholders.*

AmRest has not yet implemented the functionality of bilateral real-time communication, which allows the shareholders to remotely participate in the general meeting.

The Company decided that voting via the Internet involves too many technological, legal and image risk elements, such as:

• Difficulties in certifying the identity of the shareholders

• Technological barriers, e.g. overload of Internet connection and delays in the transmission of image, which may negatively impact the dynamics of the discussion at the meeting, and even cause breaks in the sessions, which in turn can lead to an allegation of breaching the rights of the shareholders who came to the GSM in person, reserving an adequate amount of time for it.

• The responsibility of the Issuer for a potential break of connection with the General Meeting (also such which results from a lack of equipment ensuring fast, stable Internet connection at the part of the shareholder) and the risk of a reputation loss related with it in the case when a shareholder is unable to participate in the GM and exercise the voting right. A break of Internet connection and the inability of a shareholder to vote may result in not adopting a resolution during the meeting or a later claim against it.

The company has not until now received any propositions regarding a need to introduce remote participation in the vote from its shareholders.

AmRest does not ensure the recommended real-life broadcast of the general meeting, but it records the course of the proceedings. The video recording is promptly publicized on the Company's website and is available in the General Meeting tab. The company does not exclude the possibility that it will apply this recommendation in the future.

VI.R.1. The remuneration of members of the company's governing bodies and key managers should follow the approved remuneration policy.

Recommendation is not applied.

Comments of the Company: *In the Issuer's enterprise, the level of remuneration of the Management Board is discussed with the Company's Supervisory Board, and the level of remuneration of the Supervisory Board is determined by the General Meeting. It was left in the competence of the statutory bodies to determine the remunerations of the members of the Company's bodies. However, the governing bodies of the Company are in the process of analyzing the rationale of developing the remuneration policy in a form of document in the future.*

VI.R.2. The remuneration policy should be closely tied to the company's strategy, its short- and long-term goals, long-term interests and results, taking into account solutions necessary to avoid discrimination on whatever grounds.

Recommendation is not applied.

Comments of the Company: *The bonuses being a part of remuneration of members of the Management Board and key managers as well as their benefits from the stock option plans are closely tied to the company's short- and long-term goals, long-term interests and results. However, the remuneration regulations functioning in AmRest have not been drawn up in a form of document. The governing bodies of the Company are in the process of analyzing the rationale of developing the remuneration policy in a form of document.*

VI.R.3. If the supervisory board has a remuneration committee, principle II.Z.7 applies to its operations.

Recommendation is not applied.

Comments of the Company: *The composition of the Remuneration Committee meets the criteria specified in principle II.Z.7. AmRest doesn't apply this recommendation because the terms of reference of Remuneration Committee were not created in a form of formal document. The Supervisory Board is in the process of analyzing the rationale and the possible method of implementing the recommendation in the future.*

Not applied detailed principles:

II.Z.7. Annex I to the Commission Recommendation referred to in principle II.Z.4 applies to the tasks and the operation of the committees of the Supervisory Board. Where the functions of the audit committee are performed by the supervisory board, the foregoing should apply accordingly.

Principle is not applied.

Comments of the Company: *AmRest applies this corporate governance rule in a wide scope, but it should not be considered as fulfilled because the terms of reference of Remunetration Committee were not created in a form of formal document. AmRest applies this corporate governance rule with respect to the Audit Committee. The Supervisory Board is in the process of analyzing the rationale and the possible method of implementing this corporate governance principle with respect to the Remuneration Committee in the future.*

IV.Z.2. If justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings.

Principle is not applied.

Comments of the Company: *AmRest does not ensure the recommended real-life broadcast of the general meeting, but it records the course of the proceedings. The video recording is promptly publicized on the Company's website and is available in the General Meeting tab. The company does not exclude the possibility that it will apply this recommendation in the future.*

VI.Z.1. Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term financial standing of the company and long-term shareholder value creation as well as the company's stability.

Principle is not applied.

Comments of the Company: *As at today, this corporate governance principle is applied partially. There are two incentive schemes functioning within AmRest - Employee Stock Option Plan and Management Incentive Plan, but only the second one is designed in the way defined in principle VI.Z.1.*

VI.Z.3. The remuneration of members of the supervisory board should not be linked to options or other derivatives or any other variable components, and neither should it be linked to the company's results.

Principle is not applied.

Comments of the Company: *This principle is not applied, because one of the members of the Company's Supervisory Board is employee within AmRest Group - and therefore is a beneficiary of the incentive schemes functioning in the Company.*

VI.Z.4. In this activity report, the company should report on the remuneration policy including at least the following:

1) general information about the company's remuneration system;

2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group;

3) information about non-financial remuneration components due to each management board member and key manager;

4) significant amendments of the remuneration policy in the last financial year or information about their absence;

5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

Principle is not applied.

Comments of the Company: *The remuneration policy has not been developed in a form of document yet. AmRest discloses in the Appendix 2 to its Directors' Report the information on remuneration and number of options for AmRest shares granted to the Management and Supervisory Board Members. The Management Board together with the Remuneration Committee will analyze the rationale and the possible method of implementing this corporate governance principle in the Company and decide on adoption of this principle or non-compliance with it.*

The document "Best Practice for WSE Listed Companies 2016" is available on the official website of the Warsaw Stock Exchange devoted to the corporate governance of listed companies (www.corp-gov.gpw.pl, in "Regulations" tab).

Statement of AmRest's compliance with the Code of Best Practices for WSE Listed Companies 2016 is available on the Company website (section "Investors", tab "Corporate Governance").

2. Description of the main features of internal control and risk management systems in reference to the preparation of financial statements

The Issuer prepares standalone and consolidated financial statements based on the generally binding regulations of law and internal procedures. In order to develop high-quality documents and ensure their compliance with relevant law regulations, the AmRest Group has in place an internal control and risk management system. The Management Board of the Company is responsible for the internal control system and its effectiveness in the process of preparing financial statements and periodical reports.

As part of the internal control and risk management system in the process of preparing financial statements, the AmRest Group applies number of procedures and internal bylaws aimed at ensuring effective and efficient control as well as identification and elimination of potential risks. This system is implemented mainly based on:

- AmRest Articles of Association;
- Group Accounting Policy defining the applied reporting principles (for more information on the accounting principles, see Note 1 b-d of the Consolidated Financial Statements),
- Risk Management Policy and Procedures,
- Individual Reporting Standard defining the rules aimed at the fulfillment of information obligations of stock listed companies, referring to the appropriate legal regulations
- Rules of the flow of confidential information,
- Clear scopes of employee responsibilities (job maps), including division of tasks related to preparation of financial statements.
- Global Tax Policy,
- Rules regarding the selection of the entity authorized to audit the financial statements of the Company,
- Monitoring the financial reporting process and the effectiveness of internal control and internal audit systems by the Supervisory Board,
- Presenting financial results in the process of approving financial statements by the General Shareholders Meeting of AmRest,

This process is also supported by the use of proven, unified financial statement templates ensuring consistency of disclosures, through reviewing and approval process of documents prior to their publication as well as the examining of financial statements by an independent auditor.

3. Composition of the governing bodies

3.1. Changes in the Parent Company's Management Board

On January 31st, 2017 the Management Board of AmRest informed that it received on the same day from Mr. Jacek Trybuchowski the resignation from the function of the member of AmRest Management Board, effective February 1st, 2017. The resignation was due to personal reasons. Mr. Trybuchowski served as the Company's Chief Operating Officer.

On May 17th, 2017 the Management Board of AmRest informed that on May 16th, 2017 the Supervisory Board of the Company adopted a resolutions on reappointing Mr. Jacek Trybuchowski to hold the position of AmRest's Management Board Member. The resolution came into force on June 30th, 2017.

Information on reappointed Management Board Member:

Jacek Trybuchowski

Mr. Trybuchowski graduated from University of Szczecin, with master degree in Management and Marketing. Additionally, he studied at West Pomeranian Business School in Szczecin, achieving Bachelor's degree in International Trade.

He started his career at AmRest in 1993, as a student. During past 24 years Mr. Trybuchowski held numerous positions at the Company, ranging from Assistant Manager and General Manager of Pizza Hut, Area Coach of

Pizza Hut and KFC, through Supply Director, Align Manager, P&A Manger, Pizza Hut Brand President to Country Manager for Hungary, New Markets Director, Mergers & Acquisition Director, Russia Division President and - currently - Chief Operations Officer.

In 2004-2015 he was involved in Russian market. Mr. Trybuchowski actively acts as a Board Member of AmRest Sp. z o.o. He is also a Member of the Board of Directors of Blue Horizon Group (AmRest China).

Between 2003 and 2005 he worked for Yum!, primarily in Europe and then became Operational Director of Rostik/KFC in Russia.

Mr. Trybuchowski informed that he was not conducting other activities which are competitive in relation to the issuer, and was not engaged in a competitive company or partnership, as a partner in a civil-law or general partnership or as a member of a governing body of an incorporated company or any other competitive legal person. Mr. Trybuchowski is not listed in the Insolvent Debtor Register kept in accordance of the Law on National Court Register.

On May 19th, 2017 the Management Board of AmRest informed that it received on the same day from Mr. Drew O'Malley the resignation from the function of the member of AmRest Management Board, effective June 30th, 2017. The resignation was due to personal reasons. Mr. O'Malley served as the Company's Chief Operating Officer

On December 27th, 2017 the Management Board of AmRest informed that it received on December 27th, 2017 from Mr. Wojciech Mroczyński the resignation from the function of the member of AmRest Management Board, effective December 28th, 2017. The resignation is due to personal reasons. Mr. Mroczyński served as the Company's Chief Strategy Officer.

3.2. Changes in the Parent Company's Supervisory Board

On January 1st, 2017 the resolutions adopted by Extraordinary General Meeting on December 12th, 2016 came into force. Resolutions appointed the following persons as a member of the Company's Supervisory Board:

- Pablo Castilla Reparaz (Resolution no. 10)
- Mustafa Ogretici (Resolution no. 11)

Information on appointed members of the Supervisory Board:

Pablo Castilla Reparaz

Mr. Pablo Castilla Reparaz is a Spanish citizen. He had been involved in the banking sector working for the Spanish bank Banco Santander, S.A. for 30 years. He has broad experience in M&A transactions. He held position of Managing Director of Corporate Legal Advice / Legal Manager of corporate transactions of Grupo Santander. His scope of responsibilities included M&A transactions in many jurisdictions both EU and non–EU. In the past Mr. Pablo Castilla Reparaz held also functions of Director of Santander Direkt Bank (Germany), Director of Banco Mercantil (Peru), Non-member Secretary of BT Telecomunicaciones S.A., Member Secretary of Open Bank S.A, Member Secretary of Santander Investment, S.A. and Secretary of the Investments Committee of Grupo Santander.

Mr. Castilla holds a Bachelor's Degree of Laws (Universidad de San Pablo) as well as a Master's Degrees in Tax Legal Advice and EU Law (ICAI – ICADE) and finished Advanced Management Program for Overseas Bankers (the Wharton School of the University of Pennsylvania). He is also a member of the Madrid Bar Association.

Mr. Castilla declared, that he meets all the criteria required for the independent member of the Supervisory Board.

Mustafa Ogretici

Mr. Mustafa Ogretici is a British citizen. He specializes in gastronomy and real estate sectors. His experience includes managing restaurants and franchising. He has owned and run restaurants in the United Kingdom since 1997. Since 2005 he has been real estate investor.

Mr. Ogretici graduated with a distinction from Cassio Campus College, Watford, where he studied Business Management and Law.

Mr. Ogretici declared, that he meets all the criteria required for the independent member of the Supervisory Board.

3.3. Composition of the Management and the Supervisory Boards

Management Board

In 2017, the Management Board of AmRest comprised:

- Drew O'Malley (until June 30th, 2017)
- Jacek Trybuchowski (excluding a period from February 2nd till June 29th, 2017)
- Mark Chandler
- Oksana Staniszewska
- Olgierd Danielewicz
- Wojciech Mroczyński (until December 28th, 2017)

At the date of publication of this report the composition of the Management Board of AmRest is as follows:

- Mark Chandler
- Oksana Staniszewska
- Olgierd Danielewicz
- Jacek Trybuchowski

Supervisory Board

In 2017, the Supervisory Board of AmRest comprised:

- Henry McGovern,
- José Parés Gutiérrez (Chairman of the Supervisory Board),
- Luis Miguel Álvarez Pérez,
- Steven Kent Winegar Clark,
- Carlos Fernández González,
- Pablo Castilla Reparaz
- Mustafa Ogretici

As at the day of publication of this report, the above list reflects the current composition of the Supervisory Board.

4. Functional description of the management and supervisory bodies

Principles concerning appointment and dismissal of managers and their entitlements are regulated in the Company's Statute.

The Management Board shall manage the Company's affairs and represent it. Joint action of two members of the Management Board shall be required to represent the Company.

The members of the Management Board shall be appointed and revoked by the Supervisory Board. The members of the Management Board shall be appointed for a period of three years. The Management Board shall consist of at least two members. The Supervisory Board shall specify the number of members of the Management Board.

The entitlements of the Management Board to take the decision on issue of shares are also described in §4 of the Statute of the Company:

- *The Management Board may issue shares in exchange for cash or in-kind contributions.*

- *The increase of share capital within the boundaries of authorized capital shall be carried only for the purposes of the exercise of stock options granted under any incentive management stock option plan to employees, including members of the Management Board of the Company or its subsidiaries, previously approved by the General Meeting or the Supervisory Board before June 1, 2010. Resolutions of the Management Board on the setting of issue price, or issuing the shares in exchange for contribution in kind do not require the consent of the Supervisory Board.*
- *Within the boundaries of the authorised share capital, the Management Board shall be authorised to deprive, whether in full or in part, of the pre-emptive right to shares upon the consent of the Supervisory Board. The consent referred to in the first sentence shall be given in a resolution adopted by a majority of four fifths of the votes of the Supervisory Board members.*

The Supervisory Board oversees the affairs of the Company conducted by the Management Board.

The obligations of the Supervisory Board shall comprise inter alia:

- assessment of the report of the Management Board on the Company's operation (Management Board's Report) and the financial statements for a given financial year as to their compliance with the books of account and documents as well as the facts;
- assessment of the motions of the Management Board concerning distribution of profit or coverage of losses;
- submitting to the General Shareholders' Meeting of an annual written report on the results of the assessments listed above;
- choosing of a statutory auditor in order to audit the financial statements;
- approval of the annual and long term business plans of the Company.

There are the following Supervisory Board committees in the Company: the Audit Committee and the Remuneration Committee.

5. *Remuneration of Management and Supervisory Board Members*

TABLE 2.1. REMUNERATION OF THE SUPERVISORY BOARD MEMBERS FOR 2017

Member of the Supervisory Board	Period of serving in the Supervisory Board	Remuneration for sitting on the Supervisory Board	Income from other contracts	Other benefits	Total income for the 12 months ended 31 December 2017
Henry McGovern	1.01 - 31.12.17	315 978	2 131 506	-	2 447 484
José Parés Gutiérrez	1.01 - 31.12.17	315 851	-	-	315 851
Luis Miguel Álvarez Pérez	1.01 - 31.12.17	315 851	-	-	315 851
Steven Kent Winegar Clark [1]	1.01 - 31.12.17	-	-	460 175	460 175
Carlos Fernandez Gonzalez	1.01 - 31.12.17	320 495	-	-	320 495
Pablo Castilla Repáraz	1.01 - 31.12.17	434 371	-	-	434 371
Mustafa Ogretici	1.01 - 31.12.17	434 371	-	-	434 371
Total		**2 136 917**	**2 131 506**	**460 175**	**4 728 598**

[1] Voluntary resignation from the remuneration

TABLE 2.2. REMUNERATION OF THE MANAGEMENT BOARD MEMBERS FOR 2017

Management Board Member	Period of serving in the Management Board in 2017	Remuneration	Annual bonus, sector rewards	Income earned in subsidiaries and associates	Benefits, other income	Total income for 2017
Wojciech Mroczyński	1.01 - 28.12.17	992 593	186 109	1 178 702	15 056	1 193 758
Mark Chandler	1.01 - 31.12.17	1 337 969	334 492	1 672 461	-	1 672 461
Drew O'Malley	1.01 - 30.06.17	606 000	-	606 000	13 313	619 313
Jacek Trybuchowski	1.01 - 01.02.17 i 30.06 - 31.12.17	601 672	104 156	705 828	-	705 828
Oksana Staniszewska	1.01 - 31.12.17	743 750	185 938	929 688	-	929 688
Olgierd Danielewicz	1.01 - 31.12.17	741 667	148 333	890 000	-	890 000
Total		**5 023 651**	**959 029**	**5 982 679**	**28 369**	**6 011 048**

* Remuneration for the period of service at the Management Board

Changes in the number of options for AmRest shares owned by members of management and supervisory bodies of AmRest in 2017, based on the Company's information are presented below.

TABLE 2.3. NUMBER OF OPTIONS FOR AMREST SHARES OWNED BY MEMBERS OF THE COMPANY MANAGEMENT AND SUPERVISORY BODIES IN 2017

Name and surname	Function*	Period being M/S for period of 12 months ending December 31st, 2016	Number of share options as at 31/12/2015	Number of share options granted in 2016	Number of share options executed in 2016	Number of share options as at 31/12/2016	Number of vested options	Fair value of all options at the grant date (PLN'000)
Henry McGovern	S	1.01-31.12.17	216 666	75 000	10 000	281 666	206 666	10 315
Wojciech Mroczyński	M	1.01 - 28.12.17	36 667	50 000	36 667	50 000	0	2 772
Mark Chandler	M	1.01 - 31.12.17	40 000	-	-	40 000	40 000	943
Drew O'Malley	M	1.01 - 30.06.17	46 667	-	46 667	-	-	-
Jacek Trybuchowski	M	1.01 - 01.02.17 and 30.06 - 31.12.17	-	100 000	-	100 000	-	6 009
Oksana Staniszewska	M	1.01 - 31.12.17	10 420	50 000	3 820	56 600	600	3 393
Olgierd Danielewicz	M	1.01 - 31.12.17	8 000	50 000	-	58 000	2 000	3 603

* (M) member of management body, (S) member of the supervisory body

For more information on the option scheme see Note 20 to the consolidated financial statements.

6. The Audit Committee of AmRest – its functioning, composition and changes that occurred during the last financial year

In 2017 there were following changes in the composition of the Audit Committee:

On January 1st, 2017 the Supervisory Board's resolutions from December 12th, 2016 about appointing Mr. José Parés Gutiérrez, Mr. Pablo Castilla Reparaz and Mr. Mustafa Ogretici as members of the Audit Committee came into force.

With effect from January 1, 2017, Mr. Steven Kent Winegar Clark resigned from the position of the Audit Committee member.

As at the date of publication of this report, the Audit Committee comprises the following members of AmRest Supervisory Board:

- José Parés Gutiérrez,
- Pablo Castilla Reparaz,
- Mustafa Ogretici.

The Audit Committee's tasks:

The Audit Committee's tasks are advising the Supervisory Board on matters regarding the proper implementation of the principles of budget and financial reporting and the Company's and its Capital Group internal audit (within the meaning of the provisions on accounting) as well as cooperation with the Company's authorized auditors. In particular, the Audit Committee's tasks are the following:

(A) monitoring the work of the Company's authorized auditors as well as giving to the Supervisory Board recommendations on the selection and remuneration of authorized auditors;

(B) discussing, before the beginning of each annual financial statement audit, with the Company's authorized auditors the nature and scope of the audit as well as monitoring the coordination of work between the Company's authorized auditors;

(C) reviewing the Company's periodic and annual financial statements (stand alone and consolidated), in particular concentrating attention on the following:

- any changes in booking standards, principles and practices;

- main issues being reviewed;

- substantial adjustments resulting from the audit;

- statements on continuation of operation;

- accuracy with the binding law on book keeping;

(D) discussing any problems or reservations which may arise from the audit of financial statements;

(E) analyzing the Company's authorized auditor's letters to the Management Board, analyzing the independence and objectivity of the accomplished audit and the Management Board responses;

(F) reviewing management accountancy systems;

(G) reviewing the AmRest's capital group annual report and internal audit system, including the mechanics of financial, operational, managerial checks, checks on compliance with regulations, and risk assessment;

(H) analyzing the internal auditors' reports and internal analysts' main observations, the Management Board responses to these observations; checking the internal auditors' level of independence and giving opinions on the Management Board's plans regarding the employment and dismissal of the head of the internal audit department;

(I) annual review of the internal audit schedule, internal and external auditors work coordination, and inspection of the internal auditors' work conditions;

(J) cooperation with the Company's departments, responsible for audit and checking, as well as periodic assessment of their work;

(K) consideration of any other matters regarding the Company's audit, highlighted by the committee or the Supervisory Board;

(L) informing the Supervisory Board of any significant issues regarding the activities of the Audit Committee.

7. *The Company's shareholding structure*

According to the information held by the Company, as at December 31st, 2017 (as well as at the date of submitting this annual report, March 8th, 2018) – following shareholders provided information on holding directly or indirectly (through subsidiaries) at least 5% of the number of votes at the General Shareholders' Meeting of AmRest:

TABLE 2.4. SHAREHOLDING STRUCTURE OF AMREST AS AT DECEMBER 31ST, 2017

Shareholders	**Number of shares**	**Share in capital %**	**Number of votes at GSM**	**% shares at GSM**
FCapital Dutch B. V.*	11 959 697	56.38%	11 959 697	56.38%
Nationale-Nederlanden OFE**	1 484 893	7.00%	1 484 893	7.00%
Gosha Holding S.à.r.l.***	2 463 511	11.61%	2 463 511	11.61%
Other shareholders	5 305 792	25.01%	5 305 792	25.01%

* FCapital Dutch B. V. is the dominant entity of FCapital Lux (holding 5 232 907 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finacces SAPI de CV is the directly dominant entity of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The directly dominant person of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is the Supervisory Board member of AmRest.
** The previous name: ING OFE
*** Gosha Holding S.à.r.l. is an entity closely associated with Mr. Henry McGovern and Mr. Steven Kent Winegar, members of the Supervisory Board of AmRest

As at the date of submitting this annual report, March 8th, 2018, the table illustrating current structure of shareholders is as follows:

TABLE 2.5. SHAREHOLDING STRUCTURE OF AMREST AS AT THE DATE OF SUBMITTING THIS ANNUAL REPORT, MARCH 8TH, 2018

Shareholders	**Number of shares**	**Share in capital %**	**Number of votes at GSM**	**% shares at GSM**
FCapital Dutch B. V.*	11 959 697	56.38%	11 959 697	56.38%
Nationale-Nederlanden OFE**	1 484 893	7.00%	1 484 893	7.00%
Gosha Holding S.à.r.l.***	2 263 511	10.67%	2 263 511	10.67%
Other shareholders	5 505 792	25.95%	5 505 792	25.95%

* FCapital Dutch B. V. is the dominant entity of FCapital Lux (holding 5 232 907 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finacces SAPI de CV is the directly dominant entity of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The directly dominant person of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is the Supervisory Board member of AmRest.
** The previous name: ING OFE
*** Gosha Holding S.à.r.l. is an entity closely associated with Mr. Henry McGovern and Mr. Steven Kent Winegar, members of the Supervisory Board of AmRest

8. *Changes in the shareholding structure*

According to the best knowledge of AmRest, in the period from 1 January 2017 to the date of submitting this report (March 8th, 2018), there were no changes in the shareholding structure of AmRest other than those described below.

8.1. Changes in the shareholding with respect to the shareholders holding over 5% of votes at the General Meeting of Shareholders

On August 11th, 2017 the Management Board of AmRest informed that it received on the same day a notification from Gosha Holding S.à.r.l., a company organized under the laws of the Grand Duchy of the Luxembourg, with its registered office in Luxembourg, L-1528, 8A Boulevard de la Foire, registered with the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés) under number B202224 (hereinafter referred as the "Gosha"), that as a result of a block transaction executed at the Warsaw Stock Exchange on August 9th, 2017 Gosha disposed 200,000 shares in AmRest representing app. 0.94% of the total number of shares of the Company, which entitle to exercise 200,000 votes at the Company's General Meeting of Shareholders, constituting app. 0.94% of total number of votes at the Company's General Meeting of Shareholders (the "Transaction") and, as a result, decreased its share in the total amount of votes at the Company's General Meeting of Shareholders to less than 5%.

Prior to the Transaction Gosha held 1,242,056 shares of the Company representing app. 5.85% of the total number of shares of the Company, which entitled to exercise 1,242,056 votes at the Company's General Meeting of Shareholders, constituting app. 5.85% of total number of votes at the Company's General Meeting of Shareholders.

After execution of the Transaction Gosha held 1,042,056 shares of the Company representing app. 4.91% of the total number of shares of the Company, which entitled to exercise 1,042,056 votes at the Company's General Meeting of Shareholders, constituting app. 4.91% of total number of votes at the Company's General Meeting of Shareholders.

Additionally, Gosha informed that it did not hold, acquire or disposed any instruments referred to in Article 69b.1 of the Act of 29 July 2005 on Public Offering and the Conditions Governing the Introduction of Financial Instruments to Organized Trading and on Public Companies ("POA"), and that there are no persons or entities referred to in Article 87 section 1 point 3 c) of the POA.

Since the publication of the previous periodical report (September 14th, 2017) there were no changes in the shareholding structure of AmRest other than those described below:

On September 16th, 2017 the Management Board of AmRest informed that it had received on September 15th, 2017 a notification from:

1. FCapital Lux S.à.r.l. (hereinafter referred as the "FCapital Lux"),
2. FCapital Dutch, B.V. (hereinafter referred as the "FCapital"),
3. Inmobiliaria Tabga, S.A. de C.V. (hereinafter referred as the "Tabga"),
4. Finaccess Capital, S.A. de C.V. (hereinafter referred as the "Finaccess"),
5. Grupo Finaccess S.A.P.I. de C.V. (hereinafter referred as the "Grupo Finaccess"),
6. Grupo Far-Luca, S.A. de C.V. (hereinafter referred as the "Grupo Far-Luca"),
7. Carlos Fernández–González (hereinafter referred as "Mr. Fernández"),

that on September 15th, 2017 FC Lux sold 1 711 455 shares of AmRest representing app. 8.07 % of the total number of shares of the Company, which entitle to exercise 1 711 455 votes at the Company's General Meeting of Shareholders, constituting app. 8.07% of total number of votes at the Company's General Meeting of Shareholders. Prior to the sale, FCapital Lux had held 6 394 362 shares of the Company representing 30.14% of the total number of shares of the Company, which entitle to exercise 6 394 362 votes at the Company's General Meeting of Shareholders, constituting app. 30.14% of total number of votes at the Company's General Meeting of Shareholders. Prior to the sale, FCapital as a direct dominant entity of FCapital Lux, had held 13 121 152 shares of the Company representing app. 61.85% of the total number of shares of the Company, which entitle to exercise 13 121 152 votes at the Company's General Meeting of Shareholders, constituting app. 61.85% of total number of votes at the Company's General Meeting of Shareholders, out of which:

(i) it directly held 6 726 790 shares of the Company representing app. 31.71% of the total number of shares of the Company, which entitle to exercise 6 726 790 votes at the Company's General Meeting of Shareholders, constituting app. 31.71% of total number of votes at the Company's General Meeting of Shareholders;

(ii) it indirectly (through FCapital Lux) held 6 394 362 shares of the Company representing app. 30.14% of the total number of shares of the Company, which entitle to exercise 6 394 362 votes at the Company's General Meeting of Shareholders, constituting app. 30.14% of total number of votes at the Company's General Meeting of Shareholders.

Prior to the sale, Tabga, Finaccess, Grupo Finaccess, Grupo Far Luca and Mr. Fernandez, as indirect dominant entities of FCapital Lux, had held indirectly 13 121 152 shares of the Company representing app. 61.85% of the total number of shares of the Company, which entitle to exercise 13 121 152 votes at the Company's General Meeting of Shareholders, constituting app. 61.85% of total number of votes at the Company's General Meeting of Shareholders. After the sale, FCapital Lux held 4 682 907 shares of the Company representing app. 22.07% of the total number of shares of the Company, which entitle to exercise 4 682 907 votes at the Company's General Meeting of Shareholders, constituting app. 22.07% of total number of votes at the Company's General Meeting of Shareholders. After the sale, FCapital as a direct dominant entity of FCapital Lux held 11 409 697 shares of the Company representing app. 53.78% of the total number of shares of the Company, which entitle to exercise 11 409 697 votes at the Company's General Meeting of Shareholders, constituting app. 53.78% of total number of votes at the Company's General Meeting of Shareholders, out of which:

(i) it directly held 6 726 790 shares of the Company representing app. 31.71% of the total number of shares of the Company, which entitle to exercise 6 726 790 votes at the Company's General Meeting of Shareholders, constituting app. 31.71% of total number of votes at the Company's General Meeting of Shareholders;

(ii) it indirectly (through FC Lux) held 4 682 907 shares of the Company representing app. 22.07% of the total number of shares of the Company, which entitle to exercise 4 682 907 votes at the Company's General Meeting of Shareholders, constituting app. 22.07% of total number of votes at the Company's General Meeting of Shareholders.

After the sale, Tabga, Finaccess, Grupo Finaccess, Grupo Far Luca and Mr. Fernandez, as indirect dominant entities of FCapital Lux, held indirectly 11 409 697 shares of the Company representing app. 53.78% of the total number of shares of the Company, which entitle to exercise 11 409 697 votes at the Company's General Meeting of Shareholders, constituting app. 53.78% of total number of votes at the Company's General Meeting of Shareholders. FCapital Lux notified that it did not have any controlled entities. FCapital further notified that its controlled entities, other than FCapital Lux, did not hold any shares of the Company. Tabga, Finaccess, Grupo Finaccess, Grupo Far-Luca and Mr. Fernández further notified that, with respect of each of them, their controlled entities, other than FCapital Lux and FCapital, did not hold any shares of the Company. Additionally, FCapital Lux, FCapital, Tabga, Finaccess, Grupo Finaccess, Grupo Far-Luca and Mr. Fernández informed that there were no persons or entities referred to in Article 87 section 1 point 3 c) of the Act on public offering, conditions governing the introduction of financial instruments to organized trading and public companies dated July 29 th 2005 ("POA"). Furthermore, FCapital Lux informed that it did not hold, acquired or disposed any instruments referred to in Article 69b.1 of the POA and in aggregate was only authorized to exercise votes from 4 682 907 shares of the Company representing 22.07% of the total number of shares of the Company, which entitle to exercise 4 682 907 votes at the Company's General Meeting of Shareholders, constituting app. 22.07% of total number of votes at the Company's General Meeting of Shareholders. Also FCapital, Tabga, Finaccess, Grupo Finaccess, Grupo Far-Luca and Mr. Fernández informed that, with respect of each of them, they did not hold, acquired or disposed any instruments referred to in Article 69b.1 of the POA and in aggregate they only held votes from 11 409 697 shares of the Company representing app. 53.78% of the total number of shares of the Company, which entitle to exercise 11 409 697 votes at the Company's General Meeting of Shareholders, constituting app. 53.78% of total number of votes at the Company's General Meeting of Shareholders.

On September 20th, 2017 the Management Board of AmRest informed that it received on September 19th, 2017 a notification from:

1. Gosha Holding S.à.r.l. (hereinafter referred as the "Gosha");

2. PCMMM S.à r.l. (hereinafter referred as the “PCMMM”);

3. Metropolitan Properties International Sp. z o.o. (hereinafter referred as the “MPI”);

4. Małgorzata McGovern (hereinafter referred as “Ms. McGovern”);

5. Steven Winegar (hereinafter referred as “Mr. Winegar”);

that on September 15th, 2017, as a result of a transaction executed outside the regulated market Gosha purchased 1 711 455 shares of AmRest representing app. 8.07% of the total number of shares of the Company, which entitle to exercise 1 711 455 votes at the Company’s General Meeting of Shareholders, constituting app. 8.07% of total number of votes at the Company’s General Meeting of Shareholders (the “Transaction”) and, as a result, Gosha increased its share in the total amount of votes at the Company’s General Meeting of Shareholders to more than 10%.

Prior to the Transaction Gosha held 1 042 056 shares of the Company representing app. 4.91% of the total number of shares of the Company, which entitle to exercise 1 042 056 votes at the Company’s General Meeting of Shareholders, constituting app. 4.91% of total number of votes at the Company’s General Meeting of Shareholders.

After execution of the Transaction Gosha held 2 753 511 shares of the Company representing app. 12.98% of the total number of shares of the Company, which entitle to exercise 2 753 511 votes at the Company’s General Meeting of Shareholders, constituting app. 12.98% of total number of votes at the Company’s General Meeting of Shareholders.

Furthermore, as a result of the transaction Gosha dominant entities i.e. PCMMM direct Gosha dominant entity, MPI (direct PCMMM dominant entity) and indirect Gosha dominant entity, Ms. McGovern and Mr. Winegar (ultimate dominant entities) indirectly acquired 1 711 455 shares of the Company representing app. 8.07% of the total number of shares of the Company, which entitle to exercise 1 711 455 votes at the Company’s General Meeting of Shareholders, constituting app. 8.07% of total number of votes at the Company’s General Meeting of Shareholders and, as a result, indirectly increased their share in the total amount of votes at the Company’s General Meeting of Shareholders to more than 10%.

Prior to the Transaction Gosha dominant entities held 1 042 056 shares of the Company representing app. 4.91% of the total number of shares of the Company, which entitle to exercise 1 042 056 votes at the Company’s General Meeting of Shareholders, constituting app. 4.91% of total number of votes at the Company’s General Meeting of Shareholders.

After execution of the Transaction Gosha dominant entities held 2 753 511 shares of the Company representing app. 12.98% of the total number of shares of the Company, which entitle to exercise 2 753 511 votes at the Company’s General Meeting of Shareholders, constituting app. 12.98% of total number of votes at the Company’s General Meeting of Shareholders.

Gosha notified that it did not have any controlled entities. PCMMM notified that its controlled entities, other than Gosha, did not hold any shares of the Company. MPI notified that its controlled entities, other than Gosha, did not hold any shares of the Company. Ms. McGovern and Mr. Winegar notified that their controlled entities, other than Gosha, did not hold any shares of the Company.

Additionally, Gosha, PCMMM, MPI, Ms. McGovern and Mr. Winegar informed that, with respect of each of them, there were no persons or entities referred to in Article 87 section 1 point 3 c) of the Act on public offering, conditions governing the introduction of financial instruments to organized trading and public companies dated July 29th 2005 (“POA”).

Furthermore, Gosha, PCMMM, MPI, Ms. McGovern and Mr. Winegar inform that, with respect of each of them, they did not hold, acquired or disposed any instruments referred to in Article 69b.1 of the POA. In aggregate they held, directly or indirectly, 2 753 511 shares of the Company representing app. 12.98% of the total number of shares of the Company, which entitle to exercise 2 753 511 votes at the Company’s General Meeting of Shareholders, constituting app. 12.98% of total number of votes at the Company’s General Meeting of Shareholders.

On October 16th, 2017 the Management Board of AmRest informed that it received a request pursuant to Art. 48 of the Act of March 4th 2005 on European Economic Interest Grouping and the European Company to buy-back 550 000 shares from one shareholder - Nationale-Nederlanden Otwarty Fundusz Emerytalny (hereinafter referred as “Nationale-Nederlanden”), represented by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. who voted against Resolution No. 3 of the Extraordinary General Meeting of AmRest Holdings SE of October 5th, 2017 on the approval of the international transfer of the registered office to Spain and amendment to the Statute.

On October 20th, 2017 the Management Board of AmRest informed that it received on October 20th, 2017 it an offer from FCapital Lux to acquire all the shares being a subject to buy-back from the shareholders who voted against the Resolution No. 3 of the Extraordinary General Meeting of the Company of October 5th, 2017 on the approval of the international transfer of the registered office to Spain and amendment to the Statute, and requested the buy-back of their shares. The Management Board of AmRest confirmed that pursuant to Art. 18.4 of the Act of March 4th 2005 on European Economic Interest Grouping and the European Company (the “Act on SE”), FCapital Lux transferred the total purchase price for 550 000 shares (PLN 361.65 per share) to the Company’s bank account. Due to the offer filed by FCapital Lux, there is no longer a risk that the Company will be obliged to buy-out shares due to lack of offers.

On November 10th, 2017 the Management Board of AmRest informed that within the deadline envisaged by the relevant provisions of law i.e. until November 9th, 2017, it did not receive any more offers of acquisition of the shares being a subject to buy-back from the shareholders who voted against the abovementioned Resolution No. 3 of the Extraordinary General Meeting of the Company and requested the buy-back of their shares. Consequently, FCapital Lux is the only entity, which submitted its offer to buy all 550 000 shares from Nationale-Nederlanden and transferred the amount equal to the price for all shares to the Company’s bank account.

On November 21st, 2017 the Management Board of AmRest informed that it had adopted on November 21st, 2017 a resolution on allocation of shares under the buy-back from the shareholders who voted against the Resolution No. 3.

In accordance with Art. 18 Sec. 5 in connection with Art. 48 of the Act of March 4th 2005 on European Economic Interest Grouping and the European Company the Management Board of the Company allocated all 550 000 shares, the buy-back of which was requested by the shareholder Nationale-Nederlanden to FCapital Lux. The total price for the shares being the subject to the buy-back was PLN 198,907,500.

On November 23rd, 2017 the Management Board of AmRest informed about signing on November 22nd, 2017 of the agreement between Nationale-Nederlanden, FCapital Lux and AmRest on buy-back of 550,000 shares by FCapital Lux from shareholder Nationale-Nederlanden, who had voted against the transfer of the registered office to Spain.

In accordance with the above-mentioned agreement, AmRest returned to FCapital Lux’s account an amount equal to the price for all 550,000 shares - PLN 198,907,500, which pursuant to Art. 18.4 in connection with Art. 48 of the Act of March 4th 2005 on European Economic Interest Grouping and the European Company FCapital Lux transferred to the Company’s bank account while declaring a willingness to acquire the shares.

Simultaneously, the Management Board informed about execution and settlement on November 23, 2017 of the acquisition by FCapital Lux of 550,000 AmRest shares at the price of PLN 361.65 per share (total price: PLN 198,907,500) from Nationale-Nederlanden.

On November 24th, 2017 the Management Board of AmRest informed that it had received on November 23rd, 2017 a notification from:

1. FCapital Lux S.à.r.l., (hereinafter referred as the “FCapital Lux”),
2. FCapital Dutch, B.V., (hereinafter referred as the “FCapital”),
3. Inmobiliaria Tabga, (hereinafter referred as the “Tabga”),
4. Finaccess Capital, (hereinafter referred as the “Finaccess”),

5. Grupo Finaccess, (hereinafter referred as the "Grupo Finaccess"),
6. Grupo Far-Luca, (hereinafter referred as the "Grupo Far-Luca"),
7. Carlos Fernández–González, (hereinafter referred as "Mr. Fernández"),

that on 23 November 2017 FCapital Lux had purchased in a block trade transaction on the Warsaw Stock Exchange 550,000 shares of AmRest representing app. 2.59 % of the total number of shares of the Company, which entitle to exercise 550,000 votes at the Company's General Meeting of Shareholders, constituting app. 2.59% of total number of votes at the Company's General Meeting of Shareholders ("Transaction").

Prior to the Transaction, FCapital Lux had held 4,682,907 shares of the Company representing 22.07% of the total number of shares of the Company, which entitle to exercise 4,682,907 votes at the Company's General Meeting of Shareholders, constituting app. 22.07% of total number of votes at the Company's General Meeting of Shareholders.

Prior to the Transaction FCapital as a direct dominant entity of FCapital Lux, had held 11,409,697 shares of the Company representing app. 53.78% of the total number of shares of the Company, which entitle to exercise 11,409,697 votes at the Company's General Meeting of Shareholders, constituting app. 53.78% of total number of votes at the Company's General Meeting of Shareholders, out of which:

(i) it directly held 6,726,790 shares of the Company representing app. 31.71% of the total number of shares of the Company, which entitle to exercise 6,726,790 votes at the Company's General Meeting of Shareholders, constituting app. 31.71% of total number of votes at the Company's General Meeting of Shareholders;

(ii) it indirectly (through FCapial Lux) held 4,682,907 shares of the Company representing app. 22.07% of the total number of shares of the Company, which entitle to exercise 4.682.907 votes at the Company's General Meeting of Shareholders, constituting app. 22.07% of total number of votes at the Company's General Meeting of Shareholders.

Prior to the Transaction, Tabga, Finaccess, Grupo Finaccess, Grupo Far Luca and Mr. Fernández, as (direct or indirect) dominant entities of FCapital Lux and FCapital, had held indirectly 11,409,697 shares of the Company representing app. 53.78% of the total number of shares of the Company, which entitle to exercise 11,409,697 votes at the Company's General Meeting of Shareholders, constituting app. 53.78% of total number of votes at the Company's General Meeting of Shareholders.

After the Transaction, FCapital Lux held 5,232,907 shares of the Company representing app. 24.67% of the total number of shares of the Company, which entitle to exercise 5,232,907 votes at the Company's General Meeting of Shareholders, constituting app. 24.67% of total number of votes at the Company's General Meeting of Shareholders.

After the Transaction, FCapital as a direct dominant entity of FC Lux, holds 11,959,697 shares of the Company representing app. 56.38% of the total number of shares of the Company, which entitle to exercise 11,959,697 votes at the Company's General Meeting of Shareholders, constituting app. 56.38% of total number of votes at the Company's General Meeting of Shareholders, out of which:

(i) it directly held 6,726,790 shares of the Company representing app. 31.71% of the total number of shares of the Company, which entitle to exercise 6,726,790 votes at the Company's General Meeting of Shareholders, constituting app. 31.71% of total number of votes at the Company's General Meeting of Shareholders;

(ii) it indirectly (through FCapital Lux) held 5,232,907 shares of the Company representing app. 24.67% of the total number of shares of the Company, which entitle to exercise 5,232,907 votes at the Company's General Meeting of Shareholders, constituting app. 24.67% of total number of votes at the Company's General Meeting of Shareholders.

After the sale, Tabga, Finaccess, Grupo Finaccess, Grupo Far Luca and Mr. Fernández, as indirect dominant entities of FCapital Lux, hold indirectly 11,959,697 shares of the Company representing app. 56.38% of the total number of shares of the Company, which entitle to exercise 11,959,697 votes at the Company's General Meeting of Shareholders, constituting app. 56.38% of total number of votes at the Company's General Meeting of Shareholders.

FC Lux notified that it did not have any controlled entities.

FCapital further notified that its controlled entities, other than FCapital Lux, did not hold any shares of the Company.

Tabga, Finaccess, Grupo Finaccess, Grupo Far-Luca and Mr. Fernández further notified that, with respect of each of them, their controlled entities, other than FCapital Lux and FCapital, did not hold any shares of the Company.

Additionally, FCapital Lux, FCapital, Tabga, Finaccess, Grupo Finaccess, Grupo Far-Luca and Mr. Fernández informed that there were no persons or entities referred to in Article 87 section 1 point 3 c) of the Act on public offering, conditions governing the introduction of financial instruments to organized trading and public companies dated July 29th 2005 ("POA").

Furthermore, FCapital Lux informed that it did not hold, acquired or disposed any instruments referred to in Article 69b.1 of the POA and in aggregate is only authorized to exercise votes from 5,232,907 shares of the Company representing app. 24.67% of the total number of shares of the Company, which entitle to exercise 5,232,907 votes at the Company's General Meeting of Shareholders, constituting app. 24.67% of total number of votes at the Company's General Meeting of Shareholders.

Also FCapital, Tabga, Finaccess, Grupo Finaccess, Grupo Far-Luca and Mr. Fernández informed that, with respect of each of them, they did not hold, acquired or disposed any instruments referred to in Article 69b.1 of the POA and in aggregate they only hold votes from 11,959,697 shares of the Company representing app. 56.38% of the total number of shares of the Company, which entitle to exercise 11,959,697 votes at the Company's General Meeting of Shareholders, constituting app. 56.38% of total number of votes at the Company's General Meeting of Shareholders.

8.2. Changes in the number of shares held by members of AmRest Management and Supervisory Boards

According to the best knowledge of AmRest, there were six members of Management Board, who in 2017 owned the Issuer's shares: Mr. Wojciech Mroczyński, Mr. Drew O'Malley, Mr. Jacek Trybuchowski, Mr. Mark Chandler, Mrs. Oksana Staniszewska and Mr. Olgierd Danielewicz,.

As at December 31st, 2016 Mr. Wojciech Mroczyński held 14 shares of the Company with a total nominal value of EUR 0.14. On December 28th, 2017 (being the last day on the position of the Management Board member) he held 1 355 shares of the Company with a total nominal value of EUR 13.55.

As at December 31st, 2016 Mr. Drew O'Malley did not hold any Company's shares. On June 30th, 2017 (being the last day on the position of the Management Board member) he held 918 shares of the Company with a total nominal value of EUR 9.18.

As at December 31st, 2016 Mr. Jacek Trybuchowski held 48 505 shares of the Company with a total nominal value of EUR 485.05. On December 31st, 2017 (and simultaneously on the date of publication of this report) he held 4 296 shares of the Company with a total nominal value of EUR 42.96.

As at December 31st, 2016 Mr. Mark Chandler held 38 000 shares of the Company with a total nominal value of EUR 380.00. On December 31st, 2017 (and simultaneously on the date of publication of this report) he held 1 379 shares of the Company with a total nominal value of EUR 13.79.

As at December 31st, 2016 Mrs. Oksana Staniszewska held 2 020 shares of the Company with a total nominal value of EUR 20.20. On December 31st, 2017 (and simultaneously on the date of publication of this report) she did not hold any Company's shares.

As at December 31st, 2016 Mr. Olgierd Danielewicz held 21 508 shares of the Company with a total nominal value of EUR 215.08. On December 31st, 2017 (and simultaneously on the date of publication of this report) he held 5 047 shares of the Company with a total nominal value of EUR 50.47.

Pursuant to the information available to the Company, the only Supervisory Board member, who owns directly the Issuer's shares is Mr. Henry McGovern .

As at December 31st, 2016 Mr. Henry McGovern did not hold directly any Company's shares. On December 31st, 2017 (and simultaneously on the date of publication of this report) he holds directly 7 234 shares of the Company with a total nominal value of EUR 72.34.

As at December 31st, 2016 Gosha Holdings S.a.r.l. – the closely associated person of Mr. Henry McGovern and Mr. Steven Kent Winegar (the Company's Supervisory Board members) held 1 242 056 shares of the Company with a total nominal value of EUR 12 420.56. On December 31st, 2017 Gosha Holdings S.a.r.l. held 2 463 511 shares of the Company with a total nominal value of EUR 24 635.11. As at the date of publication of this report Gosha Holdings S.a.r.l. holds 2 263 511 the Company's shares with a total nominal value of EUR 22 635.11.

As at December 31st, 2016 FCapital Dutch B.V. – the closely associated person of Mr. Carlos Fernández González (the Company's Supervisory Board member) held 13 121 152 shares of the Company with a total nominal value of EUR 131 211.52. On December 31st, 2017 (and simultaneously on the date of publication of this report) FCapital Dutch B.V. held 11 959 697 the Company's shares with a total nominal value of EUR 119 596.97.

8.3. Transactions on AmRest shares executed by persons having access to confidential information

On January 10th, 2017 AmRest informed that it received on the same day a notice from Mr. Zbigniew Cylny - Chairman of the Board of AmRest subsidiary, about a purchase of 600 AmRest shares at the average price of PLN 113.27 per share executed on January 5th, 2017. The transaction was executed outside the regulated marked as a result of exercising AmRest management options.

On January 12th, 2017 AmRest informed that it received on the same day a notice from Mr. Olgierd Danielewicz - a member of the Company's Management Board, about:

- a purchase of 5 274 AmRest executed on January 11th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options,

- a purchase of 1 065 AmRest executed on January 12th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options.

The transactions were executed outside the regulated marked.

On January 25th, 2017 AmRest informed that it received on the same day a notice from Mr. Mark Chandler - a member of the Company's Management Board, about:

- a sale of 6 000 AmRest shares at the average price of PLN 303.72 per share executed on January 23rd, 2017,

- a sale of 1 428 AmRest shares at the average price of PLN 313.27 per share executed on January 24th, 2017,

The transaction was executed at the Warsaw Stock Exchange.

On January 27th, 2017 AmRest informed that it received on the same day a notice from Mr. Mark Chandler - a member of the Company's Management Board, about a sale of 4 589 AmRest shares at the average price of PLN 319.37 per share executed on January 25th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On February 14th, 2017 AmRest informed that it received on the same day a notice from Mr. Olgierd Danielewicz - a member of the Company's Management Board, about a sale of 500 AmRest shares at the average price of PLN 330.60 per share executed on February 10th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On March 24th, 2017 AmRest informed that it received on the same day a notice from Mr. Drew O'Malley - a member of the Company's Management Board, about a purchase of 20 000 AmRest shares executed on March 23rd, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

On March 24th, 2017 AmRest also informed that it received on the same day a notice from Mrs. Oksana Staniszewska - a member of the Company's Management Board, about a sale of 1 669 AmRest shares at the average price of PLN 330.75 per share executed on March 23rd, 2017. The transaction was executed at the Warsaw

Stock Exchange.

On March 30th, 2017 AmRest informed that it received on the same day a notice from Mr. Drew O'Malley - a member of the Company's Management Board, about a sale of 20 000 AmRest shares at the average price of PLN 341.33 per share executed on March 28th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On March 30th, 2017 AmRest also informed that it received on the same day a notice from Mr. Mark Chandler - a member of the Company's Management Board, about:

- a sale of 12 563 AmRest shares at the average price of PLN 341.05 per share executed on March 28th, 2017,

- a sale of 9 000 AmRest shares at the average price of PLN 344.60 per share executed on March 29th, 2017,

- a sale of 1 532 AmRest shares at the average price of PLN 346.30 per share executed on March 30th, 2017.

The transactions were executed at the Warsaw Stock Exchange.

On March 30th, 2017 AmRest also informed that it received on the same day a notice from Mrs. Oksana Staniszewska - a member of the Company's Management Board, about:

- a sale of 351 AmRest shares at the average price of PLN 324.30 per share executed on March 24th, 2017. The transaction was executed at the Warsaw Stock Exchange.

- a purchase of 1 427 AmRest shares executed on March 30th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

- a sale of 1 427 AmRest shares at the average price of PLN 344.60 per share executed on March 30th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 3rd, 2017 AmRest informed that it received on the same day a notice from Mr. Olgierd Danielewicz - a member of the Company's Management Board, about a sale of 900 AmRest shares at the average price of PLN 338.06 per share executed on March 31st, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 4th, 2017 AmRest informed that it received on the same day a notice from Mr. Drew O'Malley - a member of the Company's Management Board, about a purchase of 3 015 AmRest shares executed on April 3rd, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

On April 4th, 2017 AmRest also informed that it received on the same day a notice from Mr. Wojciech Mroczyński - a member of the Company's Management Board, about a purchase of 18 246 AmRest shares executed on April 3rd, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

On April 6th, 2017 AmRest informed that it received on the same day a notice from Mr. Wojciech Mroczyński - a member of the Company's Management Board, about a sale of 8 260 AmRest shares at the average price of PLN 344.17 per share executed on April 4th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 7th, 2017 AmRest informed that it received on the same day a notice from Mr. Drew O'Malley - a member of the Company's Management Board, about a sale of 3 015 AmRest shares at the average price of PLN 340.27 per share executed on April 5th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 12th, 2017 AmRest informed that it received on the same day a notice from Mr. Wojciech Mroczyński - a member of the Company's Management Board, about

- a sale of 1 233 AmRest shares at the average price of PLN 344.75 per share executed on April 10th, 2017,

- a sale of 5 246 AmRest shares at the average price of PLN 344.88 per share executed on April 11th, 2017.

The transactions were executed at the Warsaw Stock Exchange.

On April 12th, 2017 AmRest also informed that it received on the same day a notice from Mr. Olgierd Danielewicz - a member of the Company's Management Board, about a sale of 600 AmRest shares at the average price of PLN 343.15 per share executed on April 10th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 13th, 2017 AmRest informed that it received on the same day a notice from Mr. Zbigniew Cylny - Chairman of the Board of AmRest subsidiary, about a sale of 600 AmRest shares at the average price of PLN 343.96 per share executed on April 11th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 14th, 2017 AmRest informed that it received on the same day a notice from Mr. Wojciech Mroczyński - a member of the Company’s Management Board, about a sale of 3 521 AmRest shares at the average price of PLN 345.45 per share executed on April 12th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 19th, 2017 AmRest informed that it received on the same day a notice from Mr. Henry McGovern – a member of the Company’s Supervisory Board, about a purchase of 7 234 AmRest shares executed on April 18th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

On April 19th, 2017 AmRest also informed that it received on the same day a notice from Mr. Drew O’Malley - a member of the Company’s Management Board, about a purchase of 9 036 AmRest shares executed on April 18th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

On April 20th, 2017 AmRest informed that it received on the same day a notice from Mr. Wojciech Mroczyński - a member of the Company’s Management Board, about:

- a purchase of 7 164 AmRest shares executed on April 18th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

- a sale of 2 225 AmRest shares at the average price of PLN 344.95 per share executed on April 18th, 2017. The transaction was executed at the Warsaw Stock Exchange.

- a sale of 3 584 AmRest shares at the average price of PLN 344.80 per share executed on April 19th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 24th, 2017 AmRest informed that it received on the same day a notice from Mr. Drew O’Malley - a member of the Company’s Management Board, about a sale of 6 036 AmRest shares at the average price of PLN 344.21 per share executed on April 21st, 2017. The transaction was executed at the Warsaw Stock Exchange.

On April 27th, 2017 AmRest informed that it received on the same day a notice from Mr. Jacek Trybuchowski - a member of the Management Board of AmRest subsidiary, about:

- a sale of 116 AmRest shares at the price of PLN 365.00 per share executed on April 25th, 2017,

- a sale of 2 009 AmRest shares at the average price of PLN 369.75 per share executed on April 26th, 2017.

The transactions were executed at the Warsaw Stock Exchange.

On April 28th, 2017 AmRest informed that it received on the same day a notice from Mr. Jacek Trybuchowski - a member of the Management Board of AmRest subsidiary, about:

- a sale of 693 AmRest shares at the average price of PLN 372.07 per share executed on April 27th, 2017,

- a sale of 733 AmRest shares at the price of PLN 368.00 per share executed on April 28th, 2017.

The transactions were executed at the Warsaw Stock Exchange.

On May 4th, 2017 AmRest informed that it received on the same day a notice from Mr. Mark Chandler - a member of the Company’s Management Board, about a sale of 509 AmRest shares at the average price of PLN 367.50 per share executed on April 28th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On May 31st, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mr. Jerzy Tymofiejew - a person discharging managerial responsibilities, about a purchase of 450 AmRest shares at the average price of PLN 207.76 executed on May 29th, 2017. The transaction was executed outside the regulated marked as a result of exercising AmRest management option plan.

On June 12th, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mr. Drew O’Malley - a member of the Company’s Management Board, about a sale of 2 082 AmRest shares at the average price of PLN 360.24 per share executed on June 9th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On June 22nd, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mr. Olgierd Danielewicz - a member of the Company's Management Board, about a sale of 800 AmRest shares at the average price of PLN 360.01 per share executed on June 20th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On October 16th, 2017 AmRest informed that it received on the same day a notice from Mrs. Maria Elena Pato-Castel, La Tagliatella President, being a person discharging managerial responsibilities in the Company, about:

- a purchase of 11 542 AmRest shares executed on October 12th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked,

- a sale of 370 AmRest shares at the price of PLN 366.00 per share executed on October 13th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On October 19th, 2017 AmRest informed that it received on the same day a notice from Mrs. Maria Elena Pato-Castel, La Tagliatella President, being a person discharging managerial responsibilities in the Company, about:

- a sale of 2 000 AmRest shares at the price of PLN 359.15 per share executed on October 17th, 2017,

- a sale of 3 419 AmRest shares at the price of PLN 358.61 per share executed on October 18th, 2017.

The transactions were executed at the Warsaw Stock Exchange.

On 24th November, 2017 AmRest informed that it received on the same day a notice from Mrs. Maria Elena Pato-Castel, La Tagliatella President, being a person discharging managerial responsibilities in the Company, about about a sale of 3600 AmRest shares at the price of PLN 369.74 per share executed on November 22nd, 2017. The transaction was executed at the Warsaw Stock Exchange.

On November 24th, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mr. Jacek Trybuchowski - a member of the Company's Management Board, about:

- a sale of 16 619 AmRest shares at the average price of PLN 374.54 per share executed on November 22nd, 2017,

- a sale of 20 039 AmRest shares at the average price of PLN 370.00 per share executed on November 23rd, 2017.

The transactions were executed at the Warsaw Stock Exchange.

On November 27th, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mr. Olgierd Danielewicz - a member of the Company's Management Board, about a sale of 20 000 AmRest shares at the price of PLN 370.00 per share executed on November 24th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On November 28th, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mrs. Maria Elena Pato-Castel, La Tagliatella President, being a person discharging managerial responsibilities in the Company, about:

- a sale of 554 AmRest shares at the price of PLN 370.05 per share executed on November 24th, 2017.

- a sale of 1 599 AmRest shares at the price of PLN 369.00 per share executed on November 27th, 2017.

The transactions were executed at the Warsaw Stock Exchange.

On November 28th, 2017 the Management Board of AmRest also informed that it received on the same day a notice from Mr. Jacek Trybuchowski - a member of the Company's Management Board, about a sale of 4 000 AmRest shares at the price of PLN 370.00 per share executed on November 24th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On December 14th, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mrs. Oksana Staniszewska - a member of the Company's Management Board, about:

- a purchase of 1 303 AmRest shares executed on December 13th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated marked.

- a sale of 1 303 AmRest shares at the average price of PLN 353.71 per share executed on December 13th, 2017. The transaction was executed at the Warsaw Stock Exchange.

On December 21st, 2017 the Management Board of AmRest informed that it received on the same day a notice from Mr. Jerzy Tymofiejew - a person discharging managerial responsibilities, about a purchase of 180 AmRest shares at the price of PLN 130.90 executed on December 19th, 2017. The transaction was executed outside the regulated marked as a result of exercising AmRest management option plan.

On December 29th, 2017 the Management Board of AmRest informed that it received on December 28th, 2017 a notice from Mr. Jerzy Tymofiejew - a person discharging managerial responsibilities, about a sale of 860 AmRest shares at the price of PLN 392.00 executed on December 28th, 2017. The transaction was executed at the Warsaw Stock Exchange.

8.4. Transactions on AmRest shares concluded for the purpose of executing the stock option plan

The buyback is based on Resolution no. 7 of the Annual General Meeting of AmRest of May 19th, 2015 on the authorization of Company's Management Board to acquire Company's own shares and the establishment of a reserve capital for the acquisition of own shares.

In the period between January 1st, 2017 and the day of publication of this report AmRest purchased a total of 225 692 own shares for a total price of PLN 79 128 483. During the same period, the Company disposed a total of 147 348 own shares to entitled participants of the stock options plans.

TABLE 2.6. TRANSACTIONS ON AMREST SHARES EXECUTED BY AMREST FROM JANUARY 1ST, 2017 TO THE DATE OF SUBMITTING THIS REPORT (MARCH 8TH, 2018)

conclusion date	settlement date	purchase /disposal	number of purchased/ disposed shares	average purchase/ disposal price per share	nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
05.01.2017	05.01.2017	D	611	0.00	0.01	0.0066%	1 391	38 201	38 201	0.1801%
			200	78.00	0.01					
			580	130.90	0.01					
09.01.2017	09.01.2017	D	231	0.00	0.01	0.0011%	231	37 970	37 970	0.1790%
10.01.2017	10.01.2017	D	1 212	0.00	0.01	0.0070%	1 492	36 478	36 478	0.1720%
			280	130.90	0.01					
11.01.2017	11.01.2017	D	6 464	0.00	0.01	0.0311%	6 594	29 884	29 884	0.1409%
			130	130.90	0.01					
12.01.2017	12.01.2017	D	1 332	0.00	0.01	0.0088%	1 872	28 012	28 012	0.1320%
			540	130.90	0.01					
13.01.2017	13.01.2017	D	259	0.00	0.01	0.0019%	399	27 613	27 613	0.1302%
			140	130.90	0.01					
16.01.2017	16.01.2017	D	140	0.00	0.01	0.0059%	1 260	26 353	26 353	0.1242%
			200	70.00	0.01					
			280	78.00	0.01					
			200	81.00	0.01					
			200	81.82	0.01					
			240	130.90	0.01					
17.01.2017	17.01.2017	D	121	0.00	0.01	0.0011%	241	26 112	26 112	0.1231%
			120	130.90	0.01					

conclusion date	settlement date	purchase /disposal	number of purchased/ disposed shares	average purchase/ disposal price per share	nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
18.01.2017	18.01.2017	D	118	0.00	0.01	0.0172%	3 658	22 454	22 454	0.1058%
			800	70.00	0.01					
			1 300	81.00	0.01					
			840	81.82	0.01					
			500	96.50	0.01					
			100	130.90	0.01					
20.01.2017	20.01.2017	D	43	0.00	0.01	0.0011%	223	22 231	22 231	0.1048%
			80	78.00	0.01					
			100	130.90	0.01					
23.01.2017	23.01.2017	D	56	0.00	0.01	0.0003%	56	22 175	22 175	0.1045%
24.01.2017	24.01.2017	D	50	130.90	0.01	0.0002%	50	22 125	22 125	0.1043%
26.01.2017	30.01.2017	P	9	342.90	0.01	0.00004%	9	22 134	22 134	0.1043%
27.01.2017	31.01.2017	P	50	343.00	0.01	0.0002%	50	22 184	22 184	0.1046%
30.01.2017	01.02.2017	P	710	337.16	0.01	0.0033%	710	22 894	22 894	0.1079%
31.01.2017	31.01.2017	D	4 956	0.00	0.01	0.0234%	4 956	17 938	17 938	0.0846%
31.01.2017	02.02.2017	P	2 090	335.96	0.01	0.0099%	2 090	20 028	20 028	0.0944%
01.02.2017	03.02.2017	P	2 000	325.43	0.01	0.0094%	2 000	22 028	22 028	0.1038%
02.02.2017	06.02.2017	P	850	317.75	0.01	0.0040%	850	22 878	22 878	0.1078%
03.02.2017	07.02.2017	P	2 000	307.00	0.01	0.0094%	2 000	24 878	24 878	0.1173%
06.02.2017	08.02.2017	P	2 040	316.00	0.01	0.0096%	2 040	26 918	26 918	0.1269%
07.02.2017	09.02.2017	P	490	328.25	0.01	0.0023%	490	27 408	27 408	0.1292%
08.02.2017	10.02.2017	P	2 400	329.42	0.01	0.0113%	2 400	29 808	29 808	0.1405%
09.02.2017	13.02.2017	P	2 500	329.30	0.01	0.0118%	2 500	32 308	32 308	0.1523%
10.02.2017	14.02.2017	P	2 461	330.58	0.01	0.0116%	2 461	34 769	34 769	0.1639%
14.02.2017	16.02.2017	P	2 809	319.90	0.01	0.0132%	2 809	37 578	37 578	0.1771%
15.02.2017	17.02.2017	P	1 295	319.45	0.01	0.0061%	1 295	38 873	38 873	0.1832%
16.02.2017	20.02.2017	P	2 000	322.64	0.01	0.0094%	2 000	40 873	40 873	0.1927%
20.02.2017	22.02.2017	P	2 250	330.00	0.01	0.0106%	2 250	43 123	43 123	0.2033%
21.02.2017	23.02.2017	P	2 250	332.88	0.01	0.0106%	2 250	45 373	45 373	0.2139%
17.03.2017	21.03.2017	P	3 800	335.68	0.01	0.0179%	3 800	49 173	49 173	0.2318%
20.03.2017	22.03.2017	P	1 011	333.71	0.01	0.0048%	1 011	50 184	50 184	0.2366%
21.03.2017	23.03.2017	P	858	327.56	0.01	0.0040%	858	51 042	51 042	0.2406%
22.03.2017	24.03.2017	P	1 018	327.80	0.01	0.0048%	1 018	52 060	52 060	0.2454%
23.03.2017	23.03.2017	D	20 000	0.00	0.01	0.0943%	20 000	32 060	32 060	0.1511%
23.03.2017	27.03.2017	P	2 503	335.28	0.01	0.0118%	2 503	34 563	34 563	0.1629%
24.03.2017	28.03.2017	P	1 500	330.61	0.01	0.0071%	1 500	36 063	36 063	0.1700%
27.03.2017	29.03.2017	P	505	333.59	0.01	0.0024%	505	36 568	36 568	0.1724%
28.03.2017	30.03.2017	P	2 100	340.00	0.01	0.0099%	2 100	38 668	38 668	0.1823%
29.03.2017	31.03.2017	P	3 000	344.58	0.01	0.0141%	3 000	41 668	41 668	0.1964%
30.03.2017	30.03.2017	D	1 650	0.00	0.01	0.0078%	1 650	40 018	40 018	0.1886%
30.03.2017	03.04.2017	P	3 000	344.63	0.01	0.0141%	3 000	43 018	43 018	0.2028%
31.03.2017	31.03.2017	D	1 780	0.00	0.01	0.0084%	1 780	41 238	41 238	0.1944%
31.03.2017	04.04.2017	P	1 548	348.25	0.01	0.0073%	1 548	42 786	42 786	0.2017%
03.04.2017	03.04.2017	D	22 287	0.00	0.01	0.1051%	22 287	20 499	20 499	0.0966%
03.04.2017	05.04.2017	P	2 452	347.00	0.01	0.0116%	2 452	22 951	22 951	0.1082%
04.04.2017	04.04.2017	D	279	0.00	0.01	0.0013%	279	22 672	22 672	0.1069%
04.04.2017	06.04.2017	P	4 000	343.78	0.01	0.0189%	4 000	26 672	26 672	0.1257%
05.04.2017	07.04.2017	P	3 000	340.17	0.01	0.0141%	3 000	29 672	29 672	0.1399%

conclusion date	settlement date	purchase /disposal	number of purchased/ disposed shares	average purchase/ disposal price per share	nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
06.04.2017	06.04.2017	D	819	0.00	0.01	0.0039%	819	28 853	28 853	0.1360%
06.04.2017	10.04.2017	P	4 200	341.97	0.01	0.0198%	4 200	33 053	33 053	0.1558%
07.04.2017	07.04.2017	D	1 038	0.00	0.01	0.0049%	1 038	32 015	32 015	0.1509%
07.04.2017	11.04.2017	P	3 594	340.70	0.01	0.0169%	3 594	35 609	35 609	0.1679%
10.04.2017	12.04.2017	P	606	344.67	0.01	0.0029%	606	36 215	36 215	0.1707%
11.04.2017	11.04.2017	D	114	0.00	0.01	0.0005%	114	36 101	36 101	0.1702%
11.04.2017	13.04.2017	P	4 196	344.16	0.01	0.0198%	4 196	40 297	40 297	0.1900%
12.04.2017	18.04.2017	P	4 750	345.39	0.01	0.0224%	4 750	45 047	45 047	0.2123%
13.04.2017	19.04.2017	P	5 054	345.53	0.01	0.0238%	5 054	50 101	50 101	0.2362%
18.04.2017	18.04.2017	D	24 638	0.00	0.01	0.1171%	24 838	25 263	25 263	0.1191%
			200	130.90	0.01					
20.04.2017	20.04.2017	D	96	0.00	0.01	0.0005%	96	25 167	25 167	0.1186%
20.04.2017	24.04.2017	P	5 150	342.86	0.01	0.0243%	5 150	30 317	30 317	0.1429%
21.04.2017	21.04.2017	D	429	0.00	0.01	0.0020%	429	29 888	29 888	0.1409%
21.04.2017	25.04.2017	P	1 482	343.83	0.01	0.0070%	1 482	31 370	31 370	0.1479%
25.04.2017	27.04.2017	P	5 943	368.90	0.01	0.0280%	5 943	37 313	37 313	0.1759%
26.04.2017	28.04.2017	P	2 557	373.43	0.01	0.0121%	2 557	39 870	39 870	0.1879%
27.04.2017	27.04.2017	D	108	0.00	0.01	0.0005%	108	39 762	39 762	0.1874%
28.04.2017	28.04.2017	D	830	0.00	0.01	0.0039%	830	38 932	38 932	0.1835%
22.05.2017	24.05.2017	P	3 100	332.46	0.01	0.0146%	3 100	42 032	42 032	0.1981%
23.05.2017	25.05.2017	P	2 900	336.33	0.01	0.0137%	2 900	44 932	44 932	0.2118%
24.05.2017	24.05.2017	D	85	0.00	0.01	0.0004%	85	44 847	44 847	0.2114%
24.05.2017	26.05.2017	P	1 364	337.78	0.01	0.0064%	1 364	46 211	46 211	0.2178%
25.05.2017	29.05.2017	P	683	338.21	0.01	0.0032%	683	46 894	46 894	0.2211%
26.05.2017	26.05.2017	D	1 212	0.00	0.01	0.0097%	2 052	44 842	44 842	0.2114%
			240	70.00	0.01					
			200	81.00	0.01					
			140	81.82	0.01					
			260	223.50	0.01					
26.05.2017	30.05.2017	P	2 608	339.98	0.01	0.0123%	2 608	47 450	47 450	0.2237%
29.05.2017	29.05.2017	D	1 335	0.00	0.01	0.0106%	2 245	45 205	45 205	0.2131%
			100	70.00	0.01					
			100	81.00	0.01					
			150	81.82	0.01					
			80	130.90	0.01					
			480	223.50	0.01					
29.05.2017	31.05.2017	P	1 472	340.00	0.01	0.0069%	1 472	46 677	46 677	0.2200%
30.05.2017	30.05.2017	D	837	0.00	0.01	0.0039%	837	45 840	45 840	0.2161%
30.05.2017	01.06.2017	P	2 377	340.60	0.01	0.0112%	2 377	48 217	48 217	0.2273%
31.05.2017	31.05.2017	D	270	0.00	0.01	0.0013%	270	47 947	47 947	0.2260%
31.05.2017	02.06.2017	P	3 200	345.25	0.01	0.0151%	3 200	51 147	51 147	0.2411%
01.06.2017	01.06.2017	D	574	0.00	0.01	0.0037%	794	50 353	50 353	0.2374%
			220	223.50	0.01					
01.06.2017	05.06.2017	P	150	339.70	0.01	0.0007%	150	50 503	50 503	0.2381%
05.06.2017	05.06.2017	D	809	0.00	0.01	0.0054%	1 149	49 354	49 354	0.2326%
			120	70.00	0.01					
			100	81.00	0.01					
			120	81.82	0.01					

conclusion date	settlement date	purchase /disposal	number of purchased/ disposed shares	average purchase/ disposal price per share	nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
06.06.2017	06.06.2017	D	501	0.00	0.01	0.0065%	1 371	47 983	47 983	0.2262%
			180	70.00	0.01					
			210	81.00	0.01					
			220	81.82	0.01					
			260	223.50	0.01					
06.06.2017	08.06.2017	P	3 400	364.16	0.01	0.0160%	3 400	51 383	51 383	0.2422%
07.06.2017	09.06.2017	P	2 000	366.44	0.01	0.0094%	2 000	53 383	53 383	0.2516%
08.06.2017	08.06.2017	D	1 078	0.00	0.01	0.0051%	1 078	52 305	52 305	0.2466%
12.06.2017	12.06.2017	D	463	0.00	0.01	0.0041%	863	51 442	51 442	0.2425%
			20	70.00	0.01					
			100	81.00	0.01					
			120	81.82	0.01					
			160	223.50	0.01					
13.06.2017	13.06.2017	D	705	0.00	0.01	0.0033%	705	50 737	50 737	0.2392%
13.06.2017	16.06.2017	P	2 374	356.50	0.01	0.0112%	2 374	53 111	53 111	0.2504%
14.06.2017	14.06.2017	D	292	0.00	0.01	0.0016%	342	52 769	52 769	0.2487%
			50	81.00	0.01					
14.06.2017	19.06.2017	P	2 000	355.00	0.01	0.0094%	2 000	54 769	54 769	0.2582%
16.06.2017	20.06.2017	P	1 076	355.18	0.01	0.0051%	1 076	55 845	55 845	0.2632%
19.06.2017	19.06.2017	D	2 890	0.00	0.01	0.0183%	3 890	51 955	51 955	0.2449%
			200	70.00	0.01					
			200	81.00	0.01					
			200	81.82	0.01					
			400	223.50	0.01					
20.06.2017	20.06.2017	D	725	0.00	0.01	0.0049%	1 047	50 908	50 908	0.2400%
			80	81.00	0.01					
			82	81.82	0.01					
			160	223.50	0.01					
20.06.2017	22.06.2017	P	1 027	359.89	0.01	0.0048%	1 027	51 935	51 935	0.2448%
21.06.2017	21.06.2017	D	676	0.00	0.01	0.0046%	977	50 958	50 958	0.2402%
			141	70.00	0.01					
			80	81.00	0.01					
			80	81.82	0.01					
21.06.2017	23.06.2017	P	2 000	362.76	0.01	0.0094%	2 000	52 958	52 958	0.2496%
22.06.2017	26.06.2017	P	555	364.92	0.01	0.0026%	555	53 513	53 513	0.2523%
23.06.2017	23.06.2017	D	1 015	0.00	0.01	0.0048%	1 015	52 498	52 498	0.2475%
23.06.2017	27.06.2017	P	1 002	363.95	0.01	0.0047%	1 002	53 500	53 500	0.2522%
26.06.2017	26.06.2017	D	562	0.00	0.01	0.0026%	562	52 938	52 938	0.2495%
28.06.2017	30.06.2017	P	2 040	348.99	0.01	0.0096%	2 040	54 978	54 978	0.2592%
29.06.2017	03.07.2017	P	995	348.52	0.01	0.0047%	995	55 973	55 973	0.2639%
30.06.2017	04.07.2017	P	1 000	354.28	0.01	0.0047%	1 000	56 973	56 973	0.2686%
03.07.2017	03.07.2017	D	209	0.00	0.01	0.0010%	209	56 764	56 764	0.2676%
03.07.2017	05.07.2017	P	1 800	354.61	0.01	0.0085%	1 800	58 564	58 564	0.2761%
04.07.2017	06.07.2017	P	35	342.05	0.01	0.0002%	35	58 599	58 599	0.2762%
05.07.2017	05.07.2017	D	40	81.00	0.01	0.0009%	192	58 407	58 407	0.2753%
			72	81.82	0.01					
			80	223.50	0.01					

conclusion date	settlement date	purchase /disposal	number of purchased/ disposed shares	average purchase/ disposal price per share	nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
05.07.2017	07.07.2017	P	1 800	342.94	0.01	0.0085%	1 800	60 207	60 207	0.2838%
06.07.2017	10.07.2017	P	1 600	343.25	0.01	0.0075%	1 600	61 807	61 807	0.2914%
07.07.2017	11.07.2017	P	2 200	351.71	0.01	0.0104%	2 200	64 007	64 007	0.3017%
12.07.2017	14.07.2017	P	289	355.89	0.01	0.0014%	289	64 296	64 296	0.3031%
17.07.2017	17.07.2017	D	53	0.00	0.01	0.0002%	53	64 243	64 243	0.3028%
17.07.2017	19.07.2017	P	1 611	366.04	0.01	0.0076%	1 611	65 854	65 854	0.3104%
18.07.2017	20.07.2017	P	1 329	370.15	0.01	0.0063%	1 329	67 183	67 183	0.3167%
19.07.2017	21.07.2017	P	1 981	370.90	0.01	0.0093%	1 981	69 164	69 164	0.3260%
21.07.2017	25.07.2017	P	2 000	363.97	0.01	0.0094%	2 000	71 164	71 164	0.3355%
24.07.2017	24.07.2017	D	159	0.00	0.01	0.0007%	159	71 005	71 005	0.3347%
24.07.2017	26.07.2017	P	2 400	371.41	0.01	0.0113%	2 400	73 405	73 405	0.3460%
25.07.2017	25.07.2017	D	100	223.50	0.01	0.0005%	100	73 305	73 305	0.3456%
25.07.2017	27.07.2017	P	867	370.22	0.01	0.0041%	867	74 172	74 172	0.3496%
26.07.2017	28.07.2017	P	318	373.50	0.01	0.0015%	318	74 490	74 490	0.3511%
27.07.2017	31.07.2017	P	2 364	373.94	0.01	0.0111%	2 364	76 854	76 854	0.3623%
02.08.2017	04.08.2017	P	2 400	369.19	0.01	0.0113%	2 400	79 254	79 254	0.3736%
03.08.2017	03.08.2017	D	76	0.00	0.01	0.0004%	76	79 178	79 178	0.3732%
03.08.2017	07.08.2017	P	2 400	370.81	0.01	0.0113%	2 400	81 578	81 578	0.3845%
04.08.2017	08.08.2017	P	1 500	369.98	0.01	0.0071%	1 500	83 078	83 078	0.3916%
07.08.2017	09.08.2017	P	1 550	370.88	0.01	0.0073%	1 550	84 628	84 628	0.3989%
08.08.2017	10.08.2017	P	1 600	367.53	0.01	0.0075%	1 600	86 228	86 228	0.4065%
23.08.2017	25.08.2017	P	1 088	376.39	0.01	0.0051%	1 088	87 316	87 316	0.4116%
24.08.2017	28.08.2017	P	218	380.00	0.01	0.0010%	218	87 534	87 534	0.4126%
25.08.2017	29.08.2017	P	1 625	379.99	0.01	0.0077%	1 625	89 159	89 159	0.4203%
31.08.2017	04.09.2017	P	2 000	357.71	0.01	0.0094%	2 000	91 159	91 159	0.4297%
01.09.2017	05.09.2017	P	2 313	369.81	0.01	0.0109%	2 313	93 472	93 472	0.4406%
04.09.2017	06.09.2017	P	2 248	364.95	0.01	0.0106%	2 248	95 720	95 720	0.4512%
05.09.2017	07.09.2017	P	2 200	365.74	0.01	0.0104%	2 200	97 920	97 920	0.4616%
08.09.2017	12.09.2017	P	2 059	355.75	0.01	0.0097%	2 059	99 979	99 979	0.4713%
11.09.2017	13.09.2017	P	1 841	349.49	0.01	0.0087%	1 841	101 820	101 820	0.4800%
19.09.2017	19.09.2017	D	632	0.00	0.01	0.0030%	632	101 188	101 188	0.4770%
19.09.2017	21.09.2017	P	3 099	358.90	0.01	0.0146%	3 099	104 287	104 287	0.4916%
20.09.2017	22.09.2017	P	1 731	364.62	0.01	0.0082%	1 731	106 018	106 018	0.4998%
21.09.2017	25.09.2017	P	1 464	364.37	0.01	0.0069%	1 464	107 482	107 482	0.5067%
03.10.2017	03.10.2017	D	1 448	0.00	0.01	0.0096%	2 028	105 454	105 454	0.4971%
			100	81.00	0.01					
			180	81.82	0.01					
			180	130.90	0.01					
			120	223.50	0.01					
04.10.2017	04.10.2017	D	867	0.00	0.01	0.0041%	867	104 587	104 587	0.4930%
04.10.2017	06.10.2017	P	3 600	359.78	0.01	0.0170%	3 600	108 187	108 187	0.5100%
05.10.2017	09.10.2017	P	3 200	359.12	0.01	0.0151%	3 200	111 387	111 387	0.5251%
06.10.2017	10.10.2017	P	3 400	360.55	0.01	0.0160%	3 400	114 787	114 787	0.5411%
09.10.2017	09.10.2017	D	206	0.00	0.01	0.0010%	206	114 581	114 581	0.5401%
10.10.2017	10.10.2017	D	39	0.00	0.01	0.0002%	39	114 542	114 542	0.5399%
12.10.2017	12.10.2017	D	11 723	0.00	0.01	0.0559%	11 863	102 679	102 679	0.4840%
			140	223.50	0.01					
16.10.2017	18.10.2017	P	3 200	364.93	0.01	0.0151%	3 200	105 879	105 879	0.4991%

conclusion date	settlement date	purchase /disposal	number of purchased/ disposed shares	average purchase/ disposal price per share	nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
17.10.2017	17.10.2017	D	272	0.00	0.01	0.0013%	272	105 607	105 607	0.4978%
17.10.2017	19.10.2017	P	1 240	358.76	0.01	0.0058%	1 240	106 847	106 847	0.5037%
18.10.2017	18.10.2017	D	360	81.82	0.01	0.0017%	360	106 487	106 487	0.5020%
18.10.2017	20.10.2017	P	3 200	358.57	0.01	0.0151%	3 200	109 687	109 687	0.5171%
19.10.2017	19.10.2017	D	120	223.50	0.01	0.0006%	120	109 567	109 567	0.5165%
23.10.2017	25.10.2017	P	1 441	342.32	0.01	0.0068%	1 441	111 008	111 008	0.5233%
24.10.2017	26.10.2017	P	1 253	338.96	0.01	0.0059%	1 253	112 261	112 261	0.5292%
25.10.2017	27.10.2017	P	2	338.96	0.01	0.00001%	2	112 263	112 263	0.5292%
26.10.2017	30.10.2017	P	210	351.90	0.01	0.0010%	210	112 473	112 473	0.5302%
27.10.2017	31.10.2017	P	79	355.69	0.01	0.0004%	79	112 552	112 552	0.5306%
07.11.2017	09.11.2017	P	1 500	367.01	0.01	0.0071%	1 500	114 052	114 052	0.5376%
08.11.2017	10.11.2017	P	2 064	364.66	0.01	0.0097%	2 064	116 116	116 116	0.5474%
09.11.2017	13.11.2017	P	1 654	363.89	0.01	0.0078%	1 654	117 770	117 770	0.5552%
10.11.2017	14.11.2017	P	916	354.91	0.01	0.0043%	916	118 686	118 686	0.5595%
13.11.2017	15.11.2017	P	283	363.38	0.01	0.0013%	283	118 969	118 969	0.5608%
16.11.2017	20.11.2017	P	2 300	358.26	0.01	0.0108%	2 300	121 269	121 269	0.5716%
17.11.2017	21.11.2017	P	500	365.00	0.01	0.0024%	500	121 769	121 769	0.5740%
21.11.2017	23.11.2017	P	2 597	364.82	0.01	0.0122%	2 597	124 366	124 366	0.5862%
22.11.2017	22.11.2017	D	156	0.00	0.01	0.0007%	156	124 210	124 210	0.5855%
27.11.2017	29.11.2017	P	1 664	369.02	0.01	0.0078%	1 664	125 874	125 874	0.5934%
28.11.2017	30.11.2017	P	739	367.24	0.01	0.0035%	739	126 613	126 613	0.5968%
29.11.2017	01.12.2017	P	1 728	368.02	0.01	0.0081%	1 728	128 341	128 341	0.6050%
04.12.2017	06.12.2017	P	241	367.98	0.01	0.0011%	241	128 582	128 582	0.6061%
06.12.2017	08.12.2017	P	2 895	363.11	0.01	0.0136%	2 895	131 477	131 477	0.6198%
07.12.2017	07.12.2017	D	30	0.00	0.01	0.0001%	30	131 447	131 447	0.6196%
08.12.2017	08.12.2017	D	79	0.00	0.01	0.0004%	79	131 368	131 368	0.6193%
13.12.2017	13.12.2017	D	1 534	0.00	0.01	0.0072%	1 534	129 834	129 834	0.6120%
19.12.2017	19.12.2017	D	1 337	0.00	0.01	0.0102%	2 157	127 677	127 677	0.6019%
			540	130.90	0.01					
			280	223.50	0.01					
19.12.2017	19.12.2017	D	120	0.00	0.01	0.0010%	220	127 457	127 457	0.6008%
			100	130.90	0.01					
21.12.2017	27.12.2017	P	502	376.09	0.01	0.0024%	502	127 959	127 959	0.6032%
22.12.2017	22.12.2017	D	1 262	0.00	0.01	0.0117%	2 492	125 467	125 467	0.5914%
			1 230	130.90	0.01					
27.12.2017	27.12.2017	D	596	0.00	0.01	0.0028%	596	124 871	124 871	0.5886%
09.01.2018	09.01.2018	D	995	0.00	0.01	0.0051%	1 075	123 796	123 796	0.5836%
			50	130.90	0.01					
			30	223.50	0.01					
10.01.2018	10.01.2018	D	412	0.00	0.01	0.0019%	412	123 384	123 384	0.5816%
11.01.2018	11.01.2018	D	715	0.00	0.01	0.0034%	715	122 669	122 669	0.5782%
12.01.2018	12.01.2018	D	120	130.90	0.01	0.0006%	120	122 549	122 549	0.5777%
17.01.2018	17.01.2018	D	211	0.00	0.01	0.0010%	211	122 338	122 338	0.5767%
18.01.2018	18.01.2018	D	3 186	0.00	0.01	0.0150%	3 186	119 152	119 152	0.5617%
19.01.2018	19.01.2018	D	259	0.00	0.01	0.0022%	459	118 693	118 693	0.5595%
			200	130.90	0.01					
25.01.2018	25.01.2018	D	101	0.00	0.01	0.0005%	101	118 592	118 592	0.5590%
26.01.2018	26.01.2018	D	475	0.00	0.01	0.0022%	475	118 117	118 117	0.5568%

conclusion date	settlement date	purchase /disposal	number of purchased/ disposed shares	average purchase/ disposal price per share	nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
01.02.2018	01.02.2018	D	131	0.00	0.01	0.0006%	131	117 986	117 986	0.5562%
02.02.2018	02.02.2018	D	259	0.00	0.01	0.0012%	259	117 727	117 727	0.5550%

8.5. Other information on shareholding

The Management Board of AmRest is not in possession of the information concerning holders of securities giving special rights of control in relation to the Company.

9. The functioning of the general meeting, its basic entitlements, the rights of shareholders and the manner of exercising these rights and entitlements

The functioning of the general meeting, its basic entitlements, the rights of shareholders and the manner of exercising these rights and entitlements, in particular the rules stipulated in the GM regulations, are described in detail in the Company's Statute and the Regulations of AmRest General Shareholders Meeting. Both documents are available at the Company's website.

10. Description of amendments to the Articles of Association of the Issuer

Amendments' to the Statutes of the issuer require a resolution of the General Meeting adopted by three-fourths majority. Legal basis: Art. 415 § 1 and 430 § 1 of the Commercial Companies Code, in connection with art. 9 and art. 53 Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (SE).

11. Diversity policy in relation to the company's governing bodies and its key managers

The AmRest Group has in place a diversity policy that supports the creation of a favorable working environment, in which employees feel respected and appreciated. However, the Company did not develop in a form of document the diversity policy in relation to the Company's governing bodies and its key managers. The appointment process of the Management and Supervisory Board members is free from any discrimination (including gender, age or ethnicity) and focuses on the assessment of elements such as: professional experience, education and competences of candidates.

The Issuer will consider the possibility of implementing an appropriate diversity policy in the future, if it turns out to be necessary to maintain diversity in relation to the company's governing bodies and its key managers.

12. Information about the policy in the area of sponsorship, charity and other similar activities

12.1. Charitable activities

a. AmRest defines charity as activities or support for initiatives which help those in need, in a disinterested and beneficial way.

b. Our policy on charity is integrated with the way AmRest delivers on Core Values and in line with AmRest's overall development strategy.
c. Charitable activities must not be detrimental to building and strengthening awareness of the AmRest brand as a socially responsible company nor to creating a positive image of the company.
d. AmRest can engage in specific charitable initiatives, under the condition that an initiative:
   - is in line with AmRest Core Values and corporate strategy,
   - enables building good relations with local communities,
   - is not-for-profit,
   - is related to areas of public benefit, such as: social care, family support and foster care systems, education, learning, bringing up children, health protection and promotion, environment protection and ecology, promotion and organisation of voluntary actions, preventing social exclusion, arts and culture, national heritage protection and relief for victims of natural and other disasters.

   The organizer of the initiative must:

   - be a non-governmental organisation or a public benefit institution, which has been operating for at least a year (reports and statements demonstrating a history of a minimum of one year must be provided)
   - have a good reputation and experience in implementing specific activities (especially in areas in which the organisation is seeking charitable support),
   - not undertake activities supported by companies involved in gambling, arms production or trading, pornography or producers of addictive substances.
e. AmRest does not provide charitable support to:
   - Private persons,
   - Events which require a high financial commitment, if their implementation has not yet started or is still at an early stage, without guarantee of securing funding to cover the costs of the whole event,
   - Events which are of religious, or political character, or exhort discrimination, violence, breaking the law or which threaten the natural environment,
   - Initiatives which can negatively impact the image of AmRest,
   - Initiatives supported by charity programmes of companies which are AmRest competitors, or organisations affiliated to them.
f. The above lists do not exclude other possible criteria, which may influence positively or negatively the final decision as to whether AmRest becomes involved in a given initiative.
g. The decision on awarding charitable support to an initiative is based on an analysis of the initiative and its organiser, the provisions as described above and in relation to the funding available for charitable activities from AmRest.

12.2. Sponsorship activities

a. AmRest defines sponsorship as a tool for marketing and building brand recognition in order to promote products or the company through paid participation in a specified event. The sponsor provides funding, materials or services to the initiative being sponsored in return for promotion services for the benefit of the sponsor.
b. The sponsorship policy is in line with AmRest's overall development strategy and forms an integral part of the company's marketing and corporate communication. Sponsorship policy is to support development of AmRest as a whole and also its individual brands and products.
c. The basic objective of AmRest sponsorship activities is to build and strengthen recognition of AmRest as a brand, along with its individual brands and products and to create a positive image of the company.
d. Indirectly, the sponsorship activities are intended to increase sales of AmRest products and to increase market share for the company in target markets.
e. In line with its character and development strategy, AmRest seeks primarily to sponsor events which enable direct communication with its target customer groups.
f. AmRest avoids events, which have no recognition, where organisers have no experience or which are directed at audiences which are outside the company's target markets.

g. AmRest may get involved as a sponsor in an initiative, where the initiative is determined to:
   - be in line with AmRest Core Values and corporate strategy,
   - enable good relations with customers and build closer cooperation with them.

   And where the organiser of the initiative:

   - enjoys a good reputation and experience with respect to implementing specific initiatives,
   - Guarantees industry exclusivity to AmRest, where other sponsors are involved,
   - Provides AmRest with a specified package of promotional benefits, which ensure the visibility of the brand and/or its products.

h. AmRest does not sponsor:
   - Private persons,
   - Events which require high financial commitment, if their implementation has not yet started or is still at an early stage, without guarantee of securing funding to cover the costs of the whole event,
   - Events which are of religious, or political character, or exhort to discrimination, violence, breaking the law or which threaten the natural environment,
   - Initiatives involving organisations with an image that differs from AmRest, which can impact negatively the company's reputation,
   - Initiatives sponsored by companies which are AmRest competitors or organisations affiliated to them.

i. AmRest will analyse with great caution possibilities of sponsoring initiatives, which:
   - are co-sponsored by companies involved in gambling, arms production or trading, pornography or addictive substances,
   - Events which involve a large number of sponsors.

The above lists do not exclude other criteria, which may influence positively or negatively the final decision relating to AmRest involvement in a given initiative.
The decision on awarding charitable support to an initiative is based on an analysis of the initiative and its organiser, the provisions as described above and in relation to the funding available for sponsorship activities from AmRest.

Appendix No. 3: Statement on non-financial information of the AmRest Holdings SE Group for 2017

1. Introduction

The "Statement on non-financial information of the AmRest Holdings SE Group for 2017" was prepared in accordance with non-financial disclosure guidelines included in the Accounting Act, in particular in Art. 49b and Art. 55. The statement is a separated part of the "Consolidated Management Board's Report for the year 2017". It includes information on all companies within the AmRest Holdings SE Group (further down, this name is interchangeably used with AmRest, the AmRest Group or the Group), including the data on the parent entity listed on the Warsaw Stock Exchange in Warsaw, AmRest Holdings SE, which does not meet the conditions for non-financial disclosure at the standalone unit level, as specified in Art. 49b of the Accounting Act. The statement was not the subject of additional verification by a third party.

Along with preparation of this Statement, the AmRest Holdings SE Group was carrying out preparations for a separate publication of "The AmRest 2017 Sustainable Development Report" for 2017, based on the international GRI Standards for non-financial disclosure. Some of the conclusions from the stages of the process of non-financial disclosure in compliance with the GRI Standards, including results of workshops and consultations with participation of AmRest key managerial staff and surveys of expectations of AmRest employees and other stakeholders, were used to expand the scope of information presented in this Statement. The GRI Standards also affected the method of disclosure of some of the results of implementation of policies on social, environmental and employee issues, human rights and prevention of corruption. In this statement, AmRest discloses information based on the GRI Standards indicators.

2. Business model description

The AmRest Holdings SE Group is the largest independent restaurant chain operator in the Central and Eastern Europe. The Group also develops its activities in Western Europe, Russia and China.

The key business area of the Group is operation of Kentucky Fried Chicken („KFC"), Pizza Hut, Burger King and Starbucks restaurants, based on franchise agreements, through its subsidiaries in Poland, the Czech Republic, Hungary, Slovakia, Russia, Serbia, Croatia, Bulgaria, Romania, Germany, France, Austria, Slovenia and Spain. In Spain, France and Germany, the Group operates La Tagliatella, Trastevere and il Pastificio own brand restaurants on the basis of franchise agreements through entities not related to the Group and through its own restaurants, using a central kitchen which produces and supplies products to all of the networks of the said own brands. In addition, the Group operates Blue Frog own brand restaurants (in China, Spain and Poland) and KABB restaurants (in China).

As on 31 December 2017, AmRest operated a total of 1,638 restaurants in two restaurant sectors: Quick Service Restaurants (QSR) – KFC, Burger King, Starbucks, Pizza Hut Delivery (pizza with home delivery) and Pizza Hut Express and Casual Dining Restaurants (CDR) – Pizza Hut, La Tagliatella, Blue Frog and KABB.

AmRest restaurants offer in-house catering services, take-away, drive-thru services and telephone orders. AmRest restaurant menus offer high quality dishes made from fresh products, based on original recipes and standards of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and KABB restaurants.

The following table briefly presents the operating model for various brands. A detailed description of various brands is presented in chapter two of the Consolidated Report of the Management Board 2017.

Brand	Method of management
	Starbucks coffee shops in Poland, Czech Republic and Hungary are opened by AmRest Coffee joint venture companies (82% AmRest and 18% Starbucks Coffee International Inc.), which hold rights and licences necessary to develop and manage Starbucks coffee shops. Starbucks coffee shops in Romania and Bulgaria were purchased from Marinopoulos Coffee SEE B.V. in June 2015. Starbucks coffee shops in Germany were purchased from Starbucks Coffee EMEA B.V. in 2016. In Slovakia, it operates its own coffee shops, based on a franchise agreement with Starbucks EMEA Ltd.
	For the KFC brand, AmRest is the franchisee of Yum! Brands Inc. The first AmRest managed KFC was opened in 1995 in Szczecin, Poland. In May 2005, AmRest took over 8 Big Food Ford restaurants in the Czech Republic and converted them to KFC. Since 2006 AmRest has managed the brand in Hungary. In July 2007, AmRest took over 22 KFC restaurants in Russia. In 2017, AmRest took over 15 restaurants in Germany and opened the first restaurants in Austria and Slovenia. Currently, AmRest operates KFC restaurants in 12 markets.
	For the Pizza Hut brand, AmRest is the franchisee of Yum! Brands Inc. The history of AmRest began with opening of the first Pizza Hut restaurant in Wrocław. Since 1 October 2016 the Company, as the master franchisee, has the right to grant a licence to third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants in Central and Eastern European countries, ensuring the specific share of restaurants directly operated by AmRest. For Pizza Hut restaurants purchased in France in May 2017 and in Germany in July 2017, AmRest is also the master franchisee who holds the exclusive right to grant licences to other franchisees. In 2017, AmRest opened its first Pizza Hut restaurant in the Czech Republic. Currently AmRest operates Pizza Hut restaurants in 6 markets.
	Burger King restaurants operate on the franchise basis and an agreement signed with Burger King Europe GmbH. In May 2007, AmRest opened the first Burger King restaurant in Warsaw, in Złote Tarasy Shopping Centre. AmRest manages Burger King restaurants in Poland, Bulgaria and the Czech Republic.
	La Tagliatella is AmRest own brand, which became a part of the portfolio in April 2011. La Tagliatella restaurants are operated by AmRest, as well as by entities to which the Company leases the rights to operate restaurants on the basis of a franchise agreement.
	The Blue Frog brand became the AmRest property in December 2012 following the purchase of the majority stake in Blue Horizon Hospitality Group LTD. In 2017, the minority shareholder was bought out and AmRest became 100% owner of the business in China and thus, a 100% brand owner. In 2017, the company began the expansion of the Blue Frog brand in Europe, by opening the first restaurants in Poland and in Spain.
	The KABB brand became the AmRest property in December 2012 following the purchase of the majority stake in Blue Horizon Hospitality Group LTD. In 2017, the minority shareholder was bought out and AmRest became 100% owner of the business in China and thus, a 100% brand owner.
	On 31 March 2017, AmRest signed an investment agreement with Delivery Hero GmbH and Restaurant Partner Polska (“RPP”). Under the agreement, AmRest purchased 51% of RPP shares and became the majority shareholder of the company. RPP runs the PizzaPortal.pl website, an aggregator which gathers offers from more than 2,500 restaurants in nearly 400 Polish cities and which offers the customers an option to buy meals online with home delivery.

In 2017 the AmRest Group strategy was directed towards the development of proven and mature portfolio brands. In practice, this translated into the development of the KFC and Starbucks networks in Europe, and the further growth of scale of the La Tagliatella network in Spain.

The adopted business model secured a rapid growth for the AmRest Group and satisfactory financial results, while respecting the natural environment and, most of all, focusing on customers.

The following table presents the growth rate of the AmRest Group from 2015 to 2017 (including both its own restaurants and franchise restaurants).

31 December 2015	31 December 2016	31 December 2017
904 restaurants	1,181 restaurants	1,636 restaurants

In 2017 the number of AmRest's own restaurants increased by 247 units (as a result of organic growth, acquisition and restaurant closings), including first AmRest-managed restaurants in Austria (KFC), Slovenia (KFC) and Portugal (La Tagliatella). On the markets where AmRest has been previously present new brands were introduced: Blue Frog in Poland and Spain and Pizza Hut in Czech Republic. In 2017 AmRest has broadened its restaurant portfolio by another 208 places, mainly acquired by means of acquisition of Pizza Hut in France and Pizza Hut in Germany.

3. *Key non-financial effectiveness rates*

In 2017, the AmRest Holdings SE Group **managed 1,636 restaurants in 16 of the following countries:** Austria, Bulgaria, Croatia, China, Czech Republic, Croatia, Spain, France, Germany, Hungary, Poland, Portugal, Romania, Russia, Serbia, Slovakia, and Slovenia.

In 2017, a total of 200 m transactions were carried out in restaurants and coffee stores managed by AmRest.

TABLE 3.1 THE NUMBER OF RESTAURANTS AND COFFEE STORES MANAGED BY THE AMREST HOLDINGS SE GROUP, BY BRANDS

Brand	Number of all restaurants	Increase in number of own restaurants vs 2016	Increase in number of franchised restaurants vs 2016
KFC	669	150	
Pizza Hut	327	49	186
Starbucks	301	26	
La Tagliatella	236		22
Burger King	54	9	
Blue Frog	45	13	
KAAB	4		
Total number of restaurants and coffee stores	1,636	247	208

In its operations, AmRest cooperates with more than 12,000 business partners, such as franchisees, franchisers and suppliers.

TABLE 3.2. NUMBER OF BUSINESS PARTNERS OF THE AMREST GROUP BROKEN DOWN TO FRANCHISEES, SUPPLIERS AND FRANCHISERS

Partner	Number
Franchisees (for Pizza Hut brand in Germany, Pizza Hut and La Tagliatella in France and La Tagliatella in Spain)	215
Franchisers	4
Suppliers (including food suppliers)	11,931 1,167
Total:	**12,150**

Number of employees of the AmRest Holdings SE Group

In connection with the rapid development and opening of a large number of restaurants, including restaurants on markets that are new to the AmRest Group, effective recruitment and offering of attractive employment conditions are key to the Group.

As on 31 December 2017, the AmRest Holding SE Group employed a total of **31,325 employees** in 16 countries under contracts of employment and **6,948 persons** hired under agreements other than contracts of employment; a total of 38,273 persons.

TABLE 3.3. THE TOTAL NUMBER OF EMPLOYEES HIRED UNDER CONTRACTS OF EMPLOYMENT OR ANOTHER TYPE OF AGREEMENT (INCLUDING MANDATE CONTRACTS) BROKEN DOWN BY COUNTRIES (AS ON 31 DECEMBER 2017):

Country	Total number of employees (hired under contracts of employment and civil law agreements)
Austria	26
Bulgaria	270
China	1,791
Croatia	162
Czech Republic	5,712
France	1,931
Germany	2,934
Hungary	1,510
Poland	14,198
Portugal	27
Romania	538
Russia	5,570
Serbia	164
Slovakia	78
Spain	3,340
Slovenia	22
Total:	**38,273**

For detailed information on employment, see: “12.7. Employee issues: a description of policies of the AmRest Holdings SE Group and their results”.

4. *Risk management and non-financial risks*

The AmRest Holdings SE Group (AmRest) identifies the financial and non-financial risks and manages them in its companies and at the Group's level. The risk management system, the internal control system and the review of effectiveness of such systems is supervised by managers responsible for the functions, and ultimately by the Management Board of AmRest Holdings SE (Management Board of AmRest).

The Management Board of AmRest performed a review, analysis and classification of risks to which AmRest is exposed.

The Global Internal Audit and Internal Control Department (Audit Department) plays a major role in risk management; this Department reports directly to the Audit Committee of the Supervisory Board of the Group. As defined in the Internal Audit Charter, tasks of the Audit Department include, among others:

- identification of risks and opportunities in AmRest,
- recommendation of solutions that address identified risks and opportunities
- monitoring and verification of implementation of remedial actions declared by managers responsible for audited processes or functions.

AmRest developed a model to systematize the approach to the risk identification, evaluation and management. One of the elements of the model is the Risk Map, which contains risks arising out of the specific nature of AmRest activities. These risks break down to strategic, financial, operational and compliance risks and are periodically evaluated by the AmRest management. The Risk Map is one of the sources of information in the process of creating the annual and long-term Audit Plan.

AmRest analyses the risks and improves its risk management systems and the internal control systems on the ongoing basis.

Below we present the risks that may have a considerable adverse effect on operating areas of AmRest related to personnel, social, environmental issues as well as corruption prevention and respect for human rights.

TABLE 3.4. RISKS THAT MAY HAVE A CONSIDERABLE ADVERSE EFFECT ON OPERATING AREAS OF AMREST RELATED TO HUMAN RESOURCES, SOCIAL, ENVIRONMENTAL ISSUES AS WELL AS CORRUPTION PREVENTION AND RESPECT FOR HUMAN RIGHTS.

Issues: S - social, HR - human resources, E - environmental, PHR - protection of human rights, CP - corruption prevention

Risk	**Risk description**	**Possible considerable adverse effect on the issues:**				
		S	HR	E	PHR	CP
Risk related to consumption of foods	Consumer preferences regarding the AmRest product offering may change as a result of new nutrition trends or unfavourable information about the products or the quality of products sold in restaurants of brands managed by AmRest. This risk is alleviated by using the highest quality ingredients in AmRest restaurants – sourced from reputable suppliers, by complying with strict standards of quality and hygiene control and by using the latest equipment and processes that ensure the safety of products and food sold.	✓	✓	✓		

Risk related to keeping the personnel on key positions	The excessive turnover of key personnel may be a severe risk factor for the stability and quality of the activities. The system of remuneration and management of human resources developed by AmRest guarantees a low level of rotation at key positions. In addition, the career planning systems allows the company to prepare successors who are ready to perform tasks at key positions within the company.		✓			
Risk related to labour costs associated with employees and employment and retention of professional staff	The excessive turnover of staff may be a severe risk factor for the stability and quality of the activities. There is a risk of turnover of qualified staff and thus the risk of keeping the catering services at the highest possible level. To avoid the risk of losing qualified staff, it may be necessary to gradually raise salaries. AmRest puts focus on creating a friendly, attractive workplace, where the employees and their diversity are respected.	✓	✓		✓	
Risk of non-compliance of AmRest activities with legal regulations and business ethics standards.	The risk of non-compliance of AmRest activities with domestic and international and/or internal regulations and business ethics standards. AmRest addresses this risk with the support of appropriate internal processes and functions (Legal, OHS, HR, Internal Audit, Internal Control, etc.) and by using third-party consultants (legal, tax, environmental protection, OHS, etc.). In addition, besides the management and operational structure responsible for risk management, AmRest has appointed an Ethics Committee and a CSR Committee, consisting of representatives of AmRest managerial staff and employees.	✓	✓	✓	✓	✓
Risk of lack of support for ethical rules by the top management and non-ethical behaviour of staff.	Ethical rules adopted by the company might not be supported by the top management, which may cause a weakness in the corporate control systems and jeopardize the goals of the company. This may increase the risk that the employees, by not following the ethics rules, will act dishonestly; for example, they may commit fraud or other abuse. AmRest prevents this risk by, among others, propagating the Supreme Values and ethical behaviour described in the Code of Business Conduct. To address this risk, the Ethics Committee was appointed, responsible for resolving issues related to ethics in business. In addition, AmRest has developed guidelines, monitors the implementation of the CSR Strategy and has developed the CSR Committee, which consists of the top managerial staff and members of the AmRest Management Board.	✓	✓	✓	✓	✓
Social and environmental risks (CSR viewpoint)	Having implemented the Code of Business Conduct and the CSR Strategy, AmRest prevents, among others, the following risks: - negative perception of the company by the public in connection with undue care paid by AmRest to social/public interest; - lack of awareness and sensitivity of managers with regard to the ethics and rules of responsible business; - major negative impact of the company's operations on the natural environment and health; - inadequate response to environmental trends; - damage to the AmRest's reputation caused by AmRest cooperation with unethical suppliers of low reputation;	✓	✓	✓	✓	✓

	- the lack of public knowledge of AmRest involvement in the implementation of goals in the area of ethics and responsible business; - unethical practices by AmRest and AmRest employees.					

5. *Policies to prevent corruption and results of such policies*

The AmRest Holdings SE Group (AmRest) has not identified the need to develop a separate policy for corruption prevention at the Group level to date. The issues of corruption prevention are regulated in AmRest in the Code of Business Conduct among others, which applies to all of the managerial staff and all the employees and contractors of the Group, as well as it lays down the standards for relations with customers, business partners, media, local authorities and communities.

AmRest has also implemented procedures and systems that apply to procurement processes (direct, indirect and investment procurement, as discussed in chapter 8) that minimise the risk of corruption.

For example, in the area of indirect procurement a procedure has been implemented to describe the process of purchasing products and services related to overheads. This document lays down responsibilities of the procurement process participants in all entities the AmRest Group. The procedure defines the stages of the procurement process and the requirements to be met by the staff involved in the selection of suppliers and offers. In accordance with this procedure, the persons who participate in the procurement process are obliged to sign a declaration on the lack of the conflict of interest.

The AmRest Management Board is regularly informed of any inconsistencies related to the risk of corruption and is actively involved in risk management in this area. The Global Internal Audit and Internal Control Department plays a major role in preventing all the abnormalities and corruption.

AmRest employees are able to report all the abnormalities and suspected acts of corruption, via the following channels of communication:

- direct contact with their superior,
- a report to the HR Department, Internal Audit, Internal Control,
- anonymous or public notification via the violation reporting system, including corruption related reports.

In 2017, no corruption behaviour was identified in the AmRest Holdings SE Group.

6. *Environmental issues: a description of policies of the AmRest Holdings SE Group and their results*

Given the different legal regulations in the countries where AmRest operates and the rapid development of the Group in new markets, the AmRest Holdings SE Group has not developed a uniform environmental policy at the level of the entire Group.

The environmental issues and priorities are presented in “The strategy of responsible business and sustainable development of the AmRest Central Europe Division for 2015 – 2020”. In accordance with its Strategy, AmRest tries to act in an environmental friendly manner in all of its operating areas. Goals set for the companies of the Central Europe Division include, among others, reduction in consumption of energy and water in restaurants, reduction in energy consumption in the offices and increased consumption of recycled materials in product packaging.

Individual AmRest companies implement solutions to minimise the impact of operational activities of coffee stores and restaurants on the natural environment. This particularly applies to the issues of energy efficiency and waste management. These solutions are, in many cases, strictly related to the specific nature and procedures defined for the specific brand managed by AmRest.

The AmRest Management Board analyses the environmental impact of the company's operations and the possibilities of environmental-oriented optimisation, among others as part of the comprehensive risk management. Organisational units at the level of individual companies are responsible for environmental issue management.

In Poland, the Internal Control Department monitors the issues related to proper waste management. The Energy Team in the Facility Management Department is responsible for the costs of utility consumption and the costs and consumption of energy and the issues of environmental protection.

Managers of the individual coffee stores and restaurants also play an important role in management of AmRest environmental impact.

Energy efficiency

Our everyday actions and habits have an impact on the natural environment. By optimising the operations of the coffee stores and restaurants managed by AmRest and by educating staff in using various equipment and in energy saving, we contribute to reduction in costs and reduction in CO2 emissions.

Most of the coffee stores and restaurants managed by AmRest in Poland have introduced an electricity consumption remote monitoring system. This system facilitates analysis of detailed data on energy consumption in various locations, prevention of energy waste and seeking of optimisation solutions. AmRest plans to install the electricity consumption remote monitoring system in all restaurants soon.

In Poland, KFC and Pizza Hut restaurants and Starbucks coffee stores use procedures optimised for energy efficiency in operation of electrical devices. These procedures are described in information materials for the staff. In 2018, such information materials for the employees will be prepared on the basis of results of the analysis of energy efficiency of electrical devices used in Burger King restaurants. In addition, managers and employees of coffee stores and restaurants in Poland will receive general materials about electricity saving and rules of waste management, via the Intranet and by e-mail.

Examples of solutions used in Poland and other countries to reduce energy consumption:

- we use motion detectors to switch on/off light in service rooms and toilets; we also use energy-saving fans,
- we use energy-saving air-conditioners with heat pumps; KFC restaurants use smooth control of ventilation efficiency,
- some of the deep fryers, fridges, freezers, ovens and other equipment used in the restaurants is energy saving equipment, ENERGY STAR certified. The deep fryers feature a special energy saving system of operation that allows using a small amount of oil.
- in KFC and Pizza Hut restaurants we use LED type lighting for indoor and outdoor lighting systems,
- in KFC, Burger King and Pizza Hut restaurants we recuperate heat from cooling and freezing units. The recuperated energy is used to heat water.
- in KFC, Burger King and Pizza Hut restaurants we use environmental-friendly coolants in cooling and freezing units.

In 2018, AmRest plans to build the first standalone KFC DT GREEN restaurant, LEED certified.

In 2017, the AmRest Holdings SE Group consumed a total of **1,009,963 GJ** of electricity. In addition, in Poland a total of **122,433 GJ** of gas was consumed.

TABLE 3.5. LEVEL OF ELECTRICITY CONSUMPTION BY AMREST IN 2017, BROKEN DOWN BY REGIONS

Country	Electricity consumed in 2017 [GJs]
Bulgaria	5,586
China	30,766
Croatia	3,311
Czech Republic	93,176
France	76,199
Germany	68,069
Hungary	53,219
Poland	337,559
Romania	6,805
Russia	119,483
Serbia	4,348
Spain	211,402
Portugal	310
Total	**1,010,273**

Waste and sewage

In 2017, the AmRest Group consumed a total of **2,125,011 cu.m. of water.**

TABLE 3.6. LEVEL OF WATER CONSUMPTION IN 2017, BROKEN DOWN BY COUNTRIES

Country	Level of water consumption [cu.m.]
Bulgaria	20,876
China	142,840
Croatia	7,190
Czech Republic	161,258
France	621,137
Germany	N/A*
Hungary	83,820
Poland	443,391
Romania	69,360
Russia	240,900
Serbia	8,090
Spain	326,149
Total	**2,125,011**

*Data for 2017 not available. Payments for water are lump-sum payments and are included in rent.

In most of newly built coffee stores and restaurants managed by AmRest (KFC, Burger King, Pizza Hut and Starbucks brands), the toilets are equipped with washbasins with energy-saving taps and proximity sensors.

In connection with rapid development of the company in many markets, AmRest has not implemented the waste generation monitoring system that would support detailed reporting of the total mass of waste generated in all the coffee stores and restaurants in all the countries. The companies report waste management in accordance with requirements of the local law of a given state. The Group is working on the system to centralise reporting of this issue and the option of full, consolidated reporting of waste generation level for the entire Group.

In 2017 AmRest generated and handed over to the main waste collector a total of 2,753 tons of waste in Poland, where 9 tons was waste qualified as hazardous waste. In addition, some coffee stores and restaurant locations generated waste disposed into bins of Shopping Centre Operators - AmRest keeps no separate records for such waste.

In some markets, AmRest minimises its considerable adverse impact on the environment by following the policy of separation and sale of spent oil from restaurants to entities which use this waste to manufacture biofuels.

TABLE 3.7. THE AMOUNT OF SPENT OIL FROM RESTAURANTS PASSED IN 2017 FOR RE-USE IN BIOFUEL PRODUCTION PROCESSES

Country	Amount of recycled oil, in kgs
Poland	393,198
Czech Republic	239,053
Hungary	78,570
Total	**710,821**

In 2017, AmRest was obliged to pay additional fees related to environmental impact in the total amount of PLN 584,600. These were:

a. Poland: increased fees for exceeded pH standards or substances such as phosphorus, suspension, anionic and non-ionic surfactants, etc. in some of its restaurants (depending on the location).
b. Poland: a fine for exceeding the noise standard for KFC Powsinka and KFC Dantex
c. Spain: a fine of €72,000 for the identified incorrect pH of waste and failure to clean the grease trap in the restaurant.

7. Employee issues: a description of policies of the AmRest Holdings SE Group and their results

The success of the AmRest Holdings SE Group is based on the “Everything is possible!” culture of values deeply rooted in the history of the company, where the employees are one of its key pillars. It is the AmRest’s ambition to create a safe and friendly workplace that values diversity and fosters employee development.

The cultural diversity is a typical feature of AmRest as an international organisation, which is treated as a source of inspiration. The company creates an inclusive culture, which translates, among others, to openness and care that the company pays to hiring staff and the disabled. In Poland, 5.25% of all employees hired by AmRest under contracts of employment are disabled employees.

As on 31 December 2017 AmRest Holdings SE employed 38,273 employees (31,325 under contracts of employment and 6,948 under civil law agreements) in 16 countries, out of which 36,482 employees in Europe and Russia (contracts of employment and civil law agreements), and 1,791 employees in China (contracts of employment and civil law agreements).

7.1. Policies

All employees and AmRest Holdings SE must follow the AmRest Code of Ethics, which governs the ethical standards in the Group. It is a set of rules and standards of ethical behaviour followed by AmRest and its staff in everyday work. The Code carries an obligation for the employees to follow the rules, by stressing the importance of diversity and respect at the workplace. The issues that govern relations among the employees as described in the Code of Conduct through the following actions:

- AmRest's support for actions which foster building of positive relations;
- lack of tolerance in the company for any behaviour that constitutes harassment, mobbing or violence at the workplace;
- ensuring equal growth opportunities for the employees, promotion of diversity;
- zero tolerance for any signs of discrimination;
- compliance with the principles of equality at all stages of employment, including during the recruitment process;

The policy applicable within the entire AmRest Holdings SE Group is the Diversity Policy. The policy supports creation of such a working environment at AmRest where all employees feel respected and appreciated, where they can fully utilise their potential, which contributes to the success of the entire organisation.

Another global policy in the field of HR is the Talent Acquisition and Retention Policy.

Given:

- the rapid growth of operations and entering into new markets in 2017,
- high diversity of specifics of each country in which the Group operates,

Given the rapid development of activities in new markets, AmRest has no other uniform, international policies that govern the HR issues at the Group level. Currently, key employment issues that regulate the internal order, rights and obligations of the staff and of the employer are governed by documents specified for each company, in accordance with the provisions of the countries in which AmRest Holdings SE operates.

A document which describes company's approach to HR issues is the "The strategy of responsible business and sustainable development of the AmRest Central Europe Division for 2015 – 2020". It applies to brands managed by AmRest in the Central Europe Division, namely in Poland, Czech Republic, Hungary, Croatia, Bulgaria, Romania and Serbia. In 2018, the company plans to implement the CSR strategy in other markets in which AmRest operates.

The strategy lays down rules of accountability in relations with stakeholders and employees. Key topics identified by the organisation in the HR area is the culture of inclusion and openness, employer by choice, training and development.

Key strategic goals in the HR area:

- continuation of a policy of the place which values diversity, in particular being open to hiring the disabled
- regular satisfaction surveys and employee involvement surveys

- an increase in the number of employees who positively perceive their work satisfaction
- continuation and enhancement of development programmes for the employees.

The issues of occupational health and safety are governed in accordance with the law applicable in the countries in which AmRest Holdings SE operates; thus the OHS issues are not governed at the Group level. In the Polish market, each brand managed by the Group has implemented OHS procedures and manuals as well as the occupational risk assessment. As part of popularisation of the safety rules in AmRest, modern training materials were prepared and e-learning courses were developed to improve accident prevention among the employees.

In Poland, a series of regulations in the HR area was introduced for AmRest Sp. z o.o. and AmRest Coffee Sp. z.o.o. These include, among others (the same for both companies): Work Rules, Remuneration Rules, Rules of the Company Social Benefits Fund, Internal Anti-Mobbing Policy.

As mentioned above, an internal anti-mobbing policy is in effect in both companies in Poland, which must be read by each employee.

7.2. Results

The AmRest Holdings SE Group is a continuously and quickly growing organisation, therefore employee training and development is one of its key pillars. The company operates an extensive system of in-house training courses (hard and soft skills) run by in-house coaches. For department heads and directors, the company offers a special development programme called the **AmRest University,** while the managers undergo a special training path called **AmCollege** and **Leadership University of AmRest**. Besides training paths for managerial positions, the company prepares its team for everyday duties, customer-oriented approach, and sales tasks. These rules apply to the entire Group.

In 2017, the employee development programme called **Spread Your Wings** was performed in the entire Group (with the exception of new markets acquired in 2017). The goal of the programme was to find talent within the organisation and foster professional development of staff, in line with their competencies, and to support and develop world class leaders in response to the needs resulting from the dynamic and global growth of the Group.

“Job Performance Appraisal” evaluation programme is a formal way of evaluation of the employee’s work during the period covered by the assessment, and its result may constitute a factor qualifying for “Spread Your Wings” programme and for annual bonus. The process consists of self-assessment performed by the employee and the assessment of employee’s job performance by the supervisor. Evaluation covers managers of restaurants and coffee shops, as well as office employees in all countries, in which AmRest Holdings SE capital Group operates. In Poland the self-assessment process of employees is regulated by “Work results evaluation” procedure.

In 2017, the **Talent Amcademy** internship programme was carried out in Poland. The goal of the programme was to offer development opportunities to students and graduates and allow them to gain professional experience while they were still at the university. The internship programme contributed to development of the positive image of AmRest as a first-choice employer and was the basis for employee recruitment in the future.

As a responsible employer, since 2007 AmRest has carried out **employee satisfaction surveys**. The employee satisfaction surveys were conducted in Poland, Czech Republic, Romania, Bulgaria, Serbia, Croatia, Russia and Spain, among all the employees. In 2017, the company decided not to conduct the global survey. The company is currently choosing the best way to express opinions and employee involvement in the changing work environment and the diverse operating markets of the company so that these ways can be tested in 2018. In the years to come, the company plans to conduct annual surveys for all of its employees.

Since the AmRest Holdings SE Group is an international corporation and development of professional career may result in the employee changing their place of domicile, the company has implemented the **relocation policy**, which was in force in Poland in 2017. In 2018, the new relocation policy is expected to be implemented in the entire Group. The goal of the policy is to support employees who perform their business duties in one of the countries where AmRest operates. Among others, the company provides accommodation, health insurance, school for children, and help with tax returns in the new country. This policy is an expression of the **"Everything is possible!" culture of values**, which facilitates employees' acclimatisation to the new reality.

Rate	Number
Number of all employees in the AmRest Holding SE Group	38,273
Number of persons participating in the Spread Your Wings programme (CEE countries)	800
Number of employees who performed their self-appraisal (as part of the Job Performance Appraisal, the JPA)	5,709
Number of Talent Amcademy internships (Poland)	31

TABLE 3.8. NUMBER OF EMPLOYEES WHO TOOK PART IN THE ANNUAL JOB PERFORMANCE APPRAISAL IN 2017

Country	Number of employees
Bulgaria	46
Croatia	37
Czech Republic	587
Germany	94
Hungary	388
Poland	2,188
Romania	154
Russia	811
Serbia	34
Slovakia	15
Spain	218
China	1,137
Total	**5,709**

TABLE 3.9. THE TOTAL NUMBER OF EMPLOYEES OF THE AMREST HOLIDNGS SE GROUP BROKEN DOWN BY COUNTRIES AND TYPE OF CONTRACT

Country	Employees employed under contracts of employment	Employees employed under civil law agreements	Total number of employees
Austria	26	0	26
Bulgaria	245	25	270
China	1,529	262	1,791
Croatia	105	57	162
Czech Republic	5,712	0	5,712
France	1,931	0	1,931
Germany	2,934	0	2,934
Hungary	1,510	0	1,510
Poland	7,698	6,500	14,198
Portugal	27	0	27
Romania	538	0	538
Russia	5,570	0	5,570
Serbia	60	104	164
Slovakia	78	0	78
Spain	3,340	0	3,340
Slovenia	22	0	22
Total	**31,325**	**6,948**	**38,273**

TABLE 3.10. NUMBER OF ALL EMPLOYEES HIRED UNDER CONTRACTS OF EMPLOYMENT AND CIVIL LAW AGREEMENTS, BROKEN DOWN BY SEX

women	men
21,603	16,670

Diversity at work is also manifested by the number of employed disabled persons and the number of persons of different nationality than the nationality of the country in which the company operates.

TABLE 3.11. DIVERSITY FACTOR AMONG ALL THE EMPLOYEES, BROKEN DOWN BY COUNTRIES

Country		Number of persons
Austria	ethnic origin	19
	disability	0
Bulgaria	ethnic origin	5
	disability	0
China	ethnic origin	7
	disability	0

Country		Number of persons
Croatia	ethnic origin	0
	disability	0
Czech Republic	ethnic origin	437
	disability	97
France	ethnic origin	25
	disability	0
Germany	ethnic origin	1,282
	disability	19
Hungary	Different nationality	15
	disability	30
Poland	ethnic origin	1,054
	disability	746
Portugal	ethnic origin	9
	disability	0
Romania	ethnic origin	5
	disability	0
Russia	ethnic origin	141
	disability	4
Serbia	ethnic origin	0
	disability	0
Slovakia	ethnic origin	4
	disability	0
Spain	ethnic origin	1,017
	disability	12
Slovenia	ethnic origin	2
	disability	0

*TABLE 3.12. WORKPLACE ACCIDENT RATE FOR POLAND**

Category	Sex	Company			
		AmRest Sp. z o.o.	**AmRest Coffee Sp. z o.o.**	**SCM Sp. z o.o.**	**Restaurant Partner Polska Sp. z o.o.**
Work-related injuries, by employee sex	women	53	2	0	0
	men	39	2	0	0
Total number of injuries		**92**	**4**	**0**	**0**
Employee accident rate (AR) by sex	women	11.79	7.09	0	0
	men	14.68	12.34	0	0
Accident rate (AR) by companies (men and women combined)		**12.89**	**9.00**	**0**	**0**

*The incident ratio is calculated using the following formula: the number of incidents recorded in a certain period, divided by the number of the employers, times 1,000.

8. *Social issues: a description of policies of the AmRest Holdings SE Group and their results*

Among social issues and social impact of the company, two areas that are the most important to operations of the AmRest Holdings SE Group must be noted:

1. the area related to the impact on customers understood as product safety and quality and customer satisfaction

2. the area related to AmRest social involvement, in particular actions for the local communities.

8.1 Social policies and their results: product quality and safety

The most important responsibilities of the AmRest Holdings SE Group include the issues of quality and safety of food products offered by restaurants managed by the company. The Group focuses on the highest standards of food safety and quality in the entire chain of supplies and procuring fresh products from local suppliers.

The quality and safety of food is one of the four areas of the "The strategy of responsible business and sustainable development of the AmRest Central Europe Division for 2015 – 2020" (the CSR Strategy). In 2017, the strategy applied to brands managed by AmRest Holdings SE in the Central Europe Division. In the years to come, the company plans to implement the CSR strategy in other markets where AmRest Holdings SE operates.

Key topics identified by the organisation in the CSR Strategy in the area of "Our food" are:

- food quality and safety
- responsible procurement and sale
- transparency of information about nutritional value of products.

Selected **strategic goals** in the "Our food" area include:

- key products tested and verified in laboratories, in accordance with the annual monitoring plan
- monitoring of suppliers: audits of key suppliers
- performance of actions to improve the legibility of information for customers about the quality and safety of meals and products offered, in line with the annual plan
- development of cooperation with local suppliers.

Each of the brands managed by the AmRest Holdings SE Group has its own restrictive policies on food safety and requires that such policies be strictly complied with. In addition, AmRest enforces global standards related to food safety as prescribed in the **Food Safety Fundamentals** (FSF) policy. The FSF is a global document for specific groups of persons responsible for quality control and safety of foods. It is not the policy implemented directly in restaurants, but it is the basis for development or update of the existing food safety standards in each of the brands and in each country managed by AmRest Holdings SE. The Food Safety Fundamentals is also a document which confirms the food safety level on new markets acquired by AmRest. Each market and brand have their own specifics, however, regardless of the local regulations, individual standards or procedures, they have to be additionally verified to meet the level of food safety as expected by AmRest.

The AmRest Holdings SE Group runs regular tests of product quality and conducts audits among its suppliers. The rules and scope of supplier audits are strictly defined in the Suppliers Approval Process policy and product quality tests are defined in the **Brand Protection Monitoring System (BPMS)** Policy, which primarily applies to food safety.

AmRest has implemented the BPMS Policy in: Poland, Czech Republic, Hungary, Bulgaria, Serbia, Croatia and Austria. It applies to selected brands managed by AmRest: KFC, Burger King and Pizza Hut. Product quality tests are conducted in accordance with restrictive standards for each of the brands managed by AmRest. This follows the specific nature of each brand, which differ from each other in terms of the scope of products offered (including food products used by the brand) and the analysis of risks and threats, which is conducted on the basis of long-term experience in brand management.

Each brand restaurant managed by AmRest requires specific products that meet certain parameters. Therefore, ongoing contact with suppliers, joint improvement of processes of production, storage and transport of products is such an important operating area of the Group. AmRest cooperates with proven and reputable manufacturers, who are market leaders in product quality. In all of its operating markets, AmRest enforces the **Supply Approval Process**, which governs the entire process of supplier approval.

Procurement processes of the AmRest Group are performed in three separate channels, which use separate policies and procedures:

a. SCM: direct procurement and some of the investment procurement
b. Indirect Procurement Department
c. Investment Department

The Procurement Procedure is a document that governs the procurement processes in the SCM procurement channel. This procedure applies in the CEE markets (it will be also implemented in the French and German markets). The procedure defines the documentation that is necessary before starting the cooperation with the supplier, defines the time of tender procedure execution and frequency of tender procedures and defines the method of approving the tender procedure. It is an audit requirement applied within product groups. The SCM also conducts procurement tasks on the basis of the Supplier Approval Process, which applies globally, with the exception of China and Spain.

The Indirect Procurement Department conducts procurement based on its on Global Procurement Procedure, which applies to the entire Group, with the possible exception of Spain and China, which have local policies that overlap the global policy.

The Cost Management Procedure governs expenses incurred within the entire Group by the Investment Department.

TABLE 3.13. EXPENSES INCURRED ON SUPPLIERS BY THE AMREST HOLDINGS SE GROUP IN THE POLISH MARKET

Expenses incurred on suppliers (Polish market, AmRest Sp. z o.o. and Amrest Coffee Sp. z.o.o)

Supplier category:	Percent
Expenses on local suppliers:	93%
Expenses on foreign suppliers:	7%

TABLE 3.14. SUPPLIERS OF THE AMREST HOLDINGS SE GROUP IN THE POLISH MARKET

Number of local and foreign suppliers (Polish market)

Supplier category	Number of suppliers	Per cent
AmRest Sp. z o.o.		
Local suppliers:	3,320	97%
Foreign suppliers:	102	3%
AmRest Coffee Sp. z o.o.		
Local suppliers:	575	98%
Foreign suppliers:	13	2%

By taking special and restrictive care of the safety and quality of foods, the AmRest Holdings SE Group controls this area, among others, by:

- systems of control of expiry dates and the product rotation system in the restaurants
- the system which supports coffee stores and restaurant managers with orders and which optimises the necessary quantity of products and ensures that products are fresh in the restaurant
- coffee stores and restaurants have dedicated storage rooms – walk-in refrigerators and walk-in freezers, with electronic temperature control and necessary equipment to store the products; in addition the walk-in refrigerators and walk-in freezers have curtains built into the door to reduce temperature spikes
- the restaurants use professional heavy duty cleaning and/or disinfection agents and equipment that ensures that such agents are effectively dosed – the concentration of agents is constantly controlled to maintain the highest effectiveness
- hand wash and/or disinfection systems for the employees
- regular training in hygiene and quality standards
- unexpected audits in restaurants, conducted by the internal audit department and third-party independent auditors.
- procedures for dealing with products in restaurants to maintain the highest quality and safety of the products
- thermal processing control systems – among others, frying and roasting to ensure the highest quality and safety of foods

Customer satisfaction surveys

The opinion of customers of restaurants managed by AmRest is an important element that affects decisions made in the process of management and improvement of corporate procedures. The restaurant customer satisfaction level is surveyed locally. Each brand managed by AmRest Holdings SE runs its own customer satisfaction survey programme. Since every brand has its peculiarities while the questions asked in the survey must be adequate to the services of the brand, the brands implement their own customer satisfaction survey programmes. Restaurant customers are asked to fill out an online survey. The customers rate the quality of service, products they order, waiting time, whether the order is correctly fulfilled, how clean the restaurant is and most of all, describe their overall satisfaction level.

Surveys are analysed at the restaurant level, region and country level, and brand level. At each level, managers can generate survey results at any time, by directly accessing the online customer satisfaction survey collection and analysis system.

TABLE 3.15. RESULTS OF THE OVERALL CUSTOMER SATISFACTION SURVEY IN 2017, BROKEN DOWN BY BRANDS:

Brand	Result*
Starbucks	73
KFC	72
Blue Frog	70
Burger King	70
Pizza Hut	70
La Tagliatella	69
KAAB	68

*The result means % of awarded highest score of overall satisfaction level (where the maximum score = 100% of awarded highest scores for overall satisfaction level)

Complaint processes are governed in separate AmRest complaint policies in individual markets. In 2018, the policies are expected to be consolidated at the global level. The Customer Support Team is in charge of reviewing customer reports. The time the customer receives the response to the report is **no more than 72 hours**. The customers may use different channels to submit their reports, whether directly in restaurants, by a dedicated mailbox, by surveys, by calling the helpline or by visiting brand profiles in social media.

In 2018, AmRest plans to launch a global tool to manage reports from AmCare customers (among others complaints, suggestions, questions). Initially, the system will be implemented in Poland, the Czech Republic and Hungary.

8.2 Social policies and their results: social involvement

The AmRest Holdings SE Group is a socially involved group, which takes care of its impact on the surroundings and local communities. Given the diversity of markets in which the Group operates, there is no social involvement policy that would apply in all companies and countries in which the Group operates. Since a widely understood diversity is a major value for the company, companies of the Group have a choice and take such social initiatives dedicated to local communities that respond to identified needs and are tailored to the local needs.

The issues of social involvement of the Group are addressed in **"The strategy of responsible business and sustainable development of the AmRest Central Europe Division for 2015–2020" (the CSR Strategy)**, where local communities are one of the strategic areas. Key directions of social actions identified in the CSR Strategy are programmes that support development of kids and young people and employee voluntary service.

Selected strategic goals:

- AmRest is perceived as a socially responsible company, which helps to solve major social issues in the **closest environment of the company**.
- AmRest supports employees' involvement **in local initiatives**, and inspires them to act, by providing staff with proper tools and by creating in-house programmes.

The approach of AmRest and its employees to their environment is addressed in the **Code of Conduct,** which requires that the employees be responsible citizens of local communities, encourages them to act for such communities and to support charitable and educational activities.

Some examples of AmRest social initiatives:

In 2017, the AmRest Holdings SE Group spent **PLN 3,146,800** on social activities. In the reported period, the biggest social investment by AmRest was PLN 2,865,000 spent on implementation and execution of a unique social project entitled SIEMACHA Spot Magnolia Park Wrocław. AmRest also supported the FCSR Foundation from Pomerania and donated PLN 120,000 to promote its statutory goals.

AmRest as a strategic partner of SIEMACHA Spot Magnolia Park Wrocław

In 2017 AmRest continued strategic partnership with the SIEMACHA Association, as part of its own concept of SIEMACHA Spots. The institution in Wrocław operates through cooperation between the SIEMACHA Association, the Magnolia Park Shopping Centre, the City of Wrocław and AmRest. It is the place where modern educational solutions are implemented in practice, which support the development of young people who often find themselves in very difficult situations. The SIEMACHA Spot Magnolia Park in Wrocław offers a wide range of educational, musical, artistic, multimedia, cooking and sports activities to kids and young people.

The project created a place in the Magnolia Shopping Centre for kids from families in need of support, as well as a programme of employee voluntary service, with activities such as cooking, language, therapeutic and sports classes. The institution can be also supported by people who are not members of the organisation, by registering at www.wolontariuszeamrest.pl.

For detailed information about the project, please visit: http://siemachaspot.pl/placowki/spot-magnolia-park#.WoFiHajiY2w.

Employee voluntary service

Involvement of the AmRest's employees in education of kids and young people who frequent the SIEMACHA Spot Magnolia Park Wrocław is one of many examples of the employee voluntary service targeted at local needs and communities. In all the countries where AmRest operates, a total of **800 AmRest employees** were involved in various projects of employee voluntary service in 2017.

There were approx. **5,000 beneficiaries** of the social activities carried out by AmRest in 2017.

In 2017, **40 grant projects** were completed in Poland and the Czech Republic, with **150 volunteers** participating. The projects provided **support to 1,500 beneficiaries** (children, the elderly, the disabled children and adults, and animals). AmRest appropriated PLN 75,000 to support the grant programme of the employee voluntary service in those two countries.

In Poland, AmRest staff took part in the Corporate Run to raise funds for the disabled and ill children.

The system of providing food to those in need

In 2017, the AmRest Group launched a system for providing the surplus foods from the KFC restaurants to institutions and organisations that support persons in a difficult situation. The procedure for storage and supply of foods to social partners, strictly monitored in terms of food quality and safety, was implemented. The programme carries out two social goals that are of major importance to AmRest: help to local communities in need and preventing food waste.

In 2017, in Poland alone, the KFC restaurants handed over chicken foods worth PLN 4.7m to those in need. AmRest has also implemented the project in Hungary, Serbia and Spain.

9. Human rights: a description of policies of the AmRest Holdings SE Group and their results

AmRest has not developed a separate policy of prevention of human rights violations at the Group level. The issues of human rights at the workplace are addressed at the Group level in documents such as:

- Code of Business Conduct

- Diversity Policy in AmRest - available at:
https://www.amrest.eu/sites/default/files/dokumenty/information_on_diversity_policy_in_amrest.pdf

AmRest Sp. z o.o. and AmRest Coffee Sp. z.o.o. implemented the Anti-Mobbing Policy.

AmRest employees in Hungary, Poland and the Czech Republic can report all the violations, including cases of mobbing and violations of human rights at work, through the following channels of communication:
- direct contact with their superior,

- anonymous online report,

- anonymous telephone report via Speak Openly, a helpline operated by a third party.

No confirmed cases of violation of human rights at work, discrimination at work or cases of mobbing were identified in the AmRest Group in 2017.

AmRest Holdings SE
Consolidated annual financial statements
for the year ended
December 31, 2017

Contents

Consolidated annual income statement
for the year ended December 31, 2017

In thousands of Polish Zloty	Notes	For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016
Continuing operations			
Restaurant sales		4 943 953	3 947 314
Franchise and other sales		321 554	260 055
Total sales	2	5 265 507	4 207 369
Company operated restaurant expenses:			
Food and material		(1 440 242)	(1 180 839)
Payroll and employee benefits		(1 200 058)	(908 674)
Royalties		(252 444)	(197 991)
Occupancy and other operating expenses		(1 505 513)	(1 194 264)
Franchise and other expenses		(213 821)	(168 648)
General and administrative (G&A) expenses		(387 221)	(294 796)
Impairment losses	2,9,11	(32 852)	(16 329)
Total operating costs and losses	4	(5 032 151)	(3 961 541)
Other income/expense	5	33 526	22 346
Profit from operations		**266 882**	**268 174**
Finance costs	2,7	(59 633)	(48 089)
Finance income	2,6	3 397	3 326
Income from associates		-	59
Profit before tax		**210 646**	**223 470**
Income tax expense	2,8	(29 317)	(32 726)
Profit for the period		**181 329**	**190 744**
Profit attributable to:			
Non-controlling interests		(952)	180
Equity holders of the parent		182 281	190 564
Profit for the period		**181 329**	**190 744**
Basic earnings per share in Polish zloty	27	8,59	8,98
Diluted earnings per share in Polish zloty	27	8,59	8,98

The consolidated income statement has to be analyzed jointly with the notes which constitute an integral part of these consolidated financial statements.

Consolidated annual comprehensive income statement for the year ended December 31, 2017

In thousands of Polish Zloty	**Notes**	**For the 12 months ended December 31, 2017**	**For the 12 months ended December 31, 2016**
Profit for the period		**181 329**	**190 744**
Other comprehensive income:			
Currency translation differences from conversion of foreign Entities		(147 564)	113 659
Net investment hedges	18	51 789	(22 386)
Income tax concerning net investment hedges	8,18	(9 840)	4 253
Total items that may be reclassified subsequently to profit or loss		(105 615)	95 526
Other comprehensive income for the period, net of tax		**(105 615)**	**95 526**
Total comprehensive income for the period		**75 714**	**286 270**
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		85 900	287 291
Non-controlling interests		(10 186)	(1 021)

The consolidated annual comprehensive income statement has to be analyzed jointly with the notes which constitute an integral part of these consolidated financial statements.

Consolidated annual statement of financial position as at December 31, 2017

In thousands of Polish Zloty	Notes	31.12.2017	31.12.2016 (restated)*
Assets			
Property, plant and equipment	9	1 690 155	1 343 738
Goodwill	2,3,12	909 310	777 508
Other intangible assets	11	612 690	617 327
Investment properties	10	22 152	22 152
Investments in associates		-	888
Other non-current assets	13	95 853	62 503
Deferred tax assets	8	59 302	44 834
Total non-current assets		**3 389 462**	**2 868 950**
Inventories	14	93 628	82 086
Trade and other receivables	15,31	162 004	99 384
Corporate income tax receivables	8	4 174	12 797
Other current assets	16	121 571	102 898
Cash and cash equivalents	17	548 248	291 641
Total current assets		**929 625**	**588 806**
Total assets	2	**4 319 087**	**3 457 756**
Equity			
Share capital		714	714
Reserves	18	606 366	648 886
Retained earnings		837 301	655 020
Translation reserve	18	(133 917)	4 413
Equity attributable to shareholders of the parent		**1 310 464**	**1 309 033**
Non-controlling interests	18	**35 184**	**67 577**
Total equity		**1 345 648**	**1 376 610**
Liabilities			
Interest-bearing loans and borrowings	19	1 811 975	1 039 033
Finance lease liabilities	24	7 001	7 880
Employee benefits liability	20	12 488	19 850
Provisions	21	39 543	42 346
Deferred tax liability	8	114 242	117 818
Other non-current liabilities	22	24 508	8 429
Total non-current liabilities		**2 009 757**	**1 235 356**
Interest-bearing loans and borrowings	19	157 880	223 255
Finance lease liabilities	24	1 777	1 636
Trade and other accounts payable	23	779 839	613 093
Corporate income tax liabilities	8	24 186	7 806
Total current liabilities		**963 682**	**845 790**
Total liabilities	2	**2 973 439**	**2 081 146**
Total equity and liabilities		**4 319 087**	**3 457 756**

The consolidated statement of financial position has to be analyzed jointly with the notes which constitute an integral part of these consolidated financial statements.

** The adjustment resulted from final purchase price allocation process of StarbucksCoffee Deutschland Ltd.& Co. KG (currently AmRest Coffee Deutschland Sp. z o.o. & Co. KG) described in note 1cc).*

Consolidated annual cash flow statement for the year ended December 31, 2017

In thousands of Polish Zloty	Notes	For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016 (restated*)
Cash flows from operating activities			
Profit before tax	2,8	210 646	223 470
Adjustments for:			
Share of profit of associates		-	(59)
Amortization	2,11	42 134	33 341
Depreciation	2,9	288 357	237 732
Interest expense, net	6,7	43 125	33 864
Foreign exchange result	6,7	3 549	2 903
Gain/Loss on disposal of property, plant and equipment and intangibles	9	4 062	1 642
Impairment of property, plant and equipment and intangibles	2,9,11	24 744	16 958
Share-based payments adjustments	20	21 569	22 415
Other		5 171	(823)
Working capital changes:	17		
Change in receivables		(58 349)	(2 829)
Change in inventories		(10 088)	(9 575)
Change in other assets		(43 073)	(3 926)
Change in payables and other liabilities		142 041	(45 486)
Change in other provisions and employee benefits		(22 953)	12 879
Income tax paid		(16 122)	(31 754)
Net cash provided by operating activities		**634 813**	**490 752**
Cash flows from investing activities			
Net cash outflows on acquisition	2	(398 281)	(155 147)
Proceeds related to the acquisition of subsidiaries		-	14 330
Proceeds from the sale of property, plant and equipment, and intangible assets	9	2 353	4 192
Acquisition of property, plant and equipment	9	(527 203)	(372 822)
Acquisition of intangible assets	11	(56 715)	(29 684)
Net cash used in investing activities		**(979 846)**	**(539 131)**
Cash flows from financing activities			
Proceeds from share issuance (employees options)		4 270	11 056
Expense on acquisition of own shares (employees options)		(79 298)	(50 079)
Expense on settlement of employee stock option in cash		(4 025)	(4 134)
Proceeds from loans and borrowings		1 849 536	202 922
Repayment of loans and borrowings		(1 085 838)	(91 085)
Interest paid		(35 211)	(36 939)
Interest received	6	3 287	3 084
Dividends paid to non-controlling interest owners		(3 726)	(2 205)
Proceeds related to the acquisition of non-controlling interest		(60 619)	1 111
Proceeds/(repayment) of finance lease payables		(492)	(1 439)
Net cash provided by/(used in) financing activities		**587 884**	**32 292**
Net change in cash and cash equivalents		**242 851**	**(16 087)**
Balance sheet change of cash and cash equivalents		256 607	(26 230)
Cash and cash equivalents, beginning of period		291 641	317 871
Effect of foreign exchange rate movements		13 756	(10 143)
Cash and cash equivalents, end of period		**548 248**	**291 641**

The consolidated cash flow statement has to be analyzed jointly with the notes which constitute an integral part of these consolidated financial statements

**The restatement has been described in note 1cc)..*

AmRest Group

Consolidated annual statement of changes in equity for the year ended December 31, 2017

	Attributable to equity holders							
	Issued capital	Reserved capital (note 18)		Retained Earnings	Cumulative translation adjustments	**Total equity attributable to equity holders of the parent**	Non-controlling interest	**Total Equity**
		Treasury shares	Other reserved capital					
As at January 1, 2016	**714**	**(21 212)**	**699 518**	**464 456**	**(110 447)**	**1 033 029**	**71 045**	**1 104 074**
COMPREHENSIVE INCOME								
Income for the period	-	-	-	190 564	-	**190 564**	180	**190 744**
Currency translation differences (note 18)	-	-	-	-	114 860	**114 860**	(1 201)	**113 659**
Valuation impact of net investment hedging instruments	-	-	(22 386)	-	-	**(22 386)**	-	**(22 386)**
Deferred income tax concerning net investment hedges (note 8)	-	-	4 253	-	-	**4 253**	-	**4 253**
Total Comprehensive Income	**-**	**-**	**(18 133)**	**190 564**	**114 860**	**287 291**	**(1 021)**	**286 270**
TRANSACTIONS WITH NON-CONTROLLING SHAREHOLDERS								
Acquisition of non-controlling interest	-	-	(3 677)	-	-	**(3 677)**	(242)	**(3 919)**
Dividends paid to non-controlling shareholders	-	-	-	-	-	**-**	(2 205)	**(2 205)**
Total transactions with non-controlling shareholders	**-**	**-**	**(3 677)**	**-**	**-**	**(3 677)**	**(2 447)**	**(6 124)**
TRANSACTIONS WITH SHAREHOLDERS								
Purchase of treasury shares	-	(50 079)	-	-	-	**(50 079)**	-	**(50 079)**
Proceeds from treasury shares	-	60 168	(60 168)	-	-	**-**	-	**-**
Employee stock option plan – value of employee services exercised in the period	-	-	19 687	-	-	**19 687**	-	**19 687**
Employee stock option plan – proceeds from employees - value of disposed shares	-	-	11 056	-	-	**11 056**	-	**11 056**
Employee stock option plan – value of unexercised employee benefits	-	-	(4 457)	-	-	**(4 457)**	-	**(4 457)**
Effect of modification of employee stock option plan	-	-	13 515	-	-	**13 515**	-	**13 515**
Change of deferred tax related to unexercised employee benefits	-	-	2 668	-	-	**2 668**	-	**2 668**
Total transactions with shareholders	**-**	**10 089**	**(17 699)**	**-**	**-**	**(7 610)**	**-**	**(7 610)**
As at December 31, 2016	**714**	**(11 123)**	**660 009**	**655 020**	**4 413**	**1 309 033**	**67 577**	**1 376 610**
As at January 1, 2017	**714**	**(11 123)**	**660 009**	**655 020**	**4 413**	**1 309 033**	**67 577**	**1 376 610**
COMPREHENSIVE INCOME								
Income for the period	-	-	-	182 281	-	**182 281**	(952)	**181 329**
Currency translation differences (note 18)	-	-	-	-	(138 330)	**(138 330)**	(9 234)	**(147 564)**
Valuation impact of net investment hedging instruments	-	-	51 789	-	-	**51 789**	-	**51 789**
Deferred income tax concerning net investment hedges (note 8)	-	-	(9 840)	-	-	**(9 840)**	-	**(9 840)**
Total Comprehensive Income	**-**	**-**	**41 949**	**182 281**	**(138 330)**	**85 900**	**(10 186)**	**75 714**
TRANSACTIONS WITH NON-CONTROLLING SHAREHOLDERS								
Acquisition of non-controlling interest	-	-	(29 061)	-	-	(29 061)	(18 481)	**(47 542)**
Dividends paid to non-controlling shareholders	-	-	-	-	-	**-**	(3 726)	**(3 726)**
Total transactions with non-controlling shareholders	**-**	**-**	**(29 061)**	**-**	**-**	**(29 061)**	**(22 207)**	**(51 268)**
TRANSACTIONS WITH SHAREHOLDERS								
Purchase of treasury shares	-	(79 298)	-	-	-	**(79 298)**	-	**(79 298)**
Proceeds from treasury shares	-	45 411	(45 411)	-	-	**-**	-	**-**
Employee stock option plan – value of employee services exercised in the period	-	-	13 451	-	-	**13 451**	-	**13 451**
Employee stock option plan – proceeds from employees - value of disposed shares	-	-	1 906	-	-	**1 906**	-	**1 906**
Employee stock option plan – value of unexercised employee benefits	-	-	3 561	-	-	**3 561**	-	**3 561**
Effect of modification of employee stock option plan	-	-	2 287	-	-	**2 287**	-	**2 287**
Change of deferred tax related to unexercised employee benefits	-	-	2 685	-	-	**2 685**	-	**2 685**
Total transactions with shareholders	**-**	**(33 887)**	**(21 521)**	**-**	**-**	**(55 408)**	**-**	**(55 408)**
As at December 31, 2017	**714**	**(45 010)**	**651 376**	**837 301**	**(133 917)**	**1 310 464**	**35 184**	**1 345 648**

The statement of changes in consolidated equity has to be analyzed jointly with the notes which constitute an integral part of these consolidated financial statements.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

Notes to the consolidated financial statements

1. Information on the Group and significant accounting policies

a) General information

AmRest Holdings SE ("the Company", "AmRest", "Equity holders of the parent") was established in the Netherlands in October 2000 as a joint-stock company. On September 19, 2008, the Commercial Chamber in Amsterdam registered the change in the legal status of the Company to a European Company (Societas Europaea) and of its name to AmRest Holdings SE. On December 22, 2008, the District Court for Wrocław-Fabryczna in Wrocław registered the seat of AmRest in the National Court Register. The address of the Company's registered office is: pl. Grunwaldzki 25-27, Wrocław (50-365), Poland.

AmRest is the first public company in Poland operating in the form of a European Company. The purpose of transforming AmRest into a European Company was to increase its operating effectiveness and reduce operating and administrative expenses.

Here after, the Company and its subsidiaries shall be referred to as "the Group". The Group's consolidated financial statements for the 12-month period ended December 31, 2017 cover the Company, its subsidiaries and the Group's shares in associates.

These consolidated financial statements were approved by the Company's Management Board on March 8, 2018.

The Group's core activity is operating Kentucky Fried Chicken ("KFC"), Pizza Hut, Burger King and Starbucks restaurants through its subsidiaries in Poland, the Czech Republic (further Czech), Hungary, Slovakia, Russia, Serbia, Croatia, Bulgaria, Romania, Germany, France, Austria, Slovenia and Spain, on the basis of franchises granted. In Spain, France, Germany and Portugal the Group operates its own brands La Tagliatella, Trastevere and il Pastificio. This business is based on the franchise agreements signed with non-related companies and own restaurants. It is supported by the central kitchen which produces and delivers products to the whole network of own brands. Additionally, in China, Spain and Poland the Group operates its own brands Blue Frog and KABB (China).

On April 27, 2005, the shares of AmRest Holdings SE were quoted for the first time on the Warsaw Stock Exchange ("WSE").

As at December 31, 2017, FCapital Dutch B.V. was the largest shareholder of AmRest and held 56.38% of its shares and voting rights. The parent entity of the Group on the top level is Grupo Far-Luca, S.A. de C.V. The directly dominant person of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González.

Pursuant to the information available to the Company, as at the date of release of this annual report, that is March 8, 2018 the following shareholders submitted information on holding directly or indirectly (through subsidiaries) 5% or more of the total vote at the General Shareholders Meeting of AmRest Holdings SE:

Shareholders	Shares amount	Share in Equity%	Shares amount at AGM	Share at AGM%
FCapital Dutch B.V.*	11 959 697	56.38%	11 959 697	56.38%
Nationale-Nederlanden OFE	1 484 893	7.00%	1 484 893	7.00%
Gosha Holding S.à.r.l.**	2 263 511	10.67%	2 263 511	10.67%
Other shareholders	5 505 792	25.95%	5 505 792	25.95%

* *FCapital Dutch B. V. is the dominant entity of FCapital Lux (previously Cullinan S.à.r.l.) (holding 5 232 907 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finaccess SAPI de CV is the directly dominant entity of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The directly dominant person of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is the Supervisory Board member of AmRest*

** *Gosha Holding S.à.r.l. is the entity which relates to Mr. Henry McGovern and Mr. Steven Kent Winegar, Supervisory Board members of AmRest.*

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

The Group operates its restaurants mainly on a franchise basis however being master-franchisor and business performed through one brands become more important. The table below shows the terms and conditions of cooperation with franchisers and franchisees of particular brands operated by AmRest.

Activity performed based on franchise agreement					
Brand	KFC	Pizza Hut Dine-In	Pizza Hut Express, Delivery	Burger King	Starbucks 1)
Franchiser/Partner	KFC Europe Sarl (US Branch)	PH Europe Sarl (US Branch)	PH Europe Sarl (US Branch)	Burger King Europe GmbH	Starbucks Coffee International, Inc/Starbucks EMEA Ltd., Starbucks Manufacturing EMEA B.V.
Area covered by the agreement	Poland, Czech, Hungary, Bulgaria, Serbia, Croatia, Russia, Spain, Germany, France, Austria, Slovenia	Poland	Opened restaurants: Poland, Czech, Hungary, France, Russia, Germany. Possibility of opening in: Bulgaria, Serbia, Croatia, Slovakia, Slovenia	Poland, Czech, Bulgaria	Poland, Czech, Hungary, Romania, Bulgaria, Germany, Slovakia
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, Czech, Bulgaria – 20 years or 10 years 5)	15 years, possibility of extension for a further 5 years; in Romania till October 10, 2023 16 years, in Bulgaria till October 1, 2027 20 years
Preliminary fee	up to USD 50.1 thousand 2)	up to USD 50.1 thousand 2)	USD 25.1 thousand 3)	USD 50 thousand or USD 25 thousand5)	USD 25 thousand
Franchise fee	6% of sales revenues 3)	6% of sales revenues 3)	6% of sales revenues 3)	5% of sales revenues	6% of sales revenues
Marketing costs	5% of sales revenues	5% of sales revenues	June 21, 2017 - December 31, 2021 6% of sales revenues; January 1, 2022 - December 31, 2026 5% of sales revenues; 6% later on 3)	5% of sales revenues, in Czech 3% of sales revenues for first 3 years, than 5% 4)	amount agreed each year
Activity performed through own brand					
Brand	La Tagliatella		Blue Frog	KABB	
Area of the activity	Spain, France, Germany, Portugal		China, Spain, Poland	China	

Activity performed based on master-franchise agreement (the right to grant a license to third parties)			
Brand	Pizza Hut Dine-In	Pizza Hut Express, Delivery	La Tagliatella
Partner	Yum Restaurants International Holdings LLC	PH Europe Sarl, (US Branch), Yum Restaurants International Holdings LLC	Own brand
Area covered by the agreement	Possibility of opening in France and Germany	Germany, France	Spain, France Possibility of opening in Monaco
Term of agreement	10 years with possibility of extension	10 years with possibility of extension	10 years with possibility of extension

Explanations:
1) AmRest Group took up 82%. and Starbucks 18% of the share capital of the newly-established companies in Poland, Czech Republic and Hungary. In the ninth year Starbucks will have an unconditional option of increasing its shares to a maximum of 50%. In the event of a disputed take-over or change of control over the Company and/or its shareholders. Starbucks will be entitled to increase its share to 100% by purchasing shares from the Group. According to Company's Management assessment as at the day of this financial statement issuance, there are no indicators making mentioned above options realizable. The Group acquired 100% of shares in Romanian and Bulgarian entities being the sole operators on these markets. In Germany the Group acquired 100% of shares in a key operator on this market.
2) The fee is revalorized at the beginning of each calendar year by the inflation rate.
3) Preliminary franchise fees and marketing costs might be changed if certain conditions set in the agreement are met.
4) Marketing expenses for the Burger King brand amount to 2.5% of the sales revenues over the first 2 years of operation, 2% in the 3rd year and 5% in consecutive years of operation.
5) Validity period of franchisee agreement, therefore licenses for Burger King restaurants opened in Poland in period from March 1, 2009 till June 30, 2010, and also for newly opened restaurants in Poland was extended from 10 to 20 years since date of restaurant opening, however without option of prolongation for next 10 years, what was provided in original development agreement with AmRest sp. z o.o. In relation to restaurants opened in Poland in the period from March 1, 2009 to June 30, 2010 and in relation to restaurants opened after this period (for franchise agreements for 20 years) was increased also amount of initial franchise payment from 25.000 USD to 50.000 USD.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

The Group structure

As at December 31, 2017 , the Group comprised the following subsidiaries:

Company name	Seat	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
AmRestavia S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
Restauravia Grupo Empresarial S.L.	Madrid, Spain	AmRestavia S.L.U. AmRest TAG S.L.U.	16.52% 83.48%	April 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	Apia, Samoa	AmRest China Group PTE Ltd	100.00%	December 2012
Horizon Group Consultants (BVI)	Road Town, Tortola, BVI	AmRest China Group PTE Ltd	100.00%	December 2012
Kai Fu Restaurant Management (Shanghai) Co., Ltd	Shanghai, China	Blue Frog Food&Beverage Management Ltd	100.00%	December 2016
		Restaurant activity		
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czech	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 Inc. AmRest Sp. z o.o.	0.1% 99.9%	July 2007
AmRest Coffee s.r.o.	Prague, Czech	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	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Service S.L.U.	Lleida, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Restaurantes S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100.00%	April 2011
Pastificio S.L.U.	Lleida, Spain	Pastificio Service 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*	Cologne, Germany	AmRestavia S.L.U.	100.00%	March 2012
AmRest SAS	Lyon, France	AmRestavia 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 Group Consultants (BVI)	100.00%	December 2012

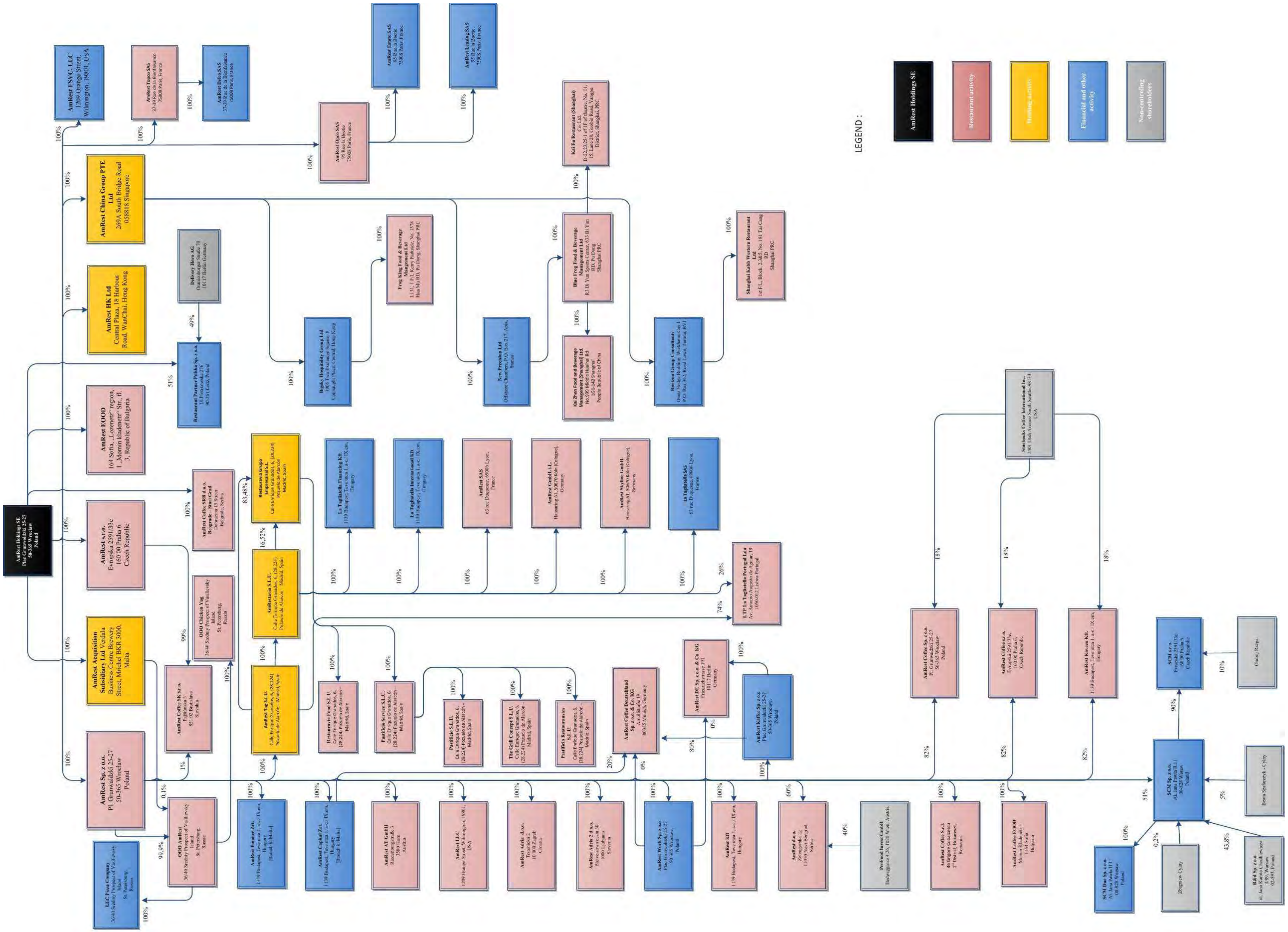
Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

Company name	Seat	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
AmRest Skyline GMBH	Cologne, Germany	AmRestavia 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 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 Capital Zrt	80.00% 20.00%	May 2016
AmRest DE Sp. z o.o. & Co. KG	Berlin, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
The Grill Concept S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100.00%	December 2016
LTP La Tagliatella Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U. AmRestavia S.L.U.	74.00% 26.00%	February 2017
AmRest AT GmbH	Vienna, Austria	AmRest Sp. z o.o.	100.00%	March 2017
AmRest Topco SAS	Paris, France	AmRest Holdings SE	100.00%	May 2017
AmRest Delco SAS	Paris, France	AmRest Topco SAS	100.00%	May 2017
AmRest Opco SAS	Paris, France	AmRest Holdings SE	100.00%	July 2017
OOO Chicken Yug	Saint Petersburg, Russia	OOO AmRest	100.00%	October 2017
OOO Pizza Company	Saint Petersburg, Russia	OOO AmRest	100.00%	November 2017
AmRest Coffee SRB	Belgrade, Serbia	AmRest Holdings SE	100.00%	November 2017
		Financial services and others for the Group		
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
AmRest Capital Zrt	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	November 2011
AmRest Finance Zrt	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	November 2011
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2012
La Tagliatella International Kft	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella Financing Kft**	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella SAS	Lyon, France	AmRestavia S.L.U.	100.00%	March 2014
AmRest FSVC LLC	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
Restaurant Partner Polska Sp. z o.o.	Łódź, Poland	AmRest Holdings SE Delivery Hero GmbH	51.00% 49.00%	August 2017
AmRest Estate SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Leasing SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

Company name	Seat	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
		Supply services for restaurants operated by the Group		
SCM s.r.o.	Prague, Czech	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.	43.80%	
		Beata Szfarczyk-Cylny	5.00%	
		Zbigniew Cylny	0.20%	
SCM Due Sp. z o.o.	Warsaw, Poland	SCM Sp. z o.o.	100.00%	October 2014

* *On November 25, 2016 Amrestavia, S.L.U., the sole shareholder of AmRest GmbH, has decided to liquidate this company. The liquidation process has not been finished until the date of these financial statements.*
*** On September 5, 2017 Amrestavia, S.L.U., the sole shareholder of La Tagliatella Financing Kft, has decided to liquidate this company. The liquidation process has not been finished until the date of these financial statements.*



LEGEND :
AmRest Holdings SE
Restaurant activity
Financial and other activity
Non-controlling shareholders
AmRest FSVC, LLC 1209 Orange Street, Wilmington, 19801, USA
AmRest China Group PTE Ltd 269A South Bridge Road 058818 Singapore
AmRest HK Ltd Central Plaza, 18 Harbour Road, WanChai, Hong Kong
AmRest EOOD
AmRest s.r.o. Evropská 2591/33e 160 00 Praha 6 Czech Republic
AmRest Sp. z o.o. Pl. Grunwaldzki 25-27 50-365 Wrocław Poland

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

At December 31, 2017 and December 31, 2016 the summarised financial information for each subsidiary that has non-controlling interests:

Summarised balance sheet

2017	**AmRest Coffee s.r.o.**	**AmRest Kávézó Kft**	**AmRest Coffee Sp. z o.o.**	**SCM Sp. z o.o.**	**AmRest d.o.o.**	**SCM due Sp. z o.o.**	**SCM s.r.o.**	**Restaurant Partner Polska Sp. z o.o.**
Current Assets	20 747	7 767	11 274	18 104	3 290	1 524	1 951	10 438
Liabilities	(13 496)	(7 854)	(14 810)	(8 696)	(3 170)	(1 038)	(565)	(7 146)
Total current net assets	7 251	(87)	(3 536)	9 408	120	486	1 386	3 292
Non-current assets	35 602	19 294	55 706	4 686	7 579	-	68	10 878
Non-current liabilities	(657)	-	(99)	(1 559)	(7)	-	-	(513)
Total non-current net assets	34 945	19 294	55 607	3 127	7 572	-	68	10 365
Net assets	42 196	19 207	52 071	12 535	7 692	486	1 454	13 657

2016	**Blue Horizon Hospitality Group PTE Ltd.**	**AmRest Coffee s.r.o.**	**AmRest Kávézó Kft**	**AmRest Coffee Sp. z o.o.**	**SCM Sp. z o.o.**	**AmRest d.o.o.**
Current Assets	24 882	24 211	5 457	32 403	17 579	3 897
Liabilities	(54 109)	(11 639)	(6 704)	(15 864)	(5 707)	(1 913)
Total current net assets	(29 227)	12 572	(1 247)	16 539	11 872	1 984
Non-current assets	89 503	31 605	17 607	45 018	4 257	3 257
Non-current liabilities	(9 282)	(276)	(72)	(86)	(1 019)	(7)
Total non-current net assets	80 221	31 329	17 535	44 932	3 238	3 250
Net assets	50 994	43 901	16 288	61 471	15 110	5 234

Summarised income statement

2017	**AmRest Coffee s.r.o.**	**AmRest Kávézó Kft**	**AmRest Coffee Sp. z o.o.**	**SCM Sp. z o.o.**	**AmRest d.o.o.**	**SCM due Sp. z o.o.**	**SCM s.r.o.**	**Restaurant Partner Polska Sp. z o.o.**
Total sales	92 941	46 365	102 595	49 781	16 583	2 453	2 641	3 105
Profit before tax	14 059	3 234	(5 445)	6 577	516	243	1 045	(10 563)
Income tax expense/income	(2 724)	(804)	-	(1 608)	(49)	(28)	(180)	57
Profit/loss for the period	11 335	2 430	(5 445)	4 969	467	215	865	(10 506)
Profit/loss for the period allocated to NCI	2 040	437	(980)	2 435	187	105	468	(5 148)

2016	**Blue Horizon Hospitality Group PTE Ltd.**	**AmRest Coffee s.r.o.**	**AmRest Kávézó Kft**	**AmRest Coffee Sp. z o.o.**	**SCM Sp. z o.o.**	**AmRest d.o.o.**
Total sales	229 028	76 779	35 749	85 026	46 118	14 472
Profit before tax	(10 507)	9 120	2 103	(3 930)	6 755	954
Income tax expense/income	(11)	(2 053)	(597)	-	(1 560)	-
Profit/loss for the period	(10 518)	7 067	1 506	(3 930)	5 195	954
Profit/loss for the period allocated to NCI	(3 583)*	1 272	271	(707)	2 546	382

** On November 15, 2016 the resolution regarding purchase shares from Coralie Danks in Blue Horizon Hospitality PTE LTD has been passed. As a result AmRest Holdings SE holds additional 5.23% of shares. On February 24, 2017, the resolution regarding purchase of Blue Horizon Hospitality Group PTE Ltd shares from minority shareholders has been passed. As a result, AmRest Holdings SE purchased 32.44% additional shares and from that date became a sole owner of the company. In 2017 loss attributable to non-controlling interests amounted to PLN 496 thousand.*

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

b) Representations on compliance of the financial statements with the International Financial Accounting Standards

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") for annual financial reporting, in force as at December 31, 2017.

As at December 31, 2017 there are no discrepancies between the accounting policies adopted by the Group according to IFRS accepted to use in European Union and the IFRS published by the International Accounting Standards Board ("IASB").

c) Form of presentation of the consolidated financial statements

The consolidated financial statements are presented in Polish zloty (PLN), rounded up/down to full thousands.

The financial statements were prepared on the historical cost excluding valuation of derivative instruments and investment properties to their fair value.

The preparation of the IFRS financial statements requires the Management of the Company to make certain assumptions and estimates which are reflected in the accounting policy and that affect the reported amounts of assets and liabilities and reported revenues and expenses during the period. The results of the estimates and the respective assumptions being the result of experience and various factors deemed to be justified in given circumstances are the basis for assessing the values of assets or liabilities which do not result directly from other sources. The actual financial results may differ from the adopted estimates.

d) Basis of preparation of the consolidated financial statements

Subsidiaries

Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date, on which such control ends. The parent controls an entity, if the parent meets conditions described in IFRS 10.

The Company reassesses whether it controls the entity if facts and circumstances indicate that there are changes to at least one elements of control listed in IFRS 10.

Transactions, settlements and unrealized gains on intercompany transactions are eliminated. Unrealized losses are also eliminated unless the transaction proves the impairment of the given asset transferred. Accounting policies used by subsidiaries were changed where necessary to ensure compliance with the Group accounting policies.

Non-controlling interests and transactions with non-controlling interests

Any changes in the shareholding structure of the parent company that do not result in a loss of control over subsidiary company are recognised as equity transactions. In such cases, in order to reflect changes in the relative interest in a subsidiary, the Group adjusts the carrying amount of the controlling and non-controlling interest. All differences between the value of the adjustment to the non-controlling interest and the fair value of the consideration paid or received are taken to the shareholders' equity and allocated to the owners of the parent.

Associates

An associate is an entity on which the parent has, directly or indirectly through subsidiary companies, a significant influence, and which is neither its subsidiary nor joint venture, which usually accompanies holding 20% to 50% of the general number of votes in the decision-making body of the entity. Investments in associates are accounted for according to the equity method and are initially stated at cost. The Group's investment in associates includes goodwill (net of any potential accumulated impairment write-downs), determined as at the acquisition date.

The Group's share in the results of the associates from the date of purchase has been recorded in the income statement. Its share in other comprehensive income and movements in other equity items, from the date of purchase, has been recorded in other comprehensive income. The carrying value of the investment is adjusted for the total movements from the date of purchase. When the Group's share in the losses of an associate becomes equal or higher than the book value of Group's share in the associate, which covers potential unsecured receivables, the Group discontinues recognizing further losses unless it has assumed the obligation or has made payments on behalf of the given associate.

Unrealized gains on transactions between the Group and its associates are eliminated in proportion to the Group's share in the said entities. Unrealized losses are also eliminated unless the transaction proves that the given asset transferred has been impaired. Accounting policies used by subsidiaries were changed where necessary to ensure compliance with the Group accounting policies.

e) Going concern assumption

Information presented below should be read together with information provided in note 32 and 19, describing accordingly: significant post balance sheet events after December 31, 2017 and borrowings.

The consolidated annual financial statements have been prepared on the assumption that the Group companies will continue as a going concern in the foreseeable future. As at the date of authorisation of these consolidated financial statements, the parent company's Management Board is not aware of any facts or circumstances that would indicate a threat to the continued activity of the Group.

f) Foreign exchange trading

Functional currency and presentation currency

Each of the Group entities maintains financial reporting in the currency of the primary economic environment in which the entity operates ('the functional currency'). The following table presents functional currency used by the Group companies in particular countries.

Country	***Functional currency***
Poland	Polish zloty (PLN)
Czech Republic	koruna (CZK)
Hungary	forint (HUF)
Russia	ruble (RUB)
Bulgaria	lev (BGN)
Serbia	dinar (RSD)
Spain	euro (EUR)
Germany	euro (EUR)
Slovakia	euro (EUR)
France	euro (EUR)
Portugal	euro (EUR)
Slovenia	euro (EUR)
Croatia	kuna (HRK)
Romania	leu (RON)
China	yuan (CNY)
Hong Kong	yuan (CNY), dollar (USD)
USA	dollar (USD)

The Group presented its consolidated financial statements in Polish zloty.

Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the rate prevailing as at the transaction date. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into Polish zloty at the rate prevailing as at that date. Foreign exchange differences arising as a result of translating the transactions denominated in foreign currencies into Polish zloty were recognized in the income statement, except incomes and losses concerning hedging instrument, which constitutes effective hedge presented directly in other comprehensive income. Non-monetary assets and liabilities stated at historical cost and denominated in foreign currencies are translated using the exchange rate as of the transaction date.

Financial statements of foreign operations

The financial result and the financial position of all subsidiaries and associates whose functional currency is other than the presentation currency is translated to the presentation currency using the following procedures:

- assets and liabilities, including goodwill, and adjustments made during the consolidation are translated at the closing rate as at the balance sheet date;
- revenues and costs and elements of other comprehensive income of foreign operations are translated at the mid exchange rate in the given period which approximately reflects translation at the exchange rates prevailing as at the transaction date;
- all the resulting foreign exchange differences are presented in other comprehensive income and accumulated under a separate component of equity as translation differences of foreign operations. Upon the disposal of the operations, the exchange differences accumulated in equity that relate to the given foreign entity are recognized in the income statement.
- Foreign exchange differences arising on the measurement of net investments are recognized in other comprehensive income.

The Group used European Central Bank‘s exchange rates for currency translations as at December 31, 2017.

In the case of long-term financing based on intercompany loans with indefinite repayment date and with the lack of intention of Board of repayment the Group is classifying foreign exchange differences caused by them as part of equity concerning foreign exchange differences.

The functional currency of none of the subsidiaries is the currency of a hyperinflationary economy as at December 31, 2017.

g) Property, plant and equipment

Property, plant and equipment owned by the Group

Property, plant and equipment is recognized in the books of account at historical cost net of accumulated depreciation and potential impairment. The initial value of the property, plant and equipment manufactured internally covers the cost of materials, direct labour, and – if material – the initial estimate of the cost of disassembly and removal of the assets and of bringing the location to the condition it had been in before the lease agreement was signed.

If the property, plant and equipment include material components with different useful lives, particular components are considered to be separate assets.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds from sale with carrying amounts and recognized in the income statement under „Gains/losses from fixed assets disposal" being a part of "Occupancy and other operating expenses".

Assets related to opening restaurants

Costs directly related to purchasing and manufacturing of assets („property, plant and equipment") connected with opening restaurants in given locations, including the costs of architecture design, legal assistance, wages and salaries, and benefits of employees directly involved in launching a given location are included in assets ("property, plant and equipment"). The Group includes in the value of restaurants costs mentioned above incurred from the moment when the completion of the project is considered likely. In the event of a later drop in the probability of launching the project at a given location, all the previously capitalized costs are transferred to the income statement. Costs directly related to purchasing and manufacturing of restaurants assets („property, plant and equipment") are depreciated over the expected useful life of the restaurant.

Those assets consider both costs incurred with use of leasehold improvements and in premises owned.

The Group does not capitalize costs of external financing, as those assets do not meet definition of qualified assets under IAS 23.

Leased assets

The Group is a Lessee of property, plant and equipment. Leases of property, plant and equipment under which virtually all the risks and benefits in respect of the ownership are attributable to the Group are recognized as finance leases. The assets leased under finance leases are recognized in assets as at the date of commencement of the lease term at the lower of their fair values and present value of the minimum lease payments. Each lease payment is divided into the amount decreasing the balance of the liability and the amount of finance costs so as to maintain a fixed interest rate in respect of the remaining portion of the liability. The respective rental obligations net of finance costs is recognized in finance lease liabilities. The interest element of finance costs is charged to costs in the income statement over the period of the lease so as to obtain a fixed periodical interest rate in respect of the remaining portion of the liability. Property, plant and equipment acquired under financial leases are depreciated over the shorter of the economic useful life of the asset and the lease period.

Costs incurred after commissioning fixed assets

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Amortization and depreciation

Property, plant and equipment, including their material components, are depreciated on a straight-line basis over the expected useful life of the assets/components. Land and fixed assets under construction are not depreciated. The expected useful lives of assets are as follows:

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

** regular lease term*

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

h) Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under note 1i) up to the date of change in use.

i) Franchise, licence agreements and other fees

As described in note 1a), the Group operates restaurants on the basis of franchise agreements. In accordance with the franchise agreements, the Group is obliged to pay a non-reimbursable initial fee upon opening each new restaurant and further fees over the period of the agreement (in the amount of % of sales revenues, usually 5-6%), and to allocate % of revenues (usually 5%) to advertising activities specified in the respective agreements. Moreover, after the end of the initial period of the franchise agreement, the Group may renew the franchise agreement after paying a renewal fee.

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

A fixed licence fee equal to % of sales revenues is recognized in the income statement when as incurred in category continuing franchise fees.
The local marketing fee is recognized in the income statement as incurred in category direct marketing costs.

Group owns brands and is a franchisor in franchisee agreements. Following policies apply:

- Generally, the franchise agreement covers a 10-year period and provides an option of extension for another 10 (for agreements signed after 2006) or 5 years (for agreements signed before 2006). Some franchise agreements were signed for the period from 9 to 20 years.
- Initial fees paid by franchisees are recognized by the Group as a revenue at the moment when all critical agreed in the contract areas are covered for the purpose of restaurant opening.
- Fees for using own brand paid by franchisees to the Group as a 6% from the sales (continued fees) are recognized as earned.

j) Intangible assets

Computer software

Acquired licenses for computer software are capitalized on the basis of costs incurred to acquire and prepare specific software for use. These costs are amortized on the basis of the expected useful lives.

Favourable lease agreements

Favourable lease agreements recognized on the acquisition of subsidiaries that provide for lease fees lower than market fees are initially recognized at fair value and then at cost net of amortization and potential impairment (note 1p)).

Trademark

Trademarks acquired in mergers or acquisitions are recognized at fair value as at the date of transaction. The economic useful life is assessed individually. Trademark of La Tagliatella has indefinite economic useful life and is not subject of amortization, but of annual impairment tests. Blue Frog brand has its economic useful life and is amortized.

Relationships with Franchisees, relationships with clients (clients' database)

Relationships with Franchisees and with clients recognized at mergers and acquisitions are measured at fair value at the acquisition date. Useful life is determinated for each asset separately.

Rights to the Pizza Hut, KFC, Burger King, Starbucks trademark

See note 1i).

Other intangible assets

Other intangible assets are recognized at cost (purchase price or manufacturing cost) less accumulated amortization and potential impairment (see note 1p)). The exclusivity rights of brand operators on particular markets are presented within other intangible assets.

Amortization

Intangible assets are amortized on straight-line basis over the expected useful life of the assets if it is determined. Goodwill and other intangible assets whose expected useful lives cannot be specified are assessed annually for potential impairment (see note 1p) of the accounting policies below) and are not amortized. Other intangible assets are amortized as of the date of their availability for use.

The expected useful lives of assets are as follows:

Computer software	3-5 years
Favourable lease agreements	2-10 years*
Trademarks	5-10 years
Own trademark Blue Frog	20 years
Rights to Pizza Hut, KFC, Burger King and Starbucks trademark	10 years
Relations with franchisees	20-24 years**
Clients' database	2 years
Exclusivity rights brand operator	6-12 years***
Other intangible assets	5-10 years

** favourable agreements are amortized over the period to the end of the agreement*
***average period of franchise agreement*
**** period of exclusivity agreement*

k) Goodwill

Business combinations are accounted for under the acquisition method.

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

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

Goodwill on consolidation is disclosed in a separate line in statement of financial position and measured at cost net of accumulated impairment write-downs. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired (refer to the note 1p) of accounting policy). Goodwill arising upon the acquisition of associates is recognized in the total carrying amount of the investments in associates.

Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity sold.

Expenses incurred to increase the goodwill created internally and trademarks created internally are recognized in the income statement upon being incurred.

l) Financial assets

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity assets, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition and reviews this designation at every balance sheet date.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments that are either designated in this category or not classified in any of the other categories described below. The Group does not maintain any investments classified as available-for-sale financial assets as at the end of each of the periods covered by these consolidated financial statements.

Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is: acquired principally for the purpose of selling it in the near term; part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or is a derivative unless they are designated as hedges. The Group does not maintain any investments classified as financial assets at fair value through profit or loss as at the end of each of the periods covered by these consolidated financial statements.

Financial assets held to maturity

This category included financial assets held to maturity are quoted in an active market non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Group has the positive intention and ability to hold until maturity, other than:

- those that upon initial recognition are designated as at fair value through profit or loss;
- those that are designated as available for sale; and
- those that meet the definition of loans and receivables.

The carrying amount of investments are measured at amortised cost using the effective interest rate.

Group does not have any financial assets held to maturity as at the balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. They are recognized at amortized cost net of impairment write-downs and recognized as current assets in the balance sheet, under "Trade and other receivables" (See note 1m)), if they mature within 12 months of the balance sheet date.

Regular purchase and sale transactions of financial assets are recognized as at the transaction date – the date on which the Group commits to purchase or sell a given asset. Investments are initially recognized at fair value plus transaction costs. This relates to all financial assets not measured at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at fair value, and the transaction costs are recognized in the income statement. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at adjusted purchase price (amortized cost using the effective interest method).

m) Trade and other receivables

Trade and other receivables include non-derivative financial assets not traded on an active market with fixed or determinable amounts to be repaid. These assets are initially recognized at fair value and then at amortized cost net of impairment (note 1p)). An estimate for doubtful debts is made when collection of the full amount is no longer probable.

n) Inventories

Inventories include mainly materials and goods for resale. Inventories are stated at the lower of cost and net realizable value. Inventory issues are accounted for on the FIFO basis. The cost of purchase of inventories includes costs directly related to purchasing and preparing the given asset for sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

o) Cash and cash equivalents

Cash reported in the statement of financial position comprises cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts (overdraft facilities).

p) Impairment

The Group assesses at each reporting date whether there is any objective evidence of assets impairment. Group verifies the carrying value of inventories (See note 1n) of the accounting policies) and deferred income tax assets (note 1x)), to determine whether the assets do not show signs of impairment. If there are signs of impairment, the recoverable value of the assets is determined.

Impairment write-downs of trade and other receivables are recognized when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of receivables. If there is such evidence, the impairment write-downs of the receivables are determined as the difference between the value of the assets following from the books of account as at the measurement date and the present value of the expected future cash flows discounted using the effective interest rate of the financial instrument. Impairment losses are recognized in the income statement.

An assessment is made at each reporting date to determine whether there is any indication that a non-financial asset may be impaired. If such indication exists, or in case an annual impairment testing is required, the Group makes an estimate of the recoverable amount of that asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount of the remaining assets is estimated at the higher of the fair value net of costs to sell and the value in use. Value in use is deemed to be the sum of discounted future cash flows which will be generated from the asset using the market discount rate before tax reflecting the time value of money and the risks characteristic for the given asset. If it is not possible to determine the future cash flows from a given asset, for the purpose of determining the value in use, a group of assets which includes the given asset, which generate specific cash flows, are taken into account (cash-generating unit).

Potential impairment of a restaurant is considered to be the fact of its incurring an operating loss during the financial year. In such an event, the discounted future economic benefits which the given facility will generate are determined. Potential impairment is determined on the basis of discounted cash flows from core activities until the date of closing the facility, in consideration of the residual value.

Moreover, upon taking a decision to close a restaurant, the value of appropriate assets is reviewed for potential impairment, and the period in use of the assets is changed. At the same time, the Group recognizes potential liabilities related to the costs of giving notice of the lease of premises in the books of account.

In case of renovation, negotiation concerning change in location or other not typical events, the Group uses specific rules dependent on situation with specific treatment of particular restaurant.

Reversal of impairment write-downs

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

Impairment write-downs in respect of receivables recognized at amortized cost are reversed if the later increase in their recoverable value may be objectively attributed to an event which arose after the impairment was recognized.

Impairment write-downs in respect of goodwill cannot be reversed. In respect of other assets, impairment write-downs are reversible if there are premises indicating that the impairment has ceased to exist or decreased. Reversal of impairment should be made if estimates used to determine the recoverable value are changed.

Impairment write-downs are reversed only to the extent to which the carrying amount of an asset does not exceed the carrying amount it would be recognized at, net of depreciation, had the impairment not been recognized.

q) Loans and borrowings

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

If borrowings are repaid before maturity, the resulting differences between the determined costs and the present costs are recognized in the income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

r) Share capital

Equity includes equity attributable to shareholders of the parent and non-controlling interests.

Equity attributable to shareholders of the parent includes:

- Share capital
- Reserves
- Retained earnings
- Translation reserve

Within reserves position effect of following transactions are presented:

- Surplus over nominal value (share premium)
- Non-refundable additional contributions to capital without additional issuance of shares made by the Group's shareholders before their debut on the WSE
- Impact of put option valuation
- Effect of accounting for share based payments
- Treasury shares
- Hedges valuation
- Transactions with non-controlling interests

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

s) Employee benefits

Share-based payments

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

Equity-settled transactions

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

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

Cash-settled transactions

Cash-settled transactions were started to be accounted in 2014 as a result of modification introduced in existing share based programs. Programs were modified so that it may be settled in cash instead of shares. As a result, the group re-measures the liability related to cash settled transaction.

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

At the date of settlement, the Group shall remeasure 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 entirely recognised liability;
- if the settlement is in shares, the balance of the liability is transferred to equity, being consideration for the shares granted. Any equity component previously recognised shall remain within equity.

Long-term employee benefits dependent on their years in service

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

Retirement benefit contributions

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

Management incentive program for Group employees in local markets

AmRest Group has issued management incentive program towards employees of Spanish group based on financial result for Spanish, Portuguese and French markets. This plan provides minimal hurdle rate of Spanish business economic value increase. Management of the Group values this program according to best estimates, including forecasts Spanish business value and evaluation of plan settlement dates.

t) Provisions

Provisions are recorded in the balance sheet if the Group has a legal or constructive obligation arising from past events, and if it is probable that the discharge of this obligation will result in an outflow of economic benefits. If the effect of the time value of money is material, the amount of the provision is determined as the expected future cash flows discounted using the discount rate before tax which reflects the time value of money and the potential risks related to a given obligation.

Provisions for liabilities caused by restructuring are set up when the Group has a detailed, official restructuring plan and the restructuring has already started or information on it was published. No provisions are set up for future operating expenses.

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

If the Group is obliged to bringing the location to the condition it had been in before the lease agreement was signed, the Company's Management Board analyses this future costs and sets up provisions if the costs are material.

Onerous contracts

Provisions for onerous contracts are set up if the expected revenues of the Group resulting from the contracts are lower than the unavoidable costs resulting from obligations under the contracts. Unavoidable costs are lower amount from: penalty in the event of breaking the agreement and costs of contract realization.

u) Trade and other payables

These payables are initially recognized in the books of account at fair value, and subsequently at amortized cost.

v) Revenues

Restaurant sales, franchise sales and other sales constitute Group revenues. Sales revenues comprise the fair value of the economic benefits received for the sale of goods, net of value-added tax. Sales of finished goods are recognized by the Group upon issuing them to the purchaser. Consideration for the goods is mainly in cash form.

w) Finance and operating leases

Operational leasing, rent costs

Leases whereby the major part of the risks and benefits from ownership remains with the lessor comprise operating leases. All the lease payments paid under the operating lease agreements are charged to costs on a straight-line basis over the period of the lease. The discounts received from lessors are recognized in the income statement in the same manner, as an integral part of lease fees.

Operating leases relate mainly to leases of premises where the restaurants operate. The respective costs are recognized in the income statement under "Lease costs and other operating expenses".

Finance lease

Leasing is classified as financial leasing, when according to signed agreement in overall all potential benefits and risk from ownership are passed towards leasee.

Amount due from finance leasing are presented in receivables position finance lease receivables in net value of investment. Incomes from finance lease are allocated to appropriate periods according to stable annual rate of return from Group investment due from finance lease.

Group as a leaseholder – please refer to note 1g).

x) Income tax expense

The income tax shown in the income statement comprises the current and deferred part. The current portion of the income tax includes tax calculated on the basis of the taxable income for the current period using the income tax rates which have been enacted or substantially enacted as at the balance sheet date, and adjustments of the income tax liability from prior years.

For financial reporting purposes, deferred tax is recognised, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax relating to items recognised outside profit or loss is also recognized outside profit or loss: under other comprehensive income if relates to items recognised under other comprehensive income, or under equity – if relates to items recognized in equity.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available that will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes that are levied by the same taxation authority.

y) Derivative financial instruments and hedge accounting

The Group sporadically uses derivative financial instruments to hedge against foreign exchange risk in operating and financing transactions.

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

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

The group designates certain derivatives as either:

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

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing quarterly basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve in other comprehensive income are shown in note 18.

Cash flow hedge

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

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within ‘other financial income or costs – net’.

Net investment hedge

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

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

Financial derivative included in non-financial host contract which meets criteria of embedded derivative is accounted as a separate derivative instrument and as such can be used as hedging instrument in cash flow or net investment hedge relationship.

z) Segment reporting

Business segments were set on the basis of internal managerial reports that are used by the Executive Committee while making strategic decisions. The Executive Committee (Exec) analyses performance of the Group allocating owned resources according to given restaurants.

aa) Non-current assets held for sale

Non-current assets (or groups of assets) are classified as 'held for sale' and disclosed at the lower of: the carrying amount and the fair value net of the costs of preparing the asset for sale, if the carrying amount is realized mainly through the sale and not through on-going use. This requirement can be fulfilled only if the occurrence of a sale transaction is highly probable, and the item of assets is available for immediate sale in its present condition.

If the Group wants to sell assets and as a result of that transaction it looses a control over a subsidiary, all assets and liabilities of this subsidiary should be classified as assets held for sale regardless the Group remains non-controlling interest after that transaction.

bb) Seasonal fluctuations in production and sales

The seasonal fluctuations in sales and inventory of the Group are not significant which is characteristic for the entire restaurant industry.

The lowest sales are recorded in the first quarter of the year, which is attributable primarily to fewer operating days in February and fewer people dining out. The next quarter in terms of sales is the second quarter, in which the restaurants achieve better results thanks to improving weather and a positive effect of the beginning of the holiday season in June. The highest sales are achieved at the end of the third and at the beginning of the fourth quarter. Very good performance in the third quarter is attributable to the increased tourist traffic. Autumn is traditionally a season when people tend to dine out more frequently, which translates into higher sales. An important time in the last three months of the year is the pre-Christmas period, when particularly high sales are reported by the restaurants situated in shopping malls.

cc) Adjustments, standards' amendments and changes in accounting policy

Comparable data were restated as a consequence of following adjustments.

In the first half of 2017, the Group finalized acquisition accounting for AmRest Coffee Deutschland Sp. z o.o. & Co. KG. The adjustments that were introduced based on the verification of fair value of acquired assets and liabilities also impacted value of goodwill previously established under the provisional acquisition of Starbucks in Germany.

As a consequence, comparative data, and relevant explanatory notes, presented in these consolidated financial statements were restated.

Adjustments introduced did not materially affect the comparative data presented in these financial statements for the consolidated statement of comprehensive income; cash flows from operating, investing and financing activities in the consolidated cash flow statement and earnings per share, hence the data were note restated.

Schedules of effects of above mentioned adjustments and the reconciliations between data published for the year ended December 31, 2016 and reported in current period statements as data for the year ended December 31, 2016 are presented below.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

Consolidated annual statement of financial position as at December 31, 2016

	According to the published financial statement	Adjustment	Restated
Assets			
Property, plant and equipment	1 343 738	-	1 343 738
Goodwill	769 063	8 445	777 508
Other intangible assets	604 139	13 188	617 327
Investment property	22 152	-	22 152
Investments in associates	888	-	888
Other non-current assets	62 503	-	62 503
Deferred tax assets	49 674	(4 840)	44 834
Total non-current assets	**2 852 157**	**16 793**	**2 868 950**
Inventories	82 086	-	82 086
Trade and other receivables	99 384	-	99 384
Corporate income tax receivables	12 797	-	12 797
Other current assets	102 898	-	102 898
Cash and cash equivalents	291 641	-	291 641
Total current assets	**588 806**	**-**	**588 806**
Total assets	**3 440 963**	**16 793**	**3 457 756**
Equity			
Share capital	714	-	714
Reserves	648 886	-	648 886
Retained earnings	655 020	-	655 020
Translation reserve	4 413	-	4 413
Equity attributable to shareholders of the parent	**1 309 033**	**-**	**1 309 033**
Non-controlling interests	**67 577**	**-**	**67 577**
Total equity	**1 376 610**	**-**	**1 376 610**
Liabilities		-	
Interest-bearing loans and borrowings	1 039 033	-	1 039 033
Finance lease liabilities	7 880	-	7 880
Employee benefit liability	19 850	-	19 850
Provisions	23 717	18 629	42 346
Deferred tax liability	117 818	-	117 818
Other non-current liabilities	8 429	-	8 429
Total non-current liabilities	**1 216 727**	**18 629**	**1 235 356**
Interest-bearing loans and borrowings	223 255	-	223 255
Finance lease liabilities	1 636	-	1 636
Trade and other accounts payable	614 929	(1 836)	613 093
Income tax liabilities	7 806	-	7 806
Total current liabilities	**847 626**	**(1 836)**	**845 790**
Total liabilities	**2 064 353**	**16 793**	**2 081 146**
Total equity and liabilities	**3 440 963**	**16 793**	**3 457 756**

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

In 2017 the Group decided to change a presentation of interests paid and received in the cashflow statement. The change was inspired by the desire to reflect better the nature of the transactions as well as the growing magnitude of cashflow. Interests are now presented in the financing activities the instead of operating activities. As a result cashflow statement presented in the published annual consolidated financial statement for 2016 has to be restated. Following table presents details.

Consolidated annual cash flow statement for period ended as at December 31, 2016

	According to the published financial statement	Adjustment	Restated
Cash flows from different positions of operating activities	490 752	-	490 752
Interest paid	(36 939)	36 939	-
Interest received	3 084	(3 084)	-
Net cash provided by operating activities	**456 897**	**33 855**	**490 752**
Net cash used in investing activities	**(539 131)**	**-**	**(539 131)**
Cash flows from different positions of financing activities	66 147	-	66 147
Interest paid	-	(36 939)	(36 939)
Interest received	-	3 084	3 084
Net cash provided by/(used in) financing activities	**66 147**	**(33 855)**	**32 292**
Net change in cash and cash equivalents	**(16 087)**	**-**	**(16 087)**

The accounting policies applied in the preparation of the attached consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2016 with the exception of the amendments presented below.

Newly applied and amended standards

In the financial statements the following amendments to the standards were applied from January 1, 2017:

a) Disclosure Initiative - Amendments to IAS 7

The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities.

The Group applied standard’s requirements from January 1, 2017 and addressed it in the note 19.

b) Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12

The amendment has clarified the requirements on recognition of deferred tax assets for unrealised losses on debt instruments. The entity will have to recognise deferred tax asset for unrealised losses that arise as a result of discounting cash flows of debt instruments at market interest rates, even if it expects to hold the instrument to maturity and no tax will be payable upon collecting the principal amount. The economic benefit embodied in the deferred tax asset arises from the ability of the holder of the debt instrument to achieve future gains (unwinding of the effects of discounting) without paying taxes on those gains.

The change has no impact on the reported companies and on the Group financial situation.

c) Annual Improvements to IFRSs 2014-2016 cycle

Amendments were issued on 8 December 2016 and impact three standards IFRS 12, IFRS 1 and IAS 28.

The amendments include clarification and changes to the scope, valuation, recognition of standards and editorial improvements.

The amendments are effective from January 1, 2017 (refer to IFRS12) or from January 1, 2018 (refer to IFRS 1 and IAS 28).

The changes had not significant impact on the accounting policies applied.

Standards or interpretation issued but not effective as at December 31, 2017 and not yet applied by the Group

In this consolidated financial statements the Group has not decided to adopt issued standards, amendments or interpretations before their effective date.

a) IFRS 9 Financial instruments

IFRS 9 replace IAS 39 and is effective for annual periods beginning on or after January 1, 2018.

Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL). IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income. Hedge accounting requirements were amended to align accounting more closely with risk management.

The Group applies hedge accounting and from January 1, 2018 will also be in line with the requirements of new standard.

The Group applied the standard from January 1, 2018.

The impact of standard application is not significant.

b) IFRS 15 Revenue from Contracts with Customers

The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

The Group applied the standard for January 1, 2018.

The impact of standard application is not significant.

c) Amendments to IFRS 15, Revenue from Contracts with Customers

The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

The Group applied the standard for January 1, 2018.

d) IFRS 16 "Leases"

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group will apply the standard from January 1, 2019.

The Group is currently assessing the impact of the amendments on its financial statements. Taking into consideration large scale and value of signed lease agreements, the Group expects a significant impact of the implementation of standard on the consolidated financial statements.

e) Amendments to IFRS 2, Share-based Payment

The amendments mean that non-market performance vesting conditions will impact measurement of cash-settled share-based payment transactions in the same manner as equity-settled awards. The amendments also clarify classification of a transaction with a net settlement feature in which the entity withholds a specified portion of the equity instruments, that would otherwise be issued to the counterparty upon exercise (or vesting), in return for settling the counterparty's tax obligation that is associated with the share-based payment. Such arrangements will be classified as equity-settled in their entirety.

Finally, the amendments also clarify accounting for cash-settled share based payments that are modified to become equity-settled, as follows (a) the share-based payment is measured by reference to the modification-date fair value of the equity instruments granted as a result of the modification; (b) the liability is derecognised upon the modification, (c) the equity-settled share-based payment is recognised to the extent that the services have been rendered up to the modification date, and (d) the difference between the carrying amount of the liability as at the modification date and the amount recognised in equity at the same date is recorded in profit or loss immediately.

The Group applied the standard from January 1, 2018.

The impact of standard application is not significant.

f) Transfers of Investment Property - Amendments to IAS 40

The amendments clarify the requirements on transfers to, or from, investment property in respect of properties under construction.

The Group will apply the standard once approve by UE.

g) Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28

The amendments are effective for annual periods beginning January 1, 2019 or later. The amendments clarify that reporting entities should apply IFRS 9 to long-term loans, preference shares and similar instruments that form part of a net investment in an equity method investee before they can reduce such carrying value by a share of loss of the investee that exceeds the amount of investor's interest in ordinary shares.

The Group will apply the standard from January 1, 2019.

At the date of preparation this financial statements the Group has not yet completed its assessment of the impact of the amendments on the consolidated financial statement.

At the date of preparation of these consolidated financial statements, this standard has not yet been approved by the European Union.

h) IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) on the derecognition of a non-monetary asset or non-monetary liability arising from an advance consideration in a foreign currency. IFRIC is effective for annual periods beginning January 1, 2018 or later.

The Group will apply the standard once approved by UE.

i) IFRIC 23 "Uncertainty over Income Tax Treatments

IAS 12 specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC is effective for annual periods beginning January 1, 2019 or later

The Group will apply the standard from January 1, 2019.

At the date of preparation this financial statements the Group has not yet completed its assessment of the impact of the amendments on the consolidated financial statement.

At the date of preparation of these consolidated financial statements, this standard has not yet been approved by the European Union.

j) Annual Improvements to IFRSs 2015-2017 cycle - amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

IASB issued in December 2017 annual improvements to IFRSs 2015-2017 cycle changing IFRS 3, IFRS 11, IAS 12 and IAS 23. Amendments contain clarifications and specification relating to recognition and valuation.

The Group will apply the standard from January 1, 2019.

At the date of preparation this financial statements the Group has not yet completed its assessment of the impact of the amendments on the consolidated financial statement.

At the date of preparation of these consolidated financial statements, this standard has not yet been approved by the European Union.

k) Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments were issued on February 7, 2018 and are effective for annual periods beginning January 1, 2019 or later. The amendments specifies how a company accounts for a defined benefit plan. When a change to a plan—an amendment, curtailment or settlement—takes place, IAS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Until now, IAS 19 did not specify how to determine these expenses for the period after the change to the plan

The Group will apply the standard from January 1, 2019.

At the date of preparation this financial statements the Group has not yet completed its assessment of the impact of the amendments on the consolidated financial statement.

At the date of preparation of these consolidated financial statements, this standard has not yet been approved by the European Union.

l) IFRS 14, Regulatory Deferral Accounts

IFRS 14 permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard.

The standard was not endorsed by the IASB.

Other issued but not endorsed standards or interpretations do not affect the Group’s activity.

Other items

According to art. 264 and 264b of the German Commercial Code (“Handelsgesetzbuch”) German group subsidiaries may be exempted from its duty to audit and disclose its financial statements and management report according to the respective provisions for corporations:

- AmRest Coffee Deutschland Sp. z o.o. & Co. KG, Munich;
- AmRest DE Sp. z o.o. & Co. KG, Berlin;
- AmRest Skyline GmbH, Cologne.

2. Segment reporting

AmRest as a Group of dynamic developing entities running operations at many markets and various restaurant business segments is under constant analysis of the Executive Committee. This Committee is also constantly reviewing the way how business is analysed and adjust it accordingly to changing Group Structure as a consequence of strategic decisions. Operating segments are set on the basis of management reports used by the Executive Committee during making strategic decisions. The Executive Committee verifies group performance while deciding of owned resources allocations in breakdown AmRest Group for divisions.

The approach is current valid solution for strategic analysis and capital allocation decision making process by Executive Committee. As for the balance sheet date, Executive Committee defines segments in presented below layout.

Segment	Description
Central and Eastern Europe (CEE)	Restaurant operations in: • Poland - KFC, Pizza Hut, Starbucks, Burger King, Blue Frog, • Czech - KFC, Pizza Hut, Starbucks, Burger King, • Hungary - KFC, Pizza Hut, Starbucks, • Bulgaria - KFC, Starbucks, Burger King, • Croatia, Austria, Slovenia and Serbia - KFC • Romania, Slovakia – Starbucks.
Western Europe	Restaurant operations together with supply chain and franchise activity in: • Spain - KFC, La Tagliatella, Blue Frog, • France - KFC, Pizza Hut, La Tagliatella, • Germany - Starbucks, KFC, Pizza Hut, La Tagliatella. • Portugal - La Tagliatella.
China	Blue Frog and KABB restaurant operations in China.
Russia	KFC and Pizza Hut restaurant operations in Russia.
Unallocated	Asset and liability balances non-allocated to segments (covering borrowings and lease liabilities), transactions of SCM sp. z o.o. and its subsidiaries, Restaurant Partner Polska, AmRest Holdings SE, a subsidiary located in the Ukraine, AmRest Capital Zrt, AmRest Finance Zrt and AmRest Finance S.L. and financial costs and incomes, share profit of associates, income tax, net income from continued operation, total net income.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

Below are presented data relating to operating segments for the year ended December 31, 2017 and for the comparative year ended December 31, 2016.

2017	CEE	Western Europe	Russia	China	Unallocated	Total
Revenue from external customers	2 633 787	1 702 799	605 785	265 159	57 977	5 265 507
Inter-segment revenue	-	-	-	-	-	-
Operating profit/ (loss)	218 656	79 831	28 639	(1 012)	(59 232)	266 882
Finance income	-	-	-	-	3 397	3 397
Finance costs	-	-	-	-	(59 633)	(59 633)
Income tax	-	-	-	-	(29 317)	(29 317)
Profit for the period	-	-	-	-	181 329	181 329
Segment assets	1 439 705	2 025 398	425 613	201 584	226 787	4 319 087
Investments in associates	-	-	-	-	-	-
Total assets	1 439 705	2 025 398	425 613	201 584	226 787	4 319 087
Goodwill	35 534	614 785	169 647	83 426	5 918	909 310
Deferred tax assets	20 107	21 994	-	1 633	15 568	59 302
Segment liabilities	395 954	357 715	38 506	45 895	2 135 369	2 973 439
Employee benefits	115 657	114 436	29 594	18 644	15 824	294 155
Depreciation (note 9)	154 438	78 199	35 409	19 326	985	288 357
Amortization (note 11)	20 580	17 516	2 033	1 228	777	42 134
Capital investment	306 573	391 779	86 580	27 058	8 790	820 780
Impairment of fixed assets (note 9,11)	(259)	14 128	5 409	5 466	-	24 744
Impairment of trade receivables (note 4,31)	374	7 346	-	119	(291)	7 549
Impairment of inventories (note 4,14)	29	305	-	-	-	334
Impairment of other assets	-	225	-	-	-	225

2016 (restated)	CEE	Western Europe	Russia	China	Unallocated	Total
Revenue from external customers	2 254 328	1 212 674	465 222	229 028	46 117	4 207 369
Inter-segment revenue	-	-	-	-	-	-
Operating profit/ (loss)	177 186	113 925	17 812	(8 547)	(32 202)	268 174
Finance income	-	-	-	-	3 326	3 326
Finance costs	-	-	-	-	(48 089)	(48 089)
Share of profit of associates	-	-	-	-	59	59
Income tax	-	-	-	-	(32 726)	(32 726)
Profit for the period	-	-	-	-	190 744	190 744
Segment assets	1 155 144	1 622 630	349 756	208 186	121 152	3 456 868
Investments in associates	-	-	-	-	888	888
Total assets	1 155 144	1 622 630	349 756	208 186	122 040	3 457 756
Goodwill	35 639	550 964	95 848	94 146	911	777 508
Deferred tax assets	32 343	2 090	-	-	10 401	44 834
Segment liabilities	326 449	259 924	33 782	39 984	1 421 007	2 081 146
Employee benefits	96 950	75 823	21 917	18 087	15 612	228 389
Depreciation (note 9)	133 572	57 175	28 256	17 935	794	237 732
Amortization (note 11)	17 865	12 526	1 472	1 199	279	33 341
Capital investment	233 926	192 411	45 199	23 672	1 503	496 711
Impairment of fixed assets (note 9,11)	4 128	5 020	3 296	4 514	-	16 958
Impairment of trade receivables (note 4,31)	(159)	141	(205)	2	(392)	(613)
Impairment of inventories (note 4,14)	-	36	-	-	-	36
Impairment of other assets	319	(371)	-	-	-	(52)

Capital expenditure comprises increases and acquisition in property, plant and equipment (note 9), intangible assets (note 11), adjusted for change in investment liabilities.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

Within "CEE" segment, for Poland and Czech Republic as significant geographical regions the key characteristics were disclosed below. Among the countries allocated into Western Europe segment, Spain and Germany are significant geographical regions with the key characteristics disclosed below.

		For the 12 months ended December 31, 2017	**For the 12 months ended December 31, 2016**
Revenue from external customers	Poland	1 574 851	1 413 526
	Czech Republic	591 103	487 444
	Spain	924 610	836 531
	Germany	667 698	356 998
		31.12.2017	**31.12.2016**
Total of non-current assets other than financial instruments, deferred tax assets (employment benefit asset and rights under insurance contracts are not recorded)	Poland	658 004	587 263
	Czech Republic	177 250	154 204
	Spain	1 075 993	1 112 892
	Germany	353 518	245 755

Value of assets and liabilities and results of given reporting segments have been established on the basis of Group accounting policies, compliant with policies applied for preparation of this financial statements.

3. Business combinations

A. Entrance into German restaurant market – acquisition of Starbucks operators

DESCRIPTION OF THE ACQUISITION

As at April 19, 2016 Group has acquired 100% shares in StarbucksCoffee Deutschland Ltd & Co. KG from companies of Starbucks Corporation Group. The take-over of control, based on agreement, began from May 23, 2016. The purchase price amounted to EUR 40 million (PLN 177.454 thousand) and was increased by EUR 1.5 million (PLN 6.997 thousand).

As part of this transaction Area Development and Operation Agreement and Supply Agreement were signed regarding the rights and license to develop, own and operate Starbucks stores in Germany for the period of 15 years that can be extended for 5 years.

As a result of the transaction mentioned above the Group has strengthened its presence on the market and accelerated development of the Starbucks brand.

ALLOCATION OF THE ACQUISITION PRICE

Details of the fair value of the acquired net assets, goodwill and acquisition price as at the acquisition date are presented below:

StarbucksCoffee Deutschland Ltd.& Co. KG (currently AmRest Coffee Deutschland Sp. z o.o. & Co. KG)	**Fair value (thousand EUR)**	**Fair value (thousand PLN)**
Cash and cash equivalents	6 616	29 304
Property, plant and equipment	16 712	74 022
Other intangible assets	6 419	28 431
Inventories	1 361	6 029
Trade and other receivables	773	3 424
Other current assets	2 249	9 961
Asset related to right to compensation resulting from the acquisition agreement	11 338	50 221
Provisions	(6 423)	(28 448)
Pre-acquisition tax settlements liability	(11 338)	(50 221)
Trade and other payables	(21 017)	(93 090)
Net assets acquired	**6 690**	**29 633**
Amount paid in cash	40 064	177 454
Purchase price adjustment	1 585	6 997
Total payment for acquisition	41 649	184 451
The fair value of net assets	6 690	29 633
Goodwill	**34 959**	**154 818**
Amount paid in cash	41 649	184 451
Acquired cash and cash equivalents	6 616	29 304
Cash outflows on acquisition	**35 033**	**155 147**

The fair value of net asset presented in similar acquisition note in consolidated financial statements as at December 31, 2016 was adjusted by PLN 8.445 thousand (EUR 1.909 thousand), due to the identification of other intangible assets amounting to PLN 13.188 thousand (EUR 2.981 thousand), reduction of deferred tax asset by PLN 4.840 thousand (EUR 1.094 thousand), recognition of additional provision for costs of future asset restorations by PLN 18.629 thousand (EUR 4.211 thousand) and decrease of liabilities by PLN 1.836 thousand (EUR 415 thousand).

The purchase price allocation process has been completed.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

Key fair value adjustment characteristics are following:

	Description	Methods/key assumptions
Intangible assets	Valuation of customer base from loyalty program	Independent DCF valuation
Other intangible assets - Exclusivity right of Starbucks brand operator	Identification of exclusivity right of Starbucks brand operator in Germany.	Independent DCF valuation with income approach (WACC 12.0%)
Intangible assets	Entitlement to franchise operation for acquired restaurants for 15 years	Valuation based on current initial fees level
Property plant and equipment, current assets	Valuation of property, plant and equipment together with impairment provision.	Independent valuation based on depreciated replacement / reproduction cost with DCF based impairment tests.
Other non-current assets, Trade and other receivables, other current assets, trade and other payables	Other adjustments related to book values adjustment to accounting policies of the Group and IFRS	Independent valuation and review of underlying book values

Goodwill recognized on this acquisition consists mostly of synergies unidentified separately, unexploited market potential and expected economies of scale from combining the current activities of the AmRest Group and the acquired business.

B. Entrance into German restaurant market – acquisition of KFC restaurants

DESCRIPTION OF THE ACQUISITION

On November 30, 2016 AmRest signed assets sale and transfer agreement (the “APA”) between AmRest and Kentucky Fried Chicken (Great Britain) Ltd., German Branch. Under the terms of APA AmRest acquires 15 KFC restaurants operating in the German market. The Completion was contingent upon some additional conditions, including obtaining antitrust approvals, concluding additional agreements ensuring restaurants proper functioning after Completion, and lack of the material adverse change.

On March 1, 2017 the transaction was completed and from this date AmRest DE Sp. z o.o. & Co. KG became the operator of 15 KFC restaurants in Germany.

Acquisition price amounted to EUR 10.275 thousand (PLN 44.101 thousand). Final price can be adjusted mainly according to variances in the assessed quality of acquired assets. Owing to the fact that the sides are currently performing review and analysis of the assets, as at the date of issuing these financial statements no price adjustment has been recorded.

Apart of purchase price paid as stated above Group incurred costs of initial fees for all new stores in total value of EUR 696 thousand (PLN 2.988 thousand). Initial fees paid were recognized as intangible asset on acquisition date.

In the opinion of the Management Board of AmRest, great potential for development of KFC brand in the German market, combined with the Company’s over 20 years’ experience in running KFC restaurants will allow AmRest to substantially increase the scale of that business within the coming years.

PROVISIONAL ALLOCATION OF THE ACQUISITION PRICE

Details of the fair value of the acquired net assets, goodwill and acquisition price as at the acquisition date are presented below:

AmRest DE Sp. z o.o. & Co. KG	**Fair value (EUR thousand)**	**Fair value (PLN thousand)**
Cash and cash equivalents	60	258
Property, plant and equipment	6 880	29 529
Intangible assets	819	3 514
Inventories	220	947
Provisions	(1 080)	(4 635)
Trade and other payables	(590)	(2 533)
Net assets acquired	**6 309**	**27 080**
Amount paid in cash	10 971	47 089
The fair value of net assets	6 309	27 080
Goodwill	**4 662**	**20 009**
Amount paid in cash	10 971	47 089
Acquired cash and cash equivalents	60	258
Cash outflows on acquisition	**10 911**	**46 831**

The process of allocating the acquisition price to the purchased assets and acquired liabilities has not been completed due to the ongoing process of integration and verification of risks and assets portfolio. Particularly, the process of tax settlement of the transaction and impact on deferred taxes has not been completed. According to fair values of assets and liabilities, purchase price and goodwill were presented provisionally.

Within provisional purchase price allocation process Group has not finalized process of allocation of goodwill to groups of cash generating units where goodwill related synergies will be realized.

Group believes that there were no indicators of impairment as no significant changes occurred in assumptions made as at acquisition.

INFLUENCE OF THE ACQUISITION ON THE CONSOLIDATED INCOME STATEMENT

As the acquisition of 15 KFC stores occurred March 1, 2017, the results of acquired assets for the first two months of 2017 have not been reported in the consolidated financial statements. If described above acquisition would have happened as at January 1, 2017 estimated consolidated revenues would grow by PLN 21.292 thousand and net profit would decrease by PLN 687 thousand. These estimates were sourced from non-audited internal reports prepared according to US GAAP.

The acquisition cost of PLN 977 thousand has been recognized in financial statements as general and administrative expenses (PLN 876 thousand in 2016 and PLN 101 thousand in 2017).

C. Entrance into French restaurant market – acquisition of Pizza Hut Delivery operator

DESCRIPTION OF THE ACQUISITION

On May 16, 2017 AmRest completed the Share Purchase Agreement ("SPA") between AmRest and Top Brands NV and thereby acquired 100% shares of Pizza Topco France SAS (currently AmRest Topco France SAS). The control by the Group was obtained on May 16, 2017 according to the agreement. Acquisition price amounted to PLN 53.792 thousand (EUR 12.779 thousand).

Within the transaction the master franchisee agreement was also signed, under which AmRest becomes the exclusive master-franchisee and has the right to granting the license to the third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise) in France and Monaco.

PROVISIONAL ALLOCATION OF THE ACQUISITION PRICE

The process of allocating the acquisition price to the purchased assets and acquired liabilities has not been completed due to the ongoing process of integration and verification of risks and assets portfolio.

The Group has not finalized process of identification and fair valuation of acquired assets and liabilities therefore the below purchase price allocation results are provisional.

Particularly, provisional values were applied for items of property, plant and equipment (which have been recognized based on statutory accounting records), intangible assets and provisions.

Group is verifying fair value of intangible asset related to exclusive right of master- franchisee on French market in Delivery and Express area. In these financial statements an asset was recognized in estimated value of EUR 6.000 thousand, with amortization charge based on assessed 10-years useful life period. Estimate made and any assumptions used are verified by independent entity specializing in such valuations. Deferred tax liability was as well recognised on respective temporary difference between tax and accounting values.

Group expects that provisional values may be amended when the purchase price allocation process is completed.

Details of the fair value of the acquired net assets, goodwill and acquisition price as at the acquisition date are presented below:

Pizza TopCo France SAS (currently AmRest TopCo France SAS)	**Fair value (EUR thousand)**	**Fair value (PLN thousand)**
Cash and cash equivalents	755	3 176
Property, plant and equipment	1 119	4 704
Intangible assets	6 185	26 000
Other non-current assets	127	534
Inventories	44	186
Trade and other receivables	1 470	6 181
Tax receivables	377	1 586
Other current assets	249	1 048
Deferred tax liabilities	(2 000)	(8 407)
Provisions	(402)	(1 690)
Trade and other payables	**(3 262)**	**(13 717)**
Net assets acquired	4 662	19 601
Amount paid in cash	12 779	53 792
The fair value of net assets	4 662	19 601
Goodwill	**8 117**	**34 191**
Amount paid in cash	12 779	53 792
Acquired cash and cash equivalents	755	3 176
Cash outflows on acquisition	**12 024**	**50 616**

Based on the purchase agreement for shares in AmRest Topco France SAS, the Group did not acquire some of the receivables from sub- franchisees that arose prior to the takeover of control by AmRest. The Group is required to periodically verify the cash inflows from settling these receivables. As at December 31, 2017, the Group recognized a liability for the obligation to transfer the received cash in the amount of approx. PLN 2.297 thousand (EUR 550 thousand).

Within provisional purchase price allocation process Group has not finalized process of allocation of goodwill to groups of cash generating units where goodwill related synergies will be realized.

Group believes that there were no indicators of impairment as no significant changes occurred in assumptions made as at acquisition.

INFLUENCE OF THE ACQUISITION ON THE CONSOLIDATED INCOME STATEMENT

As AmRest obtained control over Pizza Topco France SAS (currently AmRest Topco France SAS) on May 16, 2017, the results of acquired assets before that date have not been reported in the consolidated financial statements. If described above acquisition would have happened as at January 1, 2017 estimated consolidated revenues for the 12 months ended December 31, 2017 would grow by PLN 11.575 thousand and net profit would decrease by PLN 1.979 thousand. The acquisition cost of PLN 3.019 thousand has been recognized as general and administrative expense.

D. Entrance into KFC French restaurant market

DESCRIPTION OF THE ACQUISITION

In October 2017 Group started process of acquisition of 42 KFC restaurants operating on French market from KFC France SAS. Total agreed price for the acquired restaurant business was set as EUR 39.874 thousand. Till the end of 2017 final agreements were signed for 37 out of 42 planned restaurants for total purchase price of PLN 141.768 thousand (EUR 33.425 thousand). The Group intends to finalize the acquisition of 5 remaining restaurants in first quarter of 2018.

Additionally, during fourth quarter of 2017 Group acquired 5 more KFC restaurants on French market for the total price of PLN 29.788 thousand (EUR 7.022 thousand).

KFC restaurants in France are operated within AmRest Opco SAS and two of its subsidiaries: AmRest Leasing SAS and AmRest Estate SAS.

Control over particular restaurants was obtained on various dates within October, November and December, and for each restaurant Group started to consolidate its results since the date of control.

For the purpose of the disclosure data for all stores were aggregated to presents impact of KFC acquisition on French market on Group's balance sheet and reported results.

Through the transaction AmRest has become the largest franchise partner of KFC in France.

PROVISIONAL ALLOCATION OF THE ACQUISITION PRICE

The process of allocating the acquisition price to the purchased assets and acquired liabilities has not been completed due to the ongoing process of integration and verification of risks and assets portfolio.

The Group has not finalized process of identification and fair valuation of acquired assets and liabilities therefore the below purchase price allocation results are provisional. In particular group is verifying and confirming fair values of acquired property plant and equipment as well as intangible assets. Within the transaction also a transfer of employees took place. Employee related accruals, such as holiday pay accrual and any potential bonuses were provisionally accounted with corresponding recognition of receivables from the seller, as transfer of those accruals is subject to reimburse from seller. Valuation of accruals is still being verified.

Group expects that provisional values may be amended when the purchase price allocation process is completed.

Apart of purchase prices paid as stated above Group incurred costs of initial fees for all new stores in total value of PLN 7.647 thousand (EUR 1.803 thousand). Initial fees paid were recognized as intangible asset on acquisition date. Total purchase price amounted PLN 179.203 thousand.

Details of the fair value of the acquired net assets, goodwill and acquisition price as at the acquisition date are presented below:

AmRest Opco SAS group	**Fair value (EUR thousand)**	**Fair value (PLN thousand)**
Cash and cash equivalents	67	284
Property, plant and equipment	29 988	127 194
Intangible assets	1 803	7 647
Inventories	636	2 698
Asset related to right to compensation resulting from the acquisition agreement	3 509	14 883
Employee related accruals	(3 509)	(14 883)
Net assets acquired	**32 494**	**137 823**
Purchase price	42 250	179 203
The fair value of net assets	32 494	137 823
Goodwill	**9 756**	**41 380**
Amount paid in cash	42 250	179 203
Acquired cash and cash equivalents	67	284
Cash outflows on acquisition	**42 183**	**178 919**

Within provisional purchase price allocation process, allocation of goodwill to groups of cash generating units where goodwill related synergies will be realized, has been not yet finalized. Group believes that there were no indicators of impairment as no significant changes occurred in assumptions made as at acquisition.

INFLUENCE OF THE ACQUISITION ON THE CONSOLIDATED INCOME STATEMENT

If above described acquisition of KFC French restaurants would have happened as at January 1, 2017 estimated consolidated revenues in the consolidated financial statements would have been higher by PLN 369.016 thousand and net profit would decrease by PLN 1.807 thousand. These estimates are based on historical data of KFC France restaurants according to US GAAP.

The acquisition cost of PLN 7.341 thousand (EUR 1.756 thousand) has been recognized as other expense/income and PLN 3.581 thousand as general and administrative expense. High level of acquisition related costs results from the obligatory registration and notary fees paid.

E. Entrance into KFC Russia restaurant market

DESCRIPTION OF THE ACQUISITION

As at October 2, 2017 Group has acquired 100% shares in Chicken Yug OOO from Ms. Svetlana Mikhailovna Popova. The initially agreed purchase price amounted to RUB 1.655 million (PLN 105 million) and was increased by RUB 38.5 million (PLN 2.4 million) due to acquisition of additional assets.

As a result of the transaction mentioned above the Group has strengthened its presence on the Russian market by adding 22 restaurants to existing portfolio and accelerated development of the KFC brand.

PRELIMINARY ALLOCATION OF THE ACQUISITION PRICE

The process of allocating the acquisition price to the purchased assets and acquired liabilities has not been completed due to the ongoing process of integration and verification of risks and assets portfolio. The Group has not finalized process of identification and fair valuation of acquired assets and liabilities therefore the below purchase price allocation results as at December 31, 2017 are provisional. In particular group is verifying and confirming fair values of acquired property plant and equipment as well as intangible assets.

Details of fair value of the acquired net assets, goodwill and acquisition price as at the acquisition date are presented below:

Chicken Yug OOO	**Fair value (RUB thousand)**	**Fair value (PLN thousand)**
Cash and cash equivalents	611	40
Property, plant and equipment	228 000	14 453
Other intangible assets	42 026	2 664
Other non-current assets	14 715	933
Inventories	22 693	1 439
Other current assets	10 577	670
Deferred tax liabilities	(33 674)	(2 135)
Net assets acquired	**284 948**	**18 064**
Amount paid in cash	1 693 868	107 398
The fair value of net assets	284 948	18 064
Goodwill	**1 408 920**	**89 334**
Amount paid in cash	1 693 868	107 398
Acquired cash and cash equivalents	611	40
Cash outflows on acquisition	**1 693 257**	**107 358**

Within provisional purchase price allocation process, allocation of goodwill to groups of cash generating units where goodwill related synergies will be realized, has been not yet finalized.

Group believes that there were no indicators of impairment as no significant changes occurred in assumptions made as at acquisition.

INFLUENCE OF THE ACQUISITION ON THE CONSOLIDATED INCOME STATEMENT

As the acquisition of Chicken Yug OOO occurred in October 2017, the results of acquired assets for the first nine months of 2017 have not been reported in the financial statements. If described above acquisition would have happened as at January 1, 2017 estimated consolidated revenues for the 12 months ended December 31, 2017 would grew by PLN 91.147 thousand and net profit would be increased by PLN 9.400 thousand. Non-audited internal reporting packages prepared according to RAS (Russian accounting standards) constituted the source of data. In the period for the 12 months ended December 31, 2017 the cost of PLN 2.241 thousand related to the transaction has been recognized as general and administrative expense.

F. Entrance into other markets in Poland and Germany

On July 31, 2017 AmRest Group signed the Master Franchise Agreement ("MFA") with Yum Restaurants International Holdings, LLC and acquired two Pizza Hut delivery restaurants based on the Asset Purchase Agreement ("APA") with Pizza Hut Delivery Germany GmbH. The purchase price amounted to EUR 1 (approx. PLN 4).

Additionally, on August 1, 2017 AmRest Group acquired 3 KFC restaurants, purchase price amounted to EUR 1.7 million (PLN 7.3 million).

On August 31, 2017 AmRest Group took over the newly issued shares in Restaurant Partner Polska Sp. z o.o. (hereinafter referred to as RPP) – the operator of PizzaPortal.pl platform in Poland, and became its majority shareholder holding 51% of total number of RPP shares. The outstanding 49% of shares remained in the possession of Delivery Hero. The acquisition price for the 51% of shares in the RPP was agreed at about PLN 10 million. In addition, the parties of Shareholders Agreement committed to make investment in the RPP in the amount of PLN 14 million (PLN 7 million each) in the first quarter of 2018 – payments were made in full amount (in December 2017 and January 2018).

On October 18, 2017 AmRest Group signed the agreement of purchase 6 restaurants with AutoGrill Polska Sp. z o.o. (further ATG). The purchase price amounted to EUR 1.9 million (approx. PLN 8 million), which of PLN 0.3 million will be paid after 12 months from the date of agreement, unless there are no claims against ATG within this period.

The process of allocating the acquisition price to the purchased assets and acquired liabilities in the above-mentioned transactions has not been completed due to the ongoing process of integration and verification of risks and assets portfolio. Particularly, the process of fair value estimation of property, plant and equipment and intangible assets (including among others, trademark, customer and restaurant database) has not been completed. According to that, fair values of assets and liabilities (including deferred tax liability of PLN 570 thousand), purchase price, non-controlling interests (PLN 4.9 million) and goodwill (in total value of PLN 7.2 million) were presented provisionally.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

4. Operating expenses

Operating expenses are as follows:

	For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016
Depreciation (note 2, 9)	288 357	237 732
Amortization (note 2, 11)	42 134	33 341
Food and materials	1 671 703	1 366 432
Utilities	203 941	157 873
External services, including marketing	443 033	340 093
Payroll	1 198 281	902 446
Social security and employee benefits	296 310	230 017
Operating leases (occupancy cost) (note 24)	514 313	413 092
Continuing franchise fees	252 444	197 991
Insurance	3 942	3 300
Business travel	32 012	23 469
Other	48 767	37 784
	4 995 237	**3 943 570**
Costs of food	1 440 242	1 180 839
Payroll and employee benefits	1 200 058	908 674
Cost of license fees (franchise)	252 444	197 991
Occupancy and other operating expenses (without result from fixed asset disposal)	1 501 451	1 192 622
Total restaurant expenses	**4 394 195**	**3 480 126**
Depreciation and amortization expenses (franchise and other expenses)	14 727	12 078
Total franchise and other expenses - other	199 094	156 570
Depreciation and amortization expenses (G&A)	26 977	20 899
Other general and administrative expenses - other	360 244	273 897
	4 995 237	**3 943 570**
Loss/(gain) from fixed assets disposal (note 9)	4 062	1 642
Total impairment of assets	32 852	16 329
Total operating costs and losses	**5 032 151**	**3 961 541**

In current and previous period impairment costs (income) were as follows:	For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016
Impairment on trade receivables (note 31)	7 549	(613)
Impairment on inventory (note 14)	334	36
Impairment on other assets	225	(52)
Total impairment of current assets	**8 108**	**(629)**
Impairment of property, plant and equipment (note 9)	19 409	16 249
Impairment of intangible asset (note 11)	5 335	709
Total impairment of non-current assets	**24 744**	**16 958**
Total impairment of assets	**32 852**	**16 329**

In 2017 marketing costs were incurred of the value of PLN 201.698 thousand, in 2016 they amounted to PLN 155.515 thousand.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

5. Other income/expenses

	For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016
Marketing income	9 407	8 823
Reversal of cost accruals	7 670	670
Compensation received for the early termination of rental contracts	6 665	-
PFRON income	3 933	-
Income from recycling	3 498	2 184
Income on terminated pre-paid cards	2 989	-
Sublease income	1 954	1 675
Compensations received	524	-
Income from direct taxes correction	-	5 305
Other income	4 227	3 689
Registration and notary costs related to the acquisition in France	(7 341)	-
	33 526	**22 346**

6. Finance income

	For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016
Income from bank interest	3 287	3 084
Other	110	242
	3 397	**3 326**

7. Finance costs

	For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016
Interest expense	(46 412)	(36 947)
Cost from arrangement fee	(3 806)	(3 758)
Net cost from foreign exchange differences	(3 549)	(2 903)
Other	(5 866)	(4 481)
	(59 633)	**(48 089)**

8. Income tax expense

	For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016
Current tax	(51 408)	(25 326)
Deferred income tax recognized in income statement	22 091	(7 400)
Income tax recognized in the income statement	**(29 317)**	**(32 726)**

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

	For the 12 months ended December 31, 2017	**For the 12 months ended December 31, 2016**
Deferred tax asset		
Opening balance	44 834	33 352
Closing balance	59 302	44 834
Deferred tax liability		
Opening balance	117 818	90 492
Closing balance	114 242	117 818
Change in deferred tax assets/liabilities	**18 044**	**(15 844)**
of which:		
Deferred income tax recognized in income statement	22 091	(7 400)
Deferred income tax regarding titles directly reported in goodwill (note 3)	(11 112)	-
Deferred tax assets/liabilities directly reported in equity – hedge instruments valuation	(9 840)	4 253
Deferred tax assets/liabilities directly reported in equity – valuation of employee options	2 685	2 668
Foreign exchange differences	14 220	(15 365)

Country	**The income tax rates in force in the Group are as follows:**		**Deferred income tax assets and liabilities for were calculated using the following rates:**	
	2017	**2016**	**2017**	**2016**
Poland	19.00%	19.00%	19.00%	19.00%
Czech	19.00%	19.00%	19.00%	19.00%
Hungary	9.00%	10.00%	9.00%	10.00%
Russia	20.00%	20.00%	20.00%	20.00%
Serbia	15.00%	15.00%	15.00%	15.00%
Bulgaria	10.00%	10.00%	10.00%	10.00%
USA	37.44%	37.44%	37.44%	37.44%
Malta	35.00%	35.00%	35.00%	35.00%
Spain	25.00%	25.00%	25.00%	25.00%
Germany*	29.83%	29.83%	29.83%	29.83%
France	33.33%	33.33%	33.33%	33.33%
Croatia	21.00%	20.00%	21.00%	20.00%
Hong Kong	16.50%	16.50%	16.50%	16.50%
China	25.00%	25.00%	25.00%	25.00%
Romania	16.00%	16.00%	16.00%	16.00%
Slovakia	21.00%	22.00%	21.00%	22.00%
Slovenia	19.00%	-	19.00%	-
Austria	25.00%	-	25.00%	-
Portugal	25.00%	-	25.00%	-

**Basic income tax rate in Germany is 15%. Additional trade tax of ca. 14.83% is applicable.*

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

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

	For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016
Profit before tax	**210 646**	**223 470**
Income tax calculated according to domestic tax rates applicable to income in particular countries*	32 869	39 498
Effect of permanent non-tax deductible differences	(4 535)	(1 711)
Utilization of tax losses not recognized in the prior periods	(1 255)	(1 889)
Tax loss for the current period for which no deferred tax asset was recognized	2 680	253
Effect of the remaining differences	(442)	(3 425)
Corporate income tax in the income statement	**29 317**	**32 726**

**The applicable weighted average tax rate amounted to 15.6% (for the period ended December 31, 2016: 17.7%).*

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

Temporary differences before the offset accounted for in the calculation of deferred tax relate to the following items:

	Asset		Liability	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Property, plant and equipment and intangible assets	16 908	17 217	132 470	124 695
Receivables	33	528	3 643	931
Provisions, liability and impairments	33 364	28 016	1 443	2 918
Tax losses carried forward	31 133	12 002	-	2 527
Other differences	10 973	25 890	9 795	25 477
	92 411	**83 653**	**147 351**	**156 548**

Temporary differences after the offset are as follows:

	Asset		Liability	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Property, plant and equipment and intangible assets	(5 068)	6 046	110 494	113 524
Receivables	(3 671)	(403)	(62)	-
Provisions, liability and impairments	31 308	20 935	(613)	(4 163)
Tax losses carried forward	31 133	8 141	-	(1 334)
Other differences	5 600	10 115	4 423	9 791
	59 302	**44 834**	**114 242**	**117 818**

As at December 31, 2017 and December 31, 2016, tax loss carry forwards are as follows:

	31.12.2017	**31.12.2016**
Poland	56 918	59 954
Hungary	24 788	26 117
France	57 842	36 955
Germany	154 203	71 040
Croatia	2 363	2 464
China	1 551	4 715
Bulgaria	7 686	8 140
Serbia	1 039	1 053
Russia	3 087	30 187
Slovenia	597	-
Romania	254	-
	310 328	**240 625**

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

Year of expiry of tax loss carryforwards	Value of tax losses	Tax losses in respect of which deferred tax assets were recognized	Tax losses in respect of which no deferred tax assets were recognized
2017	5 772	1 136	4 636
2018	19 144	8 673	10 471
2019	13 567	874	12 693
2020	14 183	-	14 183
2021	14 117	-	14 117
2022	1 735	5	1 730
2024	3 342	-	3 342
No time limit	238 468	96 226	142 242
	310 328	**106 914**	**203 414**

As at December 31, 2017 the Group recognized a deferred tax asset from tax losses in the amount PLN 31.113 thousand. The reason for not recognizing the remaining portion of the deferred tax asset was, among other things, the inability to utilize the losses or no activity of some companies.

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

<u>Tax inspections in AmRest Sp. z o.o.</u>

a) On July 28, 2016 in AmRest Sp. z o.o. a tax inspection began regarding VAT returns for 2014. On September 11, 2017 the Company received a report of tax inspection issued by the Director of Lower Silesia Tax Office (“the Director”), which questioned the correctness of output VAT settlement for a part of operational sales revenues. The Director claimed in his decision the tax liability amounting to PLN 4.335 thousand and the amount of the return received unduly of PLN 10.243 thousand. Once both amounts become due, there will be interests charged accordingly to the Tax Ordinance Act. As at the date of publication of these Financial Statements the decision is not final and did not become enforceable.

   On September 22, 2017 the Company submitted an appeal referring to described above decision.

   On October 10, 2017 the Company received the response to submitted appeal that confirmed the Director’s decision on that matter. In the next step the case will be analysed by the Tax Administration Chamber.

b) On September 15, 2016 in AmRest Sp. z o.o. a tax inspection began regarding VAT returns for the period from January to September 2013.

   On October 2, 2017 the Company received a report of tax inspection issued by the Malopolska Customs and Tax Office in Cracow (“the Director”), which questioned the correctness of output VAT settlement for a part of operational sales revenues. The Director claimed in his decision the tax liability amounting to PLN 3.051 thousand and the amount of the return received unduly of PLN 11.196 thousand. Once both amounts become due, there will be interests charged accordingly to the Tax Ordinance Act. As at the date of publication of these Financial Statements the decision is not final and did not become enforceable.

   On October 16, 2017 the Company submitted an appeal referring to described above decision. On January 17, 2018 the Director of the Tax Administration Chamber issued a decision revoking the body of first instance and submitted it for further examination.

c) On September 28, 2016 in AmRest Sp. z o.o. the tax inspection began on VAT returns for 2012. On September 11, 2017 the Company received a decision issued by the Director of Malopolska Customs and Tax Office in Cracow (“the Director”), which questioned the correctness of output VAT settlement on a part of operational sales revenues. The Director claimed in his decision the underestimated output VAT amounting to PLN 18.498 thousand. Once the amount becomes due, there will be interests charged accordingly to the Tax Ordinance Act. As at the date of publication of these Financial Statements the decision is not final and did not become enforceable.

   On October 16, 2017 the Company received the response to submitted on September 25, 2017 appeal that confirmed the Director’s decision on that matter. On December 12, 2017 the Director of the Tax Administration Chamber issued a decision revoking the body of first instance and submitted it for further examination.

On November 7, 2017 the Company received the Director's of Lower Silesia Tax Office decision based on which the mentioned above decision of Director of Malopolska Customs and Tax Office become immediately enforceable. As a result on November 7, 2017 the Company's bank account has been seized in order to cover tax liabilities consisting of VAT liability for July, August and September 2012 in mount of PLN 1 259 thousand, unduly received in December 2012 VAT return (for July 2012) in amount of PLN 515 thousand, interest accrued in amount of PLN 825 thousand and enforcement costs in amount of PLN 158 thousand.

On November 14, 2017 the Company submitted an appeal to that decision and administrative action taken.

On February 12, 2018 the Director of the Tax Administration Chamber issued a decision revoking the contested order and submitted it for further examination of tax body and instance.

d) On November 3, 2016 in AmRest Sp. z o.o. a tax inspection began regarding VAT returns for August and September 2016.

   On September 14, 2017 the Company received a report of tax inspection issued by the Director of Lower Silesia Tax Office ("the Director"), which questioned the correctness of output VAT settlement for a part of operational sales revenues. The Director claimed in his decision that the amount of tax difference to be refunded was exceeded by PLN 3.931 thousand and the amount to be carried over for August was exceeded by PLN 591 thousand and for September by PLN 1.108 thousand. Once both amounts become due, there will be interests charged accordingly to the Tax Ordinance Act. As at the date of publication of these Financial Statements the decision is not final and did not become enforceable.

   On October 13, 2017 the Company received the response to submitted on September 28, 2017 appeal that confirmed the Director's decision on that matter. In the next step the case will be analysed by the Tax Administration Chamber.

e) On March 24, 2017 at AmRest Sp. z o.o. a tax inspection began regarding VAT returns for December 2016. On September 28, 2017 the Company has received the tax protocol and on October 11, 2017 the Company has raised the qualifications.

   On December 19, 2017 tax inspection began regarding to VAT from December 2016. As at date of publication of these Financial Statements the inspection has not been finished. As at date of publication of these Financial Statements the inspection has not been finished.

f) On May 24, 2016 in AmRest Sp. z o.o. a tax inspection began regarding VAT returns for March 2016. On October 12, 2017 the Company received a report of tax inspection, on October 25, 2017 the Company submitted a complaint to that report.

g) On October 11, 2016 at AmRest Sp. z o.o. a tax inspection began regarding VAT returns for period from January till July 2017. On February 8, 2018 the Company received a report of tax inspection, on February 22, 2018 the Company submitted a complaint to that report.

In all issued decisions tax authorities indicate an incorrect classification of the operations run by the Company, with regards to The Value-Added Tax Act (sales of goods vs. sales of gastronomic service) as well as inconsistency between the actual state described in the Company's individual binding tax rulings and the actual state.

The Company does not agree with the claims raised by the Director. The circumstances of the case and the allegations of the Director have been thoroughly analysed by the Company and its tax advisers, who found the Director's standpoint to be completely unjustified and against the law. In the opinion of the Company, the individual binding tax rulings issued by the Minister of Finance present a reliable and true actual state and consequently have protective power according to Art.14k and Art. 14m of the Tax Ordinance Act.

Additionally, the matter of applying 5% VAT rate to take away segment has been verified and confirmed by positive decisions issued by the Director in 2014 (inspections for October, November and December 2013).

The Company would like to draw attention to the fact that administrative courts in many cases present a standpoint consistent with the Company's. Also, the case law of the European Court of Justice presents such approach.

According to the statement of reasons issued on January 22, 2018 by the Director of DUCS, the reason of missing the deadline of tax proceedings was re-examination of collected evidence in order to state a view on the correctness of VAT rate applied, taking into account different approach in the current case of low of the administrative courts and review bodies.

For the above reasons, the Company insist that the case should be determined with application of the Art. 2a of the act from August 29, 1997, the Tax Ordinance Act (which says that , even in the situation when the rules of law are not clear than the case should be determinated in favour of the taxpayer) the Director of the Tax Administration Chamber does not agree with the statements presented in the appeal against the decisions or decided that the Company's individual binding tax rulings do not give the protective power.

The Management Board of the Parent performer the analysis of the risk in regards to ongoing tax inspections and assess the risk as less than 50%. In reference to the IAS 37, point 14 in the Management Board's opinion there is no legal obligation and any cash outflows regarding to that need higher probability of materialisation of the risk. Therefore, the Management Board decided that as at December 31, 2017 and as at date of publication of these Financial Statements there are no obligating events, so there are no grounds for booking the provisions for aforementioned risks.

h) In February 8, 2018 at AmRest Sp. z o.o. a tax inspection began regarding VAT returns for period from August till November 2017. As at date of publication of these Financial Statements the inspection has not been finished.

i) In February 23, 2018 at AmRest Sp. z o.o. a tax inspection began regarding CIT for 2016. As at date of publication of these Financial Statements the inspection has not been finished.

Tax inspections in other group companies

a) On January 17, 2018 at AmRest Coffee Sp. z o.o. a tax inspection began regarding VAT returns for period from December 2012 till March 2013. As at date of publication of these Financial Statements the inspection has not been finished.

b) In September 2016 AmRest Coffee Deutschland Sp. z o.o. & Co. KG has identified the products that were sold with an incorrectly applied VAT rate. This fact was presented to the tax officer who was responsible for the inspection of periods prior the acquisition the business by AmRest. The company undertook to correct the VAT calculation for not lapsed periods and then prepare corrective VAT returns. Currently the Company expects a confirmation of proposed approach to possible tax returns from the German Tax Office. The maximum liability of this adjustments was estimated in amount of EUR 11.338 thousand. The Group recognized the above provision with corresponding asset related to right to compensation resulting from the acquisition agreement as at date of acquisition of AmRest Coffee Deutschland Sp. z o.o. & Co. KG.

c) On June 22, 2017 at AmRest Topco SAS a tax inspection began regarding tax settlements during 2014 and 2015. As at date of publication of these Financial Statements the inspection has not been finished.

d) On November 16, 2017 at AmRest Holdings SE a tax inspection began regarding CIT for 2012. On February 12, 2018 the Company received a decision regarding the tax inspection based on which the Company submitted on February 22, 2018 a corrective tax return increasing the taxable income. The corrected amount was immaterial.

e) On January 11, 2018 at AmRest Holdings SE a tax inspection began regarding CIT for 2013. As at date of publication of these Financial Statements the inspection has not been finished.

f) On November 1, 2017 at AmRest DE Sp. z o.o. & Co. KG a tax inspection began regarding VAT returns for August 2017. As at date of publication of these Financial Statements the inspection has not been finished.

In Management Board's opinion, there is no other contingent liabilities concerning pending audits and tax proceedings, other than stated above.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

9. Property, plant and equipment

The table below presents changes in the value of property, plant and equipment in 2017 and 2016:

2017	Land	Buildings and expenditure on development of restaurants	Machinery & equipment	Vehicles	Other tangible assets	Assets under construction	**Total**
Gross value							
As at 01.01.2017	**23 060**	**1 540 341**	**815 713**	**8 096**	**174 651**	**95 712**	**2 657 573**
Acquisition	47 606	74 935	59 487	116	3 889	187	**186 220**
Additions	-	256 270	166 125	2 020	39 304	84 122	**547 841**
Disposals	-	(5 083)	(33 825)	(1 106)	(8 792)	(1 909)	**(50 715)**
Foreign exchange differences	(2 389)	(64 019)	(29 446)	10	(6 313)	(7 566)	**(109 723)**
As at 31.12.2017	**68 277**	**1 802 444**	**978 054**	**9 136**	**202 739**	**170 546**	**3 231 196**
Accumulated depreciation							
As at 01.01.2017	**-**	**659 776**	**435 326**	**3 457**	**77 054**	**-**	**1 175 613**
Additions	-	145 342	105 080	1 828	36 107	-	**288 357**
Disposals	-	(1 487)	(24 483)	(964)	(7 545)	-	**(34 479)**
Foreign exchange differences	-	(22 190)	(12 840)	46	(2 414)	-	**(37 398)**
As at 31.12.2017	**-**	**781 441**	**503 083**	**4 367**	**103 202**	**-**	**1 392 093**
Impairment write-downs							
As at 01.01.2017	**-**	**105 168**	**25 056**	**-**	**3 956**	**4 042**	**138 222**
Additions	654	10 755	5 846	-	282	1 872	**19 409**
Disposals	-	(1 157)	-	-	(140)	(30)	**(1 327)**
Foreign exchange differences	(46)	(4 595)	(1 960)	-	(143)	(612)	**(7 356)**
As at 31.12.2017	**608**	**110 171**	**28 942**	**-**	**3 955**	**5 272**	**148 948**
Net book value As at 01.01.2017	**23 060**	**775 397**	**355 331**	**4 639**	**93 641**	**91 670**	**1 343 738**
Net book value As at 31.12.2017	**67 669**	**910 832**	**446 029**	**4 769**	**95 582**	**165 274**	**1 690 155**

2016	Land	Buildings and expenditure on development of restaurants	Machinery & equipment	Vehicles	Other tangible assets	Assets under construction	**Total**
Gross value							
As at 01.01.2016	**20 074**	**1 255 836**	**670 006**	**6 129**	**119 945**	**57 068**	**2 129 058**
Acquisition	-	48 928	14 323	-	10 554	217	**74 022**
Additions	-	-	-	2 515	-	406 986	**409 501**
Transfers	-	195 651	127 548	-	48 857	(372 056)	**-**
Disposals	-	(17 343)	(26 477)	(555)	(9 796)	(3 245)	**(57 416)**
Foreign exchange differences	2 986	57 269	30 313	7	5 091	6 742	**102 408**
As at 31.12.2016	**23 060**	**1 540 341**	**815 713**	**8 096**	**174 651**	**95 712**	**2 657 573**
Accumulated depreciation							
As at 01.01.2016	**-**	**525 176**	**351 889**	**2 302**	**56 469**	**-**	**935 836**
Additions	-	122 949	85 767	1 480	27 536	-	**237 732**
Disposals	-	(9 010)	(16 549)	(327)	(9 046)	-	**(34 932)**
Foreign exchange differences	-	20 661	14 219	2	2 095	-	**36 977**
As at 31.12.2016	**-**	**659 776**	**435 326**	**3 457**	**77 054**	**-**	**1 175 613**
Impairment write-downs							
As at 01.01.2016	**-**	**95 021**	**29 417**	**-**	**3 533**	**5 232**	**133 203**
Additions	-	12 972	2 599	-	601	77	**16 249**
Disposals	-	(6 545)	(8 150)	-	(330)	(1 762)	**(16 787)**
Foreign exchange differences	-	3 720	1 190	-	152	495	**5 557**
As at 31.12.2016	**-**	**105 168**	**25 056**	**-**	**3 956**	**4 042**	**138 222**
Net book value As at 01.01.2016	**20 074**	**635 639**	**288 700**	**3 827**	**59 943**	**51 836**	**1 060 019**
Net book value As at 31.12.2016	**23 060**	**775 397**	**355 331**	**4 639**	**93 641**	**91 670**	**1 343 738**

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

The property, plant and equipment listed below cover assets in finance lease, where the Group is the lessee:

	Land	Buildings	Vehicles	Total
As at 31.12.2017				
Gross value	971	7 801	5 360	14 132
Accumulated depreciation	-	(2 310)	(2 870)	(5 180)
Impairment	-	-	-	-
Net value	**971**	**5 491**	**2490**	**8 952**
As at 31.12.2016				
Gross value	972	8 074	4 660	13 706
Accumulated depreciation	-	(2 288)	(1 939)	(4 227)
Impairment	-	(424)	-	(424)
Net value	**972**	**5 362**	**2 721**	**9 055**

The table below presents the calculation of the loss on sale of property, plant and equipment and intangible assets in the year ended December 31, 2017 and 2016:

	For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016
Proceeds from the sale of property, plant and equipment and intangible assets	2 353	4 192
Net cost of property, plant and equipment and intangible assets sold	(5 874)	(4 186)
Loss on sale of non-financial non-current assets	**(3 521)**	**6**
Net cost of property, plant and equipment and intangible assets disposal	(541)	(1 648)
Loss/(gain) on disposal and sales of non-financial non-current assets	**(4 062)**	**(1 642)**

The depreciation was charged to the costs of restaurant operations – PLN 279.544 thousand (prior period: PLN 228.061 thousand), franchise expenses and other – PLN 3.668 thousand (prior period: PLN 4.223 thousand) and general expenses PLN 5.145 thousand (prior period: PLN 5.448 thousand).

The recoverable amount of an asset is determined at the level of a single restaurant as the smallest unit (or set of assets) generating cash flows that are largely independent of the cash inflows generated by other assets / groups of assets.

The recoverable amount of the cash generating unit was determined based on value in use calculation using the discount rate for each individual country.

	The pre-tax discount rate	Budgets average EBITDA margin	Expected long-term growth rate used to calculate the planned future results	The pre-tax discount rate	Budgets average EBITDA margin	Expected long-term growth rate used to calculate the planned future results
	Year 2017			**Year 2016**		
Poland	9.12%			10.64%		
Czech	7.38%			7.89%		
Hungary	8.17%			11.18%		
Russia	18.57%			21.02%		
Serbia	13.95%			16.35%		
Bulgaria	7.49%	Determined individually for each individual restaurant		9.48%	Determined individually for each individual restaurant	
Spain	8.85%			10.47%		
Germany	6.41%			7.42%		
France	7.52%			9.36%		
Croatia	10.15%			12.17%		
China	11.49%			11.12%		
Romania	9.37%			11.54%		

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

10. Investment properties

The valuation of fair value performed with discounted cash flows method did not differ materially to the balance sheet amount. In Management Board's opinion, there have not occurred any indicators for update of valuation in 2017.

Results connected with investment properties are presented below:

	For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016
Sublease income	1 513	1 865
Investment property costs	(1 248)	(947)
Operating profit	**265**	**918**

11. Intangible assets

The table below presents changes in the value of intangible assets in 2017 and 2016:

2017	Proprietary brands	Favourable leases and licence agreements	Licenses for use of Pizza Hut, KFC, Burger King, Starbucks, La Tagliatella trademarks	Other intangib le assets	Relations with franchisees	**Total**
Gross value						
As at 01.01.2017	**310 671**	**5 057**	**111 920**	**182 021**	**190 232**	**799 901**
Acquisition	-	2 120	15 223	33 299	-	**50 642**
Increases	-	-	23 161	33 554	-	**56 715**
Decreases	(631)	-	(1 224)	(37 026)	-	**(38 881)**
Foreign exchange differences	(18 553)	(339)	(3 228)	(8 800)	(10 621)	**(41 541)**
As at 31.12.2017	**291 487**	**6 838**	**145 852**	**203 048**	**179 611**	**826 836**
Accumulated amortization						
As at 01.01.2017	4 579	5 057	45 089	79 108	44 918	**178 751**
Increases	1 051	78	11 921	21 457	7 627	**42 134**
Decreases	-	-	(248)	(8 266)	-	**(8 514)**
Foreign exchange differences	(534)	(283)	(289)	(3 342)	(2 649)	**(7 097)**
As at 31.12.2017	**5 096**	**4 852**	**56 473**	**88 957**	**49 896**	**205 274**
Impairment write-downs						
As at 01.01.2017	101	-	2 180	1 542	-	**3 823**
Increases	-	-	2 303	3 032	-	**5 335**
Decreases	(101)	-	(25)	(27)	-	**(153)**
Foreign exchange differences	-	-	49	(182)	-	**(133)**
As at 31.12.2017	**-**	**-**	**4 507**	**4 365**	**-**	**8 872**
Net value as at 01.01.2017	**305 991**	**-**	**64 651**	**101 371**	**145 314**	**617 327**
Net value as at 31.12.2017	**286 391**	**1 986**	**84 872**	**109 726**	**129 715**	**612 690**

2016 (restated)	Proprietary brands	Favourable leases and licence agreements	Licenses for use of Pizza Hut, KFC, Burger King, Starbucks, La Tagliatella trademarks	Other intangible assets	Relations with franchisees	**Total**
Gross value						
As at 01.01.2016	**299 697**	**6 257**	**73 271**	**154 947**	**183 244**	**717 416**
Acquisitions	-	-	13 188	15 227	-	**28 415**
Increases	-	-	22 574	7 110	-	**29 684**
Decreases	-	-	(655)	(133)	-	**(788)**
Foreign exchange differences	10 974	(1 200)	3 542	4 870	6 988	**25 174**
As at 31.12.2016	**310 671**	**5 057**	**111 920**	**182 021**	**190 232**	**799 901**
Accumulated amortization						
As at 01.01.2016	**3 711**	**5 261**	**35 592**	**60 260**	**35 632**	**140 456**
Increases	1 120	-	8 883	15 529	7 809	**33 341**
Decreases	-	-	(555)	(39)	-	**(594)**
Foreign exchange differences	(252)	(204)	1 169	3 358	1 477	**5 548**
As at 31.12.2016	**4 579**	**5 057**	**45 089**	**79 108**	**44 918**	**178 751**
Impairment write-downs						
As at 01.01.2016	**101**	**-**	**1 532**	**1 218**	**-**	**2 851**
Increases	-	-	691	18	-	**709**
Decreases	-	-	(56)	(1)	-	**(57)**
Foreign exchange differences	-	-	13	307	-	**320**
As at 31.12.2016	**101**	**-**	**2 180**	**1 542**	**-**	**3 823**
Net value as at 01.01.2016	**295 885**	**996**	**36 147**	**93 469**	**147 612**	**574 109**
Net value as at 31.12.2016	**305 991**	**-**	**64 651**	**101 371**	**145 314**	**617 327**

Other intangible assets include mainly computer software, exclusivity rights and provisional valuation of MFA intangible asset.

Own brands value (La Tagliatella) with indefinite useful life as at December 31, 2017 was equal PLN 271.514 thousand and as at December 31, 2016 PLN 287.560 thousand.

The amortization was charged to the costs of restaurant operations – PLN 12.840 thousand (prior period: 10.036 PLN thousand), franchise expenses and other – PLN 9.736 thousand (prior period: PLN 7.854 thousand) and administrative expenses - PLN 19.558 thousand (prior period: PLN 15.451 thousand).

Impairment testing of own brands

As at December 31, 2017, the Group conducted own brand value (La Tagliatella) impairment tests with respect to the acquisitions of businesses in Spain. The tests have shown no need to create an impairment.

The cash generating units is activity connected with La Tagliatella brand. The recoverable amount of the cash generating unit was determined based on value in use calculation using the discount rate in Spain.

The recoverable value of the cash generating units is based on calculations of their value in use. The calculation uses expected future cash flows assessed on the basis of historical results and expectations as to the development of the market in the future included in the business plan.

Expected cash flows for identified cash generating units were prepared on the basis of assumptions made derived from historical experience adjusted for realized plans and undertaken actions together with adjustment for valid liabilities and assessments of changes in client behaviours.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

Impairment testing was realized taking into consideration following assumptions:

	2017	2016
Discount rate before tax	8.85%	10.47%
Budgeted average EBITDA margin	21.25%	19.34%
Expected mid-term EBITDA growth rate	6.93%	7,87%
Residual growth rate	2.00%	2.00%

If discount rate or EBITDA margin in period of 12 months ended December 31, 2017 were bigger/smaller by 1 percentage point, which is considered as a reasonably possible change in the assumptions, it would not result in recognition of impairment.

12. Goodwill

The table below presents changes in the value of goodwill:

	31.12.2017	31.12.2016 (restated)
Gross value		
At the beginning of the period	779 077	586 753
Acquisition (note 3)	192 157	154 818
Foreign exchange differences	(60 479)	37 506
At the end of the period	**910 755**	**779 077**
Impairment write-downs		
At the beginning of the period	1 569	1 375
Foreign exchange differences	(124)	194
At the end of the period	**1 445**	**1 569**
Net book value as at the beginning of the period	**777 508**	**585 378**
Net book value as at the end of the period after adjustment	**909 310**	**777 508**

Acquisitions in previous years

Below table presents changes of goodwill in division of particular acquisitions as at December 31, 2017 and December 31, 2016.

	Acquisition date	**As at 01.01.2017**	Acquisition	F/X differences	**As at 31.12.2017**
miklik's food s.r.o.	May 2005	5 865	-	(4)	5 861
AmRest Kft (previously: Kentucky System Kft)	June 2006	17 641	-	(899)	16 742
OOO AmRest (previously: OOO Pizza Nord)	July 2007	74 852	-	(8 586)	66 266
9 restaurants RostiksKFC	April 2008	18 592	-	(2 133)	16 459
5 restaurants RostiksKFC	June 2008	2 404	-	(275)	2 129
SCM Sp. z o.o.	October 2008	911	-	-	911
Restauravia Grupo Empresarial S.L.	April 2011	396 308	-	(22 127)	374 181
Blue Horizon Hospitality PTE Ltd.	December 2012	94 146	-	(10 720)	83 426
AmRest Coffee S.R.L.	June 2015	12 134	-	(974)	11 160
AmRest Coffee Deutschland Sp. z o.o. &Co. KG	May 2016	154 655	-	(8 633)	146 022
AmRest DE Sp. z o.o. & Co. KG	March 2017	-	20 474	(545)	19 929
AmRest TopCo France SAS	May 2017	-	34 191	(288)	33 903
Restaurant Partner Polska Sp.z o.o.	August 2017	-	5 007	-	5 007
AmRest Opco France SAS	October 2017	-	41 380	(630)	40 750
OOO Chicken Yug	October 2017	-	89 334	(4 541)	84 793
6 restaurants in Poland	October 2017	-	1 771	-	1 771
		777 508	**192 157**	**(60 355)**	**909 310**

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

	Acquisition date	**As at 01.01.2016**	Acquisition	F/X differences	**As at 31.12.2016 (restated)**
miklik's food s.r.o.	May 2005	5 650	-	215	5 865
AmRest Kft (previously: Kentucky System Kft)	June 2006	16 868	-	773	17 641
OOO AmRest (previously: OOO Pizza Nord)	July 2007	58 120	-	16 732	74 852
9 restaurants RostiksKFC	April 2008	14 436	-	4 156	18 592
5 restaurants RostiksKFC	June 2008	1 867	-	537	2 404
SCM Sp. z o.o.	October 2008	911	-	-	911
Restauravia Grupo Empresarial S.L.	April 2011	381 751	-	14 557	396 308
Blue Horizon Hospitality PTE Ltd.	December 2012	94 049	-	97	94 146
AmRest Coffee S.R.L.	June 2015	11 726	-	408	12 134
AmRest Coffee Deutschland Sp. z o.o. &Co. KG	May 2016	-	154 818	(157)	154 655
		585 378	**154 818**	**37 312**	**777 508**

Impairment testing

As at December 31, 2017, the Group conducted goodwill impairment tests with respect to the acquisitions of businesses in Hungary, Russia, Spain, Romania, China and Germany, where goodwill is significant and purchase price allocation process was completed. The tests have shown no need to recognize any impairment losses.

The recoverable value of the cash generating units is based on calculations of value in use. The calculation includes expected future cash flows assessed on the basis of historical results and expectations as to the development of the market in the future included in the business plan.

Expected cash flows for identified cash generating units were prepared on the basis of assumptions made derived from historical experience adjusted for realized plans and undertaken actions together with adjustment for valid liabilities and assessments of changes in consumer behaviors.

Impairment testing was performed taking into consideration following assumptions:

	Hungary	**Russia**	**Spain**	**China**	**Romania**	**Germany**
			Year 2017			
Discount rate before tax	7.44%	14.85%	6.63%	8.61%	9.37%	4.39%
Budgeted average EBITDA margin	20.61%	12.96%	21.25%	12.62%	23.72%	6.45%
Expected mid-term growth rate of EBITDA	15.91%	15.32%	6.93%	15.91%	13.47%	37.67%
			Year 2016			
Discount rate before tax	10.06%	16.82%	7.86%	8.34%	9.69%	5.08%
Budgeted average EBITDA margin	17.77%	12.74%	19.34%	11.69%	26.56%	9.57%
Expected mid-term growth rate of EBITDA	16.52%	17.41%	7.87%	17.70%	16.08%	26.81%

Expected future cash flows are analysed in the perspective of the period settled in the lease agreement concerned tested cash generating units. The length of the period (usually 10 years) results mainly from the long-term nature of the franchise agreements and the long-term nature of investments in the restaurant business. The Residual growth rate was estimated of 2%. Budgeted EBITDA margin is calculated based on actual forecasts and financial performance expectations regarding given cash generating unit and takes into account all applicable factors influencing this ratio.

Management performed impairment testing model sensitivity analysis in order to assess whether theoretical impairment is probable, assuming changes in key assumptions. If EBITDA margin decreased by 1 percentage point for the test of Russian business, the possible impairment would amount to PLN 55 million. If discount rates increased by 1 percentage points, the possible impairment loss would amount to PLN 4 million.

Management believes this scenario is remote, because the current analysis is based on fairly prudent assumptions. Assumed development plans include costs of both new openings and other capital expenditures. Group analysis shows that the reduction of these plans and focus on economies of scales and process optimization would mitigate the risk of impairment.

For other countries, management believes that no reasonably possible change in any of the key assumptions would result in recognition of impairment loss of goodwill as at December 31, 2017.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

13. Other non-current assets

As at December 31, 2017 and December 31, 2016, the balances of other non-current assets were as follows:

	31.12.2017	31.12.2016
Prepaid rental fees	1 446	1 035
Deposits for rentals	78 717	55 974
Prepaid other services	4 607	-
Settlement referring to acquisitions	4 530	-
Prepaid tax costs	1 690	-
Other	4 863	5 494
	95 853	**62 503**

14. Inventories

As at December 31, 2017 and December 31, 2016, inventories cover mainly food and packaging used in the restaurants and additionally finished goods and work in progress prepared by central kitchen for the sale of La Tagliatella restaurants purposes. Due to the nature of its business and the applicable standards of the Group treats the whole inventory as materials. Inventories are presented in net value including write-downs.

15. Trade and other receivables

	31.12.2017	31.12.2016 (restated)
Trade receivables from non-related entities	78 639	56 822
Trade receivables from related entities (note 29)	9	13
Other tax receivables	72 246	31 872
Other	24 298	19 890
Write-downs of receivables (note 3, 31)	(13 188)	(9 213)
	162 004	**99 384**

16. Other current assets

	31.12.2017	31.12.2016 (restated)
Prepaid costs in respect of deliveries of utilities	1 412	1 804
Prepaid lease costs	25 270	19 126
Prepaid property insurance	1 319	2 160
Prepaid professional services cost	549	975
Prepaid marketing costs	477	419
Prepaid tax costs	5 579	3 345
Assets related to a right to compensation resulting from the acquisition agreement (note 3)	66 329	50 161
Other	21 254	25 346
Write-downs of other current assets	(618)	(438)
	121 571	**102 898**

Increase in the balance of asset related to right to compensation resulting from the acquisition agreements results from recognition of additional assets on KFC France acquisition (see note 3) related to employee liabilities subject to re-payment by seller in amount of EUR 3.509 thousand as well as additionally recognized assets related to tax liabilities in Starbucks Germany in amount EUR 2.400 thousand recognized as a result of updated tax settlement calculations for year 2015 fully indemnified by the seller. Remaining part of balance (EUR 9.973 thousand as at December, 31 2017 and EUR 11.338 thousand as at December, 31 2016) results from an asset recognized on acquisition of Starbucks Germany, which was partially utilized in 2017.

Other current assets are presented in net value taking into consideration impairment provisions.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

17. Cash and cash equivalents

Cash and cash equivalents as at December 31, 2017 and December 31, 2016 are presented in the table below:

	31.12.2017	**31.12.2016**
Cash at bank	473 040	245 608
Cash in hand	75 208	46 033
	548 248	**291 641**

Reconciliation of working capital changes as at December 31, 2017 and December 31, 2016 is presented in the table below:

2017	The balance sheet change	Increase from acquisition	Recognition of capital elements in the employee share option plan and options' settlement	Change in investment liabilities	Foreign exchange differences	Working capital changes
Change in receivables	(62 620)	10 937	(2 682)	-	(3 984)	(58 349)
Change in inventories	(11 542)	5 661	-	-	(4 207)	(10 088)
Change in other assets	(52 023)	18 862	-	-	(9 912)	(43 073)
Change in payables and other liabilities	182 825	(43 127)	-	(20 639)	22 982	142 041
Change in provisions and employee benefits	(10 165)	(8 481)	(6 035)	-	1 728	(22 953)

2016 *(restated)*	The balance sheet change	Increase from acquisition	Recognition of capital elements in the employee share option plan	Elimination of the acquisition transaction	Change in investment liabilities	Foreign exchange differences	Working capital changes
Change in receivables	(7 455)	3 424	-	-	-	1 202	(2 829)
Change in inventories	(18 536)	6 029	-	-	-	2 932	(9 575)
Change in other assets	(70 245)	60 182	-	14 330	-	(8 193)	(3 926)
Change in payables and other liabilities	146 683	(145 147)	-	-	(31 723)	(15 299)	(45 486)
Change in provisions and employee benefits	19 472	(9 794)	10 374	-	-	(7 173)	12 879

18. Equity

Share capital

As described in note 1a) On April 27, 2005, the shares of AmRest Holding SE were floated on the Warsaw Stock Exchange ("WSE").

As at December 31, 2017, the Company held 21 213 893 issued, fully paid-up shares. Nominal value of one share is 1 eurocent (0.01 EUR).

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

Other supplementary capital

Structure of other supplementary capital is as follows:

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

	Surplus over nominal value (share premium)	Non-refundable additional contributions to capital without additional issuance of shares made by the Group's shareholders before their debut on the WSE	Impact of put option valuation	Employee options	Treasury shares	Hedges valuation influence	Transactions with non-controlling interests	Reserves total
As at 01.01.2017	**755 692**	**6 191**	**(176 536)**	**(9 102)**	**(11 123)**	**(29 254)**	**113 018**	**648 886**
OTHER COMPREHENSIVE INCOME								
Impact of net investment hedges valuation	-	-	-	-	-	51 789	-	**51 789**
Deferred income tax concerning net investment and cashflow hedges	-	-	-	-	-	(9 840)	-	**(9 840)**
Other comprehensive income total	-	-	-	-	-	41 949	-	**41 949**
TRANSACTIONS WITH NON-CONTROLLING INTEREST								
Acquisition of non-controlling interest	-	-	-	-	-	-	(29 061)	**(29 061)**
Transactions with non-controlling interest total	-	-	-	-	-	-	(29 061)	**(29 061)**
TRANSACTIONS WITH SHAREHOLDERS								
Own shares purchase	-	-	-	-	(79 298)	-	-	**(79 298)**
Proceeds from treasury shares	-	-	-	(45 411)	45 411	-	-	**-**
Employee stock option plan – value of employee benefits exercised in the period	-	-	-	13 451	-	-	-	**13 451**
Employee stock option plan – proceeds from employees for shares disposal	-	-	-	1 906	-	-	-	**1 906**
Employee stock option plan – change in unexercised employee benefits	-	-	-	3 561	-	-	-	**3 561**
Change of deferred tax related to unexercised employee benefits	-	-	-	2 685	-	-	-	**2 685**
Effect of modification of employee stock option plan	-	-	-	2 287	-	-	-	**2 287**
Transactions with shareholders total	-	-	-	(21 521)	(33 887)	-	-	**(55 408)**
As at 31.12.2017	**755 692**	**6 191**	**(176 536)**	**(30 623)**	**(45 010)**	**12 695**	**83 957**	**606 366**
As at 01.01.2016	**755 692**	**6 191**	**(176 536)**	**8 597**	**(21 212)**	**(11 121)**	**116 695**	**678 306**
OTHER COMPREHENSIVE INCOME								
Impact of net investment hedges valuation	-	-	-	-	-	(22 386)	-	**(22 386)**
Deferred income tax concerning net investment and cashflow hedges	-	-	-	-	-	4 253	-	**4 253**
Other comprehensive income total	-	-	-	-	-	(18 133)	-	**(18 133)**
TRANSACTIONS WITH NON-CONTROLLING INTEREST								
Acquisition of non-controlling interest	-	-	-	-	-	-	(3 677)	**(3 677)**
Transactions with non-controlling interest total	-	-	-	-	-	-	(3 677)	**(3 677)**
TRANSACTIONS WITH SHAREHOLDERS								
Own shares purchase	-	-	-	-	(50 079)	-	-	**(50 079)**
Proceeds from treasury shares	-	-	-	(60 168)	60 168	-	-	**-**
Employee stock option plan – value of employee benefits exercised in the period	-	-	-	19 687	-	-	-	**19 687**
Employee stock option plan – proceeds from employees for shares disposal	-	-	-	11 056	-	-	-	**11 056**
Employee stock option plan – change in unexercised employee benefits	-	-	-	(4 457)	-	-	-	**(4 457)**
Effect of modification of employee stock option plan	-	-	-	2 668	-	-	-	**2 668**
Change of deferred tax related to unexercised employee benefits	-	-	-	13 515	-	-	-	**13 515**
Transactions with shareholders total	-	-	-	(17 699)	10 089	-	-	**(7 610)**
As at 31.12.2016	**755 692**	**6 191**	**(176 536)**	**(9 102)**	**(11 123)**	**(29 254)**	**113 018**	**648 886**

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

Hedges valuation influence

As at December 31, 2017 within the EUR denominated debt, a bank loan of EUR 177.75 million and debt instrument Schuldscheindarlehen (SSD) issue of EUR 26 million are hedging net investment in Hungarian subsidiary AmRest Capital ZRT and in the Spanish subsidiaries. EUR denominated debt hedges the Group against the foreign currency risk resulting from revaluations of net assets. Gains or losses arising from the translation of the liability at the relevant exchange rate at the end of the period are charged to reserve capital in order to offset gains or losses on translation of the net investment in subsidiaries. During the period for the 12 months ended December 31, 2017 hedge was fully effective.

As at December 31, 2017 accumulated value of currency revaluation recognized in reserve capital (resulted from net investment hedges) amounted to PLN 51.789 thousand and deferred tax concerning this revaluation PLN 9.840 thousand.

Impact of hedges valuation:	Net investment in EUR	Valuation effects of security, total
As at 01.01.2017	**(29 254)**	**(29 254)**
Impact of net investment hedges valuation	51 789	51 789
Deferred income tax	(9 840)	(9 840)
As at 31.12.2017	**12 695**	**12 695**
As at 01.01.2016	**(11 121)**	**(11 121)**
Impact of cash flow hedges valuation	(22 386)	(22 386)
Deferred income tax	4 253	4 253
As at 31.12.2016	**(29 254)**	**(29 254)**

Foreign exchange differences on translation

Foreign exchange differences on translation cover all the foreign exchange differences resulting from the translation of the financial statements of the Group's foreign operations into Polish zlotys.

	For the 12 months ended December 31, 2017	**For the 12 months ended December 31, 2016**
At the beginning of the period	4 413	(110 447)
Foreign exchange differences from net assets revaluation in subsidiaries	(138 330)	114 860
At the end of the period	**(133 917)**	**4 413**

Non-controlling interest

Foreign exchange differences on translation cover all the foreign exchange differences resulting from the translation of the financial statements of the Group's foreign operations into Polish zlotys.

	31.12.2017	**31.12.2016**
Blue Horizon Hospitality Group PTE Ltd.	-	36 524
AmRest Coffee Sp. z o.o.	10 086	11 066
SCM Sp. z o.o.	6 401	7 153
AmRest Coffee s.r.o.	9 955	7 904
AmRest Kávézó Kft	3 223	2 944
AmRest d.o.o.	2 405	1 986
SCM s.r.o.	724	-
SCM due Sp. z o.o.	105	-
Restaurant Partner Polska Sp. z o.o.	2 285	-
Non-controlling interests	**35 184**	**67 577**

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

19. Borrowings

Borrowings as at December 31, 2017 and December 31, 2016 are presented in the table below:

Long-term	31.12.2017	31.12.2016
Bank loans	1 250 946	759 550
Bonds	561 029	279 483
	1 811 975	1 039 033

Short-term	31.12.2017	31.12.2016
Bank loans	7 060	223 247
Bonds	150 820	8
	157 880	**223 255**

Bank loans and bonds

Currency	Lender/ book builder	Interest rate	31.12.2017	31.12.2016
PLN	Syndicated bank loan	3M WIBOR+margin	125 762	125 487
EUR	Syndicated bank loan	3M/const. EURIBOR+margin	1 084 290	786 419
CZK	Syndicated bank loan	3M PRIBOR+margin	38 302	58 848
PLN	Bonds 5 – years (issued in 2013 & 2014)	6M WIBOR+margin	285 724	279 486
EUR	Schuldscheinedarlehen Bonds	6M/const. EURIBOR+margin	426 126	-
CNY	Bank loan – China	Constant	9 651	12 048
			1 969 855	**1 262 288**

Bank loans comprise mainly investment loans bearing a variable interest rate based on reference rates WIBOR, PRIBOR and EURIBOR. Exposure of the loans to interest rate risk and contractual dates for changing the interest rates occur in 3-month cycles.

On October 5, 2017 a Credit Agreement („the Agreement") between AmRest Holdings SE, AmRest Sp. z o.o. and AmRest s.r.o. – jointly „the Borrowers" and Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski Polska S.A. and Česká spořitelna – jointly „the Lenders" was signed. AmRest Sp. z o.o. and AmRest s.r.o. are fully owned by AmRest Holdings SE.

Based on the Agreement the Lenders granted to the Borrowers a credit facility in the approximated amount of EUR 430 million, app. PLN 1.848 million (tranche A-D granted at the moment of signing the contract), which might be increased by amount of EUR 148 million, app. PLN 623 million (what stands for tranche E-F) upon fulfilment certain conditions. Ultimate due date for credit repayment is September 30, 2022.

The facility is dedicated for repayment of the obligations under the credit agreement signed September 10, 2013 along with further annexes, financing development activities of AmRest and working capital management.

The facility (available as at the day of signing the contract) consists of four tranches:

- tranche A in maximum amount of EUR 250 million,
- tranche B in maximum amount of PLN 300 million,
- tranche C in maximum amount of CZK 300 million,
- tranche D granted as a revolving credit facility in amount of PLN 450 million.

Additionally, two more tranches might be granted:

- tranche E – PLN 280 million that might be used for Polish bonds repayment
- tranche F – PLN 350 million that might be used for general corporate purpose, including development activities.

All Borrowers bear joint liability for any obligations resulting from the Agreement.

The loan is provided at a variable interest rate except from tranche A which has a constant interest rate.

Majority of the facility is provided at variable interest rate and a part of tranche A is provided on fixed rate.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

AmRest is required to maintain certain ratios at agreed levels, in particular, net debt/EBITDA is to be held below 3.5x and EBITDA/interest charge is to stay above 3.5.

The effective interest rates are similar to the market rates for specific borrowings. Therefore, the fair value of the liabilities and presented above does not differ significantly from their carrying amounts.

On June 18, 2013 bonds in the amount of PLN 140 million were issued and on September 10 another issue was completed, also for PLN 140 million. Both issues were completed under agreement signed with Pekao S.A on August 22, 2012.

Bonds were issued with variable interest rate 6M WIBOR increased by a margin and are due on June 30, 2018 and September 10, 2019, respectively. Interest is paid on semi-annual basis (June 30 and December 30) and the Group is required to maintain certain financial ratios (net debt/EBITDA, equity/total assets, EBITDA/interest charge) at levels agreed in the respective Issue Terms and Conditions. There are no additional securities on the bond issues.

On April 7, 2017 AmRest issued Schuldscheinedarlehen ("SSD" – debt instrument under German law) in the amount of EUR 26 million. SSD were issued on a fixed interest rate with EUR 17 million maturing on April 7, 2022 and 9 million maturing on April 5, 2024. The role of the Lead Arranger and Paying Agent was entrusted to Erste Group Bank AG and CaixaBank S.A. acted as Co-lead Arranger.

On July 3, 2017 AmRest finalized another issue of Schuldscheindarlehen („SSD") for the total value of EUR 75 million. The SSD interest is fixed on the following tranches: EUR 45.5 million - repayment due on July 1, 2022 and EUR 20 million - repayment due on July 3, 2024. EUR 9.5 million tranche was issued with variable interest rate and repayment date of July 3, 2024. The role of the Lead Arranger and Paying Agent was entrusted to Erste Group Bank AG with CaixaBank S.A. and Bank Zachodni WBK S.A. acting as Co-lead Arrangers.

Both issues aimed at diversifying financing sources and also allowed to diversify interest rate structure of debt. The proceeds were used for the development of the Company and refinancing of its debt. As at December 31, 2017 the payables concerning bonds issued are PLN 711.849 thousand.

The maturity of long- and short-term loans as at December 31, 2017 and December 31, 2016 is presented in the table below:

	31.12.2017	**31.12.2016**
Up to 1 year	157 880	223 255
Between 1 and 2 years	139 894	899 033
Between 2 and 5 years	1 511 392	140 000
Beyond 5 year	160 689	-
	1 969 855	**1 262 288**

The Group has the following unused, awarded credit limits as at December 31, 2017 and December 31, 2016:

	31.12.2017	**31.12.2016**
With floating interest rate		
- expiring within one year	-	-
- expiring beyond one year	585 968	300 000
	585 968	300 000

The table below presents the reconciliation of the debt:

	Loans and borrowings	**Bonds**	**SSD**	**Finance lease liabilities**	**Total**
01.01.2017	**982 797**	**279 491**	**-**	**9 516**	**1 271 804**
Payment	(974 606)	-	-	(738)	(975 344)
Loan taken/new contracts	1 301 774	-	-	-	1 301 774
Accrued interests	-	5 905	5 287	-	11 192
Issuance	-	-	427 259	-	427 259
FX valuation	(44 388)	-	(5 382)	-	(49 770)
Other	(7 571)	(711)	-	-	(8 282)
31.12.2017	**1 258 006**	**284 685**	**427 164**	**8 778**	**1 978 633**

20. Employee benefits liabilities

Employee share option plan 2

In April 2005, the Group implemented another Employee Option Plan which is share-based, thinking of its selected employees. The whole number of shares which are attributed to the options is determined by the Management Board, however, it may not exceed 3% of all the outstanding shares. Moreover, the number of options granted to employees is limited to 200 000 options. In accordance with the provisions of the Plan, the Group, following approval by the Management Board, is entitled to determine, apart from other issues, the employees authorized to participate in the Plan and the number of options granted and the dates for their granting. The option exercise price will be in principle equal to the market price of the Company's shares as at the date of awarding the option, and the vesting period will be 3 to 5 years. The Employee Option Plan was approved by the Company's Management Board and the General Shareholders' Meeting.

In January 2010, Supervisory Board of Group parent entity approved resolution confirming and systemizing total amount of shares for which may be issued options that will not exceed allowed 3% of shares in market.

In June 2011, Supervisory Board of Group parent entity approved and changed the previous note related to the number of options granted to employees is limited to 100 000 per annum.

In November 2014, Supervisory Board of Group parent entity approved and changed wording of regulations by adding net cash settlement of option value (employee decides about settlement method).

For the grants after December 8, 2015 a change in regulations was implemented which eliminated a possibility of option settlement with cash method. Furthermore, group of employees made a unilateral statement about resignation from cash settlement possibility in relation to option granted also in previous periods. Due to above changes, Employee option plan 2 comprises of both equity-settled options and cash-settled options. As a result of modification of some options from cash-settled into equity-settled, a reclassification was performed from liabilities into equity in amount of PLN 2.287 thousand. As at December 31, 2017 liability of PLN 9.355 thousand was recognized. As at December 31, 2016 liability amounted to PLN 11.255 thousand. For equity-settled options as at December 31, 2017 a provision of PLN 16.242 thousand was recognized in reserve capital (modification described above included). As at December 31, 2016 this provision amounted to PLN 14.043 thousand.

Employee share option plan 3

In December, 2011, the Group implemented further Employee Option Plan which is share-based, thinking of its selected employees. The whole number of shares which are attributed to the options is determined by the Supervisory Board, however, it may not exceed 1.041.000 shares. In accordance with the provisions of the Plan, the Supervisory Board of Group, on request of the Management Board, is entitled to determine, apart from other issues, the employees authorized to participate in the Plan and the number of options granted and the dates for their granting. The option exercise price will be in principle equal to the market price of the Company's shares as at the date of preceding the day of awarding the option, and the vesting period will be 3 years. The option exercise price will be increased by 11% each year. The Employee Option Plan was approved by the Company's Supervisory Board.

As at December 31, 2017 PLN 5.124 thousand of liabilities were presented in equity (note 18) according to group policy (note 1 s). As at December 31, 2016 PLN 7.399 thousand were presented in equity.

Employee share option plan 4

In January 2017 the Group introduced share-based Employee Option Plan, thinking of its selected employees. The whole number of shares which are attributed to the options is determined by the Management Board. Moreover, the number of options granted to employees is limited to 750.000 options in the period from 1 January 2017 till 31 December 2019. In accordance with the provisions of the Plan, the Group, following approval by the Management Board, is entitled to determine, apart from other issues, the employees authorized to participate in the Plan and the number of options granted and the dates for their granting. The option exercise price will be in principle equal to the market price of the Company's shares as at the date of awarding the option, and the vesting period will be 3 to 5 years. As at December 31, 2017 the amount of PLN 1.838 thousand were recognized in reserve capital for this program.

Employee share option plan 5

In January 2017 the Group introduced share-based Employee Option Plan, thinking of its selected employees. The whole number of shares which are attributed to the options is determined by the Supervisory Board, however, it may not exceed 1.000.000 shares. In accordance with the provisions of the Plan, the Supervisory

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

Board of Group, on request of the Management Board, is entitled to determine, apart from other issues, the employees authorized to participate in the Plan and the number of options granted and the dates for their granting. The option exercise price will be in principle equal to the market price of the Company's shares as at the date of preceding the day of awarding the option, and the vesting period will be 3 to 5 years. The option exercise price will increase by 11% each of three years. As at December 31, 2017 the amount of PLN 3.826 thousand were recognized in reserve capital for this program.

Value of liability for Employee share option plan as at December 31, 2017 and December 31, 2016 was presented below:

	31.12.2017	31.12.2016
Liability for Employee share option plan 2	9 355	11 255
Other	3 133	8 595
	12 488	**19 850**

The terms and conditions for the share options awarded in 2017 to employees are presented in the table below:

Award date	Number of share options awarded	Terms and conditions for exercising the options	Option exercise price in PLN	Options term to maturity period
Plan 4				
May 30, 2017	196 170	3-5 years, 60% after 3 year, 20% after 4 and 5 year	340.0	10 years
Plan 5				
March 15, 2017	290 000	3-5 years, gradually, 33% p.a.	321.1	10 years
June 30, 2017	100 000	3-5 years, gradually, 33% p.a.	355.0	10 years
September 13, 2017	10 000	3-5 years, gradually, 33% p.a.	335.0	10 years
October 13, 2017	60 000	3-5 years, gradually, 33% p.a.	362.6	10 years

In the table below we present the number and weighted average of the exercise price of the options from all plans for the 12 months period ended December 31, 2017 and 2016:

Number of option 2017	Weighted average option exercise price in PLN(before indexation)	Plan 5	Plan 4	Plan 3	Plan 2
At the beginning of the period	61	-	-	405 002	425 884
Utilized during the period	112	-	-	(121 669)	(90 318)
Redeemed during the period	136	-	-	-	(22 888)
Awarded during the period	336	460 000	196 170	-	-
At the end of the period	209	460 000	196 170	283 333	312 678
Available for exercising as at the end of the period	74	-	-	206 666	97 428

Number of option 2016	Weighted average option exercise price in PLN(before indexation)	Plan 3	Plan 2
At the beginning of the period	67	659 999	403 649
Utilized during the period	90	(254 997)	(111 575)
Redeemed during the period	111	-	(9 150)
Awarded during the period	224	-	142 960
At the end of the period	61	405 002	425 884
Available for exercising as at the end of the period	65	253 334	97 358

The fair value of the work performed in consideration for the options granted is measured using the fair value of the options awarded. The estimated fair value of the benefits is measured using numerical method for solving differential equations by approximating them with difference equations, called finite difference method.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

The fair value of the options as at the moment of awarding was determined on the basis of the following parameters:

Plan	Average fair value of option as at the date of award	Average price of share at the date of measurem ent/grant	Average exercise price	Expected volatility of share prices (expressed as the weighted average volatility in share prices used in the model)	Expected term to exercise of the options (expressed as the weighted average historical exercises period used in the model)	Expected dividend	Risk-free interest rate
Plan 4	PLN 97	PLN 340	PLN 340	28%	5 years	-	2%
Plan 5	PLN 57	PLN 334	PLN 334	28%	5 years	-	2%

Options vest when the terms and conditions relating to the period of employment are met. The Plan does not provide for any additional market conditions on which the vesting of the options would depend.

Other incentive programs

Key managers of the Spanish market participate in motivation programs which bases on exceeding goals of the following businesses growth.

Employee benefits costs

The costs recognized in connection with the plans relating to incentive programs for the period of 12 months ending on December 31, 2017 and December 31, 2016 respectively are presented below:

	31.12.2017	**31.12.2016**
Employee stock option plan 2	15 575	20 042
Employee stock option plan 3	631	2 372
Employee stock option plan 4	1 839	-
Employee stock option plan 5	3 826	-
Local incentive program - Spain	3 596	5 400
Local incentive program - China	-	(535)
	25 467	**27 279**

Pension, health care and other contributions

The costs recognized in connection with the retirement benefit contributions for the period of 12 months ending on December 31, 2017 and December 31, 2016 respectively are presented below:

	31.12.2017	**31.12.2016**
Pension, health care contributions and other	268 701	201 110
	268 701	**201 110**

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

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

21. Provisions

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

2017	**As at 01.01.2017**	Increase resulted from acquisitions	Increases	Utilization	F/X differences	**As at 31.12.2017**
Onerous contracts	6 667	2 155	3 910	(8 700)	(208)	3 824
Asset retirement obligation	28 266	4 635	140	(2 259)	(1 575)	29 207
Provision for court fees	1 474	1 689	-	(1 032)	(619)	1 512
Provision for tax risks	5 937	-	247	(697)	(487)	5 000
Provision for other	2	-	-	(1)	(1)	-
Total	**42 346**	**8 479**	**4 297**	**(12 689)**	**(2 890)**	**39 543**

2016 (restated)	**As at 01.01.2016**	Increase resulted from acquisitions	Increases	Utilization	F/X differences	**As at 31.12.2016**
Onerous contracts	3 149	-	4 735	(1 652)	435	6 667
Asset retirement obligation	-	28 448	-	-	(182)	28 266
Provision for court fees	615	-	881	(18)	(4)	1 474
Provision for tax risks	479	-	6 386	(594)	(334)	5 937
Provision for other	2	-	-	-	-	2
Total	**4 245**	**28 448**	**12 002**	**(2 264)**	**(85)**	**42 346**

All provisions are treated as long-term liability.

Provision for onerous contracts

As at the balance sheet date, the Group showed a provision for onerous lease contracts. These contracts relate to most locations in which the Group does not engage in restaurant operations but only subleases the premises to other entities on unfavourable terms.

Provision for court fees

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

Provision for tax liabilities

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

Asset retirement obligation

Taking into account characteristics of German market and Group's accounting policy note 1t), the Group recognized on the acquisition of German subsidiaries a provision for costs of future asset restorations. The provision consists of expected costs to bear at the end of rental agreement. The provision would be used for renovation work needed to restore rented properties, as required by rental agreements.

22. Other non-current liabilities

Other non-current liabilities cover the long-term portion of deferred income of rents. Deferred income amount PLN 24.508 thousand and PLN 8.429 thousand respectively as at December 31, 2017 and December 31, 2016.

23. Trade and other payables

Trade and other payables as at December 31, 2017 and December 31, 2016 cover the following items:

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

	31.12.2017	31.12.2016 restated
Payables to non-related entities, including:	**578 061**	**457 494**
Trade payables	309 163	238 636
Payables in respect of uninvoiced lease fees and deliveries of food	34 504	31 688
Employee payables	42 800	31 849
Social insurance payables	37 520	37 267
Pre-acquisition tax settlements liability (note 2)	52 916	50 161
Other tax payables	22 555	19 929
Gift voucher liabilities	2 552	2 066
Other payables to non-related entities	76 051	45 898
Liabilities to related entities (note 29)	144	42
Accruals, including:	**184 607**	**135 114**
Employee bonuses	42 926	29 139
Marketing services	7 871	8 287
Holiday pay accrual	41 177	19 238
Professional services	18 246	16 067
Franchise fees	21 432	11 877
Lease cost provisions	22 743	16 147
Investment payables accrual	22 645	27 192
Other	7 567	7 167
Deferred income – short-term portion	15 586	19 498
Social fund	1 441	945
Total trade and other payables	**779 839**	**613 093**

24. Finance lease liabilities

Financial lease liabilities – present value:

	31.12.2017	31.12.2016
Payable within 1 year	1 777	1 636
Payable from 1 to 5 years	3 945	4 426
Payable after 5 years	3 056	3 454
	8 778	**9 516**

Finance lease liabilities – minimum lease payments:

	31.12.2017	31.12.2016
Payable within 1 year	2 231	2 507
Payable from 1 to 5 years	3 997	6 101
Payable after 5 years	2 995	4 728
Total minimum lease payments	9 223	13 336
Future finance costs in respect of finance leases	(445)	(3 820)
Present value of finance lease liabilities	**8 778**	**9 516**

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

25. Operating leases

The Group concluded many irrevocable operating lease agreements, mainly relating to leases of restaurants. In respect of restaurants, lease agreements are concluded on average for a period of 10 years and require a minimum notice period on termination.

The expected minimum lease fees relating to operating leases without the possibility of earlier notice are presented below:

	31.12.2017	31.12.2016
Payable within 1 year	432 461	389 534
Payable from 1 to 5 years	1 265 083	1 109 743
Payable after 5 years	1 091 762	852 613
Total minimum lease payments	**2 789 306**	**2 351 890**

In respect of many restaurants (especially those in shopping malls) lease payments comprise two components: a fixed fee and a conditional fee depending on the restaurant's revenues. The conditional fee usually constitutes from 2.5% to 9% of a restaurant's revenue.

Lease costs relating to operating leases (broken down by the fixed and conditional portion) for the 12 months of 2017 and 2016 are as follows:

	For the 12 months ended December 31, 2017			For the 12 months ended December 31, 2016		
	Fixed fee	Conditional fee	Total	Fixed fee	Conditional fee	Total
Czech	42 623	5 859	48 482	37 563	4 870	42 433
Hungary	18 994	3 109	22 103	16 202	2 115	18 317
Poland	120 396	10 398	130 794	109 866	9 537	119 403
Russia	55 925	5 451	61 376	45 026	4 320	49 346
Bulgaria	2 967	15	2 982	2 525	58	2 583
Serbia	1 720	-	1 720	1 498	44	1 542
Croatia	1 500	-	1 500	1 280	-	1 280
Spain	80 986	68	81 054	70 988	3 825	74 813
China	46 445	1 672	48 117	36 184	2 926	39 110
Romania	10 044	989	11 033	8 303	917	9 220
Germany	92 615	6 933	99 548	50 228	4 260	54 488
Slovakia	1 394	-	1 394	450	107	557
Austria	130	19	149	-	-	-
France	3 890	170	4 060	-	-	-
Slovenia	1	-	1	-	-	-
Total	**479 630**	**34 683**	**514 313**	**380 113**	**32 979**	**413 092**

The Group signs agreements for a definite period without the opportunity to terminate the contract. The prolongation of the agreement bases on market conditions.

26. Collateral on borrowings

The loans incurred by the Company do not account for collateral set up on fixed assets and other assets owned by the Company. The Borrowers (AmRest Holding SE, AmRest Sp. z o.o. and AmRest s.r.o.) are jointly and severally responsible for paying the liabilities resulting from credit agreements. Additionally, Group companies – OOO AmRest, AmRest TAG S.L.U., AmRestavia S.L.U., Restauravia Grupo Empresarial S.L., Restauravia Food S.L.U., Pastificio Service S.L.U. and AmRest Capital Zrt – granted guarantees to the financing banks. These companies guarantee that the Borrowers will discharge their obligations following from the credit agreement until the loan is repaid, i.e. September 30, 2022.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

27. Earnings per share

The basic and diluted earnings per ordinary share for the 12-month period of 2017 and 2016 were calculated as follows:

	For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016
Net profit from continued operations attributable to equity holders of the parent company	182 281	190 564
Weighted average number of ordinary shares in issue	21 213 893	21 213 893
Weighted average number of ordinary shares for diluted earnings per share	21 213 893	21 213 893
Basic earnings per ordinary share	8,59	8,98
Diluted earnings per ordinary share	8,59	8,98

28. Future commitments and contingent liabilities

In accordance with the franchise agreements signed, the Group is obliged to periodically improve the standard, modify, renovate and replace all or parts of its restaurants or their installations, marking or any other equipment, systems or inventories used in restaurants to make them compliant with the current standards. The agreements require no more than one thorough renovation of all installations, markings, equipment, systems and inventories stored in the back of each restaurant to comply with the current standards, as well as no more than two thorough renovations of all installations, markings, equipment, systems and inventories stored in the dining rooms of each of the restaurants during the period of a given franchise agreement or the period of potential extension of the agreement. The expenses for the purpose forecast by the Group amount to ca. 1.5% of annual sales form the restaurants' operations in the future periods.

Other future commitments resulting from the agreements with the Burger King, Starbucks and the current and future franchise agreements were described in note 1a) and note 10.

According to Group Management the above-mentioned requirements are fulfilled and any discrepancies are communicated to third parties, mitigating any potential risks affecting business and financial performance of the Group.

In regards to credit agreement described in note 19 the following Group entities provided surety: AmRest Kaffee sp. z o.o., AmRest Coffee Deutschland Sp. z o.o. & Co.KG, AmRest DE Sp. z o.o. & Co.KG, AmRest Capital ZRT., AmRest KFT, OOO AmRest, AmRest Tag, S.L.U., Amrestavia, S.L.U., Restauravia Grupo Empresarial, S.L., Restauravia Food, S.L.U., Pastificio Service, S.L.U. for the following banks Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Česka Sporitelna A.S., ING Bank Śląski S.A. in amount of EUR 375 million, PLN 1.125 million, CZK 450 million till the date of debt payment however not later than October 5, 2025.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

29. Transactions with related entities

Transactions with related parties are held in accordance with market regulations.

Trade and other receivables from related entities

	31.12.2017	31.12.2016
MPI Sp. z o. o.	9	11
Associates	-	2
	9	**13**

Trade and other payables to related entities

	31.12.2017	31.12.2016
MPI Sp. z o. o.	144	38
Associates	-	4
	144	**42**

Sales of goods for resale and services

	For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016
MPI Sp. z o. o.	73	75
Associates	-	31
	73	**106**

Purchase of goods for resale and services

	For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016
MPI Sp. z o. o.	1 675	1 432
Associates	-	-
	1 675	**1 432**

Other related entities

Metropolitan Properties International Sp. z o. o.

As at December 31, 2017 Metropolitan Properties International Sp. z o.o. was a company owned by Henry McGovern. Henry McGovern entered on December 31, 2016 Supervisory Board of AmRest Holdings SE.

Company Metropolitan Properties International Sp. z o.o is involved in activities related to real estate. The Group leases from Metropolitan Properties International Sp. z o.o three restaurants on conditions similar to those lease agreements concluded with third parties. Rental fees and other charges paid MPI amounted to PLN 1.675 thousand and PLN 1.432 thousand a period of twelve consecutive months ending December 31, 2017 and December 31, 2016.

Group shareholders

As at December 31, 2017, FCapital Dutch B.V. was the largest shareholder of AmRest and held 56.38% of its shares and voting rights, and as such was its related entity. No transactions with FCapital Dutch B.V. related parties were noted.

Transactions with the management/Management Board, Supervisory Board

The remuneration of the Management Board of AmRest Holdings SE paid by the Group was as follows:

	For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016
Remuneration of the members of the Management and Supervisory Boards paid directly by the Group	10 740	13 318
Total remuneration paid to the Management Board and Supervisory Board	**10 740**	**13 318**

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

The Group's key employees also participate in an employee share option plan (note 20). The costs relating to the employee option plan in respect of management amounted to PLN 3.329 thousand and PLN 2.166 thousand respectively in the 12 month period ended December 31, 2017 and December 31, 2016.

		For the 12 months ended December 31, 2017	For the 12 months ended December 31, 2016
Number of options awarded	pcs	586 266	358 420
Number of available options	pcs	249 666	305 353
Fair value of options as at the moment of awarding	PLN	27 035 182	11 954 180

As at December 31, 2017and December 31, 2016, there were no liabilities to former employees.

30. Critical accounting estimates and judgments

Key sources of uncertainties relating to estimates

Estimates and judgments are continually verified, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that are exposed to a significant risk of introducing a significant adjustment of the carrying amount of assets and liabilities during another financial year relate mainly to the impairment tests in respect of property, plant and equipment and goodwill, amortization and depreciation, provisions and calculation of deferred tax.

Estimated impairment of goodwill

The Group each year tests goodwill for impairment in accordance with its accounting policies described in note 1p). The recoverable value of a cash generating unit is determined on the basis of the calculation of its value in use (note 12). As at December 31, 2017 and December 31, 2016 goodwill impairment was not recognized.

Estimated impairment of property, plant and equipment

Once a year Group tests impairment of property, plant and equipment for impairment losses according to the accounting policy described in note 1p). This value is compared with assets value and in case of identification of gap in coverage there is impairment loss recognized. In the period of 12 months ended December 31, 2017 and December 31, 2016 were recognized impairment losses according to information presented in note 0 and 11.

Estimated depreciation charges

Estimation of depreciation rates is realized on the basis of technical abilities of a given asset, together with planned form and intensity of usage, with simultaneous consideration of experience and legal obligations influencing usage of the given asset.

Increasing the average useful lives of property, plant and equipment by 10% would lead to a decrease in depreciation for the 12-month period ended December 31, 2017 by ca. PLN 30.046 thousand. Increasing the average useful lives of property, plant and equipment by 10% would lead to a decrease in depreciation for the 12-month period ended December 31, 2016 by ca. PLN 24.643 thousand.

Fair value estimation

As at financial statement publishing date fair value of financial instruments which are in turnover on active market bases on market quotation. Fair value of financial instruments which aren't in turnover on active market is calculated by using valuation techniques. The Group used estimations to establish fair value of assets and liabilities on acquisition. Details of those estimations are described in note 3.

The Group uses different methods and assumptions based on market conditions as at each balance sheet date. Fair value of financial assets and investment property available for sale, which are not in turnover on active market, is calculated with using sector indexes and last available information concerning the investment. Fair value of currency exchange rate option and forwards is calculated based on valuation made by banks which issued the instrument.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

The following fair value valuations concerning financial instruments were used by the Group:

- quoted prices (not adjusted) from active markets for the same assets and liabilities (Level 1),
- input data different from quoted prices included in Level 1, which are observed for assets and liabilities directly (as prices) or indirectly (based on prices) (Level 2),
- input data for valuation of assets and liabilities, which don't base on possible to observe market data (input data not observed) (Level 3).

Fair value of investment property, which was not in turnover on active market, was calculated with use of valuation techniques. Investment property belongs to the "CEE" segment.

	Note	Level 1	Level 2	Level 3	31.12.2017
Investment property	10	-	22 152	-	22 152

For the purpose of the risk management related to certain transaction within the Group, forward currency contracts are used. Open contracts are not designated as cash flow hedges, fair value hedges or net investment hedges in foreign operations. They are signed for periods not longer than risk exposition periods, prevailing for one to twelve months. As at December 31, 2017 the Group was not in possession of open contracts.

Provisions

Key uncertainties and estimates are described in note 21.

Deferred income tax

Uncertainties and estimates related to deferred taxes come mainly from recognizing a deferred tax asset in respect of unused tax losses carried forward (note 8).

Lease classification

In classification of agreements for operating lease and finance categories critical judgments are made allowing to classify given agreement to given type of leasing. Judgments consider mainly: period of use, purchase option, alternatives availability, term of agreement cancelation.

31. Financial instruments

Fair value

Book values of short-term: receivables, other assets, payables, loans and liabilities are similar to their fair values due to their short-term settlement. According to the estimations of the Group, fair values of non-current assets and liabilities immaterially differs from their respective book values.

As at December 31, 2017 the Group did not possess financial instruments measured at fair value. As at December 31, 2017 the Group did not recognize the transfers between levels of fair value valuations.

Risk management

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

Credit risk

Financial instruments especially exposed to credit risk include cash and cash equivalents, receivables, derivatives and investments held to maturity. The Group invests cash and cash equivalents with highly reliable financial institutions. There is no significant concentration of credit risk in respect of trade and other receivables due to the fact that sales are based mainly on cash and credit card payments. The Group increased an impairment of the Group's receivables exposed to credit risk in amount of PLN 7.549 thousand. The maximum credit risk exposure amounts to PLN 710.252 thousand.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

The ageing break-down of receivables and receivable write-downs as at December 31, 2017 is presented in the table below:

	Current	Overdue in days				Total
		less than	91 -	181 - 365	more	
Trade and other receivables	149 425	7 633	10 542	402	7 190	**175 192**
Receivable write-downs	(5 694)	(315)	(20)	-	(7 159)	**(13 188)**
Total	**143 731**	**7 318**	**10 522**	**402**	**31**	**162 004**

Value of impairment provisions for receivables as at December 31, 2017 and December 31, 2016 is presented in table below:

	31.12.2017	31.12.2016
Value for the beginning of the period	9 213	10 540
Provision created	9 149	1 096
Provisions released	(1 600)	(1 709)
Provisions used	(3 298)	(1 141)
Other	(276)	427
Value for the end of the period	**13 188**	**9 213**

The Group did not recognize impairment on overdue trade and other receivables of PLN 18.273 thousand because it believes that they will be recovered in full.

Interest rate risk

Bank borrowings drawn by the Group are most often based on fluctuating interest rates (note 19). As at December 31, 2017 the Group does not hedge against changes in cash flows resulting from interest rate fluctuations which have an impact on the results. The Group analyses the market position relating to interest on loans in terms of potential refinancing of debt or renegotiating the lending terms and conditions. The impact of changes in interest rates on results is analysed in quarterly periods.

Had the interest rates on loans denominated in Polish zlotys during the 12 months ended December 31, 2017 30 base points higher/lower, the profit before tax for the period would have been PLN 1.473 thousand lower/higher (2016: PLN 1.248 thousand).

Had the interest rates on loans denominated in Czech crowns during the 12 months ended December 31, 2017 been 30 base points higher/lower, the profit before tax for the period would have been PLN 166 thousand lower/higher (2016: PLN 188 thousand).

Had the interest rates on loans denominated in euro during the 12 months ended December 31, 2017 been 30 base points higher/lower, the profit before tax for the period would have been PLN 1.954 thousand lower/higher (2016: PLN 2.264 thousand).

Foreign exchange risk

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

For hedging transactional risk and risk resulting from revaluation of recognized assets and liabilities Group uses derivative forward financial instruments.

Net investment foreign currency valuation risk

Group is exposed to risk of net investment valuation in subsidiaries valued in foreign currencies. This risk is hedged for key positions with use of net investment hedge.

In 2016 Group applies hedging accounting for revaluation of borrowings, in EUR constituting net investment hedges in Hungarian and Spanish entities. Details concerning hedging on currency risk are described in note 19.

Sensitivity analysis

As at December 31, 2017 and December 31, 2016, the Group's assets and liabilities are denominated mainly in the functional currencies of the Group members.

Notes to the consolidated financial statements (in PLN thousands unless stated otherwise)

As at December 31, 2017 if foreign exchange rates would increase by 10% effect of net investment hedge valuation would not influence net income due to 100% efficiency of the hedge. Effect on the comprehensive income would be in the value of PLN 129.905 thousand (2016: PLN 78.637 thousand).

Liquidity risk

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

The table below shows an analysis of the Group's financial liabilities which will be settled in net amounts in particular ageing brackets, on the basis of the term to maturity as at the balance sheet date. The amounts shown in the table constitute contractual, undiscounted cash flows.

The maturity break-down of long- and short-term borrowings as at December 31, 2017 and December 31, 2016 is presented in the table below:

	31.12.2017			31.12.2016		
	Loan instalments	**Interest and other charges**	**Total**	**Loan instalments**	**Interest and other charges**	**Total**
Up to 1 year	157 880	51 850	209 730	223 255	56 719	279 974
Between 1 and 2 years	140 000	52 102	192 102	903 349	47 942	951 291
Between 2 and 5 years	1 521 410	96 827	1 618 237	140 082	35 957	176 039
More than 5 years	160 689	5 307	165 996	-	-	-
Payable gross value	**1 979 979**	**206 086**	**2 186 065**	**1 266 686**	**140 618**	**1 407 304**
Not amortized loan cost	(10 124)	-	(10 124)	(4 398)	-	(4 398)
Payable net value	**1 969 855**	**206 086**	**2 175 941**	**1 262 288**	**140 618**	**1 402 906**

Capital risk

The Group manages capital risk to protect its ability to continue in operation, so as to enable it to realize returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost. Financing at the level of 3.5 of yearly EBITDA is treated as acceptable target and safe level of capital risk.

The Group monitors capital using the gearing ratio. The ratio is calculated as net debt to the value of EBITDA. Net debt is calculated as the sum of borrowings (comprising loans and advances, and finance lease liabilities) net of cash and cash equivalents. EBITDA is calculated as the profit from operations before interest, taxes, depreciation and amortization and impairment.

The Group's gearing as at December 31, 2017 and December 31, 2016 is as follows:

	31.12.2017	**31.12.2016**
Total borrowings (note 19)	1 969 855	1 262 288
Finance lease liabilities (note 24)	8 778	9 516
Less: cash and cash equivalents (note 17)	(548 248)	(291 641)
Net debt	1 430 385	980 163
Income from operating activity before interests, tax, depreciation, gain/loss on fixed assets sale and impairment (EBITDA according to the bank agreement)	646 804	541 950
Gearing ratio	**2.21**	**1.81**

32. Events after the Balance Sheet Date

The Management Board of AmRest Holdings SE ("AmRest", the "Company") announced signing on February 27, 2018 the Subscription and Shareholders' Agreement (the "SSHA") with LPQ Russia Limited, based in London, United Kingdom ("the Partner"). The SSHA defines the main terms and conditions of cooperation between the Company and the Partner aimed at developing a restaurant business in the bakery segment in Russia through a newly-formed corporate structure. As a result, AmRest will become a majority shareholder, holding 51% stake in newly created company ("NewCo"). The remaining 49% stake will be held by the Partner. NewCo will own and control its subsidiaries: the operating entity in Russia and the trademarks holding company.

Currently the Partner owns the trademarks of "Хлеб Насущный" (Xleb Nasuschny), "Филипповъ" (Philippov) "Наш хлеб" (Nash Khleb) and "Андреевские булочные" (Andreevsky Bulochnye) (jointly: "Trademarks"). The cooperation assumes the contribution of Trademarks to the Structure by the Partner. AmRest will invest EUR 6m (six million Euro) into the Structure with the purpose of developing the restaurant business in Russia.

Intention of the parties is to finalize the transaction by June 2018, which is a subject to fulfilment of conditions precedent defined in SSHA.

On October 5, 2017 the Extraordinary General Meeting of AmRest Holdings SE adopted a resolution on the approval of the international transfer of the registered office to Spain. As a result of that, on March 1, 2018 the transfer public deed to the Madrid Commercial Registry was filed. Additionally the Group is planning to change the presentation currency of its consolidated financial statements that will be applied in the first report issued after registration of domicile change.

Signatures of Board Members

Olgierd Danielewicz
AmRest Holdings SE
Board Member

Mark Chandler
AmRest Holdings SE
Board Member

Jacek Trybuchowski
AmRest Holdings SE
Board Member

Oksana Staniszewska
AmRest Holdings SE
Board Member

Wrocław, March 8, 2018