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Interim Report for Q1 2018

AmRest Holdings SE
MADRID, 14 MAY 2018

AmRest







Commitments



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Highlights

Financial highlights (consolidated data)

	3 months ended	
	31 March 2018	31 March 2017 (restated*)
Revenue	347.4	265.5
Operating profit	11.7	9.3
Profit before tax	7.2	6.6
Net profit	4.5	4.9
Net profit attributable to non-controlling interests	(0.6)	0.2
Net profit attributable to equity holders of the parent	5.1	4.7
Cash flows from operating activities	23.0	13.1
Cash flows from investing activities	(33.4)	(34.2)
Cash flows from financing activities	(2.8)	11.2
Total cash flows, net	(13.2)	(9.9)
Average weighted number of ordinary shares in issue	21 213 893	21 213 893
Average weighted number of ordinary shares for diluted earnings per shares	21 213 893	21 213 893
Basic earnings per share (EUR)	0.24	0.22
Diluted earnings per share (EUR)	0.24	0.22
Declared or paid dividend per share	-	-

	As at 31 March 2018	As at 31 December 2017
Total assets	1 027.3	1 033.9
Total liabilities and provisions	693.8	711.8
Long-term liabilities	481.7	481.1
Short-term liabilities	212.1	230.7
Equity attributable to shareholders of the parent	324.3	313.7
Non-controlling interests	9.2	8.4
Total equity	333.5	322.1
Share capital	0.2	0.2
Number of restaurants	1 645	1 636

*The restatement was described in note 1 to the Interim Condensed Consolidated Report for Q1 2018.



Part A. Management Report for Q1 2018

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AmRest Holdings SE ('Company') was established in the Netherlands in October 2000. On 19 September 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. Since March 2018 the Company register office's address is Enrique Granados 6, 28224 Pozuelo de Alarcón (Madrid), Spain. Previously, the Company had a registered office in Wrocław, Poland.

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

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 Czechia), 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 own restaurants and the franchise agreements signed with non-related companies. It is supported by the central kitchen which produces and delivers products to the whole network of own brands. Additionally, the Group operates its own brands Blue Frog (in China, Spain and Poland) and KABB (in China).

As at the date of release of this quarterly report, that is 14 May 2018 the Group operates 1,662 restaurants.

As for 31 March 2018 the Company's largest shareholder was FCapital Dutch B.V. (the subsidiary of Finaccess Capital, S.A. de C.V) having 56.38% shares and voting rights.



The Group operates its restaurants mainly on a franchise basis. However being master-franchisee and performing business through own brands become more important. The table below shows the terms and conditions of cooperation with franchisors 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⁾
Franchisor/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, Czechia, Hungary, Bulgaria, Serbia, Croatia, Russia, Spain, Germany, France, Austria, Slovenia	Poland	Opened restaurants: Poland, Czechia, Hungary, France, Russia, Germany. Possibility of opening in: Bulgaria, Serbia, Croatia, Slovakia, Slovenia	Poland, Czechia, Bulgaria, Slovakia	Poland, Czechia, 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, Czechia, Bulgaria – 20 years or 10 years ⁵⁾	15 years, possibility of extension for a further 5 years; in Romania till 10 October 2023 16 years, in Bulgaria till 1 October 2027 20 years
Preliminary fee	up to USD 50.1 thousand ²⁾	up to USD 50.1 thousand ²⁾	USD 25.1 thousand ²⁾	USD 50 thousand or USD 25 thousand ⁵⁾	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	21 June 2017 – 31 December 2021 6% of sales revenues; 1 January 2022 – 31 December 2026 5% of sales revenues; 6% later on ³⁾	5% of sales revenues, in Czechia 3% of sales revenues for first 3 years, than 5% ⁴⁾	amount agreed each year

Activity performed through own brands

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 S.à.r.l., (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, Czechia and Hungary. Starting from the ninth year Starbucks has 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 report issuance, there are no indicators making the mentioned above options realisable. 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 revalorised 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 third 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 1 March 2009 till 30 June 2010, and also for newly-opened restaurants in Poland was extended from 10 to 20 years since date of restaurant opening, however without the option of prolongation for the next 10 years, which was provided in the original development agreement with AmRest Sp. z o.o. In relation to restaurants opened in Poland in the period from 1 March 2009 to 30 June 2010 and in relation to restaurants opened after this period (for franchise agreements for 20 years) the initial franchise payment was increased from USD 25.000 to USD 50.000.

General Information

AmRest Interim Report for Q1 2018
(all figures in EUR millions unless stated otherwise)

The Company's performance in Q1 2018

Sales

Consolidated revenues of AmRest Group grew by 30.8% in Q1 2018 in comparison to Q1 2017 (from EUR 265.5 million to EUR 347.4 million). Positive LFL trends continued in Q1 2018 in most of the markets of AmRest operations while 223 new restaurants were added to the portfolio during last 12 months. The top line was additionally strengthened by multiple M&A projects finalized in 2017 (i.e. acquisition of Pizza Hut and KFC chains in Germany and France, 22 KFC restaurants in Russia and pizzaportal.pl). The revenues of AmRest adjusted for above mentioned acquisitions amounted to EUR 301.0 million in Q1 2018, representing a 14.4% growth over the year.

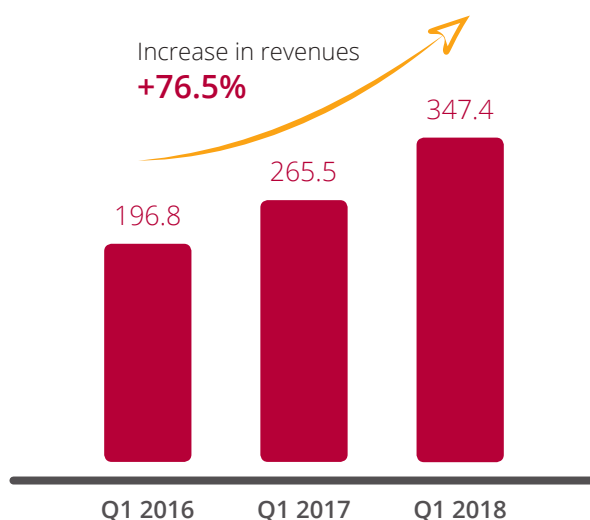
The most dynamic sales increase was noted in Western Europe (+54.2%). Solid LFL trends in the Spanish market along with continued roll out of new restaurants contributed to a 13.3% sales increase in this region. In the other markets of WE division, the sales growth was driven by a consolidation of acquired businesses through the year (additional EUR 39.0 million of revenues in Q1 2018), positive LFL trends in Starbucks Germany and openings of new restaurants.

In Central and Eastern Europe, the revenues increased by 20.7% and amounted to EUR 163.6 million. Similar to previous quarters, in Q1 2018 most of the brands in CEE maintained solid LFL trends. Additionally, during the last 12 months AmRest opened 123 new restaurants in the region, which contributed to a top line growth.

The revenues of Russian division grew by 23.1% in Q1 2018 on the back of solid LFL trends in KFC restaurants, continued development activity (26 new openings within the last 12 months) as well as acquisition of 22 KFC restaurants in October 2017.

In China, the revenues in Q1 2018 amounted to EUR 15.3 million and were 10.1% higher than a year ago, driven by continued expansion of the Blue Frog brand in this region (9 new restaurants opened within the last 12 months).

Chart 1 AmRest Group's sales in Q1 2018 compared to previous years
(in EUR millions)



Profitability

Solid performance in the core markets, together with continued integration of acquired businesses, allowed AmRest to report EUR 33.7 million of EBITDA in Q1 2018, which was 24.4% higher than a year ago. At the same time, EBITDA margin decreased by 0.5pp to 9.7% as a result of dilutive impact of 2017 acquisitions. The EBITDA of the core business (excluding major M&A projects in 2017) grew at the pace of 24.2% in Q1 2018. The EBITDA margin of the core business reached 11.1% and was 0.9pp higher than a year ago. It is worth noting that the businesses acquired in 2017 contributed positively to Q1 2018 EBITDA of the Group.

In Q1 2018, the Group benefited from further increase of efficiency in supply chain management, leading to 0.7pp decrease of cost of sales. This, together with relatively lower rental cost (-0.8pp in Q1 2018) partially offset continued pressure from labor costs (+0.7pp) and increase in G&A (+0.4pp). Additionally, in Q1 2018 the Group incurred relatively lower cost of depreciation and amortization (-0.5pp), resulting in a 26.5% growth of operating profit (EBIT) to EUR 11.7 million.

Net profit attributable to AmRest shareholders in Q1 2018 amounted to EUR 5.1 million (+7.6%). At the same time, net profit margin decreased to 1.5% (-0.3pp).

Net debt at the end of Q1 2018 equaled EUR 354.3 million and the leverage stood at 2.25.

In 2018 profitability of the Central and Eastern Europe division remained under the pressure from labor cost, partially offset by favorable trends in costs of food. The EBITDA of this region in Q1 2018 reached EUR 21.0 million (+16.7%), while the margin shrank by 0.5pp to 12.8%. Profitability of Poland, Hungary and Other CEE was impacted by relatively higher cost of labor, leading to EBITDA margin deterioration in those markets. In the meantime, a strong performance of the Czech Republic continued, as the savings on cost of sales and G&A fully offset increase in payroll costs (EBITDA margin grew by 1.1pp).

Russian division continued upward trends in profitability, with EBITDA growing by 76.0% to EUR 4.4 million and margin improving by 3.5pp to 11.2% in Q1 2018. Outstanding performance of the Russian business was driven by a solid top line growth and an improvement in efficiency across most of the cost categories.

In Western Europe, all markets reported significantly better results as compared to the previous year. The Spanish business improved the EBITDA margin by 0.6pp to 20.9% in Q1 2018, on the back of relatively lower cost of payroll, rent and G&A. The EBITDA loss in Germany was reduced by EUR 2.0 million in Q1 2018, as an effect of continued turnaround process in Starbucks brand. In the meantime, the Other Western Europe segment turned positive (EBITDA of EUR 1.1 million in Q1 2018) driven mostly by the consolidation of KFC business in France.

The results of the Chinese business remained flat (EBITDA at last year's level of EUR 0.8 million). Despite the growth of scale, the EBITDA margin deteriorated by 0.6pp to 5.3%, driven by higher food and rental costs.

Chart 2 AmRest Group's EBITDA in Q1 2018 compared to previous years (in EUR millions)

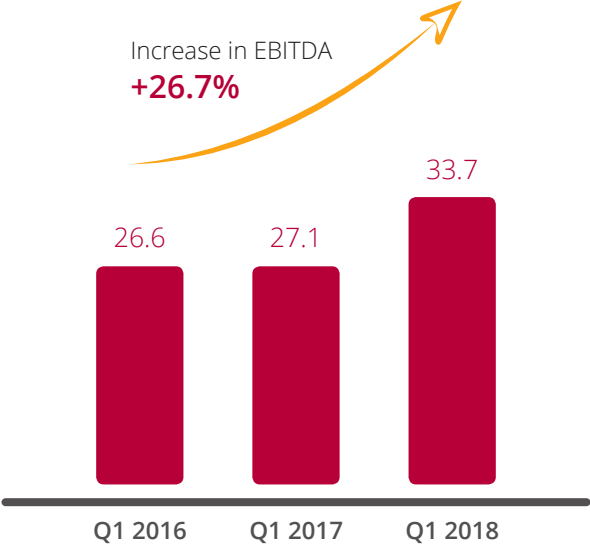


Table 1 Split of revenues and EBITDA by divisions for Q1 2018 and Q1 2017

	3 months ended 31 March 2018			3 months ended 31 March 2017		
	Amount	Share	Margin	Amount	Share	Margin
Revenue	347.4			265.5		
<i>Poland</i>	95.3	27.4%		83.2	31.3%	
<i>Czechia</i>	37.5	10.8%		29.0	10.9%	
<i>Hungary</i>	19.9	5.7%		14.9	5.6%	
<i>Other CEE</i>	10.9	3.1%		8.4	3.2%	
Total CEE	163.6	47.1%		135.5	51.0%	
Russia	39.4	11.3%		32.0	12.1%	
<i>Spain</i>	55.2	15.9%		48.7	18.3%	
<i>Germany</i>	40.8	11.7%		31.4	11.8%	
<i>Other Western Europe</i>	29.2	8.4%		1.1	0.4%	
Western Europe	125.2	36.0%		81.2	30.6%	
China	15.3	4.4%		13.9	5.2%	
Unallocated	3.9	1.1%		2.9	1.1%	
EBITDA	33.7		9.7%	27.1		10.2%
<i>Poland</i>	9.3		9.8%	8.6		10.3%
<i>Czechia</i>	7.4		19.6%	5.4		18.5%
<i>Hungary</i>	3.3		16.5%	2.6		17.7%
<i>Other CEE</i>	1.0		9.5%	1.4		17.0%
Total CEE	21.0		12.8%	18.0		13.3%
Russia	4.4		11.2%	2.5		7.7%
<i>Spain</i>	11.6		20.9%	9.9		20.3%
<i>Germany</i>	(1.1)		-	(3.1)		-
<i>Other Western Europe</i>	1.1		3.8%	(0.3)		-
Western Europe	11.6		9.3%	6.5		8.0%
China	0.8		5.3%	0.8		5.9%
Unallocated	(4.1)		-	(0.7)		-
Adjusted EBITDA*	35.7		10.3%	28.0		10.6%
<i>Poland</i>	9.7		10.1%	8.8		10.6%
<i>Czechia</i>	7.4		19.8%	5.4		18.8%
<i>Hungary</i>	3.4		17.0%	2.7		18.2%
<i>Other CEE</i>	1.1		10.3%	1.5		17.8%
Total CEE	21.6		13.2%	18.4		13.6%
Russia	4.6		11.7%	2.7		8.3%
<i>Spain</i>	11.9		21.4%	10.0		20.5%
<i>Germany</i>	(0.8)		-	(3.1)		-
<i>Other Western Europe</i>	1.6		5.6%	(0.3)		-
Western Europe	12.7		10.2%	6.6		8.1%
China	0.9		5.8%	1.0		7.4%
Unallocated	(4.1)		-	(0.7)		-
EBIT	11.7		3.4%	9.3		3.5%
<i>Poland</i>	3.2		3.4%	3.0		3.6%
<i>Czechia</i>	5.0		13.3%	3.5		12.0%
<i>Hungary</i>	1.9		9.5%	1.5		10.0%
<i>Other CEE</i>	(0.1)		-	0.5		6.2%
Total CEE	10.0		6.1%	8.5		6.2%
Russia	2.0		5.0%	0.4		1.2%
<i>Spain</i>	8.1		14.7%	6.7		13.8%
<i>Germany</i>	(3.2)		-	(4.9)		-
<i>Other Western Europe</i>	(0.5)		-	(0.4)		-
Western Europe	4.4		3.5%	1.4		1.8%
China	(0.4)		-	(0.3)		-
Unallocated	(4.3)		-	(0.7)		-

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

Table 3 Reconciliation of the net profit and adjusted EBITDA for Q1 2018 and Q1 2017

	3 months ended 31 March 2018		3 months ended 31 March 2017		Q1/Q1	
	Amount	% of sales	Amount	% of sales	change	% of change
Restaurant sales	328.2	94.5%	250.6	94.4%	77.6	31.0%
Franchise and other sales	19.2	5.5%	14.9	5.6%	4.3	28.7%
Total sales	347.4	100.0%	265.5	100.0%	81.9	30.8%
Profit/(loss) for the period	4.5	1.3%	4.9	1.9%	(0.4)	(9.7)%
+ Finance costs	4.7	1.4%	2.8	1.1%	1.9	66.6%
- Finance income	(0.2)	0.0%	(0.1)	(0.1%)	(0.1)	16.3%
+ Income tax expense	2.7	0.8%	1.7	0.6%	1.1	64.8%
+ Depreciation and Amortisation	21.5	6.2%	17.7	6.7%	3.7	21.1%
+ Impairment losses	0.5	0.1%	0.1	0.0%	0.4	349.6%
EBITDA	33.7	9.7%	27.1	10.2%	6.6	24.3%
+ Start-up expenses*	2.0	0.6%	0.9	0.4%	1.1	112.4%
Adjusted EBITDA	35.7	10.3%	28.0	10.6%	7.6	27.2%

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

Significant events

and transactions in Q1 2018

(till the date of publication of this Report)

Entrance into Russian bakery segment

On 27 February 2018 the Company announced signing on the same day the Subscription and Shareholders' Agreement ("SSHA") with LPQ Russia Limited, based in London, United Kingdom ("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 "Structure").

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

The cooperation assumed the contribution of Trademarks to the Structure by the Partner. AmRest will invest EUR 6 million into the Structure with the purpose of developing the restaurant business in Russia.

The Company 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.

Registration of the Group's registered office in Spain

On 14 March 2018 AmRest Holdings SE, in regard to RB 190/2017 dated 28 July 2017 and RB 228/2017 dated 5 October 2017, informed that on the same day it received a confirmation of the registration on 12 March 2018 of its registered office in Pozuelo de Alarcón, Madrid, Spain.

Simultaneously, the amended Statute of the Company adopted by the Extraordinary General Meeting of 5 October 2017 came into force.

In connection with the above, AmRest informed that Spain is currently its Home State and legal and regulatory provisions applicable in the Spanish market will now be applicable to the Company and its shareholders instead of some of the hitherto applicable Polish legal regulations.

Entrance into PH Russia restaurant market

On 30 April 2018 AmRest informed about signing on 30 April 2018 the Master Franchise Agreement ("MFA") with Pizza Hut Europe S.à.r.l. („PH Europe").

Based on the MFA AmRest will gain the master-franchisee rights for Pizza Hut brand in Russia, Azerbaijan and Armenia ("Territory"). After the completion of MFA AmRest will have the exclusive right to grant the license to the third parties to operate Pizza Hut restaurants (sub-franchise) in the Territory and become the franchisor for nearly 30 restaurants currently operated by multiple sub-franchisees in above mentioned countries.

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”), provided that the Company meets certain development obligations specified in the MFA. Upon entry into force of the MFA AmRest will be 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 term. If AmRest fails to meet the development obligations, PH Europe will have the right to increase the Reduced Fees and change the terms or terminate the MFA. The Company’s intention is to open more than 200 Pizza Hut restaurants in the Russian market within 5 years.

The MFA was granted for initial period of 10 years with an option of further prolongations upon the fulfilment of certain terms and conditions.

Simultaneously, AmRest informed about signing on 30 April 2018 the Asset Purchase Agreement (“APA”) between Pizza Company OOO, being the subsidiary of AmRest and Yum Restaurants International Russia and CIS LLC („PH Russia”).

As a result of the APA Pizza Company will acquire the assets of 16 Pizza Hut Delivery and Express restaurants run by PH Russia in Moscow. The purchase price was estimated at RUB 142.6 million (EUR 1.9 million).

It is the intention of the parties that the MFA and the APA shall be completed (including transfer of restaurants’ assets and signing of complementary agreements necessary to ensure the proper development of the network) in the coming months.

In the opinion of the Executive Team of AmRest there is a great potential for growing presence of Pizza Hut brand in Russia. The master franchise rights will contribute to strengthening the partnership with Yum! Brands and AmRest’s leadership position of restaurant operator in Russia.

Changes in the Company's Governing Bodies

On 14 March 2018 AmRest received a confirmation of the registration on 12 March 2018 of its registered office in Pozuelo de Alarcón, Madrid, Spain. Due to that change the corporate structure of the Company has changed into one-tier board system. Currently, the only body which is in charge of governing the Company is the Board of Directors. According to the resolution adopted by the Extraordinary General Meeting of AmRest Holdings SE on 5 October 2017 the composition of the Board of Directors is as follows:

- Mr. José Parés Gutiérrez
- Mr. Carlos Fernández González
- Mr. Luis Miguel Álvarez Pérez
- Mr. Henry McGovern
- Mr. Steven Kent Winegar Clark
- Mr. Pablo Castilla Reparaz
- Mr. Mustafa Ogretici

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

Dividends paid during the period covered by this Report

During the period covered by this Report the Group has not paid any dividend.

Composition of the AmRest Group

As at 31 March 2018 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, Czechia	AmRest Holdings SE	100.00%	December 2000
AmRest Kft	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o. Starbucks Coffee International, Inc.	82.00% 18.00%	March 2007
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Inc. AmRest Sp. z o.o.	0.1% 99.9%	July 2007
AmRest Coffee s.r.o.	Prague, Czechia	AmRest Sp. z o.o. Starbucks Coffee International, Inc.	82.00% 18.00%	August 2007
AmRest Kávészó 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
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
AmRest Chamnord SAS	Paris, France	AmRest Opco SAS	100.00%	March 2018
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, Czechia	SCM Sp. z o.o. Ondrej Razga	90.00% 10.00%	March 2007
SCM Sp. z o.o.	Warsaw, Poland	AmRest Sp. z o.o. R&d Sp. z o.o. Beata 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 25 November 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 this Report.

** On 5 September 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 this Report.

Composition of the AmRest Group

AmRest Interim Report for Q1 2018

(all figures in EUR millions unless stated otherwise)

Shareholders of AmRest Holdings SE

According to the best AmRest's knowledge as at 31 March 2018 AmRest Holdings had the following shareholder structure:

Shareholder	Number of shares and votes at the Shareholders' meeting	% of shares and votes at the Shareholders' meeting
FCapital Dutch B. V.*	11 959 697	56.38
Gosha Holding S.à.r.l.**	2 263 511	10.67
Nationale-Nederlanden OFE	1 484 893	7.00
Other Shareholders	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 Finaces 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 a member of the AmRest Board of Directors.

** Gosha Holding S.à.r.l. is a person closely associated with Mr. Henry McGovern and Mr. Steven Kent Winegar – members of the AmRest Board of Directors.

According to the best AmRest's knowledge as at the date of publication of this report the AmRest Holdings' shareholders structure presented as follows:

Shareholder	Number of shares and votes at the Shareholders' meeting	% of shares and votes at the Shareholders' meeting
FCapital Dutch B. V.	11 959 697	56.38
Gosha Holding S.à.r.l.	2 263 511	10.67
Nationale-Nederlanden OFE	1 105 060	5.21
Aviva OFE	701 370	3.31
Other Shareholders	5 184 255	24.44

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

During the period since 1 January 2018 the following changes occurred with respect to AmRest shares and stock options held by the members of the Board of Directors of AmRest.

According to the best knowledge of AmRest, following members of the Board of Directors owned in this reporting period the Issuer's shares: Mr. Henry McGovern, Mr. Carlos Fernández González and Mr. Steven Kent Winegar Clark.

As at 31 December 2017 Mr. Henry McGovern held directly 7,234 shares of the Company with a total nominal value of EUR 72.34. On 31 March 2018 (and simultaneously on the date of publication of this report) he held 17,234 shares of the Company with a total nominal value of EUR 172.34.

As at 31 December 2017 Gosha Holdings S.a.r.l. - the closely associated person of Mr. Henry McGovern and Mr. Steven Kent Winegar (the Company's Board of Directors members) held 2,463,511 the Company's shares with a total nominal value of EUR 24,635.11. On 31 March 2018 (and simultaneously on the date of publication of this Report) Gosha Holdings S.a.r.l. held the same amount of the Company's shares.

As at 31 December 2017 FCapital Dutch B.V. – the closely associated person of Mr. Carlos Fernández González (member of the Company's Board of Directors) held 11,959,697 the Company's shares with a total nominal value of EUR 119,596.97. On 31 March 2018 (and simultaneously on the date of publication of this Report) FCapital Dutch B.V. held the same amount of the Company's shares.

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

The commencement of the purchase of treasury shares occurred on the basis of Resolution No. 7 of the General Meeting of the Company of 19 May 2015 concerning the authorization for the Management Board to acquire treasury shares in the Company and the establishment of reserve capital.

In the period between 1 January 2018 and the day of publication of this Report, AmRest did not purchase any own shares. During the same period, the Company disposed a total of 22,657 own shares to entitled participants of the stock options plans.

Forecasts of financial results

The Company has not published any forecasts of financial results.



Part B. Condensed Consolidated Interim Report for Q1 2018

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Condensed consolidated income statement for 3 months ended 31 March 2018

	3 months ended	
	31 March 2018	31 March 2017 (restated*)
Continuing operations		
Restaurant sales	328.2	250.6
Franchise and other sales	19.2	14.9
Total revenue	347.4	265.5
Company operated restaurant expenses:		
Food and material	(95.4)	(74.9)
Payroll and employee benefits	(85.8)	(63.9)
Royalties	(17.0)	(12.7)
Occupancy and other operating expenses	(99.0)	(78.0)
Franchise and other expenses	(14.4)	(9.3)
General and administrative (G&A) expenses	(25.5)	(18.8)
Impairment losses	(0.5)	(0.1)
Total operating costs and losses	(337.6)	(257.7)
Other operating income	1.9	1.5
Profit from operations	11.7	9.3
Finance costs	(4.7)	(2.8)
Finance income	0.2	0.1
Income from associates	-	-
Profit before tax	7.2	6.6
Income tax	(2.7)	(1.7)
Net profit for the period	4.5	4.9
Net profit attributable to:		
Non-controlling interests	(0.6)	0.2
Equity holders of the parent	5.1	4.7
Net profit for the period	4.5	4.9
Basic earnings per share in EUR	0.24	0.22
Diluted earnings per share in EUR	0.24	0.22

* The restatement was described in note 1.

Condensed consolidated statement of comprehensive income for 3 months ended 31 March 2018

	3 months ended	
	31 March 2018	31 March 2017 (restated*)
Net profit for the period	4.5	4.9
Other comprehensive incomes:		
Exchanges differences on translation of foreign operations	3.6	(2.8)
Net investment hedges	-	7.3
Income tax concerning net investment hedges	0.2	(1.4)
Total items that may be reclassified subsequently to profit or loss	3.8	3.1
Other comprehensive income for the period	3.8	3.1
Total comprehensive income for the period	8.3	8.0
Attributable to:		
Shareholders of the parent	8.5	10.4
Non-controlling interests	(0.2)	(2.4)

* The restatement was described in note 1.

Condensed consolidated statement of financial position as at 31 March 2018

	31 March 2018	31 December 2017 (restated*)
Assets		
Property, plant and equipment	408.4	404.6
Goodwill	220.9	217.6
Intangible assets	144.8	146.7
Investment properties	5.3	5.3
Other non-current assets	23.0	22.9
Deferred tax assets	15.6	14.3
Total non-current assets	818.0	811.4
Inventories	20.1	22.4
Trade and other receivables	36.6	38.8
Corporate income tax receivables	1.2	1.0
Other current assets	32.9	29.1
Cash and cash equivalents	118.5	131.2
Total current assets	209.3	222.5
Total assets	1 027.3	1 033.9
Equity		
Share capital	0.2	0.2
Reserves	154.1	151.8
Retained earnings	197.8	192.7
Translation reserve	(27.8)	(31.0)
Equity attributable to shareholders of the parent	324.3	313.7
Non-controlling interests	9.2	8.4
Total equity	333.5	322.1
Liabilities		
Interest-bearing loans and borrowings	432.9	433.8
Finance lease liabilities	1.6	1.7
Employee benefits liability	2.8	3.0
Provisions	9.1	9.4
Deferred tax liability	27.0	27.3
Other non-current liabilities	8.3	5.9
Total non-current liabilities	481.7	481.1
Interest-bearing loans and borrowings	37.8	37.8
Finance lease liabilities	0.5	0.4
Trade and other accounts payable	166.9	186.7
Corporate income tax liabilities	6.9	5.8
Total current liabilities	212.1	230.7
Total liabilities	693.8	711.8
Total equity and liabilities	1 027.3	1 033.9

*The restatement was described in note 1.

Condensed consolidated statement of cash flows for 3 months ended 31 March 2018

	3 months ended	
	31 March 2018	31 March 2017 (restated)*
Cash flows from operating activities		
Profit before tax	7.2	6.6
Adjustments for:		-
Amortisation	2.9	2.2
Depreciation	18.6	15.5
Interest expense, net	2.7	2.0
Foreign exchange result	1.4	0.4
Share-based payments adjustments	1.8	1.1
Dividend received from associated entities	-	0.2
Other	0.5	(2.2)
Working capital changes:		
Change in receivables	1.9	0.3
Change in inventories	2.2	0.2
Change in other assets	(3.8)	0.8
Change in payables and other liabilities	(10.3)	(14.4)
Change in other provisions and employee benefits	(0.4)	0.9
Income tax paid	(1.7)	(0.5)
Net cash provided by operating activities	23.0	13.1
Cash flows from investing activities		
Net cash outflows on acquisition	-	(10.2)
Acquisition of property, plant and equipment	(32.0)	(23.7)
Acquisition of intangible assets	(1.4)	(0.3)
Net cash used in investing activities	(33.4)	(34.2)
Cash flows from financing activities		
Proceeds from share transfers (employees options)	0.1	0.8
Expense on acquisition of treasury shares (employees options)	-	(3.4)
Expense on settlement of employee stock options in cash	(0.3)	-
Proceeds from loans and borrowings	-	28.2
Repayment of loans and borrowings	(2.0)	(0.2)
Interest paid	(1.8)	(1.4)
Interest received	0.2	0.1
Transactions with non-controlling interest	1.0	(12.9)
Net cash provided by financing activities	(2.8)	11.2
Net change in cash and cash equivalents	(13.2)	(9.9)
Effect of foreign exchange rate movements	0.5	4.9
Balance sheet change of cash and cash equivalents	(12.7)	(5.0)
Cash and cash equivalents, beginning of period	131.2	66.1
Cash and cash equivalents, end of period	118.5	61.1

*The restatement was described in note 1.

Condensed consolidated statement of changes in equity for 3 months ended 31 March 2018

Attributable to owners of AmRest Holdings SE

	Reserves					Total	Non-controlling interest	Total Equity
	Share capital	Treasury shares	Other reserved capital	Retained Earnings	Translation reserve			
As at 1 January 2018	0.2	(10.6)	162.4	192.7	(31.0)	313.7	8.4	322.1
COMPREHENSIVE INCOME								
Net profit for the period	-	-	-	5.1	-	5.1	(0.6)	4.5
Currency translation differences	-	-	-	-	3.2	3.2	0.4	3.6
Deferred tax related to net investment hedges	-	-	0.2	-	-	0.2	-	0.2
Total Comprehensive Income	-	-	0.2	5.1	3.2	8.5	(0.2)	8.3
TRANSACTION WITH NON-CONTROLLING INTERESTS								
Equity attributable to non-controlling interests	-	-	-	-	-	-	1.0	1.0
Total transactions with non-controlling interests	-	-	-	-	-	-	1.0	1.0
TRANSACTION WITH EQUITY HOLDERS OF THE PARENT								
Value of disposed treasury shares	-	1.4	(1.4)	-	-	-	-	-
Employee stock option plan – proceeds from employees for shares disposal	-	-	0.3	-	-	0.3	-	0.3
Employee stock option plan – value of unexercised employee benefits	-	-	1.8	-	-	1.8	-	1.8
Total transactions with equity holders	-	1.4	0.7	-	-	2.1	-	2.1
As at 31 March 2018	0.2	(9.2)	163.3	197.8	(27.8)	324.3	9.2	333.5
As at 1 January 2017 (restated*)	0.2	(2.5)	165.2	149.8	(17.0)	295.7	16.2	311.9
COMPREHENSIVE INCOME								
Net profit for the period	-	-	-	4.7	-	4.7	0.2	4.9
Currency translation differences	-	-	-	-	(0.2)	(0.2)	(2.6)	(2.8)
Net investment hedges valuation	-	-	7.3	-	-	7.3	-	7.3
Deferred tax related to net investment hedges	-	-	(1.4)	-	-	(1.4)	-	(1.4)
Total Comprehensive Income	-	-	5.9	4.7	(0.2)	10.4	(2.4)	8.0
TRANSACTION WITH NON-CONTROLLING INTERESTS								
Acquisition of non-controlling interest	-	-	(7.6)	-	-	(7.6)	(6.2)	(13.8)
Dividends allocated to non-controlling shareholders	-	-	-	-	-	-	0.1	0.1
Total transactions with non-controlling interests	-	-	(7.6)	-	-	(7.6)	(6.1)	(13.7)
TRANSACTION WITH SHAREHOLDERS								
Purchase of treasury shares	-	(3.4)	-	-	-	(3.4)	-	(3.4)
Value of disposed treasury shares	-	3.0	(3.0)	-	-	-	-	-
Employee stock option plan – proceeds from employees for shares disposal	-	-	0.2	-	-	0.2	-	0.2
Employee stock option plan – value of unexercised employee benefits	-	-	1.3	-	-	1.3	-	1.3
Total transactions with equity holders	-	(0.4)	(1.5)	-	-	(1.9)	-	(1.9)
As at 31 March 2017 (restated*)	0.2	(2.9)	162.0	154.5	(17.2)	296.6	7.7	304.3

* The restatement was described in note 1.

Basis of preparation of the consolidated interim report

Accounting figures presented in this condensed consolidated report were prepared in accordance with the International Financial Reporting Standards and their interpretations adopted by the International Accounting Standards Board (“IASB”) in the form approved for application on the territory of the European Union by virtue of the IFRS Regulation (the European Commission 1606/2002) (“IFRSs”).

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

The preparation of this Condensed Consolidated Interim Report requires the Board of Directors to make certain assumptions, judgments and estimates, which are reflected in the applied accounting policies and affect the value of assets and liabilities, revenues and expenses disclosed in this Condensed Consolidated Interim Report. The estimates and the related assumptions, which are made on the basis of experience and various factors deemed relevant in given circumstances, are the basis for valuation of the assets and liabilities which do not directly result from other sources. Actual results may differ from the estimates.

The most significant estimates and assumptions concern the valuation of property, plant and equipment, intangible assets, including goodwill, revaluation allowances for accounts receivable and inventories, provisions, contingent liabilities and adjustment to the valuation of deferred tax assets. During the period covered by this Report, there were no material changes in the value of estimates disclosed in the previous reporting periods.

The accounting policies described in the annual consolidated financial statements as at 31 December 2017 have been applied consistently in all periods presented in this Condensed Consolidated Interim Report and have been applied consistently by all members of the Group with exceptions of the amendments of IFRSs applicable from 1 January 2018 and changes presented below. Since 1 January 2018 the Group applied requirements of IFRS 9 and IFRS 15, however as stated in the annual consolidated financial statements, the impact on numbers starting from 1 January 2018 was not significant.

Change of the presentation currency and level of aggregation of data

In the second half of 2017 the current shareholders of AmRest decided on change of domicile from Wrocław, Poland to Madrid, Spain. Respective legal documents were submitted to Spanish Court on 1 March 2018. On 14 March 2018 the Company received the confirmation and reported on both Warsaw and Madrid Stock Exchange that as at 12 March 2018 the Spanish Court approved the change of domicile and registered AmRest’s domicile in Madrid.

The annual reporting for year 2017 (for both separate and consolidated financial statements) was prepared in accordance with IFRSs and was published on 8 March 2018 in PLN thousands.

Decision about changing the domicile caused considerations of changing the presentation currency of the Group from PLN to EUR. Taking into account, among others matters listed below, the Group decided to change its presentation currency into EUR, as currency that better responds to the needs of users of consolidated financial reports:

- AmRest is a global restaurant operator conducting its activities in many countries and currency zones. Large number of the companies from the Group use EUR as a functional and presentation currency.
- The vast majority of acquisitions done by AmRest are conducted in EUR.

- With the change of domicile Group will be required to report its financial statements both on Warsaw Stock Exchange (where it is quoted) and on Madrid Stock Exchange (where it is domiciled). EUR is a widely used currency in presentation of financial statements of entities domiciled in Spain.
- Warsaw Stock Exchange allows to publish reports in EUR.
- EUR is a widely used in financial reporting, especially by entities domiciled in European Union.
- Long term development plan includes investments in Western Europe where EUR is a functional currency.
- The Group also expects to change its internal reporting into EUR.

The change of presentation currency under IFRSs is being considered as a change in the accounting policy and should be applied retrospectively. Change of the presentation currency had no impact on assets, liabilities and total equity but impacts translation the particular equity positions.

Subsequently, in order to present information better and more clearly, data was aggregated into millions of EUR with one decimal place.

Details regarding to those changes were presented in the annex to this Report.

Changes in the Cash Flow Statement

In 2017 the Group decided to change the presentation of interests paid and received in the cash flow statement. The change was inspired by the desire to reflect better the nature of the transactions as well as the growing magnitude of cash flow. Interests are now presented in the financing activities instead of operating activities (Adjustment 2). As a result, cash flow statement presented in the published condensed consolidated report for Q1 2017 had to be restated. The following table presents details.

Condensed consolidated cash flow statement for 3 months ended 31 March 2017

	3 months ended 31 March 2017			
	Published PLN thousands	Adjustment 1 EUR millions	Adjustment 2 EUR millions	Restated EUR millions
Cash flows from different positions of operating activities	56 766	13.1	-	-
Interest paid	(6 358)	(1.4)	1.4	-
Interest received	681	0.1	(0.1)	(0.1)
Net cash provided by operating activities	51 089	11.8	1.3	13.1
Net cash used in investing activities	(147 359)	(34.2)	-	(34.2)
Cash flows from different positions of financing activities	53 382	12.5	-	12.5
Interest paid	-	-	(1.4)	(1.4)
Interest received	-	-	0.1	0.1
Net cash provided by financing activities	53 382	12.5	(1.3)	11.2
Net change in cash and cash equivalents	(42 888)	(9.9)	-	(9.9)

Changes in the purchase price allocation process

In the first quarter of 2018 AmRest Group finalized the process of tax settlement of the acquisition of 15 KFC restaurants operating in the German market and completed the purchase price allocation process.

The fair value of goodwill and deferred tax asset presented in the acquisition note in the annual consolidated financial statements as at 31 December 2017 was adjusted: goodwill was decreased by EUR 0.1 million and deferred tax asset was increased by EUR 0.1 million. The fair value of other net assets was not changed.

As a consequence, comparative data, and relevant explanatory notes, presented in these condensed consolidated report were restated.

Adjustments introduced did not materially affect the comparative data presented in this Interim Condensed Consolidated Report 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 not restated.

Seasonality of sales

In the case of the AmRest Group, the seasonality of sales and inventories is not significant, which is typical to the restaurant business. The restaurants record the lowest sales in the first quarter of the year, which is attributable primarily to fewer people dining out. The highest sales are achieved in the fourth quarter mostly because of the pre-Christmas period, when particularly high sales are reported by the restaurants situated in shopping malls.

AmRest as a Group of dynamic developing entities running operations in 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 analysis the Group's performance in geographic breakdown.

As for the reporting date the Executive Committee defines segments in presented below layout.

Segment	Description
Central and Eastern Europe (CEE)	Restaurant operations in: <ul style="list-style-type: none"> ■ Poland - KFC, Pizza Hut, Starbucks, Burger King, Blue Frog, ■ Czechia - 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: <ul style="list-style-type: none"> ■ 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 (including borrowings and lease liabilities), transactions of SCM sp. z o.o. and its subsidiaries, Restaurant Partner Polska, AmRest Holdings SE, AmRest Capital Zrt, AmRest Finance Zrt and AmRest Finance S.L. and financial costs and incomes, income tax, net income from continued operation, total net income.

	CEE	Western Europe	Russia	China	Unallocated	Total
Three months ended 31 March 2018						
Total segment revenue	163.6	125.2	39.4	15.3	3.9	347.4
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customers	163.6	125.2	39.4	15.3	3.9	347.4
EBITDA	21.0	11.6	4.4	0.8	(4.1)	33.7
Capital investment*	16.6	13.2	2.7	0.7	0.2	33.4
Three months ended 31 March 2017						
Total segment revenue	135.5	81.2	32.0	13.9	2.9	265.5
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customers	135.5	81.2	32.0	13.9	2.9	265.5
EBITDA	18.0	6.5	2.5	0.8	(0.7)	27.1
Capital investment*	14.7	16.1	2.6	0.6	0.1	34.1
31 March 2018						
Total segment assets	334.6	482.8	110.2	49.2	50.5	1 027.3
Goodwill	8.5	147.0	44.0	20.1	1.3	220.9
Deferred tax assets	5.3	6.4	-	0.5	3.4	15.6
Total segment liabilities	80.2	78.6	13.5	10.1	511.4	693.8
31 December 2017						
Total segment assets	344.5	484.9	101.9	48.3	54.3	1 033.9
Goodwill	8.5	147.1	40.6	20.0	1.4	217.6
Deferred tax assets	4.8	5.4	-	0.4	3.7	14.3
Total segment liabilities	94.8	85.6	9.2	11.0	511.2	711.8

*Capital investment comprises increases and acquisition in property, plant and equipment, intangible assets, adjusted for change in investment liabilities

	3 months ended	
	31 March 2018	31 March 2017
EBITDA	33.7	27.1
Depreciation	(18.6)	(15.5)
Amortisation	(2.9)	(2.2)
Impairment of assets	(0.5)	(0.1)
Finance income	0.2	0.1
Finance costs	(4.7)	(2.8)
Profit before income tax from continuing operations	7.2	6.6

Changes in the future and contingent liabilities

As in the previous reporting period, the Company's future liabilities are derived from the franchise agreements and development agreement. Group restaurants are operated in accordance with franchise agreements with YUM! and subsidiaries of YUM!, Burger King Europe GmbH, Starbucks Coffee International, Inc. Details of the agreements have been described in the note 1 a), 1 i) and 28 of the Group's annual consolidated financial statements for 2017.

Additionally, in regard with the Credit Agreement described in note 19 of the annual consolidated financial statement for 2017 few entities provided surety. For details please refer to the note 28 of the Group's annual consolidated financial statements for 2017.

From the date of publication of the annual consolidated financial statements for 2017 there were no significant changes in the future and contingent liabilities.

Business combinations in Q1 2018

There were no material business combinations as well as no other final reconciliations of purchase price accounting for past acquisitions in first quarter 2018.

Earnings per ordinary share

	3 months ended	
	31 March 2018	31 March 2017
Net profit attributable to shareholders of the parent	5.1	4.7
Ordinary shares	21 213 893	21 213 893
Average weighted number of ordinary shares used in calculation of diluted earnings per share	21 213 893	21 213 893
Basic earnings per ordinary share (EUR)	0.24	0.22
Diluted earnings per ordinary share (EUR)	0.24	0.22

Tax inspections in AmRest Sp. z o.o.

- a. On 28 July 2016 in AmRest Sp. z o.o. a tax inspection began regarding VAT returns for 2014. On 11 September 2017 the Company received the tax inspection report issued by the Head of the Lower Silesia Tax Office ("Head"), which questioned the correctness of output VAT settlement for a part of operational sales revenues. The Head claimed in his decision tax liability amounting to PLN 4,335 thousand and the amount of the return received unduly of PLN 10,243 thousand. Once both amounts are due, there will be interests charged accordingly to the Tax Ordinance Act. As at the date of publication of this Report the decision is not final and has not become enforceable.

On 22 September 2017 the Company submitted an appeal referring to the above decision.

On 10 October 2017 the Company received the response to the appeal which confirmed the Head's decision on that matter. As at date of publication of this Report the decision of the Tax Administration Chamber had not been issued.

- b. On 15 September 2016 in AmRest Sp. z o.o. a tax inspection began regarding VAT returns for the period January – September 2013.

On 2 October 2017 the Company received the tax inspection report issued by the Malopolska Customs and Tax Office in Cracow ("Head"), which questioned the correctness of output VAT settlement for a part of operational sales revenues. The Head 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 are due, there will be interests charged accordingly to the Tax Ordinance Act. As at the date of publication of this Report the decision is not final and has not become enforceable.

On 16 October 2017 the Company submitted an appeal referring to the above described decision. On 17 January 2018 the Head of the Tax Administration Chamber issued a decision revoking the decision of first instance and submitted it for further examination.

- c. On 28 September 2016 in AmRest Sp. z o.o. a tax inspection began on VAT returns for 2012. On 11 September 2017 the Company received a decision issued by the Head of the Malopolska Customs and the Tax Office in Cracow ("Head"), which questioned the correctness of output VAT settlement on a part of operational sales revenues. The Head claimed in his decision underestimated output VAT amounting to PLN 18,498 thousand. Once the amount becomes due, there will be interest charged accordingly to the Tax Ordinance Act. As at the date of publication of this Report the decision is not final and has not become enforceable.

On 16 October 2017 the Company received a response to the appeal submitted on 25 September 2017 which confirmed the Head's decision on that matter. On 12 December 2017 the Head of the Tax Administration Chamber issued a decision revoking the authority of first instance and submitted it for further examination.

On 7 November 2017 the Company received the decision of the Head's of the Lower Silesia Tax Office on the basis of which the above decision of the Head of the Malopolska Customs and Tax Office became immediately enforceable. As a result, on 7 November 2017 the Company's bank account was seized in order to cover tax liabilities consisting of VAT liability for July, August and September 2012 amounting to PLN 1,259 thousand, unduly received in the December 2012 VAT return (for July 2012) in the amount of PLN 515 thousand, interest accrued in the amount of PLN 825 thousand and enforcement costs in the amount of PLN 158 thousand.

On 14 November 2017 the Company submitted an appeal to that decision and administrative action taken. On 12 February 2018 the Head of the Tax Administration Chamber issued a decision upholding the decision of the first instance concerning the execution.

On 19 March 2018 the Company appealed to the Local Administrative Court in this respect and on 5 May 2018 the Company received the response of the Head of Tax Administration Chamber to its complaint.

- d. On 3 November 2016 in AmRest Sp. z o.o. a tax inspection began regarding VAT returns for August and September 2016.

On 14 September 2017 the Company received the tax inspection report issued by the Head of the Lower Silesia Tax Office ("Head"), which questioned the correctness of output VAT settlement for a part of operational sales revenues. The Head 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 this Report the decision is not final and has not become enforceable.

On 13 October 2017 the Company received the response to the appeal submitted on 28 September 2017 which confirmed the Head's decision on that matter. The case is being analysed by the Tax Administration Chamber. As at the date of publication of this Report the decision of the Tax Administration Chamber has not been issued.

- e. On 24 March 2017 at AmRest Sp. z o.o. a tax inspection began regarding VAT returns for December 2016. On 28 September 2017 the Company received the tax protocol and on 11 October 2017 the Company submitted its reservations.

As at the date of publication of this Report the proceedings has not been finished.

- f. On 24 May 2016 in AmRest Sp. z o.o. a tax inspection began regarding VAT returns for March 2016. On 12 October 2017 the Company received the tax inspection report and on 25 October 2017 the Company submitted its reservations.

As at the date of publication of this Report the proceedings has not been finished.

- g. On 11 October 2016 at AmRest Sp. z o.o. a tax inspection began regarding VAT returns for the period January – July 2017. On 8 February 2018 the Company received the tax inspection report and on 22 February 2018 the Company submitted its reservations. On 9 March 2018 the tax authorities issued the response to the appeal upholding their decision.

As at the date of publication of this Report the proceedings has not been finished.

- h. On 1 February 2018 at AmRest Sp. z o.o. a tax inspection began regarding VAT returns for the period August – November 2017. On 30 April 2018 the Company received the tax protocol and on 11 May 2018 the Company submitted its reservations.

As at the date of publication of this Report the proceedings has not been finished.

In all issued decisions the 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 services) 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 Head. The circumstances of the case and the allegations of the Head have been thoroughly analysed by the Company and its tax advisers, who found the Head'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 Article 14k and Article 14m of the Tax Ordinance Act.

Additionally, the matter of applying 5% VAT rate to the take-away segment was verified and confirmed by positive decisions issued by the Head 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 an approach.

According to the statement of reasons issued on 22 January 2018 by the Head of the Dolnośląski Urząd Celno Skarbowy, the reason for missing the tax proceedings deadline was the re-examination of the collected evidence in order to state a view on the correctness of VAT rate applied, taking into account the different approach in current case law of administrative courts and review bodies.

For the above reasons, the Company insist that the case should be determined with application of Article 2a of the Tax Ordinance Act of 29 August 1997 (which states that, when the provisions of the law are not clear the case should be determined in favour of the taxpayer) even if the Head 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 provide protective power.

The Board of Directors of the Parent analysed the risk in regards to ongoing tax inspections and assessed the risk as less than 50%. In reference to the IAS 37, point 14 in the Board of Directors' opinion there is no legal obligation and any cash outflows require a higher probability of materialisation of the risk. Therefore, the Board of Directors decided that as at 31 March 2018 and as at the date of publication of this Report there are no obligating events, so there are no grounds for booking the provisions for the aforementioned risk.

- i. On 23 February 2018 at AmRest Sp. z o.o. a tax inspection began regarding CIT for 2016. As at the date of publication of this Report the inspection has not been finished.

Tax inspections in other group companies

- a. On 17 January 2018 at AmRest Coffee Sp. z o.o. a tax inspection began regarding VAT returns for the period December – March 2013. As at the date of publication of this Report the inspection has not been finished.
- b. In September 2016 AmRest Coffee Deutschland Sp. z o.o. & Co. KG 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 to the acquisition of 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 these adjustments was estimated in amount of EUR 11,338 thousand. The Group recognized the above provision with corresponding asset related to the right to compensation resulting from the acquisition agreement as at the date of acquisition of AmRest Coffee Deutschland Sp. z o.o. & Co. KG.

- c. On 22 June 2017 at AmRest Topco SAS a tax inspection began regarding tax settlements for 2014 and 2015. As at the date of publication of this Report the inspection has not been finished.
- d. On 16 November 2017 at AmRest Holdings SE a tax inspection began regarding CIT for 2012. On 12 February 2018 the Company received a decision regarding the tax inspection based on which the Company submitted on 22 February 2018 a corrective tax return increasing the taxable income. The corrected amount was immaterial.
- e. On 11 January 2018 at AmRest Holdings SE a tax inspection began regarding CIT for 2013. As at the date of publication of this Report the inspection has not been finished.
- f. On 1 November 2017 at AmRest DE Sp. z o.o. & Co. KG a tax inspection began regarding VAT returns for August 2017. No material irregularities were noted during this tax inspection.

In the Board of Directors' opinion, there is no other contingent liabilities concerning pending audits and tax proceedings, other than stated above.

Subsequent events

There were no significant subsequent events after 31 March 2018 till the date of publication of this Report.



Part C. Separate Interim Report for Q1 2018

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Interim separate income statement for 3 months ended 31 March 2018

	3 months ended	
	31 March 2018	31 March 2017 (restated*)
Revenues	0.8	2.0
Personnel expenses	(0.1)	-
Other operating expenses	(0.2)	0.1
Amortization and depreciation	-	-
Results from operating activities	0.5	2.1
Finance income	0.2	0.6
Finance expenses	(1.3)	(0.7)
Exchange rates gains and losses	0.4	(0.2)
Impairment and gains/(losses) on disposal of financial instruments	(1.2)	(0.7)
Net finance income (expense)	(1.9)	(1.0)
Profit/(loss) before income tax	(1.4)	1.1
Income tax expense	0.1	0.1
Profit/(loss) for the period	(1.3)	1.2

*The restatement was described in the notes to the Separate Interim Report for Q1 2018.

Interim separate statement of recognized income and expense for 3 months ended 31 March 2018

	31 March 2018	31 March 2017 (restated*)
Profit for the period	(1.3)	1.2
Currency translation adjustment	-	8.2
Total recognized income and expenses for the period	(1.3)	9.4

*The restatement was described in the notes to the Separate Interim Report for Q1 2018.

Interim separate balance sheet as at 31 March 2018

	31 March 2018	31 March 2017 (restated*)
Assets		
Intangible assets	0.1	0.1
Investment in group companies and associates	343.3	339.5
Deferred tax assets	-	0.3
Total non-current assets	343.4	339.9
Trade and other receivables	2.9	3.0
Investments and loans in group companies and associates	4.1	2.1
Cash and cash equivalents	20.2	24.4
Total current assets	27.2	29.5
Total assets	370.6	369.4
Equity		
Share capital	0.2	0.2
Share premium	189.1	189.1
Reserves	32.0	21.4
Own shares and equity instruments	(9.2)	(10.6)
Profit/(loss) for the period	(1.3)	10.6
Other equity instruments	(8.1)	(8.8)
Currency translation reserve	(6.8)	(6.8)
Total equity	195.9	195.1
Liabilities		
Provisions	2.2	2.2
Non-current financial liabilities	133.8	134.4
Total non-current liabilities	136.0	136.6
Trade and other payables	38.7	37.7
Total current liabilities	38.7	37.7
Total liabilities	174.7	174.3
Total equity and liabilities	370.6	369.4

*The restatement was described in the notes to the Separate Interim Report for Q1 2018.

Interim separate statement of cash flows for 3 months ended 31 March 2018

	3 months ended	
	31 March 2018	31 March 2017 (restated*)
Cash flows from operating activities		
Profit before tax	(1.4)	1.1
Adjustments:	1.1	(1.0)
Impairment losses	1.2	0.7
Share based payments adjustment	(0.8)	(2.0)
Finance income	(0.2)	(0.6)
Finance expenses	1.3	0.7
Exchange gains/losses	(0.4)	0.2
Changes in operating assets and liabilities	0.4	3.4
Trade and other receivables	0.7	3.7
Other current assets	-	-
Trade and other payables	(0.3)	(0.3)
Other cash flows from operating activities	(1.5)	0.5
Interest received	-	0.5
Interest paid	(1.5)	-
Net cash provided by operating activities	(1.4)	4.0
Cash flows from investing activities		
Proceeds from investment loans and borrowings	-	7.9
Increase investment loans and borrowings	-	(2.9)
Payments for Investments in group companies	(3.0)	(13.6)
Net cash used in investing activities	(3.0)	(8.6)
Cash flows from financing activities		
Proceeds from share issuance (employees options)	0.2	6.0
Expense on acquisition of own shares (employees option)	-	(3.4)
Net cash provided by/(used in) financing activities	0.2	2.6
Net change in cash and cash equivalents	(4.2)	(2.0)
Cash and cash equivalents in balance sheet		
Cash and cash equivalents at the beginning of the period	24.4	2.5
Translations differences	-	0.1
Cash and cash equivalents as at the end of the period	20.2	0.6

*The restatement was described in the notes to the Separate Interim Report for Q1 2018.

Interim separate statement of changes in equity for 3 months ended 31 March 2017

	Share capital	Share premium	Reserves	Own shares	Profit or loss for the period	Other equity instruments	Currency translation reserve	Total Equity
As at 1 January 2018	0.2	189.1	21.4	(10.6)	10.6	(8.8)	(6.8)	195.1
Total recognised income and expense	-	-	-	-	(1.3)	-	-	(1.3)
Transactions on own shares and equity holdings (net)	-	-	-	1.4	-	(1.4)	-	-
Employee stock option plan – proceeds from employees – for shares disposal	-	-	-	-	-	0.3	-	0.3
Employee stock option plan – value of unexercised employee benefits	-	-	-	-	-	1.8	-	1.8
Transfer of profit or loss to reserves	-	-	10.6	-	(10.6)	-	-	-
As at 31 March 2018	0.2	189.1	32.0	(9.2)	(1.3)	(8.1)	(6.8)	195.9
As at 1 January 2017 (restated*)	0.2	189.1	11.0	(2.5)	10.5	(3.2)	(17.3)	187.8
Total recognised income and expense	-	-	-	-	1.2	-	8.2	9.4
Transactions on own shares and equity holdings (net)	-	-	-	(0.4)	-	(3.0)	-	(3.4)
Employee stock option plan – proceeds from employees – for shares disposal	-	-	-	-	-	0.2	-	0.2
Employee stock option plan – value of unexercised employee benefits	-	-	-	-	-	1.1	-	1.1
Transfer of profit or loss to reserves	-	-	10.5	-	(10.5)	-	-	-
Other equity movements	-	-	(0.1)	-	-	-	-	(0.1)
As at 31 March 2017 (restated*)	0.2	189.1	21.4	(2.9)	1.2	(4.9)	(9.1)	195.0

*The restatement was described in the notes to the Separate Interim Report for Q1 2018.

Modifications of the information presented for comparative purposes

AmRest Holdings SE (“AmRest” or “Company”) informs that on 14 March 2018 it received a confirmation of the registration on 12 March 2018 of its registered office in Pozuelo de Alarcón, Madrid, Spain.

Conversion to the Spanish GAAP

As a consequence of the change of domicile of the Company and as per the provisions established in the paragraph 3 of the Spanish General Accounting Plan the Separate Financial Statements have been prepared in accordance with Spanish Accounting Standards harmonized with the International Accounting Standards and the internal commercial law.

The Company has analysed the differences of criteria between the principles used previously to present Financial Statements (IFRS) and the Spanish regulations and has made the correspondent adjustments retrospectively calculating the effects from the earlier reporting period from which information is available.

The effects of the adjustments were identified in the Annex to the Separate Interim Report for Q1 2018.

The presentation of the financial statements of the previous periods was also adapted to the formats and classifications of accounts established in the Spanish General Accounting Plan.

Change of the presentation currency

The financial statements as of March 2017 that were previously published on the Warsaw Stock Exchange in Polish zlotys (PLN) were translated into the current presentation currency euro (EUR) following the procedures set out in the standards for the preparation of consolidated annual accounts that implement the precepts of the Commercial Code.

The resulting translation differences were recognised in the equity.

Change of the functional currency

The Company prepared an analysis of reassessment of its functional currency and concluded that since 1 January 2018 euro (EUR) is considered the functional currency of AmRest Holding SE.

The Company has applied translation procedures to new functional currency prospectively since the date of change (i.e. 1 January 2018) as it is established in the article 59.3 of the Rules for Formulation of Consolidated Annual Accounts (NFCAC).

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 included in current assets, except for maturities greater than 12 months from the balance sheet date that are classified as non-current assets.

These financial assets are initially valued at their fair value, including transaction costs that are directly attributable to them, and at amortized cost, recognizing the accrued interest based on their effective interest rate and the discount rate that equals the value in books of the instrument with all of its estimated cash flows until maturity. Notwithstanding the foregoing, loans for commercial transactions with maturity not exceeding one year are valued, both at the time of initial recognition and subsequently, at their nominal value, provided that the effect of not updating the flows is not significant.

At least at the end of the year, the necessary valuation corrections are made for impairment of value if there is evidence that the amounts owed will not be collected.

The amount of the impairment loss is the difference between the book value of the asset and the present value of the estimated future cash flows discounted at the effective interest rate at the time of initial recognition. The value corrections as well as, where appropriate, their reversal are recognized in the abbreviated profit and loss account.

Investments in the equity of group companies, jointly controlled entities and associates

They are valued at their cost minus, where applicable, the accumulated amount of the corrections for impairment of value. However, when there is an investment prior to qualification as a group, multi-group or associate company, the carrying amount of the investment is considered as investment cost before having that qualification. The previous valuation adjustments recorded directly in equity remain in this until they are written off.

If there is objective evidence that the book value is not recoverable, the appropriate valuation corrections are made for the difference between their book value and the recoverable amount, understood as the greater amount between their fair value less costs to sell and the current value of the cash flows derived from the investment. Unless there is better evidence of the recoverable amount, in estimating the impairment of these investments, the net equity of the investee company is taken into account, corrected for the tacit capital gains existing on the valuation date. The value correction and, if applicable, its reversal is recorded in the abbreviated profit and loss account for the year in which it occurs.

Interest and dividends from financial assets

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

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

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

Own equity instruments

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

Costs incurred on an own equity transaction that is discontinued or abandoned shall be recognised as an expense.

Debt and Trade and other payables

Financial liabilities included in this category shall initially be measured at fair value. In the absence of evidence to the contrary, this shall be the transaction price, which is equivalent to the fair value of the consideration received, adjusted for directly attributable transaction costs. Nonetheless, trade payables falling due within one year for which there is no contractual interest rate, and called-up equity holdings expected to be settled in the short term can be measured at their nominal amount, provided that the effect of not discounting the cash flows is immaterial.

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

Contributions received as a result of joint account contracts and similar agreements shall be measured at cost plus or minus the gain or loss, respectively, attributable to the nontrustee ventures.

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

Revenues Recognition

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

Share Base Payments transactions

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.

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.

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

When there is compensation agreement or recharge from the parent to subsidiary this operation represents a separated corporate operation of distribution/recuperation of the investment instrumented through the share base payment plan.



Annex to the Interim Report for Q1 2018

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Explanation for the modifications of the comparatives in the Condensed Consolidated Interim Report for Q1 2018

In second half of 2017 the current shareholders of AmRest decided on change of domicile from Wroclaw, Poland to Madrid, Spain. Respective legal documents were submitted to Spanish Court on 1 March 2018. On 14 March 2018 the Company received the confirmation and reported on both Warsaw and Madrid Stock Exchange that as at 12 March 2018 the Spanish Court approved the change of domicile and registered AmRest's domicile in Madrid.

The annual reporting for year 2017 (for both separate and consolidated financial statements) was prepared in accordance with IFRSs and was published on 8 March 2018 in PLN thousands.

Decision about changing the domicile caused considerations of changing the presentation currency of the Group from PLN to EUR. At the end of the day, taking into account among others matters listed below, the Group decided to change its presentation currency into EUR, as currency that better responds to needs to users of consolidated financial reports

- AmRest is a global restaurant operator conducting its activities in many countries and currency zones. Large number of the companies from the Group use EUR as a functional and presentation currency.
- The vast majority of acquisitions done by AmRest are conducted in EUR.
- With the change of domicile Group will be required to report its financial statements both on Warsaw Stock Exchange (where it is quoted) and on Madrid stock exchange (where is domiciled). EUR is a widely used currency in presentation of financial statements of entities domiciled in Spain.
- Warsaw Stock Exchange allows to publish reports in EUR.
- EUR is a widely used in financial reporting, especially by entities domiciled in European Union.
- Long term development plan includes investments in Western Europe where EUR is a functional currency.
- The Group also expects to change its internal reporting into EUR.

The change of presentation currency under IFRSs is being considered as a change in the accounting policy and should be applied retrospectively. Change of the presentation currency had no impact on assets, liabilities and total equity but impacts translation the particular equity positions.

For the purpose of translation comparative data the following rules were applied:

- For share capital, which is actually issued in EUR – historical values in EUR were assigned. Share capital value is not material.
- For share premium items historical movements were analysed. Material share capital increases were translated using historical exchange rate from date of transaction.
- Treasury shares transaction since year 2015 were recalculated for all movements. FIFO is used for treasury shares disposals. Consequently, treasury shares were translated into EUR using historical costs.
- For share based payments ("SBP") transactions recognized in 2015 and later on an average exchange rate for each year (years 2015- 2016) or for each quarter (year 2017) was applied.

- Non-controlling interest transactions were recognised at historical exchange rate.
- For translation of profit or loss positions and retained earnings recognised in 2015 and earlier an average exchange rate for each quarter was applied and for those recognised in 2016 and 2017 monthly exchange rate was applied for each group company. As a consequence quarterly consolidated data for each line of income statements are effectively translated with different exchange rates.
- As a consequence of the above transactions new balance of currency translation reserve was determined. Exchange differences needed to be established at new, for group operations where functional currency is other than EUR. Differences between currency translation reserve were recognised in other comprehensive income.
- For translation of all the assets and liabilities closing rate was applied.
- Cash flow positions referring to profit and loss positions were translated with monthly average exchange rate for each company. For those referring to acquisitions historical exchange rates were applied and for all other positions a quarterly average exchange rate was applied. The difference resulting from translation of cash flow was presented in effect of foreign exchange rate movements.

Subsequently, in order to present information better and more clearly, data was aggregated into EUR millions with one decimal place.

Details regarding to those changes are presented in the tables below.

Condensed consolidated income statement effect of change of the currency

	3 months ended	
	31 March 2017 Published PLN thousands	31 March 2017 Restated EUR millions
Continuing operations		
Restaurant sales	1 082 796	250.6
Franchise and other sales	64 604	14.9
Total revenue	1 147 400	265.5
Company operated restaurant expenses:		
Food and material	(323 561)	(74.9)
Payroll and employee benefits	(275 984)	(63.9)
Royalties	(54 770)	(12.7)
Occupancy and other operating expenses	(337 347)	(78.0)
Franchise and other expenses	(40 245)	(9.3)
General and administrative (G&A) expenses	(81 194)	(18.8)
Impairment losses	(483)	(0.1)
Total operating costs and losses	(1 113 584)	(257.7)
Other operating income	6 247	1.5
Profit from operations	40 063	9.3
Finance costs	(12 181)	(2.8)
Finance income	680	0.1
Income from associates	(46)	-
Profit before tax	28 516	6.6
Income tax	(7 194)	(1.7)
Profit for the period	21 322	4.9
Profit attributable to:		
Non-controlling interests	765	0.2
Equity holders of the parent	20 557	4.7
Profit for the period	21 322	4.9
Basic earnings per share in PLN/EUR	0.97	0.22
Diluted earnings per share in PLN/EUR	0.97	0.22

Condensed consolidated statement of comprehensive income effect of change of the currency

	3 months ended	
	31 March 2017 Published PLN thousands	31 March 2017 Restated EUR millions
Net profit	21 322	4.9
Other comprehensive incomes:		
Exchanges differences on translation of foreign operations	(73 711)	(2.8)
Net investment hedges	31 568	7.3
Income tax concerning net investment hedges	(5 998)	(1.4)
Total items that may be reclassified subsequently to profit or loss	(48 141)	3.1
Other comprehensive income net of tax	(48 141)	3.1
Total comprehensive income	(26 819)	8.0
Attributable to:		
Shareholders of the parent	(17 787)	10.4
Non-controlling interests	(9 032)	(2.4)

Condensed consolidated statement of financial position effect of change of the currency and final PPA recognition

31 December 2017

	Published PLN thousands	Adjustment 1 EUR millions	Adjustment 2 EUR millions	Adjustment 3 EUR millions	Restated EUR millions
Assets					
Property, plant and equipment	1 690 155	404.6	-	-	404.6
Goodwill	909 310	217.7	-	(0,1)	217.6
Other intangible assets	612 690	146.7	-	-	146.7
Investment properties	22 152	5.3	-	-	5.3
Other non-current assets	95 853	22.9	-	-	22.9
Deferred tax assets	59 302	14.2	-	0,1	14.3
Total non-current assets	3 389 462	811.4	-	-	811.4
Inventories	93 628	22.4	-	-	22.4
Trade and other receivables	162 004	38.8	-	-	38.8
Corporate income tax receivables	4 174	1.0	-	-	1.0
Other current assets	121 571	29.1	-	-	29.1
Cash and cash equivalents	548 248	131.2	-	-	131.2
Total current assets	929 625	222.5	-	-	222.5
Total assets	4 319 087	1 033.9	-	-	1 033.9
Equity					
Share capital	714	0.2	-	-	0.2
Reserves	606 366	145.2	6.6	-	151.8
Retained earnings	837 301	200.4	(7.7)	-	192.7
Translation reserve	(133 917)	(32.1)	1.1	-	(31.0)
Equity attributable to shareholders of the parent	1 310 464	313.7	-	-	313.7
Non-controlling interests	35 184	8.4	-	-	8.4
Total equity	1 345 648	322.1	-	-	322.1
Liabilities					
Interest-bearing loans and borrowings	1 811 975	433.8	-	-	433.8
Finance lease liabilities	7 001	1.7	-	-	1.7
Employee benefits liability	12 488	3.0	-	-	3.0
Provisions	39 543	9.4	-	-	9.4
Deferred tax liability	114 242	27.3	-	-	27.3
Other non-current liabilities	24 508	5.9	-	-	5.9
Total non-current liabilities	2 009 757	481.1	-	-	481.1
Interest-bearing loans and borrowings	157 880	37.8	-	-	37.8
Finance lease liabilities	1 777	0.4	-	-	0.4
Trade and other accounts payable	779 839	186.7	-	-	186.7
Corporate income tax liabilities	24 186	5.8	-	-	5.8
Total current liabilities	963 682	230.7	-	-	230.7
Total liabilities	2 973 439	711.8	-	-	711.8
Total equity and liabilities	4 319 087	1 033.9	-	-	1 033.9

Adjustment 1 - translated with the exchange rate of ECB PLN/EUR 4.1770 and divided by 1000.

Adjustment 2 - effect of the retranslation from PLN as a presentation currency into EUR as a presentation currency based on the historical and average FX rates, as applicable.

Adjustment 3 - final recognition of PPA for KFC business in Germany.

Condensed consolidated statement of cash flows effect of change of the currency

	3 months ended	
	31 March 2017 Published* PLN thousands	31 March 2017 Restated EUR millions
Cash flows from operating activities		
Profit before tax from continued operations	28 516	6.6
Adjustments for:		
Share (profit)/loss of associates	46	-
Amortization	9 461	2.2
Depreciation	67 064	15.5
Interest expense, net	8 606	2.0
Unrealized foreign exchange (gain)/loss	1 740	0.4
(Gain)/loss on disposal of fixed assets	106	-
Impairment of property, plant and equipment and intangibles	(16)	-
Share based payments expenses	4 954	1.1
Dividend received from associated entities	852	0.2
Other	(9 564)	(2.2)
Working capital changes:		
(Increase)/decrease in receivables	1 184	0.3
(Increase)/decrease in inventories	757	0.2
(Increase)/decrease in other assets	3 569	0.8
Increase/(decrease) in payables and other liabilities	(62 049)	(14.4)
Increase/(decrease) in other provisions and employee benefits	3 858	0.9
Income taxes (paid)/returned	(2 318)	(0.5)
Net cash provided by operating activities	56 766	13.1
Cash flows from investing activities		
Net cash outflows on acquisition	(43 844)	(10.2)
Acquisition of property, plant and equipment	(102 234)	(23.7)
Acquisition of intangible assets	(1 281)	(0.3)
Net cash used in investing activities	(147 359)	(34.2)
Cash flows from financing activities		
Proceeds from share transfers (employees options)	3 349	0.8
Expense on acquisition of treasury shares (employees options)	(14 712)	(3.4)
Expense on settlement of employee stock option in cash	(177)	-
Proceeds from loans and borrowings	121 833	28.2
Repayment of loans and borrowings	(854)	(0.2)
Interest paid	(6 358)	(1.4)
Interest received	681	0.1
Dividends paid to non-controlling interest owners	-	-
Transactions with non-controlling interest	(55 885)	(12.9)
Proceeds/(repayment) of finance lease payables	(172)	-
Net cash provided by financing activities	47 705	11.2
Net change in cash and cash equivalents	(42 888)	(9.9)
Effect of foreign exchange rate movements	9 296	4.9
Balance sheet change of cash and cash equivalents	(33 592)	(5.0)
Cash and cash equivalents, beginning of period	291 641	66.1
Cash and cash equivalents, end of period	258 049	61.1

* Data in Q1 2017 was presented in different order, however the amounts have not been changed.

Explanation for the modifications of the comparatives in the Separate Interim Report for Q1 2018

AmRest Holdings SE (“AmRest” or “Company”) informs that on 14 March 2018 it received a confirmation of the registration on 12 March 2018 of its registered office in Pozuelo de Alarcón, Madrid, Spain.

As a consequence of the change of domicile of the Company and as per the provisions established in the paragraph 3 of the Spanish General Accounting Plan the Separate Financial Statements have been prepared in accordance with Spanish Accounting Standards harmonized with the International Accounting Standards and the internal commercial law.

The Company has analysed the differences of criteria between the principles used previously to present Financial Statements (IFRSs) and the Spanish regulations and has made the correspondent adjustments retrospectively calculating the effects from the earlier reporting period from which information is available.

The financial statements as of March 2017 that were previously published on the Warsaw Stock Exchange in Polish zlotys (PLN) were translated into the current presentation currency euro (EUR) following the procedures set out in the standards for the preparation of consolidated annual accounts that implement the precepts of the Commercial Code.

The resulting translation differences are recognised in the equity.

Subsequently, in order to present information better and more clearly, data was aggregated into EUR millions with one decimal place.

Details regarding to those changes are presented in the tables below.

Interim separate income statement and statement of recognized income and expense

3 months ended 31 March 2017				
	Published PLN thousands	Adjustment 1 EUR millions	Adjustment 2 EUR millions	Restated EUR millions
General and administrative (G&A) expenses	391	0.1	(0.1)	-
Other operating costs	(2 889)	(0.7)	0.7	-
Other operating income	8 521	2.0	(2.0)	-
Finance income	2 599	0.6	(0.6)	-
Finance costs	(4 056)	(1.0)	1.0	-
Net profit before tax	4 566	1.1	(1.1)	-
Income tax	414	0.1	(0.1)	-
Net profit for the period	4 980	1.2	(1.2)	-
Revenues	-	-	2.0	2.0
Personnel Expenses	-	-	-	-
Other Operating expenses	-	-	0.1	0.1
Amortization and depreciation	-	-	-	-
Results from operating activities	-	-	2.1	2.1
Finance Income	-	-	0.6	0.6
Finance Expenses	-	-	(0.7)	(0.7)
Exchange rates gains and losses	-	-	(0.2)	(0.2)
Impairment and gains/(losses) on disposal of financial instruments	-	-	(0.7)	(0.7)
Net finance income (expense)	-	-	(1.0)	(1.0)
Profit/(loss) before income tax	-	-	1.1	1.1
Income tax expense	-	-	0.1	0.1
Profit/(loss) for the period	-	-	1.2	1.2
Net profit for the period	4 980	1.2	(1.2)	-
Other comprehensive incomes net	-	-	-	-
Total comprehensive incomes	4 980	1.2	(1.2)	-
Profit for the period	-	-	1.2	1.2
Currency translation adjustment	-	-	8.2	8.2
Total recognised income and expenses for the period	-	-	9.4	9.4

Adjustment 1 - data translated with the exchange rate of ECB PLN/EUR 4.3206 and divided by 1000.

Adjustment 2 - conversion from IFRSs to Spanish GAAP.

Interim separate balance sheet

31 December 2017

	Published PLN thousands	Adjustment 1 EUR millions	Adjustment 2 EUR millions	Adjustment 3 EUR millions	Adjustment 4 EUR millions	Restated EUR millions
Assets						
Non-current assets						
Intangible assets	351	0.1	-	-	-	0.1
Investments in group companies and associates	1 369 850	328.0	-	(1.9)	13.4	339.5
Other non-current assets	56 119	13.4	-	-	(13.4)	-
Deferred tax assets	1 206	0.3	-	-	-	0.3
Total non-current assets	1 427 526	341.8	-	(1.9)	-	339.9
Current assets						
Trade and other receivables	11 847	2.9	-	-	0.1	3.0
Income tax receivables	601	0.1	-	-	(0.1)	-
Investments and loans in group companies and associates	-	-	-	-	2.1	2.1
Other current assets	82	-	-	-	-	-
Other financial assets	8 789	2.1	-	-	(2.1)	-
Prepayments for current assets	-	-	-	-	-	-
Cash and cash equivalents	102 112	24.4	-	-	-	24.4
Total current assets	123 431	29.5	-	-	-	29.5
Total assets	1 550 957	371.3	-	(1.9)	-	369.4
Equity						
Share capital	714	0.2	-	-	-	0.2
Share premium	-	-	189.1	-	-	189.1
Reserves	675 731	161.8	(138.5)	(1.9)	-	21.4
Own shares and equity instruments	-	-	(10.6)	-	-	(10.6)
Profit/(loss) for the period	-	-	10.6	-	-	10.6
Other equity instruments	-	-	(8.8)	-	-	(8.8)
Currency translation reserve	-	-	(6.8)	-	-	(6.8)
Retained earnings	146 699	35.0	(35.0)	-	-	-
Total Equity	823 144	197.0	-	(1.9)	-	195.1
Liabilities						
Non-current liabilities						
Provisions	-	-	-	-	2.2	2.2
Deferred tax liabilities	61	-	-	-	-	-
Trade and other payables	9 355	2.2	-	-	(2.2)	-
Non-current financial liabilities	561 029	134.4	-	-	-	134.4
Total non-current liabilities	570 445	136.6	-	-	-	136.6
Current liabilities						
Trade and other payables	6 548	1.6	-	-	36.1	37.7
Other financial liabilities	150 820	36.1	-	-	(36.1)	-
Total current liabilities	157 368	37.7	-	-	-	37.7
Total liabilities	727 813	174.3	-	-	-	174.3
Total equity and liabilities	1 550 957	371.3	-	(1.9)	-	369.4

Adjustment 1 - translated with the exchange rate of ECB PLN/EUR 4.177 and divided by 1000.

Adjustment 2 - effect of the retranslation from PLN as a presentation currency into EUR as a presentation currency based on the historical and average FX rates, as applicable.

Adjustment 3 - effect of conversion from IFRSs to Spanish GAAP.

Adjustment 4 - reclassifications for presentation purposes under Spanish GAAP.

Interim separate statement of cash flows effect of the changes in the accounting policy

	3 months ended 31 March 2017			
	Published* PLN thousands	Adjustment 1 EUR millions	Adjustment 2 EUR millions	Restated EUR millions
Cash flows from operating activities				
Profit before tax	4 566	1.1	-	1.1
Adjustments:	(3 938)	(1.0)	-	(1.0)
Amortization	69	-	-	-
Impairment loss	2 829	0.7	-	0.7
Share based payment adjustment	(8 507)	(2.0)	-	(2.0)
Finance Income and Expense net	1 433	0.3	(0.3)	-
Finance income	-	-	(0.6)	(0.6)
Finance expenses	-	-	0.7	0.7
Exchange gains/losses	156	-	0.2	0.2
Other	82	-	-	-
Changes in operating assets and liabilities	14 706	3.4	-	3.4
Trade and other receivables	15 877	3.7	-	3.7
Other current assets	(74)	-	-	-
Trade and other payables	(1 097)	(0.3)	-	(0.3)
Other Cash Flows from Operating Activities	2 135	0.5	-	0.5
Interest received	2 260	0.5	-	0.5
Interest paid	-	-	-	-
Income tax paid or returned	(125)	-	-	-
Net cash provided by operating activities	17 469	4.0	-	4.0
Cash flows from investing activities				
Proceeds from investment loans and borrowings	21 700	5.0	2.9	7.9
Increase investment loans and borrowings	-	-	(2.9)	(2.9)
Payments for Investments in group companies	(58 714)	(13.6)	-	(13.6)
Net cash used in investing activities	(37 014)	(8.6)	-	(8.6)
Cash flows from financing activities				
Proceeds from share issuance (employees options)	25 760	6.0	-	6.0
Expense on acquisition of treasury shares (employees option)	(14 712)	(3.4)	-	(3.4)
Net cash provided by/(used in) financing activities	11 047	2.6	-	2.6
Net change in cash and cash equivalents	(8 498)	(2.0)	-	(2.0)
Balance sheet in cash and cash equivalents				
Cash and cash equivalents. beginning of period	11 139	2.5	-	2,5
Translations differences	-	0.1	-	0.1
Cash and cash equivalents. end of period	2 641	0.6	-	0.6

* Data in Q1 2017 was presented in different order, however amounts has not been changed.

Adjustment 1 - translated with the exchange rate of ECB PLN/EUR 4.3206 and divided by 1000.

Adjustment 2 - reclassifications for presentation purposes under Spanish GAAP .





**Signatures of the Board
of Directors**

Signatures of the Board of Directors

José Parés Gutiérrez
Member of the Board

Carlos Fernández González
Member of the Board

Luis Miguel Álvarez Pérez
Member of the Board

Henry McGovern
Member of the Board

Steven Kent Winegar Clark
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mustafa Ogretici
Member of the Board

Madrid, 14 May 2018