

AMREST HOLDINGS SE GROUP
Q1 2017 QUARTERLY REPORT

WROCLAW, MAY 18th, 2017



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A. Q1 2017 Financial Report Additional Information

1. Selected financial information

Selected financial data, including key items of the interim consolidated financial statements as at and for the 3-month period ended on March 31st:

	3 months 2017 in thousands of PLN	3 months 2016 in thousands of PLN	3 months 2017 in thousands EUR	3 months 2016 in thousands EUR
Restaurant sales	1 147 400	858 221	265 319	196 831
Operating profit	40 063	55 153	9 264	12 649
Profit before tax	28 516	45 397	6 594	10 412
Net profit	21 322	38 519	4 930	8 834
Net profit attributable to non-controlling interests	765	(1 239)	177	(284)
Net profit attributable to equity holders of the parent	20 557	39 758	4 754	9 118
Cash flows from operating activities	51 089	57 943	11 814	13 289
Cash flows from investing activities	(147 359)	(58 967)	(34 075)	(13 524)
Cash flows from financing activities	53 382	5 113	12 344	1 173
Total cash flows, net	(42 888)	4 089	(9 917)	938
Total assets	3 343 931	2 811 361	792 438	658 645
Total liabilities and provisions	2 059 201	1 656 811	487 985	388 157
Long-term liabilities	1 308 605	1 179 727	310 111	276 386
Short-term liabilities	750 596	477 084	177 874	111 771
Equity attributable to shareholders of the parent	1 252 591	1 086 263	296 837	254 490
Non-controlling interests	32 139	68 287	7 616	15 998
Total equity	1 284 730	1 154 550	304 453	270 488
Share capital	714	714	169	167
Average weighted number of ordinary shares in issue	21 213 893	21 213 893	21 213 893	21 213 893
Average weighted number of ordinary shares for diluted earnings per shares	21 213 893	21 213 893	21 213 893	21 213 893
Basic earnings per share (PLN /EUR)	0.97	1.87	0.22	0.43
Diluted earnings per share (PLN /EUR)	0.97	1.87	0.22	0.43
Declared or paid dividend per share*	-	-	-	-

* In 2017 and 2016 no dividends were paid. In 2017 Group paid dividends for SCM s.r.o. in amount of PLN 852 thousand

Assets and liabilities are translated into the Polish zloty at exchange rates quoted for the balance sheet date by the National Bank of Poland. Income and expenses are translated at exchange rates approximated to the rates quoted for the date of a given transaction.

The above selected financial data were translated into the euro in accordance with the following policies:

- Assets and liabilities – at mid exchange rates quoted by the National Bank of Poland for a given balance-sheet date;

- Items in the income statement – at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given calendar quarter.
- 2. The Group has not published any forecasts of financial results.**
- 3. Other information important for the assessment of the Group’s personnel, economic and financial position as well as its financial result:**

a) Significant personnel changes since last periodical report

Since the publication of the last annual consolidated report for 2016 (March 16th, 2017), there were no changes in the composition of the Management Board or Supervisory Board of AmRest Holdings SE („The Company”, „AmRest”).

b) The Group’s performance

Sales

The revenues of AmRest Group in Q1 2017 increased by 33.7% and reached PLN 1 147m (PLN +289m vs Q1 2016). Significant top line growth was driven by continued positive LFL trends in most of the brands, dynamic pace of new openings (145 new stores opened within last 12 months) as well as acquisition of two businesses in Germany: Starbucks chain in Q2 2016 and 15 KFC restaurants in Q1 2017. The revenues adjusted for German acquisitions grew by 18.2% compared to Q1 2016.

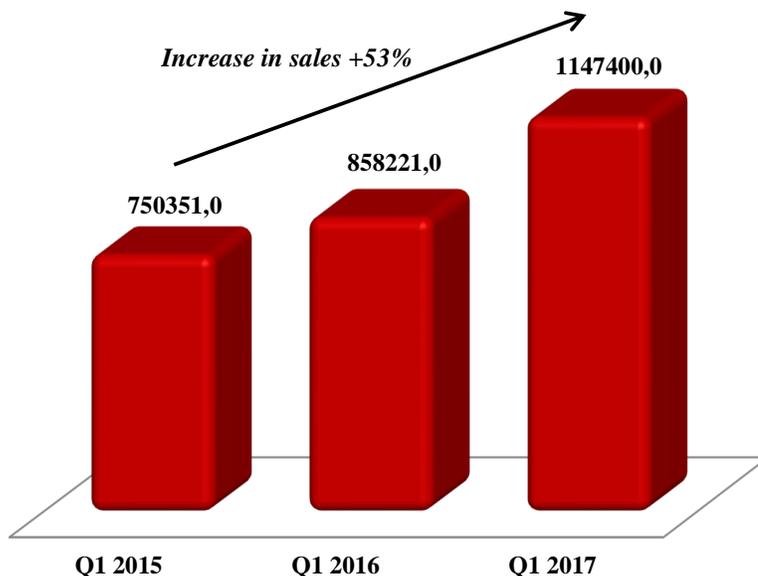
The most dynamic sales increase was observed in Russia. The revenues of this division grew by 55.3% in Q1 2017, partially supported by favorable F/X effect. In local currency, the revenues increased by 19%, which was driven by strong LFL trends and sales added from new openings (15 restaurants opened in Russia during last year).

In Central Europe, the revenues grew by 16.1%, which was PLN 81m higher compared to Q1 2016. Similar to previous quarters, in Q1 2017 most of the brands in CE continued solid LFL trends. In the last 12 months AmRest opened 87 new stores in the region, which additionally supported top line growth. In particular, outstanding results were achieved in Hungary and Romania, where sales increased in Q1 2017 by 37.4% and 31.5% respectively.

Revenues of Western Europe in Q1 2017 amounted to PLN 351m (PLN +147m vs LY). The 71.7% growth came mostly from consolidation of mentioned acquisitions (revenues of Starbucks and KFC in Germany totaled PLN 133m in Q1 2017). In the meantime, Spain reported a 7.1% sales increase, driven mainly by growing scale of the business (31 restaurants opened within last year).

Solid top line growth was also observed in China. Revenues in Q1 2017 increased by 17.4% and reached PLN 60m. The key factor behind sales growth was expansion of Blue Frog network (8 new restaurants opened since Q1 2016).

Chart 1 AmRest Group's sales in Q1 2017 compared to previous years (in PLN thousand)



Profitability

In Q1 2017, EBITDA profit of AmRest Group amounted to PLN 117m and was PLN 1m higher than year ago. EBITDA margin reached 10.2%, representing a 3.3pp decrease vs LY. First quarter's profitability was negatively impacted by the consolidation of acquired German businesses. Currently, both Starbucks and KFC brands in Germany remain in the integration phase, with margins significantly lower than mature brands in Central Europe. AmRest's EBITDA adjusted by the impact of German acquisitions amounted to PLN 132m for the quarter and was 13.7% higher than year ago (respective EBITDA margin decreased by 0.5pp).

In Q1 2017, favorable developments in supply chain management continued, leading to 0.7pp savings in cost of sales. On the other hand, observed pressure on payroll cost in CE, Russia and Spain hindered profitability by 1pp. Additionally, relatively higher cost of labor in Starbucks and KFC Germany, diluted total EBITDA margin by 1.8pp. When comparing this year's profitability with LY results, it's important to note the positive impact of indirect taxes corrections in Q1 2016 (0.6% of sales).

In Central Europe, Q1 2017 EBITDA amounted to PLN 78m and was PLN 4m higher than year ago (+5.7%). The margin decreased over the year by 1.3pp to 13.3%, which was primarily driven by growing labor cost (+1.3pp) and mentioned proceedings from indirect taxes corrections in Q1 2016. On the side of cost of sales further savings were achieved (-0.9pp). Particularly positive trends continued in Czech Republic, Hungary and Romania, were solid LFL trends and disciplined cost management resulted in strengthened EBITDA margins.

Positive news came from Spain, where increased effectiveness in supply and G&A offset the pressure on labor costs. As a result, EBITDA grew by 9.8% in Q1 2017 and margin increased to 20.3% (+0.5pp vs Q1 2016).

Russian division reported PLN 10m of EBITDA profit in Q1 2017, which was a 33.3% increase over the year. However, due to relatively higher labor cost EBITDA margin for the quarter deteriorated by 2.7pp.

In Q1 2017 AmRest continued solid development of Blue Frog brand in China. Achieved economies of scale and savings in most of operating costs allowed for significant improvement of profitability. EBITDA for the quarter amounted to PLN 3.5m (vs 0.5m loss in Q1 2016), while EBITDA margin reached 5.9%.

Net profit attributable to equity holders of the parent in Q1 2017 amounted to PLN 21m and was PLN 19m lower than year ago. At the same time, net profit margin decreased to 1.8% (-2.8pp vs Q1 2016). Net profit margin adjusted by the impact of German acquisitions and positive settlement of indirect taxes in 2016 grew by 0.2pp over the year.

Net debt at the end of Q1 2017 equaled PLN 1 114m while leverage was at 1.998.

Chart 2 AmRest Group's EBITDA in Q1 2017 compared to previous years (in PLN thousand)

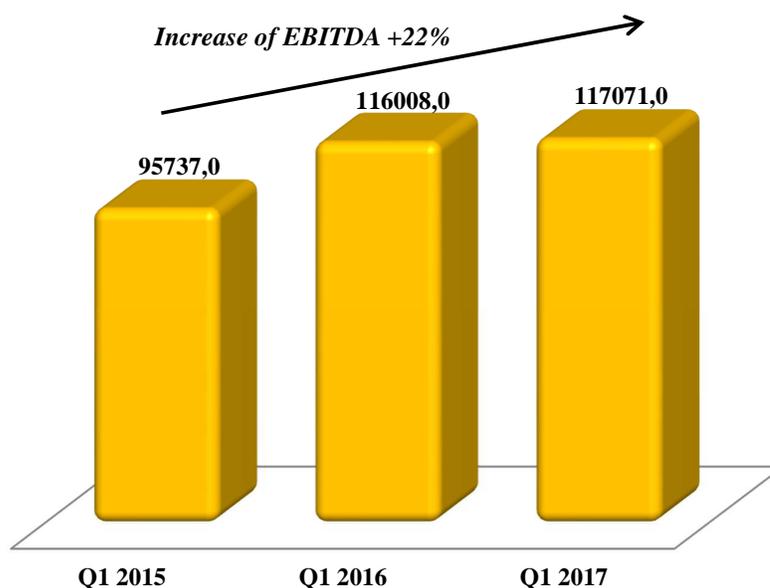


Table 1 Divisional split of revenues and EBITDA in the first quarter 2017 and 2016

Sales	1 147 400		858 221	
<i>Poland</i>	359 408	31.3%	320 218	37.3%
<i>Czech Republic</i>	125 172	10.9%	109 246	12.7%
<i>Hungary</i>	64 383	5.6%	46 872	5.5%
<i>Other CE</i>	36 379	3.2%	27 671	3.2%
Total CE	585 342	51.0%	504 007	58.7%
Russia	138 350	12.1%	89 110	10.4%
<i>Spain</i>	210 886	18.4%	196 994	23.0%
<i>Germany</i>	135 601	11.8%	2 511	0.3%
<i>Other Western Europe</i>	4 664	0.4%	4 963	0.6%
Western Europe	351 151	30.6%	204 468	23.8%
China	60 033	5.2%	51 137	6.0%
Unallocated	12 524	1.1%	9 499	1.1%
EBITDA	117 071	10.2%	116 008	13.5%
<i>Poland</i>	37 012	10.3%	41 937	13.1%
<i>Czech Republic</i>	23 196	18.5%	19 750	18.1%
<i>Hungary</i>	11 398	17.7%	7 741	16.5%
<i>Other CE</i>	6 195	17.0%	4 170	15.1%
Total CE	77 801	13.3%	73 598	14.6%
Russia	10 676	7.7%	8 006	9.0%
<i>Spain</i>	42 873	20.3%	39 043	19.8%
<i>Germany</i>	-13 597	-	-771	-
<i>Other Western Europe</i>	-1 339	-	-291	-
Western Europe	27 937	8.0%	37 981	18.6%
China	3 548	5.9%	-535	-
Unallocated	-2 891	-	-3 042	-
Adjusted EBITDA*	121 081	10.6%	113 596	13.2%
<i>Poland</i>	37 947	10.6%	37 239	11.6%
<i>Czech Republic</i>	23 469	18.7%	20 124	18.4%
<i>Hungary</i>	11 719	18.2%	7 883	16.8%
<i>Other CE</i>	6 464	17.8%	4 169	15.1%
Total CE	79 599	13.6%	69 415	13.8%
Russia	11 482	8.3%	8 966	10.1%
<i>Spain</i>	43 367	20.6%	39 693	20.1%
<i>Germany</i>	-13 558	-	-771	-
<i>Other Western Europe</i>	-1 332	-	-292	-
Western Europe	28 477	8.1%	38 630	18.9%
China	4 414	7.4%	-373	-
Unallocated	-2 891	-	-3 042	-
EBIT	40 063	3.5%	55 153	6.4%
<i>Poland</i>	12 852	3.6%	18 609	5.8%
<i>Czech Republic</i>	15 053	12.0%	12 295	11.3%
<i>Hungary</i>	6 408	10.0%	4 301	9.2%
<i>Other CE</i>	2 243	6.2%	1 075	3.9%
Total CE	36 556	6.2%	36 280	7.2%
Russia	1 648	1.2%	2 272	2.5%
<i>Spain</i>	29 337	13.9%	26 658	13.5%
<i>Germany</i>	-21 193	-	-984	-
<i>Other Western Europe</i>	-1 867	-	-807	-
Western Europe	6 277	1.8%	24 867	12.2%
China	-1 421	-	-5 017	-
Unallocated	-2 997	-	-3 249	-

*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) and indirect taxes - all material adjustments for indirect taxes reported in given period but concerning prior reporting periods resulting from tax fillings adjustments. Indirect taxes are mainly VAT, land tax and other EBITDA level taxes.

Table 3 Reconciliation of adjusted Net Profit and EBITDA in the first quarter 2017 and 2016

in thousands of PLN	3 months ended March 30, 2017	<i>% of sales</i>	3 months ended March 30, 2016	<i>% of sales</i>	Q1oQ1 change	<i>% of change</i>
<i>Restaurant sales</i>	1 082 796	94.4%	799 730	93.2%	283 066	35.4%
<i>Franchise and other sales</i>	64 604	5.6%	58 491	6.8%	6 113	10.5%
Total sales	1 147 400		858 221		289 179	33.7%
Profit/(loss) for the period	21 322	1.9%	38 519	4.5%	(17 197)	(44.6%)
+ <i>Finance costs</i>	12 181	1.1%	10 198	1.2%	1 983	19,4%
- <i>Finance income</i>	(680)	(0.1%)	(453)	(0.1%)	(227)	50,1%
+ <i>Income from associates</i>	46	0.0%	11	0.0%	35	318,2%
+ <i>Income tax expense</i>	7 194	0.6%	6 878	0.8%	316	4,6%
+ <i>Depreciation and Amortisation</i>	76 525	6.7%	61 409	7.2%	15116	24,6%
+ <i>Impairment losses</i>	483	0.0%	(554)	(0.1%)	1037	(187,2%)
EBITDA	117 071	10.2%	116 008	13.5%	1 063	0.9%
+ <i>Start-up expenses*</i>	4 010	0.3%	2 893	0.3%	1 117	38,6%
+ / - <i>Indirect taxes adjustments**</i>	-	-	(5 305)	(0.6%)	5 305	(100,0%)
Adjusted EBITDA	121 081	10.6%	113 596	13.2%	7 485	6.6%

* Start-Up expenses – all material operating expenses incurred in connection with new stores opening prior the opening.

** Indirect taxes - all material adjustments for indirect taxes reported in given period but concerning prior reporting periods resulting from tax fillings adjustments. Indirect taxes are mainly VAT, land tax and other EBITDA level taxes.

c) Transactions or agreements resulting in related party transactions and other significant events since issuing last financial report (March 16th, 2017)

On March 27th, 2017 the Management Board of AmRest informed about signing on the same day the Binding Head of Terms (the “HoT 1”) determining the key terms and conditions on, and subject to which, Yum Restaurants International Holding, Ltd (“YRIHL”) and Pizza Hut Delivery Germany GmbH (“PH Delivery”) would be willing to proceed with a potential transaction with AmRest, whereby the Company would become Pizza Hut master franchisee for Germany and acquire two Pizza Hut delivery stores in Dusseldorf (“Contemplated Transaction 1”).

As the result of the Contemplated Transaction 1 AmRest would become the master-franchisee for 74 restaurants currently operated by multiple sub-franchisees in the German market and, and would have the right to grant the license to the third parties to operate Pizza Hut restaurants (sub-franchise). Additionally the Company would acquire 2 Pizza Hut equity restaurants (“Equity Business 1”) from PH Delivery. The purchase price for the Equity Business 1 is subject to the results of a due diligence to be carried out by AmRest.

The HoT 1 provides for signing of the agreements required for the acquisition of the Equity Business 1 from PH Delivery (“Purchase Agreements 1”) as well as certain agreements with YRIHL: International Franchise Agreement for each of the equity units and the Master Franchise Agreement (“MFA 1”).

It is the intention of the parties that the MFA and the Purchase Agreements 1 shall be signed and closed (including transfer of ownership of the Equity Business 1 and signing of sub-franchised agreements under the MFA 1) no later than May 30th, 2017. If the parties fail to sign the MFA 1 and the Purchase Agreements 1 by that date the HoT 1 shall terminate immediately, unless otherwise agreed in writing by both parties.

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

On April 1st, 2017 the Management Board of AmRest announced signing on March 31st, 2017 the Investment Agreement (the “IA”) with Delivery Hero GmbH, based in Berlin, Germany (“Delivery Hero”) and Restaurant Partner Polska Sp. z o.o., based in Łódź, Poland („RPP”). As a result of the IA, AmRest will acquire from Delivery Hero the newly issued shares in RPP and become its majority shareholder, holding 51% of total number of RPP shares. The outstanding 49% will remain in the possession of Delivery Hero.

Delivery Hero is the global leader in online food-ordering segment. RPP operates PizzaPortal.pl platform in Poland - an aggregator offering meals from 2,500+ different restaurants in ca. 400 cities in Poland.

According to the IA, AmRest will also start the partnership with Delivery Hero’s subsidiaries in Czech Republic and Hungary - DameJidlo.cz and NetPincér.hu. Both platforms are the market leaders in online food ordering industry.

Intention of the parties was to finalize the transaction within next couple of weeks, which was a subject to condition precedents defined in IA.

PizzaPortal.pl, DameJidlo.cz and NetPincér.hu platforms are expected to significantly enhance the operation of food delivery segment within AmRest.

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

On April 7th, 2017 the Management Board of AmRest informed that on the same day, as a result of the issue of Schuldscheindarlehen („SSD”) debt instrument under German law, the Company incurred liabilities for the total value of EUR 26 million (PLN 110 million). SSD issue was aimed at diversification of AmRest's debt financing sources. The proceeds will be used for the development of the Company and refinancing of its debt.

The SSD interest rate is fixed. The maturity date is April 7th, 2022 for the issue of EUR 17 million and April 5th, 2024 for the issue of EUR 9 million.

The role of the Lead Arranger and Paying Agent was entrusted to Erste Group Bank AG. CaixaBank S.A. acted as Co-lead Arranger.

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

Based on the Amended Agreement the Lenders increased revolving credit tranche (“Tranche D”) by PLN 50 million (“Tranche D3”) and granted to AmRest and AmRest Polska an additional credit tranche (“Tranche F”) in the amount of EUR 40 million. After fulfillment of additional terms defined in the Amended Agreement, the Lenders may also grant a new loan tranche (“Tranche G”) in the amount of EUR 50 million.

The amount granted within Tranche F and D3 is dedicated to finance working capital and capital expenditures, while Tranche G is to finance or refinance costs of M&A activities.

The tranches are provided at the variable interest rates and other terms of the tranches are consistent with the market conditions. All Original and Additional Borrowers bear joint liability for any obligations resulting from the Agreement.

All tranches are to be repaid in full by September 10th, 2018.

On April 25th, 2017 the Management Board of AmRest informed about signing on April 24th, 2017 the Binding Head of Terms (the “HoT 2”) determining the key terms and conditions on, and subject to which, Pizza Hut Europe Sarl US Branch („PH Europe”) and Yum Restaurants International Russia and CIS LLC (“PH Russia”) would be willing to proceed with a potential transaction with AmRest, whereby the Company's controlled entity (the “Subsidiary”) would become Pizza Hut master franchisee for Russia and acquire 18 Pizza Hut restaurants operated by

PH Russia (“Contemplated Transaction 2”).

As the result of the Contemplated Transaction 2 AmRest’s controlled entity would become the master-franchisee for 36 restaurants currently operated by multiple sub-franchisees in Russia and would have the right to grant the license to the third parties to operate Pizza Hut restaurants (sub-franchise) in that market. Additionally the Subsidiary would acquire 18 Pizza Hut equity restaurants (“Equity Business 2”) from PH Russia. The purchase price for the Equity Business 2 is subject to the results of a due diligence to be carried out by AmRest.

The HoT 2 provides for signing of the agreements required for the acquisition of the Equity Business 2 from PH Russia (“Purchase Agreements 2”) as well as certain agreements with PH Europe: International Franchise Agreement for each of the equity units and the Master Franchise Agreement (“MFA 2”).

It is the intention of the parties that the MFA 2 and the Purchase Agreements 2 shall be signed and closed (including transfer of ownership of the Equity Business 2 and signing of sub-franchised agreements under the MFA 2) no later than September 30th, 2017. If the parties fail to sign the MFA 2 and the Purchase Agreements 2 by that date the HoT 2 shall terminate immediately, unless otherwise agreed in writing by both parties.

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

On May 16th, 2017 Management Board of AmRest Holdings SE (“AmRest”) announced the Completion of a Share Purchase Agreement (“SPA”) between AmRest and Top Brands NV.

As a result of the Completion AmRest acquired 100% shares of Pizza Topco France SAS (“Pizza Topco”) and changed the name of Pizza Topco into AmRest Topco France SAS. The purchase price at the day of closing of the transaction amounted to EUR 12.3m (approx. PLN 51.5m).

All the approvals and conditions the Completion was contingent upon in accordance with the SPA have been obtained and fulfilled - among others, the master franchise agreement (the “MFA”) with Pizza Hut Europe Sarl (US Branch) (“PH Europe”) has been signed.

According to the MFA AmRest, as the exclusive master-franchisee, have the right to granting the license to the third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise) in France and Monaco, while ensuring a certain share of restaurants operated directly by the Company.

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

In order to facilitate the growth of scale of Pizza Hut business, PH Europe introduced an incentive mechanism reducing certain fees incurred by AmRest under the MFA (“Reduced Fees”), provided that the Company meets certain development obligations specified in the MFA.

Upon entry into force of the MFA AmRest is required to open and operate Pizza Hut Express and Delivery restaurants in accordance with the development schedule setting the minimum number of openings in the subsequent years of the Agreement’s term. If AmRest fails to meet the development obligations, PH Europe will have the right to increase the Reduced Fees and change the terms or terminate the MFA. The Company’s intention is to open more than 150 Pizza Hut restaurants in the French market within 5 years.

4. Risk factors

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

a) Factors remaining outside the Company's control

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

b) Dependency on the franchisor

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

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

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

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

c) Dependency on joint venture partners

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

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

d) No exclusive rights

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

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

e) Rental agreements and continuation options

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

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

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

f) Risk related to the consumption of food products

Consumer preferences may change in connection with doubts arising as to the healthful properties of chicken which is the main ingredient in KFC menu, or as a result of unfavourable information being circulated by the mass media concerning the quality of the products, diseases caused by them and damages to health as a result of eating in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks,

La Tagliatella, Blue Frog and KABB, and as a result of revealing unfavourable data prepared by the government or a given market sector concerning the products served in AmRest restaurants

and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and KABB, health-related issues and issues related to the functioning patterns of one or more restaurants run both by AmRest and the competition. The above-mentioned risk is limited by using the highest quality ingredients in AmRest restaurants, which come from reliable and reputable suppliers, compliance with strict quality control and hygiene standards and the use of top modern equipment and processes which ensure the absolute safety of the meals.

g) Risk related to keeping key personnel in the Company

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

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

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

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

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

j) Risk related to developing new brands

AmRest has operated the Blue Frog and KABB brands and Pizza Hut Express format for a relatively short time. As these are new concepts for AmRest, there is a risk related to demand for the products offered and their acceptance by customers.

k) Risk related to opening restaurants in new countries

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

l) Currency risk

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

m) Risk related to the current geopolitical situation in the Ukraine and Russia

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

n) Risk of increased financial costs

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

o) Liquidity risk

The Company is exposed to the risk of lack of financing at the moment of maturity of bank loans and bonds. As at March 31st, 2017, the Company had enough short-term assets, including cash

and promised credit limits, to fulfil its liabilities due in the next 12 months.

p) Risk of economic slowdowns

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

q) Risk related to seasonality of sales

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

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

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

- 5. During the period covered by this quarterly report, the Company did not issue the sureties in respect of loans or guarantees whose value represent 10% or more of the Company's equity.**
- 6. As at the date of release of this quarterly report no court arbitration or administrative proceedings whose single or aggregate value exceeds 10% of the Company's equity were pending against the Company.**
- 7. During the period covered by this quarterly report, the Company did not issue, redeem and repay any debt securities.**
- 8. Dividends paid during the period covered by these financial statements.**

During the period covered by these financial statements the Group did not pay any dividends. During the period covered by these financial statements a company from the Group has received the dividend from SCM s.r.o. of PLN 852 thousand (including PLN 418 thousand attributable to non-controlling interests of SCM sp. z o.o.).

9. Information on the activities of the AmRest Group

AmRest Holdings SE ('the Company') was established in the Netherlands in October 2000 as a

joint-stock company. On September 19th, 2008, the Commercial Chamber in Amsterdam registered the change in the legal status of the Company to a European Company (Societas Europaea) and of its name to AmRest Holdings SE. On December 22nd, 2008, the District Court for Wroclaw - Fabryczna in Wroclaw registered the new office of AmRest in the National Court Register. The address of the Company's current registered office is: pl. Grunwaldzki 25-27, Wroclaw (50-365), Poland. The Court also registered amendments to the Company's Memorandum of Association related to the transfer of the registered office of AmRest to Poland.

AmRest is the first public Company in Poland operating in the form of a European Company. The purpose of transforming AmRest into the European Company was to increase its operating effectiveness and reduce operating and administrative expenses. Following the fact of transfer into European Company and transfer of Company registered head office to Poland, the functional currency of AmRest holdings SE since January 1st, 2009 is polish zloty (PLN).

AmRest with its subsidiaries in the financial report will be called as "Group".

The Group's interim consolidated financial statements for the 3 months ended March 31, 2017 cover the Company, its subsidiaries and the Group's shares in associates.

These quarterly consolidated financial statements were approved by the Company's Management Board on May 18, 2017.

The Group's core activity is operating Kentucky Fried Chicken ("KFC"), Pizza Hut, Burger King and Starbucks restaurants through its subsidiaries in Poland, the Czech Republic (further Czech), Hungary, Russia, Romania, Serbia, Croatia, Bulgaria, Slovakia, Germany and Spain, on the basis of franchises granted. In Spain, France, Germany and China the Group operates its own brands La Tagliatella, Trastevere and il Pastificio. This business is based on the franchise agreements signed with non-related companies and own restaurants. It is supported by the central kitchen which produces and delivers products to the whole network of own brands. Additionally in China, since December 21, 2012 the Group operates its own brands Blue Frog and KABB.

As at the date of release of this quarterly report, that is May 18th, 2017 the Group operates 1 338 restaurants.

On April 27th, 2005, the shares of AmRest Holdings SE were quoted for the first time on the Warsaw Stock Exchange ('GPW').

As for March 31th, 2017 the Company's largest shareholders was FCapital Dutch B.V. (the subsidiary of Finaccess Capital, S.A. de C.V) having 61.85% shares and voting rights. The parent entity of the Group on the top level is Grupo Far-Luca, S.A. de C.V. The directly dominant person of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González.

The Group operates its restaurants mainly on a franchise basis. The table below shows the terms and conditions of cooperation with franchisers of particular brands operated by AmRest.

Brand	KFC, Pizza Hut	Pizza Hut Express, Delivery	Burger King	Starbucks
Type of cooperation	franchise agreement	franchise agreement	franchise agreement	joint venture ¹⁾ /franchise agreement ²⁾
Franchiser/Partner	KFC, PH Europe Sarl (US Branch)	PH Europe Sarl (US Branch)	Burger King Europe GmbH	Starbucks Coffee International. Inc./Starbucks Coffee EMEA B.V., Starbucks Manufacturing EMEA B.V.

AmRest Holdings SE

Area covered by the agreement	Poland, Czech, Hungary, Bulgaria, Serbia, Russia, Croatia, Spain, Germany	Poland, Czech, Hungary, Slovakia, Slovenia	Poland, Czech, Bulgaria	Poland, Czech, Hungary, Romania, Bulgaria, Germany, Slovakia
Term of agreement	10 years, possibility of extension for a further 10 years	10 years, possibility of extension for a further 10 years	Poland, Czech, Bulgaria – 20 years	15 years, possibility of extension for a further 5 years
Initial fee	Up to USD 50.1 thousand ³⁾	USD 25.1 thousand ³⁾	USD 50 thousand	USD 25 thousand
Franchise fee	6% of sales revenues	6% of sales revenues ⁴⁾	5% of sales revenues	6% of sales revenues
Marketing costs	5% of sales revenues (In Germany 6% up to the end of 2017) ⁴⁾	Up to 5% of sales revenues ⁴⁾	5% of sales revenues ⁵⁾	amount agreed annually between the parties
Additional provisions		A right to grant a license to third parties ⁶⁾		preliminary fees for brand development ⁴⁾

Explanations:

1) Starbucks – the AmRest Group took up 82%. and Starbucks 18% of the share capital of the newly-established joint venture companies in Poland, Czech Republic, Germany, and Hungary. From the ninth year Starbucks will have an unconditional option of increasing its shares to a maximum of 50%. In the event of a disputed take-over or change of control over the Company and/or its shareholders. Starbucks will be entitled to increase its share to 100% by purchasing shares from the Group. According to Company’s Management assessment as at the day of this financial statement issuance, there are no material indicators making mentioned above options realizable.

2) The Group acquired 100% of shares in Romanian and Bulgarian entities being the sole operators in these markets. In Germany the Group acquired 100% of shares in one of the operators in this market.

3) The fee is valorized at the beginning of calendar year by the inflation rate.

4) Franchise fees and marketing costs can change after achieving selected conditions in the agreement.

5) Marketing expenses for the Burger King brand equaled to 2.5% of the sales revenues over the first 2 years of operation, 2% in the 3rd year and 5% in consecutive years of operation.

6) On August 16th, 2016 AmRest informed about signing on August 15th, 2016 the Master Franchise Agreement (“MFA”) and Development Agreement (“DA”) (collectively: the “Agreements”) with Pizza Hut Europe Sarl (US Branch) (“PH Europe”). The Agreements determine the rights and license to develop, own and operate Pizza Hut restaurants in countries of Central and Eastern Europe: Poland, Czech Republic, Hungary, Bulgaria, Serbia, Croatia, Slovakia and Slovenia. The provisions of the Agreements apply from October 1st, 2016.

According to the MFA, AmRest, as a master-franchisee, obtained the right to granting the license to the third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise), while ensuring a certain share of restaurants operated directly by the Company.

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

The DA was concluded for a period of 5 years and will be prolonged for another 5 years on terms and conditions to be determined by the parties. In order to facilitate the growth of scale of Pizza

Hut business, PH Europe will introduce 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 DA.

Upon entry into force of the Agreements AmRest is required to open and operate Pizza Hut Express and Delivery restaurants in accordance with the development schedule setting the minimum number of openings in the subsequent years of the Agreements' term. If AmRest fails to meet the development obligations, PH Europe will have the right to increase the Reduced Fees and change terms or terminate the MFA and/or DA. The Company's intention is to open about 300 Pizza Hut restaurants within 5 years.

In the opinion of the Management Board of AmRest there is a great potential for growing Pizza Hut brand in Central and Eastern Europe. Master-franchisee right will contribute to strengthening AmRest's leadership position of restaurant operator in the region and drive the value creation for AmRest's shareholders.

Due to possessing own brands, which are the subject of franchise agreements with third parties. the Group required the determination of following accounting principles:

- generally the franchise agreement covers a 10 year period and provides an option of extension for another 10 (for agreements signed after 2006) or 5 years (for agreements signed before 2006). Some franchise agreements were signed for the period from 9 to 20 years.
- revenues of the Group consist of sales by Company operated restaurants and fees from franchisees and license are recognized when payment is rendered at the time of sale;
- fees for using own brand paid by franchisees to the Group as a 6% from the sales (continued fees) are recognized as earned;
- intangible assets, covering relationships with franchise clients. recognized during the acquisition process are amortized within the average period of the contractual relationship with franchise clients and own brand is treated as non-amortized asset due to infinite useful life.
- Own brands systematically as at the purchase date are analyzed from the point of depreciation and amortization periods. Currently:
 - La Tagliatella brand is treated as not amortized asset due to indefinite useful life.
 - Blue Frog brand is treated as amortized asset in 20-year period.

As at March 31th, 2017, the Group included the following subsidiaries:

Company name	Seat	Parent/non-controlling undertaking	Ownership interest and total vote	Date of effective control
Holding activity				
AmRest Acquisition Subsidiary Inc.	Wilmington, USA	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.	16.52%	April 2011
		AmRest TAG S.L.U.	83.48%	
AmRest HK Ltd	Hong Kong, China	AmRest Holdings SE	100.00%	September 2011
AmRest China Group PTE Ltd*	Singapore, China	AmRest Holdings SE	100.00%	December 2012
Bigsky Hospitality Group Ltd	Hong Kong, China	AmRest China Group PTE Ltd	100.00%	December 2012

Company name	Seat	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
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 Managment (Shanghai) Co., Ltd	Shanghai, China	Blue Frog Food&Beverage Management Ltd	100,00%	December 2016
Restaurant activity				
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czech	AmRest Holdings SE	100.00%	December 2000
AmRest Kft	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o. Starbucks Coffee International, Inc.	82.00% 18.00%	March 2007
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Inc. AmRest Sp. z o.o.	0.88% 99.12%	July 2007
AmRest Coffee s.r.o.	Prague, Czech	AmRest Sp. z o.o. Starbucks Coffee International, Inc.	82.00% 18.00%	August 2007
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o. Starbucks Coffee International, Inc.	82.00% 18.00%	August 2007
AmRest d.o.o.	Belgrad, Serbia	AmRest Sp. z o.o. ProFood Invest GmbH	60.00% 40.00%	October 2007
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
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 Restaurant Management Co. Ltd	Shanghai, China	AmRest HK Ltd	100.00%	November 2012
AmRest Adria d.o.o.	Zagreb, Croatia	AmRest Sp. z o.o.	100.00%	October 2011
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	Szanghai, China	Bigsky Hospitality Group Ltd	100.00%	December 2012
Blue Frog Food&Beverage Management Ltd	Szanghai, China	New Precision Ltd	100.00%	December 2012
Shanghai Kabb Western Restaurant Ltd	Szanghai, China	Horizon Group Consultants (BVI)	100.00%	December 2012
AmRest Skyline GMBH	Cologne, Germany	AmRestavia S.L.U.	100.00%	October 2013

AmRest Holdings SE

Company name	Seat	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
Kai Zhen Food and Beverage Management (Shanghai) Ltd	Shanghai, China	BlueFrog Food&Beverage Management Ltd	100.00%	March 2014
AmRest Cofee EOOD	Sofia, Bulgaria	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Cofee S.r.l.	Bucharest, Romania	AmRest Sp. z o.o.	99.00%	June 2015
			1.00%	
AmRest Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	85.00%	December 2015
		AmRest Sp. z o.o.	15.00%	
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	100.00%	May 2016
		AmRest Capital Zrt		
AmRest DE Sp. z o.o. & Co. KG	Berlin, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
The Grill Concept S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100.00%	December 2016
LTP La Tagliatella Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	74.00%	February 2017
		AmRestavia S.L.U.	26.00%	
AmRest AT GmbH	Vienna, Austria	AmRest Sp. z o.o.	100.00%	March 2017
Financial services for the Group				
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
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	Delaware, 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

Supply services for restaurants operated by the Group

SCM Sp. z o.o.	Chotomow, Poland	AmRest Sp. z o.o.	51.00%	October 2008
		R&d Sp. z o.o.	43.80%	
		Beata Cylny	5.00%	
		Zbigniew Cylny	0.20%	
Activita Sp. z o.o.	Warsaw, Poland	SCM Sp. z o.o.	100.00%	October 2014

* On February 17, 2017 the purchase share agreement was signed from Blue Horizon Hospitality Group LTD, Macau Jiu Jia Partners LP i Wintrust New Zealand Limited in Blue Horizon Hospitality PTE LTD. As a result of the agreement and the resolution passed on February 24, 2017, AmRest Holdings SE purchased 32.44% additional shares and from that date became a sole owner of the company. On April 6, 2017 the name of the Blue Horizon Hospitality Group PTE Ltd company has been changed on AmRest China Group PTE Ltd.

As at March 31th, 2017, the Group included the following associates accounted for with the equity method:

Company name	Seat	Core business	Parent/ non-controlling undertaking	Owner-ship interest and total Group vote	Initial investment
SCM s.r.o.	Prague, Czech	Delivery services for restaurants provided to the Group	SCM Sp. z o. o.	45.90%	March 2007

The Group's office is in Wroclaw, Poland. On March 31, 2017 the restaurants operated by the Group were located in Poland, Czech, Hungary, Slovakia, Russia, Bulgaria, Romania, Serbia, Croatia, Spain, Germany, France and China.

10. Pursuant to the information available to the Company, as at the date of release of this quarterly report, that is May 18th, 2017. the following shareholders submitted information on holding directly or indirectly (through subsidiaries) 5% or more of the total vote at the General Shareholders Meeting of AmRest Holdings SE (“AmRest”):

Shareholder	Number of shares	% share in capital	Number of votes at the Shareholders' Meeting	% of votes
FCapital Dutch B.V.*	13 121 152	61.85%	13 121 152	61.85%
Nationale-Nederlanden OFE**	2 034 893	9.59%	2 034 893	9.59%
Gosha Holding S.à.r.l.***	1 242 056	5.85%	1 242 056	5.85%
Other shareholders	4 815 792	22.70%	4 815 792	22.70%

* FCapital Dutch B. V. is the dominant entity of FCapital Lux (previously Cullinan S.à.r.l.) (holding 6 394 362 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finacces SAPI de CV is the directly dominant entity of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The directly dominant person of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is the Supervisory Board member of AmRest.

** The previous name: ING OFE

*** Gosha Holding S.à.r.l. is the entity which is connected with Mr Henry McGovern and Mr Steven Kent Winegar, Supervisory Board members of AmRest.

11. Changes in the shareholding structure

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

Since the publication of the previous periodical report (March 16th, 2017) there were no changes in the shareholding structure of AmRest.

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

During the period since the publication of the previous periodical report (March 16th, 2017) following changes occurred with respect to AmRest shares held by the members of the Management and Supervisory Boards of AmRest.

According to the best knowledge of AmRest, there are five members of Management Board, who owned in this reporting period the Issuer's shares: Mrs. Oksana Staniszevska, Mr. Wojciech Mroczyński, Mr. Olgierd Danielewicz and Mr. Mark Chandler.

AmRest Holdings SE

As at March 16th, 2017 Mrs. Oksana Staniszewska held 2 020 shares of the Company with a total nominal value of EUR 20.20. As at March 31st, 2017 (and simultaneously on the date of publication of this report) Mrs. Staniszewska didn't hold any shares of the Company.

As at March 16th, 2017 Mr. Wojciech Mroczyński held 14 shares of the Company with a total nominal value of EUR 0.14. As at March 31st, 2017 he held the same amount of the Company's shares. As at the date of publication of this report Mr. Mroczyński holds 1 355 shares of the Company with a total nominal value of EUR 13.55.

As at March 16th, 2017 Mr. Drew O'Malley didn't hold any shares of the Company. As at March 31st, 2017 he still didn't hold any AmRest's shares. As at the date of publication of this report Mr. O'Malley holds 3 000 shares of the Company with a total nominal value of EUR 30.00.

As at March 16th, 2017 Mr. Mark Chandler held 25 983 shares of the Company with a total nominal value of EUR 259.83. As at March 31st, 2017 he held 2 888 shares of AmRest with a total nominal value of EUR 28.88. As at the date of publication of this report Mr. Chandler holds 2 379 shares of the Company with a total nominal value of EUR 23.79.

As at March 16th, 2017 Mr. Olgierd Danielewicz held 27 347 shares of the Company with a total nominal value of EUR 273.47. As at March 31st, 2017 he held 26 447 shares of the Company with a total nominal value of EUR 264.47. As at the date of publication of this report Mr. Danielewicz holds 25 847 shares of the Company with a total nominal value of EUR 258.47.

Pursuant to the information available to the Company, the only Supervisory Board members, who own the Issuer's shares are Mr. Henry McGovern and Mr. Steven Kent Winegar.

As at March 16th, 2017 Mr. Henry McGovern didn't hold personally any shares of the Company. As a dominant entity of Gosha Holdings S.a.r.l. Mr. McGovern held indirectly 1 242 056 shares of AmRest with a total nominal value of EUR 12 420.56. As at March 31st, 2017 his ownership was the same. As at the date of publication of this report Mr McGovern, in addition to the ownership through Gosha Holdings S.a.r.l., holds personally 7 234 shares of the Company with a total nominal value of EUR 72.34.

As at March 16th, 2017 Mr. Steven Kent Winegar didn't hold personally any shares of the Company. As at March 31st, 2017 (and simultaneously on the date of publication of this report) Mr. Steven Kent Winegar also held the Company's shares only through closely associated entity - Gosha Holdings S.a.r.l.

Transactions on AmRest shares executed by persons having access to confidential information since issuing last financial report (March 16th, 2017)

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

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

On March 30th, 2017 AmRest informed that it received on the same day a notice from Mr. Drew

AmRest Holdings SE

O'Malley - a member of the Company's Management Board, about a sale of 20 000 AmRest shares at the average price of PLN 341.33 per share executed on March 28th, 2017. The transaction was executed at the Warsaw Stock Exchange.

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

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

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

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

The transactions were executed at the Warsaw Stock Exchange.

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

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

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

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

On March 31st, 2017 AmRest informed that it received on the same day a notice from Mr. Grzegorz Staniszewski, being a person closely associated with Mrs. Oksana Staniszevska - a member of the Company's Management Board, about:

- a purchase of 223 AmRest shares executed on March 30th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated market.

- a sale of 223 AmRest shares at the price of PLN 344.60 per share executed on March 30th, 2017. The transaction was executed at the Warsaw Stock Exchange.

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

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

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

regulated market.

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

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

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

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

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

The transactions were executed at the Warsaw Stock Exchange.

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

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

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

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

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

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

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

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

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

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

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

- a sale of 116 AmRest shares at the price of PLN 365.00 per share executed on April 25th, 2017,
- a sale of 2 009 AmRest shares at the average price of PLN 369.75 per share executed on April 26th, 2017.

The transactions were executed at the Warsaw Stock Exchange.

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

- a sale of 693 AmRest shares at the average price of PLN 372.07 per share executed on April 27th, 2017,
- a sale of 733 AmRest shares at the price of PLN 368.00 per share executed on April 28th, 2017.

The transactions were executed at the Warsaw Stock Exchange.

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

On May 4th, 2017 AmRest informed that it received on the same day a notice from Mr. Jose Manuel Maestro Garcia-Donas, being a person closely associated with Mrs. Maria Elena Pato-Castel - a person discharging managerial responsibilities in the Company, about:

- a purchase of 96 AmRest shares executed on April 28th, 2017. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated market.
- a sale of 96 AmRest shares at the average price of PLN 365.50 per share executed on May 2nd, 2017. The transaction was executed at the Warsaw Stock Exchange.

Transactions on AmRest shares concluded for the purpose of executing the management option plan are presented in table below.

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

In the period between issuing last financial report (March 16th, 2016) and the day of publication of this report AmRest purchased a total of 67 827 own shares for a total price of PLN 23 421 650. During the same period, the Company disposed a total of 74 268 own shares to entitled participants of the stock options plans.

AmRest Holdings SE

conclusion date	settlement date	purchase/sale	number of purchased/sold shares	average purchase/sale price of shares	Nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
17.03.2017	21.03.2017	P	3 800	335.68	0.01	0.0179%	3 800	49 173	49 173	0.2318%
20.03.2017	22.03.2017	P	1 011	333.71	0.01	0.0048%	1 011	50 184	50 184	0.2366%
21.03.2017	23.03.2017	P	858	327.56	0.01	0.0040%	858	51 042	51 042	0.2406%
22.03.2017	24.03.2017	P	1 018	327.80	0.01	0.0048%	1 018	52 060	52 060	0.2454%
23.03.2017	23.03.2017	S	20 000	0.00	0.01	0.0943%	20 000	32 060	32 060	0.1511%
23.03.2017	27.03.2017	P	2 503	335.28	0.01	0.0118%	2 503	34 563	34 563	0.1629%
24.03.2017	28.03.2017	P	1 500	330.61	0.01	0.0071%	1 500	36 063	36 063	0.1700%
27.03.2017	29.03.2017	P	505	333.59	0.01	0.0024%	505	36 568	36 568	0.1724%
28.03.2017	30.03.2017	P	2 100	340.00	0.01	0.0099%	2 100	38 668	38 668	0.1823%
29.03.2017	31.03.2017	P	3 000	344.58	0.01	0.0141%	3 000	41 668	41 668	0.1964%
30.03.2017	30.03.2017	S	1 650	0.00	0.01	0.0078%	1 650	40 018	40 018	0.1886%
30.03.2017	03.04.2017	P	3 000	344.63	0.01	0.0141%	3 000	43 018	43 018	0.2028%
31.03.2017	31.03.2017	S	1 780	0.00	0.01	0.0084%	1 780	41 238	41 238	0.1944%
31.03.2017	04.04.2017	P	1 548	348.25	0.01	0.0073%	1 548	42 786	42 786	0.2017%
03.04.2017	03.04.2017	S	22 287	0.00	0.01	0.1051%	22 287	20 499	20 499	0.0966%
03.04.2017	05.04.2017	P	2 452	347.00	0.01	0.0116%	2 452	22 951	22 951	0.1082%
04.04.2017	04.04.2017	S	279	0.00	0.01	0.0013%	279	22 672	22 672	0.1069%
04.04.2017	06.04.2017	P	4 000	343.78	0.01	0.0189%	4 000	26 672	26 672	0.1257%
05.04.2017	07.04.2017	P	3 000	340.17	0.01	0.0141%	3 000	29 672	29 672	0.1399%
06.04.2017	06.04.2017	S	819	0.00	0.01	0.0039%	819	28 853	28 853	0.1360%
06.04.2017	10.04.2017	P	4 200	341.97	0.01	0.0198%	4 200	33 053	33 053	0.1558%
07.04.2017	07.04.2017	S	1 038	0.00	0.01	0.0049%	1 038	32 015	32 015	0.1509%
07.04.2017	11.04.2017	P	3 594	340.70	0.01	0.0169%	3 594	35 609	35 609	0.1679%
10.04.2017	12.04.2017	P	606	344.67	0.01	0.0029%	606	36 215	36 215	0.1707%
11.04.2017	11.04.2017	S	114	0.00	0.01	0.0005%	114	36 101	36 101	0.1702%
11.04.2017	13.04.2017	P	4 196	344.16	0.01	0.0198%	4 196	40 297	40 297	0.1900%
12.04.2017	18.04.2017	P	4 750	345.39	0.01	0.0224%	4 750	45 047	45 047	0.2123%
13.04.2017	19.04.2017	P	5 054	345.53	0.01	0.0238%	5 054	50 101	50 101	0.2362%
18.04.2017	18.04.2017	S	24 638	0.00	0.01	0.1171%	24 838	25 263	25 263	0.1191%
			200	130.90	0.01					
20.04.2017	20.04.2017	S	96	0.00	0.01	0.0005%	96	25 167	25 167	0.1186%
20.04.2017	24.04.2017	P	5 150	342.86	0.01	0.0243%	5 150	30 317	30 317	0.1429%
21.04.2017	21.04.2017	S	429	0.00	0.01	0.0020%	429	29 888	29 888	0.1409%
21.04.2017	25.04.2017	P	1 482	343.83	0.01	0.0070%	1 482	31 370	31 370	0.1479%
25.04.2017	27.04.2017	P	5 943	368.90	0.01	0.0280%	5 943	37 313	37 313	0.1759%
26.04.2017	28.04.2017	P	2 557	373.43	0.01	0.0121%	2 557	39 870	39 870	0.1879%

AmRest Holdings SE

conclusion date	settlement date	purchase/sale	number of purchased/sold shares	average purchase/sale price of shares	Nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
27.04.2017	27.04.2017	S	108	0.00	0.01	0.0005%	108	39 762	39 762	0.1874%
28.04.2017	28.04.2017	S	830	0.00	0.01	0.0039%	830	38 932	38 932	0.1835%

**B. Interim Consolidated Financial Statements for the quarter ended
March 31st, 2017**

1. Statement on the Accounts' Compliance with International Financial Reporting Standards

These consolidated interim financial statements were prepared in accordance with the International Financial Reporting Standards (the "IFRS") and their interpretations adopted by the International Accounting Standards Board (the "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).

2. Seasonality of Production and Markets

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 operating days in February and fewer people dining out. The next quarter in terms of sales is the second quarter, in which the restaurants achieve better results thanks to improving weather and a positive effect of the beginning of the holiday season in June. The highest sales are achieved at the end of the third and at the beginning of the fourth quarter. Very good performance in the third quarter is attributable to the increased tourist traffic. Autumn is traditionally a season when people tend to dine out more frequently, which translates into higher sales. An important time in the last three months of the year is the pre-Christmas period, when particularly high sales are reported by the restaurants situated in shopping centers.

3. Form of Presentation of the Consolidated Financial Statements and Type and Value of Changes in the Applied Estimates

Amounts in these consolidated interim financial statements are presented in the Polish zloty (PLN), rounded off to full thousands. These financial statements were prepared based on the historical cost convention, except financial assets and liabilities (including derivative instruments) which are subject to measurement at fair value through profit or loss.

The preparation of financial statements in compliance with the International Financial Reporting Standards requires the Management Board 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 these financial statements. 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.

Estimates and their underlying assumptions are reviewed on an on-going basis. Any adjustments of the accounting estimates are recognized in the period in which the adjustments were made, on condition that they concern this period only, or in the period in which they were made and in the future periods, if they concern both the current and future periods.

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, and adjustment to the valuation of deferred tax assets. During the period covered by these financial statements, there were no material changes in the value of estimates disclosed

in the previous reporting periods.

The accounting policies have been applied consistently in all periods presented in these consolidated financial statements. The accounting policies were applied consistently by all members of the Group.

4. Segment Reporting

Operating Segments

AmRest as a Group of dynamic developing entities running operations at many markets and various restaurant business segments is under constant analysis of 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 Executive Committee during making strategic decisions. Executive Committee verifies group performance while deciding of owned resources allocations in breakdown of AmRest Group for divisions.

The approach is current valid solution for strategic analysis and capital allocation decision making process by Executive Committee. As for the balance sheet date Executive Committee defines segments in presented below layout.

Segment	Description
Central and Eastern Europe (CEE)	Poland, Czech, Hungary, Bulgaria, Croatia, Romania, Slovakia and Serbia.
Western Europe	KFC and La Tagliatella restaurant operations in Spain, France, together with supply chain and franchise activity in Spain. La Tagliatella, Starbucks and KFC operation in Germany.
China	Blue Frog and KABB restaurants in China.
Russia	KFC and Pizza Hut activity in Russia.
Unallocated	Consolidation adjustments, asset and liability balances non-allocated to segments (covering borrowings and lease liabilities) and transactions of SCM sp. z o.o., AmRest Holdings SE and subsidiary located in the Ukraine and following companies AmRest Capital Zrt, AmRest Finance Zrt and AmRest Finance S.L. and financial costs and incomes, share profit of associates, income tax, net income from continued operation, total net income.

The data relating to operating segments for the 3 months ended March 31, 2017 and for the comparative period ended March 31, 2016 are presented below (comparable period for balance sheet data is December 31, 2016).

	CEE	Western Europe	Russia	China	Unallocated	Total
Three months ended March 31th, 2017						
Revenue from external customers	585 342	351 151	138 350	60 033	12 524	1 147 400
Inter-segment revenue	-	-	-	-	-	-
Operating result, segment result	36 556	6 277	1 648	(1 421)	(2 997)	40 063
Finance income	-	-	-	-	680	680

AmRest Holdings SE

	<i>CEE</i>	<i>Western Europe</i>	<i>Russia</i>	<i>China</i>	<i>Unallocated</i>	<i>Total</i>
Finance costs	-	-	-	-	(12 181)	(12 181)
Share of profits of associates	-	-	-	-	(46)	(46)
Income tax	-	-	-	-	(7 194)	(7 194)
Gain for the period	-	-	-	-	21 322	21 322
Segment assets	1 128 148	1 571 327	356 433	203 352	84 260	3 343 520
Investments in associates	-	-	-	-	411	411
Total assets	1 128 148	1 571 327	356 433	203 352	84 671	3 343 931
e.g. goodwill	34 085	523 279	99 231	89 473	911	746 979
e.g. deferred tax assets	27 476	8 076	-	455	10 994	47 001
Segment liabilities	262 804	217 995	30 207	32 625	1 515 570	2 059 201
Depreciation	35 977	17 658	8 573	4 656	200	67 064
Amortization	5 041	3 528	471	313	108	9 461
Capital investment	63 292	69 593	11 345	2 665	312	147 207
Impairment of fixed assets	-	-	(16)	-	-	(16)
Impairment of trade receivables	227	474	-	-	(202)	499
Impairment of inventories	-	-	-	-	-	-
Impairment of other assets	-	-	-	-	-	-
<u>Three months ended March</u>						
<u>31th, 2016</u>						
<i>(balance sheet data as at 31 December 2016)</i>						
Revenue from external customers	504 007	204 468	89 110	51 137	9 499	858 221
Inter-segment revenue	-	-	-	-	-	-
Operating result, segment result	36 280	24 867	2 272	(5 017)	(3 249)	55 153
Finance income	-	-	-	-	453	453
Finance costs	-	-	-	-	(10 198)	(10 198)
Share of profits of associates	-	-	-	-	(11)	(11)
Income tax	-	-	-	-	(6 878)	(6 878)
Gain for the period	-	-	-	-	38 519	38 519
Segment assets	1 155 144	1 605 837	349 756	208 186	121 152	3 440 075
Investments in associates	-	-	-	-	888	888
Total assets	1 155 144	1 605 837	349 756	208 186	122 040	3 440 963
e.g. goodwill	35 639	542 519	95 848	94 146	911	769 063
e.g. deferred tax assets	32 343	6 930	-	-	10 401	49 674
Segment liabilities	326 449	243 131	33 782	39 984	1 421 007	2 064 353
Depreciation	33 238	10 511	5 650	4 177	139	53 715
Amortization	4 429	2 603	289	305	68	7 694
Capital investment	21 859	17 363	14 593	30	280	54 125
Impairment of fixed assets	-	-	-	-	-	-
Impairment of trade receivables	(349)	-	(205)	-	-	(554)
Impairment of inventories	-	-	-	-	-	-
Impairment of other assets	-	-	-	-	-	-

Value of assets and liabilities and results of given reporting segments have been established on the basis of Group accounting policies, compliant with policies applied for preparation of this financial statements.

Goodwill was allocated to given reporting segments.

5. Changes in 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 Group's annual consolidated financial statements and in the point 9 of Q1 2017 Financial Report Additional Information.

**Interim consolidated income statement
for the quarter ended March 31th, 2017**

<i>in thousands of Polish zloty</i>	3 months ended March 31st, 2017	3 months ended March 31st, 2016
Continuing operations		
Restaurant sales	1 082 796	799 730
Franchise and other sales	64 604	58 491
Total sales	1 147 400	858 221
 Company operated restaurant expenses:		
Food and material	(323 561)	(248 023)
Payroll and employee benefits	(275 984)	(182 683)
Royalties	(54 770)	(38 568)
Occupancy and other operating expenses	(337 347)	(244 393)
Franchise and other expenses	(40 245)	(37 446)
General and administrative (G&A) expenses	(81 194)	(60 461)
Impairment losses	(483)	554
Total operating costs and losses	(1 113 584)	(811 020)
Other operating income	6 247	7 952
Profit from operations	40 063	55 153
Finance costs	(12 181)	(10 198)
Finance income	680	453
Income from associates	(46)	(11)
Profit before tax	28 516	45 397
Income tax	(7 194)	(6 878)
Profit for the period	21 322	38 519
Profit attributable to:		
Non-controlling interests	765	(1 239)
Equity holders of the parent	20 557	39 758
Profit for the period	21 322	38 519
Basic earnings per share in Polish zloty	0,97	1,87
Diluted earnings per share in Polish zloty	0,97	1,87

**Interim consolidated statement of comprehensive income
for the quarter ended March 31th, 2017**

<i>in thousands of Polish zloty</i>	3 months ended March 31st, 2017	3 months ended March 31st, 2016
Net profit	21 322	38 519
Other comprehensive incomes:		
Exchanges differences on translation of foreign operations	(73 711)	9 399
Net investment hedges	31 568	(1 035)
Income tax concerning net investment hedges	(5 998)	197
Total items that may be reclassified subsequently to profit or loss	(48 141)	8 561
Total items that may not be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period. net of tax	(48 141)	8 561
Total comprehensive income for the period	(26 819)	47 080
Attributable to:		
Shareholders of the parent	(17 787)	49 838
Non-controlling interests	(9 032)	(2 758)

**Interim consolidated statement of financial position
as at March 31th, 2017 and December 31st 2016**

<i>In thousands of Polish zloty</i>	31.03.2017	31.12.2016
Assets		
Property, plant and equipment	1 361 767	1 343 738
Goodwill	746 979	769 063
Other intangible assets	574 556	604 139
Investment property	22 152	22 152
Investments in associates	411	888
Other non-current assets	62 765	62 503
Deferred tax assets	47 001	49 674
Total non-current assets	2 815 631	2 852 157
Inventories	79 827	82 086
Trade and other receivables	92 841	99 384
Corporate income tax receivables	4 098	12 797
Other current assets	93 485	102 898
Cash and cash equivalents	258 049	291 641
Total current assets	528 300	588 806
Total assets	3 343 931	3 440 963
Equity		
Share capital	714	714
Reserves	635 801	648 886
Retained earnings	675 577	655 020
Translation reserve	(59 501)	4 413
Equity attributable to shareholders of the parent	1 252 591	1 309 033
Non-controlling interests	32 139	67 577
Total equity	1 284 730	1 376 610
Liabilities		
Interest-bearing loans and borrowings	1 132 274	1 039 033
Finance lease liabilities	7 458	7 880
Employee benefit liability	19 774	19 850
Provisions	26 352	23 717
Deferred tax liability	114 287	117 818
Other non-current liabilities	8 460	8 429
Total non-current liabilities	1 308 605	1 216 727
Interest-bearing loans and borrowings	230 577	223 255
Finance lease liabilities	1 603	1 636
Trade and other accounts payable	510 280	614 929
Income tax liabilities	8 136	7 806
Total current liabilities	750 596	847 626
Total liabilities	2 059 201	2 064 353
Total equity and liabilities	3 343 931	3 440 963

**Interim consolidated statement of cash flows
for the 3 months ended March 31th, 2017**

<i>in thousands of Polish zloty</i>	3 months ended March 31, 2017	3 months ended March 31, 2016
Cash flows from operating activities		
Profit before tax from continued operations	28 516	45 397
Adjustments for:		
Share (profit)/loss of associates	46	11
Amortization	9 461	7 694
Depreciation	67 064	53 715
Interest expense, net	8 606	8 372
Unrealized foreign exchange (gain)/loss	1 740	340
(Gain)/loss on disposal of fixed assets	106	(243)
Impairment of property, plant and equipment and intangibles	(16)	-
Share based payments expenses	4 954	4 349
Working capital changes:		
(Increase)/decrease in receivables	1 184	23 213
(Increase)/decrease in inventories	757	5 270
(Increase)/decrease in other assets	3 569	1 821
Increase/(decrease) in payables and other liabilities	(62 049)	(72 595)
Increase/(decrease) in other provisions and employee benefits	3 858	(1 455)
Income taxes (paid)/returned	(2 318)	(10 707)
Interest paid	(6 358)	(5 918)
Interest received	681	463
Dividend received from associated entities	852	-
Other	(9 564)	(1 784)
Net cash provided by operating activities	51 089	57 943
Cash flows from investing activities		
Proceeds/(expenses) related to the acquisition of subsidiaries	(43 844)	14 330
Acquisition of property, plant and equipment	(102 234)	(70 873)
Acquisition of intangible assets	(1 281)	(2 424)
Proceeds from investment loans and borrowings	-	-
Net cash used in investing activities	(147 359)	(58 967)
Cash flows from financing activities		
Expense on acquisition of treasury shares (employees options)	(14 712)	-
Proceeds from share transfers (employees options)	3 349	314
Payment of cash-settled stock-based awards	(177)	4 820
Proceeds from loans and borrowings	121 833	(349)
Repayment of borrowings	(854)	-
Expense related to the acquisition of non-controlling interest	(55 885)	-
Repayment of finance lease liabilities	(172)	328
Net cash provided by financing activities	53 382	5 113
Net change in cash and cash equivalents	(42 888)	4 089
Effect of foreign exchange rate movements	9 296	(248)
Balance sheet change of cash and cash equivalents	(33 592)	3 841
Cash and cash equivalents, beginning of period	291 641	317 871
Cash and cash equivalents, end of period	258 049	321 712

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Interim consolidated statement of changes in equity for the 3 months ended March 31th, 2017

<i>in thousands of Polish zloty</i>	Reserved capital				Cumulative translation adjustments	Total equity attributable to equity holders of the parent	Non-controlling interest	Total Equity
	Issued capital	Treasury shares	Other reserved capital	Retained Earnings				
As at 01.01.2016	714	(21 212)	699 518	464 456	(110 447)	1 033 029	71 045	1 104 074
COMPREHENSIVE INCOME								
Income/(loss) for the period	-	-	-	39 758	-	39 758	(1 239)	38 519
Currency translation differences	-	-	-	-	10 918	10 918	(1 519)	9 399
Net investment hedges valuation	-	-	(1 035)	-	-	(1 035)	-	(1 035)
Deferred tax related to net investment hedges	-	-	197	-	-	197	-	197
Total Comprehensive Income	-	-	(838)	39 758	10 918	49 838	(2 758)	47 080
TRANSACTION WITH SHAREHOLDERS								
Purchase of treasury shares	-	-	-	-	-	-	-	-
Proceeds from treasury shares	-	843	(843)	-	-	-	-	-
Employee stock option plan – value of employee services	-	-	(345)	-	-	(345)	-	(345)
Employee stock option plan – value of exercised options	-	-	314	-	-	314	-	314
Employee stock option plan – valuation of cash liability	-	-	3 427	-	-	3 427	-	3 427
Total transactions with equity holders	-	843	2 553	-	-	3 396	-	3 396
As at 31.03.2016	714	(20 369)	701 233	504 214	(99 529)	1 086 263	68 287	1 154 550
As at 01.01.2017	714	(11 123)	660 009	655 020	4 413	1 309 033	67 577	1 376 610
COMPREHENSIVE INCOME								
Income/(loss) for the period	-	-	-	20 557	-	20 557	765	21 322
Currency translation differences	-	-	-	-	(63 914)	(63 914)	(9 797)	(73 711)
Net investment hedges valuation	-	-	31 568	-	-	31 568	-	31 568
Deferred tax related to net investment hedges	-	-	(5 998)	-	-	(5 998)	-	(5 998)
Total Comprehensive Income	-	-	25 570	20 557	(63 914)	(17 787)	(9 032)	(26 819)
TRANSACTION WITH NON-CONTROLLING INTERESTS								
Equity attributable to non-controlling interests	-	-	(29 061)	-	-	(29 061)	(26 824)	(55 885)
Dividends allocated to non-controlling shareholders	-	-	-	-	-	-	418	418
Total transactions with non-controlling interests	-	-	(29 061)	-	-	(29 061)	(26 406)	(55 467)
TRANSACTION WITH SHAREHOLDERS								
Purchase of treasury shares	-	(14 712)	-	-	-	(14 712)	-	(14 712)
Treasury shares disposal	-	13 183	(13 183)	-	-	-	-	-
Employee stock option plan – value of employee benefits exercised in the period	-	-	(177)	-	-	(177)	-	(177)
Employee stock option plan – proceeds from employees for transferred shares	-	-	667	-	-	667	-	667
Employee stock option plan – value of unexercised employee benefits	-	-	4 628	-	-	4 628	-	4 628
Total transactions with equity holders	-	(1 529)	(8 065)	-	-	(9 594)	-	(9 594)
As at 31.03.2017	714	(12 652)	648 453	675 577	(59 501)	1 252 591	32 139	1 284 730

6. Earnings per Ordinary Share

The basic and diluted earnings per ordinary share were computed as follows:

	3 months ended March 31, 2017	3 months ended March 31, 2016
Net profit attributable to shareholders of the parent (<i>in thousands of PLN</i>)	20 557	39 758
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 (PLN)	0,97	1,87
Diluted earnings per ordinary share (PLN)	0,97	1,87

As at December 1, 2014 year has expired AmRest Holdings S.E. Management Board right to issue new shares up to value of EUR 5 thousand as authorized capital (according to paragraph 4.1 of Company articles of association). Right was granted by shareholders AGM resolution number 13 on June 10, 2011 year. As at March 31, 2017 and March 31, 2016 Company has no availability to issue new shares to settle employee option plans. Settlements of employee options plans are available through treasury stocks in a secondary market or in cash.

7. Subsequent events

The Management Board of AmRest Holdings SE (“AmRest”, the “Company”) signed on April 24th, 2017 the Binding Head of Terms (the “HoT”) determining the key terms and conditions on, and subject to which, Pizza Hut Europe Sarl US Branch („PH Europe”) and Yum Restaurants International Russia and CIS LLC (“PH Russia”) would be willing to proceed with a potential transaction with AmRest, whereby the Company’s controlled entity (the “Subsidiary”) would become Pizza Hut master franchisee for Russia and acquire 18 Pizza Hut restaurants operated by PH Russia (“Contemplated Transaction”).

As the result of the Contemplated Transaction AmRest’s controlled entity would become the master-franchisee for 36 restaurants currently operated by multiple sub-franchisees in Russia and would have the right to grant the license to the third parties to operate Pizza Hut restaurants (sub-franchise) in that market. Additionally the Subsidiary would acquire 18 Pizza Hut equity restaurants (“Equity Business”) from PH Russia. The purchase price for the Equity Business is subject to the results of a due diligence to be carried out by AmRest. It is the intention of the parties that the MFA and the Purchase Agreements shall be signed and closed no later than September 30th, 2017.

On May 16th, 2017 Management Board of AmRest Holdings SE (“AmRest”) announced the Completion of a Share Purchase Agreement (“SPA”) between AmRest and Top Brands NV.

As a result of the Completion AmRest acquired 100% shares of Pizza Topco France SAS (“Pizza Topco”) and changed the name of Pizza Topco into AmRest Topco France SAS. The purchase price at the day of closing of the transaction amounted to EUR 12.3m (approx. PLN 51.5m).

All the approvals and conditions the Completion was contingent upon in accordance with the SPA have been obtained and fulfilled - among others, the master franchise agreement (the “MFA”) with Pizza Hut Europe

Sarl (US Branch) (“PH Europe”) has been signed.

According to the MFA AmRest, as the exclusive master-franchisee, have the right to granting the license to the third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise) in France and Monaco, while ensuring a certain share of restaurants operated directly by the Company.

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

In order to facilitate the growth of scale of Pizza Hut business, PH Europe introduced an incentive mechanism reducing certain fees incurred by AmRest under the MFA ("Reduced Fees"), provided that the Company meets certain development obligations specified in the MFA.

Upon entry into force of the MFA AmRest is required to open and operate Pizza Hut Express and Delivery restaurants in accordance with the development schedule setting the minimum number of openings in the subsequent years of the Agreement’s term. If AmRest fails to meet the development obligations, PH Europe will have the right to increase the Reduced Fees and change the terms or terminate the MFA. The Company's intention is to open more than 150 Pizza Hut restaurants in the French market within 5 years.

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

**C. Interim Stand-Alone Financial Statements for the quarter ended March
31st, 2017**

1. Selected financial information

Selected financial data, including key items of the stand-alone financial statements as at and for 3 months ended on March 31st, 2017 and March 31st, 2016:

	3 months 2017 in thousands PLN	3 months 2016 in thousands PLN	3 months 2017 in thousands EUR	3 months 2016 in thousands EUR
Total sales	-	-	-	-
Profit/(loss) from operations	6 023	(151)	1 427	(35)
Profit before tax	4 566	(941)	1 082	(220)
Net profit	4 980	(684)	1 180	(160)
Net cash provided by operating activities	17 469	1 134	4 140	266
Net cash used in investing activities	(37 014)	(1 060)	(8 772)	(248)
Net cash provided/ (used in) financing activities	11 047	14 449	2 618	3 385
Net cash flow, total	(8 498)	14 523	(2 014)	3 402
Total assets	1 132 992	1 108 729	268 494	259 783
Total liabilities and provisions	301 337	307 225	71 410	71 977
Long-term liabilities	291 146	301 009	68 995	70 520
Short-term liabilities	10 191	6 216	2 415	1 457
Total equity	831 655	801 504	197 084	187 776
Issued capital	714	714	169	167

No dividends were paid in 2017 and in 2016

Assets and liabilities are translated into the Polish zloty at exchange rates quoted for the balance-sheet date by the National Bank of Poland. Income and expenses are translated at exchange rates approximated to the rates quoted for the date of a given transaction.

The selected financial data were translated into the euro in accordance with the following policies:

- Assets and liabilities – at mid exchange rates quoted by the National Bank of Poland for a given balance-sheet date;
- Items in the income statement – at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given calendar quarter.

**Interim stand-alone income statement
for the quarter ended March 31th, 2017**

<i>in thousands of Polish Zloty</i>	3 months ended March 31, 2017	3 months ended March 31, 2016
General and administrative (G&A) expenses	391	(1 005)
Other operating costs	(2 889)	(204)
Other operating income	8 521	1 058
Finance income	2 599	1 839
Finance costs	(4 056)	(2 629)
Net profit before tax	4 566	(941)
Income tax	414	257
Net profit for the period	4 980	(684)

**Interim stand-alone statement of comprehensive income
for the quarter ended March 31th, 2017**

<i>in thousands of Polish Zloty</i>	3 months ended March 31, 2017	3 months ended March 31, 2016
Net profit	4 980	(684)
Other comprehensive incomes:		
Other comprehensive incomes net	-	-
Total comprehensive incomes	4 980	(684)

**Interim stand-alone statement of financial position
as of March 31th, 2017 and December 31st, 2016**

<i>in thousands of Polish Zloty</i>	31.03.2017	31.12.2016
Assets		
Other intangible assets	247	316
Investments in subsidiaries	953 978	898 093
Other non-current financial assets	151 947	174 314
Deferred tax assets	278	-
Total non-current assets	1 106 450	1 072 723
Trade and other receivables	15 047	42 554
Other current assets	153	79
Other current financial assets	8 701	8 963
Cash and cash equivalents	2 641	11 139
Total current assets	26 542	62 753
Total assets	1 132 992	1 135 458
Equity		
Issued capital	714	714
Reserves	724 251	733 667
Retained earnings	106 690	101 710
Total equity	831 655	836 091
Liabilities		
Deferred tax liabilities	-	372
Trade and other payables	11 581	11 255
Other non-current financial liabilities	279 565	279 483
Total non-current liabilities	291 146	291 110
Other current financial liabilities	2 928	8
Trade and other accounts payable	6 821	7 918
Liabilities from income tax	442	331
Total current liabilities	10 191	8 257
Total liabilities	301 337	299 367
Total equity and liabilities	1 132 992	1 135 458

**Interim stand-alone statement of cash flows
for 3 months ended March 31th, 2017**
in thousands of Polish Zloty

	3 months ended March 31, 2017	3 months ended March 31, 2016
Cash flows from operating activities		
Profit before tax	4 566	(941)
Adjustments:		
Amortization	69	63
Financial expense and income, net	1 433	475
Unrealized foreign exchange (gain)/loss	156	297
Change in receivables	15 877	(800)
Change in other assets	(74)	-
Change in liabilities	(1 097)	(95)
Income tax (paid) / returned	(125)	(2)
The result on employee options	(8 507)	(215)
Interest received	2 260	2 337
Impairment of investments in subsidiaries	2 829	-
Other	82	15
Net cash provided by operating activities	17 469	1 134
Cash flows from investing activities		
Proceeds from investment loans and borrowings	21 700	-
Expense on increase of capital and acquisition of shares in subsidiaries	(58 714)	(1 034)
Acquisition of property, plant and equipment	-	(26)
Net cash used in investing activities	(37 014)	(1 060)
Cash flows from financing activities		
Expense on acquisition of treasury shares (employee options)	(14 712)	-
Proceeds from shares transfer (employee options)	25 759	14 449
Net cash used in financing activities	11 047	14 449
Total net cash flows	(8 498)	14 523
Net change in cash and cash equivalents	(8 498)	14 523
Cash and cash equivalents, beginning of period	11 139	14 012
Cash and cash equivalents, end of period	2 641	28 535

Interim stand-alone statement of changes in equity for 3 months ended March 31th, 2017

<i>in thousands of Polish Zloty</i>	Issued capital	Own shares	Share premium	Retained Earnings	Total Equity
As at 01.01.2016	714	(21 212)	765 315	55 911	800 728
Comprehensive Income					
Income for the period	-	-	-	(684)	(684)
Total Comprehensive Income	-	-	-	(684)	(684)
Transaction with shareholders					
Change in stock option plan for employees	-	-	617	-	617
Transfer of treasury shares	-	843	-	-	843
Total transaction with shareholders	-	843	617	-	1 460
As at 31.03.2016	714	(20 369)	765 932	55 227	801 504
As at 01.01.2017	714	(11 123)	744 790	101 710	836 091
Comprehensive Income					
Income for the period	-	-	-	4 980	4 980
Total Comprehensive Income	-	-	-	4 980	4 980
Transaction with shareholders					
Change in share option plan for employees	-	-	(7 887)	-	(7 887)
Transfer of treasury shares	-	13 183	-	-	13 183
Purchase of treasury shares	-	(14 712)	-	-	(14 712)
Total transaction with shareholders	-	(1 529)	(7 887)	-	(9 416)
As at 31.03.2017	714	(12 652)	736 903	106 690	831 655

2. Selected information to the stand-alone financial statements

These interim financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union and issued by the International Accounting Standards Board. As at March 31th, 2017 there are no differences with regards to policies adopted by the Group and the International Financial Reporting Standards. The accounting policies used in the preparation of the stand-alone financial statements are consistent with those used in the annual financial statements for the year ended December 31st, 2016, except for the new accounting standards adopted as of January 1st, 2017.

The interim financial statements are presented in Polish zloty (PLN) which is the functional currency of AmRest Holdings SE since January 1st 2009.

3. Investments in subsidiaries

Details of investments in subsidiaries as at March 31th, 2017 and December 31st, 2016:

Name	March 31, 2017		December 31, 2016	
	Share in initial capital	Value of shares	Share in initial capital	Value of shares
AmRest Sp. z o. o	100 %	590 513	100 %	590 513
AmRest Acquisition Subsidiary Inc.	100 %	146 962	100 %	146 962
AmRest China Group PTE Ltd *	100 %	168 542	67.56 %	112 657
AmRest s.r.o.	100 %	33 573	100 %	33 573
AmRest EOOD	100 %	14 388	100 %	14 388
Total	-	953 978	-	898 093

* On February 17, 2017 the purchase share agreement was signed from Blue Horizon Hospitality Group LTD, Macau Jiu Jia Partners LP i Wintrust New Zealand Limited in Blue Horizon Hospitality PTE LTD. As a result of the agreement and the resolution passed on February 24, 2017, AmRest Holdings SE purchased 32.44% additional shares and from that date became a sole owner of the company. On April 6, 2017 the name of the Blue Horizon Hospitality Group PTE Ltd company has been changed on AmRest China Group PTE Ltd.

AmRest Holdings SE

Signatures of Board Members

Drew O'Malley
AmRest Holdings SE
Board Member

Wojciech Mroczyński
AmRest Holdings SE
Board Member

Mark Chandler
AmRest Holdings SE
Board Member

Oksana Staniszewska
AmRest Holdings SE
Board Member

Olgierd Danielewicz
AmRest Holdings SE
Board Member

Wroclaw, May 18th, 2017