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

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

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

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

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

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

Responsibilities of the Auditor

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

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

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

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

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

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

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

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

Independence

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

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

Selection of Auditor

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

Most Significant Types of Risk

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

RISK OF MATERIAL MISSTATEMENT	PROCEDURES PERFORMED IN RESPONSE TO IDENTIFIED RISK AND MOST SIGNIFICANT OBSERVATIONS RELATED TO SUCH RISKS
1 Tax risk at the subsidiary	
AmRest Sp. z o.o., being a subsidiary of AmRest Holdings SE, is a party to tax proceedings and audits relating to VAT for selected periods of 2012-2017. Information about ongoing proceedings and audits, as well as the Group's accounting approach to an existing position of tax authorities are described in a separate point in explanatory note 8 to the consolidated financial statements. The matter was considered a risk of material misstatement due to its potentially significant impact on the Group's financial position for 2017 and significant uncertainty regarding the final outcome of the matter.	As part of our audit procedures, we in particular: • Discussed the ongoing tax audits and proceedings with representatives of the Management Board of AmRest Holdings SE and AmRest Sp. z o.o. and persons responsible for tax matters at the Group in order to understand the judgement applied by the Company. • Obtained the standpoints of the Company's external tax advisors relating to their assessment of the risk of the dispute being resolved with an unfavorable result for AmRest Sp. z o.o. • Read the documentation from the audit conducted by the auditor of AmRest Sp. z o.o., in particular with regard to an audit of provisions and tax liabilities resulting from the ongoing tax audits. • Made a critical assessment of the arguments presented by the Company and its advisors, as well as the audit materials collected by the auditor of AmRest Sp. z o.o. • Conducted our own analysis of the documents from the tax audits obtained by AmRest Sp. z o.o., the tax interpretations in this matter, decisions of the tax authorities and the appeals lodged against these decisions. • Carried out our own analysis of the judgements of administrative courts in similar cases. • Assessed the risk and the factors impacting the formation of a provision based on IFRS, in particular IAS 37.

	• Assessed if the disclosures in the consolidated financial statements adequately describe the uncertainties relating to the ongoing tax audits and proceedings. Due to the material amount of potential liabilities and significant uncertainty regarding the final resolution of the case, we decided to include an additional emphasis of matter paragraph in the audit opinion on the consolidated financial statements.

RISK OF MATERIAL MISSTATEMENT	PROCEDURES PERFORMED IN RESPONSE TO IDENTIFIED RISK AND MOST SIGNIFICANT OBSERVATIONS RELATED TO SUCH RISKS
2 Risk associated with the settlement of business combinations	
In the audited financial year, the group concluded significant transactions described in detail in note 3 of additional information and explanations, as a result of which it acquired control over other entities. The said transactions were settled as business combinations in accordance with IFRS 3. Settlements for transactions concluded in 2017 were performed on a temporary basis. Furthermore, the group made the final purchase price allocation of Starbucks Coffee Deutschland GmbH & Co. KG which took place in the previous financial year. The matter was considered a risk of material misstatement due to its significant impact on the Group's financial position for 2017, consisting of, inter alia, recognizing goodwill and other assets and liabilities stated at fair value as at the acquisition date.	As part of our audit procedures, we in particular: • Analyzed the terms of key agreements connected with the concluded transactions with regard to their impact on the settlement of the transactions, • Familiarized ourselves with the conclusions of the due diligence reports and valuations drafted by the advisors engaged by the Group, as well as other calculations and analyses drafted independently by the Company, which constituted the basis of an initial or final settlement of the effects of a given transaction. We assessed the correctness of inclusion of the conclusions from these documents in the settlements. • Interviewed the persons responsible for the settlement of transactions and representatives of the holding company's Management Board in order to understand the specifics of the individual transactions and the intentions for the future with regard to the group's strategy in reference to the markets on which the acquisition was performed, • Assessed the methodology used to allocate the purchase price and the assumptions adopted for the valuation of the material acquired assets and liabilities, • Analyzed the financial results of the acquired entities after the acquisition date.

	• Assessed the risk of impairment of the goodwill on the transactions concluded in the audited financial year, • Analyzed the conclusions from the reports received from the auditor of the subsidiaries relating to additional procedures performed for the purpose of audit.

RISK OF MATERIAL MISSTATEMENT	PROCEDURES PERFORMED IN RESPONSE TO IDENTIFIED RISK AND MOST SIGNIFICANT OBSERVATIONS RELATED TO SUCH RISKS
3 Risk of impairment of tangible assets relating to restaurant activity	
In its consolidated financial statements prepared as at 31 December 2017, the Group discloses tangible assets relating to its restaurant activity, as well as the Group's other tangible assets in the amount of PLN 1.690.155 thousand. In accordance with its accounting policies, the Group performs periodic assessments of the risk of impairment of its tangible assets. The details of the Group's accounting policy on the recognition of impairment write-downs of tangible assets relating to its restaurants and information on tests performed are presented in point "p" of information about the Group and in significant accounting policies in the consolidated financial statements of the Group and additional explanatory note 9. This matter was considered a risk of material misstatement due to the high share of tangible assets in the Group's total assets and liabilities and the possible significant impact of the adopted assumptions on the value in use of the restaurant assets.	As part of our audit procedures, we in particular: • Gained an understanding of the methods used by the Company to test its restaurant assets for impairment. We verified the correctness of the model used and the rationality of the key assumptions adopted, • Analyzed whether the model used to determine the value in use of the assets is compliant with the Group's accounting policies and IFRS, • Performed sensitivity analyses of test results in terms of key assumptions adopted in the model, • Familiarized ourselves with the documentation from the audits conducted by the auditors of the subsidiaries with regard to procedures relating to potential impairment of assets and evaluated their correctness and sufficiency from the viewpoint of the purpose of the audit of the consolidated financial statements.

RISK OF MATERIAL MISSTATEMENT	PROCEDURES PERFORMED IN RESPONSE TO IDENTIFIED RISK AND MOST SIGNIFICANT OBSERVATIONS RELATED TO SUCH RISKS
4 Risk of impairment of goodwill and intangible assets with unspecified useful lives	
In its consolidated financial statements prepared as at 31 December 2017, the Group discloses goodwill in the amount of PLN 909 310 thousand, as well as the "La Tagliatella" trademark with an unspecified useful life, in the amount of PLN 271 514 thousand. The details of the Group's accounting policy on the recognition of goodwill, as well as the relevant disclosures relating to assets and impairment tests are presented in point "p" of information about the Group and in significant accounting policies, as well as in notes 11 and 12 to the Group's consolidated financial statements. As disclosed in the notes indicated above, the Group, by performing an annual test for the impairment of goodwill determines the recoverable amount of cash-generating centers using the discounted cash flows method. This issue was considered a risk of material misstatement due to the high share of intangible assets in the Group's total assets and liabilities and the possible significant impact of the adopted assumptions on the final result of impairment tests.	As part of our audit procedures, we in particular: • Gained an understanding of the methods used by the Company to test for impairment the goodwill and the intangible assets with unspecified useful lives. We verified the correctness of the model used and the rationality of the key assumptions adopted, • Analyzed whether the model used to determine the value in use of the goodwill is compliant with the Group's accounting policies and IFRS, • Performed sensitivity analyses of test results in terms of key assumptions adopted in the model, • Assessed the correctness and completeness of the disclosures regarding goodwill impairment tests in the consolidated financial statements of the Group. • Verified the correctness of currency translation for the goodwill recognized in a foreign currency.

Opinion

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

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

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

Emphasis of matter paragraph

Without qualifying our opinion on the truth and fairness of the audited financial statements, we draw your attention to the significant information contained in note 8 to the consolidated financial statements, describing the risk associated with ongoing tax proceedings and audits in a subsidiary of the parent Company, Amrest Sp. z o.o., with which there is uncertainty as to the future outcome of these proceedings. Our opinion does not contain a qualification on the above matter.

Report on Other Legal and Regulatory Requirements

Opinion on Directors' Report on the Group's Activities

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

In accordance with the Accounting Act and other binding regulations, the preparation of the Directors' Report on the group's activities is the responsibility of the Holding Company's Management Board. In addition, the Holding Company's Management Board and members of its Supervisory Board are responsible for ensuring that the Directors' Report on the group's activities meets the requirements of the Accounting Act.

In connection with our audit of the year-end consolidated financial statements our responsibility was to read the Directors' Report on the group's activities, with the exception of the "Declaration on non-financial information" section, and to indicate whether it complies with the applicable binding regulations and is consistent with the information presented in the year-end consolidated financial statements.

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

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

Opinion on the Declaration on the Application of Corporate Governance

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

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

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

Information about the preparation of a declaration on non-financial information

In accordance with the requirements of the Certified Auditors Act we hereby inform you that the Holding Company has prepared the declaration on non-financial information referred to in Article 49b par. 1 of the Accounting Act as a separate section of the Directors' Report on the group's activities.

We have performed no assurance work on the declaration on non-financial information and, accordingly, do not express any assurance on the declaration.

Katowice, 8 March 2018

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Auditor in charge:

Rafał Domicz
Certified Auditor
No. 12115

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

Dr. André Helin
Managing Partner
Certified Auditor No. 90004