

AmRest Holdings SE Capital Group

Report for the 1st half of 2017

September 14th, 2017



AmRest Holdings SE Report for the 1st half of 2017

PART I

Management Board's Report

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1. Selected Financial and Operating Results 30.06.2017 – Summary

CHART 1 THE AMREST SALES VALUE IN THE FIRST HALVES OF THE YEARS 2015-2017 (PLN '000)



CHART 2 EBITDA IN THE FIRST HALF OF THE YEARS 2015-2017 (PLN '000)

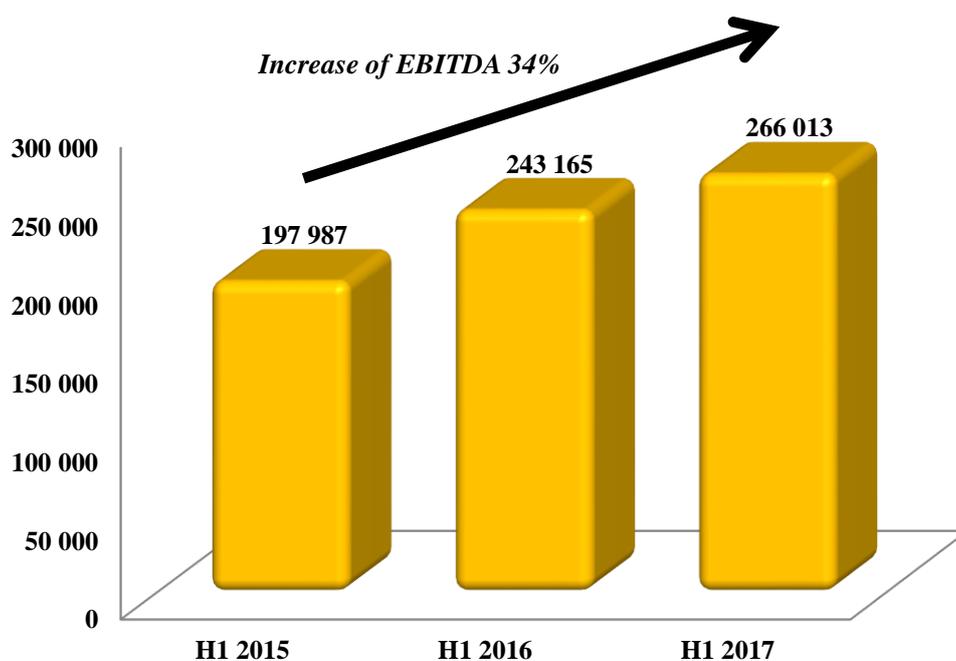
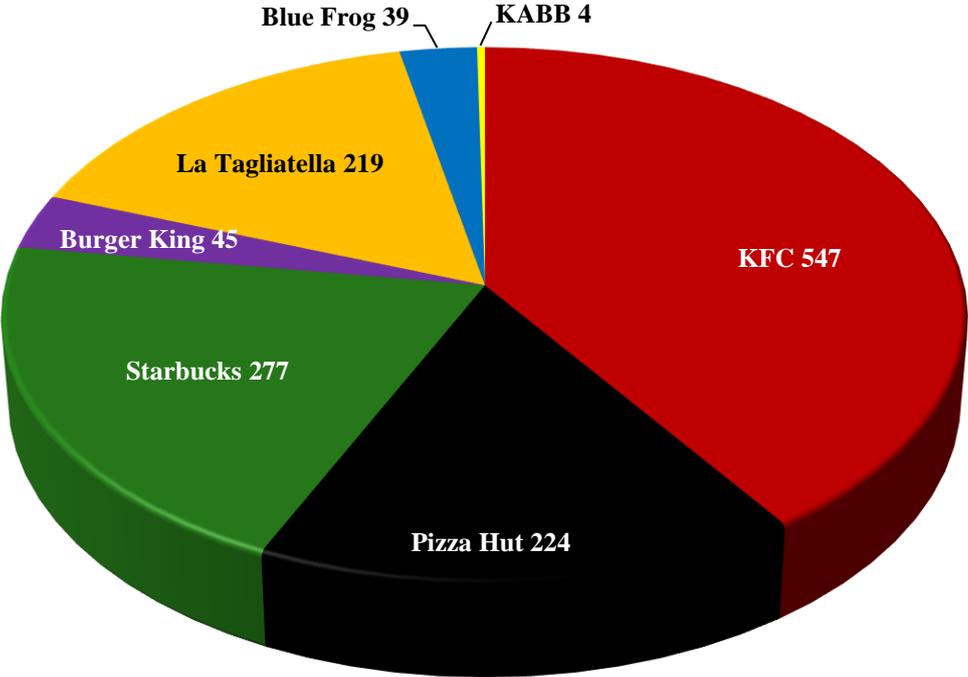


CHART 3 NUMBER OF RESTAURANTS AT THE END OF THE FIRST HALVES OF THE YEARS 2015-2017



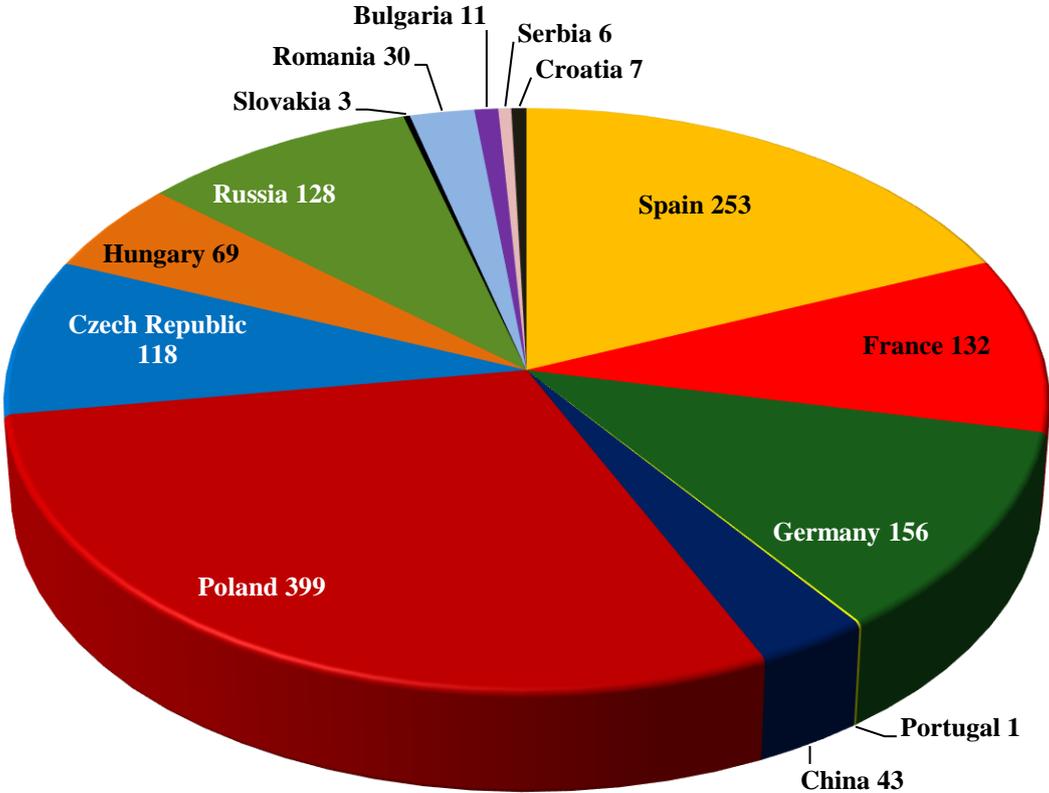
* Including restaurants operated by franchisees of La Tagliatella and Pizza Hut brands.

*CHART 4 NUMBER OF AMREST RESTAURANTS BROKEN DOWN BY BRANDS, AS AT THE END OF THE FIRST HALF OF 2017**



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

CHART 5 NUMBER OF AMREST RESTAURANTS BROKEN DOWN BY COUNTRIES, AS AT THE END OF THE FIRST HALF OF 2017*



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

2. Company Business Overview

2.1. Basic services provided by the Group

AmRest Holdings SE, together with its subsidiaries (“AmRest”), manages 7 restaurant brands in 14 countries of Europe and Asia. Every day more than 31 thousand AmRest employees deliver delicious taste and exceptional service at affordable prices, in accordance with our culture — “Wszystko Jest Możliwe!” (“Anything is possible!”).

As at September 14th, 2017, AmRest manages 1 460 restaurants in two restaurant sectors: Quick Service Restaurants (QSR) – KFC, Burger King, Starbucks, Pizza Hut Delivery and Express and Casual Dining Restaurants (CDR), restaurants with full waiting service – Pizza Hut, La Tagliatella, Blue Frog and KABB.

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

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

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

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

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

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

2.2. Quick Service Restaurants (QSR)



The KFC brand which was established in 1952 is currently largest and fastest developing and the most popular quick service brand specializing in chicken dishes. Worldwide, more than 20 000 restaurants are currently in operation in approximately 125 countries.

As at the date of this report, the Company operates 559 KFC restaurants: 225 in Poland, 81 in the Czech Republic, 45 in Hungary, 123 in Russia, 48 in Spain, 19 in Germany, 6 in Serbia, 5 in Bulgaria and 7 in Croatia.



The beginnings of Burger King date back to 1954. Today, Burger King (“Home of the Whopper”) operates about 15 500 restaurants, serving about 11 million customers in 100 countries every day. Almost 100% of Burger King restaurants are run by independent franchisees and many of them have been managed for decades as family businesses. Burger King brand is owned by 3G Capital.

As of the day of this report, AmRest operates the total of 47 Burger King restaurants – 37 in Poland, 9 in the Czech Republic and 1 in Bulgaria.



Starbucks is the world leader in the coffee sector with about 26 000 stores in 75 countries. It offers a broad selection of coffees from different parts of the world, as well as teas, soft drinks and a wide range of fresh snacks and desserts. The store designs and their atmosphere refer to the coffee heritage and reflect the culture of the neighbourhood.

As at the day of publication of this report, AmRest Coffee operates 282 stores (57 in Poland, 30 in the Czech Republic, 17 in Hungary, 31 in Romania, 6 in Bulgaria, 138 in Germany and 3 in Slovakia).

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



La Tagliatella arose from the experience of more than two decades of specialization in the traditional cuisine of the regions of El Piemonte, La Liguria and La Reggio Emilia. Over the past year the brand has entertained more than

9 million customers, who delighted in the most authentic flavours of Italian cuisine.

Currently, AmRest operates 222 La Tagliatella restaurants — 211 in Spain, 9 in France and 2 in Germany.



Pizza Hut is one of the largest casual dining restaurant chains in Europe. Inspired by the Mediterranean cuisine, it promotes the idea of having a good time while enjoying a meal together with family and friends. It is also the biggest brand in the Polish casual dining segment in terms of sales and the number of transactions. Pizza Hut's strong position results from consistently implemented "Pizza and much more!" strategy which assumes extending the brand's offer by adding new categories such as pastas, salads, desserts and starters while retaining the position of a leader and "pizza expert".

As at the day of publication of this report, Pizza Hut operates 304 restaurants – 93 in Poland, 9 in Russia and 7 in Hungary, 124 in France and 71 in Germany.



Inclusion of the Blue Horizon Hospitality Group to AmRest structure in 2012 enriched the CDR segment brand portfolio with two new positions operating in the Chinese market.



- Blue Frog Bar & Grill — restaurants serving grilled dishes from the American cuisine in a nice atmosphere.
- KABB Bistro Bar — premium segment restaurant, serving "western cuisine" dishes and a wide selection of wines and drinks.

As at the day of publication of this report AmRest operates 40 Blue Frog and 4 KABB restaurants.

3. Management and Supervisory Board members as at 30.06.2017

Management Board:

Drew O'Malley (June 30th, 2017 was the last day on the position of the Management Board member)

Jacek Trybuchowski (reappointment effective from June 30th, 2017)

Mark Chandler

Oksana Staniszewska

Olgierd Danielewicz

Wojciech Mroczyński

As at the day of publication of this report, the composition of the Management Board is as follows:

Jacek Trybuchowski

Mark Chandler

Oksana Staniszewska

Olgierd Danielewicz

Wojciech Mroczyński

Supervisory Board:

Henry Joseph McGovern

José Parés Gutiérrez – Chairman

Luis Miguel Álvarez Pérez

Carlos Fernández González

Steven Kent Winegar Clark

Pablo Castilla Reparaz

Mustafa Ogretici

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

4. Information relevant for the evaluation of human resources, financial situation and financial results of the Company

4.1. Significant staff changes

In the period since the publication of last report (the report for the first quarter of 2017 published on May 18th, 2017) below changes occurred as regards to the composition of the Management Board:

On May 17th, 2017 the Management Board of AmRest informed that on May 16th, 2017 the Supervisory Board of the Company adopted a resolutions on reappointing Mr. Jacek Trybuchowski to hold the position of AmRest's Management Board Member. The resolution came into force on June 30th, 2017. Mr. Jacek Trybuchowski had previously acted as member of AmRest's Management Board till February 1st, 2017.

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

He started his career at AmRest in 1993, as a student. During past 24 years Mr. Trybuchowski held numerous positions at the Company, ranging from Assistant Manager and General Manager of Pizza Hut, Area Coach of Pizza Hut and KFC, through Supply Director, Align Manager, P&A Manger, Pizza Hut Brand President to Country Manager for Hungary, New Markets Director, Mergers & Acquisition Director, Russia Division President and - currently - Chief Operations Officer. In 2004-2015 he was involved in Russian market. Mr. Trybuchowski actively acts as a Board Member of AmRest Sp. z o.o. He is also a Member of the Board of Directors of Blue Horizon Group (AmRest China).

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

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

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

4.2. Financial position of the Company

TABLE 1 KEY FINANCIAL DATA OF AMREST (FIRST HALVES OF 2015–2017)

PLN '000, unless stated otherwise	Jun 30 th , 2017	Jun 30 th , 2016	Jun 30 th , 2015
Sales revenue	2 390 541	1 835 276	1 559 675
Operating profit before depreciation and amortization (EBITDA)	266 013	243 165	197 987
<i>Operating margin before depreciation and amortization (EBITDA margin)</i>	<i>11.1%</i>	<i>13.2%</i>	<i>12.7%</i>
Adjusted operating profit before depreciation and amortization (adjusted EBITDA)*	283 182	253 286	216 048
<i>Adjusted operating margin before depreciation and amortization (adjusted EBITDA margin)*</i>	<i>11.8%</i>	<i>13.8%</i>	<i>13.9%</i>
Operating profit (EBIT)	102 107	109 941	88 926
<i>Operating margin (EBIT margin)</i>	<i>4.3%</i>	<i>6.0%</i>	<i>5.7%</i>
Net profit (attributable to AmRest shareholders)	53 615	76 019	52 977
<i>Net margin</i>	<i>2.2%</i>	<i>4.1%</i>	<i>3.4%</i>
Equity	1 263 850	1 260 846	1 038 090
<i>Return on equity (ROE)</i>	<i>4.2%</i>	<i>6.0%</i>	<i>5.1%</i>
Total assets	3 532 034	3 238 383	2 706 231
<i>Return on assets (ROA)</i>	<i>1.5%</i>	<i>2.3%</i>	<i>2.0%</i>

* Amounts net of one-off costs of new openings (start-up), costs of mergers and acquisitions (all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with transaction.), corrections in indirect taxes and the effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).

Definitions:

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

Operating margin – operating profit to sales;

Net margin – net profit attributable to AmRest shareholders to sales;

Return on equity (ROE) — net profit to equity;

Return on assets (ROA) — net profit to total assets;

TABLE 2 LIQUIDITY ANALYSIS (IN THE YEARS 2016–2017)

PLN '000, unless stated otherwise	Jun 30 th , 2017	Dec 31 st , 2016	Jun 30 th , 2016
Current assets	630 292	588 806	537 321
Inventory	80 144	82 086	70 556
Short-term liabilities	939 489	845 790	561 287
<i>Quick ratio</i>	<i>0.59</i>	<i>0.60</i>	<i>0.83</i>
<i>Current ratio</i>	<i>0.67</i>	<i>0.70</i>	<i>0.96</i>
Cash and cash equivalents	321 559	291 641	346 460
<i>Cash ratio</i>	<i>0.34</i>	<i>0.34</i>	<i>0.62</i>
<i>Inventory turnover (in days)</i>	<i>6.05</i>	<i>6.20</i>	<i>6.36</i>
Trade and other receivables	114 865	99 384	80 792
<i>Trade receivables turnover (in days)</i>	<i>7.13</i>	<i>6.81</i>	<i>7.49</i>
<i>Operating ratio (cycle) (in days)</i>	<i>13.18</i>	<i>13.01</i>	<i>13.84</i>
Trade and other short-term payables	556 101	613 093	450 858
<i>Trade payables turnover (in days)</i>	<i>40.85</i>	<i>40.94</i>	<i>40.99</i>
<i>Cash conversion ratio (in days)</i>	<i>-27.67</i>	<i>-27.93</i>	<i>-27.14</i>

Definitions:

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

Current ratio – current assets to current liabilities;

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

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

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

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

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

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

TABLE 3 GEARING ANALYSIS (IN THE YEARS 2015–2016)

PLN '000, unless stated otherwise	Jun 30 th , 2017	Dec 31 st , 2016	Jun 30 th , 2016
Non-current assets	2 901 742	2 868 950	2 701 062
Liabilities	2 268 184	2 081 146	1 977 537
Long-term liabilities	1 328 695	1 235 356	1 416 250
Debt	1 516 173	1 262 288	1 346 187
Share of inventories in current assets (%)	12.7%	13.9%	13.1%
Share of trade receivables in current assets (%)	18.2%	16.9%	15.0%
Share of cash and cash equivalents in current assets (%)	51.0%	49.5%	64.5%
Equity to non-current assets ratio	0.44	0.48	0.47
Gearing ratio	0.64	0.60	0.61
Long-term liabilities to equity ratio	1.05	0.90	1.12
Liabilities to equity ratio	1.79	1.51	1.57
Debt/equity	1.20	0.92	1.07

Definitions:

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

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

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

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

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

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

SALES

Revenue of AmRest Group amounted to PLN 2 391m in H1 2017, representing a 30.3% growth over the year. Q2 2017 sales reached PLN 1 243m, which was 27.2% higher compared to Q2 2016. Dynamic growth of revenue was mainly driven by continued solid LFL trends across the Company, accelerated pace of new openings (150 locations opened in the last 12 months) as well as growing M&A activity of the Group (acquisition of Starbucks chain in Germany in May 2016, 15 German KFC restaurants bought in March 2017 and Pizza Hut Delivery business acquired in France in May 2017).

Consolidated sales of the Group, adjusted by mentioned acquisitions, amounted to PLN 2 091m in H1 2017 and were 17.2% higher than year ago.

Revenue of Central Europe (CE) division increased by 15.6% and reached PLN 1 202m in H1 2017. Strong LFL trends in each of the markets supported by increased new stores development activity (95 restaurants opened within

last 12 months) drove such dynamic growth. Exceptionally strong sales growth in H1 2017 was noted in Hungary and “Other CE” segment – 38.3% and 29.3% respectively.

Positive LFL trends along with growing portfolio of restaurants (12 new locations within last year) stood behind 16% sales growth in Russia in H1 2017 (in RUB). Positive FX impact allowed to report even stronger dynamics in PLN. H1 2017 revenue in Russia amounted to PLN 288m, which was 40.4% higher than year ago.

Spanish business maintained stable LFL trends in H1 2017 and continued development activity. As a result, H1 2017 sales in Spain increased by 8.6%. In the meantime, total revenue of Western Europe division increased by 61.7% to PLN 741m, driven by additional sales from acquisitions in Germany and France.

In China, declining LFL trends reversed and comparable restaurants reported increase in revenue in H1 2017. Additionally, 12 new Blue Frog locations were opened during the last 12 months, contributing to 20.3% growth of sales in the region (PLN 133m in H1 2017).

Unallocated segment comprised of revenue of SCM group realized from the non-related entities. In H1 2017 sales of this segment reached PLN 27m and were 24.1% higher than year ago.

PROFITABILITY

EBITDA profit in H1 2017 reached PLN 266m, growing by 9.4% against last year. In Q2 2017 growth rate equaled 17.1%, leading to EBITDA of PLN 149m for a quarter. EBITDA margin in H1 2017 stood at 11.1% and was 2.1pp lower than year ago.

AmRest’s results in H1 2017 were primarily driven by further profitability improvement in most of the core markets of Group’s operations and consolidation of businesses acquired in Western Europe. Current performance of restaurants in France and Germany is weaker than mature brands in AmRest portfolio. Ongoing integration efforts are expected to improve margins of acquired brands in the future.

Consolidated EBITDA of AmRest, adjusted by the impact of M&As in Germany and France, grew in H1 2017 by 17.9%, while EBITDA margin improved by 0.1pp to 13.7%.

In the first half of 2017, positive trends were observed in cost of sales. Improved effectiveness came from continued attractive food cost, tailored promo campaigns in particular brands and cost saving initiatives in supply chain management. In the meantime, payroll cost increased over the year, as a result of pressure on labor cost in CE and Russia and addition of Western European businesses.

Net profit attributable to AmRest shareholders amounted to PLN 54m in H1 2017 (PLN 22m lower than in H1 2016). Net margin declined from 4.1% to 2.2%.

EBITDA profit in CE grew by 10.9% and reached PLN 170m in H1 2017, while margin declined by 0.6pp to 14.1%. Margins in all regions except for Poland strengthened in H1 2017. Key factors behind margins enhancement were strong LFL sales, favorable trends in food costs and maintained discipline in restaurants’ expenses. Relatively higher payroll costs stood behind deterioration of margins in Poland, yet the impact softened in Q2 2017. In the first half of the year Company continued successful roll out of light restaurant formats such as KFC Kiosk, Pizza Hut Express and Pizza Hut Delivery, creating the room for further margin enhancement in the future.

Profitability of Russian division improved in H1 2017, driven mainly by strong LFL sales and multiple cost saving initiatives on a restaurant level. After a soft start of the year, EBITDA margin came back to a double-digit territory, reaching 12.5% in Q2 2017. Similar to most of CE countries, the pressure on labor cost in Russia was offset by increased efficiency in other cost categories.

Strong results were reported by Spanish division, where profitability improved in H1 2017. EBITDA margin increased by 1.2pp over the year and reached 20.7%. In Q2 2017 improvement was even stronger, with EBITDA margin growing by 1.9pp to 21.1%. Outstanding performance in Spain is a result of stable LFL trends, continued network expansion, relatively lower cost of food and labor and realized savings in rents. Total profitability of Western Europe division was negatively impacted by consolidation of M&A projects in France and Germany.

Weaker margins in acquired businesses together with temporary integration costs diluted EBITDA margin of the division (9.7% in H1 2017).

In the meantime, breakthrough results were achieved in China. After a very strong start of the year positive trends continued, leading to an 8.4pp margin improvement in Q2 2017. EBITDA margin in H1 2017 reached 13.1% and was 7.9pp higher than year ago. Selective approach to development process, realized economies of scale and implementation of operating best practices from CE brought expected results of improved profitability of Chinese business.

DEBT RATIOS

The liquidity ratios of the Group are at levels ensuring smooth operating activities and their relatively low level is related to the specifics of restaurant industry. Cash surpluses generated on a current basis allows for the Group to serve efficiently existing debt and financing of the planned capital expenditure.

Share capital decreased by PLN 133m compared to the balance of the end of 2016 and amounted to PLN 1 264m at the end of H1 2017. The change in share capital resulted mainly from the minority interest buyout in Blue Horizon Hospitality Group PTE Ltd and cumulative translation adjustments. The net debt to EBITDA ratio amounted to 2.07 as at the end of H1 2017, as a net effect of growing profitability and increased debt financing allowing for accelerated organic growth and M&A activities.

TABLE 4 REVENUES AND MARGINS GENERATED IN THE PARTICULAR MARKETS IN THE SECOND QUARTERS OF 2016 AND 2017*

PLN '000	Q2 2017		Q2 2016	
	Share	Margin	Share	Margin
Sales	1 243 141		977 055	
Poland	371 090	29.9%	337 931	34.6%
Czech Republic	136 764	11.0%	117 392	12.0%
Hungary	69 869	5.6%	50 215	5.1%
Other CE	39 065	3.1%	30 688	3.1%
Total CE	616 788	49.6%	536 226	54.9%
Russia	149 632	12.0%	115 948	11.9%
Spain	215 553	17.3%	195 646	20.0%
Germany	163 315	13.1%	52 990	5.4%
Other Western Europe	11 013	0.9%	5 101	0.5%
Western Europe	389 881	31.4%	253 737	26.0%
China	72 745	5.9%	59 196	6.1%
Unallocated	14 095	1.1%	11 948	1.2%
EBITDA	148 942	12.0%	127 157	13.0%
Poland	45 643	12.3%	44 470	13.2%
Czech Republic	26 552	19.4%	22 833	19.5%
Hungary	12 301	17.6%	7 325	14.6%
Other CE	7 658	19.6%	5 051	16.5%
Total CE	92 154	14.9%	79 679	14.9%
Russia	18 732	12.5%	14 600	12.6%
Spain	45 384	21.1%	37 487	19.2%
Germany	-5 305	-	-396	-
Other Western Europe	-2 172	-	-959	-
Western Europe	37 907	9.7%	36 132	14.2%
China	12 136	16.7%	4 933	8.3%
Unallocated	-11 987	-	-8 187	-
Adjusted EBITDA**	162 101	13.0%	139 690	14.3%
Poland	47 812	12.9%	45 641	13.5%
Czech Republic	27 323	20.0%	23 081	19.7%
Hungary	12 687	18.2%	7 535	15.0%
Other CE	8 128	20.8%	5 372	17.5%
Total CE	95 950	15.6%	81 629	15.2%
Russia	19 808	13.2%	16 077	13.9%
Spain	46 753	21.7%	38 652	19.8%
Germany	-5 304	-	1 772	3.3%
Other Western Europe	-2 105	-	-958	-
Western Europe	39 344	10.1%	39 466	15.6%
China	12 997	17.9%	6 108	10.3%
Unallocated	-5 998	-	-3 590	-
EBIT	62 044	5.0%	54 788	5.7%
Poland	19 214	5.2%	19 156	5.7%
Czech Republic	20 397	14.9%	16 342	13.9%
Hungary	7 338	10.5%	3 826	7.6%
Other CE	5 764	14.8%	2 010	6.5%
Total CE	52 713	8.5%	41 334	7.7%
Russia	5 908	3.9%	4 516	3.9%
Spain	32 097	14.9%	22 346	11.4%
Germany	-15 099	-	-2 976	-
Other Western Europe	-5 299	-	-1 528	-
Western Europe	11 699	3.0%	17 842	7.0%
China	4 030	5.5%	-797	-
Unallocated	-12 306	-	-8 107	-

* data not audited

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

TABLE 5 REVENUES AND MARGINS GENERATED IN THE PARTICULAR MARKETS IN THE FIRST HALVES OF 2016 AND 2017

PLN '000	H1 2017		H1 2016			
		Share	Margin	Share	Margin	
Sales	2 390 541			1 835 276		
<i>Poland</i>	730 498	30.6%		658 149	35.9%	
<i>Czech Republic</i>	261 936	11.0%		226 638	12.3%	
<i>Hungary</i>	134 252	5.6%		97 087	5.3%	
<i>Other CE</i>	75 444	3.2%		58 359	3.2%	
Total CE	1 202 130	50.3%		1 040 233	56.7%	
Russia	287 982	12.0%		205 058	11.2%	
<i>Spain</i>	426 439	17.8%		392 640	21.4%	
<i>Germany</i>	298 916	12.5%		55 501	3.0%	
<i>Other Western Europe</i>	15 677	0.7%		10 064	0.5%	
Western Europe	741 032	31.0%		458 205	25.0%	
China	132 778	5.6%		110 333	6.0%	
Unallocated	26 619	1.1%		21 447	1.2%	
EBITDA	266 013		11.1%	243 165		13.2%
<i>Poland</i>	82 655		11.3%	86 407		13.1%
<i>Czech Republic</i>	49 748		19.0%	42 583		18.8%
<i>Hungary</i>	23 699		17.7%	15 066		15.5%
<i>Other CE</i>	13 853		18.4%	9 221		15.8%
Total CE	169 955		14.1%	153 277		14.7%
Russia	29 408		10.2%	22 606		11.0%
<i>Spain</i>	88 257		20.7%	76 530		19.5%
<i>Germany</i>	-18 902		-	-1 167		-
<i>Other Western Europe</i>	-3 511		-	-1 250		-
Western Europe	65 844		8.9%	74 113		16.2%
China	15 684		11.8%	4 398		4.0%
Unallocated	-14 878		-	-11 229		-
Adjusted EBITDA*	283 182		11.8%	253 286		13.8%
<i>Poland</i>	85 759		11.7%	82 880		12.6%
<i>Czech Republic</i>	50 792		19.4%	43 205		19.1%
<i>Hungary</i>	24 406		18.2%	15 418		15.9%
<i>Other CE</i>	14 592		19.3%	9 541		16.3%
Total CE	175 549		14.6%	151 044		14.5%
Russia	31 290		10.9%	25 043		12.2%
<i>Spain</i>	90 120		21.1%	78 345		20.0%
<i>Germany</i>	-18 862		-	1 001		1.8%
<i>Other Western Europe</i>	-3 437		-	-1 250		-
Western Europe	67 821		9.2%	78 096		17.0%
China	17 411		13.1%	5 735		5.2%
Unallocated	-8 889		-	-6 632		-
EBIT	102 107		4.3%	109 941		5.7%
<i>Poland</i>	32 066		4.4%	37 765		5.7%
<i>Czech Republic</i>	35 450		13.5%	28 637		12.6%
<i>Hungary</i>	13 746		10.2%	8 127		8.4%
<i>Other CE</i>	8 007		10.6%	3 085		5.3%
Total CE	89 269		7.4%	77 614		7.5%
Russia	7 556		2.6%	6 788		3.3%
<i>Spain</i>	61 434		14.4%	49 004		12.5%
<i>Germany</i>	-36 292		-	-3 960		-
<i>Other Western Europe</i>	-7 166		-	-2 335		-
Western Europe	17 976		2.4%	42 709		9.3%
China	2 609		2.0%	-5 814		-
Unallocated	-15 303		-	-11 356		-

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

4.3. Description of key domestic and foreign investments

The capital expenditure incurred by AmRest relates mainly to a development of restaurant network. The Company increases the scale of the business through construction of new restaurants, acquisition of restaurant chains from third parties as well as reconstruction and replacement of assets in the existing stores. The Company's capital expenditure depends mainly on the number and type of restaurants opened and scale of M&A activity.

In H1 2017 AmRest's capital expenditure was financed from cash flows from operating activities and debt financing.

The table below presents purchases of non-current assets as at 30 June 2016 and as at 30 June 2017.

TABLE 6 PURCHASES OF NON-CURRENT ASSETS IN AMREST HOLDINGS SE (FIRST HALVES OF 2016-2017)

PLN '000	Jun 30th, 2017	Jun 30th, 2016
Intangible assets, including:	75 203	193 064
Trademarks	-	-
Favourable lease agreements	-	-
Licences for use of Pizza Hut and KFC trademarks	7 988	32 113
Goodwill	62 949	154 815
Other intangible assets	4 266	6 136
Fixed assets, including:	220 505	232 956
Land	-	-
Buildings	86 818	108 891
Equipment	64 927	65 532
Vehicles	1 089	1 294
Other (including fixed assets under construction)	67 671	57 239
Total	295 708	426 020

As at September 14th, 2017, AmRest operated 1 460 restaurants, including 142 La Tagliatella and 185 Pizza Hut restaurants which are managed by franchisees. Compared with December 31, 2016, the Company runs 279 more restaurants. 79 new restaurants were opened: 41 restaurants in Central and Eastern Europe, 12 in Russia, 18 in Western Europe (including 9 openings of restaurants operated by franchisees – 8 in Spain and 1 in France) and 8 in China. At the beginning of March AmRest acquired from Kentucky Fried Chicken (Great Britain) Ltd., German Branch 15 KFC restaurants on the German market. 123 Pizza Hut Delivery restaurants (including 116 franchised units) were acquired in May 2017 from Top Brands NV and 69 Pizza Hut restaurants (including 67 franchised restaurants) were purchased from Pizza Hut Delivery Germany GmbH at the end of July 2017.

TABLE 7 NUMBER OF AMREST RESTAURANTS (AS AT THE DATE OF PUBLICATION OF THE REPORT)

Countries	Brands	31-12-2014	31-12-2015	31.12.2016	14.09.2017
Poland	TOTAL	320	346	389	412
	KFC	191	206	222	225
	BK	32	33	36	37
	SBX	38	40	52	57
	PH	59	67	79	93
Czech	TOTAL	94	102	114	121
	KFC	68	71	78	81
	BK	7	7	8	9
	SBX	19	24	28	30
	PH	0	0	0	1
Hungary	TOTAL	42	49	66	69
	KFC	30	35	45	45
	SBX	10	12	16	17
	PH	2	2	5	7
Russia	TOTAL	101	109	123	132
	KFC	92	101	115	123
	PH	9	8	8	9
Bulgaria	TOTAL	6	11	11	12
	KFC	5	5	5	5
	BK	1	1	1	1
	SBX	0	5	5	6
Serbia	TOTAL	5	5	5	6
	KFC	5	5	5	6
Croatia	TOTAL	5	5	6	7
	KFC	5	5	6	7
Romania	TOTAL	0	19	28	31
	SBX	0	19	28	31
Slovakia	TOTAL	0	0	3	3
	SBX	0	0	3	3
Spain	TOTAL	190	216	245	259
	TAG equity	57	65	73	74
	TAG franchised	101	115	129	137
	KFC	32	36	43	48
France	TOTAL	8	10	10	133
	TAG equity	4	4	5	4
	TAG franchised	4	6	5	5
	PH equity	0	0	0	7
	PH franchised	0	0	0	117
Germany	TOTAL	3	2	145	230
	SBX	0	0	143	138
	TAG equity	3	2	2	2
	KFC	0	0	0	19
	PH equity	0	0	0	3
	PH franchised	0	0	0	68
Portugal	TOTAL	0	0	0	1
	TAG equity	0	0	0	1
China	TOTAL	22	29	36	44
	Blue Frog	17	25	32	40
	KABB	3	4	4	4
	Stubb's	0	0	0	0
	TAG equity	2	0	0	0
USA	TOTAL	4	1	0	0
	Applebee's	3	0	0	0
	TAG equity	1	1	0	0
	TAG franchised	0	0	0	0
TOTAL AmRest		800	904	1181	1460

TABLE 8 NEW AMREST RESTAURANTS

	AmRest equity restaurants	AmRest franchisee restaurants	Total
31.12.2016	1 047	134	1 181
New Openings	70*	9	79
Acquisitions	30	185	215
Closings	14	1*	15
14.09.2017	1 133	327	1 460

* Data include the conversion of 1 Pizza Hut franchised location into equity restaurant

5. Planned investment activities and assessment of their feasibility

AmRest's strategy is to leverage its unique "Wszystko Jest Możliwe" culture, international capability and superior brand portfolio to grow scalable (min. USD 50 million annual sales) and highly profitable (min. 20% IRR) restaurants globally.

The Group intends to continue its strategic directions of development. Currently, the main focus of AmRest is on further expansion of the business in regions of continental Europe. Existing potential in the markets where AmRest is present allows to accelerate the pace of organic expansion. Recent successful roll-out of lighter restaurant formats (i.e. KFC Kiosk, Pizza Hut Express, Pizza Hut Delivery) increased availability of new locations and widened the white space for new openings. Improving effectiveness of newly opened restaurants also encourages to increase the growth pace.

Potential acquisitions of European restaurant chains remain the second pillar of AmRest's growth. Roll up of brands already existing in Group's portfolio is expected to play an important role in potential M&A activities. AmRest's Management believes that in a long-term perspective expanding portfolio with exceptional proprietary brands shall also strengthen the value of the Company.

Similar to previous years, improvement of ROIC and building the long-term growth platform will define the main criteria of shaping the structure of new launches and acquisitions. AmRest's investment program will be financed both from the own sources and through debt financing.

6. External and internal factors which are significant to the Company's development in 2017

The Management Board of AmRest believes that the following factors will have a significant effect on the Company's future development and results:

6.1. External factors

The external factors include:

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

6.2. Internal factors

The internal factors include:

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

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

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

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

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 June 30th, 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.

8. Management representations

8.1. Correctness and fairness of the presented financial statements

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

8.2. Selection of the registered audit company

The entity authorized to audit the financial statements, BDO Sp. z o.o., which carried out the annual audit of the abridged consolidated semi-annual financial statements of the AmRest Group has been selected in compliance with the provisions of the law. Both the entity and auditors conducting the audit met the requirements necessary to enable them to issue an unbiased and independent audit opinion, in accordance with the relevant laws. The agreement with BDO Sp. z o.o. was concluded on July 4th, 2017 and will be in force until December 31st, 2019.

Wroclaw, September 14th, 2017

.....
Mark Chandler
AmRest Holdings SE
Management Board Member

.....
Wojciech Mroczyński
AmRest Holdings SE
Management Board Member

.....
Jacek Trybuchowski
AmRest Holdings SE
Management Board Member

.....
Oksana Staniszevska
AmRest Holdings SE
Management Board Member

.....
Olgierd Danielewicz
AmRest Holdings SE
Management Board Member



AmRest Holdings SE Report for the 1st half of 2017

PART II

Supplement to Directors' Report

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1. The position of the Management Board of AmRest Holdings SE concerning the realization of previously published prognoses concerning the results for the year

The Company did not publish any forecasts of its results.

2. Shareholders holding at least 5% of the general number of votes at the General Shareholders' Meeting of AmRest Holdings SE as at June 30, 2017 and as at the date of the report

According to the information held by the Company, as at June 30th, 2017, the following shareholders provided information on holding directly or indirectly (through subsidiaries) at least 5% of the number of votes at the General Shareholders' Meeting of AmRest:

SHAREHOLDERS HOLDING MORE THAN 5% OF VOTES AT THE GSM OF AMREST

Shareholders	Number of shares	Share in capital %	Number of votes at AGM	% shares at AGM
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%
Free float	6 057 848	28,56%	6 057 848	28,56%

* 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

As at the date of submitting this semi-annual report, September 14th, 2017, above table reflects the current shareholding structure.

3. Description of changes in the shareholding

3.1. 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 (May 18th, 2017) there were no changes in the shareholding structure of AmRest other than those described below:

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

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

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

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

3.2. 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 (May 18th, 2017) following changes occurred with respect to AmRest shares and stock options held by the members of the Management and Supervisory Boards of AmRest:

According to the best knowledge of AmRest, following members of Management Board owned in this reporting period the Issuer's shares: Mr. Wojciech Mroczyński, Mr. Drew O'Malley, Mrs. Oksana Staniszevska, Mr. Olgierd Danielewicz, Mr. Mark Chandler and Mr. Jacek Trybuchowski.

As at May 18th, 2017 Mr. Wojciech Mroczyński held 1 355 shares of the Company with a total nominal value of EUR 13.55. On June 30th, 2017 (and simultaneously on the date of publication of this report) he holds the same amount of the Company's shares.

As at May 18th, 2017 Mr. Drew O'Malley held 3 000 shares of the Company with a total nominal value of EUR 30.00. On June 30th, 2017 (being the last day on the position of the Management Board member) he held 918 shares of the Company with a total nominal value of EUR 9.18.

As at May 18th, 2017 Mr. Olgierd Danielewicz held 25 847 shares of the Company with a total nominal value of EUR 258.47. On June 30th, 2017 (and simultaneously on the date of publication of this report) he holds 25 047 shares of the Company with a total nominal value of EUR 250.47.

As at May 18th, 2017 Mr. Mark Chandler held 1 379 shares of the Company with a total nominal value of EUR 13.79. On June 30th, 2017 (and simultaneously on the date of publication of this report) he holds the same amount of the Company's shares.

As at June 30th, 2017, i.e. the day of re-appointment as a member of the Management Board (and simultaneously on the date of publication of this report) Mr. Jacek Trybuchowski held 44 954 shares of the Company with a total nominal value of EUR 449.54.

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

As at May 18th, 2017 Mr. Henry McGovern held directly 7 234 shares of the Company with a total nominal value of EUR 72.34. As a dominant person of Gosha Holdings S.a.r.l. he held indirectly 1 242 056 AmRest shares with a total nominal value of EUR 12 420.56. On June 30th, 2017 he held same amount of the Company's shares. As at the date of publication of this report Mr. McGovern holds directly 7 234 shares of the Company with a total nominal value of EUR 72.34 and indirectly (through Gosha Holdings S.a.r.l.) 1 042 056 AmRest shares with a total nominal value of EUR 10 420.56.

As at May 18th, 2017 Mr. Steven Kent Winegar didn't hold directly any shares of the Company. On June 30th, 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.

3.3. Transactions on AmRest shares executed by persons having access to confidential information since issuing last financial report (May 18th, 2017)

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

The transactions were executed at the Warsaw Stock Exchange.

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

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

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

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

TRANSACTIONS ON AMREST TREASURY SHARES CONCLUDED WITHIN PERFORMANCE OF THE MANAGEMENT OPTIONS PROGRAMS

Conclusion date	Settlement date	Purchase /disposal	Number of acquired/ disposed shares	Average acquisition/ disposal price of shares	Nominal value of shares [EUR]	% of the share capital of the Company	Number of votes at AGM	Total number of shares	Total number of votes at AGM	% of the total number of votes in the Company
22.05.2017	24.05.2017	P	3 100	332.46	0.01	0.0146%	3 100	42 032	42 032	0.1981%
23.05.2017	25.05.2017	P	2 900	336.33	0.01	0.0137%	2 900	44 932	44 932	0.2118%
24.05.2017	24.05.2017	D	85	0.00	0.01	0.0004%	85	44 847	44 847	0.2114%
24.05.2017	26.05.2017	P	1 364	337.78	0.01	0.0064%	1 364	46 211	46 211	0.2178%
25.05.2017	29.05.2017	P	683	338.21	0.01	0.0032%	683	46 894	46 894	0.2211%
26.05.2017	26.05.2017	D	1 212	0.00	0.01	0.0097%	2 052	44 842	44 842	0.2114%
			240	70.00	0.01					
			200	81.00	0.01					
			140	81.82	0.01					
			260	223.50	0.01					
26.05.2017	30.05.2017	P	2 608	339.98	0.01	0.0123%	2 608	47 450	47 450	0.2237%
29.05.2017	29.05.2017	D	1 335	0.00	0.01	0.0106%	2 245	45 205	45 205	0.2131%
			100	70.00	0.01					
			100	81.00	0.01					
			150	81.82	0.01					
			80	130.90	0.01					
480	223.50	0.01								
29.05.2017	31.05.2017	P	1 472	340.00	0.01	0.0069%	1 472	46 677	46 677	0.2200%

Conclusion date	Settlement date	Purchase /disposal	Number of acquired/ disposed shares	Average acquisition/ disposal price of shares	Nominal value of shares [EUR]	% of the share capital of the Company	Number of votes at AGM	Total number of shares	Total number of votes at AGM	% of the total number of votes in the Company
30.05.2017	30.05.2017	D	837	0.00	0.01	0.0039%	837	45 840	45 840	0.2161%
30.05.2017	01.06.2017	P	2 377	340.60	0.01	0.0112%	2 377	48 217	48 217	0.2273%
31.05.2017	31.05.2017	D	270	0.00	0.01	0.0013%	270	47 947	47 947	0.2260%
31.05.2017	02.06.2017	P	3 200	345.25	0.01	0.0151%	3 200	51 147	51 147	0.2411%
01.06.2017	01.06.2017	D	574	0.00	0.01	0.0037%	794	50 353	50 353	0.2374%
			220	223.50	0.01					
01.06.2017	05.06.2017	P	150	339.70	0.01	0.0007%	150	50 503	50 503	0.2381%
05.06.2017	05.06.2017	D	809	0.00	0.01	0.0054%	1 149	49 354	49 354	0.2326%
			120	70.00	0.01					
			100	81.00	0.01					
			120	81.82	0.01					
06.06.2017	06.06.2017	D	501	0.00	0.01	0.0065%	1 371	47 983	47 983	0.2262%
			180	70.00	0.01					
			210	81.00	0.01					
			220	81.82	0.01					
06.06.2017	08.06.2017	P	3 400	364.16	0.01	0.0160%	3 400	51 383	51 383	0.2422%
07.06.2017	09.06.2017	P	2 000	366.44	0.01	0.0094%	2 000	53 383	53 383	0.2516%
08.06.2017	08.06.2017	D	1 078	0.00	0.01	0.0051%	1 078	52 305	52 305	0.2466%
12.06.2017	12.06.2017	D	463	0.00	0.01	0.0041%	863	51 442	51 442	0.2425%
			20	70.00	0.01					
			100	81.00	0.01					
			120	81.82	0.01					
13.06.2017	13.06.2017	D	705	0.00	0.01	0.0033%	705	50 737	50 737	0.2392%
13.06.2017	16.06.2017	P	2 374	356.50	0.01	0.0112%	2 374	53 111	53 111	0.2504%
14.06.2017	14.06.2017	D	292	0.00	0.01	0.0016%	342	52 769	52 769	0.2487%
			50	81.00	0.01					
14.06.2017	19.06.2017	P	2 000	355.00	0.01	0.0094%	2 000	54 769	54 769	0.2582%
16.06.2017	20.06.2017	P	1 076	355.18	0.01	0.0051%	1 076	55 845	55 845	0.2632%
19.06.2017	19.06.2017	D	2 890	0.00	0.01	0.0183%	3 890	51 955	51 955	0.2449%
			200	70.00	0.01					
			200	81.00	0.01					
			200	81.82	0.01					
20.06.2017	20.06.2017	D	725	0.00	0.01	0.0049%	1 047	50 908	50 908	0.2400%
			80	81.00	0.01					
			82	81.82	0.01					
			160	223.50	0.01					
20.06.2017	22.06.2017	P	1 027	359.89	0.01	0.0048%	1 027	51 935	51 935	0.2448%
21.06.2017	21.06.2017	D	676	0.00	0.01	0.0046%	977	50 958	50 958	0.2402%
			141	70.00	0.01					
			80	81.00	0.01					
			80	81.82	0.01					
21.06.2017	23.06.2017	P	2 000	362.76	0.01	0.0094%	2 000	52 958	52 958	0.2496%
22.06.2017	26.06.2017	P	555	364.92	0.01	0.0026%	555	53 513	53 513	0.2523%

Conclusion date	Settlement date	Purchase /disposal	Number of acquired/ disposed shares	Average acquisition/ disposal price of shares	Nominal value of shares [EUR]	% of the share capital of the Company	Number of votes at AGM	Total number of shares	Total number of votes at AGM	% of the total number of votes in the Company
23.06.2017	23.06.2017	D	1 015	0.00	0.01	0.0048%	1 015	52 498	52 498	0.2475%
23.06.2017	27.06.2017	P	1 002	363.95	0.01	0.0047%	1 002	53 500	53 500	0.2522%
26.06.2017	26.06.2017	D	562	0.00	0.01	0.0026%	562	52 938	52 938	0.2495%
28.06.2017	30.06.2017	P	2 040	348.99	0.01	0.0096%	2 040	54 978	54 978	0.2592%
29.06.2017	03.07.2017	P	995	348.52	0.01	0.0047%	995	55 973	55 973	0.2639%
30.06.2017	04.07.2017	P	1 000	354.28	0.01	0.0047%	1 000	56 973	56 973	0.2686%
03.07.2017	03.07.2017	D	209	0.00	0.01	0.0010%	209	56 764	56 764	0.2676%
03.07.2017	05.07.2017	P	1 800	354.61	0.01	0.0085%	1 800	58 564	58 564	0.2761%
04.07.2017	06.07.2017	P	35	342.05	0.01	0.0002%	35	58 599	58 599	0.2762%
05.07.2017	05.07.2017	D	40	81.00	0.01	0.0009%	192	58 407	58 407	0.2753%
			72	81.82	0.01					
			80	223.50	0.01					
05.07.2017	07.07.2017	P	1 800	342.94	0.01	0.0085%	1 800	60 207	60 207	0.2838%
06.07.2017	10.07.2017	P	1 600	343.25	0.01	0.0075%	1 600	61 807	61 807	0.2914%
07.07.2017	11.07.2017	P	2 200	351.71	0.01	0.0104%	2 200	64 007	64 007	0.3017%
12.07.2017	14.07.2017	P	289	355.89	0.01	0.0014%	289	64 296	64 296	0.3031%
17.07.2017	17.07.2017	D	53	0.00	0.01	0.0002%	53	64 243	64 243	0.3028%
17.07.2017	19.07.2017	P	1 611	366.04	0.01	0.0076%	1 611	65 854	65 854	0.3104%
18.07.2017	20.07.2017	P	1 329	370.15	0.01	0.0063%	1 329	67 183	67 183	0.3167%
19.07.2017	21.07.2017	P	1 981	370.90	0.01	0.0093%	1 981	69 164	69 164	0.3260%
21.07.2017	25.07.2017	P	2 000	363.97	0.01	0.0094%	2 000	71 164	71 164	0.3355%
24.07.2017	24.07.2017	D	159	0.00	0.01	0.0007%	159	71 005	71 005	0.3347%
24.07.2017	26.07.2017	P	2 400	371.41	0.01	0.0113%	2 400	73 405	73 405	0.3460%
25.07.2017	25.07.2017	D	100	223.50	0.01	0.0005%	100	73 305	73 305	0.3456%
25.07.2017	27.07.2017	P	867	370.22	0.01	0.0041%	867	74 172	74 172	0.3496%
26.07.2017	28.07.2017	P	318	373.50	0.01	0.0015%	318	74 490	74 490	0.3511%
27.07.2017	31.07.2017	P	2 364	373.94	0.01	0.0111%	2 364	76 854	76 854	0.3623%
02.08.2017	04.08.2017	P	2 400	369.19	0.01	0.0113%	2 400	79 254	79 254	0.3736%
03.08.2017	03.08.2017	D	76	0.00	0.01	0.0004%	76	79 178	79 178	0.3732%
03.08.2017	07.08.2017	P	2 400	370.81	0.01	0.0113%	2 400	81 578	81 578	0.3845%
04.08.2017	08.08.2017	P	1 500	369.98	0.01	0.0071%	1 500	83 078	83 078	0.3916%
06.08.2017	08.08.2017	P	1 550	370.88	0.01	0.0073%	1 550	84 628	84 628	0.3989%
08.08.2017	10.08.2017	P	1 600	367.53	0.01	0.0075%	1 600	86 228	86 228	0.4065%
23.08.2017	25.08.2017	P	1 088	376.39	0.01	0.0051%	1 088	87 316	87 316	0.4116%
24.08.2017	28.08.2017	P	218	380.00	0.01	0.0010%	218	87 534	87 534	0.4126%
25.08.2017	29.08.2017	P	1 625	379.99	0.01	0.0077%	1 625	89 159	89 159	0.4203%
31.08.2017	04.09.2017	P	2 000	357.71	0.01	0.0094%	2 000	91 159	91 159	0.4297%
01.09.2017	05.09.2017	P	2 313	369.81	0.01	0.0109%	2 313	93 472	93 472	0.4406%
04.09.2017	06.09.2017	P	2 248	364.95	0.01	0.0106%	2 248	95 720	95 720	0.4512%
05.09.2017	07.09.2017	P	2 200	365.74	0.01	0.0104%	2 200	97 920	97 920	0.4616%
08.09.2017	12.09.2017	P	2 059	355.75	0.01	0.0097%	2 059	99 979	99 979	0.4713%
11.09.2017	13.09.2017	P	1 841	349.49	0.01	0.0087%	1 841	101 820	101 820	0.4800%

In the period between issuing last financial report (May 18th, 2017) and the day of publication of this report AmRest purchased a total of 82 959 own shares for a total price of approximately PLN 29 663 357. During the same period, the Company disposed a total of 20 071 own shares to entitled participants of the stock options plans.

3.5. Other information on shareholding

The Management Board of AmRest does not know of any holders of securities which give special rights of control over the Company.

4. Information about remuneration and share option held by members of the Company's management and supervisory bodies for the period of 6 months, ending June 30th, 2017.

REMUNERATION OF THE PARENT COMPANY'S MANAGEMENT BOARD FOR THE PERIOD OF 6 MONTHS ENDED JUNE 30TH, 2017

	The period in the office during 6 months ended June 30th, 2017	Salaries and wages	Annual bonus, industry awards	Income from subsidiaries and associates	Benefits, income from other titles	Total income during 6 months ended June 30th, 2017
Members of the Management Board as at June 30th, 2017.						
Wojciech Mroczynski	1.01 - 30.06.17	528 134	132 033	660 167	8 212	668 379
Mark Chandler	1.01 - 30.06.17	710 355	177 589	887 944	0	887 944
Drew O'Malley	1.01 - 30.06.17	606 000	151 500	757 500	13 312	770 812
Jacek Trybuchowski	1.01 - 01.02.17 and 30.06.2017	84 934	21 233	106 167	0	106 167
Oksana Staniszewska	1.01 - 30.06.17	368 750	92 188	460 938	0	460 938
Olgierd Danielewicz	1.01 - 30.06.17	366 667	91 667	458 333	0	458 333
Total		2 664 839	666 210	3 331 049	21 524	3 352 573

REMUNERATION OF THE PARENT COMPANY'S SUPERVISORY BOARD FOR THE PERIOD OF 6 MONTHS ENDED JUNE 30TH, 2017

	The period in the office during 6 months ended June 30th, 2017	Remuneration for the time of holding the function in the Supervisory Board	Income from other contracts	Other benefits	Total income during 6 months ended June 30th, 2017	Commentary
Henry McGovern	1.01 - 30.06.17	158 494	1 297 820	-	1 456 314	
José Parés Gutiérrez	1.01 - 30.06.17	158 494	-	-	158 494	
Luis Miguel Álvarez Pérez	1.01 - 30.06.17	158 494	-	-	158 494	
Steven Kent Winegar Clark	1.01 - 30.06.17	-	-	180 003	180 003	Voluntary waived the compensation
Carlos Fernandez Gonzalez	1.01 - 30.06.17	158 494	-	-	158 494	
Pablo Castilla Repáraz	1.01 - 30.06.17	211 325	-	-	211 325	
Mustafa Ogretici	1.01 - 30.06.17	211 325	-	-	211 325	
		1 056 625	1 297 820	180 003	2 534 448	

INFORMATION ON THE EMPLOYEE OPTION PROGRAM REGARDING THE MANAGEMENT DURING 6 MONTHS ENDED JUNE 30TH, 2017

	The period in the office during 6 months ended June 30th, 2017	Function *	Number of share options as at December 31st, 2016	Number of share options granted in the first half of 2017	Number of share options used in the first half of 2017	Number of share options as at June 30th, 2017	Number of vested options	The fair value of all options as at the moment of their granting (PLN '000)
Henry McGovern	1.01 - 30.06.17	S	216 666	75 000	10 000	281 666	206 666	10 315
Wojciech Mroczyński	1.01 - 30.06.17	M	36 667	50 000	36 667	50 000	-	2 772
Mark Chandler	1.01 - 30.06.17	M	40 000	-	-	40 000	40 000	943
Drew O'Malley	1.01 - 30.06.17	M	46 667	-	46 667	-	-	-
Jacek Trybuchowski	1.01 - 1.02.17 i 30.06.17	M	-	-	-	-	-	-
Oksana Staniszevska	1.01 - 30.06.17	M	10 420	50 000	2 020	58 400	1 700	3 515
Olgiert Danielewicz	1.01 - 30.06.17	M	8 000	50 000	-	58 000	-	3 603

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

5. Information on significant proceedings related to AmRest Holdings SE or other group companies

As at the date of release of this quarterly report no court arbitration or administrative proceedings which single or aggregate value exceeds 10% of the of the Company's equity were pending against the Company.

6. Composition of the Group

The current composition of the AmRest Group is presented in Note 1a of the Consolidated condensed interim financial statements for the first half of 2017.

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

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

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

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

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

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

On June 6th , 2017 registered address of AmRest Coffee SK s.r.o. was changed. New registered address of company is Slovakia, Pajštúnska Street (851 02) Bratislava.

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

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

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

7. Loans and borrowings in the Group

Below table presents a summary of all the loans granted to related entities.

THE LOANS GRANTED TO RELATED ENTITIES

Lender	Borrower	Loan currency	Capital value of loans granted as of 30/06/2017 [PLN '000]	Total value of loans granted as of 30/06/2017 [PLN '000]*
AmRest Kft	OOO AmRest	RUB	45 760	33 023
AmRest Capital ZRT	AmRest DE	EUR	35 925	36 383
AmRest Capital ZRT	AmRest Coffee Deutschland	EUR	7 185	7 306
AmRest Capital ZRT	Spanish companies	EUR	527 375	535 272
AmRest Capital ZRT	AmRest Kaffee Sp. z o.o.	EUR	150 041	153 058
AmRest Capital ZRT	OOO AmRest	EUR	72 654	74 959
AmRest Finance ZRT	AmRest Sp. z o.o.	PLN	19 966	23 511
SCM Sp. z o.o.	Activita Sp. z o.o.	PLN	95	100
AmRest Holdings SE	Blue Horizon Hospitality Group PTE Ltd.	USD	18 958	19 529
AmRest Holdings SE	AmRest Coffee Deutschland	EUR	27 683	27 648
AmRest Holdings SE	AmRest TopCo France SAS	EUR	3 786	3 819
AmRest Holdings SE	AmRest Sp. z o.o.	PLN	140 000	140 000
AmRest Holdings SE	AmRest Sp. z o.o.	EUR	23 641	23 935
AmRest Holdings SE	AmRest Acquisition Subsidiary Inc.	EUR	141	142
AmRest Coffee SK s.r.o.	AmRest AT GmbH	EUR	634	635
Loans granted within Spanish companies		EUR	89 200	102 636

* Including interest accrued by 30/06/2017, converted using the NBP rate as of 30/06/2017

8. Information on granted guarantees or sureties for credits or loans

During the period covered by this report, the Company its subsidiaries did not issue the guarantees or sureties in respect of credits or loans value of which represents 10% or more of the Company's equity.

9. Information on issues, redemption and repayment of debt securities

On June 27th, 2017 the Management Board of AmRest informed that the Company signed on June 26th, 2017 an agreement concerning the issue of Schuldscheindarlehen („SSD”) debt instrument under German law for the total

value of EUR 75 million. The expected date of incurring the liabilities was July 3rd, 2017. SSD issue was to be aimed at diversification of AmRest's debt financing sources. The proceeds will be used for the development of the Company and refinancing of its debt.

On July 4th, 2017 the Management Board of AmRest informed that on July 3rd, 2017, as a result of the issue of SSD debt instrument, the Company incurred liabilities for the total value of EUR 75 million (approximately PLN 318 million).

The SSD interest is fixed on the following tranches: EUR 45.5m - repayment due on July 1st, 2022 and EUR 20m - repayment due on July 3rd, 2024. EUR 9.5m tranche was issued with variable interest rate and repayment date of July 3rd, 2024.

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

10. Information about transactions concluded by the Company with related parties on non-market conditions.

During the period covered by this report, the Company or its subsidiaries did not conclude with related parties any transaction on non-market conditions.

11. Information about events having a significant impact on the operations and financial results of the Group

On May 30th, 2017 the Management Board of AmRest informed in regards to the RB 53/2017 dated March 27th, 2017, about signing on May 30th, 2017 the Amendment to Binding Head of Terms ("HoT") 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.

The Amendment extended the term of HoT, and simultaneously the period during which the agreements required for the acquisition of the equity business from PH Delivery and the Master Franchise Agreement with YRIHL were to be executed to July 31st, 2017. If the parties failed to execute the Agreements by that day, the HoT would terminate immediately.

Remaining provisions of the HoT have not been changed.

On July 31st, 2017 the Management Board of AmRest announced signing and closing ("Completion") on July 31st, 2017 of an Asset Purchase Agreement ("APA") between AmRest DE Sp. z o.o. & Co. KG (subsidiary of AmRest, "Buyer") and Pizza Hut Delivery. As a result of the Completion the Buyer acquired two Pizza Hut delivery restaurants in Dusseldorf. The purchase price amounted to EUR 1 (approx. PLN 4).

Additionally, AmRest and AmRest Kft. (subsidiary of AmRest) signed on July 31st, 2017 the Master Franchise Agreement ("MFA") with YRIHL. The MFA came into force on August 1st, 2017. According to the MFA AmRest became the master-franchisee for 67 Pizza Hut Dine in, Express and Delivery restaurants operated by multiple sub-franchisees in the German market. The Company, as the exclusive master-franchisee, gained the right to granting the license to the third parties to operate Pizza Hut Dine in, Express and Delivery restaurants (sub-franchise) in Germany, 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 2016 the network generated the system sales of approx. EUR 55m (PLN 239m) and consolidated revenues of ca. EUR 4m (approx. PLN 17.4m).

In order to facilitate the growth of scale of Pizza Hut business, YRIHL 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 Dine in, Express and Delivery restaurants in accordance with the development schedule setting the minimum number of openings in the subsequent years of the MFA's term. If AmRest fails to meet the development obligations, YRIHL 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 German market within 5 years.

On June 6th, 2017 the Management Board of AmRest informed about signing on June 5th, 2017 an Agreement granting an option to enter into a Share Purchase Agreement (the "Option") between OOO AmRest (AmRest Russia), being 100% subsidiary of AmRest, and Svetlana Mikhailovna Popova aimed at acquisition by AmRest Russia of 21 KFC restaurants operating in the Russian market ("KFC Business").

The purchase price will be determined as at the day of the transaction closing.

Estimated revenues of the KFC Business in the year 2016 amounted to RUB 1 376 million (ca. PLN 98 million).

The parties of the Option intend to sign the Share Purchase Agreement and, consequently, close the transaction within next couple of months. The Completion will be contingent upon some additional conditions, including obtaining antitrust approvals, concluding additional agreements ensuring restaurants proper functioning after Completion, and lack of the material adverse change ("MAC").

In the opinion of the Management Board the transaction is a great opportunity to strengthen AmRest presence in Russia, where the Company currently operates 120 KFC restaurants.

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

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

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

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

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

The Agreement was terminated with effect from May 31st, 2017.

On July 12th, 2017 the Management Board of AmRest informed with reference to the regulatory announcement RB 43/2017 dated March 15th, 2017 about signing on July 12th, 2017 of the Framework Agreement between AmRest (“Buyer A”) and KFC France SAS (“KFC France”, “Seller”). Under the terms of the Framework Agreement (i) Buyer A was to acquire 42 equity restaurants run by KFC France in the French market, and (ii) Seller and the Company were to sign a Development Agreement and Standard KFC International Franchise Agreement for each restaurant.

Estimated purchase price is expected at ca. EUR 39.9 million (ca. PLN 169 million). Final purchase price will be determined as at the day of the transaction closing.

Estimated revenues of the restaurants in the twelve months period ended on April 30th, 2017 amounted to EUR 99 million (ca. PLN 420 million).

It is the intention of the parties of the Framework Agreement that the closing of the transaction, including transfer of ownership of KFC business and payment of the purchase price, shall occur till end of the year 2017 (the “Completion”). The Completion is contingent upon some additional conditions, such as concluding additional agreements ensuring restaurants proper functioning after Completion, and lack of the material adverse change (“MAC”).

According to the Development Agreement to be signed before the Completion, AmRest intends to open about 150 KFC restaurants in the French market by end of 2023.

On July 28th, 2017 the Management Board of AmRest informed about a transfer proposal of the Company's registered office from Poland to Spain. The Transfer will not impact the current Company's listing on the Warsaw Stock Exchange S.A. The Company's share capital will not change either. However, the Company's Statute will be changed, and the rights and obligations of shareholders will be governed by Spanish law.

Pursuant to Article 8(10) of the SE Regulation, the Transfer shall take effect on the date on which the Company is registered by the relevant Commercial Registry (“Registro Mercantil”) in Spain as a Spanish-registered Societas Europaea, which registration is currently anticipated to take place at the beginning of February of 2018.

The appropriate documents such as the Transfer proposal, proposed New Statute and Management Board report justifying the transfer were attached to the regulatory announcement RB 190/2017 dated July 28th, 2017.

On August 31st, 2017, with reference to the regulatory announcement RB 64/2017 dated April 1st, 2017, the Management Board of AmRest announced signing on August 31st, 2017 the Shareholders Agreement (the “SHA”) with Delivery Hero GmbH, based in Berlin, Germany (“Delivery Hero”), being execution of the Investment Agreement (the “IA”) concluded by the Company, Delivery Hero and Restaurant Partner Polska Sp. z o.o., based in Łódź, Poland („RPP”) on March 31st, 2017.

As a result, AmRest took over the newly issued shares in RPP – the operator of PizzaPortal.pl platform in Poland, and became its majority shareholder, holding 51% of total number of RPP shares. The outstanding 49% of shares remained in the possession of Delivery Hero.

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

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

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

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

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

12. Information on dividends paid

During the period covered by the report, the Group paid a dividend to minority shareholder SCM s.r.o. in the amount of PLN 100k.

13. Results of the AmRest Group for Q2 2017¹

The consolidated semi-annual profit and loss account should be analysed only in connection with notes and explanations, which constitute an integral part of the Consolidated condensed interim financial statements for the first half of 2017.

THE CONSOLIDATED INCOME STATEMENT FOR THE 3 MONTHS ENDED JUNE 30TH, 2017 AND FOR THE 3 MONTHS ENDED JUNE 30TH, 2016

In PLN '000	3 months ended on June 30th, 2017	3 months ended on June 30th, 2016
Revenue from restaurant operations	1 167 546	913 440
Revenue from franchising activities and other	75 595	63 615
Total revenue	1 243 141	977 055
Direct costs of restaurant operations:		
Food product costs	(336 192)	(275 700)
Salaries and wages and related employee benefits	(284 679)	(207 271)
Costs of licence (franchise) fees	(58 929)	(45 522)
Rental costs and other operating expenses	(359 207)	(278 421)
Total costs of franchising activities and other	(47 668)	(41 687)
General and administrative expenses	(99 521)	(70 370)
Gain/(loss) on sale of non-financial non-current assets and assets held for sale	-	-
Revaluation of assets	(6 265)	(7 502)
Other operating income	(1 192 461)	(922 267)
Total operating costs and expenses	11 364	4 206
Profit on operating activities	62 044	54 788
EBITDA	148 942	127 157
Financial expenses	(16 899)	(11 399)
Financial income	750	618
Share in profit (loss) of associates	46	-
Profit before income tax	45 941	44 007
Corporate income tax	(11 722)	(7 364)
Net profit on continued operations	34 219	36 643
Profit on discontinued operations	-	-
Net profit	34 219	36 643

¹ The data has not been audited

<u>3 months ended on June 30th, 2017</u>	<i>CEE</i>	<i>Western Europe</i>	<i>Russia</i>	<i>China</i>	<i>Not allocated</i>	<i>Total</i>
<u>Revenues</u>	616 788	389 881	149 632	72 745	14 095	1 243 141
Revenue from sales – external customers	616 788	389 881	149 632	72 745	14 095	1 243 141
Operating profit, the segment result	52 713	11 699	5 908	4 030	(12 306)	62 044
Financial income	-	-	-	-	750	750
Financial expenses	-	-	-	-	(16 899)	(16 899)
Share in profits of affiliated entities	-	-	-	-	46	46
Corporate income tax	-	-	-	-	(11 722)	(11 722)
Total net profit/(loss)	-	-	-	-	34 219	34 219
The segment's assets	1 193 360	1 717 214	339 762	204 765	76 933	3 532 034
Total assets	1 193 360	1 717 214	339 762	204 765	76 933	3 532 034
including goodwill	34 286	589 327	87 954	85 269	911	797 747
Deferred tax assets	28 621	2 462	-	-	9 838	40 921
Liabilities of the segment	283 081	263 483	27 545	39 233	1 654 842	2 268 184
Depreciation of tangible fixed assets	37 110	19 925	8 747	4 513	258	70 553
Depreciation of intangible fixed assets	5 212	4 014	482	311	61	10 080
Capital expenditure	54 400	38 553	19 045	7 506	496	120 000
Asset write-down	(3 215)	2 520	3 595	3 282	-	6 182
Write-down of trade receivables	334	(417)	-	-	-	(83)
Inventories revaluation write-down	-	10	-	-	-	10
Other assets revaluation write-down	-	156	-	-	-	156

<u>3 months ended on June 30th, 2016</u>	<i>CEE</i>	<i>Western Europe</i>	<i>Russia</i>	<i>China</i>	<i>Not allocated</i>	<i>Total</i>
<u>Revenues</u>	536 226	253 737	115 948	59 196	11 948	977 055
Revenue from sales – external customers	536 226	253 737	115 948	59 196	11 948	977 055
Operating profit, the segment result	41 334	17 842	4 516	(797)	(8 107)	54 788
Financial income	-	-	-	-	618	618
Financial expenses	-	-	-	-	(11 399)	(11 399)
Share in profits of affiliated entities	-	-	-	-	-	-
Corporate income tax	-	-	-	-	(7 364)	(7 364)
Total net profit/(loss)	-	-	-	-	36 643	36 643
The segment's assets	1 155 144	1 622 630	349 756	208 186	121 152	3 456 868
Investments in affiliated entities	-	-	-	-	888	888
Total assets	1 155 144	1 622 630	349 756	208 186	122 040	3 457 756
including goodwill	35 639	550 964	95 848	94 146	911	777 508
Deferred tax assets	32 343	2 090	-	-	10 401	44 834
Liabilities of the segment	326 449	259 924	33 782	39 984	1 421 007	2 081 146
Depreciation of tangible fixed assets	32 764	12 865	6 922	4 274	240	57 065
Depreciation of intangible fixed assets	4 406	2 660	367	297	72	7 802
Capital expenditure	69 447	112 457	15 571	9 124	3 855	210 454
Asset write-down	1 151	2 729	2 795	1 159	-	7 834
Write-down of trade receivables	(296)	-	-	-	(392)	(688)
Inventories revaluation write-down	-	36	-	-	-	36
Other assets revaluation write-down	320	-	-	-	-	320

Part III Selected financial data

Selected financial data including the basic positions of the Consolidated condensed interim financial statements for the first half of 2017, as at June 30th, 2017 and six months ended on that day.

in PLN '000	6 months 2017 in PLN '000	6 months 2016 in PLN '000	6 months 2017 in EUR '000	6 months 2016 in EUR '000
Revenue from sales	2 390 541	1 835 276	559 793	420 323
Operating profit	102 107	109 941	23 910	25 179
Gross profit	74 457	89 404	17 436	20 476
Net profit	55 541	75 162	13 006	17 214
Net profit/(loss) attributable to non-controlling interests	1 926	(857)	451	(196)
Net profit attributable to equity holders of the parent company	53 615	76 019	12 555	17 410
Net cash flows from operating activities	158 467	164 025	37 108	37 566
Net cash flows from investing activities	(323 808)	(316 147)	(75 826)	(72 405)
Net cash flows from financing	184 168	188 901	43 127	43 263
Total net cash flows	18 827	36 779	4 409	8 423
Total assets	3 532 034	3 238 383	835 688	731 755
Total liabilities and provisions for liabilities	2 268 184	1 977 537	536 658	446 851
Long-term liabilities	1 328 695	1 416 250	314 372	320 020
Short-term liabilities	939 489	561 287	222 284	126 830
Equity attributable to equity holders of the parent company	1 229 872	1 190 581	290 991	269 027
Non-controlling interests	33 978	70 265	8 039	15 877
Total equity	1 263 850	1 260 846	299 030	284 905
Share capital	714	714	169	161
Weighted average number of ordinary shares (in pcs.)	21 213 893	21 213 893	21 213 893	21 213 893
Weighted average number of ordinary shares used for calculation of diluted earnings per share	21 213 893	21 213 893	21 213 893	21 213 893
Basic earnings per one ordinary share (in PLN/EUR)	2.53	4	0.59	1
Diluted earnings per one ordinary share (in PLN/EUR)	2.53	4	0.59	1
Declared or paid dividend per one share	-	-	-	-