AmRest Holdings SE

Stand-alone

Management Board's Report

for the year 2017

8 March 2018

Contents

AmRest Holdings SE

Letter to the shareholders

Dear Shareholders,

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

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

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

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

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

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

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

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

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

Management Board of AmRest Holdings SE

Information about financial data in the stand-alone report

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

1. Selected financial data

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

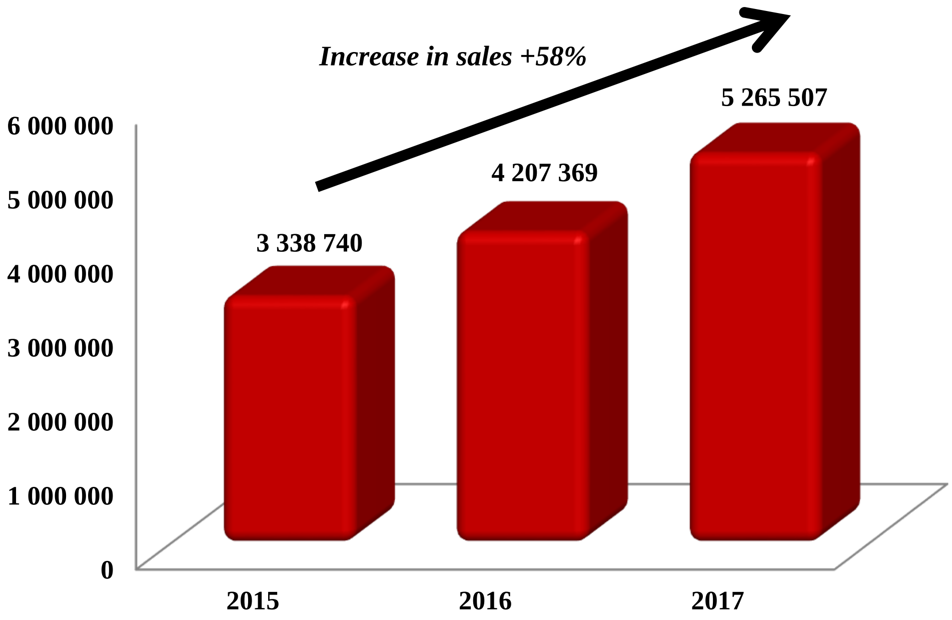


DIAGRAM 2: EBITDA IN 2015-2017 (IN PLN '000)

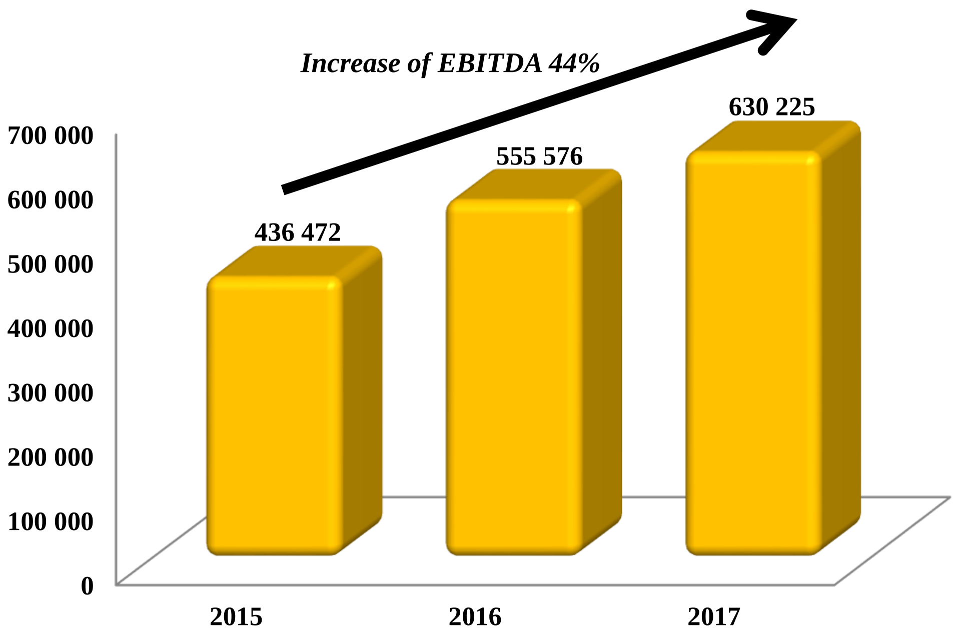
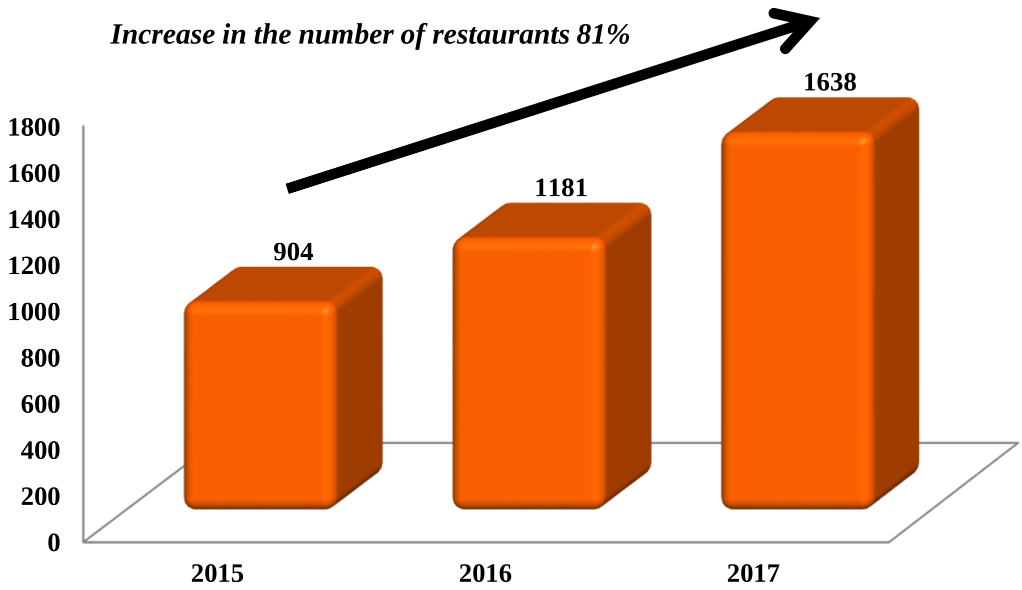
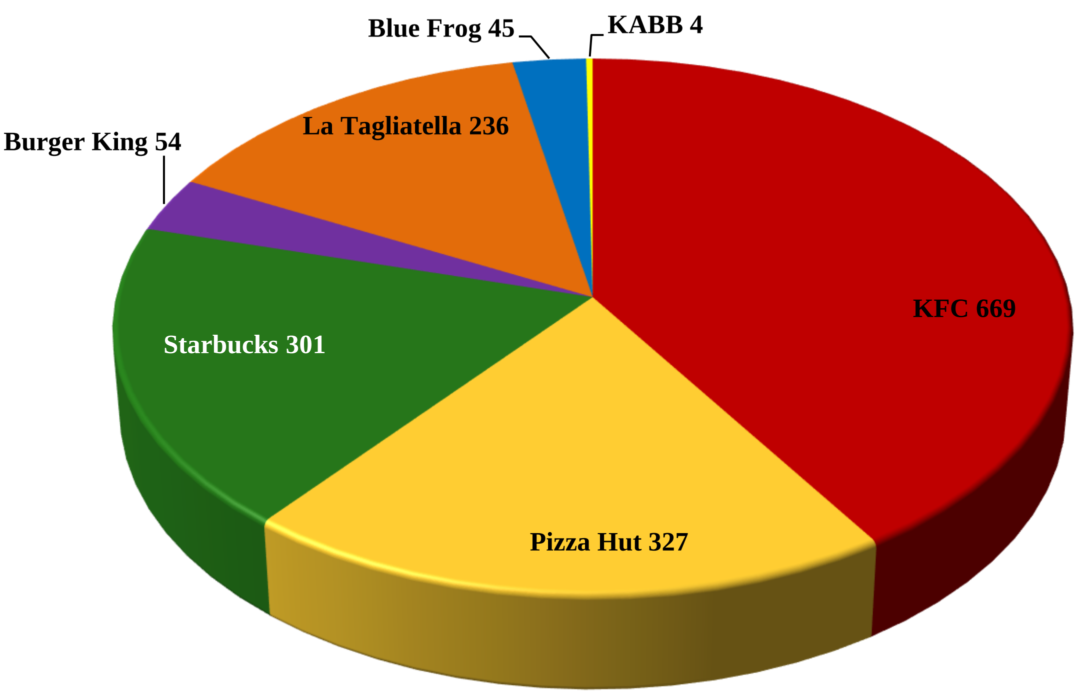


DIAGRAM 3: NUMBER OF AMREST RESTAURANTS IN 2015-2017, BALANCE AS AT 31 DECEMBER 2017



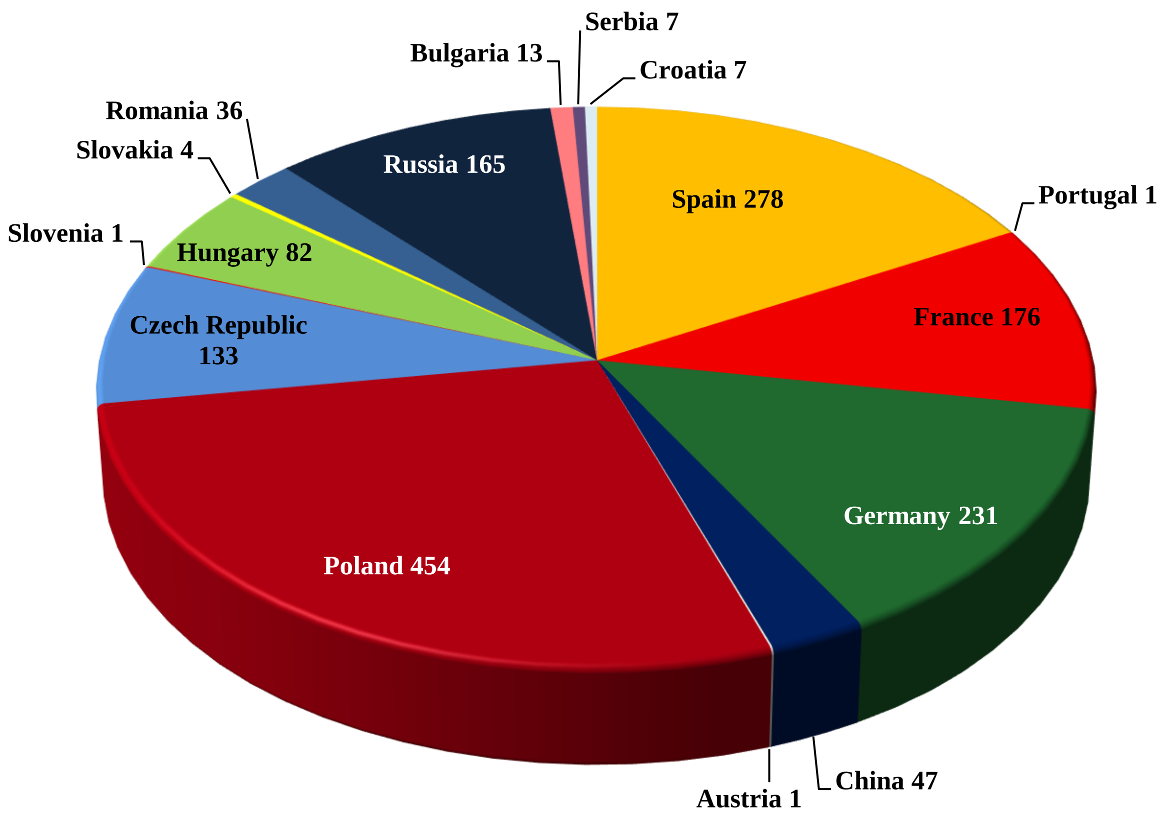
* Including restaurants operated by franchisees of La Tagliatella and Pizza Hut brands.

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



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

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



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

2. Description of the Company

2.1. Basic services provided by the Group

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Structure of revenues

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

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

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

TABLE 1. AMREST GROUP'S SALES BY DIVISION

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

*Revenues of SCM Group and Pizzaportal.pl

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

4. Supply chain

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

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

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

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

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

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

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

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

The list of the largest suppliers of AmRest in 2017:

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

5. Employment in AmRest

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

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

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

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

6. Financial and asset position of the Group

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

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

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

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

Definitions:

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

Operating margin – operating profit to sales;

Net margin – net profit to sales;

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

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

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

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

Definitions:

Current ratio – current assets to current liabilities;

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

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

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

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

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

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

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

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

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

Definitions:

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

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

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

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

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

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

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

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

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

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

* Data have not been audited

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

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

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

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

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

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

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

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

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

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

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

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

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

6.2. Assessment of future ability to settle incurred liabilities

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

6.3. Financial instruments in AmRest

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

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

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

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

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

6.4. Structure of key investments and capital expenditure projects

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

6.5. Description of key domestic and foreign investments

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

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

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

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

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

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

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

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

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

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

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

6.6. Insurance contracts

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1) Mr. José Parés Gutiérrez

2) Mr. Carlos Fernández González

3) Mr. Luis Miguel Álvarez Pérez

4) Mr. Henry McGovern

5) Mr. Steven Kent Winegar Clark

6) Mr. Pablo Castilla Reparaz

7) Mr. Mustafa Ogretici

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. The AmRest Holdings SE Group in 2017

7.1. Planned investment activities and assessment of their feasibility

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

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

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

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

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

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

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

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

7.2.1. External factors

The external factors include:

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

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

7.2.2. Internal factors

The internal factors include:

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

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

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

8.1. Factors remaining outside the Company's control

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

8.2. Dependency on the franchisor

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

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

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

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

8.3. Dependency on joint venture partners

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

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

8.4. No exclusive rights

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

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

8.5. Rental agreements and continuation options

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

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

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

8.6. Risk related to the consumption of food products

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

8.7. Risk related to keeping key personnel in the Company

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

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

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

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

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

8.10. Risk related to developing new brands

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

8.11. Risk related to opening restaurants in new countries

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

8.12. Currency risk

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

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

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

8.14. Risk of increased financial costs

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

8.15. Liquidity risk

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

8.16. Tax risk

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

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

8.17. Risk of economic slowdowns

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

8.18. Risk related to seasonality of sales

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

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

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

9. Company's strategic development directions

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

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

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

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

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

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

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

11. Information on the control system for employee share programs

Stock Option Plan 1

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

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

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

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

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

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

Management Incentive Plan 1

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

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

Stock Option Plan 2

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

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

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

Management Incentive Plan 2

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

Management Incentive Plan 2 has been approved by Supervisory Board

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

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

12. Composition of the Holding

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13. Loans and borrowings

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

TABLE 12. LOANS GRANTED TO RELATED ENTITIES IN 2017

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

* revolving loan

No agreements on loans or borrowings were terminated in 2017.

TABLE 13. LOANS BETWEEN RELATED ENTITIES

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

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

14. Guarantees and warranties

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

15. Court, arbitration or administrative proceedings

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

16. Management Representations

16.1. Correctness and fairness of the presented financial statements

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

16.2. Selection of the registered audit company

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

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

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

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

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

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

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

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

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

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

Wrocław, March 8th, 2018

Mark Chandler
AmRest Holdings SE
Board Member

Jacek Trybuchowski
AmRest Holdings SE
Board Member

Oksana Staniszewska
AmRest Holdings SE
Board Member

Olgierd Danielewicz
AmRest Holdings SE
Board Member

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

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

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

* Data have not been audited

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

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

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

* Data have not been audited

AmRest Holdings SE

Appendix No. 2: Corporate Governance

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

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

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

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

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

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

Not applied recommendations:

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

1) real-life broadcast of the general meeting;

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

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

Recommendation is not applied.

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

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

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

• Difficulties in certifying the identity of the shareholders

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

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

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

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

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

Recommendation is not applied.

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

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

Recommendation is not applied.

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

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

Recommendation is not applied.

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

Not applied detailed principles:

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

Principle is not applied.

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

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

Principle is not applied.

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

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

Principle is not applied.

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

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

Principle is not applied.

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

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

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

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

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

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

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

Principle is not applied.

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

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

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

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

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

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

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

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

3. Composition of the governing bodies

3.1. Changes in the Parent Company's Management Board

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

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

Information on reappointed Management Board Member:

Jacek Trybuchowski

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

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

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

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

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

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

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

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

3.2. Changes in the Parent Company's Supervisory Board

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

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

Information on appointed members of the Supervisory Board:

Pablo Castilla Reparaz

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

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

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

Mustafa Ogretici

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

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

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

3.3. Composition of the Management and the Supervisory Boards

Management Board

In 2017, the Management Board of AmRest comprised:

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

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

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

Supervisory Board

In 2017, the Supervisory Board of AmRest comprised:

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

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

4. Functional description of the management and supervisory bodies

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

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

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

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

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

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

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

The obligations of the Supervisory Board shall comprise inter alia:

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

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

5. Remuneration of Management and Supervisory Board Members

TABLE 2.1. REMUNERATION OF THE SUPERVISORY BOARD MEMBERS FOR 2017

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

[1] Voluntary resignation from the remuneration

TABLE 2.2. REMUNERATION OF THE MANAGEMENT BOARD MEMBERS FOR 2017

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

* Remuneration for the period of service at the Management Board

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

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

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

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

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

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

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

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

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

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

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

The Audit Committee's tasks:

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

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

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

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

- any changes in booking standards, principles and practices;

- main issues being reviewed;

- substantial adjustments resulting from the audit;

- statements on continuation of operation;

- accuracy with the binding law on book keeping;

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

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

(F) reviewing management accountancy systems;

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

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

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

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

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

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

7. *The Company's shareholding structure*

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

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

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

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

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

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

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

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

8. *Changes in the shareholding structure*

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

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

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

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

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

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

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

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

1. FCapital Lux S.à.r.l. (hereinafter referred as the "FCapital Lux"),

2. FCapital Dutch, B.V. (hereinafter referred as the "FCapital"),

3. Inmobiliaria Tabga, S.A. de C.V. (hereinafter referred as the "Tabga"),

4. Finaccess Capital, S.A. de C.V. (hereinafter referred as the "Finaccess"),

5. Grupo Finaccess S.A.P.I. de C.V. (hereinafter referred as the "Grupo Finaccess"),

6. Grupo Far-Luca, S.A. de C.V. (hereinafter referred as the "Grupo Far-Luca"),

7. Carlos Fernández–González (hereinafter referred as "Mr. Fernández"),

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The transactions were executed outside the regulated marked.

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

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

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

The transaction was executed at the Warsaw Stock Exchange.

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

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

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

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

Stock Exchange.

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

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

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

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

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

The transactions were executed at the Warsaw Stock Exchange.

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

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

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

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

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

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

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

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

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

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

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

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

The transactions were executed at the Warsaw Stock Exchange.

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

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

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

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

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

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

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

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

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

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

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

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

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

The transactions were executed at the Warsaw Stock Exchange.

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

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

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

The transactions were executed at the Warsaw Stock Exchange.

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

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

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

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

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

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

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

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

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

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

The transactions were executed at the Warsaw Stock Exchange.

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

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

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

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

The transactions were executed at the Warsaw Stock Exchange.

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

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

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

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

The transactions were executed at the Warsaw Stock Exchange.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8.5. Other information on shareholding

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

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

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

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

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

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

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

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

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

12.1. Charitable activities

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

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

   The organizer of the initiative must:

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

12.2. Sponsorship activities

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

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

   And where the organiser of the initiative:

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

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

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

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

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

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

1. Introduction

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

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

2. Business model description

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

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

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

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

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

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

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

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

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

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

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

3. Key non-financial effectiveness rates

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

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

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

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

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

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

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

Number of employees of the AmRest Holdings SE Group

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

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

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

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

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

4. Risk management and non-financial risks

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Energy efficiency

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

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

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

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

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

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

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

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

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

Waste and sewage

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.1. Policies

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

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

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

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

Given:

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

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

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

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

Key strategic goals in the HR area:

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

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

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

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

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

7.2. Results

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

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

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

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

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

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

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

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

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

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

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

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

women	men
21,603	16,670

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

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

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

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

*TABLE 3.12. WORKPLACE ACCIDENT RATE FOR POLAND**

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

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

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

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

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

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

8.1 Social policies and their results: product quality and safety

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Number of local and foreign suppliers (Polish market)

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

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

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

Customer satisfaction surveys

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

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

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

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

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

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

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

8.2 Social policies and their results: social involvement

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

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

Selected strategic goals:

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

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

Some examples of AmRest social initiatives:

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

AmRest as a strategic partner of SIEMACHA Spot Magnolia Park Wrocław

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

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

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

Employee voluntary service

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

There were approx. **5,000 beneficiaries** of the social activities carried out by AmRest in 2017.

In 2017, **40 grant projects** were completed in Poland and the Czech Republic, with **150 volunteers** participating. The projects provided **support to 1,500 beneficiaries** (children, the elderly, the disabled children and adults, and animals). AmRest appropriated PLN 75,000 to support the grant programme of the employee voluntary service in those two countries.

In Poland, AmRest staff took part in the Corporate Run to raise funds for the disabled and ill children.

The system of providing food to those in need

In 2017, the AmRest Group launched a system for providing the surplus foods from the KFC restaurants to institutions and organisations that support persons in a difficult situation. The procedure for storage and supply of foods to social partners, strictly monitored in terms of food quality and safety, was implemented. The programme carries out two social goals that are of major importance to AmRest: help to local communities in need and preventing food waste.

In 2017, in Poland alone, the KFC restaurants handed over chicken foods worth PLN 4.7m to those in need. AmRest has also implemented the project in Hungary, Serbia and Spain.

9. Human rights: a description of policies of the AmRest Holdings SE Group and their results

AmRest has not developed a separate policy of prevention of human rights violations at the Group level. The issues of human rights at the workplace are addressed at the Group level in documents such as:

- Code of Business Conduct

- Diversity Policy in AmRest - available at:
https://www.amrest.eu/sites/default/files/dokumenty/information_on_diversity_policy_in_amrest.pdf

AmRest Sp. z o.o. and AmRest Coffee Sp. z.o.o. implemented the Anti-Mobbing Policy.

AmRest employees in Hungary, Poland and the Czech Republic can report all the violations, including cases of mobbing and violations of human rights at work, through the following channels of communication:
- direct contact with their superior,

- anonymous online report,

- anonymous telephone report via Speak Openly, a helpline operated by a third party.

No confirmed cases of violation of human rights at work, discrimination at work or cases of mobbing were identified in the AmRest Group in 2017.