AmRest Holdings SE

Stand-alone

Directors' Report

For the year 2015

11 March 2016

Contents

Letter to the shareholders

Dear shareholders,

We are honored to communicate another successful year of AmRest performance at many levels. Solid foundations of growth that we have built over the last years supported by favorable macro trends in most of our markets resulted in 2015 being an amazing year for our guests, employees and shareholders.

Looking back we would like to emphasize the key developments that significantly contributed to the outstanding results, and which will also play an important role in future performance of our company. As a diversified growth platform we have reached the point, when all our divisions and brands deliver positive and continuously growing financial results. Our investment activity is gaining momentum and the quality of new builds improved significantly. Our core business – the main pillar of AmRest operations – is stronger than ever. In June we also entered a very prospective Romanian market, which also strengthened Starbucks's position within AmRest brand portfolio. In Poland we launched a very promising new format – Pizza Hut Express, while in China we continued dynamic expansion of Blue Frog in several new big cities.

Focus on the core business delivered record high results for 2015. Consolidated revenues grew by 13.1% to PLN 3 339m, EBITDA of the Group increased by 22.5% and reached PLN 436m, while net income tripled over the year and amounted to PLN 160m. Q4 2015 was the eighth consecutive quarter of double-digit EBITDA growth (YOY). Significant performance improvement wouldn't have been possible without continued growth of scale. In 2015 we opened 99 new restaurants (including 17 franchised locations), strengthening our leadership position as a restaurant operator in AmRest' s major markets. Our achievement was possible thanks to consistent realization of 80/20 investment strategy. This assumes allocation of 80% of our capital towards core business, and remaining 20% into emerging brands.

We are particularly proud of continuously growing the leading role that AmRest plays in two main regions of operation – Central Europe and Spain, additionally supported by set of positive macro trends in most of the countries. On the other hand, the Russian market remains challenging, despite very strong operating results of our restaurants. In 2015 we also observed some softened macro trends in China, impacting negatively our own business. Despite some headwind and uncertainty in those two markets, we commit to our the long-term development strategy in both markets, adjusting our investment activity there on an ongoing basis.

Looking ahead we will pursue our ambitious goals of dynamic growth both in sales and profitability. To a great extent our development will be supported by an increased pace of organic expansion and higher number of new openings. On top of that we will continue our efforts towards strengthening of our presence in Europe by pursuing M&A opportunities within the scope of existing brands or countries. Solid condition of AmRest reflected in a strong balance sheet position will play an important role enabling our growth.

Achieving and maintaining the leadership position of restaurant industry has been a result of balanced growth based on three pillars of AmRest strategy: diversified portfolio of superior **brands**, growing economies of **scale** and – most of all – team of fantastic **people** serving with passion high quality products and sharing positive energy with our customers. It is through those passionate and dedicated people that AmRest continues to be such a fast growing company. We would like to thank all of our employees for their contribution to a great 2015 year.

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 2013-2015 (IN PLN'000)

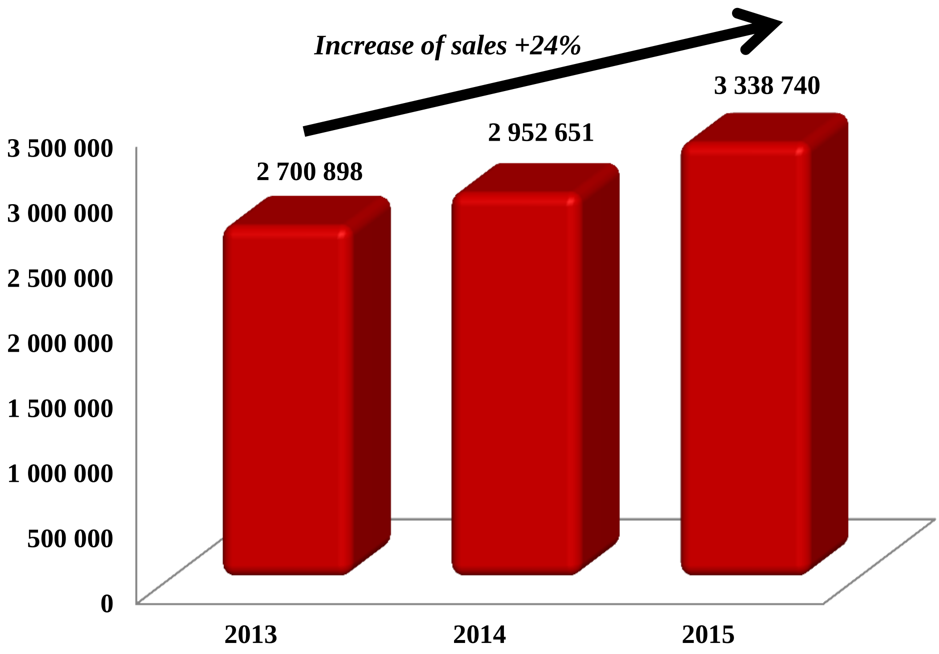


DIAGRAM 2: EBITDA IN 2013-2015 (IN PLN '000)

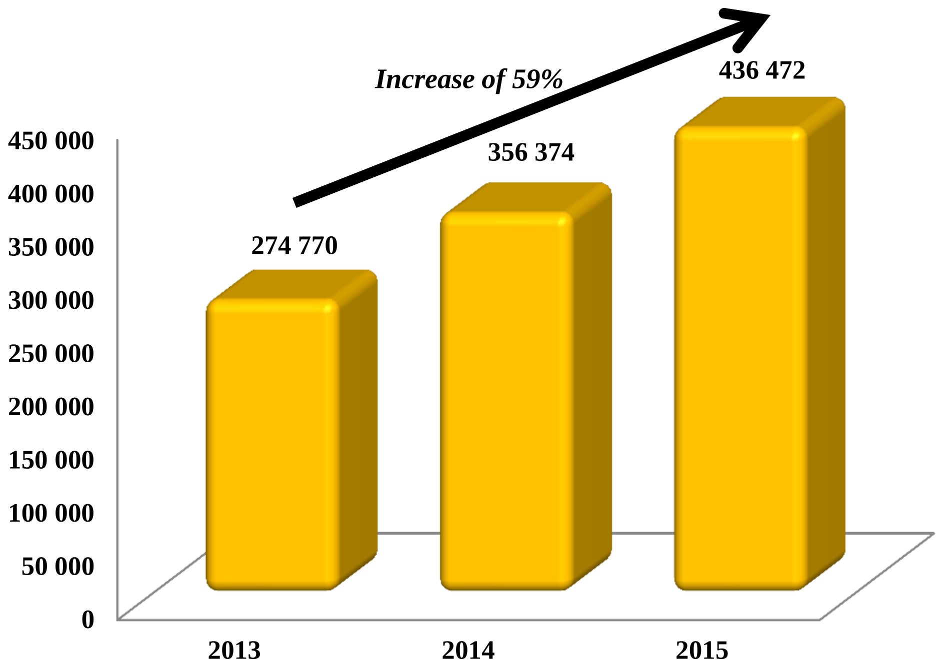
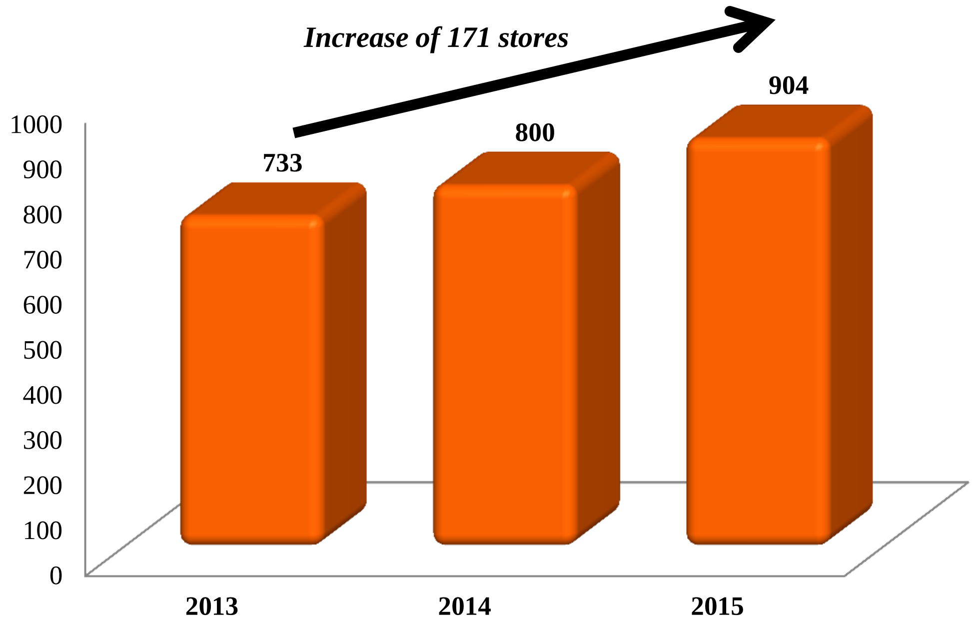
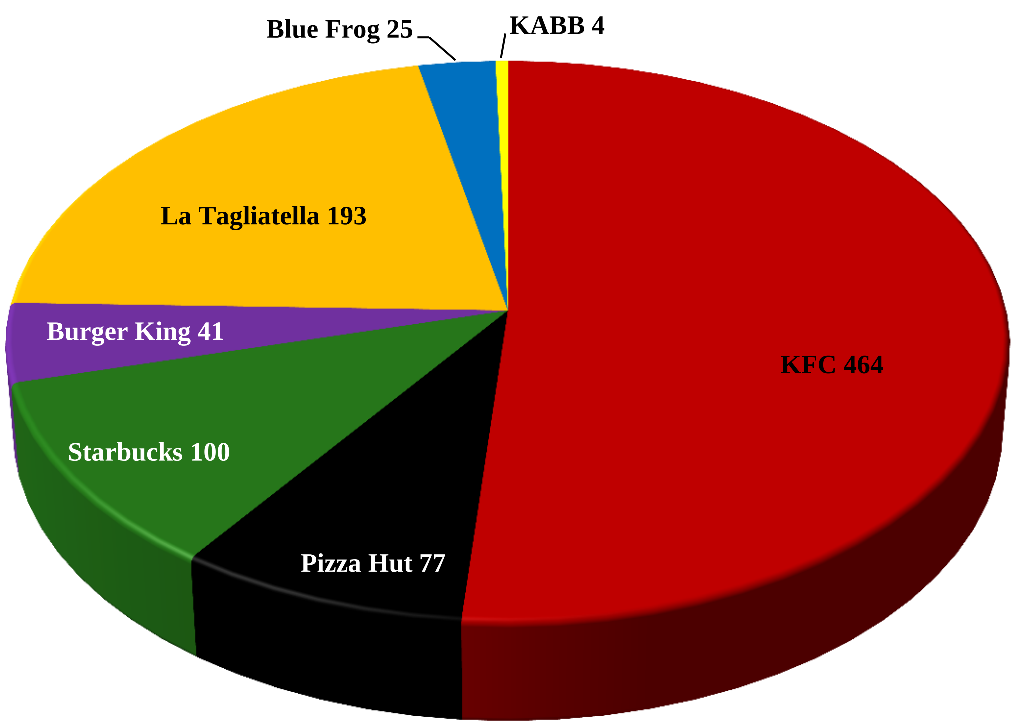


DIAGRAM 3: NUMBER OF AMREST RESTAURANTS IN 2013-2015, BALANCE AS AT 31 DECEMBER 2015



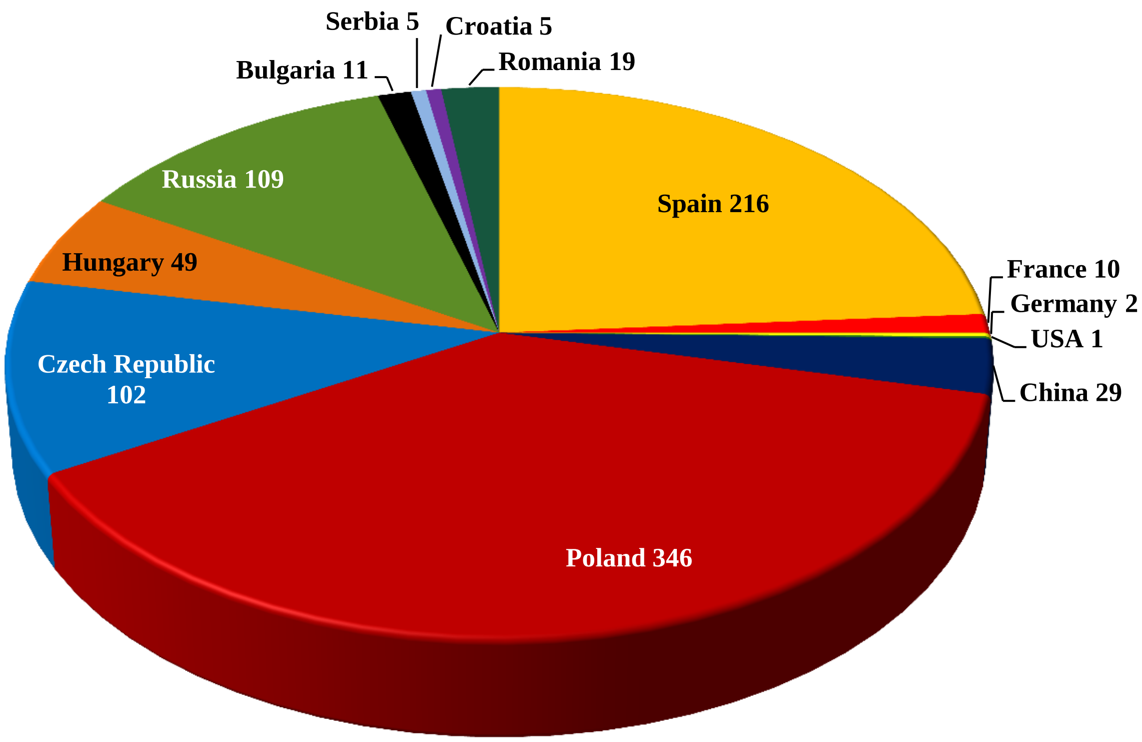
* Including restaurants operated by franchisees of La Tagliatella brand.

DIAGRAM 4: NUMBER OF AMREST RESTAURANTS BY BRAND, BALANCE AS AT 31 DECEMBER 2015



* Including restaurants operated by franchisees of La Tagliatella brand

DIAGRAM 5: NUMBER OF AMREST RESTAURANTS BY COUNTRY, BALANCE AS AT 31 DECEMBER 2015



* Including restaurants operated by franchisees of La Tagliatella brand

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 13 countries of Europe, Asia and North America. Every day over 23.5 thousand AmRest employees deliver delicious taste and exceptional service at affordable prices, in accordance with our "Wszystko Jest Możliwe!" ("Everything is possible!") culture.

AmRest manages its restaurants in two restaurant sectors:

- Quick Service Restaurants — KFC, Burger King, Starbucks
- Casual Dining Restaurants — La Tagliatella, Pizza Hut, 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. Burger King restaurants also 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, which were acquired from Marinopoulos Coffee SEE B.V. in June 2015 are operated by the Company on a franchise basis. The 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. The Blue Frog and KABB brands became the property of AmRest in December 2012 as a result of purchase of a majority stake in Blue Horizon Hospitality Group LTD.

2.2. 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 19 400 KFC restaurants in 115 countries in the world.

In 2015 KFC restaurants run by AmRest in Central Europe noted a significant increase of sales and profit compared to the previous year on each of the markets of operation. The increase of sales in KFC was the result of realization of a consistent marketing strategy related to improving the general restaurants' image and also to many innovations in the product segment. The strong position of the brand in the "value" segment has been maintained and the season products remarkably enriched the offer in the "premium" category. The offer of grilled products has also been diversified what evoked a very positive response from the restaurant guests.

In 2015 AmRest opened in total 26 KFC restaurants in Central Europe. Among new locations there are 11 restaurants of Drive Thru type some of which are located at highways. Over 20 restaurants underwent general renovation what improved their image and functionality to a large extent. Newly opened and renovated restaurants are characterized with a design which is deeply rooted in the values and the history of the brand. "Open kitchen" deserves special attention as thanks to it the restaurants' guests can see how the famous KFC chicken is prepared. In each restaurant there is also information about the local origin of the chicken and the name of the person who on this day plays the role of the chef. In larger and larger number of KFC restaurants in

Central Europe the point of ordering is separated from the point of reception what influences the improvement of quality and speed of service and makes the personal contact with guests easier.

Last year KFC brand in Poland significantly strengthened its share in the home delivery channel. Presently majority of large cities where the brand's restaurant are present, have the free delivery what influences the increase of the frequency of using this service and enlarging the group of KFC customers. Ordering is possible both on the phone and using a modern website. Guests who activate their account get texted on the status of their order. The offer of KFC home delivery gave the customers the opportunity to compose their own bucket – this is one of the most favorite offers in this channel of sales.

Within permanent improvement of efficiency and increasing the value for the customer KFC continues the works according to Lean Management philosophy. It has been translated not only into a visible improvement of the margin of the brand but also and most of all into the increase of the guests satisfaction. Cooperating with one of the world leader of service quality, KFC chain in Central Europe successively introduced the program aiming at ensuring perfect "experience" to the restaurant customers.

Last year was another one when KFC was found in the group of the best employers in a retail sector in Central Europe. It is so, among others, thanks to the initiative "able in AmRest" related to employing disabled people. The brand still supports the Foundation of Corporate Social Responsibility, supporting the children form North West Poland.

Russia is the second largest, after Poland, market where AmRest runs KFC restaurants. The results on this market were very good in 2015 despite the worsening general macroeconomic situation of the country. Due to a consistently realized strategy of the brand awareness, the income in comparable restaurants noted in 2015 two digits increase. Additionally 10 new restaurants were opened what resulted in about 30% increase of income in local currency. Together with the income dynamics the margin was improved what resulted in a significant improvement of the operational profit generated on this market.

It is worth noticing, however, that in the second half of the year the inflation pressure visible in the majority of cost categories was strengthened. Thanks to the active cooperation with suppliers in 2015 we managed to control the costs but it cannot be excluded that in 2016 the structure of the costs will undergo a slight worsening.

In 2016 it is planned to increase the pace of openings on the Russian market. The strategy of the Board is to perform selective openings in the locations of the highest qualities in the places of the exceptionally attractive conditions of rental due to the market situation concerning the competition of a weaker business model.

At the date of publication of this report, the Company operated 465 KFC restaurants - 206 in Poland, 71 in the Czech Republic, 101 in Russia, 37 in Spain, 35 in Hungary, 5 in Serbia, 5 in Bulgaria and 5 in Croatia.

The beginnings of the Burger King brand date back to 1954. Burger King ("Home of the Whopper") operates about 15 000 restaurants serving ca. 11 million customers daily in more than 80 countries worldwide. Over 90% of Burger King restaurants are managed by independent franchisees, many of which are family businesses that have been operating for decades.

In 2015 Burger King brand next time noted an increase of income from sales in relations to the previous year on Polish and Czech markets. It is a very good signal that this increase was caused both by the increase of the number of guests visiting the Burger King restaurants and also an increase of the height of the average guest check. Financial results which were the best in the history of the brand in this market deserve a special attention.

Last year a new restaurant at A1 highway (MOP Otłoczyn) was opened within AmRest group which in its third month of operation reached the highest level of monthly sales since AmRest became Burger King restaurant operator in Poland. Moreover in relation to the remodeling of the shopping mall, Burger King came back to CH Magnolia in Wrocław. Within the strategy of the Burger King restaurant design renovation of three points was run and was very positively assessed by the guests.

Positive results are the effect, among others, of the increased brand awareness on Polish market. Burger King is a more and more attractive brand for the customers of the restaurants belonging to QSR category. According to „Brand Observer" report, each year the number of persons who think that Burger King serves high quality burgers, better than the ones served by the competition, increases. New concepts serving burgers are a good signal for the development of this segment of the market and increasing its popularity.

Big marketing activity, the operations such as "outdoor campaigns" in the biggest cities of Poland and Czech contributed to the increase of brand awareness. Burger King brand bet on intensifying of commercials and signage in the closest vicinity of the restaurant.

Last year a new platform of „Add Ons" which gives the guests the opportunity of buying a set of add ons such as ice cream, coffee, snacks for 2.95 to the set was introduced. The platform gets more and more popular among the guests. In 2015 introduction of a new version of the „ Big King" flag burger which was very positively received by guests was a big event and attracted new customers to Burger King.

Burger King brand continues the "better burger" strategy the confirmation of which are the products from limited offers. Whopper Texas BBQ (variation of the bestseller "Bacon&Cheese Whopper") and also approved by real connoisseur „Steakhouse Angus XT" were the most popular in 2015.

King Deals platform is the most popular in the value segment as with the price of 4.95 it offers guests high quality products. The offer is widely communicated by marketing - with a support of TV, outdoor, indoor and digital campaigns.

The change of the Burger King brand communication way in social media is worth noticing as it aims at presenting "real food" and "real people and situations". New approach was liked by the guests the effect of which is the increase of their involvement and a permanent increase of people following the fan page. Presently the brand has almost 114 000 fans.

In 2016 Burger King will continue "Better Burger" strategy by maintaining high quality of products and introducing new innovative taste connections. The introduction of a mobile application which is planned for the first half of 2016 will be a breakthrough event.

At the date of publication of this report, AmRest operated 41 Burger King restaurants - 33 in Poland, 7 in the Czech Republic and 1 in Bulgaria.

Starbucks is the world leader in the coffee sector with more than 20 000 stores in over 60 countries. It offers a broad selection of coffees from different parts of the world, as well as teas, soft drinks and a wide range of fresh snacks and desserts. The store designs and their atmosphere refer to the coffee heritage and reflect the culture of the neighbourhood. AmRest Coffee (a joint venture between Starbucks Coffee International and AmRest Holdings) currently operates Starbucks stores in Poland, Czech Republic and Hungary.

Brand growth strategy assumes increasing the market share in a disciplined manner, by improving sales in existing restaurants and by opening new stores.

2015 was a very success year within the 3 core markets of Poland, Czech Republic and Hungary. Growth was noted in the high single digit range. This year also resulted in a significant change in the geographies by

purchasing the existing Starbucks business in Romania and Bulgaria. In the process AmRest has added a very profitable and perspective business in those countries.

On the beverage front Starbucks continues with its innovations (Caramel Jelly Frappuccino introduced in the summer). In Poland we have also rolled out our fresh food platform providing freshly made sandwiches, salads and yogurts. This is part of a revamp project for the food line. This project will continue in 2016 with a rollout to the other countries as well as development of new products within the sweet and savoury lines.

My Starbucks Rewards – the Loyalty program has continued to grow it's user base in Czech Republic and Poland. The introduction of the mobile application has increased the usage of the program also regaining lapsed users. The program benefits have seen an upgrade this year providing more benefits to the customers for their loyalty. Also targeted email actions have been used to increase the awareness of benefits as well as trigger commercial activities in the shops.

The brand plans to continue expanding its geographical presence within the operating countries increasing the amount of new openings to 25-30 in 2016.

The strategy of the brand is heavily based on building an unique experience in the store. The human connection, the passion for the job and for coffee is what differentiates the brand, people and experience in the store from the competition. The core strength lies in pursuing the commitment to the highest quality coffee transformed into the highest quality beverage delivered to every single customer served in Starbucks stores.

At the date of publication of this report AmRest operates 101 Starbucks cafes (40 in Poland, 25 in the Czech Republic, 12 in Hungary, 19 in Romania and 5 in Bulgaria).

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

With 179 restaurants La Tagliatella is the leading Brand in the Italian Casual Dining segment in Spain.

Since its first opening in 2003, the brand has been steadily growing through the opening of both equity and franchised restaurants. But 2015 has been an exceptional year, since La Tagliatella has beaten any previous record in number of openings: a total of 23 new restaurants have been built across all Spanish geography, expanding our reach to 4 new market areas.

The strength that the brand has developed during the last years has come to light in a context of a Spanish Economy which has grown by 3.2% (the greatest GDP increase of the Spanish economy since 2007), supported by the improvement in consumer confidence and employment ratios. In this favorable scenario, while the Casual Dining segment achieved a positive growth of +0.3% comparable sales in 2015, La Tagliatella outperformed the market by far, reaching a remarkable +5.4%.

La Tagliatella has continued to work in innovative products such as the Salmon Tartare, which has become a top seller within the Antipasti category, and new desserts such as our "Café Gustoso", which allows customers to finish their meal with a coffee along with a sample of 2 different desserts, for the same price as a regular dessert. This initiative, imported from the French market, has been very appreciated by the customers and it is expected to become more relevant during 2016 as its picture will be displayed in the cover of the new dessert menu cards.

The launch of the e-learning platform has been very relevant for our franchisees during 2015. This on-line training tool allows their staff to get an easy and convenient access to the different training modules, such as bar service, table service or prevention of occupational hazards.

Year 2015 has been also a step forward in social media and digital communication. The "Reto de la nueva carta" (The new menu challenge) and the "Fan Pizza 2015" campaigns were extremely successful. Fan Pizza initiative registered the highest participation after 3 years of consecutive success and brought 54.000 new fans to our Facebook community. Right now La Tagliatella has 338.000 fans and is the leading casual dining brand in number of twitter followers as well as in visits to its website. Continuing our digital development, 2016 will be the year of the deployment of our Customer Relationship Management (CRM) capabilities, with the roll-out across all the territory of a brand-specific loyalty program, designed to support and reinforce the Brand Core Values.

Year 2015 was successful also for La Tagliatella in Germany. Both restaurants (Cologne and Frankfurt) recorded double-digit increase in revenues.

As at the publication date the portfolio of la Tagliatella consisted of 194 restaurants - 181 in Spain, 10 in France, 2 in Germany and 1 in the United States

Pizza Hut is one of the biggest chains of casual dining restaurants. Inspired by Mediterranean food, it promotes the idea of sharing quality time with family and friends. It is also the leading casual dining brand in Poland. Strong positioning of Pizza Hut is maintained through "One Brand, Three Channels" strategy and strengthening the expert status in pizza category within all consumer occasions.

Year 2015 was another very successful period for Pizza Hut operation. Apart of the development of the brand in the “casual dining” segment it brought the bloom of the remaining sales channels - Pizza Hut Delivery and Pizza Hut Express.

Traditionally the year was opened by Pizza Festival which took place in the Pizza Hut restaurants for the sixth time. This long awaited offer gave the customers the opportunity to savor various tastes of pizza served on 4 kinds of dough for only 24,95 - in the “all you can eat” amount. The sixth edition of the Festival enjoyed a record popularity and attracted very many new guests to the restaurants. The offers were promoted by TV commercials and internet campaign. An additional promotional mechanism was applied in the campaign – when coming in the group of at least four persons and ordering the offer of Pizza Festival the beverages were served for free. This solution had a big influence of the average guest cheque.

Pizza with a big amount of stretching cheese is the most popular proposition of Pizza Hut. In March and April 2015 “Pizza Super Cheese” appeared in the offer for the first time – this is a pizza on a Pan dough which apart from the standard amount of cheese on the middle has also cheese baked in the rim and on its top. The materials in the restaurants and TV commercials stressed the main attribute using the slogan “Cheese is everywhere”. This exceptional offer brought the brand increase sales and strengthened Pizza Hut position as an expert in the innovative forms of pizza.

Spring and summer as every year is a time of introducing „lighter propositions of dishes and refreshing beverages in Pizza Hut. In 2015 new propositions in the categories of pizza salads and lemonades appeared in the offer. All the propositions were prepared from fresh, season components. This offer attracted new guests, mainly women and made loyal customer visit the restaurants more often.

At the end of July “My Pizza Hut” loyalty program was introduced – it is an innovative tool which builds customers’ involvement in the brand’s operations and supports the frequency of their visits in restaurants in a long term perspective. The program from the very beginning enjoyed a great interest of guests who registering their next visits in Pizza Hut on their account get invitations to unique events such as “pre-premiere” dinners (degustation of new dishes from the menu) and attractive offers adjusted to individual needs. Already 70 thousand of customers joined the program enjoying its benefits and using invitations in the exceptional events and promotions.

September was an important month in Pizza Hut history as in all sales channels new pizza dough was introduced – thin Traditional dough. It is manually kneaded every day in each restaurant and surprises with a delicious taste and unusual form with irregular surface of the rims which is typical for long maturing dough. To satisfy the needs of all the guests, pizza on traditional dough was also introduced in the variation with the cheese in the rims.

In autumn a new menu – which is the expression of a new, global positioning of the brand “Bring more flavor to life” and in a mouthwatering way presents all portfolio produced by Pizza Hut - appeared in the restaurants with waiter service.

Two last months of 2015 were the time of an innovative „Crown” pizza the taste of which was enriched by delicious, colorful cheeses: gouda with green pesto and delicate cheddar. Heavenly taste and look of the product was stressed in the promotional materials in outdoor and internet campaigns and in restaurants.

Pizza Hut Express is a concept which enables the customers eating their favorite pizza on the way home, to work or to school. This completely new way of reaching the Guests matches ideally the trends on the market. The restaurants are not big, easily accessible in the shopping mall food courts, in the city centers and locations convenient for business lunch. The first restaurant was opened in Bielsko Biała in January and the next two were opened in Wrocław. Pizza is prepared from fresh ingredients immediately in the front of guests there. Every day the dough prepared in the restaurant, carefully selected toppings and care for standards make the delicious and exceptional taste of fresh pizza, apart from the speed of service, the main advantage of the concept. There are five most popular choices from Pizza Hut menu; margherita, pepperoni, Hawaian, farmer's and prosciutto e rucola, served on traditional dough. The customer can also compose their own pizza from the components of their choice. The pizza preparation time in Pizza Hut Express was shortened thanks to shortlisting of the menu and application of a special stove adjusted to fast baking. Unique technology together with product and operational discipline allow to promote the concept with the slogan: "We make a fresh pizza in 5 minutes!" . In the middle of the year the offer was enriched with the possibility of ordering additional cheese in rims what influences the attractiveness and exceptionality of the offer even more. The test phase showed a big potential of the concept, fast achieving breakeven point and a profitable return on the invested capital. The concept will be developed in next years.

In 2016 further dynamic development of the brand is planned within the "casual dining concept" as well as the "Express" format and home delivery channel.

At the date of publication of this report AmRest operated 77 Pizza Hut restaurants - 67 in Poland, 8 in Russia and 2 in Hungary.

Acquisition of the Blue Horizon Hospitality Group in 2012 enriched AmRest's CDR segment brand portfolio with two brands operating in the China market.

- 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.

The third year of operations in China saw the continued expansion of the Blue Frog and Kabb brands along with greater penetration of the brands in key markets. In addition to opening four new Blue Frogs in our base market of Shanghai, we continued our push into second tier cities, opening second restaurants in Chengdu and Tianjin and our first Blue Frog restaurant in the port city of Dalian, bringing the total number of cities in which we operate Blue Frog to eight. In tier one cities, our focus on securing the best sites in mature trade zones, including sites on high streets and top tier local malls, such as the Skymall and Plaza 96 restaurants in Shanghai, resulted in continued strong ROI results in our most developed market. Kabb opened its first restaurant in a second tier city, Chengdu, bringing the total for Kabb to four restaurants. In all, the total number of restaurants in China has grown to 30 from a base of 11 in 2013.

Of particular note in 2015 was the maturing of the Blue Frog business in Beijing and the establishment of the Kabb brand beyond its original flagship location in Xintiandi. These two segments have steadily built on the existing customer base and have shown strong sales growth.

The year also had its challenges, with the slowing of the Chinese economy and significant fluctuations in the stock market influencing consumer sentiment and spending. Initiatives to drive sales started with the launch of new healthy drinks. Based on the success of this test menu, these drinks were integrated in the regular drink menu nationwide. With the support of a mixologist hired in 2015, a new Blue Frog cocktail menu saw positive results on both beverage sales and COS. On the food front, a new

Blue Frog menu with an updated look and feel was launched in October. This added seasonal favorites from 2014 to the regular menu while retiring slower moving items. Customer response to these changes was overwhelmingly positive with strong sales of new items. As in the previous years, both brands continued to attract customers through themed campaigns and saw strong responses to events such as Halloween, Singles Day and Christmas holidays.

In the second half of the year, we further expanded the category of home delivery by adding a local delivery provider to a number of existing restaurants, and in December successfully piloted the leading mobile payment apps, Wechat Pay and Alipay.

The pipeline for 2016 is the strongest for the brands to date with secured locations in the established markets of Shanghai, Nanjing and Beijing, and a flagship site signed in the new market of Hangzhou. Construction on our flagship site at the Shanghai Disney Resort is underway with a June 2106 opening. With well-known and proven brands and strong existing relationships with leading mall operators, the Blue Horizon team continues to secure premium, sought-after sites in first and second tier cities.

The China team continues to build on infrastructure to support robust growth without compromising brand quality. The hard work of new city entry is done and can now be leveraged. In 2015, the productivity of the Central Kitchen and back office continued to improve as a percentage of sales, and the Central Kitchen, distribution, and above-restaurant leadership and training costs are expected to continue to fall as a percentage of sales in 2016.

As at the publication date, AmRest owned 26 Blue Frog and 4 Kabb restaurants in China.

3. Structure of revenues

Revenues of AmRest Group increased by PLN 386m and amounted to PLN 3 339m in 2015. Dynamic growth of 13.1% resulted mainly from:

- strong positive sales trends in comparable restaurants (LFL) observed in all markets of Central Europe (CE) and continued expansion in the region (47 new locations opened in 2015). In June 2015 AmRest's acquired the chain of Starbucks coffee shops in Romania and Bulgaria (23 stores) which additionally strengthened top line growth of this division,
- growing LFL trends in La Tagliatella and KFC in Spain, which – supported by 29 new openings (including 15 franchised restaurants) – led to 13.3% growth of revenues of Spanish division,
- 26.6% increase in sales of New Markets on the back of further business development in China (9 openings in China and 2 openings in France),
- 2% decline in revenues of Russian division (PLN -8m vs 2014) due to weakening ruble. Sales in local currency grew by 30.1% as a result of growing number of restaurants (12 new openings) and positive double-digit LFL trends.

TABLE 1. AMREST GROUP'S SALES BY DIVISION

Divisions	2015		2014	
	PLN '000	share %	PLN '000	share %
Central and Eastern Europe (CE)	1 987 790	59.5%	1 727 723	58.5%
Russia	402 838	12.1%	410 858	13.9%
Spain	704 412	21.1%	621 559	21.1%
New Markets	243 700	7.3%	192 511	6.5%
Total	**3 338 740**	**100.0%**	**2 952 650**	**100.0%**

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

The market situation in the first half of 2015 was relatively stable. High level of harvest in 2014 was the reason for the price fall on the world cereal and oil plant markets which allowed to maintain low prices also at the beginning of 2015. In 2015 the harvest in Europe were lower due to draught but the increase of prices was prevented thanks to big stocks which in global scale helped to compensate weaker harvest.

The situation on the chicken market in Poland was advantageous especially in the second half of the year what was influenced mainly by low process of feed. Abolishing the limits in EU and Russian embargo influenced the fall of milk prices in the first half of the year what also influenced positively the prices of other dairy products. Starting September, however, the increasing tendency could be observed.

Meat market after a few percent increase of the raw materials in the first half of the year entered the increasing phase again at the end of the year, mainly because of the situation on the currency market. EUR/USD exchange rate decreased attractiveness of South American offers and the fall of PLN value drove export and price increase on the local market.

Following the trends in global scale and continuing of building long term relations and cooperation with suppliers allowed AmRest to realize purchase strategy without any obstacles. The main tasks of the past year included:

- Developing the cooperation with a new distributor in Poland,
- Launch of environmentally friendly packaging, based largely on recyclable material, while maintaining the highest quality standards and applicable regulations,
- Continued implementation of new technologies to successive providers in order to improve efficiency and lower production costs.

The most important assumptions of AmRest purchase strategy for 2015:

- Consolidation of "Quality Assurance & Food Safety" procedures on a global scale,
- Continuation of the distribution strategy with regard to new markets, in order to optimize costs,
- Continued operation and development of the Innovation Center.

The list of the largest suppliers of AmRest in 2015:

- Quick Service Logistics Polska Sp. z o.o. Sp. K. — distributor in Poland,
- Conway S.A. – distributor in Spain,
- Roldrob S.A. – supplier of chicken products in Poland,
- Drobimex Sp. z o.o. – supplier of chicken products in Poland,
- LDS Disztribútor Szolgáltató Kft. – distributor in Hungary,
- OOO RBD Distribution – distributor in Russia,
- Quick Service Logistics Czech s.r.o. — distributor in the Czech Republic,
- Przedsiębiorstwo Drobiarskie Drobex Sp. z o.o. – supplier of chicken products in Poland,
- Vodnanská drůbež, a.s.– supplier of chicken products in the Czech Republic;
- PPHU Konspol- Bis Sp. z o.o. – supplier of chicken products in Poland.

5. Employment in AmRest

The table below shows employment in the Group in the years 2013–2015.

*TABLE 2. NUMBER OF EMPLOYEES IN AMREST (BALANCE AS AT 31 DECEMBER 2015, 2014, 2013)**

Year	**2015**	**2014**	**2013**
Employment in restaurants	22 679	22 198	18 759
Employment in administration	944	841	771
Total	**23 623**	**23 039**	**19 530**

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

6. Changes in the manner of management

6.1. Changes in the Parent Company's Management Board

On March 13th, 2015 AmRest informed, that due to the expiry in this calendar year of Mr. Wojciech Mroczyński three-year term as AmRest's Management Board Member, the Supervisory Board of AmRest adopted on March 12th, 2015 a resolution on reappointing Mr. Mroczyński to hold the position of the Company's Management Board Member. The resolution became effective upon its adoption.

Mr. Wojciech Mroczyński has a degree in Economics. He graduated from the University of Gdansk, holding a degree in Foreign Trade. Mr. Mroczyński holds an International MBA, granted by Central Connecticut State University. He is also a graduate of Harvard Business School in Boston.

Mr. Mroczyński has an extensive business experience. In 1998-2005 he held management positions at Mondi Packaging Paper Worldwide SA, a company listed on the WSE. In 2003-2005 he was Chief Financial Officer at Mondi.

Mr. Mroczyński has been working for AmRest since 2005. In 2005-2011 he held the position of Chief Financial Officer, Chief Operating Officer and Chief People Officer of AmRest. In 2012 Mr. Mroczyński has taken the position of Chief Strategy Officer.

On December 9th, 2015 AmRest informed, that on December 8th, 2015 the Supervisory Board of AmRest adopted a resolutions on appointing Ms. Oksana Staniszewska and Mr. Olgierd Danielewicz to hold the position of AmRest's Management Board Members. The resolutions became effective upon its adoption.

Ms. Oksana Staniszewska is a graduate of two universities: Kyiv National Linguistics University, faculty of Germanic languages and Ternopol Academy of Economics, faculty of bookkeeping and auditing. Her education was continued during post graduate studies in neurolinguistics, Open Central European University in Budapest, Teacher Fellowship Program at University College London and HR Director Program at Cornell University in New York.

Ms. Staniszewska started her career at AmRest in 2006 as Assistant Manager for multibrand restaurant, PH and KFC. In next years she played various roles in the organization: General Manager of Pizza Hut restaurant, Training Manger, Education Manager, Training and Career Development Director. In August 2012 Ms. Staniszewska took up a role of HR Director in the Russian market. Soon afterward she became Chief Administrative Officer and Chief Operational Officer (also in Russia division). Currently Ms. Staniszewska plays the role of Chief People Officer, leveraging people potential and developing leadership capability of AmRest.

Ms. Staniszewska is MBTI (Myers Briggs Type Indicator) practitioner and ICC (International Coaching Community) coach. Her track record of HR consultancy and executive coaching expands to: Google, Motorola, GE Healthcare, Pegasystem, Invensys, Avon, Dealogic, Societe Generale Group.

Mr. Olgierd Danielewicz is a graduate of Adam Mickiewicz University in Poznan (Master degree in Management and Marketing) and Academy of Economics in Wroclaw (postgraduated studies and MBA).

He joined AmRest (ARS) as a student in 1998, taking up the function of Assistant Manager of soon to be opened KFC restaurant. Afterward he held the position of General Manager, Area Trainer (responsible for training in both KFC and Pizza Hut in Western Poland), Area Coach of KFC South 1 region and District Coach (taking over responsibility for few regions of KFC operation).

In 2007 Mr. Danielewicz was given a challenge of relaunch of Burger King in Poland. The opening of Burger King Złote Tarasy has been recorded as one of the best Burger King openings ever. Next step in his career was the coming back to his home brand and taking over the Brand President position for KFC, initially in Central

Europe division, currently in all markets of AmRest operation. He is responsible for development, monitoring of financial performance and image of the KFC brand.

6.2. Changes in the Parent Company's Supervisory Board

On May 19th, 2015 the Annual General Meeting of Shareholders resolved to:

- revoke Mr. Joseph P. Landy from the Supervisory Board of the Company and appoint Mr. Landy as a member of the Company's Supervisory Board for a new 5-year term (Resolution No. 8),
- revoke Mr. Raimondo Eggink from the Supervisory Board of the Company and appoint Mr. Eggink as a member of the Company's Supervisory Board for a new 5-year term (Resolution No. 9).

The resolutions came into force on the day of their adoption.

On August 12th, 2015 the Extraordinary General Meeting of AmRest resolved to

- determine the number of the Supervisory Board members to be from 5 to 8 persons,
- revoke Mr. Per Steen Breimyr and Mr. Peter A. Bassi from Supervisory Board of the Company,
- appoint Mrs. Zofia Dzik and Mr. Krzysztof A. Rozen as a members of the Company's Supervisory Board.

The resolutions came into force on the day of their adoption.

On August 13th, 2015 the Management Board of AmRest informed, that it was notified on August 12th, 2015 about the resignation of Mr. Joseph P. Landy and Mr. Amr Kronfol from the Supervisory Board of AmRest, dated August 12th, 2015. The resignations of Mr. Landy and Mr. Kronfol were to be conditional upon and with effect as of the moment when Warburg Pincus group ceases to hold directly or indirectly any shares in AmRest.

On August 20th, 2015 the Management Board of AmRest informed, that due to WP Holdings VII B.V.'s disposal of all shares in AmRest, that occurred on August 18th, 2015, the resignation of Mr. Joseph P. Landy and Mr. Amr Kronfol from the Supervisory Board of AmRest became effective.

On September 10th, 2015 the Management Board of AmRest informed, that it received on the same day from Mr. Henry McGovern the letter of resignation from the function of the Chairman of AmRest Supervisory Board, effective 10th September 2015. Mr. McGovern remained the member of the Supervisory Board of AmRest. The reason of resignation, after the previous changes in shareholding structure of AmRest and composition of Supervisory Board, was to allow the members of the Supervisory Board to elect the Chairman of their choice.

On September 11th, 2015 the Management Board of AmRest informed, that it received on the same day from Mr. Bradley D. Blum the letter of resignation from the function of the member of the Supervisory Board of AmRest, effective 21st September 2015, i.e. the date of the upcoming General Meeting of the Company.

On September 21th, 2015 the Extraordinary General Meeting of AmRest Shareholders appointed the following persons as the members of Company's Supervisory Board:

- Henry Joseph McGovern,
- Zofia Dzik,
- Łukasz Rozdeiczer-Kryszkowski (effective from October 20th, 2015),
- Krzysztof A. Rozen,
- Raimondo Eggink,
- Steven Kent Winegar Clark (effective from October 20th, 2015),
- José Parés Gutiérrez,
- Luis Miguel Álvarez Pérez.

Information on appointed members of the Supervisory Board:

Henry Joseph McGovern

Mr. Henry McGovern is a 49 years old citizen of the United States. In the years 2008-2015, he held the role of Chairman of AmRest Holdings SE Supervisory Board. He was the co-founder of AmRest in 1993 and served as the CEO from 1995 to 2008 (initially of American Retail System (ARS) and from 1999 of AmRest). In the years 1993-1995, Mr. McGovern was a member of the Supervisory Board of ARS. In the previous years, he was the CEO of Metropolian Properties International (MPI) - real estate company specializing in commercial property. Mr. McGovern currently serves as Vice President of MPI and the President of International Restaurant Investment (IRI).

Mr. McGovern studied Biology and Philosophy at Georgetown University and attended the London School of Economics. He is an active member of Young Presidents' Organization.

Raimondo Eggink

Since 2002 Mr. Raimondo Eggink has been acting as an independent consultant and trainer for companies operating in the financial market. At the same time he has been serving on the supervisory boards of the following public and private companies: PERŁA – Browary Lubelskie S.A. (2004-2005 and since 2008), Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. (since 2009), AmRest Holding SE (since 2010), Lubelski Węgiel „Bogdanka" S.A. (since 2012), Górnośląskie Przedsiębiorstwo Wodociągów S.A. (since 2015), Suwary S.A. (since 2015), PKP Cargo S.A. (since 2015) and Prime Car Management S.A. (since 2015).

In the past, Mr. Eggink was a member of supervisory boards of the following companies: Stomil-Olsztyn S.A. (2002-2003), Giełda Papierów Wartościowych w Warszawie S.A. (2002-2008), Wilbo S.A. (2003-2005), Mostostal Płock S.A. (2003-2006), Swarzędz Meble S.A. (2004-2005), PKN ORLEN S.A. (2004-2008), KOFOLA S.A. (2004-2012, former HOOP S.A.), Zachodni Fundusz Inwestycyjny NFI S.A. (2006), Firma Oponiarska Dębica S.A. (2008-2012) and Netia S.A. (2006-2014). Previously, he was a member of the management board, Chief Investment Officer and General Manager of the Polish division of ABN AMRO Asset Management, which managed the portfolios of institutional and high net worth individual investors. Mr. Eggink began his career in 1995 at Warsaw branch of ING Bank, where he contributed to the establishment of the first asset management company on the Polish market. In 1995-1997, he served as Deputy Chairman of Polish Association of Brokers and Investment Advisers and in the years 2004-2013 as a member of Management Board of the CFA Society of Poland. He is the author of numerous articles on the development of the Polish capital market and in particular the protection of minority shareholders.

Mr. Eggink holds a PhD degree in theoretical mathematics from the Jagiellonian University in Cracow. He obtained a Polish license for investment advisor in 1995 and a CFA (Chartered Financial Analyst) charter in 2000.

Zofia Dzik

Ms. Zofia Dzik is a graduate of the Cracow University of Economics, University of Illinois in Chicago, University of Social Sciences and Humanities in Warsaw and Executive Programs in INSEAD Business School. She is also MBA of Manchester Business School and a certified member of the Association for Project Management (APMP), experienced mentor and a certified member of John Maxwell leadership development team.

In 1995–2003 worked as a consultant in Andersen Business Consulting as the Head of the Insurance Division. From 2003 Ms. Dzik is engaged in the Intouch Insurance Group (the RSA Group), where in 2004–2007 held the position of the President of the Board of Directors of TU LINK4 S.A – the first direct insurance company in the CEE countries, in 2007–2009 held the position of a Member of the Board of Directors of Intouch Insurance B.V. in the Netherlands and the CEO for Central Eastern Europe of the Intouch Insurance Group. She was responsible for development of new markets. She was the Chairman of the Supervisory Boards of the following companies: TU Link4 S.A. and Direct Insurance Shared Services Center in Poland, Intouch Strahovanie in Russia (startup) and Direct Pojistovna in the Czech Republic (startup), as well as the Vice-Chairman of the Supervisory Board of TU na Życie Link4 Life S.A.

In 2006–2008 Ms. Dzik was a Member of the Board of Directors of the Polish Insurance Association and in 2007–2010 a Member of the Supervisory Board of the Insurance Guarantee Fund. In 2011– 2013 she was a member of the Supervisory Boards of two companies listed on the Warsaw Stock Exchange: KOPEX S.A., internationally recognised mining equipment producer, and Polish Energy Partners S.A., specializing in construction and operation of wind mills and other renewable energy sources.

At present Ms. Dzik holds the position of the CEO of Fundacja Humanites developing leadership programs and supporting development of the social capital in Poland. She is also a professional Member of the Supervisory Boards of the following companies: TU Link4 SA – direct insurance company (part of the PZU Group), ERBUD SA – one of the leading listed construction companies in Poland, Foundation for Strategic Competencies Development and PKO BP S.A. – the largest bank in Central and Eastern Europe where she also acts as the Vice President of the Audit Committee of the Bank. Due to business relations and leadership development programs run for executive directors she has an extensive network in many sectors of the Polish market.

Łukasz Rozdeiczer-Kryszkowski

Mr. Łukasz Rozdeiczer-Kryszkowski is the founder and Chairman of BATNA Group Sp. z o.o., as well as the Country Manager (for Poland) of Chartered Institute of Procurement and Supply. He is an experienced lawyer (he practiced in Poland, the United States and United Kingdom), mediator and arbitrator. He specializes in complex transactions, arbitral disputes and corporate governance.

Mr. Rozdeiczer is the Adjunct Professor of Law at the Georgetown University (Law Center) in Washington DC and a lecturer in the School of International Arbitration, Queen Mary College, University of London, where he teaches negotiation and mediation. For several years he worked at Harvard Law School (Program on Negotiation), first as Senior Fellow of Law and Negotiation and then as Research Associate. Mr. Rozdeiczer has also vast experience in conflict and crisis management. In the years 2003-2004 he was a Board Member of the Harvard Mediation Program. Previously Mr. Rozdeiczer worked at Clifford Chance, the World Bank/International Finance Corporation and CMS Cameron McKenna.

Mr. Rozdeiczer currently serves as Member of the Supervisory Board of Jastrzębska Spółka Węglowa S.A. and Krakowiaków Nieruchomości Sp. o.o. In the past he was the Chairman of the Supervisory Board at Libella Sp. z o.o.

Mr. Rozdeiczer is a graduate from law studies at Warsaw University and Harvard University, as well as from specialized studies at Cambridge University and London University (degrees in International Commercial Arbitration and Corporations, European Law).

Krzysztof A. Rozen

Mr. Krzysztof A. Rozen holds the degree of Master of Economic Science from Warsaw School of Economics, Foreign Trade Faculty (1986, Individual Studies Program) and Master of Business Administration with Honors from Rotman School of Management, University of Toronto (1993). He obtained in Canada a license of broker of securities in 1990 and a license of broker of derivatives in 1991. Additional he attended following courses: Canadian Securities Course (Honors), Canadian Options Course, Role of Supervisory Board and cooperation with Management Board, Effective Time Management, Leadership Coaching, Intellectual Work and Energy Management, Effective Motivation.

Mr. Rozen currently serves as the member of the Supervisory Board and Chairman of the Audit Committee at Wirtualna Polska Holding S.A. and member of the Supervisory Board at Plus Bank S.A.

In the years 1998-2014 Mr. Rozen worked for KPMG, where he started and led Corporate Finance Department and a Team of Energy and Natural Resources within KPMG Poland. Mr. Rozen ran also a Team of Mergers and Acquisitions for CEE Markets (16 countries) and was one of eight members of European Board of Corporate Finance. Corporate Finance Department consisted of 40 team members and provided advisory services in mergers and acquisitions, debt financing and valuations. Mr. Rozen also coordinated interdisciplinary team of Energy and Natural Resources, being responsible for relations with the clients (KGHM, JSW, PSE, PGE, Tauron, Enea, ZE PAK, Gaz System). Prior KGHM, Mr. Rozen worked for Citibank in Warsaw, International Finance Corporation in Washington and Toronto Dominion Bank in Toronto. In Citibank he started the first in Poland team of corporate loans syndication. In ICF was responsible for privatization of cement sector in Poland

(Cementownie Odra, Górażdże, Strzelce, Ożarów, Warta). In Toronto Dominion Bank Mr. Rozen worked as a securities broker.

Mr. Rozen has a vast experience in financial analyses, assessment of investment projects as well as drafting and verification of development strategies (with focus on financing, project management and leading interdisciplinary teams of M&A, consolidation and restructuring). Mr. Rozen is familiar with the standards of corporate governance as well as best practices for Supervisory Boards.

He act socially as the Chairman of Development Committee in the Museum of the History of Polish Jews, Member of Foreign Trade Corporation in Warsaw School of Economics, Member of American and Canadian Chamber of Commerce. Mr. Rozen is also a frequent participant and speaker during major economic congresses in Poland: Krynica, Sopot, Katowice, author of feature articles in economic magazines and commentator in radio TOK FM.

Steven Kent Winegar Clark

Mr. Steve Winegar began his career with Arthur Andersen & Co. in 1970 and was with them for seven years; first in the Houston, Texas office and then Madrid, Spain. In 1977 he joined MSD Pharmaceuticals as CFO of its subsidiary in Colombia and in 1979 the same position in Italy. In 1980 he was named managing director of MSD´s subsidiary in Greece/Turkey and in 1984, Spain. In 1985 he moved to Bristol-Myers Spain as managing director. He entered the restaurant sector in 1987 as CEO of Foster´s Hollywood Restaurants and co-founded Grupo Zena de Restauración in 1993. After the sale of the majority control to CVC Capital Partners in 2001 he founded Restauravia Grupo de Restauración in 2003 with Corpfin Capital entering into the capital structure in 2006. AmRest acquired a majority control of the company in 2011 and the balance in 2013. He continued to serve as its CEO until October 2014.

Mr. Winegar is a Certified Public Accountant (CPA), a past President of the American Chamber of Commerce in Spain, a trustee of the American School of Madrid (for 25 years) and a former board member of Telepizza SAU. Currently is a Vice-Chairman of Sabertia Capital Partners..

Luis Miguel Álvarez Pérez

Mr. Luis Miguel Álvarez Pérez is a Board Member, Audit Committee Member and Investment Committee Member of Fianccess, S.A.P.I. (since 2013). He is also the Founder, Chairman of the Board and CEO of Compitalia, S.A. de C.V., a family investment company business which primarily invests directly in target companies through equity holdings and real estate investments, primarily in sectors such as: clean energy, biofuels, oils and derivatives, quick service restaurants, real estate projects and financial funds.

For over 25 years he occupied different positions on several Grupo Modelo´s subsidiaries and headquarters (including the Vertical Companies Director of Grupo Modelo, S.A.B. de C.V., President & General Manager of Gmodelo Agriculture, LLC., Idaho Falls, Idaho, Vice President & General Manager of Gmodelo Agriculture, Inc.). He has also spent 8 years of his career in Grupo Modelo in Idaho Falls, ID, USA as the President and General Manager of a new malting plant facility.

Mr. Álvarez Pérez continues to be actively involved as a board member of different companies and NGO´s. Apart from various positions in Finaccess, he is currently a Board Member of BioFin Services, S.A. de C.V. (SOFOM ENR), Biofields, S.A., Algenol, LLC, Christel House Mexico, A.C., Sueños y Conceptos Inmobiliarios, S.A. de C.V., Grupo Aradam, SAPI and the Chairman of the Board of Tenedora Santa Hortensia, SAPI. and Fornix, S.A. de C.V. His former board positions include: Alternate Board Member and Executive Committee Member of Grupo Modelo, S.A.B. de C.V., Board Member and Executive Committe Member of InteGrow Malt, LLC., as well as Board Member of Impulsora Agrícola, S.A. and International CO2 Extraction, LLC.

Mr. Álvarez Pérez graduated from Universidad Iberoamericana (Industrial Engineering) and completed the International Management Program at Ft. Lauderdale, Flo. (IPADE), PADI – International Top Management Program (ITAM, Ashridge, Kellog, IMD, Standford) and the Building Skills for Success program at Wharton.

José Parés Gutiérrez

Mr. José Parés Gutiérrez is a Senior Executive with extensive international experience and a proven track record in marketing, sales, operations finance and management.

Since 2013 he is the Chief Executive Officer of Finaccess Capital (Mexico), responsible for managing several hundreds of million dollars portfolio. He is also the Director of the Board of Crown Imports, Chicago, Il, the Vice Chairman of the Board of MMI, Toronto, Canada, Director of the Board of DIFA, Mexico and former member of the Beer Chamber of Mexico.

Previously, Mr. Parés Gutiérrez worked for 19 years in Grupo Modelo (Mexico), in various positions. During last 5 years of employment, including financial crisis years, he contributed as the Vice President of Marketing and Sales International to growth of Grupo Modelo’s revenue from USD 1 billion to USD 3 billion.

Mr. Parés Gutiérrez graduated from Universidad Panamericana, Mexico (Business and Finance) and completed his MBA at ITAM, Mexico as well as the Business D-1 Program at IPADE, Mexico and Executive Programme at Wharton, San Francisco.

On September 30th, 2015 the Management Board of AmRest announced that during the Supervisory Board meeting held on September 29th, 2015, the Supervisory Board resolved to appoint Mr. José Parés Gutiérrez as the Chairman of the Supervisory Board (Resolution 1/09/2015). The resolution came into force on the date of its adoption.

6.3. Composition of the Management and the Supervisory Boards

Management Board

In 2015, the Management Board of AmRest comprised:

- Wojciech Mroczyński,
- Mark Chandler,
- Drew O’Malley,
- Jacek Trybuchowski,
- Oksana Staniszewska (starting from December 8th, 2015),
- Olgierd Danielewicz (starting from December 8th, 2015).

Supervisory Board

In 2015, the Supervisory Board of AmRest comprised:

- Henry McGovern (Chairman of the Supervisory Board until September 10th, 2015),
- Raimondo Eggink,
- Per Steen Breimyr (until August 12th, 2015),
- Peter A. Bassi (until August 12th, 2015),
- Joseph P. Landy (until August 18th, 2015),
- Amr Kronfol (until August 18th, 2015),
- Bradley D. Blum (until September 21st, 2015),
- Zofia Dzik (starting from August 12th, 2015),
- Krzysztof A. Rozen (starting from August 12th, 2015),
- José Parés Gutiérrez (starting from September 21st, 2015; from September 29th, 2015 Chairman of the Supervisory Board),
- Luis Miguel Álvarez Pérez (starting from September 21st, 2015),
- Łukasz Rozdeiczer-Kryszkowski (starting from October 20th, 2015),
- Steven Kent Winegar Clark (starting from October 20th, 2015).

As at the date of publication of this report, the above lists reflect the current composition of the Company's Supervisory Board and Management Board.

6.4. Functional description of the management and supervisory bodies

The Management Board shall manage the Company's affairs and represent it. Each member of the Management Board shall be authorized to represent the Company on his/her own.

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 (Directors' 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.

7. Financial and asset position of the Group

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

TABLE 3. KEY FINANCIAL CONSOLIDATED DATA OF AMREST (2014–2015)

PLN '000, unless stated otherwise	**2014**	**2013**
Sales revenue	3 338 740	2 952 651
Operating profit before depreciation and amortization (EBITDA)	436 472	356 374
Operating margin before depreciation and amortization (EBITDA margin)	*13.1%*	*12.1%*
Adjusted operating profit before depreciation and amortization (adjusted EBITDA)*	466 895	381 981
*Adjusted operating margin before depreciation and amortization (adjusted EBITDA margin)**	*14.0%*	*12.9%*
Operating profit (EBIT)	195 743	109 895
Operating margin (EBIT margin)	*5.9%*	*3.7%*
Net profit (attributable to AmRest shareholders)	160 036	51 667
Net margin	*4.8%*	*1.7%*
Equity	1 104 074	975 642
Return on equity (ROE)	*14.5%*	*5.3%*
Total assets	2 849 124	2 621 843
Return on assets (ROA)	*5.6%*	*2.0%*

* 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 2014-2015)

PLN ’000, unless stated otherwise	2015	2014
Current assets	523 772	401 073
Inventory	64 346	51 638
Short-term liabilities	565 433	353 195
Current ratio	*0.93*	*1.14*
Quick ratio	*0.81*	*0.99*
Cash and cash equivalents	317 871	257 171
Cash ratio	*0.56*	*0.73*
Inventory turnover (in days)	*6.20*	*5.74*
Trade and other receivables	92 090	66 345
Trade receivables turnover (in days)	*7.38*	*8.47*
Operating ratio (cycle) (in days)	*13.58*	*14.21*
Trade and other short-term payables	461 774	344 873
Trade payables turnover (in days)	*39.64*	*36.33*
Cash conversion ratio (in days)	*-26.06*	*-22.12*

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 2014–2015)

PLN ’000, unless stated otherwise	2015	2014
Non-current assets	2 325 352	2 220 770
Liabilities	1 745 050	1 646 201
Long-term liabilities	1 179 617	1 293 006
Debt	1 125 364	1 116 384
Share of inventories in current assets (%)	*12.3%*	*12.9%*
Share of trade receivables in current assets (%)	*17.6%*	*16.5%*
Share of cash and cash equivalents in current assets (%)	*60.7%*	*64.1%*
Equity to non-current assets ratio	0.47	0.44
Gearing ratio	0.61	0.63
Long-term liabilities to equity ratio	1.07	1.33
Liabilities to equity ratio	1.58	1.69
Debt/equity	1.02	1.14

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 sales of AmRest Group grew by 13.1% in 2015 compared to the prior year (from PLN 2 953m to PLN 3 339m).

Strong top line growth was largely driven by dynamic pace of new openings as well as maintained positive LFL trends.

Upward sales trends in comparable restaurants were observed in most of brands and markets of AmRest’s operation in 2015. The largest portion of growth came from core markets of AmRest – CE and Spain, where stable LFL trends in each of the brands were maintained (in particular brands double-digit growth was achieved).

In Russia, despite unfavorable economic and political environment, KFC business witnessed continuously growing demand from the customers, resulting in more frequent visits in restaurants and double-digit LFL trends (in RUB). In New Markets the growth of comparable sales was weaker than year ago due to softened LFL trends in Blue Frog restaurants.

*TABLE 6. KEY FINANCIALS OF AMREST GROUP BY DIVISION (Q4 2014 AND Q4 2015)**

PLN '000	**Q4 2015**			**Q4 2014**		
		Share	*Margin*		*Share*	*Margin*
Sales	**917 874**			**799 592**		
Poland	*358 583*	*39.1%*		*318 682*	*39.9%*	
Czech Republic	*120 255*	*13.1%*		*99 989*	*12.5%*	
Other CE	*79 416*	*8.7%*		*52 078*	*6.5%*	
Total CE	558 254	60.8%		470 749	58.9%	
Russia	101 099	11.0%		103 189	12.9%	
Spain	197 390	21.5%		170 019	21.3%	
New Markets	61 131	6.7%		55 635	7.0%	
EBITDA	**115 351**		12.6%	**100 865**		12.6%
Poland	*50 299*		*14.0%*	*40 965*		*12.9%*
Czech Republic	*22 423*		*18.6%*	*15 411*		*15.4%*
Other CE	*13 090*		*16.5%*	*5 822*		*11.2%*
Total CE	85 812		15.4%	62 198		13.2%
Russia	6 517		6.4%	9 361		9.1%
Spain	40 646		20.6%	38 351		22.6%
New Markets	-1 818		-	-2 844		-
Unallocated	-15 806		-	-6 201		-
Adjusted EBITDA**	**121 122**		13.2%	**109 722**		13.7%
Poland	*44 506*		*12.4%*	*43 441*		*13.6%*
Czech Republic	*22 798*		*19.0%*	*16 040*		*16.0%*
Other CE	*13 703*		*17.3%*	*6 297*		*12.1%*
Total CE	81 007		14.5%	65 778		14.0%
Russia	11 317		11.2%	12 562		12.2%
Spain	42 022		21.3%	41 164		24.2%
New Markets	-1 363		-	-3 581		-
Unallocated	-11 861		-	-6 201		-
EBIT	**38 896**		4.2%	**9 056**		1.1%
Poland	*24 782*		*6.9%*	*13 673*		*4.3%*
Czech Republic	*15 726*		*13.1%*	*8 954*		*9.0%*
Other CE	*5 065*		6.4%	*-1 316*		-
Total CE	45 573		8.2%	21 310		4.5%
Russia	-708		-	89		0.1%
Spain	26 506		13.4%	26 143		15.4%
New Markets	-16 621		-	-32 188		-
Unallocated	-15 854		-	-6 298		-

* 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 (2014 – 2015)

PLN '000	2015			2014		
		Share	*Margin*		*Share*	*Margin*
Sales	**3 338 740**			**2 952 651**		
Poland	*1 331 156*	*39.9%*		*1 193 706*	*40.4%*	
Czech Republic	*415 848*	*12.5%*		*358 919*	*12.2%*	
Other CE	*240 786*	*7.2%*		*175 098*	*5.9%*	
Total CE	1 987 790	59.5%		1 727 723	58.5%	
Russia	402 838	12.1%		410 858	13.9%	
Spain	704 412	21.1%		621 559	21.1%	
New Markets	243 700	7.3%		192 511	6.5%	
EBITDA	**436 472**		13.1%	**356 374**		12.1%
Poland	*184 924*		*13.9%*	*164 409*		*13.8%*
Czech Republic	*71 610*		*17.2%*	*52 032*		*14.5%*
Other CE	*34 796*		*14.5%*	*15 267*		*8.7%*
Total CE	291 330		14.7%	231 708		13.4%
Russia	40 457		10.0%	43 217		10.5%
Spain	146 363		20.8%	130 871		21.1%
New Markets	-1 638		-	-32 505		-
Unallocated	-40 040		-	-16 917		-
Adjusted EBITDA*	**466 895**		14.0%	**381 981**		12.9%
Poland	*182 976*		*13.7%*	*171 676*		*14.4%*
Czech Republic	*72 842*		*17.5%*	*54 041*		*15.1%*
Other CE	*36 525*		*15.2%*	*16 106*		*9.2%*
Total CE	292 343		14.7%	241 822		14.0%
Russia	49 653		12.3%	51 154		12.5%
Spain	148 935		21.1%	134 951		21.7%
New Markets	1 761		0.7%	-29 029		-
Unallocated	-25 797		-	-16 917		-
EBIT	**195 743**		5.9%	**109 895**		3.7%
Poland	*94 646*		*7.1%*	*74 087*		*6.2%*
Czech Republic	*47 154*		*11.3%*	*24 916*		*6.9%*
Other CE	*15 977*		6.6%	*-2 555*		-
Total CE	157 777		7.9%	96 448		5.6%
Russia	14 001		3.5%	14 946		3.6%
Spain	94 386		13.4%	86 836		14.0%
New Markets	-30 188		-	-71 323		-
Unallocated	-40 233		-	-17 012		-

* 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).

Favorable macro trends in core markets of CE and Spain, growing consumer confidence and continued growth of comparable sales justify further expansion in number of AmRest's restaurants. 99 new locations opened in 2015 (including 17 franchised stores), together with openings in 2014, additionally increased consolidated revenues of the Group. Acquisition of Starbucks chain in Romania and Bulgaria (23 stores) in June 2015 also supported that growth.

Russian division was the only market, where sales declined (-2% vs 2014). The revenues in 2015 amounted to PLN 403m and were lower by PLN 8m compared to the previous year, which was solely the effect of weaker ruble. In local currencies sales grew by 30.1%

In Q4 2015 consolidated revenues of AmRest amounted to PLN 918m and were higher by 18.8% than year ago. The strongest growth was observed in CE (+18.6%). In Spain, thanks to solid LFL trends and dynamic expansion in number of restaurants, revenues increased by 16.1%. New Markets division's top line grew by 9.9% on the back of Blue Frog new openings, while in Russia 2% decline in sale was observed (effect of ruble depreciation).

On the back of solid top line growth and continued improvement of cost effectiveness AmRest Group delivered record high financial results for 2015 year. Operating profit of the company (EBIT) amounted to PLN 196m and was 78.1% higher than year ago. EBIT margin grew by 2.2pp and reached 5.9% in 2015. Favorable trends in food prices in observed in main markets of AmRest operation supported by supply chain management savings strengthened gross margin of the Group. Effective negotiations of lease rates resulted in decreased cost of rent. In 2015 the Group recorded relatively lower depreciation cost as a result of reduced Capex spending (savings in the average cost of new opening were achieved). Continued positive trends in performance of restaurants together with improved process of market planning accuracy of site selection translated into better quality of asset portfolio and PLN 14m decrease in fixed assets impairments (to PLN 17m in 2015) Additionally, 2015 EBITDA profit was negatively impacted by PLN 17m accounting cost of cash settlement of employees benefits related to stock option plan.

AmRest Group's EBITDA for 2015 increased by 22.5% compared to previous year and reach a record high level of PLN 436m. EBITDA margin amounted to 13.1% and was 1pp higher than year ago. Q4 2015 was another strong quarter for the Group, with EBITDA again exceeding PLN 100m and reaching PLN 115m. EBITDA margin for the quarter was on par with previous year level of 12.6%

EBITDA adjusted by costs of new openings, mergers and acquisitions, corrections in indirect taxes and accounting effect of stock option plan exercise method modification stood at PLN 467m in 2015 and was PLN 85m higher compared to previous year, which represented 22.2% growth. Adjusted EBITDA margin increased to 14% in 2015.

AmRest Group continued development strategy focused on the core markets of operation – CE and Spain, which resulted in further growth of EBITDA in these regions (+25.7% and +11.8% respectively). Maintained stable sales trends and lower food prices significantly improved gross margins in these markets.

The most dynamic EBITDA growth in CE was observed in the segment "Other CE" (increase of PLN 20m vs 2014). Continued margin improvement in all brands of Hungary and the Balkans was supported by the acquisition of Starbucks business in Romania and Bulgaria. Profitability of acquired Starbucks chains is the highest across the Group, which positively contributed to total results of the region.

In Czech Republic EBITDA grew by 37.6% compared to 2014 (PN 20m growth). EBITDA margin strengthened by 2.7% to the level of 17.2%. significant improvement in margins was achieved on the back of double-digit LFL trends in all three brands as well as further savings in operating costs.

Growing number of customers visiting AmRest's restaurants and stable LFL trends across the market supported PLN 20m growth of EBITDA in Poland. 2015 EBITDA margin increased by 0.1pp to the level of 13.9%. Favorable developments in food cost and improved gross margin were partly consumed by the pressure on labor costs and one-off expenses related to the closure of two Burger King and one Starbucks stores.

Spanish division remains the most profitable region of AmRest Group. PLN 15m increase of EBITDA in 2015 was mostly driven by solid top line growth and savings in food cost. EBITDA margin reached 20.8%, representing 0.3pp decline compared o 2014. The deterioration resulted mainly from increased marketing expenses and non-recurring costs of closing 1 restaurant. As positive macro trends in Spain continue, base business is very strong and new openings' performance exceeds expectations, profitability of Spanish division should strengthen in the future.

As previously communicated, the results of New Markets significantly improved in 2015. Deep restructuring of the business, closure of non-performing La Tagliatella restaurants and focus on development of Blue Frog brand in China translated into substantial reduction of losses of this division (New Market's EBITDA in 2015 increased by PLN 31m). AmRest is focused on the expansion of Blue Frog in China, which will allow to benefit from the economies of scale. Long-awaited opening of flagship restaurant in Shanghai Disney Resort in mid-

2016 is expected to drive the brand awareness among Chinese customers. Along with the growing presence of Blue Frog restaurants in China, further improvement of New Markets' profitability is anticipated.

Economic and political environment remained a negative factor on performance of Russian division. Given the maintained uncertainty of future developments in the region, the Group decided to limit investment activity and focus on cost saving initiatives to protect margins of the business. Double-digit LFL growth together with disciplined cost management allowed to keep EBITDA margin at 10% in 2015. Improved labor efficiency together with successful negotiations of food cost and lease agreements enhanced profitability. Due to decreased scale of investments, pre-opening cost of new builds were also reduced.

Net profit of the Group for 2015 tripled compared to previous year and amounted to PLN 160m. Record high bottom line result, apart from the solid performance improvement in restaurants, was also driven by PLN 7m savings achieved in financial costs.

At the end of 2015 the liquidity ratios reflected solid balance sheet structure of the Group. The long-term debt ratio decreased to 1.07 at the end of the year as a result of reclassification of part of the debt as short-term. Net debt calculated for contractual covenants as at the end of 2015 amounted to PLN 817m. Net debt/EBITDA ratio amounted to 1.85.

7.2. Assessment of future ability to settle incurred liabilities

The Consolidated Financial Statements for the period of 12 months ending 31 December 2015 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.

7.3. Financial instruments in AmRest

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

At 31 December 2015 the AmRest Group held the following credit lines available for use (in respect of foreign currency loans, their amounts are given in PLN, translated at the NBP rate prevailing on 31.12.2015):

- ING Bank (Czech) – PLN 8 526 thousand (bank overdraft),
- Bank Pekao S.A., Bank Zachodni WBK S.A., ING Bank Śląski S.A., Bank BGŻ BNP Paribas S.A. (Poland) – PLN 200 000 thousand (revolving loan in PLN, tranche D),
- Bank Pekao SA (Poland) – PLN 15 000 thousand (cash pool limit),
- Bank of China (China) – PLN 4 807 thousand (short term loan).

Detailed information on loans, borrowings and bonds as at 31 December 2015 are presented in Note 18 to the Consolidated Financial Statements and in Appendix No. 10 of the Supplement to the Directors' report.

Other financial instruments as at 31 December 2015, are described in Note 31 of the Consolidated Financial Statements.

7.4. Structure of key investments and capital expenditure projects

As at 31 December 2015, AmRest's capital expenditure projects amounted to PLN 828 thousand. They are related to SCM s.r.o. shares.

7.5. Description of key domestic and foreign investments

Increases in non-current assets in the years 2014 and 2015 are shown in the table below.

TABLE 8. THE GROUP'S PURCHASES OF NON-CURRENT ASSETS (2014–2015)

PLN '000	**2015**	**2014**
Intangible assets, including:	**74 751**	**18 486**
Licences for use of Pizza Hut, KFC, Stabucks and Burger King trademarks	9 314	9 133
Goodwill	2 150	-
Other intangible assets	63 287	9 353
Fixed assets, including:	**268 995**	**299 797**
Land	-	6 273
Buildings	159 102	139 399
Equipment	87 540	82 636
Vehicles	2 872	525
Other (including fixed assets under construction)	19 481	70 964
Total	**343 746**	**318 283**

Capital expenditure incurred by AmRest Group in 2015 related mainly to construction of new restaurants, renovation of existing portfolio and acquisition of 23 Starbucks coffee shops in Romania and Bulgaria in June 2015. The increase in capital expenditure by PLN 25m compared to previous year resulted from the mentioned acquisition (PLN 67m). Remaining capital expenditure incurred in 2015 was by PLN 41m lower than year before, which was possible thanks to further savings in the build costs of new units. In 2015 capital expenditure was financed mainly with cash flows generated on operating activities of the business.

As at the end of 2015, AmRest was operating 904 restaurants (800 as at the end of 2014). In 2015 the Group opened 99 new restaurants, acquired 23 restaurants, 18 restaurants were closed.

TABLE 9. NUMBER OF AMREST RESTAURANTS AS AT 31 DECEMBER 2015

	AmRest	**Franchisees**	**Total**
As at the end of 2014	694	106	**800**
Openings	82*	17	**99**
Closings	-17*	-1	**-18**
Lasting relocations	0	0	**0**
Acquisitions	23	0	**23**
Total	**782**	**122**	**904**

* Data include 5 relocations completed in 2015 (2 restaurants were closed in 2012 and 3 in 2015; all 5 restaurant were reopened in 2015)

As at March 11th, 2016 AmRest operates 908 restaurants.

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

Countries	Brands	31-12-2014	31-03-2015	30-06-2015	30-09-2015	31-12-2015	11-03-2016
Poland	**TOTAL**	**320**	**323**	**328**	**335**	**346**	**346**
	KFC	191	190	193	197	206	206
	BK	32	32	33	33	33	33
	SBX	38	38	38	41	40	40
	PH	59	63	64	64	67	67
Czech	**TOTAL**	**94**	**96**	**98**	**99**	**102**	**103**
	KFC	68	69	69	69	71	71
	BK	7	7	7	7	7	7
	SBX	19	20	22	23	24	25
Hungary	**TOTAL**	**42**	**42**	**43**	**46**	**49**	**49**
	KFC	30	30	31	33	35	35
	SBX	10	10	10	11	12	12
	PH	**2**	**2**	**2**	**2**	**2**	**2**
Russia	**TOTAL**	**101**	**105**	**105**	**105**	**109**	**109**
	KFC	92	96	96	96	101	101
	PH	9	9	9	9	8	8
Bulgaria	**TOTAL**	**6**	**6**	**11**	**11**	**11**	**11**
	KFC	6	5	5	5	5	5
	BK	1	1	1	1	1	1
	SBX			5	5	5	5
Serbia	**TOTAL**	**5**	**5**	**5**	**5**	**5**	**5**
	KFC	5	5	5	5	5	5
Croatia	**TOTAL**	**5**	**5**	**5**	**5**	**5**	**5**
	KFC	5	5	5	5	5	5
Romania	**TOTAL**			**18**	**19**	**19**	**19**
	SBX			18	19	19	19
Spain	**TOTAL**	**190**	**193**	**199**	**204**	**216**	**218**
	TAG - own restaurants	57	58	59	63	65	65
	TAG - franchised units	101	103	108	108	115	116
	KFC	32	32	32	33	36	37
France	**TOTAL**	**8**	**9**	**9**	**9**	**10**	**10**
	TAG - own restaurants	4	4	4	4	4	4
	TAG - franchised units	4	5	5	5	6	6
Germany	**TOTAL**	**3**	**3**	**3**	**2**	**2**	**2**
	TAG - own restaurants	3	3	3	2	2	2
China	**TOTAL**	**22**	**22**	**26**	**27**	**29**	**30**
	Blue Frog	17	18	23	24	25	26
	KABB	3	3	3	3	4	4
	TAG - own restaurants	2	1	0	0	0	0
USA	**TOTAL**	**4**	**1**	**1**	**1**	**1**	**1**
	TAG - own restaurants	3	1	1	1	1	1
	TAG - franchised units	1	0	0	0	0	0
TOTAL AmRest		**800**	**810**	**851**	**868**	**904**	**908**

7.6. Insurance contracts

TABLE 11. INSURANCE CONTRACTS (AS AT THE END OF 2015)

The Insured	**Type of insurance**	**The Insurer**
A master property insurance policy for all companies CEE and Russia (in each country a local policy was underwritten by a company from the VIG GROUP or a cooperating company, with reference to the master policy)	All risks property insurance All risks insurance of loss of profit Electronic property policy insurance	TU COMPENSA S.A. Vienna Insurance Group [local policies underwritten by the VIG GROUP companies (excluding Russia) with reference to the master policy]
A master general liability insurance policy for all operations of all companies CEE and Russia (in Serbia, Croatia and Russia local policies were issued referring to the MASTER POLICY)	General liability insurance in respect of operations and property with extensions	TU COMPENSA S.A. Vienna Insurance Group [local policies underwritten by VIG GROUP company in Serbia and Croatia and policy underwriten by ACE INSURANCE COMPANY RUSSIA]
A policy underwritten in Spain covering Spain, France and Germany	All risks property insurance All risks insurance of loss of profit General liability cover	AIG
A policy underwritten in Spain covering Spain, France and Germany	Cargo transport Construction All Risk	Tokio Marine HDI
Policy for companies in USA	General liability cover	Essex Insurance Company
Policy for companies in China	All risks property insurance General liability cover Cash insurance	AIG, AXA
Policy for companies in China	Employer liability insurance Group Health Insurance for Employee	CPIC Met Life
General liability policy for the authorities of the commercial companies for all Group companies including the USA	D&O insurance	ACE European Group Limited [local policy in China underwritten by Huatai and in Serbia underwritten by Wiener Śtaedtische VIG]
Motor insurance in Poland	All risks, Third party and Accident insurance	Ergo Hestia

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

On February 24th, 2015 the Management Board of AmRest informed that on February 23rd, 2015 the Supervisory Board of AmRest appointed PricewaterhouseCoopers Sp. z o.o., with its seat in Warsaw, Al. Armii Ludowej 14, listed on the list of registered auditors under no. 144, to conduct audit of the stand-alone and consolidated financial statements of the Company and AmRest Holdings SE capital group for 2015, 2016 and 2017. The mentioned entity conducted audit of AmRest's financial statements in 2006 - 2014 period.

On March 5th, 2015 the Management Board of AmRest announced the entering into the Share Purchase Agreement ("SPA"), dated March 4th, 2015, between AmRest Sp. z o.o. („AmRest Poland") and Marinopoulos Coffee SEE B.V. ("Seller"). AmRest Poland acquires 100% shares of S.C. Marinopoulos Coffee Company III S.r.l. ("MCC Romania") and Marinopoulos Coffee Company Bulgaria EOOD ("MCC Bulgaria") at estimated price of ca. EUR 16m. Final purchase price was to be determined as at the day of closing of the transaction.

MCC Romania and MCC Bulgaria were sole operators of Starbucks coffee stores. At the date of signing the SPA the Seller operated 19 units – 14 in Romania and 5 in Bulgaria. The development plan assumed opening of 7 new Starbucks locations in Romania by the end of 2015. The estimated revenues of MCC Romania and MCC Bulgaria in 2014 amounted to ca. EUR 10m while EBITDA profit was expected at ca. EUR 2m.

The intention of both parties was to finalize the transaction by May 15th, 2015 ("Closing"). Closing was to be a subject to conditions preceding, e.g.: consent of the owner of Starbucks brand, landlords' approvals and satisfactory result of due diligence performed on MCC Bulgaria.

The acquisition of MCC Romania and MCC Bulgaria was aimed to strengthen the restaurant industry leader position of AmRest in Central and Eastern Europe. The addition of well positioned Starbucks business to AmRest's current portfolio is accretive to AmRest's margins and shall contribute to value creation for its shareholders.

On May 9th, 2015 the Management Board of AmRest announced signing on May 8th, 2015 an addendum ("the Addendum") to Share Purchase Agreement ("SPA") between AmRest Sp. z o.o. and Marinopoulos Coffee SEE B.V. ("the Parties").

The subject of the Addendum was to change the date of the transaction closing ("Completion"). In connection with an opposition filed on April 10th, 2015 by the Romanian tax authority (Directia Generala Regionala a Finantelor Publice Bucuresti) against the transfer of shares in S.C. Marinopoulos Coffee Company III S.r.l. to AmRest Sp. z o.o., the Parties agreed that Completion would occur no later than on the fifth business day after the date of receiving by the Parties an notification that the Bucharest Trade Registry Office has registered the cancellation or lifting of mentioned opposition. All other provisions of the SPA remained unchanged.

On June 24th, 2015the Management Board of AmRest informed about the Completion of the SPA on 24th June 2015. As a result of the Completion AmRest Poland acquired 100% shares of S.C. Marinopoulos Coffee Company III S.r.l. ("MCC Romania") and Marinopoulos Coffee Company Bulgaria EOOD ("MCC Bulgaria") at total price of EUR 16.4m.
All conditions precedent and approvals required under the Agreement including in particular the consent of the owner of Starbucks brand, landlords' approvals and satisfactory result of due diligence performed on MCC Bulgaria had been fulfilled.

On October 21st, 2015 AmRest informed that AmRestavia, S.L.U. ("AmRestavia"), a 100% subsidiary of AmRest, acting as the solely member and manager of La Tagliatella – Seneca Meadows, LLC ("Seneca Meadows") adopted on October 20th, 2015 a resolution dissolving Seneca Meadows.

The dissolution was carried out in accordance with the State of Maryland Code and came into force upon its adoption.

Additionally, on October 21st, 2015, AmRestavia acting as the solely member and manager of La Tagliatella – The Promenade, LLC (“The Promenade”) adopted a resolution dissolving The Promenade.

The dissolution was carried out in accordance with the State of Virginia Code and came into force upon its adoption.

Dissolution of Seneca Meadows and The Promenade was a result of the cessation of operation of La Tagliatella restaurants in the United States. The last equity restaurant of the brand owned by AmRest was closed on February 28th, 2015.

On January 22nd, 2016 AmRest informed about signing on the same day the termination of the Distribution Agreement concluded on April 17th, 2008 between AmRest Kft (formerly American Restaurants Kft) and AmRest Kávézó Kft (together called “AmRest Hungary”) and LDS Disztibútor Szolgáltató Kft (formerly Lekkerland Export-Import Kft, hereinafter “Distributor”) (“Agreement”). The Agreement was published in the regulatory announcement RB 23/2008 dated April 18th, 2008.

The subject of the Agreement were distribution services provided by Distributor to the restaurants operated by AmRest Hungary.

Dissolution of the Agreement shall be effective on June 1st, 2016.

The agreement was terminated by AmRest Hungary due to the Company's strategy of consolidating the distribution in Central and Eastern Europe. Termination of the Agreement will not have financial consequences for the Company, as well as its subsidiaries (including AmRest Hungary).

On January 22nd, 2016 AmRest informed also that AmRest Coffee SK s.r.o. and Starbucks EMEA LTD and Starbucks Manufacturing EMEA B.V. (collectively: “Starbucks”) signed on January 22nd, 2016 the Area Development and Operation Agreement and Supply Agreement regarding the rights and license to develop, own and operate Starbucks stores in the Slovak Republic (collectively: the “Agreements”). AmRest Coffee SK s.r.o. is the company created by AmRest s.r.o. and AmRest Sp. z o.o., 100% subsidiaries of AmRest. Agreements came into force upon their signing.

The Agreements were concluded for a period of 15 years from the date of their entry into force, with an option to extend the term for an additional 5 years upon the fulfillment of certain conditions. AmRest Coffee SK s.r.o. will be the only entity with the right to develop and operate Starbucks stores in the Slovak Republic during the term of the Agreements with non-exclusive rights to certain institutional locations and sale channels.

The key fees and costs to be borne by the AmRest Coffee SK s.r.o. will be:

- the services fee for initial operation support in an amount equal to the costs incurred by Starbucks in this regard,
- the initial franchise fee of USD 25 thousand for each Starbucks store,
- the continuing licensing and service fee equal to 6% of sales revenues of each Starbucks store,
- the fee creative services equal to 1% of sales revenues of each Starbucks store.
- a local marketing spend obligation is to be mutually agreed annually.

AmRest Coffee SK s.r.o. agreed to open and operate Starbucks stores in strict accordance with the development schedule which includes the minimum numbers of openings in each year within the Agreements’ period. If AmRest Coffee SK s.r.o. fails to meet the development obligations, Starbucks will have the right to charge a development default fee or to terminate the Agreements. The Agreements include the provision concerning the purchase of coffee and other basic supplies either from Starbucks or other approved or designated suppliers.

7.8. 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.

7.9. 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.

8. The AmRest Holdings SE Group in 2015

8.1. Planned investment activities and assessment of their feasibility

Investment activities of AmRest Group are focused on organic growth ensuring value creation for shareholders. According to of 80/20 investment strategy, the capital is primarily allocated towards proven and mature brands yielding the highest returns. As a result the main focus is put on development of KFC and Starbucks brands in Central Europe, and new openings of La Tagliatella in Spain.

Favorable macro trends in CE and Spain, growing average spending on dining out and observed increased number of visits in restaurants of the Group indicate continuation of positive long-term trends in restaurant industry. Additionally, promising performance of the restaurants opened recently justify intensive capital allocation towards mentioned brands. As a result, the scale of investment in new openings in CE and Spain should increase in the future.

In 2015 the Group reduced expansion in Russia and opened 12 new restaurants (compared to 25 new builds in 2014). As political uncertainty and negative macro trends remain, management of the Group monitors the situation with close attention. Return on the path of dynamic growth will be considered upon stabilization of business environment in that region.

In New Markets, expansion of La Tagliatella restaurants outside Spain has been limited to France where modest and well-thought development of the brand is expected. Company will also continue opening of new Blue Frog locations in China at the current pace. With the grand opening of flagship Blue Frog restaurant in Shanghai Disney Resort, brand awareness is expected to improve significantly, which should drive further enhancement of profitability.

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 continuously monitors current developments in the M&A market for the potential acquisition that fit in the strategy of the Group. Purchase of Starbucks chains in Romania and Bulgaria in June 2015 was a model example of such transaction, enhancing the scale of Starbucks brand under AmRest umbrella and strengthening Group’s leadership position in CE restaurant market.

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

8.2. 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.

8.2.1. External factors

The external factors include:

- competitiveness – in terms of prices, quality of service, location and quality of food,
- demographic changes,
- 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, Spain, France, Germany, China and the United States,
- 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.

8.2.2. 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.

9. 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.

9.1. 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.

9.2. Dependency on the franchisor

AmRest manages KFC, Pizza Hut, Burger King and Starbucks (in Romania and Bulgaria) 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, while in Bulgaria until 2027.

9.3. 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.

9.4. 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 and Bulgaria.

9.5. 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.

9.6. 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.

9.7. 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.

9.8. 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.

9.9. 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.

9.10. 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.

9.11. 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.

9.12. 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.

9.13. 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.

9.14. 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.

9.15. 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 2015, the Company has enough short-term assets, including cash and promised credit limits, to fulfil is liabilities due in the next 12 months.

9.16. 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.

9.17. 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.

9.18. 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.

10. 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. Encouraged by favourable macro trends and solid performance improvement across the brands, the Company will increase investment activities in CE and Spain by opening new locations at higher pace. Considering the current returns on new builds, brand expansion will be primarily focused on KFC, Starbucks and La Tagliatella in existing markets. In the opinion of management, the potential of AmRest's current markets is significantly above existing number of restaurants.

The company also continues its efforts aimed at building attractive growth platform in new markets of Europe, with particular focus on strengthening the portfolio of proprietary brands. In addition to the mentioned in this report purchase of Starbucks operators in Romania and Bulgaria, the example of very successful acquisition was addition of Restauravia to AmRest's Group in 2011. Continuous development of La Tagliatella in Spain and building the leadership position in Spanish Casual Dining sector positively contributed to the growth of AmRest value in the recent years.

11. Management Representations

11.1. 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 Directors' 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.

11.2. Selection of the registered audit company

The entity authorized to audit the financial statements, PricewaterhouseCoopers 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.

As mentioned in section 7.7 of this report, on February 23rd, 2015 the Supervisory Board of AmRest appointed PricewaterhouseCoopers Sp. z o.o. to conduct audit of the stand-alone and consolidated financial statements of the Company and AmRest Holdings SE capital group for 2015, 2016 and 2017. The agreement with PricewaterhouseCoopers Sp. z o.o. was signed on June 18th, 2015.

TABLE 12. REMUNERATION OF THE ENTITY ENTITLED TO AUDIT FINANCIAL STATEMENTS

	For the period:	
PLN '000	**from 01.01.2015 to 31.12.2015**	**from 01.01.2014 to 31.12.2014**
PricewaterhouseCoopers Sp. z o.o.	**418**	**540**
Due to a contract for the review and audit of financial statements, including:		
- audit of annual financial statements	258	274
- review of financial statements	160	156
Other contracts	-	110
Other companies from the PricewaterhouseCoopers group	**2 117**	**974**
Due to a contract for the review and audit of financial statements, including:		
- other assurance services	1 215	909
- tax advisory services	901*	-
- other services	-	65

* Including PLN 747 thousand. concerning non-invoiced expenses for the year 2015 and resulting from the existing agreement

Wrocław, March 11th, 2016

Mark Chandler
AmRest Holdings SE
Board Member

Wojciech Mroczyński
AmRest Holdings SE
Board Member

Drew O'Malley
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