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Annual Accounts and Directors' Report
for the year ended 31 December 2018

AmRest Holdings SE
27 FEBRUARY 2019

AmRest



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Balance sheet as at 31 December 2018

	Notes	31 December 2018	31 December 2017 <i>(restated*)</i>
Assets			
Intangible assets		0.1	0.1
Non-current investment in group companies	6	591.4	339.5
Equity instruments		391.7	326.1
Loans to group companies		199.7	13.4
Non-current investments	6	26.9	-
Deferred tax assets	11	-	0.3
Total non-current assets		618.4	339.9
Trade and other receivables	6	1.5	3.0
Receivables from group companies		1.3	2.9
Other receivables		0.2	-
Current tax assets		-	0.1
Current investments in group companies	6	6.0	2.1
Loans to group companies		4.6	2.1
Other financial assets		1.4	-
Cash and cash equivalents	7	22.9	24.4
Total current assets		30.4	29.5
TOTAL ASSETS		648.8	369.4
Capital and Reserves without valuation adjustments			
Share capital		22.0	0.2
Share premium		237.3	189.1
Reserves		31.0	21.4
Treasury shares		(15.2)	(10.6)
Profit for the period		4.1	10.6
Other equity instruments		(6.2)	(8.8)
Adjustments for changes in value	8	(4.9)	(6.8)
TOTAL EQUITY		268.1	195.1
Liabilities			
Non-current provisions	9	1.3	2.2
Non-current financial liabilities	6	355.3	134.4
Bonds and other marketable securities		-	33.4
Loans and borrowings from financial institutions		254.3	-
Other financial debt		101.0	101.0
Debts with group companies, non-current		17.7	-
Total non-current liabilities		374.3	136.6
Current financial liabilities	6	1.3	36.1
Debts with group companies, current	6	0.6	-
Trade and other payables	6	4.5	1.6
Trade and other payables to third parties		0.9	0.6
Trade and other payables to group companies		1.7	0.9
Personnel (salaries payable)		0.1	0.1
Income tax payable		1.5	-
Other payables with tax administration		0.3	-
Total current liabilities		6.4	37.7
TOTAL LIABILITIES		380.7	174.3
TOTAL EQUITY AND TOTAL LIABILITIES		648.8	369.4

*The restatement is described in the note 2 of the Annual Accounts for the year ended 31 December 2018.

The accompanying notes 1-17 are an integral part of the Annual Accounts for 2018.

Income Statement for the year ended 31 December 2018

	Notes	year ended	
		31 December 2018	31 December 2017 <i>(restated*)</i>
Revenues		13.1	18.6
Dividends received from subsidiaries	12	8.4	7.3
Net income from the stock option plan	12	2.7	8.1
Finance income from group companies	12, 14	2.0	3.2
Other operating income		0.1	-
Personnel expenses	12	(0,8)	(0,5)
Other operating expenses	12	(3.1)	(2.2)
Impairments for credits and receivables with group companies		(0,9)	(0,6)
Impairments in investments in group companies	6	(1.0)	(1.2)
Results from operating activities	13	7.4	14.1
Finance income		-	0.2
Finance expenses		(6.9)	(4.3)
Exchange rates gains and losses		2.2	0.1
Net finance income (expense)		(4.7)	(4.0)
Profit before income tax		2.7	10.1
Income tax expense	11	1.4	0.5
Profit for the period		4.1	10.6
Profit for the period		4.1	10.6

*The restatement is described in the note 2 of the Annual Accounts for the year ended 31 December 2018.
The accompanying notes 1-17 are an integral part of the Annual Accounts for 2018.

Statement of recognised income and expenses for the year ended 31 December 2018

	Notes	year ended	
		31 December 2018	31 December 2017 <i>(restated*)</i>
Profit for the period		4.1	10.6
Currency translation adjustment	8	-	10.5
Income from measurement of available-for-sale financial assets	8	1.9	-
Total recognised income and expenses for the period		6.0	21.1

*The restatement is described in the note 2 of the Annual Accounts for the year ended 31 December 2018.
The accompanying notes 1-17 are an integral part of the Annual Accounts for 2018.

Statement of cash flows for the year ended 31 December 2018

		year ended	
	Note s	31 December 2018	31 December 2017 <i>(restated*)</i>
Cash flows from operating activities			
Profit before tax		2.7	10.1
Adjustments:		(6.5)	(12.8)
Impairment losses		1.9	1.8
Dividends from subsidiaries	12	(8.4)	(7.3)
Share based payments adjustment and	12	(2.7)	(8.1)
Finance income	12, 13	(2.0)	(3.4)
Finance expenses	13	6.9	4.3
Exchange gains/losses	13	(2.2)	(0.1)
Changes in operating assets and liabilities		6.8	17.1
Trade and other receivables	6	6.3	17.4
Trade and other payables	6	0.1	(0.3)
Other		0.4	-
Other cash flows from operating activities		(5.0)	8.8
Interest paid		(7.1)	(1.4)
Interest received		0.1	3.1
Dividends received from subsidiaries	12	8.4	7.2
Income tax payment	11	(6.3)	(0.1)
Other		(0.1)	-
Net cash provided by operating activities		(2.0)	23.2
Cash flows from investing activities			
Increase in investments loans and borrowings with group companies	6	(252.4)	(187.0)
Proceeds from investment loans and borrowings with group companies	6	10.7	102.9
Investment in other financial assets	6	(25.0)	-
Increase in intangible assets		-	(0.1)
Net cash used in investing activities		(266.7)	(84.2)
Cash flows from financing activities			
Issue of equity instruments	8	69.0	-
Proceeds from disposals of own shares (employees options)	8	0.8	0.9
Acquisition of own shares (employees option)	8	(9.5)	(18.6)
Proceeds on issue debt securities and other financial instruments	6	273.8	100.0
Proceeds from debt with group companies	6, 14	21.5	-
Repayment of debt with financial institutions	6	(20.0)	-
Repayment of debt with group companies	6	(3.8)	-
Redemption of debt securities	6	(64.6)	-
Net cash provided by/(used in) financing activities		267.2	82.3
Net change in cash and cash equivalents		(1.5)	21.3
Balance sheet change of cash and cash equivalents"		(1.5)	21.3
Cash and cash equivalents at the beginning of the period	7	24.4	2.5
Translations differences		-	0.6
Cash and cash equivalents as at the end of the period	7	22.9	24.4

*The restatement is described in the note 2 of the Annual Accounts for the year ended 31 December 2018.

The accompanying notes 1-17 are an integral part of the Annual Accounts for 2018.

(all figures in EUR millions unless stated otherwise)

Statement of changes in equity for the year ended 31 December 2018

	Share capital	Share premium	Legal Reserve	Voluntary Reserves	Treasury shares	Profit or loss for the period	Other equity instruments	Adjustment for changes in value	Total Equity
As at 31 Decemeber 2016	0.2	189.1	-	12.9	(2.5)	10.5	(3.2)	(17.3)	189.7
Adjustment for transition to Spanish GAAP	-	-	-	(1.9)	-	-	-	-	(1.9)
As at 1 January 2017 (restated*)	0.2	189.1	-	11.0	(2.5)	10.5	(3.2)	(17.3)	187.8
Total recognised income and expense	-	-	-	-	-	10.6	-	10.5	21.1
Transactions on own shares and equity holdings (net)	-	-	-	-	(8.1)	-	(5.6)	-	(13.7)
Transfer of profit or loss to reserves	-	-	-	10.5	-	(10.5)	-	-	-
Other equity movements	-	-	-	(0.1)	-	-	-	-	(0.1)
As at 31 December 2017 (restated*)	0.2	189.1	-	21.4	(10.6)	10.6	(8.8)	(6.8)	195.1
Total recognised income and expense	-	-	-	-	-	4.1	-	1.9	6.0
Share capital increase from share premium	21.0	(21.0)	-	-	-	-	-	-	-
Issue of share capital	0.8	69.2	-	(1.0)	-	-	-	-	69.0
Transactions on own shares and equity holdings (net)	-	-	-	-	(4.6)	-	2.6	-	(2.0)
Transfer of profit or loss to reserves	-	-	1.1	9.5	-	(10.6)	-	-	-
As at 31 December 2018	22.0	237.3	1.1	29.9	(15.2)	4.1	(6.2)	(4.9)	268.1

*The restatement is described in the note 2 of the Annual Accounts for the year ended 31 December 2018. The accompanying notes 1-17 are an integral part of the Annual Accounts for 2018.

Notes to the Annual Accounts

1. General information

AmRest Holdings SE (“the Company”) was incorporated in the Netherlands in October 2000. On 19 September 2008 the Commercial Chamber in Amsterdam registered the change in the legal status of the Company to a European Company (Societas Europaea) and of its name to AmRest Holdings SE. Since March 2018 the Company’s registered office has been Enrique Granados 6, 28224 Pozuelo de Alarcón (Madrid), Spain. Previously, the Company had its registered office in Wroclaw, Poland.

The main activity of the Company is the subscription, possession, exploitation, management and transfer of securities and shares of other companies, with the exemption of those subject to specific regulations.

The Company is the parent of a group in the terms established in article 42 section 2 of the Commercial Code and prepares its consolidated financial statements under IFRS. The Group operates Kentucky Fried Chicken (“KFC”), Pizza Hut, Burger King and Starbucks restaurants through its subsidiaries in Poland, the Czech Republic (hereinafter Czechia), Hungary, Slovakia, Russia, Serbia, Croatia, Bulgaria, Romania, Germany, France, Austria, Slovenia and Spain, on the basis of franchises granted. Starting from 1 October 2016 the Group, as a master-franchisee, has the right to grant a license to third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise) in countries of Central and Eastern Europe, while ensuring a certain share of restaurants operated directly by AmRest. Pizza Hut restaurants acquired in France in May 2017, in Germany in July 2017 and in Russia in June 2018 are operated both by AmRest and its sub-franchisees based on master-franchise agreements.

Additionally, in Spain, France, Germany and Portugal the Group operates its own brands La Tagliatella, Trastevere and il Pastificio. This business is based on own restaurants and the franchise agreements signed with non-related companies. It is supported by a central kitchen which produces and delivers products to the whole network of own brands. Also, the Group operates its own brands Blue Frog (in China, Spain and Poland) and KABB (in China).

In 2018 the Group acquired the Bacoa and Sushi Shop brands, as a result of which it operates own and franchise restaurants in Spain (Bacoa) and own and franchise restaurants in France, Germany, Spain, Belgium, Italy, Switzerland, Luxemburg, UK, UAE, Saudi Arabia and Iran (Sushi Shop).

On 27 April 2005, the shares of AmRest Holdings SE were quoted for the first time on the Warsaw Stock Exchange (“WSE”) and on 21 November 2018 were quoted on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Spanish Automated Quotation System (Sistema de Interconexión Bursátil - SIBE). Since 21 November 2018 AmRest’s shares have been quoted simultaneously on both above stock exchanges (dual listing).

As at 31 December 2018, FCapital Dutch B.V. is the largest shareholder of AmRest and held 56,38% of its shares and voting rights. The parent entity of the Group on the top level is Grupo Finaccess.

These annual accounts have been prepared and approved by the Company’s Board of Directors on 27 February 2019. The Board of Directors considers that the annual accounts for 2018 will be approved with no changes by the shareholders at their annual general meeting.

Simultaneously, the Board of Directors has formulated the consolidated financial statements of AmRest Holdings SE and its Subsidiaries for the financial year 2018, which show consolidated profits of Euros 41.3 million and consolidated Equity of Euros 430.6 million (Euros 42.7 million and 322.6 million, respectively for the financial year 2017).

2. Basis of preparation

True and fair view

The Annual Accounts for 2018 have been prepared on the basis of the accounting records of AmRest Holdings SE by the Company's Board of Directors in accordance with the accounting principles and standards contained in the Spanish General Chart of Accounts, and other prevailing legislation, to give a true and fair view of the Company's equity and financial position as of 31 December 2018 and results of operations, changes in equity and cash flows for the year then ended.

Aggregation of items

To facilitate the understanding of the balance sheet and profit and loss account, some items of these statements are presented in a grouped manner, with the required analyses presented in the corresponding notes of the report.

Modification of the information presented for comparative purposes

As indicated in the note 1, In the second half of 2017 the current shareholders of AmRest Holdings SE decided to change the domicile from Wroclaw, Poland to Madrid, Spain. Respective legal documents were submitted to Spanish Court on 1 March 2018.

On 14 March 2018 the Spanish Court approved the change of domicile and registered AmRest's domicile in Madrid.

The Financial Statements for year 2017 (for both separate and consolidated financial statements) was prepared in accordance with IFRS and was published on 8 March 2018 in PLN thousands.

Conversion to the Spanish General Accounting Plan

The Company has analysed the differences of criteria between the principles used previously to present its Financial Statements (prepared in accordance with the IFRS as adopted by the European Union) and the Spanish General Chart of Accounts and made the correspondent adjustments retrospectively calculating the effects from the earlier reporting period from which information is available.

The presentation of the annual accounts of the previous period was also adapted to the formats and classifications of accounts established in the Spanish General Accounting Plan.

Change of the presentation currency

The financial statements for 2017 that were previously published on the Warsaw Stock Exchange in Polish Zlotys (PLN) have been translated into the current presentation currency, which is the Euro (EUR), following the procedures set out in the Rules for Formulation of Consolidated Annual Accounts (NFCAC) that implement the precepts of the Commercial Code.

The resulting translation differences were recognised in Equity.

Change of the functional currency

The Company has prepared an analysis of reassessment of its functional currency and concluded that since 1 January 2018 the Euro is the functional currency of AmRest Holding SE.

To determine that the functional currency of AmRest Holdings is the Euro were taking into consideration the following factors:

- AmRest is a global restaurant operator conducting its activities in many countries and currency zones. Large number of the companies from the Group use EUR as a functional and presentation currency which brings consequently that the origin of funds that the subsidiaries distribute to its parent company are denominated in EUR;
- The vast majority of acquisitions done by AmRest are conducted in EUR and the Long-Term Development Plan includes direct investments from AmRest Holdings in Western Europe where EUR is a functional currency;
- An important part of the net cash flows from financing activities are EUR denominated and it is expected that these amounts increase proportionally to new acquisitions mentioned above;
- As a general rule EUR is the functional currency and presentation currency of the entities domiciled in Spain.

The Company has applied translation procedures to new functional currency prospectively since the date of change (i.e. 1 January 2018) as it is established in the article 59.3 of the Rules for Formulation of Consolidated Annual Accounts (NFCAC).

Details regarding to those changes are presented in the following tables:

Balance sheet as at 31 December 2017

	31 December 2017					
	Published PLN thousands	Adjustment 1 EUR millions	Adjustment 2 EUR millions	Adjustment 3 EUR millions	Adjustment 4 EUR millions	Restated EUR millions
Assets						
Intangible assets	351	0.1	-	-	-	0.1
Non-current investment in group companies	1 369 850	328.0	-	(1.9)	13.4	339.5
Other non-current assets	56 119	13.4	-	-	(13.4)	-
Deferred tax assets	1 206	0.3	-	-	-	0.3
Total non-current assets	1 427 526	341.8	-	(1.9)	-	339.9
Trade and other receivables	11 847	2.9	-	-	0.1	3.0
Income tax receivables	601	0.1	-	-	(0.1)	-
Current investments in group companies	-	-	-	-	2.1	2.1
Other current assets	82	-	-	-	-	-
Other financial assets	8 789	2.1	-	-	(2.1)	-
Cash and cash equivalents	102 112	24.4	-	-	-	24.4
Total current assets	123 431	29.5	-	-	-	29.5
TOTAL ASSETS	1 550 957	371.3	-	(1.9)	-	369.4
Capital and Reserves without valuation adjustments						
Share capital	714	0.2	-	-	-	0.2
Share premium	-	-	189.1	-	-	189.1
Reserves	675 731	161.8	(138.5)	(1.9)	-	21.4
Treasury shares	-	-	(10.6)	-	-	(10.6)
Profit for the period	-	-	10.6	-	-	10.6
Other equity instruments	-	-	(8.8)	-	-	(8.8)
Adjustments for changes in value	-	-	(6.8)	-	-	(6.8)
Retained earnings	146 699	35.0	(35.0)	-	-	-
TOTAL EQUITY	823 144	197.0	-	(1.9)	-	195.1
Liabilities						
Non-current provisions	-	-	-	-	2.2	2.2
Deferred tax liabilities	61	-	-	-	-	-
Trade and other payables	9 355	2.2	-	-	(2.2)	-
Non-current financial liabilities	561 029	134.4	-	-	-	134.4
Total non-current liabilities	570 445	136.6	-	-	-	136.6
Current Financial Liabilities	150 820	36.1	-	-	-	36.1
Trade and other payables	6 548	1.6	-	-	-	1.6
Total current liabilities	157 368	37.7	-	-	-	37.7
TOTAL LIABILITIES	727 813	174.3	-	-	-	174.3
TOTAL EQUITY AND TOTAL LIABILITIES	1 550 957	371.3	-	(1.9)	-	369.4

Adjustment 1 - translated with the exchange rate of ECB PLN/EUR 4.177 and divided by 1000.

Adjustment 2 - effect of the retranslation from PLN as a presentation currency into EUR as a presentation currency based on the historical and average FX rates, as applicable.

Adjustment 3 - effect of conversion from IFRS to Spanish GAAP.

Adjustment 4 - reclassifications for presentation purposes under Spanish GAAP.

(all figures in EUR millions unless stated otherwise)

**Income Statement and Statement of recognised income and expenses
for the year ended 31 December 2017**

2017

	Published PLN thousands	Adjustment 1 EUR millions	Adjustment 2 EUR millions	Restated EUR millions
General and administrative (G&A) expenses	(12 028)	(2.8)	2.8	-
Other operating costs	(7 738)	(1.8)	1.8	-
Other operating income	35 248	8.3	(8.3)	-
Finance income	45 617	10.7	(10.7)	-
Finance costs	(18 074)	(4.3)	4.3	-
Net profit before tax	43 025	10.1	(10.1)	-
Income tax	1 964	0.5	(0.5)	-
Net profit for the period	44 989	10.6	(10.6)	-
Revenues	-	-	18.6	18.6
Dividends received from subsidiaries			7.3	7.3
Income from the stock option plan			8.1	8.1
Finance income from group companies			3.2	3.2
Personnel Expenses	-	-	(0.5)	(0.5)
Other Operating expenses			(2.2)	(2.2)
Impairments for credits and receivables with group companies			(0.6)	(0.6)
Impairment in investments of groups companies			(1.2)	(1.2)
Results from operating activities	-	-	14.1	14.1
Finance Income	-	-	0.2	0.2
Finance Expenses	-	-	(4.3)	(4.3)
Exchange rates gains and losses	-	-	0.1	0.1
Net finance income (expense)	-	-	(4.0)	(4.0)
Profit/(loss) before income tax	-	-	10.1	10.1
Income tax expense	-	-	0.5	0.5
Profit/(loss) for the period	-	-	10.6	10.6
Net profit for the period	44 989	10.6	(10.6)	-
Other comprehensive incomes net				-
Total comprehensive income	44 989	10.6	(10.6)	-
Profit for the period	-		10.6	10.6
Currency translation adjustment			10.5	10.5
Total recognised income and expenses for the period	-		21.1	21.1

Adjustment 1 - data translated with the medium exchange rate for the year 2017 PLN/EUR of 4.257 from the ECB and divided by 1000.

Adjustment 2 - conversion from IFRS to Spanish GAAP.

Statement of cash flows for the year ended 31 December 2017

	2017			
	Published PLN thousands	Adjustment 1 EUR millions	Adjustment 2 EUR millions	Restated EUR millions
Cash flows from operating activities				
Profit before tax	43 025	10.1	-	10.1
Adjustments:	(26 433)	(6.2)	(6.6)	(12.8)
Amortisation	182	-	-	-
Impairment loss	4 979	1.2	0.6	1.8
Dividends from Subsidiaries	-	-	(7.3)	(7.3)
Share based payment adjustment	(34 601)	(8.1)	-	(8.1)
Finance Income and Expense net	4 261	1.0	(1.0)	-
Finance income	-	-	(3.4)	(3.4)
Finance expenses	-	-	4.3	4.3
Exchange gains/losses	(543)	(0.1)	-	(0.1)
Other	(711)	(0.2)	0.2	-
Changes in operating assets and liabilities	23 128	5.4	11.7	17.1
Trade and other receivables	24 284	5.7	11.7	17.4
Other current assets	(3,0)	-	-	-
Trade and other payables	(1 153)	(0.3)	-	(0.3)
Other Cash Flows from Operating Activities	(24 170)	(5.7)	14.5	8.8
Interest paid	(5 843)	(1.4)	-	(1.4)
Income tax paid or returned	(485)	(0.1)	-	(0.1)
Interest received	13 053	3.1	-	3.1
Dividends from subsidiaries	(30 895)	(7.3)	14.5	7.2
Net cash provided by operating activities	15 550	3.6	19.6	23.2
Cash flows from investing activities				
Increase in investments, loans and borrowings with group companies	(795 970)	(187.0)	-	(187.0)
Dividends received from subsidiaries	30 895	7.3	(7.3)	-
Increase in intangible assets	(434)	(0.1)	-	(0.1)
Proceeds from investment loans and borrowings	438 100	102.9	-	102.9
Net cash used in investing activities	(327 409)	(76.9)	(7.3)	(84.2)
Cash flows from financing activities				
Proceeds from own shares disposals (employees options)	56 538	13.3	(12.4)	0.9
Expense on acquisition of treasury shares (employees option)	(79 298)	(18.6)	-	(18.6)
Proceeds on issue debt securities	427 259	100.4	(0.4)	100.0
Commission for issue debt securities	(1 667)	(0.4)	0.4	-
Net cash provided by/ (used in) financing activities	402 832	94.7	(12.4)	82.3
Net change in cash and cash equivalents	90 973	21.4	(0.1)	21.3
Balance sheet in cash and cash equivalents	90 973	21.4	(0.1)	21.3
Cash and cash equivalents, beginning of period	11 139	2.6	(0.1)	2.5
Translations differences	-	-	0.6	0.6
Cash and cash equivalents, end of period	102 112	24.0	0.4	24.4

* Data in the Financial Statements as at 31 December 2017 was presented in different order, however amounts have not been changed.

Adjustment 1 - translated with the exchange rate of ECB PLN/EUR 4.257 and divided by 1000. Balance at the beginning period translated with the exchange rate of ECB PLN/EUR 4.4103 and the balance at the end of the period translated with the exchange rate of ECB PLN/EUR 4.177

Adjustment 2 - reclassifications for presentation purposes under Spanish GAAP.

Critical issues regarding the valuation and estimation of relevant uncertainties and judgments used when applying accounting principles.

The preparation of the Annual Account requires the Company to use certain estimates and judgments regarding the future that are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable, under the circumstances.

The estimates and judgments more complex or with a higher impact in the carrying amounts of the assets and liabilities are related to:

The recoverability of the investments, and the corresponding valuation adjustments for the difference between the book value and the recoverable amount. In the determination of the impairment estimate of these investments, the future cash flows expected to be generated by the investees are taken into account through the use of hypotheses based on the existing market conditions.

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The Company initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred.

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a finite difference method. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 9.

3. Distribution of profit

The Board of Directors propose the following distribution of profits for the year ended 31 December 2018 and 2017:

	2018	2017 <i>(restated)</i>
<u>Basis of Distribution</u>		
Profit and loss for the period	4 076 128.9	10 568 205.6
<u>Distribution</u>		
Legal Reserve	407 612.9	1 056 820.6
Voluntary Reserves	3 668 516.0	9 511 385.1
	4 076 128.9	10 568 205.6

Dividends have not been distributed during the 12 months ended 31 December 2018 and 2017.

Details of non-distributable reserves as of 31 December 2018 and 2017 are as follows:

	2018	2017 <i>(restated)</i>
Legal reserves	1.1	-
	1.1	-

The Company's freely distributable reserves are nonetheless subject to the legal limits, and dividends may not be distributed if Equity would be less than share capital as a result.

4. Recognition and measurement accounting policies

4.1. FINANCIAL INSTRUMENTS

4.1.1. CLASSIFICATION AND SEPARATION OF FINANCIAL INSTRUMENTS

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

The Company classifies financial instruments into different categories based on the nature of the instruments and the Company's intentions on initial recognition.

4.1.2. TRADE AND OTHER NON-TRADE RECEIVABLES

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months from the balance sheet date that are classified as non-current assets. These financial assets are initially valued at their fair value, including transaction costs that are directly attributable to them, and subsequently at amortised cost, recognising the accrued interest based on their effective interest rate and the discount rate that equals the value in books of the instrument with all its estimated cash flows until maturity. Notwithstanding the foregoing, loans for commercial transactions with maturity not exceeding one year are valued, both at the time of initial recognition and subsequently at their nominal value, provided that the effect of not updating the flows is not significant.

At least at the end of the year the necessary adjustments are made for impairment of value if there is evidence that the amounts owed will not be collected.

The amount of the impairment loss is the difference between the book value of the asset and the present value of the estimated future cash flows discounted at the effective interest rate at the time of initial recognition. The value of adjustments as well as, where appropriate, their reversal is recognised in the profit and loss account.

4.1.3. INVESTMENTS IN THE EQUITY OF GROUP COMPANIES

Group companies are those over which the Company, either directly or indirectly, through subsidiaries exercises control as defined in article 42 of the Spanish Code of Commerce or which the companies are controlled by one or more individuals or entities acting jointly or under the same management through agreements or statutory clauses. Control is the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities. In assessing control, potential voting rights held by the Group or other entities that are exercisable or convertible at the end of each reporting period are considered.

Investments in group companies are valued at their cost, which is equivalent to the fair value of the consideration given, minus, where applicable, the accumulated amount of the adjustments for impairment of value. However, when there is an investment prior to qualification as a group, multi-group or associate company, the carrying amount of the investment is considered as investment cost before having that qualification. The previous valuation adjustments recorded directly in Equity are transferred to the income statement when the investment is disposed or when there is a loss or reversal of the impairment.

If an investment no longer qualifies for classification under this category, it is reclassified as available-for-sale and is measured as such from the reclassification date.

If there is objective evidence that the book value is not recoverable, the appropriate valuation adjustments are made for the difference between their book value and the recoverable amount, defined as the greater amount between their fair value less costs to sell and the value in use of the investment. Unless there is better evidence of the recoverable amount, in estimating the impairment of these investments, the net equity of the investee company is taken into account, adjusted for the capital gains existing on the valuation date. The value adjustment and, if applicable, its reversal is recorded in the profit and loss account for the year in which it occurs.

Value in use is calculated based on the Company's share of the present value of future cash flows expected to be derived from ordinary activities and from the disposal of the asset, or the estimated cash flows expected to be received from the distribution of dividends and the final disposal of the investment.

Nonetheless, and in certain cases, unless better evidence of the recoverable amount of the investment is available, when estimating impairment of these types of assets, the investee's equity is taken into consideration, adjusted, where appropriate, to generally accepted accounting principles and standards in Spain, corrected for any net unrealised gains existing at the measurement date.

The carrying amount of the investment includes any monetary item that is receivable or payable for which settlement is neither planned nor likely to occur in the foreseeable future, excluding trade receivables or trade payables.

4.1.4 NON-MONETARY CONTRIBUTIONS IN EXCHANGE FOR INVESTMENTS IN THE EQUITY OF OTHER GROUP COMPANIES

The equity instruments received in exchange of non-monetary contributions of investments in group companies, are valued at the book value of the assets delivered in the individual annual accounts of the contributor, on the date the transaction is carried out, or at the amount representative of the equity percentage of the business contributed, if this is greater.

4.1.5. FINANCIAL ASSETS AVAILABLE-FOR-SALE

The company classifies Financial Investments in equity instruments that intends to hold for an unspecified period and that do not comply with the requirements to be classified in other categories of financial assets as financial assets available-for-sale. These investments are recorded under "Non-current assets," unless it is probable and feasible that they will be sold within 12 months.

They are initially measured at fair value; which in the absence of evidence to the contrary is the transaction price plus directly attributable transaction cost.

Financial assets available-for-sale are subsequently measured at fair value, without deducting any transaction costs incurred on disposal. Changes in fair value are accounted for directly in equity until the financial asset is derecognised or impaired, and subsequently recognized in the income statement.

4.1.6. INTEREST AND DIVIDENDS FROM FINANCIAL ASSETS

Interest and dividends accrued on financial assets after acquisition shall be recognised as revenue. Interest shall be accounted for using the effective interest rate method, while dividends shall be recognised when the equity holder's right to receive payment is established.

Upon initial measurement of financial assets, accrued explicit interest receivable at the measurement date shall be recognised separately, based on maturity. Dividends declared by the pertinent body at the acquisition date shall also be accounted for separately. "Explicit interest" is the interest obtained by applying the financial instrument's contractual interest rate.

If distributed dividends are clearly derived from profits generated prior to the acquisition date because the amounts that have been distributed are higher than the profits generated by the investment since acquisition, the difference shall be accounted for as a deduction in the carrying amount of the investment and shall not be recognised as income.

4.1.7. DEBT AND TRADE AND OTHER PAYABLES

Financial liabilities included in this category shall initially be measured at fair value. In the absence of evidence to the contrary, this shall be the transaction price, which is equivalent to the fair value of the consideration received, adjusted for directly attributable transaction costs. Nonetheless, trade payables falling due within one year for which there is no contractual interest rate and called-up equity holdings expected to be settled in the short term can be measured at their nominal amount provided that the effect of not discounting the cash flows is immaterial.

The financial liabilities included in this category shall subsequently be measured at amortised cost. Accrued interest shall be recognised in the income statement using the effective interest rate method.

Payables falling due within one year initially measured at the nominal amount, in accordance with the preceding section, shall continue to be measured at that amount.

4.1.8. OWN EQUITY INSTRUMENTS

In transactions carried out by the Company with its own equity instruments, the amount of these instruments shall be recognised in equity as a change in capital and reserves without valuation adjustments. Under no circumstances may it be accounted for as a financial asset of the Company and no profit or loss may be recognised in the income statement. Expenses arising on these transactions, including costs incurred on issuing the instruments such as lawyer, notary and registrar fees, printing of prospectuses, bulletins and

securities, taxes, advertising, commissions and other placement expenses – shall be accounted for directly in equity as a reduction in reserves.

4.1.9. OFFSETTING PRINCIPLES

A financial asset and a financial liability are offset only when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.1.10. DERECOGNITION OF FINANCIAL ASSETS

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Debt or equity instruments that form part of portfolios of similar instruments that have the same rights are measured and derecognised at weighted average cost.

4.2. CASH AND CASH AND EQUIVALENTS

Cash and cash equivalents include cash in hand and sight bank deposits in credit institutions. Under this heading are also included under other highly liquid short-term investments provided that are easily convertible into cash and are subject to an insignificant risk of changes in value. For this purpose, investments with maturities of less than three months from the date of acquisition are included.

The Company recognises cash payments and receipts for financial assets and financial liabilities in which turnover is quick on a net basis in the statement of cash flows. Turnover is considered to be quick when the period between the date of acquisition and maturity does not exceed six months.

In the statement of cash flows, bank overdrafts which are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents. Bank overdrafts are recognised in the balance sheet as financial liabilities arising from loans and borrowings.

4.3. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions have been translated to the functional currency using the spot exchange rate applicable at the transaction date.

Monetary assets and liabilities denominated in foreign currencies have been translated to the functional currency at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date.

Non-monetary assets measured at fair value have been translated to the functional currency at the spot exchange rate at the date that the fair value was determined.

In the statement of cash flows, cash flows from foreign currency transactions have been translated to Euros at the average exchange rate for the year.

The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognized separately in the statement of cash flows as effect of exchange rate fluctuations.

Exchange gains and losses arising on the settlement of foreign currency transactions and on translation to the functional currency of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

4.4. INCOME TAX

The income tax comprises the current income tax and the income deferred tax.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

Current tax assets and liabilities are valued for the amounts that are expected to be paid or recovered by the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

The Company as the representative of the tax group, and the Spanish subsidiaries file consolidated tax return (see note 11).

In addition to the factors to be considered for individual taxation, set out previously, the following factors are taken into account when determining the accrued income tax expense for the companies forming the consolidated tax group:

- Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.
- Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

Temporary differences arising from the elimination of profits and losses on transactions between tax group companies are allocated to the company which recognised the profit/loss and are valued using the tax rate of that company.

A reciprocal credit and debit arises between the companies that contribute tax losses to the consolidated Group and the rest of the companies that offset those losses. Where a tax loss cannot be offset by the other consolidated group companies, these tax credits for loss carryforwards are recognised as deferred tax assets using the applicable recognition criteria, considering the tax group as a taxable entity.

The Company records the total consolidated income tax payable (recoverable) with a debit (credit) to receivables (payables) from/to group companies and associates.

The amount of the debt (credit) relating to the subsidiaries is recognised with a credit (debit) to payables (receivables) to/from group companies and associates.

Deferred tax liabilities are calculated according to the liability method, on the temporary differences that arise between the tax bases of the assets and liabilities and their book values. However, if the deferred tax liabilities arise from the initial recognition of a goodwill or an asset or a liability in a transaction other than a business combination that at the time of the transaction does not affect either the accounting result or the taxable basis of the tax, they are not recognised.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available to offset the temporary differences. Deferred tax assets are recognised on temporary differences that arise in investments in subsidiaries, associates and joint ventures, except in those cases in which the Company can control the timing of the reversal of the temporary differences and it is also probable that these will not reverse in a foreseeable future.

The deferred tax assets and liabilities are determined by applying the regulations and tax rates approved or about to be approved on the date of the balance sheet and which is expected to be applied when the corresponding deferred tax asset is realized, or the deferred tax liability is settled.

4.5. REVENUES RECOGNITION

The amounts related to income derived from equity investments in group companies are an integral part of the net amount of the turnover of a holding company. Based on the provisions of consultation B79C02 of the Institute of Auditors and Censors of September 2009, therefore the result on the execution of stock option plan by employees, interest and dividends received from subsidiaries are presented in the revenue of the Company.

4.6. PROVISIONS AND CONTINGENCIES

Provisions are recognised when the Company has a present obligation, whether legal, contractual implicit or tacit, as a result of past events, and it is probable that an outflow of resources will be necessary to settle the obligation and the amount can be estimated reliably. Restructuring provisions include penalties for cancellation of the lease and payments for dismissal to employees. No provisions are recognised for future operating losses.

Provisions are valued at the present value of the disbursements that are expected to be necessary to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. The adjustments in the provision due to its update are recognised as a financial expense as they are accrued.

Provisions with maturity less than or equal to one year, with a non-significant financial effect, are not discounted.

When it is expected that part of the disbursement necessary to settle the provision is reimbursed by a third party, the reimbursement is recognised as an independent asset, provided that its reception is practically certain. The reimbursement is recognised as income in the income statement of the nature of the expenditure up to the amount of the provision.

On the other hand, contingent liabilities are those possible obligations arising because of past events, the materialization of which is conditional on the occurrence or non-occurrence of one or more future events independent of the Company's will.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

4.7. SHARE BASE PAYMENTS TRANSACTION

The fair value of work performed by the employees for a consideration payable in options increases costs. The total amount which must be taken to the income statements over the vesting period is based on the fair value of options received. As at each balance-sheet date entity verifies its estimates connected with number of options expected to vest. The impact of the potential verification of initial estimates is recognised by the

Group in the income statement in correspondence with equity. The proceeds from the exercise of options (net of transaction costs directly related to the exercise) are recognised in share capital (at nominal value) and in supplementary capital, in share premium.

For share-based payment transactions in which the terms of the arrangement provide either the entity/the Company or the counterparty with the choice of whether the entity settles the transaction in cash or by issuing equity instruments, the entity/the Company shall account for that transaction, or the components of that transaction, as a cash-settled share-based payment transaction if, and to the extent that, the entity has incurred a liability to settle in cash or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

The subsequent settlement of the liability follows the requirements for a cash-settled share-based payment.

The Company incurred a liability measured at fair value, taking into account the period of service/vesting period and any changes in value are recognised in investments at the end of the period.

At the date of settlement, the Company shall remeasure the liability to its fair value. The actual settlement method selected by the employees will dictate the accounting treatment:

If cash settlement is chosen, the payment will reduce the entirely recognised liability. Any equity component previously recognised will remain within equity, but it could be reclassified to other components of equity;

If the settlement is in shares, the balance of the liability is transferred to equity being consideration for the shares granted. Any equity component previously recognised shall remain within equity.

In the parent company books the operation represents a contribution to the subsidiary that is made effective through the personnel service it receives in exchange for the equity instruments of the parent company the options delivered represents in general a greater value of the investment that the parent company has in the equity of the subsidiary.

When there is compensation agreement or recharge from the parent to subsidiary this operation represents a separated corporate operation of distribution/recuperation of the investment instrumented through the share base payment plan.

4.8. TRANSACTIONS BETWEEN RELATED PARTIES

In general, transactions between group companies are initially accounted for at their fair value. If the agreed price differs from its fair value, the difference is recorded according to the economic reality of the operation. The subsequent evaluation is carried out in accordance with the provisions of the corresponding regulations.

The Company carries out all its operations with Group companies, entities and parties linked to market values. In addition, the transfer prices are adequately supported, which is why the Company's Board of Directors consider that there are no significant risks in this respect from which future liabilities could arise.

5. Financial Risk Management

5.1. FINANCIAL RISK FACTORS

The Company's activities are exposed to various financial risks. The Company's global risk management program focuses on the uncertainty of the financial markets and tries to minimize the potential adverse effects on its financial profitability.

- Currency risk:

The results of the company are exposed to currency risk related to transactions and translations into currencies other than Euro (Polish Zloty (PLN) and US Dollar (USD), mostly). The exposure to foreign currency cash flow risk is not hedged as there is no significant impact on cash flows.

- Risk of increased financial costs:

The Company is exposed to a certain extent to adverse impact of interest rate fluctuations in connection with obtaining financing which bears floating interest rates and investing in assets bearing floating interest rates. The interest rates of bank loans and borrowings and issued bonds are based on a combination of fixed and floating reference rates which are updated over periods shorter than one year. Additionally, the Company 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.

- Liquidity risk

The Company is exposed to the risk of lack of financing at the moment of maturity of bank loans and bonds. The Company's approach in managing liquidity risk is to guarantee as far as possible that liquidity will always be available to pay its debts before they mature, in normal conditions and during financial difficulties, without incurring unacceptable losses or compromising the Company's reputation. As at 31 December 2018, the company had enough short-term assets, including cash and promised credit limits, to fulfil its liabilities due in the next 12 months.

-Credit Risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions and balances with the Group, including pending receivables and committed transactions.

In general, the Company maintains its treasury and equivalent liquid assets in financial entities with a high credit rating and of recognized prestige.

6. Financial instruments

6.1. GROUP EQUITY INSTRUMENTS

The value of the shares owned by the Company in its subsidiaries as at 31 December 2018 and as at 31 December 2017 is as follows:

	31 December 2018		31 December 2017 (restated)	
	Interest ownership	Value of Shares	Interest ownership	Value of Shares
AmRest Sp. z o.o. (Poland)	100%	216.4	100%	213.6
AmRest s.r.o. (Czech Republic)	100%	7.2	100%	6.6
AmRest Acquisition Subsidiary (Malta)	100%	60.8	100%	35.4
AmRest EOOD (Bulgaria)	100%	3.4	100%	3.4
AmRest OPCO SAS	-	-	100%	10.7
AmRest Topco SAS	-	-	100%	12.9
AmRest France SAS (France)	100%	58.1	-	-
Restaurant Partner Polska Sp. z.o.o.	51%	5.5	51%	3.2
AmRest China Group PTE Ltd. (China)	100%	40.3	100%	40.3
AmRest Coffee SRB d.o.o. (Serbia)	100%	-	100%	-
		391.7		326.1

The movement of the equity instruments in group companies as at 31 December 2018 and as at 31 December 2017 is as follows:

	31 December 2017 (restated)	Increase	Decrease	31 December 2018
Cost				
AmRest Sp. zo.o. (Poland)	213.6	2.8	-	216.4
AmRest HK Ltd	5.2	-	-	5.2
AmRest China Group PTE Ltd. (China)	40.3	-	-	40.3
Amrest SRO (Czechia)	6.6	0.6	-	7.2
AmRest OPCO SAS	15.2	30.0	(45.2)	-
AmRest Topco SAS	12.9	-	(12.9)	-
AmRest France SAS	-	58.1	-	58.1
Restaurant Partner Polska Sp. z.o.o.	4.3	1.6	-	5.9
AmRest EOOD (Bulgaria)	3.4	-	-	3.4
AmRest Acquisition Subsidiary (Malta)	35.4	25.4	-	60.8
AmRest FSVC LLC	2.7	1	-	3.7
	339.6	119.5	(58.1)	401.0
Call up Capital				
Restaurant Partner Polska Sp. z.o.o.	(1.1)	1.1	(0.4)	(0.4)
AmRest OPCO SAS	(4.5)	4.5	-	-
	(5.6)	5.6	(0.4)	(0.4)
Impairment				
AmRest HK Ltd	(5.2)	-	-	(5.2)
AmRest FSVC LLC	(2.7)	(1.0)	-	(3.7)
	(7.9)	(1.0)	-	(8.9)
Total Equity instruments in Group companies	326.1	124.1	(58.5)	391.7

During the year 2018 the company made the following transactions:

- On 6 June 2018 the Company passed a resolution of capital increase in Restaurant Partners Polska Sp. z o.o. by PLN 7.0 million (EUR 1.6 million) of which PLN 4.0 million (EUR 0.9 million) were paid in June 2018 and PLN 1.5 million (EUR 0.35 million) in October 2018. The remaining PLN 1.5 million (EUR 0.35 million) have not been paid yet.

- On 23 October 2018 and 20 November 2018, the Company passed resolutions of share capital increase in AmRest Acquisition Subsidiary by EUR 23.0 million and EUR 2.4 million respectively, which were fully paid in cash.

- On 19 November 2018 the Company passed a resolution of share capital increase in AmRest Opco SAS in amount of EUR 30.0 million which has been fully paid as at 31 December 2018.

- On 13 December 2018 AmRest Holdings SE executed the contribution of shares of AmRest Opco and AmRest Topco in the newly incorporated company AmRest France SAS. The contribution was made at the net book value of the investment in the subsidiaries as of the date of the signature of the transfer of shares.

- The value of investment in AmRest Sp. z o.o. and AmRest SRO was increased by capitalised costs of the share option plan (share options granted to the employees of the subsidiaries) by EUR 2.8 million and EUR 0.6 million, respectively.

- During the year 2018 the company passed several capital increases resolutions in the entity AmRest FSVC LLC up to an amount of EUR 1.0 million. The total amount of these capital increases were impaired as at 31 December 2018.

The movement of the equity instruments in group companies as at 31 December 2017 and as at 31 December 2016 is as follows:

	31 December 2016 <i>(restated)</i>	Increase	FX	31 December 2017 <i>(restated)</i>
Cost				
AmRest Sp. zo.o. (Poland)	133.0	70.9	9.2	213.1
AmRest HK Ltd	4.9	-	0.3	5.2
AmRest China Group PTE Ltd. (China)	23.2	15.4	1.7	40.3
Amrest SRO (Czechia)	6.2	0.5	0.4	7.1
AmRest OPCO SAS	-	15.0	0.2	15.2
AmRest Topco SAS	-	12.7	0.2	12.9
Restaurant Partner Polska Sp. z.o.o.	-	4.1	0.2	4.3
AmRest EOOD (Bulgaria)	3.2	-	0.2	3.4
AmRest Acquisition Subsidiary (Malta)	33.2	0.2	2.0	35.4
AmRest FSVC LLC	2.5	-	0.2	2.7
	206.2	118.8	14.6	339.6
Call up Capital	-	-	-	-
Restaurant Partner Polska Sp. z.o.o.	-	(1.1)	-	(1.1)
AmRest OPCO SAS	-	(4.4)	(0.1)	(4.5)
	-	(5.5)	(0.1)	(5.6)
Impairment				
AmRest HK Ltd	(4.9)	-	(0.3)	(5.2)
AmRest FSVC LLC	(2.5)	-	(0.2)	(2.7)
	(7.4)	-	(0.5)	(7.9)
Total Equity instruments in group companies	198.8	113.3	14.1	326.1

During the year 2017 the company made the following transactions:

- On 17 February 2017, the Company purchase 32.44% of shares of Blue Horizon Hospitality PTE LTD from Blue Horizon Hospitality Group LTD, Macau Jiu Jia Partners LP and Wintrust New Zealand Limited for approximately EUR 15.4 million. After this transaction and from that date, AmRest Holdings SE became the sole owner of the company. On 6 April 2017 Blue Horizon Hospitality PT LTD was renamed AmRest China Group PTE Ltd.

-On 18 August 2017 the Company passed a resolution of share capital increase in AmRest Acquisition Subsidiary in amount of EUR 0.2 million.

-On 31 August 2017 the Company purchase 51% of shares of Restaurants Partner Polska Sp z o.o. from Deliver Hero GmbH for approximately EUR 3.0 million.

-On 29 November 2017 the Company passed a resolution of share capital increase in Restaurant Partners Polska Sp. z o.o. by PLN 12.0 million (EUR 3.0 million) to the total amount PLN 24.0 million (EUR 5.7 million). As the result of agreement, the Company acquired 122 400 shares with a nominal value PLN 50 for each, so the total nominal value is PLN 6.1 million (EUR 1.5 million). As of 31 December 2017, there were subscribed but pending to pay a total of PLN 4.5 million (EUR 1.1 million). This amount was fully paid on 21 January 2018.

-On 4 October 2017 the Company passed a resolution of share capital increase in AmRest Opco SAS in amount of EUR 15.0 million. As of 31 December 2017, there were subscribed but pending to pay a total of EUR 4.5 million from which EUR 3.0 million were paid on 21 May 2018 and EUR 1.5 million in September 2018

-On 15 December 2017, the Company passed a resolution of share capital increase in AmRest Sp. z o.o. in the amount of 300 million PLN (EUR 70.4 million).

-The value of investment in AmRest Sp. z o.o. and AmRest SRO was increased by capitalised costs of the share option plan (share options granted to the employees of the subsidiaries) by EUR 0.5 million and EUR 0.5 million, respectively.

Impairment test of Investment in group companies:

To estimate the potential impairment of the Company's investments in group companies and associates and given that the fair value of these investments is not traded in an active market, this is determined using valuation techniques. The Company uses judgment to select a variety of methods and make assumptions that are based primarily on market conditions existing at the balance sheet date.

The company considers that there are indications of impairment in its investees if the net book value of the investment exceeds the theoretical book value of the equity of the investee. Additionally, other considerations are considered, such as decreases in the activity of the investees or other situations that could indicate signs of deterioration in the companies.

-Expected increase in operating income excluding amortization expenses: The growth in operating income excluding amortization expenses is based on the projections estimated by the Management based on the evolutions estimated in the various strategic business plans for the next five years.

- Discount rates: Discount rates reflect the evolution of the market with respect to the specific risks of each cash-generating unit, considering the time value of money. The discount rate is based on the specific circumstances of the company and its operating segments and is a consequence of its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of net worth is based on the

(all figures in EUR millions unless stated otherwise)

expected return on investments made by the investors of the Company. On the other hand, the cost of the debt is based on the interest rates of the loans that the Company is obliged to repay. The specific risk of the segment is incorporated by applying individual beta factors, which are evaluated annually based on market data.

Discounts rates applied in the table below:

	The post-tax discount rate year 2018	The post-tax discount rate year 2017
Poland	7.19%	N/A
Russia	14.97%	N/A
Bulgaria	6.25%	6.74%
France	4.82%	N/A
China	7.55%	8.61%

The company prepared impairment testing for its investments in AmRest Subsidiary (Malta and owner of Russian business), AmRest EOOD (Bulgaria), Restaurant Partner Polska Sp. z.o.o (Poland), AmRest France SAS and AmRest China PTE Ltd.

There were no conditions for testing of investments in other companies.

The Weighted budgeted average EBITDA Margin used in the impairment test was as follow:

Weighted average budgeted EBITDA margin	2018	2017
Russia	14.6%	N/A
Poland – Pizza Portal	15.6%	N/A
China	12.2%	11.69%
Bulgaria	14.5%	11.3%
France – KFC	10.8%	N/A

The test resulted in non-impairment expense to be booked. The Company registered impairment of the total amount of its investments in AmRest HK and AmRest FSVC LLC because of negative cash flows generated by both entities.

(all figures in EUR millions unless stated otherwise)

The Details of the subsidiaries of the group are presented below:

Company name	% Ownership		2018				2017			
	Direct	Indirect	Equity	Dividends	Revenue	Net profit/(loss)	Equity	Dividends	Revenue	Net profit/(loss)
Direct subsidiaries										
AmRest Sp. z o.o.	100.0%		361.0	-	382.2	12.8	348.9	-	346.1	6.6
AmRest EOOD	100.0%		2.8	-	4.7	0.1	2.7	-	4.4	0.8
AmRest s.r.o.	100.0%		20.2	(8.4)	143.2	14.8	14.4	(7.3)	117.1	10.2
AmRest HK Ltd	100.0%		(0.2)	-	0.0	(0.2)	(0.4)	-	-	-
AmRest China Group PTE Ltd*	100.0%		30.4	-	73.6	0.7	30.6	-	62.3	-0.7
AmRest France SAS*	100.0%		58.1	-	125.2	(1.0)	22.6	-	21.9	0.3
AmRest FSVC LLC	100.0%		(2.0)	-	-	(2.2)	(0.7)	-	-	(1.9)
Restaurant Partner Polska Sp. z o.o.	51.0%		2.0	-	3.3	(5.4)	2.3	-	0.8	(2.5)
AmRest Acquisition Subsidiary Ltd.	100.0%		72.5	-	-	(0.2)	(0.1)	-	-	(0.1)
AmRest Coffee SRB d.o.o.	100.0%		-	-	-	-	-	-	-	-
Indirect subsidiaries										
AmRest TAG S.L.U.*		100.0%	156.3	-	253.2	23.1	136.1	-	224.9	20.0
Sushi Shop Group SAS *		100.0%	153.5	-	24.3	(0.4)	-	-	-	-
AmRest Kft		100.0%	42.0	-	76.7	5.3	33.0	-	59.7	3.9
AmRest Coffee Sp. z o.o.		82.0%	9.8	-	27.2	(3.2)	13.4	-	24.1	(1.3)
OOO AmRest		100.0%	53.4	-	137.4	4.0	33.2	-	134.9	3.4
AmRest Coffee s.r.o.		100.0%	16.3	-	26.4	3.1	13.2	-	21.9	2.7
AmRest Kávézó Kft		82.0%	4.4	-	13.0	0.4	4.3	-	10.9	0.6
AmRest Coffee EOOD		100.0%	2.6	-	3.8	0.1	0.8	-	2.4	0.0
AmRest Coffee S.r.l.		100.0%	18.2	-	26.1	2.1	17.8	-	22.0	2.6
OOO Chicken Yug		100.0%	23.7	-	27.8	2.6	24.9	-	7.5	0.7
OOO Pizza Company		100.0%	2.9	-	3.6	(0.2)	0.0	-	-	-
AmRest Coffee Deutschland Sp. z o.o. & Co. KG		100.0%	50.2	-	123.6	(3.8)	54.0	-	124.8	(5.9)
AmRest DE Sp. z o.o. & Co. KG		100.0%	(2.8)	-	42.3	(4.3)	1.5	-	29.4	(1.4)
SCM Sp. z o.o.		51.0%	2.7	-	11.9	1.6	2.9	-	11.7	1.4
AmRest Capital Zrt		100.0%	262.1	-	0.0	4.1	245.2	-	0.0	8.0
Other minor subsidiaries, in total			15.2	-	18.5	(3.4)	12.5	-	11.7	(1.6)

Above data were derived from consolidation documentation of AmRest Group in accordance with IFRS. Input data above do not include effect of consolidation eliminations of investments in subsidiaries, as well effect of elimination of any inter-company transactions. If needed, input data were translated from functional currency of the subsidiary or subgroup to EUR using applicable exchange rates of EBC

*Consolidated data

(all figures in EUR millions unless stated otherwise)

6.2 ASSETS AND LIABILITIES IN FOREIGN CURRENCIES:

The value of assets and liabilities denominated in foreign currency as at 31 December 2018 are presented below:

	Millions of EUR	2018	
		Denominated in PLN	Denominated in USD
Assets Foreign Currency			
Total non-current assets Foreign Currency		-	10.0
Total current assets Foreign Currency		1.6	1.3
Total assets Foreign Currency		1.6	11.3
Liabilities Foreign Currency			
Total non-current liabilities Foreign Currency		280.0	-
Total current liabilities Foreign Currency		0.3	-
Total liabilities Foreign Currency		280.3	-

The value of assets and liabilities denominated in foreign currency as at 31 December 2017 are presented below:

	Millions of EUR	2017	
		Denominated in EUR	Denominated in USD
Assets Foreign Currency			
Total non-current assets Foreign Currency		10.9	3.0
Total current assets Foreign Currency		2.3	3.9
Total assets Foreign Currency		13.2	6.9
Liabilities Foreign Currency			
Total non-current liabilities Foreign Currency		101.0	-
Total current liabilities Foreign Currency		2.1	-
Total liabilities Foreign Currency		103.1	-

6.3. CURRENT AND NON-CURRENT FINANCIAL INVESTMENTS (EXCLUDING GROUP EQUITY INVESTMENTS)

The net book value of each one of the categories of financial instruments established in the registration and valuation rule for "Financial Instruments", except for investments in the equity of group, is as follows:

Financial Assets

Classes	Non-current Financial assets		Current Financial assets	
	Other credits and derivatives		Other credits and derivatives	
Categories	2018	2017 (restated)	2018	2017 (restated)
Loans to group companies	199.7	13.4	4.6	2.1
Other financial assets with group companies	-	-	1.4	-
Trade and other receivables	-	-	1.5	3.0
Available-for-sale financial assets at fair value	26.9	-	-	-
Total	226.6	13.4	7.5	5.1

The company grants loans to group companies at variable interest rates in the range of 2,3%-4,5% plus 3M Euribor/Libor margin, with maturities starting in 2021 (see note 6.7).

Available-for-sale financial assets

Available-for-sale financial assets comprise the equity investment in Glovoapp23, S.L., based in Barcelona, Spain ("Glovo"), acquired on 18 July 2018. Based on the agreements signed, AmRest acquired a tranche of newly-issued shares in Glovo and purchased a portion of existing shares from certain shareholders of Glovo. As a result of the investment, which totaled EUR 25 million, AmRest became a co-lead investor holding Glovo shares giving it a 10% stake at shareholders' meetings. As there are some dilutive instruments such as employee options and phantom shares, for the purpose of the fair valuation exercise, a diluted stake of 8.15% was used (percentage of Glovo shares on a fully-diluted basis value).

During the year, the gain in the amount of EUR 1.9 million was recognised in Equity in the item "Adjustments for change in value".

6.4 TRADE AND OTHER RECEIVABLES

As at 31 December 2018 and 31 December 2017 the trade and other receivables were composed as follows:

	2018	2017 (restated)
Trade and other receivables with third parties	0.2	0.1
Trade and other receivables with group companies	1.3	2.8
Income tax and other credits with the tax administration	-	0.1
Total Trade and other receivables	1.5	3.0

6.5 FINANCIAL LIABILITIES

Classes	Non-current Financial liabilities			
	Bonds and other marketable securities		Other Financial Liabilities	
Categories	2018	2017 (restated)	2018	2017 (restated)
Other Debts and payables	-	33.4	101.0	101.0
Debts with Financial Institutions	-	-	254.3	-
Debts with group companies	-	-	17.7	-
Total	-	33.4	373.0	101.0

Classes	Current Financial liabilities			
	Bonds and other marketable securities		Other Financial Liabilities	
Categories	2018	2017 (restated)	2018	2017 (restated)
Other Debts and payables	-	34.8	1.3	1.3
Debts with group companies	-	-	0.6	-
Trade and Other payables	-	-	4.5	1.6
Total	-	-	6.4	2.9

On 2 July 2018 AmRest Holdings redeemed at maturity bonds issued in June 2013 for PLN 140 million (EUR 34.8 million) and on 28 September 2018 the Company used the call option for early redemption of bonds issued in Sept 2014 for PLN 140 million (EUR 33.4 million). Redemption of bonds resulted in expiry of all rights and obligations arising from them and was financed with Tranche E of bank financing.

In April 2017 AmRest entered the Schuldscheindarlehen ("SSD" – debt instrument under German law) market for the first time to diversify financing sources and interest rate structure of debt and has executed several issues since then. The role of the Lead Arranger and Paying Agent on all issues was entrusted to Erste Group Bank AG.

The table below presents all SSD issues and their maturities:

Issue date	Amount (EUR million)	Interest rate	Maturity date	Purpose
7 April 2017	17.0	Fixed	7 April 2022	Repayment, general corporate purposes
7 April 2017	9.0	Fixed	5 April 2024	
3 July 2017	45.5	Fixed	1 July 2022	
3 July 2017	20.0	Fixed	3 July 2024	
3 July 2017	9.5	Variable	3 July 2024	

As at 31 December 2018 the debt amounts to EUR 101.0 million and its corresponding interest amounting to EUR 1.3 million that are presented in the current liabilities.

As at 31 December 2018 syndicated bank financing secured in 2017, with further amendments, accounts for majority of AmRest debt. The details of bank financing are as follows:

- Signing date: 5 October 2017
- Final repayment date: Sept 30, 2022
- Joint Borrowers: AmRest Holdings SE, AmRest Sp. z o.o. and AmRest s.r.o (the "Borrowers"); AmRest Sp. z o.o. and AmRest s.r.o are fully owned by AmRest Holdings SE.
- Lenders: Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski Polska S.A. and Česká spořitelna. a.s.
- Available tranches:

Tranche(*)	Maximum amount (million)	Date added	Purpose
A	EUR 250	October 2017	Repayment of bank debt, general corporate purposes
B	PLN 300	October 2017	
C	CZK 300	October 2017	
D	PLN 450	October 2017	
E	PLN 280	June 2018	Repayment of Polish bonds
F	EUR 190	October 2018	M&A, general corporate purposes

* Approximate total amount: EUR 692m

- Tranches E and F were executed directly by AmRest Holdings and are presented in the financial debt with financial institutions of this Annual Accounts (amounting to EUR 254.3 millions) the rest of the tranches are excuted from AmRest Sp z.o.o and AmRest S.R.O.
- Interest rates: Approximately half of the available facility is provided at variable interest rates (3M Euribor/Wibor/Pribor increased by margin) and parts of tranches A and F are provided on fixed rate
- Securities: submissions to execution from the Borrowers, guarantees from Group companies
- Other information: AmRest is required to maintain certain ratios at agreed levels, in particular, net debt/EBITDA is to be held below 3.5 and EBITDA/interest charge is to stay above 3.5.

The effective interest rates are similar to the market rates for specific borrowings. Therefore, the fair value of the liabilities and presented above does not differ significantly from their carrying amounts.

On 30 July 2018 was signed a Loan Agreement between AmRest sp.zoo and AmRest Holdings SE with a maximum amount of EUR 15 million. Subsequently, it was agreed that the maximum amount would be of EUR 25 million. 50% of the loan will be repaid on August 2022 and the other 50% on August 2023. As at 31 December 2018 the debt amounts to EUR 17.7 million (EUR 21,5 million were drawdown during the year from which EUR 3,8 were repaid).

6.6 TRADE AND OTHER PAYABLES

As at 31 December 2018 and 31 December 2017 the trade and other payables were composed as follows:

	2018	2017 <i>(restated)</i>
Trade and other payables with third parities	0.9	0.6
Trade and other payables with group companies	1.7	0.9
Remunerations of the board of Directors	0.1	0.1
Income tax payable	1.5	-
Other payables with tax administration	0.3	-
Total trade and other payables	4.5	1.6

Information on average payment period to suppliers. Third additional provision. "Information requirement" of Law 15/2010 of July 5.

	2018	2017
Number of days:	28	37
Ratio of payments	31	38
Ratio of outstanding invoices	19	2
Millions of EUR:		
Total payments	3.5	1.1
Outstanding invoices	1.2	0.1

6.7 ANALYSIS BY MATURITIES

As at 31 December 2018, and 2017, the amounts of financial instruments with a determined or determinable maturity classified by year of maturity are the following:

Financial Assets

2018	2019	2020	2021	2022	Following years	Total
Loans to group companies	4.6	-	6.8	95.6	97.3	204.3
Trade and other receivables	1.5	-	-	-	-	1.5
Other financial assets with group companies	1.4	-	-	-	-	1.4
Total	7.5	-	6.8	95.6	97.3	207.2

Financial Assets

2017	2018	2019	2020	2021	Following years	Total
Loans to group companies	2.1	2.1	2.9	5.4	3.0	15.5
Trade and other receivables	3.0	-	-	-	-	3.0
Total	5.1	2.1	2.9	5.4	3.0	18.5

(all figures in EUR millions unless stated otherwise)

Financial Liabilities

2018	2019	2020	2021	2022	Following years	Total
Other Debts and payables	1.3	-	-	62.5	38.5	102.3
Debts with Financial Institutions	-	25.1	25.1	204.1	-	254.3
Debts with group companies	0.6	17.7	-	-	-	18.3
Trade and Other payables	4.5	-	-	-	-	4.5
Total	6.4	42.8	25.1	266.6	38.5	379.4

Financial Liabilities

2017	2018	2019	2020	2021	Following years	Total
Other Debts and payables	36.1	33.4	-	-	101.0	170.5
Trade and Other payables	1.6	-	-	-	-	1.6
Total	37.7	33.4	-	-	101.0	172.1

7. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2018 and 31 December 2017 are presented in the table below:

	2018	2017 (restated)
Cash at bank	22.9	24.4
	22.9	24.4

8. Equity

8.1. SHARE CAPITAL

Since 27 April 2005, the shares of AmRest Holdings SE were listed on the Warsaw Stock Exchange ("WSE"). On 6 June 2018 at the Annual General Shareholders Meeting it was agreed that AmRest Holdings SE be allowed to start a process of application for stock market listing of its shares on the Spanish Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia. The referred shares were listed and trading commenced on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges on 21 November 2018. Since that date, AmRest's shares have been quoted simultaneously on both the above stock exchanges (dual listing).

At the Annual General Shareholders Meeting held on 6 June 2018 it was approved to increase the share capital up to EUR 1.0 for each share. The total increase amounted to EUR 21 001 754.07, was exercised by offsetting the share premium reserve. The capital increase was registered on 20 September 2018 at the Commercial Registry (Registro Mercantil) in Madrid.

At the Annual General Shareholders Meeting held on 6 June 2018 it was also approved to perform a share split by reducing the nominal value of the Company's shares from EUR 1.0 to EUR 0.1 each without any impact on the total share capital. The decrease in share value was approved to be done by dividing the number of outstanding shares - for each old share 10 new were declared (split). On 20 September 2018 the reduction of

the nominal value of shares from 1 EUR to 0.1 EUR with an exchange ratio of 1:10 without any change in share capital was registered at the Commercial Registry (Registro Mercantil) in Madrid.

On 27 September 2018 Krajowy Depozyt Papierów Wartościowych (KDPW) (the Central Securities Depository of Poland) passed a resolution to register at KDPW the reduction of the nominal value of the shares from 1 EUR to 0.1 EUR by dividing the total number of AmRest shares (split) in a ratio of 1:10. On 3 October 2018 the share split was executed. As result, the total number of Company shares traded increased to 212 138 930, each with a nominal value of 0.1 EUR as at that date.

On 11 October 2018 AmRest announced that the Board of Directors of the Company has resolved to carry out a share capital increase excluding pre-emption rights in an effective amount (including nominal amount and share issue premium) of EUR 70 million. The effective date of the share capital increase is 15 October 2018, when all funds were received, and the deed granted before a public notary. Under the share capital increase, the Company issued 7 415 253 new shares, of the same class and series as the Company's outstanding shares.

As at 31 December 2018 the Company has 219 554 183 shares issued.

Share capital consists of ordinary shares. All shares issued are subscribed and fully paid. The par value of each share is 0.1 EUR.

Holders of ordinary shares are authorized to receive dividends and have voting rights at the Group's General Shareholders' Meetings proportionate to their holdings.

There are no shares committed to be issued under options, employee share schemes and contracts for the sale of shares.

As at 31 December 2017 the Company had no availability to issue new shares to settle employee option plans. Settlements of the employee options plans are available through treasury stocks in a secondary market or in cash.

On 6 June 2018, the shareholders at the Annual General Meeting adopted resolution no 13 authorizing the Board of Directors of the Company to increase share capital in compliance with the provisions of article 297.1.b) of the Spanish Companies Act, within a period of no more than five years, with the power to exclude the pre-emption rights on subscription in the terms of article 506 of the Companies Act, up to a maximum amount of the equivalent of 20% of the share capital at the time the increase is authorized. Increases in share capital under this authorization shall be carried out through the issuance and quotation of new shares (with or without a premium), the consideration for which shall be cash contributions. In each increase, the Board of Directors shall decide whether the new shares to be issued are ordinary, preferred, redeemable, non-voting or any other kind of shares among those permitted by law. Furthermore, as for all matters not otherwise contemplated, the Board of Directors may establish the terms and conditions of the share capital increases and the characteristics of the shares and may also freely offer the new shares that are not subscribed within the period or periods for the exercise of pre-emption rights.

To the best of AmRest's knowledge, as at 31 December 2018 AmRest Holdings had the following shareholder structure:

(all figures in EUR millions unless stated otherwise)

Shareholder	Number of shares and votes at the Shareholders' meeting	% of shares and votes at the Shareholders' meeting
FCapital Dutch B. V.*	123 777 447	56.38%
Gosha Holding S.à.r.l.**	23 426 313	10.67%
Nationale-Nederlanden OFE	10 718 700	4.88%
Artal International S.C.A.	10 500 000	4.78%
Aviva OFE	7 013 700	3.19%
Other Shareholders	44 118 023	20.10%

* FCapital Dutch B. V. is the majority shareholder of FCapital Lux (holding directly 56 509 547 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finacces SAPI de CV is the direct majority shareholder of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The direct majority shareholder of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is a member of AmRest's Board of Directors.

** Gosha Holding S.à.r.l. is a legal entity closely associated with Mr. Henry McGovern and Mr. Steven Kent Winegar, members of AmRest's Board of Directors.

8.2. RESERVES

The composition of reserves as at 31 December 2018 and 31 December 2017 is as follows:

	2018	2017 (restated)
Voluntary Reserves	29.9	21.4
Legal reserves	1.1	-
	31.0	21.4

The expenses incurred in the capital increased (EUR 1 million) as at October 2018 were registered decreasing the company reserves.

8.3. TREASURY SHARES

The Company has acquired treasury shares for the purpose of the execution of the stock option plan of the employees. As AmRest Holdings shares are trading in the Warsaw Stock Exchange in Poland the price of the share is denominated in PLN.

As at 31 December 2018 the Company held 1,586,738 treasury shares by a total value of EUR 15.2 million of (PLN 64.7 million) that were acquired at an average purchase price of PLN 40.89 (124,871 treasury shares by a total value of EUR 10.6 million approximately PLN 45 million as at 31 December 2017 that were acquired at an average purchase price of PLN 35.95).

During 2018 were acquired 926,076 treasury shares at an average purchase price of PLN 43.72.

The movement of treasury shares for the stock option plan is as follows:

	2018	2017 (restated)
Initial Balance	(10.6)	(2.5)
Acquisition of own Shares	(9.5)	(18.7)
Delivery of shares for the stock option plan	4.9	10.6
Ending Balance	(15.2)	(10.6)

8.4. OTHER EQUITY INSTRUMENTS

In the item of the balance sheet other equity instruments it is registered the provision of the stock option plan for the employees recognised under the equity settlement method:

	2018	2017 <i>(restated)</i>
Provision of the stock option plan under Equity settlement method	(6.2)	(8.8)
Other Equity instruments	(6.2)	(8.8)

The movement of the accrual for the equity instruments of the stock option plan is as follow:

	2018	2017 <i>(restated)</i>
Initial Balance	(8.8)	(3.2)
Equity share base plans accrual	5.5	3.1
Reclasification of options under cash settlement method exercise in shares	1.2	0.9
Delivery of shares for the stock option plan	(4.9)	(10.6)
Exercise of option under gross settlement method	0.8	0.5
Exchange rates differences		0.5
Ending Balance	(6.2)	(8.8)

8.5. ADJUSTMENTS FOR CHANGES IN VALUE

The balance of the adjustments for changes in value is as follow:

	2018	2017 <i>(restated)</i>
Currency translation reserve	(6.8)	(6.8)
Fair value adjustments of assets available-for-sale (6)	1.9	-
Adjustments for changes in value	(4.9)	(6.8)

In the item currency translation reserve is registered the result of the change of the functional and presentation currency from PLN to EUR described in the note 2 of these Annual Accounts.

In the item fair value adjustments of assets available-for-sale is registered the revenue resulting from the valuation at fair value of Glovoapp 23, S.L. investment (EUR 1.9 million).

9. Employee benefits and share based payments

The Company established long-term incentive plans in order to bind a portion of managers' and executives' remuneration with the Company's market value. At 31 December 2018, the Company had the share-based payment arrangements according to four share option plans. Part of options in the Plan 2 is accounted as cash-settled due to the availability of cash exercise method upon the choice of an employee. All other options in the following plans are equity-settled.

9.1 Plan 2 – Stock Option Plan 2005

Plan 2 was implemented in April 2005. Granting of the options finished in 2016.

Up to November 2014 the exercise method was in equity instruments. In November 2014, then existing Supervisory Board of the Company approved a change of regulations by adding net cash settlement of option value (employee decides about settlement method). Due to above changes, Plan 2 comprises of both equity-settled options and cash-settled options.

In 2015 a change in regulations eliminated a possibility of option settlement with cash method for the grants after December 8, 2015. Furthermore, a group of employees made a unilateral statement about resignation from cash settlement possibility in relation to option granted also in previous periods.

9.2 Plan 3 – Management Incentive Plan 2011

Granting of the options finished in 2014. The Supervisory Board of the Company (then existing) was entitled to determine the employees authorized to participate in the Plan and the number of options granted and the dates for their granting. The option exercise price was in principle equal to the market price of the Company's shares as at the date of preceding the day of awarding the option and then increases by 11% each year. Vesting period is 3-5 years.

9.3 Plan 4 – Stock Option Plan 2017

In January 2017 the Company introduced new share-based Stock Option Plan. The number of options granted, employees awarded and granting dates were initially determined by the then existing Management Board (current Executive Team), however the number of options is limited to 750.000 options. Granting Period was set between 1 January 2017 and 31 December 2019. The option exercise price will be in principle equal to the market price of the Company's shares as at the date of granting the option, and the vesting period will be 3 to 5 years. There are no cash settlement alternatives.

In December 2018 the Board of Directors of the Company (who took over Management Board faculty on this matter following the transfer of domicile of the Company from Poland to Spain) resolved to adjust the share-based plans of the Company so they can be executed as well through the Spanish Stock Exchanges, where the Company's shares started trading on November 21.

9.4 Plan 5 – Management Incentive Plan 2017

In January 2017 the Group introduced new share-based Management Incentive Plan, offered to selected employees. The whole number of shares which are attributed to the options is determined by the Board of Directors, however, it may not exceed 1.000.000 shares. In accordance with the provisions of the Plan, the Board of Directors, on request of the management, is entitled to determine, apart from other issues, the

(all figures in EUR millions unless stated otherwise)

employees authorized to participate in the Plan and the number of options granted and the dates for their granting. Granting Period was set between 1 January 2017 and 31 December 2019. The option initial exercise price is in principle equal to the market price of the Company's shares as at the date of First Grant. Exercise price shall increase on 1st, 2nd and 3rd anniversary by 11%. Vesting period lasts 3 to 5 years. There are no cash settlement alternatives.

The terms and conditions for the share options outstanding as at 31 December 2018 are presented in the table below:

Grant date	Terms and conditions for vesting of the options	The maximum term of options	Option exercise price in EUR**	Method of settlement
Plan 2 - SOP				
April 30, 2009			1.14	Equity or equity/cash*
May 10, 2009			1.75	Equity or equity/cash*
April 30, 2010			1.68	Equity or equity/cash*
June 20, 2011			1.87	Equity or equity/cash*
April 30, 2012	1-5 years, 20% per annum	10 years	1.68	Equity or equity/cash*
April 30, 2013			1.94	Equity or equity/cash*
April 30, 2014			1.96	Equity or equity/cash*
December 9, 2015			3.14	Equity or equity/cash*
April 30, 2016			5.35	Equity
Plan 3 – MIP				
December 13, 2011			1.46	Equity
October 8, 2012			1.55	Equity
January 16, 2014	3 years, 33% p.a.	10 years	1.61	Equity
July 8, 2014			1.46	Equity
October 1, 2014			1.97	Equity
Plan 4 - SOP				
May 30, 2017			8.14	Equity
January 1, 2018			9.66	Equity
April 30, 2018	3-5 years, 60% after 3rd year,	10 years	10.91	Equity
August 6, 2018	20% after 4th and 5th year		10.46	Equity
October 1, 2018			10.63	Equity
December 10, 2018			9.40	Equity
Plan 5 - MIP				
March 15, 2017			10.51	Equity
September 13, 2017			10.97	Equity
October 13, 2017	3-5 years, 33% p.a.	10 years	11.87	Equity
March 3, 2018			10.51 - 11.87	Equity
October 1, 2018			14.54	Equity

*For some options only equity method is applicable, for some employee can decide upon the settlement method, as disclosed in Plan 2 description above.

**The table presents data considering the share split effect and necessary retrospective restatement which affected option prices (strike price, exercise price), fair value of the option and number of options.

Options vest when the terms and conditions relating to the period of employment are met. The Plans do not provide any additional market conditions for vesting of the options.

In the table below we present the number and weighted average of the exercise prices (WAEP) of, and movements in, the options from all plans during the year ended 31 December 2018 and 2017:

Number of options 2018*	WAEP in EUR				
	(before indexation)	Plan 5	Plan 4	Plan 3	Plan 2
At the beginning of the period	5.00	4 600 000	1 961 700	2 833 336	3 126 780
Granted during the period	6.83	3 550 000	2 395 000	-	-
Exercised during the period	1.22	-	-	(83 333)	(750 884)
Forfeited during the period	9.11	(1 500 000)	(237 950)	-	(101 120)
Outstanding at the end of the period	7.71	6 650 000	4 118 750	2 750 003	2 274 776

(all figures in EUR millions unless stated otherwise)

Exercisable as at the end of the period	1.38	-	-	2 366 660	960 622
Number of options 2017*	WAEP in EUR (before indexation)	Plan 5	Plan 4	Plan 3	Plan 2
At the beginning of the period	1.46	-	-	4 050 020	4 258 840
Granted during the period	8.04	4 600 000	1 961 700	-	-
Exercised during the period	2.68	-	-	(1 216 690)	(903 180)
Forfeited during the period	3.26	-	-	-	(228 880)
Outstanding at the end of the period	5.00	4 600 000	1 961 700	2 833 336	3 126 780
Exercisable as at the end of the period	1.77	-	-	2 066 660	974 280

*The table presents data considering the share split effect and necessary retrospective restatement which affected option prices (strike price, exercise price), fair value of the option and number of options.

The weighted average share price at the dates of exercise of the options was EUR 10.28 in 2018 and EUR 8.03 in 2017.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2018 was 7.33 years (2017: 7.27 years).

9.5 Measurement

The fair value of the equity instruments has been measured using numerical method for solving differential equations by approximating them with difference equations, called finite difference method. The fair value of the cash-settled options has been measured using the Black-Scholes formula.

The fair value of the options granted during the period, as at the grant date, amounted as described below. It was determined on the basis of the following parameters:

Plan*	Average fair value of option as at grant date	Average share price at the grant date	Average exercise price	Expected volatility	Expected term to exercise of options	Expected dividend	Risk-free interest rate
2018							
Plan 4 (SOP)	EUR 3.19	EUR 10.91	EUR 10.91	29%	5 years	-	2%
Plan 5 (MIP)	EUR 3.21	EUR 7.89	EUR 10.78	29%	5 years	-	2%
2017							
Plan 4 (SOP)	EUR 2.33	EUR 8.14	EUR 8.14	28%	5 years	-	2%
Plan 5 (MIP)	EUR 1.36	EUR 8.00	EUR 10.94	28%	5 years	-	2%

*The table presents data considering the share split effect and necessary retrospective restatement which affected option prices (strike price, exercise price), fair value of the option and number of options.

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

10. Provisions

In the item of the balance sheet other provisions is registered the provision of the stock option plan for the employees recognised under the cash settlement method:

	31 December 2018	31 December 2017 <i>(restated)</i>
Initial Balance	2.2	2.7
Plan modification (reclassification from SOP liabilities to SOP provision within equity)	-	(0.4)
Revaluation	0.9	1.8
Reclassification of options settled with equity method	(1.2)	(0.9)
Options exercised with cash settlement method	(0.6)	(1.0)
Ending Balance	1.3	2.2

11. Taxation

The composition of the balances with the public administrations is as follow:

	2018	2017 <i>(restated)</i>
Assets		
Income tax receivable	-	0.1
Total	-	0.1
Liabilities		
Income tax payable	1.5	-
VAT payable	0.2	-
Personal income tax and other withholding taxes	0.1	-
Total	1.8	-

Income tax

As at 31 December 2018 and with effects 1 January 2018, the Company is under the consolidation tax regime set forth in Chapter VI of Title VII of Corporate Income Tax Law 27/2014 of 27 November 2014, being the head of the tax group composed by the Company itself and the rest of the Spanish subsidiaries:

- AmRestag, S.L.U.
- AmRestavia, S.L.U.
- Restauravia Grupo Empresarial, S.L.
- Restauravia Food, S.L.U.
- Pastificio, S.L.U.*
- Pastificio Service, S.L.U.*
- Pastificio Restaurantes, S.L.U.*
- And The Grill Concept, S.L.

On 26 September 2018 was granted the public deed of the merger by absorption of Pastificio, S.L.U. and Pastificio Restaurantes, S.L.U with Pastificio Service, S.L.U.

The composition of the income tax expense of the individual company is as follows:

	2018	2017 <i>(restated)</i>
Corporate income tax	(1.7)	(0.1)
Change in deferred taxes and liabilities	0.3	(0.4)
Total income tax recognised in the income statement	(1.4)	(0.5)

The amounts reported in change in deferred taxes and liabilities during the 12 months ended 31 December 2018 correspond to the write down of deferred taxes recognised as of 31 December 2017 based on the provisions established in the Polish tax regime. As these temporary differences will be not utilised following the regulations of the Spanish law they have been reversed.

The reconciliation between the net result and the tax base of the individual entity is as follows:

	Income statement		Total
	Additions	Decreases	
Profit and loss for the period	-	-	4.1
Income tax expense	-	-	(1.4)
Permanent differences	-	(11.1)	(11.1)
Temporary differences	1.7	-	1.7
- With origin in the current year	1.7	-	1.7
- With origin in previous years	-	-	-
Tax base	-	-	(6.6)
Corporate income tax 25%			(1.7)

In permanent differences are adjusted the revenues from Dividends and the stock option plan that are considered exempt for income tax purposes.

In temporary differences are adjusted mostly the impairments for receivables and investments with group companies, that will be deductible once the companies are liquidated.

The movement of the deferred tax assets for the years ended 31 December 2018 and 2017 has been as follows:

	2018	2017 <i>(restated)</i>
Balance at beginning of the period	0.3	0.05
Debit (credit) on the profit and loss account	(0.3)	0.25
Balance at the end of the period	-	0.3

The reconciliation between the consolidated tax base and the individual tax base of the subsidiaries of the tax group is detailed below:

	2018
Tax base AmRest Holdings	(6.6)
Tax base contributed by subsidiaries of the tax group:	39.5
AmRestag, S.L.U.	(1.5)
Amrestavia, S.L.U.	0.1
Restauravia Grupo Empresarial, S.L.U.	-
Restauravia Food, S.L.U.	5.4
Pastificio Service, S.L.U.	36.9
The Grill Concept, S.L.U.	(1.4)
Tax base of the consolidated tax group	32.9
Current income tax of the consolidated tax group (25%)	8.2
Other deductions	(0.4)
Withholding taxes and CIT advances	(6.3)
Income tax payable	1.5

AmRest Holdings SE has the following balances related to current accounts with group entities resulted from the Consolidated tax regimen:

	2018
Receivables:	
Restauravia Food, S.L.U.	0.6
Pastificio Service, S.L.U.	0.4
AmRestavia S.L.U.	0.5
Total receivables from the Consolidated tax regime	1.4
Payables	
The Grill Concept S.L.U.	(0.4)
Total payables from the Consolidated tax regime	(0.4)

12. Income and expenses

12.1 REVENUES

In the item Revenues of the separate income statement for the years ended on 31 December 2018 and 2017 were recognised the result of the execution of stock option plan for employees and the interest and dividends received from subsidiaries:

(all figures in EUR millions unless stated otherwise)

	2018	2017 <i>(restated)</i>
Dividends from Subsidiaries	8.4	7.3
Stock option plan re-charged to subsidiaries	5.4	11.3
Cost of the options granted to employees	(2.7)	(3.2)
Financial income from group companies	2.0	3.2
Total Revenues	13.1	18.6

The breakdown of Dividends by geographical area is as follow:

	2018	2017 <i>(restated)</i>
Domestic market	-	-
Exports:	8.4	7.3
a) European Union	8.4	7.3
b) O.E.C.D countries	-	-
c) Other countries	-	-
Total Dividends received from Subsidiaries	8.4	7.3

The breakdown of revenues from the stock option plan for the employees by geographical area is as follow:

	2018	2017 <i>(restated)</i>
Domestic market	1.0	2.4
Exports:	1.7	5.7
a) European Union	0.5	5.1
b) O.E.C.D countries	0.8	0.6
c) Other countries	0.4	-
Net income from the stock option plan	2.7	8.1

The breakdown of finance income from group companies by geographical area is as follow:

	2018	2017 <i>(restated)</i>
Domestic market	0.4	2.7
Exports:	1.5	0.5
a) European Union	1.2	0.3
b) O.E.C.D countries	-	-
c) Other countries	0.4	0.2
Finance income from group companies	2.0	3.2

12.2. PERSONNEL EXPENSES:

The detail of personnel expenses is as follow:

	2018	2017 <i>(restated)</i>
Salaries and social charges	(0.8)	(0.5)
Total other operating expenses	(0.8)	(0.5)

12.3. OTHER OPERATING EXPENSES

The composition of the other operating expenses is as follows:

	2018	2017 <i>(restated)</i>
Professional Services	(2.2)	(1.4)
Business travel	(0.2)	(0.1)
Other taxes	(0.5)	-
Other expenses	(0.2)	(0.7)
Total other operating expenses	(3.1)	(2.2)

12.4 INCOME AND EXPENSES IN FOREIGN CURRENCY

The income and expenses denominated in foreign currency are as follow:

For the year ended 31 December 2018

	PLN	USD
Other operating expenses	(0.5)	-
Impairments for credits and receivables with group companies		0.1
Impairment in investments of groups companies		(1.0)
Results from operating activities	(0.5)	(0.9)
Finance income	0.1	
Finance expenses	(3.3)	-
Net finance income (expense)	(3.2)	-
Total Income and expenses in foreign currency	(1.8)	(0.9)

For the year ended 31 December 2017

	EUR	USD
Revenues	2.0	0.3
Other operating expenses	(0.6)	(0.2)
Results from operating activities	1.4	0.1
Finance expenses	(1.3)	-
Net finance income (expense)	0.1	0.1

13. Financial result

	2018	2017 (restated)
Financial Income		
With third parties	-	0.2
Total Financial Income	-	0.2
Financial Expenses		
With group companies	(0.8)	-
With third parties	(6.1)	(4.3)
Total Financial Expenses	(6.9)	(4.3)

13.1 Exchange rates differences:

The breakdown of exchange losses and gains recognised in the income statement is follows:

	2018	2017 (restated)
On Investments and loans with group companies	0.4	(1.1)
On Trade receivables	-	(0.1)
On Banks and others	(0.2)	(0.1)
On Financial liabilities	2.0	1.3
Trade payables	-	0.1
Total	2.2	0.1

(all figures in EUR millions unless stated otherwise)

14. Related parties balances and transactions

As at 31 December 2018 the AmRest Group comprised the following subsidiaries:

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
Holding activity				
AmRest Acquisition Subsidiary Ltd.	Birkirkara, Malta	AmRest Holdings SE	100.00%	May 2007
AmRest TAG S.L.U.	Madrid, Spain	AmRest Sp. z o.o.	100.00%	March 2011
AmRestavia S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
Restauravia Grupo Empresarial S.L.	Madrid, Spain	AmRestavia S.L.U.	16.52%	April 2011
		AmRest TAG S.L.U.	83.48%	
AmRest HK Ltd	Hong Kong, China	AmRest Holdings SE	100.00%	September 2011
AmRest China Group PTE Ltd	Singapore	AmRest Holdings SE	100.00%	December 2012
Bigsky Hospitality Group Ltd	Hong Kong, China	AmRest China Group PTE Ltd	100.00%	December 2012
New Precision Ltd	Apia, Samoa	AmRest China Group PTE Ltd	100.00%	December 2012
Horizon Group Consultants	Road Town, British Virgin Islands	AmRest China Group PTE Ltd	100.00%	December 2012
AmRest Management Kft	Budapest, Hungary	AmRest Kft	99.00%	August 2018
		AmRest Capital Zrt	1.00%	
GM Invest SRL	Uccle, Belgium	AmRest Capital Zrt	100.00%	October 2018
Sushi Shop Group SAS	Paris, France	GM Invest SRL	9.47%	October 2018
		AmRest Capital Zrt	90.53%	
AmRest France SAS	Paris, France	AmRest Holding SE	100.00%	December 2018
Sushi Shop Management SAS	Paris, France	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Belgique SA	Bruxelles, Belgium	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Holding USA LLC	Dover Kent, USA	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Luxembourg SARL	Luxembourg	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Switzerland SA	Fribourg, Switzerland	Sushi Shop Management SAS	100.00%	October 2018
Restaurant, franchise and master-franchise activity				
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czechia	AmRest Holdings SE	100.00%	December 2000
AmRest Kft***	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	82.00%	March 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Inc.	44.72%	July 2007
		AmRest Sp. z o.o.	55.28%	
AmRest Coffee s.r.o.	Prague, Czechia	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest Kávészó Kft	Budapest, Hungary	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest d.o.o.	Belgrade, Serbia	AmRest Sp. z o.o.	60.00%	October 2007
		ProFood Invest GmbH	40.00%	
Restauravia Food S.L.U.	Madrid, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Service S.L.U.****	Madrid, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
AmRest Adria d.o.o.	Zagreb, Croatia	AmRest Sp. z o.o.	100.00%	October 2011
AmRest GmbH i.L.*	Cologne, Germany	AmRestavia S.L.U.	100.00%	March 2012
AmRest SAS	Lyon, France	AmRestavia S.L.U.	100.00%	April 2012
AmRest Adria 2 d.o.o.	Ljubljana, Slovenia	AmRest Sp. z o.o.	100.00%	August 2012
Frog King Food&Beverage Management Ltd	Shanghai, China	Bigsky Hospitality Group Ltd	100.00%	December 2012
Blue Frog Food&Beverage Management Ltd	Shanghai, China	New Precision Ltd	100.00%	December 2012
Shanghai Kabb Western Restaurant Ltd	Shanghai, China	Horizon Group Consultants	100.00%	December 2012
AmRest Skyline GMBH	Cologne, Germany	AmRestavia S.L.U.	100.00%	October 2013
Kai Zhen Food and Beverage Management (Shanghai) Ltd	Shanghai, China	BlueFrog Food&Beverage Management Ltd	100.00%	March 2014
AmRest Coffee EOOD	Sofia, Bulgaria	AmRest Sp. z o.o.	100.00%	June 2015

(all figures in EUR millions unless stated otherwise)

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
AmRest Coffee S.r.l.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	December 2015
		AmRest Sp. z o.o.	1.00%	
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	77.00%	May 2016
		AmRest Capital Zrt	23.00%	
AmRest DE Sp. z o.o. & Co. KG	Berlin, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
The Grill Concept S.L.U.	Madrid, Spain	Pastificio Service S.L.U.	100.00%	December 2016
Kai Fu Restaurant Management (Shanghai) Co., Ltd	Shanghai, China	Blue Frog Food&Beverage Management Ltd	100.00%	December 2016
LTP La Tagliatella Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U.	74.00%	February 2017
		AmRestavia S.L.U.	26.00%	
AmRest AT GmbH	Vienna, Austria	AmRest Sp. z o.o.	100.00%	March 2017
AmRest Topco France SAS	Paris, France	AmRest France SAS	100.00%	May 2017
AmRest Delco France SAS	Paris, France	AmRest Topco France SAS	100.00%	May 2017
AmRest Opco SAS	Paris, France	AmRest France SAS	100.00%	July 2017
OOO Chicken Yug	Saint Petersburg, Russia	OOO AmRest	100.00%	October 2017
OOO Pizza Company	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd.	99.9%	November 2017
		OOO AmRest	0.1%	
AmRest Coffee SRB d.o.o.	Belgrade, Serbia	AmRest Holdings SE	100.00%	November 2017
AmRest Chamnord SAS	Paris, France	AmRest Opco SAS	100.00%	March 2018
AmRest SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	April 2018
		AmRest Sp. z o.o.	1.00%	
AmRest Pizza GmbH	Berlin, Germany	AmRest DE Sp. z o.o. & Co. KG	100.00%	June 2018
Black Rice S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100,00%	July 2018
Bocoa Holding S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100,00%	July 2018
Versailles Resto SAS*****	Paris, France	AmRest Opco SAS	100,00%	November 2018
Sushi Shop Restauration SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Orphus SARL	Paris, France	Sushi Shop Management SAS	85.00%	October 2018
		Eloise CAZAL	15.00%	
Sushiga SARL	Paris France	Sushi Shop Management SAS	50.00%	October 2018
		Emmanuel GARFIN	50.00%	
Altana SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Tomemma SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Antibes Developpement SAS	Paris, France	Sushi Shop Group SAS	60.00%	October 2018
		Sushi Shop Management SAS	40.00%	
Sushi Courbevoie Developpement SARL	Paris, France	Sushi Shop Group SAS	100.00%	October 2018
Sushi Nice Developpement SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Lepic SARL	Paris, France	Sushi Shop Martyrs SARL	100.00%	October 2018
Sushi Shop Levallois SARL	Paris, France	Sushi Shop Courcelles SARL	100.00%	October 2018
Sushi Shop Martyrs SARL	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Secretan SARL	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop ST Dominique SARL	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Villers SARL	Paris, France	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Vincennes SARL	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Corner SAS	Paris, France	Sushi Shop Restauration SAS	100.00%	October 2018
Sushi Shop Corner M SARL	Paris, France	Sushi Shop Restauration SAS	100.00%	October 2018
Art Sushi Marseille SAS	Marseille, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Vieux Lille SAS	Lille, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Lille Centre SAS	Lille, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Toulouse Developpement SARL	Paris France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Amiens SARL	Amiens, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Traiteur SARL	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
SSC – Sushi Shop Cauderan SAS	Bordeaux, France	Sushi Shop Management SAS	100.00%	October 2018
SSBC – Sushi Shop Bordeaux Chartrons SAS	Bordeaux, France	Sushi Shop Management SAS	100.00%	October 2018
SSB Sushi Shop Bordeaux SAS	Bordeaux, France	Sushi Shop Management SAS	100.00%	October 2018
SSM – Sushi Shop Merignac SAS	Bordeaux France	Sushi Shop Management SAS	100.00%	October 2018
AIX Sushi House SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
ART Sushi ST Barnabe SARL	Marseille, France	Art Sushi Marseille SAS	100.00%	October 2018

(all figures in EUR millions unless stated otherwise)

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
ART Sushi Delibes SARL	Marseille, France	Art Sushi Marseille SAS	100.00%	October 2018
Sushi Marseille Developpement SARL	Marseille, France	Art Sushi Marseille SAS	100.00%	October 2018
Zen'itude SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Courcelles SARL	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Nantes SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Gelau SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Bottega Romana Courcelles SARL	Paris, France	Sushi Shop Restauration SAS	100.00%	October 2018
Bottega Romana Boetie SARL	Paris, France	Sushi Shop Restauration SAS	100.00%	October 2018
Sushi Grand Ouest SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Rouen SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Toulouse 3 SARL	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Angers SARL	Paris, France	Sushi Grand Ouest SAS	100.00%	October 2018
Sushi Shop La Rochelle SARL	Paris, France	Sushi Grand Ouest SAS	100.00%	October 2018
Sushi Shop Le Mans SARL	Paris, France	Sushi Grand Ouest SAS	100.00%	October 2018
Sushi Shop Tours SARL	Paris, France	Sushi Grand Ouest SAS	100.00%	October 2018
Sushi Shop Caen SARL	Paris, France	Sushi Grand Ouest SAS	100.00%	October 2018
Black Box SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Bontor SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
RCP SARL	Paris, France	Black Box SAS	100.00%	October 2018
Sauboget SARL	Paris, France	Black Box SAS	100.00%	October 2018
HP2L SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Nice 2 SARL	Paris, France	Sushi Nice Developpement SAS	100.00%	October 2018
CR Developpement SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi 54 SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi 21 SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
Sushi Shop Rennes Nemours SARL	Paris, France	HP2L SAS	100.00%	October 2018
Sushi Corner Saint Gregoire SARL	Paris, France	HP2L SAS	100.00%	October 2018
Sushi Lyon 64 SAS	Paris, France	Sushi Shop Management SAS	100.00%	October 2018
SSW 1 SPRL	Waterloo, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
SSW 2 SPRL	Wavre, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi House SA	Luxembourg	Midicapital	14.00%	October 2018
		Sushi Shop Luxembourg SARL	86.00%	
Sushi Sablon SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop London LTD	London, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Shop Louise SA	Bruxelles, Belgium	Sushi Shop Belgique SA	54,80%	October 2018
		Midicapital	45,20%	
Sushi Shop UK LTD	Charing, UK	Sushi Shop Group SAS	100.00%	October 2018
Sushi Uccle SA	Uccle, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Anvers SA	Bruxelles, Belgium	Sushi Shop Belgique SA	100.00%	October 2018
Sushi Shop Geneve SA	Geneva, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Lausanne SARL	Lasanne, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Madrid S.L.	Madrid, Spain	Sushi Shop Management SAS	63.00%	October 2018
		Carlos Santin	37.00%	
Sushi Shop Milan SRL	Milan, Italy	Sushi Shop Management SAS	70.00%	October 2018
		Vanray SRL	30.00%	
Sushi Shop NE USA LLC	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop NY1	New York, USA	Sushi Shop Holding USA LLC	64.00%	October 2018
		Sushi Shop NE USA LLC	36.00%	
Sushi Shop NY2	New York, USA	Sushi Shop Holding USA LLC	100.00%	October 2018
Sushi Shop International SA	Bruxelles, Belgium	Sushi Shop Belgique SA	99.90%	October 2018
		Sushi Shop Group SAS	0.10%	
Sushi Shop Zurich GMBH	Zurich, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop Nyon SARL	Nyon, Switzerland	Sushi Shop Switzerland SA	100.00%	October 2018
Sushi Shop NL B.V.	Amsterdam, Netherlands	Sushi Shop Group SAS	100.00%	October 2018
Financial services and others for the Group				
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
AmRest Capital Zrt	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	November 2011

(all figures in EUR millions unless stated otherwise)

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2012
La Tagliatella International Kft	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella Financing Kft**	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella SAS	Lyon, France	AmRestavia S.L.U.	100.00%	March 2014
AmRest FSVC LLC	Wilmington, USA	AmRest Holdings SE	100.00%	November 2014
AmRest Kaffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2016
Restaurant Partner Polska Sp. z o.o.	Łódź, Poland	AmRest Holdings SE	51.00%	August 2017
AmRest Estate SAS	Paris, France	Delivery Hero SE	49.00%	
AmRest Leasing SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
OOO RusCo Food	Saint Petersburg, Russia	AmRest Opco SAS	100.00%	September 2017
AmRest Trademark Kft	Budapest, Hungary	AmRest Management Kft	100.00%	August 2018
AmRest Franchise Sp. z o.o.	Wroclaw, Poland	AmRest Management Kft	100.00%	September 2018
		AmRest Sp. z o.o.	99,00%	December 2018
		Michał Lewandowski	1.00%	
Supply services for restaurants operated by the Group				
SCM Czech s.r.o.	Prague, Czechia	SCM Sp. z o.o.	90.00%	March 2007
		Ondrej Razga	10.00%	
SCM Sp. z o.o.	Warsaw, Poland	AmRest Sp. z o.o.	51.00%	October 2008
		R&D Sp. z o.o.	43.80%	
		Beata Szafarczyk-Cylny	5.00%	
		Zbigniew Cylny	0.20%	
SCM Due Sp. z o.o.	Warsaw, Poland	SCM Sp. z o.o.	100.00%	October 2014

* On 25 November 2016 Amrestavia, S.L.U., the sole shareholder of AmRest GmbH, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.

** On 5 September 2017 Amrestavia, S.L.U., the sole shareholder of La Tagliatella Financing Kft, decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.

*** On 11 September 2018 the Company Registry Court registered the merger between AmRest Kft and AmRest Finance Zrt. The effective merger date is 31 October 2018, whereupon AmRest Finance Zrt ceased to exist, the Company Registry Court deleted it from the companies register and its rights and obligations were transferred transfer to AmRest Kft as successor company.

****On 1 October 2018, Pastificio S.L.U. and Pastificio Restaurantes S.L.U. were merged into Pastificio Service S.L.U.

*****On 27 November 2018, AmRest Opco SAS the sole shareholder of Versailles Resto SAS, has decided to merger this company. The effective merger date is 1 January 2019.

(all figures in EUR millions unless stated otherwise)

The balances with the Group entities are as follows:

	31 December 2018	31 December 2017 <i>(restated)</i>
Assets		
Long term loans granted to group companies	199.7	13.4
Short term loans granted to group companies	4.6	2.1
Total loans granted to group companies	204.3	15.5
AmRest TopCo	7.8	2.1
AmRest Opco SAS	25.9	8.9
AmRest China	6.8	4.5
AmRest Coffee Deutschland Sp. z o.o.	1.5	-
AmRest DE Sp. z o.o. & Co. KG	12.2	-
AmRest HK Limited	0.1	-
AmRest AT GmbH	1.7	-
AmRest Kaffee Sp. z o.o.	37.4	-
AmRest TAG S.L.U.	62.9	-
Blue Frog Food & Beverage Management	1.8	-
Pastificio Service. S.L.U.	26.6	-
Restauravia Food. S.L.U.	11	-
Restauravia Grupo Empresarial. S.L.	8.6	-
Other financial assets with group companies	1.40	-
Restauravia Food. S.L.U.	0.5	-
Pastificio Service S.L.U.	0.4	-
AmRestavia S.L.U.	0.5	-
The Grill Concept S.L.U.	-	-
Trade and other receivables with group companies	1.3	2.8
AmRest Sp. z o.o.	0.7	0.6
Restauravia Food. S.L.U.	0.1	-
OOO AmRest	0.1	-
AmRestavia. S.L.U.	0.2	2.2
AmRest Kft	0.1	-
AmRest SRO	0.1	-
Liabilities		
Other financial liabilities with group companies	17.7	-
AmRest Sp. z o.o.	17.7	-
Short term debt and other current financial liabilities	0.6	-
AmRest Sp. z o.o.	0.2	-
The Grill Concept S.L.U.	0.4	-
Trade payables with group companies	1.7	0.9
AmRestavia. S.L.U.	1.1	0.8
AmRest Sp. z o.o.	0.4	-
Other related parties	0.2	0.1

(all figures in EUR millions unless stated otherwise)

The transactions with group entities are as follows:

	31 December 2018	31 December 2017 <i>(restated)</i>
Revenues		
Revenues from Dividends	8.4	7.3
AmRest SRO	8.4	7.3
Revenues from the result of the stock option plan	2.7	8.1
AmRest Sp. z o.o.	(0.2)	4.7
AmRest Coffee Sp. z o.o.	0.4	0.1
AmRest SRO	0.1	-
AmRest FSVC LLC	0.8	0.6
Restauravia Food S.L.U.	0.1	0.1
Pastificio Service S.L.U.	0.1	0.1
AmRestavia S.L.U.	0.7	2.2
AmRest Kft	0.1	0.1
AmRest Coffee SRO	0.3	0.1
OOO AmRest	0.3	0.1
Financial Income from group companies	2.0	3.2
AmRest Sp. z o.o.	0.2	2.7
AmRest HK Ltd.	0.1	0.1
AmRest China Group PTE Ltd.	0.3	0.2
AmRest Coffee Deutschland	-	0.1
AmRest Topco France	0.1	-
AmRest Opco SAS	0.4	0.1
AmRest DE Sp. z o.o. & Co. KG	0.1	-
AmRest Kaffee Sp. z o.o.	0.3	-
AmRest TAG S.L.U.	0.3	-
Pastificio Service S.L.U.	0.1	-
Restauravia Food S.L.U.	0.1	-
Expenses		
Financial expenses with group companies	0.8	-
AmRest Sp. z o.o.	0.7	-
Pastificio Service S.L.U.	0.1	-
Impairment of financial instruments with group companies	(1.9)	(1.8)
AmRest LLC	0.1	-
AmRest FSV LLC	(1.9)	(1.7)
AmRest HK Limited	(0.1)	(0.1)

15. Remuneration of the board of directors and senior executives

(a) Below are described the remunerations of the board of Directors and Management Board (Senior Executives) following the regulations of the CNMV Circular 5/2015 from 28 October:

The remuneration of Board of Directors paid by AmRest Holdings SE for all the retribution concepts is the following:

	31 December 2018	31 December 2017 <i>(restated)</i>
Board of Directors Remunerations		
Fixed Remuneration	0.5	0.4
Operations with shares and/or other financial instruments	0.8	0.6
Total Board of Director remunerations	1.3	1.0

The remuneration of the Board of Directors paid by other subsidiaries of the group for all the retribution concepts are as follows:

	31 December 2018	31 December 2017 <i>(restated)</i>
Board of Directors Remunerations		
Salaries	0.3	0.4
Variable Remuneration	0.1	0.2
Total Board of Director remunerations	0.4	0.6

The remuneration of the Senior Executives paid by the Company is as follow:

	31 December 2018	31 December 2017 <i>(restated)</i>
Management board (Senior Executives)		
Remuneration received by the Senior Executives	0.1	-
Total remuneration received by the Senior Executives	0.1	-

The remuneration of the Senior Executives paid by other subsidiaries of the group is as follows:

	31 December 2018	31 December 2017 <i>(restated)</i>
Management board (Senior Executives)		
Remuneration received by the Senior Executives	2,1	8,7
Total remuneration received by the Senior Executives	2.1	8.7

(b) Information about conflict of interest situations of the Board of Directors:

In the duty to avoid situations of conflict with the interest of the Company, during the year the directors who have held positions on the Board of Directors have complied with the obligations set forth in article 228 of the consolidated text of the Capital Companies Law. Likewise, both they and the persons related to them,

(all figures in EUR millions unless stated otherwise)

have refrained from incurring in the cases of conflict of interest foreseen in article 229 of said law, except in the cases in which the corresponding authorization has been obtained.

(c) Transactions other than ordinary business or under terms differing from market conditions carried out by the Board of Directors or Audit Committee:

In 2018 and 2017 the members of the Board of Directors of the Company or of the Audit Committee have not carried out any transactions other than ordinary business with the Company or applied terms that differ from market conditions.

16. Other information

16.1. AVERAGE NUMBER OF EMPLOYEES

The average number of employees, distributed by categories, for the year 2018 is a follow:

Categories	2018
Executive Managers	1.0
Other Managers	1.0
	2.0

The Company did not have any employees during 2017.

The number of employees and members of the board of directors, distributed by gender, as at 31 December 2018 is a follow:

Gender	2018
	Males
Board members	7
Executive Managers	1
Other Managers	1
	9

There are no employees with a disability rating of 33% or higher during 2018.

16.2. TAX INSPECTIONS

On 16 November 2017 at AmRest Holdings SE a tax inspection began regarding CIT for 2012. On 12 February 2018 the Company received a tax inspection result regarding the tax inspection based on which the Company submitted on 22 February 2018 a corrective tax return increasing the taxable income. The corrected amount was immaterial.

On 11 January 2018 at AmRest Holdings SE a tax inspection began regarding CIT for 2013. On 21 January 2019 the Company has received the tax inspection result, based on which the Company submitted a corrective tax

(all figures in EUR millions unless stated otherwise)

return. The correction increased the taxable base for 2013, but it has not resulted in obligation to pay additional tax.

16.3 Information about the environment

Given the activity to which the Company is dedicated, it has no liabilities, expenses, assets, provisions or environmental contingencies that could be significant in relation to the assets, financial situation and results of the same. For this reason, the specific disclosures of information are not included in this report.

16.4 Subsequent events

There have been no subsequent events that reveal circumstances that already existed on the closing date of the year and have assumed, according to their nature, the inclusion of an adjustment in the figures contained in the annual accounts. There have also been no subsequent events that show conditions that did not exist at the end of the year and that are of such importance that they affect the ability of the users of the annual accounts to evaluate them.

17. Audit fees

The fees accrued during the year ended 31 December 2018 by KPMG Auditores, S.L. and during the year ended in 31 December 2017 by BDO Sp. Z o.o. were as follows:

In thousands of Euros	2018	2017 <i>(restated)</i>
Audit fees Service		
Audit	18.0	7,1
Total audit fees	18.0	7.1

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Carlos Fernández González
Member of the Board

Henry McGovern
Member of the Board

Steven Kent Winegar Clark
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mustafa Ogretici
Member of the Board

Madrid, 27 February 2019

Directors's Report 31 December 2018

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1. Financial highlights

	year ended 31 December 2018	year ended 31 December 2017 <i>(restated)</i>	3 months ender on December 31 2018	3 months ender on December 31 2017 <i>(restated)</i>
Revenues	13.1	18.6	1.7	10.2
Results from operating activities	7.4	14.1	(0.4)	8.4
Financial Cost	(4.7)	(4.0)	(2.4)	0.6
Income tax expense	1.4	0.5	0.8	(0.2)
Profit/(loss) for the period	4.1	10.6	(2.0)	8.7

	31 December 2018	31 December 2017 <i>(restated)</i>
Total Assets	648.8	369.4
Total liabilities and provisions	380.7	174.3
Non-current liabilities	374.3	136.6
Current liabilities	6.4	37.7
Share capital	22.0	0.2

2. Significant events and transactions in 2018

Entrance into Russian bakery segment

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

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

The cooperation assumed the contribution of trademarks ("Хлеб Насущный" (Khleb Nасuschny), "Филипповъ" (Philippov), "Наш хлеб" (Nash Khleb) and "Андреевские булочные" (Andreevsky Bulochnye)) to the Structure by the Partner. AmRest would invest EUR 6 million into the Structure with the purpose of developing the restaurant business in Russia.

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

As at the date of this report, the transaction has not been finalized.

Registration of the Group's registered office in Spain

On 14 March 2018 AmRest Holdings SE informed that on the same day it received a confirmation of the registration on 12 March 2018 of its registered office in Pozuelo de Alarcón, Madrid, Spain.

Simultaneously, the amended Statute of the Company adopted by the Extraordinary General Meeting of 5 October 2017 came into force.

In connection with the above, AmRest informed that Spain is currently its Home State and legal and regulatory provisions applicable in the Spanish market will now be applicable to the Company and its shareholders instead of some of the hitherto applicable Polish legal regulations.

Acquisition of Pizza Hut business in Russia

On 30 April 2018 AmRest signed the Master Franchise Agreement ("MFA") with Pizza Hut Europe S.à.r.l. ("PH Europe"). Based on the MFA, AmRest was supposed to gain the master-franchisee rights for Pizza Hut brand in Russia, Azerbaijan and Armenia ("Territory"). As a result of completion of MFA (1 June 2018), AmRest obtained the exclusive right to grant the license to third parties to operate Pizza Hut restaurants (sub-franchise) in the Territory and became the franchisor for nearly 30 restaurants currently operated by multiple sub-franchisees in above mentioned countries.

In order to facilitate the growth of scale of Pizza Hut business, PH Europe introduced an incentive mechanism reducing certain fees incurred by AmRest under the MFA ("Reduced Fees"), provided that the Group meets certain development obligations specified in the MFA. The MFA was granted for initial period of 10 years with an option of further prolongations upon the fulfilment of certain terms and conditions.

Simultaneously, on 30 April 2018, OOO Pizza Company, being the subsidiary of AmRest signed the Asset Purchase Agreement ("APA") with Yum Restaurants International Russia and CIS LLC ("PH Russia").

As a result of completion of the APA (1 June 2018), the Group acquired the assets of 16 Pizza Hut Delivery and Express restaurants, previously run by PH Russia in Moscow. The purchase price was estimated at RUB 142.6 million (EUR 1.9 million).

AmRest believes in a great potential for growing presence of Pizza Hut brand in Russia. The master franchise rights will contribute to strengthening the partnership with Yum! Brands and AmRest's leadership position of restaurant operator in Russia.

Acquisition of 15 KFC restaurants in France

On 23 May 2018 AmRest signed the Binding Head of Terms ("HoT") determining the key terms and conditions of a purchase of 15 equity restaurants from KFC France SAS ("KFC Business"), operated in the French market and signing of Standard KFC International Franchise Agreement for each restaurant.

On 26 July 2018 AmRest Opco, AmRest Leasing SAS, AmRest Estate SAS (jointly: „Buyer") and KFC France SAS ("KFC France"), NOVO BL (jointly "Seller") signed the Framework Agreement, under the terms of which AmRest would acquire 15 equity restaurants run by KFC France in the French market and AmRest Opco and KFC France would sign the standard KFC International Franchise Agreement for each restaurant.

The purchase price was approximately EUR 33.3 million.

Estimated revenues of the restaurants in 2017 amounted to EUR 40 million.

(all figures in EUR millions unless stated otherwise)

Also on 26 July 2018, AmRest Opco and KFC France signed the Development Agreement setting forth the development plans of the KFC brand in France. According to the agreement AmRest intends to open in the French market about 150 KFC restaurants by end of 2023.

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

AmRest took over from KFC France all 15 equity restaurants between mid-September and early November 2018.

Acquisition of BACOA brand

On 16 July 2018 AmRest Tag, S.L.U. ("AmRest Tag", which is an indirect 100% subsidiary of AmRest Holdings SE) signed the Binding Offer (the "Offer") with Bloom Motion, S.L. and Mr. Johann Spielthener (jointly the "Seller"), determining the key terms and conditions on, and subject to which, AmRest Tag would be willing to enter into definitive Share Purchase Agreement ("SPA") with the Seller and acquire from the Seller 100% of the share capital of the companies Bacoa Holding, S.L. and Black Rice, S.L. (jointly the "Target Companies").

The Target Companies run a restaurant chain of six burger restaurants under the Bacoa brand in Spain (in Barcelona and in Madrid) operated through both equity and franchise model.

The definitive Share Purchase Agreement between AmRest Tag and the Seller was signed on 31 July 2018. As the result, AmRest Tag acquired 100% of Bacoa Holding, S.L. and Black Rice, S.L. share capital, and effectively a restaurant chain of six burger restaurants under the Bacoa brand in Spain. The purchase price based on Enterprise Value (on the cash-free and debt-free basis) amounted to approx. EUR 3.7 million. In 2017 financial year Bacoa network generated the system sales of approx. EUR 10 million.

Acquisition of Sushi Shop Group SAS

On 24 July 2018 AmRest signed an agreement with Mr. Grégory Marciano, Naxicap Partners SA and remaining sellers (jointly "Sellers") setting forth AmRest's irrevocable commitment to purchase 100% shares in Sushi Shop Group SAS ("Sushi Shop", "Group"). On 27 July 2018 AmRest and the Sellers signed the Share Purchase Agreement (the "SPA") aimed at the acquisition by AmRest of 100% shares in Sushi Shop.

The purchase price based on Enterprise Value (on the cash-free and debt-free basis) was estimated at approx. EUR 240 million, of which an equivalent of EUR 13.0 million was to be paid to Mr. Grégory Marciano and Mr. Adrien de Schompré in the AmRest's shares.

Sushi Shop is the operator of the leading European chain of Japanese cuisine restaurants comprising of 165 stores, of which about one third are restaurants run by franchisees. Upscale Sushi Shop restaurants are present in France (72% of the entire business) and in 11 other countries (including Spain, Belgium, Great Britain, Germany, Switzerland, Italy). The Sushi Shop Group's business model is based mainly on the "delivery" (55% of sales) and "take-away" (32% of sales) channels.

The consolidated revenues of Sushi Shop in 2017 amounted to ca. EUR 130 million.

The acquisition was meant to strengthen AmRest's portfolio with a well-established proprietary brand in sushi category. The offer of Sushi Shop shall add substantial leverage on food delivery platforms of the Group.

On 31 October 2018 AmRest announced the completion of the SPA (the "Completion"), after fulfillment of all obligations and obtaining all required approvals.

Share Purchase Agreement – TELE PIZZA, S.A.U.

On 26 July 2018 AmRest Sp. z o.o. („AmRest Poland”) and TELE PIZZA, S.A.U. (“Seller”) signed a Share Purchase Agreement, pursuant to which AmRest Poland would acquire 100% shares of TELEPIZZA POLAND Sp. z o.o. (“Telepizza Poland”) at an estimated price of ca. EUR 8 million. The final purchase price would be determined at the day of closing the transaction.

Telepizza Poland is the master franchisee of Telepizza restaurants across Poland and is fully owned by the Seller. Currently Telepizza Poland operates 95 restaurants, both in equity (33 units) and franchise (62 locations) business model.

In 2017 the network generated system sales of approx. PLN 103 million. The consolidated revenue of Telepizza Poland amounted to about PLN 73.3 million.

Both parties intend to close the transaction within the next couple of months. The completion is contingent upon a number of conditions, including obtaining antitrust approvals, conclusion of a license agreement with the Seller authorizing Telepizza Polska to continue operation of its business and lack of the material adverse change events (“MAC”).

As at the date of this report, the transaction has not been finalized.

Investment in Shares of Glovoapp23, S.L.

On July 18 2018 AmRest announced signed the Shareholders' Agreement, Subscription Agreement and Share Purchase Agreement (altogether: “Agreements”) with Glovoapp23, S.L., based in Barcelona, Spain (“Glovo”) and its existing and new shareholders. Based on the Agreements AmRest acquired a tranche of newly issued shares in Glovo as well as purchased a portion of existing shares from certain shareholders of Glovo (“Investment”). As a result of the Investment in the total amount of EUR 25 million, AmRest became co-lead investor holding 10% of total number of Glovo shares. The Investment assured AmRest a board seat in Glovo.

Glovo is one of the key players in digital food delivery on the Spanish market. It is an application that allows to buy, collect and send any product within the same city at a time. It has more than 1 million users and 5 600 associated partners. In Spain, the service is available in the urban areas of ca. 20 cities. Internationally, Glovo operates in the main capital cities in Europe and EMEA, and also in 9 countries of LATAM.

Taking into consideration the growing importance and impact of digital technologies in the consumer foodservice sector and increasing market share of online food-ordering channel, AmRest believes that the partnership with Glovo will strengthen the Group’s position in the aggregator and delivery segment. Another investment into digital ventures was a natural decision embodying the AmRest’s strategy of achieving the leading position on all the markets of AmRest operation in both dine-in and delivery segment.

Increase of the nominal value of the Company shares and share split

On 21 September 2018, with reference to the resolutions adopted by the General Shareholders’ Meeting on 6 June 2018, AmRest informed about the registration by the Commercial Registry (Registro Mercantil) in Madrid of the increase of the nominal value of the Company shares from 0.01 EUR to 1 EUR for each share with charge to share premium reserve “Nominal Value Increase” and subsequent reduction of the nominal value of shares from 1 EUR to 0.1 EUR with exchange ratio of 1:10 without any change in share capital (“Split”). The abovementioned registration took place on 20 September 2018.

In line with a resolution dated 27 September 2018 passed by the Krajowy Depozyt Papierów Wartościowych (KDPW), the registration in KDPW of the Nominal Value Increase was executed on 2 October 2018 while the

(all figures in EUR millions unless stated otherwise)

Split was executed on 3 October 2018. As a result the total number of Company shares traded on the Warsaw Stock Exchange ("WSE") increased to 212 138 930, each of a nominal value of 0.1 EUR.

Transfer the home deposit to Spain and change of the ISIN code

On 28 September 2018, AmRest informed that in connection with the transfer of the Company's registered office to Spain, AmRest decided to transfer the home deposit of its shares to Spain. The depository of the Company's shares in Spain would be Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal („Iberclear"), in which the Company's shares would be registered under the Spanish ISIN code ES0105375002. This would not affect the quotations of AmRest shares on the Warsaw Stock Exchange ("WSE").

Due to the change of the ISIN code the trading of AmRest shares was suspended from 4 October to 8 October 2018, inclusive.

On 5 October 2018 Krajowy Depozyt Papierów Wartościowych (the National Depository of Securities in Poland; "KDPW") adopted a resolution, according to which the Management Board of KDPW decided to register 212 138 930 shares of the Company with a nominal value of EUR 0.10 each in KDPW as a secondary deposit under new ISIN code ES0105375002 (hitherto registered in KDPW as home deposit under the code NL0000474351).

Share capital increase through a private placement

On 11 October 2018 AmRest announced that by virtue of the delegation granted by the Ordinary General Shareholders' Meeting held on 6 June 2018, under item thirteenth of its agenda, the Board of Directors of the Company has resolved to carry out a share capital increase excluding pre-emption rights (the "Share Capital Increase") in an effective amount (including nominal amount and share issue premium) of EUR 70 million.

On 12 October AmRest informed about the completion of the private placement process solely addressed to qualified or institutional investors carried out by JB Capital Markets Sociedad de Valores, S.A. (the Sole Global Coordinator) through a book-building process. The offer price of the New Shares had been set at EUR 9.44 (PLN 40.75) per share, with a nominal value of EUR 0.10 per share and an issue premium of EUR 9.34 per share.

Under the Share Capital Increase, the Company issued 7 415 253 New Shares, of the same class and series as the outstanding shares in the Company. Consequently, the total gross proceeds (including nominal value and share issue premium) of the Share Capital Increase amounted to EUR 69 999 988.32, with a total nominal value of EUR 741 525.30 and a total share issue premium of EUR 69 258 463.02.

The New Shares represent 3.50% of the Company's share capital before the Share Capital Increase and 3.38% of its share capital thereafter.

Dual listing in Spain

On 20 November 2018 the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores, "CNMV") confirmed that the applicable requirements for the listing on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia of all 219,554,183 ordinary shares of AmRest with a EUR 0.10 face value had been met.

The date of introduction of the Company's shares to trading on the Spanish Stock Exchanges, through the Spanish Automated Quotation System (Sistema de Interconexión Bursátil - SIBE) was 21 November 2018.

3. Shareholders of AmRest Holdings SE

To the best of AmRest's knowledge as at 31 December 2018 AmRest Holdings had the following shareholder structure:

Shareholder	Number of shares and votes at the Shareholders' meeting	% of shares and votes at the Shareholders' meeting
FCapital Dutch B. V.*	123 777 447	56.38%
Gosha Holding S.à.r.l.**	23 426 313	10.67%
Nationale-Nederlanden OFE	10 718 700	4.88%
Artal International S.C.A.	10 500 000	4.78%
Aviva OFE	7 013 700	3.19%
Other Shareholders	44 118 023	20.10%

* FCapital Dutch B. V. is the majority shareholder of FCapital Lux (holding directly 56 509 547 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finacces SAPI de CV is the direct majority shareholder of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The direct majority shareholder of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is a member of AmRest's Board of Directors.

** Gosha Holding S.à.r.l. is a legal entity closely associated with Mr. Henry McGovern and Mr. Steven Kent Winegar, members of AmRest's Board of Directors.

4. External debt

Grant of the Tranche E and F under the Credit Agreement

With reference to regulatory announcement RB 229/2017 dated 6 October 2017 concerning the credit agreement signed on 5 October 2017 between AmRest Holdings SE, AmRest Sp. z o.o. and AmRest s.r.o. – jointly „the Borrowers” and Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A and Česká spořitelna, a.s. – jointly „the Lenders” (“the Agreement”), on 14 June 2018 AmRest received from Bank Polska Kasa Opieki S.A., being the facility agent of mentioned credit, the Confirmation Statement committing Tranche E of the credit facility in the amount of PLN 280 million. The Confirmation Statement was issued at the request of the Borrowers. Tranche E was dedicated to repayment of the Polish bonds.

On 1 October 2018 AmRest informed about amendment to the Agreement signed on 1 October 2018, which resulted in committing Tranche F of the credit facility in the amount of EUR 190 million. Tranche F was dedicated to finance acquisitions and general purposes of the AmRest Group.

Redemption of 14 000 dematerialized bearer bonds AMRE03300618 series

On 2 July 2018 the Company made a redemption of 14 000 dematerialised bearer bonds AMRE03300618 series, with a par value of PLN 10 000 per one bond and the total nominal value of PLN 140 million (EUR 31.9 million). The bonds were issued by AmRest on 18 June 2013 with the maturity date falling on 30 June 2018. The redemption of the bonds resulted in expiry of all rights and obligations arising from them (according to Art. 74 of the Act on bonds dated 15 January 2015).

Early redemption of 14 000 dematerialized bearer bonds AMRE04100919 series

On 28 September 2018, in accordance with point 4.2 of Terms and Conditions of the Issue of Series AMRE04100919 Bonds, AmRest made an early redemption of 14 000 dematerialised bearer bonds AMRE04100919 series (“the Bonds”), with a par value of PLN 10 000 per one bond and the total nominal value of PLN 140 million (EUR 32.7 million). The Bonds were issued on 10 September 2014 with the maturity date

(all figures in EUR millions unless stated otherwise)

falling on 10 September 2019. The early redemption of the Bonds at the request of the Issuer was carried out by a cash payment in the amount of the nominal value of the Bonds increased by accrued interest and early redemption premium calculated in accordance with point 3 and 4 of the Terms and Conditions of the Bonds Issue. The buyout of the Bonds was refinanced with bank loans. The redemption of the Bonds resulted in expiry of all rights and obligations arising from them (according to Art. 74 of the Act on bonds dated 15 January 2015).

5. Information on dividends paid

Dividends have not been distributed during the 12 months ended 31 December 2018.

6. Changes in the Company's Governing Bodies

On 14 March 2018 AmRest received a confirmation of the registration on 12 March 2018 of its registered office in Pozuelo de Alarcón, Madrid, Spain. Due to that change the corporate structure of the Company has changed into one-tier board system. Currently, the only body which is in charge of governing the Company is the Board of Directors. According to the resolution adopted by the Extraordinary General Meeting of AmRest Holdings SE on 5 October 2017 the composition of the Board of Directors is as follows:

- Mr. José Parés Gutiérrez
- Mr. Carlos Fernández González
- Mr. Luis Miguel Álvarez Pérez
- Mr. Henry McGovern
- Mr. Steven Kent Winegar Clark
- Mr. Pablo Castilla Reparaz
- Mr. Mustafa Ogretici

As at the day of publication of this Report the composition of the Board of Directors has not changed.

7. Changes in the number of shares held by members of the Board of Directors

During the period since 1 January 2018 till the publication date of this Report the following changes occurred with respect to AmRest shares and stock options held by the members of the Board of Directors of AmRest.

To the best knowledge of AmRest, following members of the Board of Directors owned in this reporting period the Issuer's shares: Mr. Henry McGovern, Mr. Carlos Fernández González and Mr. Steven Kent Winegar Clark.

The data as at 31 December 2018 and the date of publication of this Report were impacted by recent increase of the nominal value of the Company shares, share split and share capital increase through a private placement.

As at 31 December 2017 Mr. Henry McGovern held directly 7 234 shares of the Company with a total nominal value of EUR 72.34. On 31 December 2018 (and simultaneously on the date of publication of this report) he held 172 340 AmRest's shares with a total nominal value of EUR 17 234.

(all figures in EUR millions unless stated otherwise)

As at 31 December 2017 Gosha Holdings S.a.r.l. - the closely associated person of Mr. Henry McGovern and Mr. Steven Kent Winegar Clark (the Company's Board of Directors members) held 2 463 511 the AmRest's shares with a total nominal value of EUR 24 635.11. On 31 December 2018 (and simultaneously on the date of publication of this report) Gosha Holdings S.a.r.l. held 23 426 313 shares of the Company with a total nominal value of EUR 2 342 631.3.

As at 31 December 2017 FCapital Dutch B.V. – the closely associated person of Mr. Carlos Fernández González (member of the Company's Board of Directors) held 11 959 697 AmRest's shares with a total nominal value of EUR 119 596.97. On 31 December 2018 (and simultaneously on the date of publication of this report) FCapital Dutch B.V. held 123 777 447 shares of the Company with a total nominal value of EUR 12 377 744.7.

8. Transactions on own shares concluded by AmRest

The commencement of the purchase of treasury shares for the purposes of execution of the management option plans occurred on the basis of Resolution No. 7 of the General Meeting of the Company of 19 May 2015 concerning the authorisation for the Board of Directors to acquire treasury shares in the Company and the establishment of reserve capital and (replacing it) Resolution No. 9 of the General Meeting of the Company of 6 June 2018 concerning the authorization to the Board of Directors for the derivative acquisition of the Company's own shares made directly by the Company or indirectly through its subsidiaries as well as for the sale of the own shares.

In the period between 1 January 2018 and 31 December 2018, AmRest purchased a total of 926 076 own shares for a total price of approx. PLN 41 million (EUR 9.4 million). During the same period, the Company disposed a total of 588 048 own shares to entitled participants of the stock options plans. As at 31 December 2018 AmRest held 1 586 738 own shares.

9. Basic risks and threats the company is expose to

The Board of Directors 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 Board of Directors of AmRest performed a review, an analysis and a ranking of risks to which the Group is exposed. The main current risks that affects AmRest Holdings SE entity and threats have been summarised in this section. AmRest Holdings SE reviews and improves its risk management and internal control systems on an on-going basis.

Risk related to keeping key personnel in the Group

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.

Currency risk

The results of AmRest Holdings are exposed to currency risk related to transactions and translations into currencies other than the currency in which business transactions are measured in its subsidiaries companies.

(all figures in EUR millions unless stated otherwise)

AmRest Holdings SE 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.

Dependency on cooperation with minority shareholders

AmRest opens Starbucks restaurants in Poland, the Czech Republic and Hungary based on a partnership agreement with Starbucks Coffee International, Inc. The partnership assumes Starbucks Coffee International, Inc. is the minority shareholder of companies operating Starbucks stores in mentioned countries. Therefore, some decisions as part of the joint business activities are dependent on the partners' consent.

The 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. If AmRest fails 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 these companies by acquiring shares from AmRest Sp. z o.o. at a price agreed between the parties based on the valuation of the companies.

Risk of increased financial costs

AmRest Holdings SE is 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, AmRest Holdings SE 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.

Liquidity risk

AmRest Holdings SE is exposed to the risk of lack of financing now of maturity of bank loans and bonds. As at 31 December 2018, AmRest Holdings SE has enough short-term assets, including cash and promised credit limits, to fulfil its liabilities due in the next 12 months.

Tax risk

In the process of managing and making strategic decisions, which can affect the tax settlements, AmRest is exposed to tax risk. All irregularities occurring in tax settlements increase of the risk of dispute in the case of a potential tax control. As part of these risks' minimalization, AmRest takes care of deepening the knowledge of its employees in the area of tax risk management and compliance with respective legal requirements. The Company implements adequate procedures to facilitate the identification and subsequent reduction or elimination of risks in the area of tax settlements.

Moreover, in connection with frequent legislative changes, inconsistency of regulations, as well as differences in interpretation of legal regulations, AmRest uses professional tax advisory services and applies for binding interpretations of the tax law provisions.

Cyberattack risk

Group's operations are supported by wide variety of IT systems, including point-of-sale systems, electronic ordering platforms, supply-chain management systems and finance and controlling tools. Consequently, the Group is exposed to the risk of temporary operational disruption, data integrity risk and/or unauthorized access to confidential data, which may be a result of both intentional cyberattack or an unintentional event. In order to mitigate these risks, the Group established specialized IT-security unit and implemented appropriate

(all figures in EUR millions unless stated otherwise)

cybersecurity risk mitigation tools, including security polices, personnel training and technical prevention countermeasures.

10. Average number of employees

The average number of employees, distributed by categories, for the year 2018 is a follow:

Categories	2018
Executive Managers	1.0
Other Managers	1.0
	2.0

The Company did not have any employees during 2017.

The number of employees and members of the board of directors, distributed by gender, as at 31 December 2018 is a follow:

Gender	2018
	Males
Board members	7
Executive Managers	1
Other Managers	1
	9

There are no employees with a disability rating of 33% or higher during 2018.

11. Average payment period

During the year ended on 31 December 2018, the average payment period was 28 days, which is below the maximum established in the regulations.

12. Subsequent Events

There have been no subsequent events that reveal circumstances that already existed on the closing date of the year and have assumed, according to their nature, the inclusion of an adjustment in the figures contained in the annual accounts. There have also been no subsequent events that show conditions that did not exist at the end of the year and that are of such importance that they affect the ability of the users of the annual accounts to evaluate them.

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Luis Miguel Álvarez Pérez
Vice-Chairman of the Board

Carlos Fernández González
Member of the Board

Henry McGovern
Member of the Board

Steven Kent Winegar Clark
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mustafa Ogretici
Member of the Board

Madrid, 27 February 2019

