



SELF ASSESSMENT REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR 2018

1. INTRODUCTION

The Committee has prepared this report pursuant to the terms stipulated in the internal regulations of AmRest Holdings, SE ("**AmRest**" or the "**Company**") and in order for the Board of Directors to supervise the performance of the Committee in accordance with Article 6.5 of the Board of Directors Regulation and Article 529 nonies of Royal Legislative Decree 1/2010 of 2 July approving the consolidated text of the Corporate Enterprises Act (the "**Corporate Enterprises Act**").

This report is based on the activities performed by the Audit Committee between 12 March 2018 – the date on which the Company moved its registered office from Warsaw (Poland) to its current location in Madrid (Spain) – and 31 December 2018, and will be available to shareholders and investors on the Company's website (www.amrest.eu) as of the time at which the general shareholders' meeting is called.

The content of this report observes the terms set out under the recommendations contained within the Spanish Stock Market Regulator's (*Comisión Nacional del Mercado de Valores*, the "**CNMV**") Technical Guidelines 3/2017 on the audit committees of public interest enterprises (the "**Technical Guidelines**").

2. REGULATION

The rules regarding the organisation and performance of the Audit Committee are outlined in the Board of Directors Regulation and Audit Committee Regulation, both of which are available for perusal on the Company's website (www.amrest.eu).

3. COMPOSITION

Articles 19 of the Board of Directors Regulation and 11 of the Audit Committee Regulation stipulate that the Committee must be composed of a minimum of three members and a maximum of five, all of whom must be appointed by the Board from among its non-executive members. The majority of the Committee members must be independent Board members.



Moreover, at least one of the Committee members must be appointed based on their knowledge and experience in accounting, auditing or both. As a group, said members will possess the relevant know-how with regard to the sector in which the Company operates.

The Chairman of the Audit Committee must be an independent Board member and be replaced every four years. Re-election to this role is not permitted until at least one year has passed from stepping down.

In the 2018 fiscal year, the Audit Committee was formed as follows:

- (i) Mr. Pablo Castilla Reparaz (Chairman appointed on 12 March 2018), an independent, external AmRest Board member since the Company moved its registered office to Spain in March 2018. Having been appointed as a Board member by the general shareholders' meeting on 5 October 2017 upon the aforementioned relocation of the registered office, his tenure in such role is set to expire on 5 October 2021.

Mr. Castilla, a Spanish national, has worked in the banking sector for the last 30 years at Banco Santander, S.A. and possesses ample experience in M&A transactions. Mr. Castilla Reparaz has also held the roles of Director of Santander Direkt Bank (Germany), Director of Banco Mercantil (Peru), Non-member Secretary of BT Telecomunicaciones, S.A., Member Secretary of Santander Investment, S.A. and Secretary of the Grupo Santander Investment Committee. At present, he also holds the role of Member Secretary of Grupo Vitaldent.

Mr. Castilla is a Graduate of Law from Universidad de San Pablo and holds Master's Degrees in Tax Law and EU Law (ICAI – ICADE). He also completed the Advanced Management Program for Overseas Bankers at Wharton School of the University of Pennsylvania and is a member of the Illustrious Bar Association of Madrid.

- (ii) Mr. José Parés Gutiérrez (Committee Member), an external proprietary AmRest Board member since the Company moved its registered office to Spain in March 2018. Having been appointed as a Board member by the general shareholders' meeting on 5 October 2017, his tenure in such role is set to expire on 5 October 2021.

Mr. Parés, a Mexican national, is the Chief Executive Officer of Finaccess Capital, in charge of portfolio management. He is also the Chairman of the Board of Crown Imports (Chicago, Illinois), Vice Chairman of the Board of MMI (Toronto, Canada), Chairman of the Board of DIFA (Mexico) and a former member of the Mexican Brewers Association



(*Cámara de Cerveceros de México*). Prior to that, Mr. José Parés spent 19 years of his career working in various roles for Grupo Modelo (Mexico).

Mr. Parés graduated in Business and Finance from Universidad Panamericana de México and also completed an MBA at ITAM (Mexico), a Business D-1 Programme at IPADE (Mexico) and an Executive Programme at Wharton School's San Francisco campus.

- (iii) Mr. Mustafa Ogretici (Committee Member), an independent, external AmRest Board member since the Company moved its registered office to Spain in March 2018. Having been appointed as a Board member by the general shareholders' meeting on 5 October 2017, his tenure in such role is set to expire on 5 October 2021.

Mr. Ogretici, a British national, specialises in the gastronomy and real estate sectors. His experience includes managing restaurants and franchising. Since 1997, he has owned and managed a number of restaurants in the UK and since 2005 has been investing in real estate.

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

Mr. Eduardo Rodríguez Rovira and Mr. Jaime Tarrero Martos, the Non-member Secretary and Deputy Secretary of the Board of Directors respectively, hold the same roles on the Audit Committee in accordance with the terms of the Board of Directors Regulation.

Information on each of the Audit Committee members can be found on the Company's website (www.amrest.eu).

Upon being formed exclusively of non-executive members appointed by the Board, the majority of whom are independent members, and with the chairman also being an independent Board member, the composition of the Committee in 2018 meets the requirements set out under the Corporate Enterprises Act, the Board of Directors Regulation and the Audit Committee Regulation.

Moreover, the Committee members' collective professional profiles and career history ensure that they have the relevant know-how on the sector in which AmRest operates.



4. MEETINGS HELD BY THE COMMITTEE AND THEIR ATTENDEE PROFILE DURING 2018

The Audit Committee meets as often as arranged and agreed by the Committee itself or the Chairman. A minimum of four meetings are held per year. One of the meetings must be used to assess the efficiency and compliance of the Company's corporate governance rules and procedures, as well as to prepare the financial information to be approved by the Board and included in the annual public documents.

Audit Committee meetings are deemed validly established when attended by the majority of its members, whether present themselves or represented, and when resolutions are adopted by way of such majority.

In 2018, from the time at which the Company relocated its registered office to Spain, the Audit Committee met on eight occasions, with all members attending each session. Thus, enough meetings were held for the Committee to properly perform its duties.

The Committee meetings were attended at all times by members of the AmRest management team and on certain occasions, where necessary, the accounts auditors and internal auditor. Said persons' attendance at the meetings was always by way of invitation from the Committee, with their participation restricted to addressing the agenda items underpinning their particular invitation. At no point were non-AmRest members present during the decision-making sections of these meetings.

The Company's new accounts auditors, KPMG Auditores, S.L. ("**KPMG**") attended two formal Committee meetings aimed at (i) reporting on the limited review of the condensed consolidated financial statements and management report as at 30 June 2018; and (ii) reporting on the audit process for the 2019 fiscal year.

In addition, the Committee members were also joined on three occasions by the Company's internal auditor, Jacek Niewiadomski, in order for the latter to provide details on the structure, activities and procedures of the internal audit and control team. The Chairman of the Committee has also met with KPMG and Jacek on several occasions outside the Committee meetings to follow up.

5. ACTIVITIES PERFORMED DURING THE 2018 FISCAL YEAR

In fulfilment of the duties undertaken in virtue of Article 19 of the Board of Directors Regulation and Articles 5 to 10 of the Audit Committee Regulation, the Committee based its 2018 meetings on the following key activities:



5.1. Review of the annual accounts and other cyclical financial information

The Audit Committee reviewed the Company's individual and consolidated annual accounts for the 2017 fiscal year prior to them being put together by the Board of Directors. In this regard, the Audit Committee issued a favourable report to the Board of Directors prior to the preparation of such accounts. Moreover, the Committee oversaw the preparation and inclusion of the individual and consolidated quarterly and half-year financial information which the Board of Directors will disclose to the market and issue to the Spanish Stock Market Regulator (CNMV) as part of its duty to provide recurring information as a listed company.

There were no reservations found in the audit reports on AmRest's individual and consolidated annual accounts for the fiscal year ended 31 December 2017, but an emphasis of matter on risk associated with the ongoing tax proceedings and audits in a subsidiary of the parent Company, AmRest Sp. Z o.o. with the uncertainty as to the future outcome of these proceedings.

There are no reservations expected to be found in the audit reports on AmRest's individual and consolidated annual accounts for the fiscal year ended 31 December 2018.

5.2. External audit

Having assessed all the offers available, the Committee issued a proposal to the Board for the appointment of KPMG as auditor for an initial term of three years comprising the 2018, 2019 and 2020 fiscal periods, as well as the approval of the auditor's fees and terms and conditions, and the signing of the corresponding services agreement. In turn, the Board of Directors suggested to the general shareholders' meeting the appointment of the same firm as the Company and group's accounts auditor for the aforementioned fiscal years. The ordinary general shareholders' meeting held on 6 June 2018 agreed to the appointment of KPMG under the terms described above.

The Audit Committee has overseen the relationships with external auditors and established the necessary lines of communication to receive information on any queries relating to the accounts auditing process. Moreover, the Committee has also presided over the fulfilment of the audit agreement, ensuring that the opinion on the annual accounts and key content of the audit report were drafted in a clear and accurate manner.

Lastly, the Committee has agreed to hire KPMG to perform non-audit services – which are not prohibited under accounting regulations – in Russia.



5.3. Internal audit

Throughout 2018, the Audit Committee performed the duties relating to the internal auditing of the Company as assigned thereto under the Board of Directors Regulation and Audit Committee Regulation, namely: (i) to safeguard the autonomy and efficiency of the internal audit function, ensuring the availability of sufficient resources and suitably-qualified personnel to perform these duties effectively; (ii) to approve the internal audit department's budget, the internal audit plan and the annual activity report, ensuring a pro-active approach and that the key focus of its activity is centred around the major risks to the Company and group; (iii) to receive regular activity-based information; and (iv) to verify that the senior management team duly takes on board the conclusions and recommendations set forth in its reports.

5.4. Compliance of corporate governance regulations and fulfilment of the obligations imposed on listed companies. Supervision of tax and legal matters

In 2018, the Audit Committee oversaw compliance with the Internal Securities Market Conduct Regulation, the Board of Directors Regulation and, in general, the Company's rules on corporate governance. No key breaches of these regulations were reported. The Audit Committee also regularly supervises legal and tax matters of the Group.

5.5. Related-party transactions

Regarding its advisory role on transactions with related parties as set out in Articles 19.4.(g).(iii) of the Board of Directors Regulation and 5.(g).(iii) of the Audit Committee Regulation, the Audit Committee has monitored the linked transactions executed by the Company and, where necessary, reported its findings back to the Board of Directors.

5.6. Risk control and management

In accordance with Articles 19.4.(b) of the Board of Directors Regulation and 5.(b) of the Audit Committee Regulation, the Audit Committee has overseen the effectiveness of the Company's internal control and risk management systems. In this regard, the Audit Committee has regularly reviewed the internal control and risk management systems in order to identify and manage the key risks faced by the Company, as well as to spread the awareness thereof.

The Committee has agreed to carry out a further assessment of the overall risks to which the Company is exposed as a means of updating the evaluation performed in 2016 and with a view to issuing its findings in the second half of the 2019 fiscal year.



5.7. Liaison with regulatory bodies

The Audit Committee has reviewed the notifications received from the CNMV, in particular those outlining the numerous suggestions raised in terms of the content of the financial information to be published by the Company and its group.

5.8. Information on the Company's treasury stock

Pursuant to the recommendations outlined in the document entitled "Recommended Criteria by the Spanish Stock Market Regulator to be observed by the issuers of securities and financial brokers acting on behalf of such issuers in discretionary treasury stock transactions" published on 18 July 2013, members of the Audit Committee have analysed and taken note of the Company's treasury stock balance and the transactions executed using its own shares on a quarterly basis.

6. PROPOSALS RELATING TO THE COMPANY'S CORPORATE GOVERNANCE RULES

Throughout 2018, the Audit Committee reported favourably to the Board of Directors on the approval of several of the Company's corporate governance-related documents, including: (i) the Audit Committee Regulation; (ii) the Corporate Social Responsibility Policy; (iii) the Whistleblower Protocol; (iv) the Gender Policy; (v) the Corporate Conduct Code (containing the Ethics Code and Conflict of Interest and Non-compete Policy); (vi) the Corporate Tax Policy; (vii) the Internal Audit Bylaws; and (viii) the Accounts Auditor Appointment and Relationship Charter.

In addition, and in order to achieve greater adherence to the Technical Guidelines, a proposal for the approval of a Committee Regulation was issued to the Board of Directors.

Moreover, the Committee has reviewed the extent to which both it and the Company are aligned to the Technical Guidelines. Having completed this work, the Committee has approved (i) a whistleblower protocol; (ii) an annual Audit Committee action plan for the 2019 fiscal year; and (iii) an accounts auditor appointment and relationship charter.

7. ASSESSMENT OF THE PERFORMANCE AND FUNCTIONING OF THE AUDIT COMMITTEE. CONCLUSIONS

The Board of Directors has assessed the performance of the Audit Committee for the 2018 fiscal year, the degree of preparation and execution of the tasks mandated thereto by the Board and the performance of its internal control and supervisory duties in relation to the development



of the areas under its responsibility. In this regard, the Board of Directors deems the Audit Committee's performance to be satisfactory.

The assessment of the Audit Committee performance has not raised any significant requirements for modifications to its internal organisation or procedures.

* * *