IBERSOL – SGPS, SA

Publicly Listed Company

Head Office: Edifício Península, Praça do Bom Sucesso,

n.º 105 a 159 – 9.º andar,

4150 – 146 Porto

Share Capital : 36.000.000 €

Registered at the Porto Commercial Registry Office under the registration and tax identification number 501669477

2018 ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

(Proposed first item of the shareholders meeting)

- **MANAGEMENT REPORT**
- **CORPORATE GOVERNANCE REPORT**
- **SUSTAINABILITY REPORT**
- **FINANCIAL STATEMENTS**

1. Introduction

Following record GDP growth in 2017 (2.3%), we reached the end of 2018 with 2.1% growth, according to the National Statistics Bureau (INE). This can be largely put down to a decrease in exports of Goods and Services (from 7.8% in 2017 to 3.7%). Internal demand – investment – also contributed to the slowdown, despite expenditure having risen from 2.3% to 2.5%. Part of this expenditure, which was in large part due to the record high numbers in tourism, was spent in our restaurants.

Foreign tourists spent 1.9 million euros per hour in Portugal last year, or 45.5 million euros a day, the highest value on record. Altogether, the Portuguese economy exported 16.6 billion euros in travel and tourism.

Being optimists, we continue to believe that Portugal has the necessary conditions to continue to grow and converge with Europe, despite uncertainties at the external level. This is the background against which we manage the Group's activities in the three markets in which we operate: Portugal, Spain and Angola.

Last year's activity was marked by the agreement reached between Pizza Hut and Telepizza in May, which was approved at the end of the year by the directorate-general for competition of the European Commission, although the impact will only really be visible in coming years. We believe Pizza Hut will continue to be a valuable asset to the Group, due to the importance and the quality of the brand.

This was also an important year for our agreement with Burger King, with the opening of new restaurants.

Equally important to the management of our group was the signing of two investment tax contracts with the State, representing a total of 42.5 million euros, which guarantees the creation of 926 jobs, as well as the concession of financial benefits to group companies.

The economic situation in Spain also showed signs of slowing down, despite growth of 2.5% in 2018. This fell below Government estimates, although it is in line with both Bank of Spain and IMF forecasts.

As for Angola, a country which is feeling the effects of the new and transformative leadership of João Lourenço, 2018 was marked by a 2.4% recession, according to FocusEconomics consultants, although this is expected to give way to growth over the next few years.

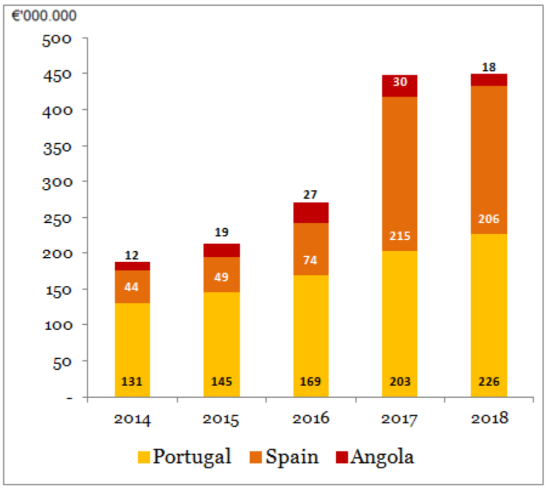
The important oil sector continued to fall short of desired results in the last quarter of 2018, with falling oil prices offsetting any gains from the slightly higher turnout of the previous quarter. But there is a silver lining. The economy will recover in 2019. Inflation should drop and the Kwanza is expected to stabilise, sustaining private expenditure, while ongoing IMF sponsored reforms should boost growth in investment and in economic activity.

Bloomberg analysts expect economic growth of 2.2% for Angola, which should climb to 2.5% in 2020, whereas inflation should remain above 16%. It is worth noting good signs in terms of foreign currency transfers, with the National Bank of Angola taking on a stabilising role.

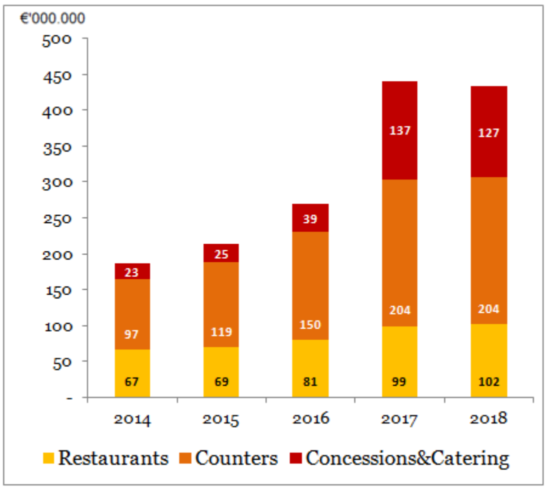
We want to remain focused on customer satisfaction in all the markets the group operates in, in the knowledge that in the end what matters is good value for money and the good experiences we provide with every visit to our restaurants.

2. Key indicators

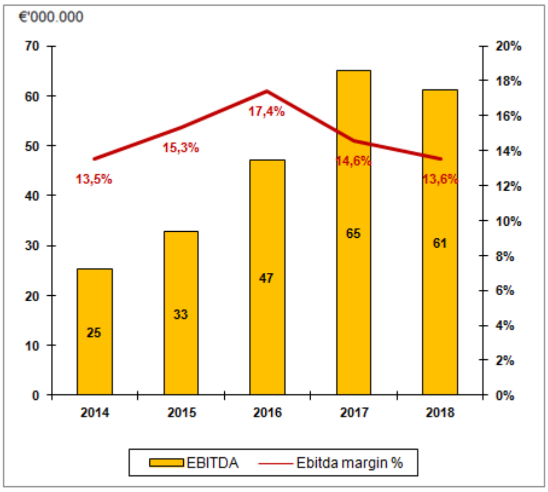
Turnover Evolution



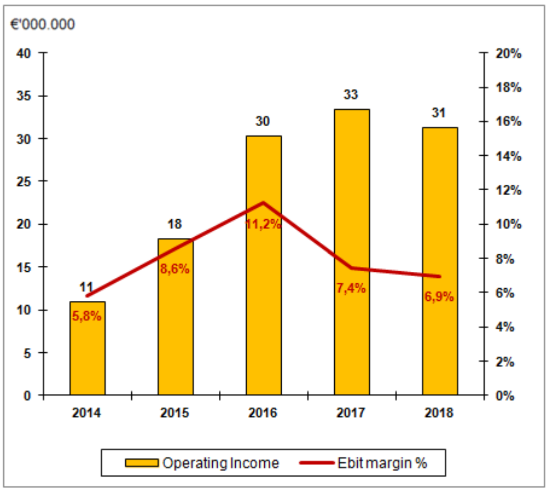
Sales in Restaurants



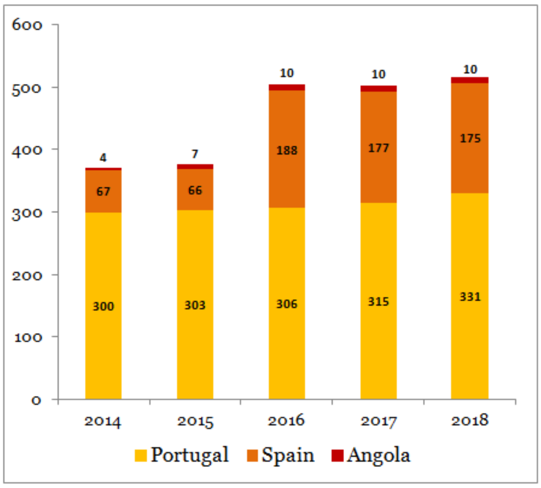
EBITDA and Ebitda Margin



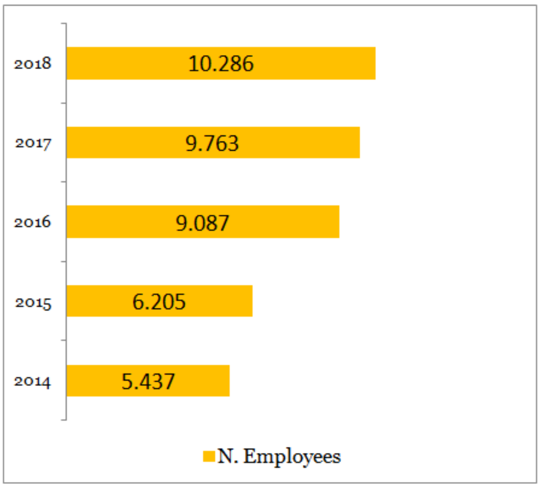
Operational Income and Ebit Margin



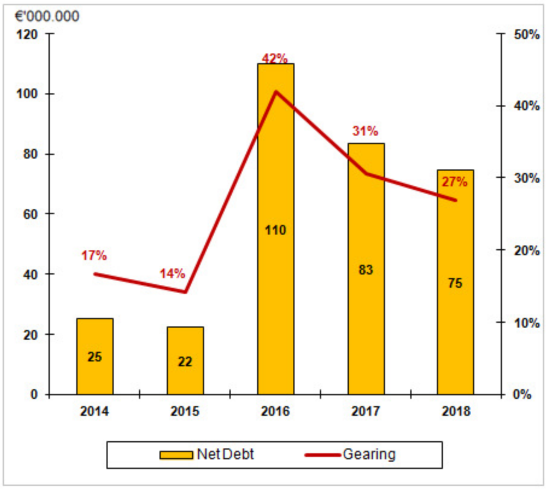
Number of Restaurants per Country



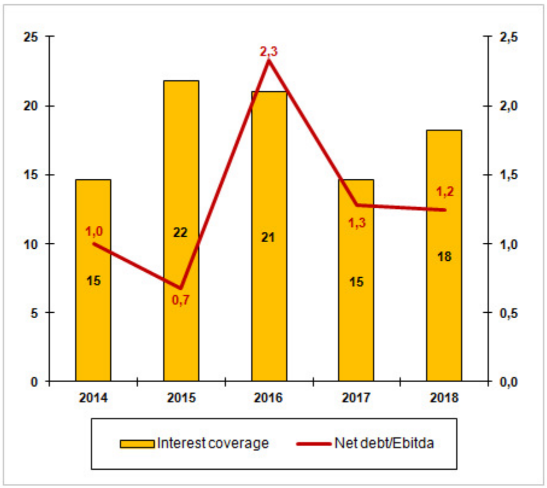
Number of Employees



Net Debt



Interest Coverage



Capex	Investments in tangible and intangible assets and investments in acquisitions
Net Financing Costs	Interest + commissions - income from debtd related investments
EBIT	Operacional Results
EBITDA	Operating results less depreciation, depreciation and impairment losses of fixed assets, Goodwill and AI
Net Debt	Bonds + bank loans + other loans + financial leases + shareholder loans - cash, bank deposits, current investments, and other long-term financial applications
Gearing	Net Debt / (Net debt + Equity Capital)
EBIT Margin	EBIT / Turnover
EBITDA Margin	EBITDA / Turnover
Interest Coverage	EBITDA / Net Financing Costs
Turnover	Sales + Services Rendered

3. Message from the Chairman of the Board of Directors

If I had to choose one word to describe 2018 it would be “growth”. But that word alone cannot convey the full meaning of our business style, so I’d also like to add others: vision, belief, risk, agility, work, passion and, of course, customers and shareholders. These are the words which motivate us every day to honour our values.

Some will say that the most important part of a job is the beginning. And it is with that in mind that we, at Grupo Ibersol, open the doors of our restaurants to our customers every day, from the north to the south of Portugal and in Spain and Angola.

Times have changed since we started out in the restaurant business 30 years ago, and we have changed along with them.

However, our main drivers: identifying markets, making deals with partners and investing in innovation, are well alive, which is why we remain committed to the same goals as always: continue to grow, offering our clients the best services and products, and our shareholders the best results.

Despite periods of more or less exuberance, we remain committed to our goal, grounded in the values which influence our behaviour: a passion for entrepreneurialism; existing for our clients; the joy of sharing; believing in and valuing our staff. our strategy will continue to be centred on doing more and better for the benefit or our customers, staff, partners and national shareholders.

The year of 2018 was also marked by major transformations which resulted from the choices which guided our path.

After looking at the different internal and external variables, we decided to move forward along a path which is only possible because we have continued to improve in terms of Operations, Human Capital and Marketing, but, above all, because we have strengthened our focus on sustainable management, which led us to achieve positive results for all the brands which make up the Group. Steve Jobs once said: “Let's go invent tomorrow instead of worrying about what happened yesterday” and likewise we, at Grupo Ibersol, have our eyes set on the future, eager to create value, improve our products and services with confidence and in the knowledge that if we keep to this track success is within reach.

4. The Year of 2018

4.1 Key Events

Last year's activity was marked by the international arrangement reached between Pizza Hut and Telepizza in May and approved at the end of the year by the directorate-general of the Euroepan Commission, although the effects will only really be felt over the coming years.

This was followed by the opening of the Ibergourmet meal production plant in Vila do Conde, and the signing of two tax-benefit contracts with the State, representing an investment of 42.5 million euros and the creation of 926 jobs.

In July Burger King and Ibersol signed an agreement for the opening of new restaurants. The Group already owns 80 of the 100 Burger Kings in Portugal, making it the most important and relevant of the brand's franchisees. This agreement is to open 40 new restaurants and remodel over 30 and is renewable for a further three years.

According to the expansion and portfolio evaluation strategy, the Group opened several restaurants from Pizza Hut, Burger King, KFC, Pans and Ribs, in Portugal and in Spain.

In 2018, we continued the implementation of the Group's loyalty program in partnership with Continente Card, which will allow us to adapt our offer to the needs of each of our Customers.

And because we are a business made of "People for People", seeking to do more and better for our People, we revamped the Human Resources Department by creating two substructures focused and capable to respond to the challenges of attracting, recruiting and selecting the best and most appropriate skills, developing, training and managing the performance of all our staff; streamlining our career models and adjusting salary policies with the inherent focus on modernization and introduction of continuous improvement processes.

In summary, this year showed once again the strength and dynamics of our Group in implementing an ambitious expansion plan, the recognition of its importance by the international brands that it operates, without losing sight of the human factor which is crucial to our success each day, in each of our restaurants.

4.2 Economic Context

Global Situation

Recent IMF forecasts point to a weakening of the world's economic expansion, which is thought to have grown 3.7% in 2018, a rate which should decrease in 2019 (3.5%) and in 2020 (3.6%), as was already noticeable in the second semester of 2018, due to a combination of factors: a breach in the trust of economic operators due to an increase in trade tensions; political uncertainty in Europe (specifically regarding Brexit); a tightening of conditions in financial markets and expectations regarding the slowdown of the Chinese economy.

This growth pattern reflects a general adjustment of the economic growth rate, which persists in the advanced economies but is temporary in emerging and developing economies.

The GDP (Gross Domestic Product) of the USA grew 2.9% in 2018, with more moderate growth of 2.5% and 2% expected for 2019 and 2020, as the effects of tax cuts wear off. The economy is expected to remain robust, supported by internal demand.

The economy of the Euro Zone grew by 1.8% in 2018, far from the 2.4% registered in 2017, reflecting a less favourable external context. A positive trend in private expenditure is expected to lead to growth of 1.6% in 2019 and 1.7% in 2020.

In 2018 the Chinese economy grew 6.6%, reflecting a gradual slowdown, due to the decrease in the overall weight of the exporting industry, compensated, partly, by an increase in public investment in infrastructure, with GDP growth rates of 6.2% expected for 2019 and 2020.

The UK saw the growth rate of its GDP fall from 1.8% in 2017 to 1.4% in 2018, in a context heavily affected by uncertainty regarding Brexit. It is expected to grow 1.5% in 2019, taking into account the effect of the tax incentives which have been announced.

The growth of the Japanese economy slowed to 0.9% in 2018, with tax incentives expected to give it a boost to 1.1% in 2019.

The situation in Portugal

Recent data from the Bank of Portugal indicates that the Portuguese economy grew 2.1% in 2018, with a forecast of 1.8% growth in 2019 and 1.7% in 2020, in a continued trajectory of slowing growth, influenced by the reduction of the expansion of the Euro Zone's economy, which will affect the growth of exports.

Economic conditions improved significantly over recent years, with the GDP bouncing back to pre-crisis levels. The unemployment rate dropped by about 10 percentage points since 2013, and was around 7% at the end of 2018. It is expected to continue to drop over the coming years.

The major increase in tourism and exports from the manufacturing industry has contributed to, and sustained, the economic recovery.

The growth of the tourism sector, which represents 10% of employment and which has also affected the real estate sector, began to slow in 2018, with the stabilisation of the number of non-resident tourists.

Investment in equipment has risen and residential real-estate is riding high, stimulated by the rise in housing prices, following an increase in internal demand due to the normalisation and expansion of family expenditure following rises in salaries. Corporate gross fixed capital formation has risen significantly, and should be a full 8% higher in 2021 than what was registered in 2008.

Economic growth could, however, be thwarted by the eventual increase in interest rates, which will have a negative impact on spending by families and companies.

The ratio of public debt in terms of percentage of GDP decreased from 130% in 2014, to around 121% in 2018, but remains very high, influencing budget policy.

Estimates place the average inflation rate for 2018, measured by the Harmonised Index of Consumer Prices, at 1.4%, which is lower than the general Euro Zone, and is expected to remain stable in 2019 and 2020.

Situation in Spain

Recent OECD figures indicate that Spain’s GDP grew 2.6% in 2018, with more moderate growth of 2.2% and 1.9% expected for 2019 and 2020, respectively, in a context where the main driving force for growth is internal demand, resting on low interest rates and a rise in employment.

The structural reforms which were undertaken and the improvement in productivity provide solid foundations for recovery and a balanced expansion of the economy, but at a lower rate than over the past three years, in which it was equal to, or over 3%. In the short run, this backdrop of growth is strongly linked to the rate of growth in Europe, the main market for Spanish exports.

The unemployment rate is expected to continue to decrease (from 15.3% in 2018 to 12.5% in 2020), but remains quite high, especially amongst the young and the long-term unemployed, and is a sign that there are some effects of the crisis which remain with us.

The public finances deficit is expected to be around 2.7% of GDP, above initial forecasts, and the inflation rate should be 1.9%.

After reaching a maximum of 100.4% of GDP in 2014, the public debt ratio has slowly been decreasing (98% in 2018), and is expected to drop to 96% in 2020. A more long-term reduction of public debt would require additional budget consolidation measures and continued high levels of economic growth.

A high rise in minimum wage – around 20% - could bring about some significant changes, both in terms of business competitiveness and increased expenditure.

Situation in Angola

Recent IMF figures indicate that in 2018 the Angolan economy withdrew by 1.7% (highlighting the negative trend of the previous year of 0,2% in 2017) a far cry from the 4.9% growth forecast at the beginning of the year, which is mostly due to a strong fall in oil and gas production, which led to a steep devaluation of the Kwanza, and the ensuing rise in prices.

Growth is expected to return in 2020 and consolidate on the 3,2% in 2021, with an increase in oil prices and a gradual improvement of other economic sectors, albeit there may still be a decrease in oil production, due to the fall in investment over recent years.

The Government of Angola which came out of the 2017 elections decided to implement a Macroeconomic Stabilisation Programme for 2017-2018, aimed at strengthening fiscal sustainability, reducing inflation, moving towards a more flexible exchange rate and bolstering the solidity of the financial sector, and began to implement a National Development Plan for 2018-2022, centred on solving structural bottlenecks, reforming the public sector and diversifying the economy.

These efforts are supported by the Extended Arrangement signed with the IMF in December 2018, within the scope of the Extended Development Plan, to the tune of USD 3.7 billion, which will be made available over stages of the programme, dependent on half-yearly evaluations.

The Extended Arrangement is an instrument aimed at lessening Angola’s macroeconomic imbalances and opening a path to sustained development. As is laid out in the Letter of Intent and the Economic and Financial Policies Memorandum, the main goals of the programme are to: i) consolidate fiscal adjustment in 2018, followed by gradual fiscal consolidation; ii) liberalise the exchange regimen; iii) modernise the monetary policy framework; iv) strengthen the resilience of the financial sector and, v) encourage economic growth and diversification.

It is hoped that reforms planned by the Authorities and the cooperation of the IMF will allow Angola to solve its macroeconomic and structural imbalances so as to guarantee sustained medium-term growth.

However, in the short term, the devaluation of the Kwanza led to an increase in the cost of imported products, which did not translate entirely into sales prices, leading to a strong compression of the margins of commercial agents.

Price hikes, along with stabilization of wages, led to a strong contraction of expenditure, an ensuing steep reduction in business activities and drop in imports. Consequently, means were made available to allow Angola to liquidate many past obligations.

Therefore, if a financial situation of importing companies did improve, their business activity dropped because of the fall in consumption, a situation which is expected to continue over coming years.

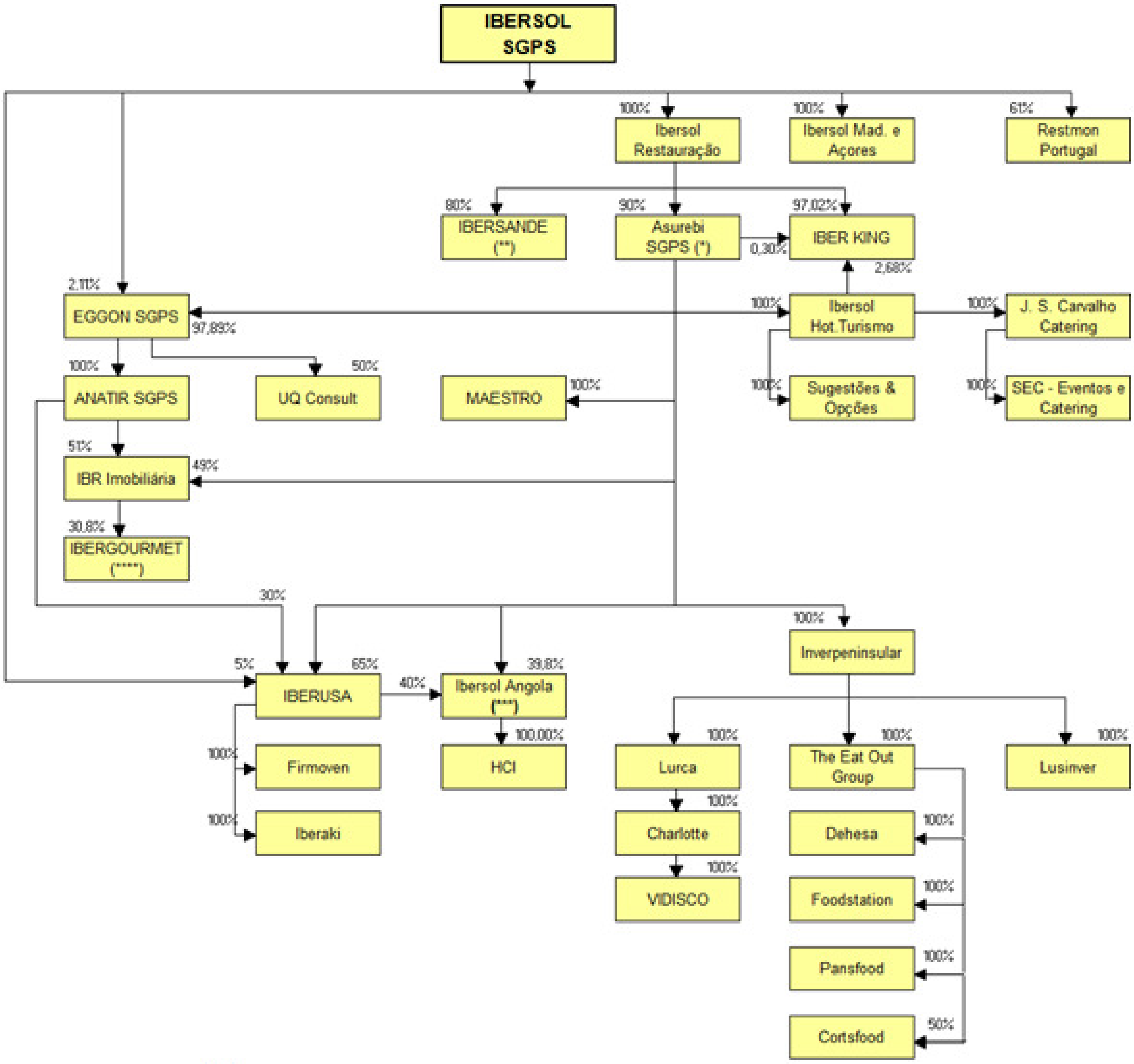
Final Note

Global perspectives for 2019 include the weakening of economic expansion, due to several factors, namely the resurgence of protectionist policies in international trade, lower performance of some of the developed and emerging economies and an increase in geopolitical uncertainty and tensions.

5. THE IBERSOL GROUP

5.1 Business Structure

Holdings at 31 December 2018



Notes:
(*) Remaining shareholders of ASUREBI: IBERSOL SGPS (10%)
(**) Remaining shareholders of IBERSANDE: PANSFOOD (20%)
(***) Remaining shareholders of IBERSOL ANGOLA: ANA TIR SGPS (10%), EGGON SGPS (10%) and IBERSOL SGPS (0.2%)
(****) Remaining shareholders of IBERGOURMET: IBERSOL SGPS SA (69.2%)

5.2 Strategic Profile of the Group

Providing great experiences and quality of life

Consumers are increasingly demanding in relation to the experiences that brands offer. Which is why we make sure that all our brands have a varied offer, providing consumers with different experiences in terms of quality and flavour. From breakfast to lunch, day in, day out, whatever the meal, whatever the occasion, we provide our customers with well-being and a balanced diet.

We developed the Viva Bem programme (website and blog), where we try to interact responsibly with the customer, providing information on the nutritional composition of Ibersol's products, on allergens and on how to enjoy a balanced diet and healthy lifestyle.

Focusing efforts on customer relations

Customers are the Ibersol Group's *raison d'être*, and so they are given full attention.

That is why Ibersol always aims to meet customer expectations, anticipating trends, satisfying needs and presenting increasingly solid options.

Developing and valuing our people

At the Ibersol Group our human resources strategy is based on meritocracy and results. The Group's culture for valuing staff is based on a system which is guided by Ibersol values and the results. This allows us to grade performance and potential and monitor the sustained development and know-how of our Teams.

The Group monitors this development while at the same time trying to address the expectation of its staff and the expansion needs which arise.

An added-value social network for the consumer

At the Ibersol Group we foster a network of emotional relations and trust, which is established between staff and customers at every working moment. This network is an integral part of the Group's DNA.

To that end, the Group continuously invests in its teams' skills, especially those of the Unit Managers and Shift Managers and in their accountability for interactions with the customers. These are the Managers who make it possible to more quickly identify any changes in the consumption profile, "reading" the changing expectations and realities and relaying them, so that they are incorporated into new value propositions. This is how we manage to continually create the right conditions for the Ibersol team to bring about that added-value relationship with the customer – connecting and communicating in an adequate, attentive and dedicated manner.

Overall management processes and logistics planning

The Ibersol Group has an organised supply chain which ensures the quality of the products it sells, from supply to sale, including logistics.

This is a single, homogeneous body, which works efficiently every day through an active quality and certification policy, including the NP EN ISO 22000: Food Safety Management Systems standard certificate, covering the management of the food chain of the Group's restaurant operations, based on the activities carried out in Portugal and Angola.

The centralisation of the supply chain supporting the operation in Portugal and Spain was extended to Angola, enabling efficiency and productivity gains, both in the process itself and in the relationship with the business partners.

One of the group’s principles is not to sacrifice quality for the sake of price, with no exceptions. As such, through continuous improvements to the processes for managing resources and assets, Ibersol aims to maintain lasting and consistent relations with its suppliers.

Excellence in quality and safety

An active quality, safety and certification policy, allows the Ibersol Group to strengthen its position as a major player in the restaurant sector. Its discipline and thoroughness enable it to continue carving a path of excellence, having reached a record number of certifications for the quality of its operations, customer service and food safety, both in Portugal and Angola.

As far as the Ibersol Group is concerned, the certifications confirm and highlight the engagement and dedication of its teams in everything they do.

The Ibersol Group has renewed certifications according to the following standards:

- NP EN ISO 22000: Food Safety Management Systems in Portugal, within the scope of Management of the Food Chain of the Ibersol Group's Restaurant Operations; Restaurant/catering Services in the restaurants: Catering Estádio do Dragão, Pizza Hut-KFC-Cockpit Drinks & Tapas-Especially Terminal 1 Lisbon Airport, Burger King Alameda Shopping, Kiosks Café Alameda Shopping, KFC Alameda Shopping, Pizza Hut Alameda Shopping, Pans&Company Alameda Shopping, Pasta-Caffé Alameda Shopping, Burger King Colombo, Pizza Hut Colombo, Pans&Company Colombo, KFC Colombo, Burger King Norteshopping, KFC Norteshopping, Pasta-Caffé Norteshopping, Pizza Hut Norteshopping, Miit Norteshopping, Roulotte Norteshopping, Pans&Company Norteshopping,Pizza Hut Foz, Pizza Hut Matosinhos, Vog Tecmaia, Blu CoffeeShop, KFC CascaisShopping, Burger King Cascais, KFC Vasco da Gama, and KFC Fórum Almada.

- NP EN ISO 22000: Food Safety Management Systems of all the KFC units in Angola and logistics chain regarding the Logistics Chain and Restaurant Operations;

- NP EN ISO 9001: Quality Management Systems; NP EN ISO 14001: Quality Management Systems and NP EN ISO 18001: Health and Safety in the Workplace Management Systems regarding the Management of the Ibersol Group's Restaurant Operations (Central Services, common processes and Vog).

An active human resources management policy and respect for the environment

The Ibersol Group continues to consolidate policies for best practices in resource and waste management, as well as separation and valuation of generated waste, which are embodied in an active sustainability policy. This policy, which has proved to have positive collateral effects, has allowed for good results, with significant improvements from one year to the next.

The Group took a fresh look at the teams, energy consumption, consumables, products and waste, and above all, took on board a strong concern for changing processes and ways of doing things.

The "Recycling Used Cooking Oil Programme" is perhaps the greatest example of this sustainable mentality.

5.3 Governing Bodies

Board of Directors:

Chairman - Dr. António Carlos Vaz Pinto de Sousa

Vice-Chairman – Dr. António Alberto Guerra Leal Teixeira

Member – Professor Doutor Juan Carlos Vázquez-Dodero de Bonifaz

Audit Committee:

Chairman - Dr. Carlos Alberto Alves Lourenço;

Vice-Chairman - Dr.ª Maria José Martins Lourenço da Fonseca;

Member - Dr. Eduardo Moutinho Ferreira Santos;

Alternate – Dr. Arlindo Dias Duarte Silva;

Board of the General Meeting:

Chairwoman – Dr.ª Luzia Leonor Borges e Gomes Ferreira;

Vice-Chairwoman –Dr.ª Raquel de Sousa Rocha;

Secretary –Dr.ª Maria Leonor Moreira Pires Cabral Campello;

Remuneration Committee:

Dr. Vítor Pratas Sevilhano;

Dr. Joaquim Alexandre de Oliveira e Silva;

Dr. António Maria de Borda Cardoso;

Statutory Auditor:

KPMG & ASSOCIADOS, Sociedade de Revisores Oficiais de Contas, representada pela Dr.ª Adelaide Maria Viegas Clare Neves e, como suplente, o Dr. Vítor Manuel da Cunha Ribeiro;

Corporate Secretary:

Secretary in Office – Dr.ª Berenice Príncipe.
Alternate Secretary – Dr. Luís Neiva Nunes de Oliveira

6. Financial Year Activity

6.1 Restaurants

The restaurant segment is composed of 214 restaurants which generated a turnover of around 101.8 million euros.

Pizza Hut (Portugal)

The brand's coverage includes the mainland and islands with 95 units in operation and over 2.300 employees.

Created in 1958, Pizza Hut has been present in Portugal for 28 years. It is the most comprehensive restaurant brand in the market in Portugal, seeking customer satisfaction at all times in its various services and units and offering unique combinations that provide such moments with extra flavour.

During this year we opened new units in the Azores, Arrifes, Évora (Évora Plaza Shopping Centre), Carnaxide (Continente Bom Dia) and Restelo. We also relocated restaurants in Alameda Shop&Spot, AlmaShopping, Oeiras Parque and Praça do Bocage, in Setúbal, and closed our Algés unit. The delivery service was strengthened and now covers an area of 1.6 million houses, guaranteeing complete coverage of the highest density markets.

Committed to satisfying the needs of the modern consumer, Pizza Hut maintains a constant effort to modernise and renew the image of its restaurants with a new, more modern and welcoming unit design, offering great comfort without neglecting the digital experience required by Customers. Examples include the Maia restaurant, Parque Central, Foz (Porto); AquaPortimão, Forum Sintra and Sintra Retail Park.

In 2018 Pizza Hut continued to apply the brand's new international communication strategy, aimed at promoting a new and more appealing, modern and current style.

This was also a year for consolidating a global growth strategy, through an investment in operational excellence, both in terms of service – with fully qualified and consistent teams – and in terms of the product, providing new and differentiating experiences.

Investment in innovative and quality products is a top priority in a business which, besides producing three different types of pizza dough every day, using fresh ingredients and 100% Mozzarella cheese, introduced new ingredients, compositions and pizza shapes in 2018, such as the Big Hut, the Cheesy Bites Cheesy Hot Dog, the Rolling Stuffed Crust Pepperoni the Crispy Pizzas and the Super Rolling Stuffed Crust.

The launching of the "MY HUT – You choose" programme, draws Pizza Hut closer to the trends, centred on variety and the need to match supply to the clients' and fans' desire for customisation. Regarding home delivery, we invested in shared menus, with plenty of promotions. Takeaway services included ideas for sharing between two or more people.

The brand has kept up its multiplatform communications strategy, with a constant and strengthened presence in “above the line” media and a stronger digital presence. Digitalisation was one of the more important aspects of the brand, both in terms of in-house service and home delivery.

With regard to our teams' training and certification, we maintained our commitment to our staff in a constant and continuous effort to create a Culture of Excellence. This commitment involves the ongoing qualification of the Teams (investing in thousands of training hours), as well as promoting career development (through the Grow + Programme), consolidation of the @Leading A Shift (LAS) programmes directed at the Management teams, Clean2Safe (an innovative programme that consolidates restaurant cleaning processes) training or the implementation of the ACE programme (Assured Customer Experience – which promotes a fuller, more comprehensive operating approach).

Also noteworthy is the fact that the restaurants located in Colombo Shopping Centre, Alameda Shop&Spot, NorteShopping, Foz (Porto) and Continente de Matosinhos were once again certified according to the NP EN ISO 22000 standard. These are examples of the care and strict requirements that the Brand places on its consumers' food safety.

In the field of social responsibility, Pizza Hut participated in several community outreach projects, including the “Graças a Muitos” initiative, in partnership with the “Federação Portuguesa dos Bancos Alimentares contra a fome”.

Pizza Hut (Angola)

For Pizza Hut Angola, 2018 was a very challenging year, as macroeconomic conditions, characterized by high inflation (22%) and growing unemployment, caused a loss in purchasing power.

The brand reinforced its marketing plan, based on a modern communication with its target audience via Facebook and with its customers through digital tools and above the line communication.

As a result Pizza Hut saw its number of Facebook fans climb to 185 thousand and the general degree of customer satisfaction gradually increased and reached a level of 80% in the last quarter, one of the brand's best indicators in the African Continent.

In an ever increasing effort to match the supply of balanced products with competitive prices, the new ROLLING PIZZA and new sides products (appetizers, salads and desserts) was launched.

In terms of Social Responsibility initiatives, besides participating in the AD HOPE campaign, 2018 saw the first edition of Slice of Africa, during which the restaurant team spent time with underprivileged children and distributed educational kits, composed of books and school items.

Pasta Caffé (Portugal)

Pasta Caffé – a chain of restaurants specialising in Italian food – ended 2018 with 7 restaurants and a team of 130 employees.

During the year, special attention was dedicated to renewing the offer, with a major focus on the launch of new typical Italian dishes. The menu was renovated at the end of the year, with the aim of introducing the dishes which had done best during the last “Temporadas” of the year.

Given the need to address the fast pace of daily life and with time-constrained consumers in mind, a "Lunch Buffet" was created in some of the restaurants.

The “Temporadas” initiative was kept up during the year, allowing us to innovate and test new recipes and compositions, based on the different food families associated to Italy: pastas, pizzas and risottos. These “Temporadas” have always been well received by the consumers, and the genuine Italian tastes strengthen the Italian Character.

In 2018, all of the teams' training processes were maintained and the NorteShopping Pasta Caffé unit was re-certified according to the NP EN ISO 22000 standard.

With regard to obtaining customer's opinions, we continued to consolidate the "Pasta Experience" programme, an on-line platform where the customer evaluates all the relevant aspects of their experience regarding service and offer, enabling them to make suggestions for improvement.

In the field of social responsibility, Pasta Caffé participated in several community outreach projects, including the “Graças a Muitos” initiative, in partnership with the “Federação Portuguesa dos Bancos Alimentares contra a fome”.

Pizza Móvil (Spain)

Pizza Móvil closed the year with 28 units. This year was marked by the continued transformation of two Pizza Móvil restaurants into Pizza Hut restaurants. There are currently five Pizza Hut restaurants.

During 2018 the brand continued to base its communication strategy on the neuromarketing study carried out in previous years, as well as investing in innovation for differentiation, launching new compositions onto the market, such as the Pizza Curry.

Pizza Móvil also reinforced its presence in the digital channel through campaigns that strengthened brand awareness, with a particular focus on the 2018 Russia World Football Cup.

The brand also continued to invest in increasing awareness amongst the young, sponsoring youth sports teams and the Football Federations of Galicia and Asturias, reaching over 65 thousand children.

RIBS (Spain)

The brand reached the end of 2018 with a total of 243 employees and 37 restaurants: 10 of which are owned and 27 franchised. The brand also has 2 units in the Travel segment in Spain.

"True American Barbecue" is the RIBS brand concept. The brand's first restaurant was inaugurated in 1968 and since then all the units have endeavoured to be more than just restaurants, becoming a real American experience based on the quality of the products, a 100% original American décor, a typical music selection and a menu made up exclusively of traditional American food. That is why, since it was created, the brand established itself in Spain as a pioneer in the most authentic American style restaurant service.

The brand's restaurants are a living image of the American experience. With 100% of the décor and furniture being imported from the United States, RIBS restaurants have an authentic American style, allowing customers to immerse themselves in the atmosphere, surrounded by a truly American spirit, both regarding the furniture and in relation to the dishes, prepared on 100% holm oak charcoal grills, which are always kept alight to give the dishes a more genuine flavour.

As far as innovation is concerned, the brand continues to look for higher quality products and a genuine offer, constantly reviewing and reformulating the à la carte menu and set menus, in order to guarantee the best customer experience.

In addition, the brand has been promoting the Big Parties concept (Halloween and Thanksgiving Day, among others), turning these special days into big celebrations in its restaurants.

From an operational excellence point of view, one of the main goals for 2018 was to improve the internal audit processes in order to guarantee quality and cleanliness standards in the restaurants.

In 2018 the Ribs CC Maquinista restaurant obtained certification according to the NP EN ISO 22000 and the NP EN ISO 9001 norms.

RIBS (Portugal)

The RIBS brand concept is the “True American Barbecue”.

The first restaurant in Portugal was opened in January 2018 and it is located in the Vasco da Gama Shopping Centre, in Lisbon.

This restaurant is geared towards the counter service, with its famous barbecued ribs and unique BBQ sauce or the delicious high quality hamburgers, especially developed for the brand.

All the dishes are prepared on the spot and grilled over 100% holm oak coal, giving them a unique and genuine taste.

Santamaria (Spain)

The brand reached the end of 2018 with a total of 16 restaurants in all of Spain, all franchises. Additionally, it also operates six self-owned restaurants in the Spanish Travel sector, including in the Barcelona, Menorca, Málaga, Fuerteventura and Las Palmas airports.

The SANTAMARÍA brand was created in 1998 in Mérida, having begun its expansion through the franchise system in 2001. In 2006 it became part of the Eat Out Group, which gave it a significant boost.

Since its creation, SANTAMARÍA has evolved and now includes a multi-offer format, which covers all types of meals (breakfast, lunch, tea and dinner), allowing our customers to enjoy good food and good drinks, any hour of the day.

Without sacrificing the brand’s personality and cuisine, a process was initiated to give the restaurants new character and essence: the “Iberian know-how”. With this proposal, the brand once again positioned itself as an Iberian specialist, focusing on experience, “savoire faire” and shining the spotlight on the main factor of the Iberian product: flavour! In the new brand identity, both concepts – knowledge and flavour – are mixed, merging the renewed traditional character of the brand with the lifestyle of Spain.

The new menu stands out for its Iberian products, starters, salads, main dishes and desserts, all in very original formats of reinvented classical recipes, adapted to modern times. And let us not forget our drinks, which are famous both for their taste and the containers we serve them in.

FrescCo (Spain)

The brand reached the end of 2018 with a total of 72 employees and 10 restaurants in Spain, of which 3 are self-owned (all in Barcelona) and 7 are franchised, distributed all over Spain.

FrescCo was created in 1994 when its first restaurant opened in Barcelona. There are currently 10 restaurants in Spain. With over 20 years' experience, the brand is 100% engaged in offering its customers a choice of healthy, tasty food, using fresh, seasonal products and preparing dishes and salads inspired by Mediterranean cuisine.

The brand is characterized by offering a healthy, natural and balanced diet in a Buffet concept at a fixed price, where customers choose their own menu.

The "Buffet de Mercado" is the new restaurant concept launched in 2016, designed as an evolution of the Buffet, where customers can adapt their meal according to their preferences, thanks to a new gastronomic offer based on quality-guaranteed local fresh products, created for Customers who seek a healthy and balanced diet, with the best value for money relationship. The new establishments also have a Kitchen & Grill area, where guests can enjoy the best pizzas, grilled meats and fish, and burgers cooked on the spot, right before their eyes.

The three self-owned restaurants were totally remodelled and have adopted the new "Buffet de Mercado" concept, which has also begun to be implemented in the remaining restaurants.

6.2. Counters

The set of brands that the Ibersol Group operates in the counters segment reached the end of 2018 with 311 restaurants and a turnover of 204.3 million euros.

KFC (Portugal)

In 2018, focus was maintained on the 20/20 strategy, initiated in 2015, with the aim of positioning the brand among the leaders in Modern Restaurant Services in Portugal. The brand reached the end of the year with 467 employees and 27 units.

During 2018 we opened 6 new restaurants in Vila Nova de Gaia, Montijo, Guimarães, Gondomar, Barreiro and Coimbra.

The expansion of the brand continues to contribute to brands growth and also to the professional development of the team, opening up opportunities for employees to progress and strengthen their skills.

As for the training, all the team participated in specialized plans through the digital platform Learning Zone that, that includes the preparation for the processes of the several working positions and also have modules of training in Food Safety and Health and Safety at Work.

The teams were submitted to certifications, that are renewed annually. We have maintained our commitment to the Star Cooks program, which continues to distinguish some employees to ensure that Colonel Sanders' legacy is followed meticulously in all stages of product preparation.

Regarding external evaluation and certification, which are guarantees of quality and Brand demand, we already have seven restaurants certified according to NP EN ISO 22000 norms, which are among the most demanding in the market.

In terms of brand offer, we launched the Delivery service, using the Glovo and SendEat platforms, leading to an increase in brand recognition, boosted in turn by the different activations which encourage consumers to try out this new channel.

KFC launched some new products in 2018, such as the 2 menus for €7; the Bucket of 20 items for 20€, the Bucket of 12 items for 9.99€ and the Kentucky Fries – rustic fries served with cheese sauce and strips of bacon – available as sides to menus, or single items.

Growing involvement with the fans through social media continues to be one of the brands strategic goals. In 2018 the digital communications plan saw significant growth on Instagram, which has brought more young followers to KFC.

In the field of social responsibility, KFC participated in several community outreach projects, including the "Graças a Muitos" initiative, in partnership with the "Federação Portuguesa dos Bancos Alimentares contra a fome".

KFC (Angola)

Due to investment in adequate marketing and guided by new digital tools (Facebook and online), KFC continued to strengthen its position as a young and innovative brand, capable of interacting with its clientele.

We maintained a strong investment in providing our employees with added value through training and continuous assessment programmes, which have enabled them to improve their knowledge and performances with a view to providing appropriate career progression.

The training programme for becoming a 5-star Cook and Hostess was completed, which introduced improvements to the monitoring of products and the service provided to customers.

Burger King (Portugal)

Burger King reached the end of 2018 with 87 restaurants, following the opening of another 10 units in Portugal – Beja, Vizela, Quinta do Conde, Gaia Jardim, Fafe, Santo Tirso, Santarém, Malveira, Telheiras and Estarreja. We maintained our strategy of roadside restaurants, all of which have Drive Thru.

The restaurants in Vilamoura, 2.ª Circular, Almada, Mem Martins, Cascais and Póvoa de Varzim were remodelled.

The brand ended the year with 342 more workers, for a total of 1.792 employees.

We continued to invest in the democratisation of consumption, through very competitive and interesting promotions for our clients: the 2 for 5€ or 9 nuggets or onion rings for 1.49€. At the same time, we innovated in the premium range, with, among other successes, the Grand Whiskey range.

We increased our focus on digital communication, updating the Burger King APP and using a young, irreverent and close communication strategy on social media.

The brand maintained certification according to the NP EN ISO 22000 norms for 4 restaurants: Alameda Shop&Spot, Norte Shopping, Colombo and Cascais.

We also increased the coverage of our Home Delivery service including Covilhã, Montes dos Burgos, Avenida de Roma and Ferreira Borges.

In the field of social responsibility, Burger King participated in several community outreach projects, including the “Graças a Muitos” initiative, in partnership with the “Federação Portuguesa dos Bancos Alimentares contra a fome”.

Burger King (Spain)

The Burger King Spain restaurants operated by the Ibersol Group, reached the end of 2018 with 1.096 employees and 35 restaurants, following the opening of two new restaurants.

The year of 2018 was characterised by the remodelling of 7 restaurants and the launch of a new sales channel, the self order kiosks for clients to register their own orders.

The brand's investment in communication was based on reinforcing and increasing communication regarding home deliveries, with emphasis on TV campaigns and a new system for placing orders using Amazon’s Alexa.

Ibersol Group’s Spanish Burger Kings were recognised by Burger King International as the Best BK Franchise Operators, thanks to having obtained the best Operational Audit indicators and the best Customer Satisfaction Evaluations.

Pans & Company (Spain)

Founded in 1991, having first opened in Barcelona, Pans & Company is one of the leading brands in the Iberian sandwiches and Coffee & Bakery market, with a presence in the Spanish, Portuguese, Italian and, as of early 2019, Moroccan markets.

The Brand ended 2018 with 94 restaurants in Spain, 35 operated by the brand, 7 by the Travel sector and 52 franchises, plus 46 restaurants in Portugal (45 self-owned and one franchise) and 7 in Italy.

The year of 2018 was marked by investment in the remodelling and opening of new restaurants.

Three new restaurants were opened in the retail channel: Lloret de Mar, C.C. La Salera (Castellón) and in C.C. Vidanova Parc, Sagunto (Valencia) and a further two restaurants were refurbished, one in the C.C. Kinépolis (Granada) and a second in the C.C. Gran Turia (Valencia).

Three restaurants were opened in the travel channel: two at the Las Palmas Airport (Air and Land zone) and one in terminal 4, in the Air zone, of the Madrid Airport, all according to the Café Pans stand-alone model.

In 2018 Pans & Company strengthened its commitment to the renewal of its assets, particularly in the cafeteria segment. At the end of 2018 there were already 72 Pans & Company restaurants with image 3.0 (6 with Café Pans stand-alone), which in addition to a renewed sales point image, also includes a new range of coffee shop products and pastries prepared daily in each of our restaurants.

Regarding the variety of sandwiches, which continues to be the brand’s main offer, we highlight the launch of the “Pans Experience”, the “Market Sandwich” innovation campaign and the re-branding campaign with the new brand claim “Nos gusta juntarnos”, all of which reflect the brand's commitment to continue to present innovative offers in its core product and thus reinforce its leadership position in this segment in Spain.

In 2018 we obtained certification according to the NP EN ISO 22000 and NP EN ISO 9001 norms for the Pans & Company restaurant in Sabadell.

Pans & Company (Portugal)

Pans & Company in Portugal reached the end of 2018 with 46 units and around 485 employees.

During the year, and in keeping with the renovation of the restaurant’s look, Pans remodelled another 13 restaurants. At the end of the year a total of 30 of the brand’s restaurants already suported the new Pans & Company look which, besides a new sales point image, includes an offer of a wide range of cafeteria and pastry products, prepared daily in the restaurants themselves.

The investment in the cafeteria segment was bolstered by the conversion of two café stands, operated by the Ibersol Group, into autonomous sales points operated under the Cafe Pans brand, the Pans brand which has the expertise in this segment.

The year was also marked by the launching of several new products (“Market Sandwich”, “We add your preference” and “From the plate to the sandwich”) as well as the consolidation of our partnership with the Sonae Group, which has Pans & Company on the fidelity programme of the Continente Card.

These strategies were supported by a strengthening of investment in communication, aimed at consolidating brand notoriety levels and leadership in its segment.

In the field of social responsibility, Pans participated in several community outreach projects, including the “Graças a Muitos” initiative, in partnership with the “Federação Portuguesa dos Bancos Alimentares contra a fome”.

Miit (Portugal)

The Miit brand reached the end of 2018 with 30 employees and 2 operating restaurants, located in Norteshopping and in Colombo Shopping Centre, in Lisbon.

Launched at the end of 2012, Miit is a restaurant proposal centred on the provision of a healthy and balanced offer in the competitive "counter" segment in shopping centres.

As a specialist in grilled meat, the brand aims to be acknowledged as a tasty and healthy option in shopping centres, offering its customers high quality meats and unique side dishes, such as fruit and grilled vegetables, rustic potatoes or scented rice, for an adequate price.

The brand renovated the image of the menuboards, with the aim of making the customer's choice easier. In terms of new offers, we launched the Portuguese Sauce Steak and the American Hamburger.

In 2017 the Miit Norteshopping unit obtained its certification in the NP EN ISO 22000 quality standard.

The concept behind MiiT responds to a trend observed in Portuguese consumers who are increasingly aware of the need to practice a healthy and balanced diet. The brand is also, therefore, part of the Ibersol Group's institutional programme called Viva Bem (Live Well), which provides nutritional information promoting a balanced diet and healthy lifestyle.

In the field of social responsibility, Miit participated in the "Graças a Muitos" initiative, in partnership with the "Federação Portuguesa dos Bancos Alimentares contra a fome".

Coffee Kiosks (Portugal)

Set up in big shopping centres and operating with the Delta coffee brand, the network of kiosks reached the end of 2018 with around 80 employees and 8 operating units, corresponding to 15 points of contact with customers.

In 2018 two of the sales points in the Vasco da Gama shopping Centre, in Lisbon, and a further two sales points in the Centro Rio Sul Shopping, in Seixal, were renovated, the latter having taken on the Café Pans image and brand.

During 2018 we kept the pace training our staff in matters such as service technique, food safety and health in the workplace, and the certification of the unit located in Alameda Shopping was maintained according to the NP EN ISO 22000 standard.

6.3 Travel, Concessions and Catering

The sales volume of this group of businesses totalized 126.7 million euros in 116 units.

TRAVEL (Portugal)

Business in the Travel channel is carried out in the service stations on motorways and in the Airports.

The units allocated to this segment have a management based on the multi-brand concept, which means more than one owned or franchised brand operates in the same space, with the aim of satisfying the needs of different consumers at various meal times, through specific concepts.

In the last year, turnover remained above double digits and there were 470 employees.

Service Stations (Portugal)

The motorway service stations are an important segment of activity for the Ibersol Group, which at the end of the year operated 24 units.

This business segment continues to be strongly affected by significant reduction in traffic as a result of the introduction of tolls on the former SCUTS (highways without tolls) and by increasing competition from the service stations with reference to restaurant services.

Sol is the umbrella brand for the urban and long distance motorway restaurant services, through units with a modern and functional design, food proposals adjusted to the needs of consumers and with services that go well beyond those of conventional restaurants in service stations. In view of the varied profiles of those who visit the Sol units, these spaces are prepared to offer a great experience to all of them.

The Sol units are characterised by their food offers, according to specific brands, adapted to different moments of consumption, with accessible prices, and always with a personalised and attentive service.

In these units you can find renowned self-owned or franchised restaurant brands. Go To Coffe & Food is the cafeteria brand which is present in most Sol service stations. This brand is also present in Portuguese airports, where we operate restaurant units. In various locations, especially in cities, the Sol units include renowned international brands such as Burger King, Pans & Company and KFC.

The units also provide a variety of services, such as an independent baby changing room, a lounge area, free Wi-Fi, sockets for charging computers or mobile phones, availability of tablets and daily newspapers for perusal, sale of newspapers, magazines, last minute gifts and drive-thru.

Airports (Portugal)

The Ibersol Group is one of the main reference operators in Portuguese airports, and is present in the Lisbon, Ponta Delgada, Funchal, Porto Santo and Santa Maria airports, with 23 points of sale, through 6 of its own concepts – Go To Coffe & Food, Clocks, Nove, Specially, Cockpit Coffe&Tapas and Saudade – and four international franchised brands: Pizza Hut, KFC, Burger King and Go Natural.

During 2018 we opened a new Go To Coffe & Food point in João Paulo II Airport, in Ponta Delgada.

Catering (Portugal)

The catering of the Ibersol Group, represented by the Palace Catering and Silva Carvalho Catering brands, ended 2018 with a growth in sales relative to the previous year in the Porto and Lisbon markets. Our brands held more than 770 events and served about 330,000 customers.

We were chosen to cater to 23 congresses, including the European Academy of Neurology (EAN) Congress, with around 5.000 participants per day, followed by the International Autoimmunity Congress, which had around 1.800 participants per day and, finally, the Annual Assembly of the European Blood and Marrow Society, with around 1.700 participants per day.

Our participation in events organised by GALP, Delta and Montepio, as well as our presence in Super Bock Super Rock, NOS Alive and Portugal Fashion are also worth mentioning.

In 2018 we consolidated our efforts in terms of training staff in subjects such as event security, food safety and health in the workplace, and the Estádio do Dragão catering was certified according to NP EN ISO 22000 norms. At the stadium we served 79.000 meals, during 27 FC Porto matches, with new material, décor and outfits.

Special attention was given to the renewal of the products on offer, through the increase of production capacity, thanks to the launching of the production centre in Modivas.

In the private event segment, we catered to 25 weddings at the Porto University Club, which we have been exploring exclusively since 2016 and where we have already run over 50 of these events. Over 80 events were held in other places, including birthday parties and christenings. At the end of 2018 we began to operate in Quinta da Casa Grande, in Porto, a unique location, especially for a segment such as this, with a fantastic view over the Douro River.

In terms of values and sustainability principles, catering has an active role in supporting humanitarian causes, through the donation of food and meals. In 2018, more than 10.500 meals were donated to various national institutions.

Concessions (Portugal)

This business area includes the spaces that are operated by the Group under a concession contract, namely: Fundação Serralves, VOG Tecmaia and the Campanhã Train Station.

During the year we revamped the image and offer of the Campanhã station unit, providing it with better conditions to satisfy its customers.

The Blue Café (in Campanhã) and VOG units maintain their certification according to the NP EN ISO 22000 standard. In addition, and unprecedented within the Group, the VOG unit maintained the certifications in the most demanding standards: NP ISO 9001, NP ISO 14001 and NP OHSAS 18001.

TRAVEL (Spain)

This business line is engaged in managing 59 restaurants in Spain, located in 8 airports, 2 train stations and other facilities for tourists.

These 59 points of sale are operated by 27 brands. Some of them are the EatOut group's own brands, such as Pans & Company, Ribs, Café Pans and Santamaria, while others were created specifically for this segment, such as Breadway, Caffé di Fiore and Fire&Bread. Other brands are franchised: E.A.T., GoNatural, Coffee Republic, TapaTapa and Mussol, among others. Thanks to these brands, the EatOut group has the management technology of various restaurant formats which range from Grab&Go to Fine Dining and including Fast Food and traditional coffee shops.

The year of 2018 also witnessed growth in traffic in airports and trains stations in Spain, with some exceptions, and the recognition of years of effort put into renewing our portfolio and remodeling led to an increase in sales. This year was particularly importante, since some of our main concessions, such as Barcelona and Málaga, which together accounted for 32 restaurants, were renewed. The main focus of our work in 2018 was the new tenders at the airports of Las Palmas and Gran Canária, Barcelona-El Prat, Málaga, Madrid-Barajas and Alicante.

Because of these tenders, the group managed to adjudicate 11 new contracts, which cover 34 new units, for an average duration of eight years. These contracts have allowed us to renew a good deal of the concessions which were set to end in 2018 and get into new locations such as the Alicante and Las Palmas airports, or the AVE train station in Girona.

We also updated our brand portfolio and now work with nine new brands.

Due to all these changes, the Travel division is one of the concession channel leaders in Spain.

7. Consolidated Financial Analysis

For comparative purposes, we must highlight the differential impacts that the application of two accounting standards had on 2018 and 2017 results:

a) IAS 29- Financial report in Hyperinflationary Economies: applied for the first time in 2017 to the subsiaries of Angola generated a 6 million euros gain.In 2018, the gain was only 1.2 million eruros.

b) IAS 17 – Leases: the leases linearization of the new airport concession contracts concluded during the year, resulted in an additional cost of 1.3 million euros.

	2018	2017
Operating income		
Sales	445.607.539	443.270.117
Rendered services	4.503.303	5.058.977
Other operating income	9.922.824	9.781.036
Total operating income	**460.033.666**	**458.110.130**
Custos Operacionais		
Cost of sales	108.799.400	102.831.054
External supplies and services (*)	149.938.133	149.502.177
Personnel costs	137.120.057	135.318.741
Amortisation, depreciation and impairment losses	29.794.531	31.922.475
Other operating costs	3.126.812	5.180.157
Total operating costs	**428.778.933**	**424.754.604**
Operating Income	**31.254.733**	**33.355.526**
EBITDA	**61.049.264**	**65.278.001**
Net financing cost	2.989.186	5.397.611
Gains (losses) in joint controlled subsidiaries - Equity meth	39.456	2.755
Gains (losses) capital participation	-370.000	0
Gain (loss) on the net monetary position (**)	1.206.056	5.980.424
Profit before tax	**29.141.059**	**33.941.094**
Income tax expense	4.070.309	2.701.589
Net profit	**25.070.750**	**31.239.505**

(*) IAS 17

(**) IAS 29

OPERATIONAL RESULTS

Consolidated operational income amounted to 460 million euros, similar to the previous year. The EBITDA margin for the same period amounted to 61 million euros, a drop of 6.5%. The operational results amounted to 31.3 million euros, which represents a 6.3% drop in relation to the same period.

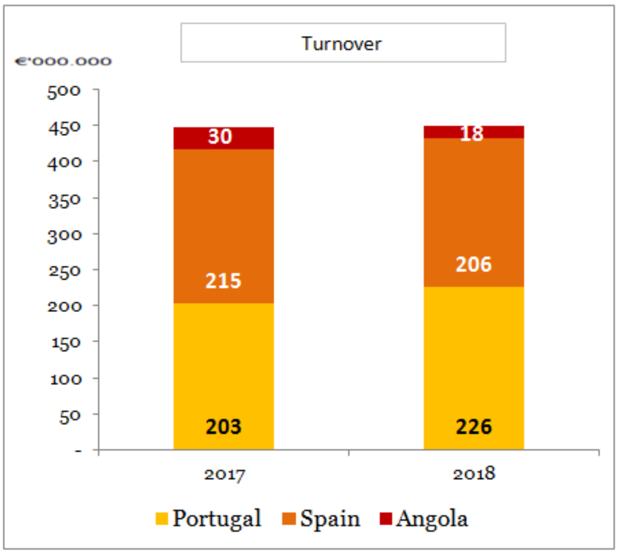
Sales and Services Rendered

The consolidated turnover at the end of the year reached a total of 450.11 million euros, compared to the 448.33 million euros of 2017.

Turnover	2018	
	euro million	% Ch. 18/17
Sales of Restaurants	432,78	-1,8%
Sales of Merchandise	12,83	401,2%
Services Rendered	4,50	-11,0%
Net Sales & Services	450,11	0,4%

The positive evolution of the restaurant market in Portugal, along with the effects of the openings which took place in 2017 and 2018, contributed to a growth in business volume of 11% in Portugal.

More moderate growth was registered in Spain's restaurant market. The drop in concessioned restaurants in the Barcelona Airport, due to termination of respective contracts, led to a drop in business volume of 4%, including sale of merchandise to franchisees.



The positive evolution registered in Portugal allowed the group to minimise the TWO main impacts which affected its activity:

a) the significant reduction of Angola's contribution to turnover of more than 40%. The sales price increase of 28%, kept the turnover in local currency, however insufficient to compensate AKZ sharp devaluation (88%) compared to EUR.
b) the drop in the number of concessioned restaurants in the Barcelona airport as of May, from a quota of 70% to only 40% in the new concessions. The impact of this loss has not been offset yet by new concessions in other airports, since these are still being transformed and the full spaces being made available.

The year of 2018 was therefore marked by the reconstruction of the business volume of the new concessions in the Barcelona, Gran Canária and Málaga airports.

The pace of conversion of the new concessions, according to the programme and authorisation of the grantor, meant that only 9 of the 31 newly concessioned restaurants were operational in their final form, by the end of the year.

At the Barcelona airport, where we ceased to operate 36% of restaurants as of May, only 6 were converted to their final format. Of a total of 19 restaurants, 68% were operating provisionally, or with ongoing work.

Out of a total of 6 concessions at the Málaga airport, 5 were being operated in a reduced format until the end of 2018.

Only 4 out of the 6 concessions in the Gran Canária airport have opened in their final format.

The pace of conversions of the new concessions according to the programme and permissions of the grantor has not yet allowed us to recover the sales revenue of 2017, however, conversion of new restaurants are expected to be concluded by the end of the third quarter of the following year.

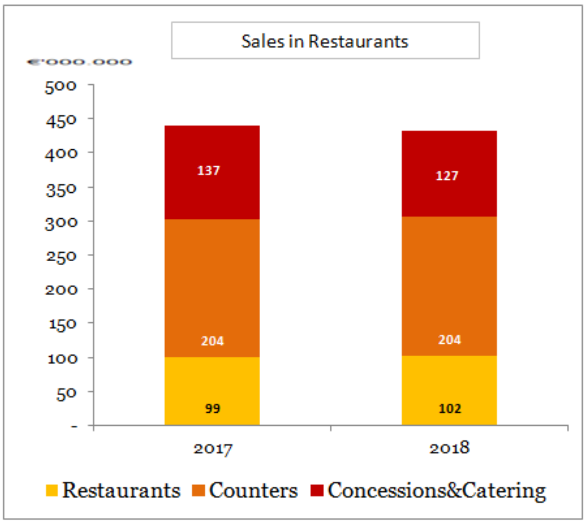
Because of these effects, consolidated restaurant sales reached 432.8 million euros, which represents an annual decrease of 1.8%, compared to the 440.7 million euros of 2017.

SALES IN RESTAURANTS	2018	
	euro million	% Ch. 18/17
Restaurants	101,82	2,4%
Counters	204,26	0,1%
Concessions&Catering	126,70	-7,7%
Total Sales	432,78	-1,8%

The restaurant segment with the best results highlights the performance of the Pizza Hut brand.

The counters segment, even including the activity of KFC Angola (which dropped around 37%), registered sales at the level of 2017, thanks to the performance of the brands operated in the Iberian Peninsula, especially KFC and Burger King, which maintained the positive trends shown in previous quarters, with rises in market share and growth rates influenced by the larger amount of operating units.

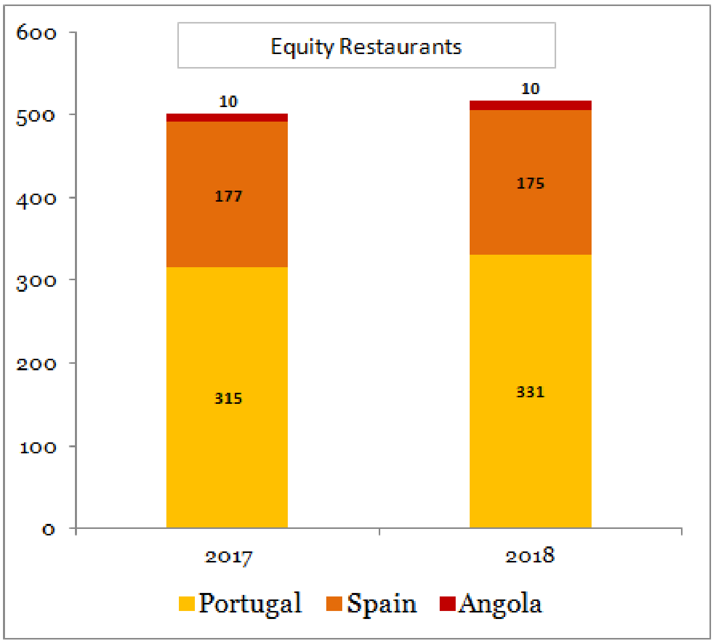
Businesses under the heading “Concessions and Catering” registered losses when compared to the same period of last year, due to the change in the perimeter brought on by the closing and opening of restaurants in the three new concessions of the Barcelona, Málaga and Gran Canária airports. Discounting that effect, the growth of the segment would have been of 8%.



Besides the closing of concessions, 23 units were closed in Spain, 21 of which were franchises and 2 in Italy, in continuation of the network readjustment process. In Portugal 2 Pizza Huts, 2 Pasta Caffé, one KFC and the concessioned unit at the Exponor were closed, according to the terms of the respective contracts.

Following the expansion strategy, four more franchises were opened (Pans and Ribs) as well as 38 self owned restaurants, 12 of which concessions and 26 self owned, 22 of which Burger King, Pizza Hut and KFC in Portugal and four in Spain, of which two Burger King, one Ribs and one Pans.

By the end of the year we were operating 331 own units in Portugal, 175 in Spain and 10 in Angola.



By the end of the year the total number of units – self owned and franchised – was 641, distributed in the following manner:

Nº of Restaurants	2017 31-Dec	Openings	Transfer	Closures	2018 31-Dec
PORTUGAL	**316**	**22**		**6**	**332**
Equity Restaurants	**315**	**22**		**6**	**331**
Pizza Hut	91	6		2	95
Okilo+MIIT+Ribs	4				4
Pans+Roulotte	46				46
Burger King	77	10			87
KFC	22	6		1	27
Pasta Caffé	9			2	7
Quiosques	8				8
Coffee Shops	27				27
Catering	7				7
Concessions & Other	24			1	23
Franchise Restaurants	**1**				**1**
SPAIN	**312**	**19**		**39**	**292**
Equity Restaurants	**177**	**16**		**18**	**175**
Pizza Móvil	31		-2	1	28
Pizza Hut	3		2		5
Burger King	33	2			35
Pans	35	1		1	35
Ribs	9	1			10
FrescCo	3				3
Concessions	63	12		16	59
Franchise Restaurants	**135**	**3**		**21**	**117**
Pizza Móvil	16			1	15
Pans	58	2		8	52
Ribs	28	1		2	27
FrescCo	8			1	7
SantaMaria	25			9	16
ANGOLA	**10**				**10**
KFC	9				9
Pizza Hut	1				1
Other Locations - Franchise	**8**	**1**		**2**	**7**
Pans Italy	8	1		2	7
Total Equity Restaurants	**502**	**38**	**0**	**24**	**516**
Total Franchise Restaurants	**144**	**4**	**0**	**23**	**125**
TOTAL	**646**	**42**	**0**	**47**	**641**

Other operational income amounted to 9.9 million euros, just 0.1 million euros above the results of 2017.

Operational Costs

Consolidated operational costs amounted to 429 million euros, which represents an increase of 0.9% compared to the previous year, now representing 95.3% of business volume (2017: 94.7%).

Gross Margin

The relative weight of the gross margin to the business volume registered a drop of 77.1% in 2017 to 75.8% in 2018, reflecting the effect of the increase in the weight of merchandise sales. Discounting this effect, the gross margin would have been 77.3% of the business volume, not counting sales of merchandise.

Salaries and personnel costs

Personnel costs rose 1.3%, slightly above the business increase of 0.4%, representing 30.5% of the business volume (2017: 30,2%).

The effect of the rise in minimum wage in Portugal, of high training costs due to the opening of new units over the last quarter, operating in provisional formats in the new airport concessions and the preliminary agreement for Madrid, effective in 2018, contributed to the rise in the relative weight of this item.

Supplies and External Services

Costs with supplies and external services amounted to 149.9 million euros, identical to the amount for 2017, equivalent to a slight increase of 0.3%.

Consequently the weight of this item remained at 33.3% of business volume, despite the increase in leases of new concessions at airports, which are fully supported, despite not being fully operational, and the impact of the application of IAS17.

The application of IAS17 to new concessions of leases had an impact of 1.3 million euros on the supplies and external services item, due to the linearisation of guaranteed income over the contractual period of the new concessions. Minus this impact, the weight of this item would represent 33.0% of the business volume of 2018.

Other Operational Costs

Other operational costs amounted to 3.1 million euros and include around 1.2 million euros in fees and taxes and a further 1.1 million in impairments of operational credits.

Amortisations and Impairment Losses

Amortisations and impairment losses in 2018 amounted to 29.8 million euros, representing 6.6% of business volume.

Recognised impairment losses of tangible and intangible assets amounted to 3.4 million euros.

EBITDA

The EBITDA over the period amounted to 61.0 million euros, which compares to 65.2 million of the previous year and equals a reduction of 6.5% compared to 2017. This was heavily influenced by the decreased activity in the airports in Spain, due to the partial loss of concessions in Barcelona, the transition period to new concessions and the devaluation of Angolan currency, as mentioned previously.

The gains of 4 million Ebitda in Portugal were offset by the reduction of contributions from Spain and Angola to the amount of 6 and 2 million euros, respectively.

The total EBITDA margin was 13.6% of business volume, compared to 14.6% in 2017.

FINANCIAL OUTCOME

The Net Financing Cost for the year was round 3.0 million euros, around 2.4 million less than in 2017.

The net interest supported and the commissions associated to these credit lines amounted to 3.4 million euros, which is equal to an average debt cost of 2.5%. The downward trajectory of the average cost of financing can be attributed to changes in interest rates in Portugal and Spain and the lower weight of the debt in Angola.

NET CONSOLIDATED OUTCOME

Result before Tax

The consolidated result before tax amounted to 29.1 million euros, representing a reduction of 14.1%, or 4.8 million euros, compared to 2017 (33.9 million euros).

Corporation tax

Corporation tax in 2018 amounts to 4.0 million euros. Tax benefits of 3.9 million euros for investments in Portugal (according to the CFI) were deducted. The actual corporation tax was 14%.

Consolidated Result for the Year

The net consolidated result for the year amounted to 25.1 million euros, which, when compared to the 31.2 million euros for 2017 shows a decrease of 19.7%.

Disregarding the effect of the application of IAS29, registered in autonomous item “Gains on net monetary position” (due to restatement in 2017 of 5.9 million euros and 1.2 million euros in 2018), the consolidated result would register a drop of 5.4% compared to 2017.

FINANCIAL SITUATION

Balance

Consolidated assets amounted to 444 million euros on the 31st of December, 2018, representing an increase of 14 million in relation to the end of 2017, the main transactions being:

(i) Investments in the fulfilment of the expansion plans, especially Burger King and KFC (around 24 million euros)

(ii) Remodelling and varied investments in Portugal and Spain (around + 11 million euros)

(iii) Increase in the value of the IAS 29 fixed asset – “Hyperinflationary Economy” (around 2 million)

(iv) Decrease in the technical fixed asset regarding the year’s amortisations and impairments (around -30 million euros)

(v) Decrease of 3 million euros in Investments in Angolan Treasury Bonds and increase in availabilities of 4 million euros

Consolidated liabilities amounted to 241 million euros on the 31st of December, 2018, identical to the amount at the end of 2017.

On December 31st, 2018, equity amounted to 203 million euros, an increase of 15 million euros compared to the end of 2017.

A total of 3.1 million euros in dividends were distributed to shareholders of Ibersol SGPS during the year.

CAPEX

In 2018, the CAPEX reached the amount of 39 million euros, which corresponds to investments in:

- expansion: opening of 39 new restaurants (24 million euros);
- remodelling: 64 units in Portugal and Spain (11 million euros)
- current miscellaneous investments worth 3.5 million euros.

There was also divestment, through closing of 24 units, with little impact on asset value.

Operational cash flow generated during the year amounted to 44.3 million euros, which was sufficient for the financial coverage of the CAPEX.

Consolidated Net Debt

At the end of the year, interest bearing net debt amounted to 74.8 million euros, around 8.5 million euros lower than the debt at the end of 2017 (83.4 million euros).

“Gearing” (net debt/(net debt+equity)) which stood at 31% at the end of 2017, dropped to 27%.

The “Net debt to EBITDA” at the end of 2018 was 1.2 times (1.3 times in 2017) and the EBITDA ratio of interest coverage is 18 times (compared to 15 in 2017).

The group’s financial structure continues to prove very solid.

8. Outlook

In Portugal, sales growth is expected to slow down in line with what has occurred in recent months, while growth in Spain will be very moderate.

Over the third quarter all units won through the 2018 tenders at the Barcelona, Gran Canária, Málaga and Alicante airports, in Spain, are expected to be opened with their definitive concepts.

In Angola a drop in consumption is expected, with the resulting fall in transactions. Inability to raise prices at the same rate as devaluation will result in a decrease of operational profit.

As far as openings, we will try to keep to our expansion plan at the rate of previous years in Portugal, whereas in Spain we will have selective openings of Pans and Ribs.

The market of home delivery operators has opened an opportunity for brands that have the capacity to serve this market but didn´t have scale to do it alone.

In January 2019, IFR16 is mandatory, with a strong impact on the financial statements. After reviewing all the contracts, namely the lease and concession agreements, we estimate that the recognition of the right to use the Asset and the corresponding Lease Liability will be between 260 and 290 million euros, adopting the modified retrospective method.

9. Individual Net Income and Distribution of Results Proposal

During 2018 Ibersol SGPS, S.A. posted a consolidated net profit of 25.095.257.00 euros and a net profit of individual accounts of 6.398.588.74 euros. As per the individual management report, the Board of Directors proposes the following appropriation:

Legal reserves	319.930.00€
Free reserves	2.478.658.74€
Dividends	3.600.000.00€

The allocation of dividends amounting to 3.600.000 €, should be done assigning each share a gross dividend of €0.10. Should the company hold own shares the same allocation of €0.10 will be kept for each share in circulation, thereby reducing total dividends.

10. Subsequent events

An agreement was recently reached with KFC, which foresees the opening of 80 restaurants over the next five years.

11. Acknowledgments

This Board of Directors would firstly like to thank all employees of the Group for the clear dedication and enthusiasm they showed in dealing with the challenges we faced during this year.

We gratefully acknowledge the trust and preference of our customers, the cooperation of our franchisees, the Banks, as well as our Suppliers and other partners.

We likewise thank all the Shareholders for the trust they continue to place in Ibersol.

The assiduous cooperation and capacity for dialogue manifested by the Audit Committee, Auditors and Statutory Auditor when monitoring and examining the company's management must also be acknowledged.

Porto, 12 of April 2019

The Board of Directors

____
António Carlos Vaz Pinto de Sousa

____
António Alberto Guerra Leal Teixeira

____
Juan Carlos Vázquez-Dodero

Annexes to the Management Report

Responsibility Statement

In compliance with paragraph a) of number 1 of the 245th article of the Securities Code, we declare that insofar as we are aware:

- the management report, the annual accounts and all other documentation pertaining to the accounts of Ibersol SGPS, SA. Demanded by law or regulation, referring to 2018, were drawn up in conformity with applicable accounting norms, providing a true and appropriate image of the assets and liabilities, the financial situation and the results of Ibersol SGPS, S.A. and the companies included in the consolidation perimeter;

- the information included in the management report faithfully expresses the evolution of business, performance and the position of Ibersol SGPS, S.A. and the companies included in the consolidation perimeter, and contains a description of the main risks and uncertainties they face.

Article 447 of the Commercial Companies Code and Article 14, #7 of the regulations of the Portuguese Securities Market Commission (CMVM), 5/2008

Declaration of the number of shares and other transferable securities issued by the Company which are owned by members of the administrative and fiscal bodies, or directors, as well as by close relations, under the terms of article 248 B of the Securities Code, and description of the transactions regarding said securities during the year under analysis.

Board of Directors	Acquisictions/Increases (a)		Sales		Balance at
	shares	av pr	shares	av pr	31.12.2018
António Alberto Guerra Leal Teixeira					
DUNBAR- SERVIÇOS E GESTÃO SA (1)					9.996
Ibersol SGPS, SA	420	0			2.520
António Carlos Vaz Pinto Sousa					
CALUM- SERVIÇOS E GESTÃO SA (2)					9.996
Ibersol SGPS, SA	420	0			2.520
(1) DUNBAR- SERVIÇOS E GESTÃO SA					
ATPS- S.G.P.S., SA (3)					2.840
(2) CALUM- SERVIÇOS E GESTÃO SA					
ATPS- S.G.P.S., SA (3)					2.840
(3) ATPS- S.G.P.S ., SA					
Ibersol SGPS, SA	3.294.508	0			19.767.058

(a) Number of shares increase results of the shares allocated in the share capital increase through incorporation of reserves.

During the financial year in analysis, no transaction executed by people discharging managerial responsabilities, other than those mentioned in the above table for Board of Directors

List of Qualified Shareholdings

Shareholders who own holdings equal to or above 2% of Ibersol – SGPS, SA share capital, calculated according to the terms of article 20 of the Securities Code, in compliance with article 8, #1, line b), of the regulations of the Portuguese Securities Market Commission (CMVM), 5/2008

Shareholders	nº shares	% share capital
ATPS - SGPS, S.A. (*)		
Directly	19.767.058	54,91%
António Alberto Guerra Leal Teixeira	2.520	0,01%
António Carlos Vaz Pinto Sousa	2.520	0,01%
Total attributable	**19.772.098**	**54,92%**
Magallanes Iberian Equity FI		
Total attributable	**1.308.656**	**3,64%**
Bestinver Gestion GGIIC		
Total attributable	**3.845.161**	**10,68%**
River and Mercantile Asset Management LLP		
Total attributable	**870.648**	**2,42%**
Norges Bank		
Directly	**913.582**	**2,54%**
FMR LLC		
Fidelity Managemment & Research Company	**1.098.000**	**3,05%**

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE
REPORT
2018

IBERSOL, SGPS SA.

Publicly Listed Company, with share capital of 36,000,000 euros, with its registered office at Praça do Bom Sucesso, nºs 105/159, 9º andar, 4150-146 Oporto, registered in the Companies Register of Oporto under registration and fiscal identification number 501669477.

PART I – SHAREHOLDING STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. SHAREHOLDING STRUCTURE

1. Share Capital structure.

The share capital of Ibersol,SGPS SA. amounts to 36,000,000 Euros, fully subscribed and paid, represented by 36,000,000 ordinary registered shares with a par value of 1 euro per share, all carrying the same rights and obligations. All the shares representing the share capital are admitted to trading on the regulated market Euronext Lisbon.

2. Share transmission and ownership restrictions.

There are no restrictions under Company's By-laws, in particular under 4th and 5th articles thereof, on the transferability of the shares, nor any clause requiring consent to the transfer of the shares, nor any type of limitation on ownership of the shares.

3. Own shares.

At 31st December 2018 Ibersol,SGPS SA. held 3.599.981 of its own shares, corresponding to 9,9999% of the share capital, with a nominal value of one euro per share, at an overall acquisition cost of 11,180,516 euros.

During 2018 exercise the Company has acquired 56 own shares and also 599.987 shares were allocated on its behalf by the capital increase by incorporation of reserves.

4. Impact of change in shareholder control of the company in significant agreements.

There are no significant agreements concluded by the Company or by its subsidiaries that contain clauses aimed at establishing measures to protect against a change of control (including after a tender offer). There are no specific conditions that limit the exercise of voting rights by the shareholders of the Company or other matters liable to interfere in the success of a tender offer. There are no signed contracts with change of control clauses, either financing agreements or other, in particular in a debt issuance context.

5. Defensive measures in case of change in shareholding control.

No defensive measures, nor any regime for the renewal or revocation of such measures, have been adopted in the Company.

6. Shareholders agreements.

The Company is not aware of any shareholders' agreement that could lead to restrictions on the transfer of marketable securities or to the concerted exercise of voting rights.

II. Qualifying shareholdings and Bonds helds

7. Qualifying Shareholdings.

At 31 December 2018, according to the notifications received by the Company and in accordance with articles 16th and 20th of the Securities Code, the shareholders that have a qualifying shareholding of at least 2% of the share capital of Ibersol,SGPS SA. are as follows:

Accionista/Shareholder	**nº acções** Nº shares	**% capital social** **% share capital**
ATPS - SGPS, S.A. (*)		
Diretamente/directly	19.767.058	54,91%
António Alberto Guerra Leal Teixeira	2.520	0,01%
António Carlos Vaz Pinto Sousa	2.520	0,01%
Total participação detida / imputável /imputable total shares	**19.772.098**	**54,92%**
Magallanes Iberian Equity FI		
Total participação detida / imputável / imputable total shares	**1.308.656**	**3,64%**
Bestinver Gestion GGIIC		
Total participação detida / imputável / imputable total shares	**3.845.161**	**10,68%**
River and Mercantile Asset Management LLP		
Total participação detida / imputável / imputable total shares	**870.648**	**2,42%**
Norges Bank		
Directamente /directly	**913.582**	**2,54%**
FMR LLC		
Fidelity Managemment & Research Company	**1.098.000**	**3,05%**

(*) The voting rights attributable to the ATPS are also attributable to António Pinto de Sousa and Alberto Teixeira under subparagraph b) of paragraph 1 of Article 20 and Article 21 paragraph 1, both of the Securities Code, by virtue of the latter's are holding the domain of that company, in which participate indirectly in equal parts respectively through CALUM – SERVIÇOS E GESTÃO, SA. with the NIPC 513799486 and DUNBAR – SERVIÇOS E GESTÃO, SA with the NIPC 513799257 – companies which together hold the majority of the share capital of ATPS SGPS, SA.

8. Number of shares and bonds held by the Governing Bodies members - Board of Directors and Supervisory Board

Number of Shares directly or indirectly held in Ibersol, SGPS SA:

Board of Directors:

Chairman - Dr. António Carlos Vaz Pinto de Sousa

2,520 shares of the capital of Ibersol SGPS, SA.
9,996 shares representing 99,96% of the capital of Calum – Serviços e Gestão, SA.
Calum – Serviços e Gestão, SA. holds 2,840 shares representing 25,02% of the capital of ATPS, SGPS, SA.
ATPS, SGPS, SA. on 31/12/2018, holds 19,767,058 shares representing share capital of Ibersol, SGPS, SA.

Vice-Chairman - Dr. António Alberto Guerra Leal Teixeira

2,520 shares of the capital of Ibersol SGPS, SA.
9,996 shares representing 99,96% of the capital of Dunbar – Serviços e Gestão, SA.
Dunbar – Serviços e Gestão, SA. holds 2,840 shares representing 25,02% of the capital of ATPS, SGPS, SA.
ATPS, SGPS, SA. on 31/12/2018 holds 19,767,058 shares representing share capital of Ibersol, SGPS, SA.

Director – Prof. Doctor Juan Carlos Vázquez-Dodero

Does not hold any shares of the company.

Statutory Audit Committee:

Chairman - Dr. Carlos Alberto Alves Lourenço

Does not hold any shares of the company.

Vice-Chairman – Dr.ª Maria José Martins Lourenço da Fonseca

Does not hold any shares of the company.

Member – Dr. Eduardo Moutinho Ferreira Santos

Does not hold any shares of the company.

Substitute – Dr. Arlindo Dias Duarte Silva

Does not hold any shares of the company.

9. Board of Directors qualification due to share capital increase.

Under article 4th number 2 of the Company's By-laws the share capital may be increased to one hundred million euros in one or more increases by resolution of the Board of Directors, which shall determine the form and conditions of subscription and categories of shares to be issued from among those provided in the By-laws articles or others permitted by law. However, this statutory provision is not actually applicable face to the expiration of the five-year period established in Article 456 (2) (b) of the Companies Code – but the general meeting can resolve at any time upon the renewal of those Board of Directors powers under prevision of the article 456 (4) of the same Code.

10. Related Parties significant Transactions.

No material business or significant transactions were conducted between the Company and holders of qualifying shareholdings.

B. GOVERNING BODIES AND COMMITTEES

I. General Meeting

a) Board of the Shareholders' General Meeting

11. Name, function and mandate of the General Meeting Board´s members.

Throughout 2018, and as election act held in the Annual General Meeting on 26 May 2017, the composition of the Board of the General Meeting was as follows:

Chairwoman of the Board – Dr.ª Luzia Leonor Borges e Gomes Ferreira;

Vice-Chairwoman – Dr.ª Raquel de Sousa Rocha;

Secretary – Drª. Maria Leonor Moreira Pires Cabral Campello;

These members are elected for a four-year mandate, from 2017 to 2020.

b) Exercise of voting rights

12. Possible restrictions on voting rights.

There are no restrictions on voting rights, such as limitations on the vote exercise depending on ownership of a certain number or percentage of shares, given that under terms of article 21 of the By-laws, each share represents one vote.

According to article 23 of Company's By-laws, the General Meeting is able to meet and deliberate on first call as shareholders representing more than fifty per cent of the share capital be present in person or represented. According to article 21.1 and 21.2 of the By-laws, each share represents one vote, and General Meeting deliberations can be adopted by simple majority, unless the law requires otherwise.

Article 22. 3 to 11 of the Company's By-laws contain rules on the exercise of voting rights by post and there are no restriction on postal voting. The company provides postal voting forms and informs of the necessary procedures to exercise this right. The form is available on the company's website at www.ibersol.pt. Under article 22.4 of the By-laws, postal votes can be received up to three days before the date of the General Meeting.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or shareholders which have with that one any relations such as stated on nº 1 of Art. 20.º of the Securities Code

There is no By-laws rule of the maximum percentage of voting rights that may be exercised by any shareholder or by shareholders who are mentioned in the previsions of the mentioned nº1 of Art. 20 of Securities Code.

14. Resolutions which only may be taken by qualified majority.

Under By-laws, the Shareholder's resolutions are not submitted to qualified majorities, unless imposed by law. So, unless the law provides otherwise, resolutions of the General Meeting shall be adopted by simply majority (art. 21.2 of the By-laws);

II. MANAGEMENT AND SUPERVISION

a) Composition

Board of Directors

Chairman – Dr. António Carlos Vaz Pinto de Sousa;

Vice-Chairman – Dr. António Alberto Guerra Leal Teixeira;

Member – Professor Doutor Juan Carlos Vázquez-Dodero de Bonifaz;

Statutory Audit Committee

Chairman - Dr. Carlos Alberto Alves Lourenço;

Vice-Chairman – Dr.ª Maria José Martins Lourenço da Fonseca;

Member – Dr. Eduardo Moutinho Ferreira dos Santos;

Substitute – Dr. Arlindo Dias Duarte Silva;

Statutory Auditor - KPMG & Associados – Sociedade de Revisores Oficiais de Contas SA.

15. Identification of model of governance adopted.

The Company adopts a classical monist model of governance, composed by Board of Directors and Statutory Audit Committee, the Statutory Auditor having been appointed by the General Meeting. The Board of Directors is responsible for performing all the administration acts related with the corporate object, determining the Company's strategic guidelines, and appointing and overseeing the work of the Executive Committee, no specialized committees having been formed by the Board. The Executive Committee coordinates the operations of the functional units and the Company's various businesses, meeting with the senior managers of these units and businesses on regular basis.

The Statutory Audit Committee is responsible for auditing the Company's activity in accordance with law and Company's By-laws.

The diversity and consolidated professional experience of the Board of Director's Members and of the Statutory Audit Committee Member's are described respectively in the following points 19. and 33.

16. Statutory rules for procedural and material requirements applicable to appointment and replacement of members of the Board of Directors.

The rules on the procedural and material requirements applicable to the appointment and replacement of members of the Board of Directors are stated in articles 8, 9, 10 and 15 of the By-laws.

The Board of Directors is composed of an even or uneven number of members, with a minimum of three and a maximum of nine, elected by the General Meeting. A number of substitutes equal to one-third of the number of effective directors may also be elected.

Up to one-third of the directors shall be elected from among persons proposed in lists subscribed by shareholder groups holding shares representing no more than 20% and no less than 10% of the share capital. Each list must propose at least two candidates for each post to be filled and a shareholder may not subscribe more than one list. If, in a isolated election, lists are presented by more than one group, the vote will decide on all the lists taken together.

In the event of death, resignation or temporary or permanent disability of a director, the Board of Directors shall arrange for a replacement. Where a director elected under the rules set forth in the preceding paragraph is no longer and definitely available, a replacement shall be elected by the General Meeting.

17. Composition of the Board of Directors.

The Board of Directors is currently composed of three members, the executive members being the Chairman and the Vice-Chairman. The Board of Directors shall choose its own chairman if this one has not been appointed by the General Meeting. The Board of Directors may specifically appoint one or more directors to handle certain matters. On 31 December 2018 the Board of Directors was composed by the following members:

Chairman – Dr. António Carlos Vaz Pinto de Sousa;
Vice-Chairman – Dr. António Alberto Guerra Leal Teixeira;
Member – Prof. Juan Carlos Vázquez-Dodero de Bonifaz;

All the members were elected by the General Meeting on 26 May 2017 for a mandate with term at 31st December 2020, but these members will be in exercise until a new election of it's members by the General Meeting.

It should be pointed out that the last electoral act of this corporate body occurred at the general meeting of May 26, 2017, without the validity of the current Code of Corporate Governance of 2018, issued by the Portuguese Institute of Corporate Governance (IPCG).

It should also be noted that the requirement of a gender-balanced composition of the governing bodies, in accordance with the quota system, has only been verified to be directly applicable to general election assemblies that have taken place after 1 January 2018. This Company shall observe these gender quotas at the time of a new electoral act or at the time of the renewal or replacement of the current members' mandate, pursuant to Law 62/2017 of 1 August.

The members of the Board of directors were first elected to their posts as follows: Dr. António Carlos Vaz Pinto de Sousa, 1991; Dr. António Alberto Guerra Leal Teixeira, 1997; and Prof. Juan Carlos Vázquez-Dodero de Bonifaz, 1999.

Under article 27 of the By-laws, directors are elected for a four years period.

The Board of Directors may also delegate the day-to-day management of the Company to one or more directors or an executive committee, within the terms and limits established by law. The Board of Directors shall be responsible for the current exercise of the Executive Committee and the conditions it shall exercise the powers assigned to.

18. Distinction between executive and non-executive members and, as regards non-executive members, details of members that may be considered independent.

The governing body of the Company is made up of three directors and includes one non-executive member, Prof. Juan Carlos Vázquez-Dodero de Bonifaz, who is not associated with any specific interest groups, whether of the Company or its principal shareholders, and has no material interests that might clash or interfere with the free performance of his duties as a director. No internal control committee has been established. The mentioned non-executive member is a director of related companies, in which he does not perform any executive functions. He does not carry out any activities or businesses with the Company, within the meaning of articles 397 and 398 of the **Companies Code (CSC)** and meets the other requirements for independence stated in art 414.5 of the CSC, in particular as stated in the European Commission Recommendation of 15 February 2005. Face to this Recommendation, in its point number 13, it is determined, about the independence requirement, that an administrator must be considered independent if he has no business, family, or other relations with the company, either with the control shareholders, as well with the directive bodies of any of them – that can create a conflict of interest that undermine his judgment. These independence requirements are complete fulfilled by the non-executive member of Board of Directors, Prof. Juan Carlos Vazquez-Dodero de Bonifaz, and so this is an independent member.

The above mentioned non-executive director, as a non-executive director of the Board of Directors of companies included in or linked to the Ibersol Group, does not collaborate or interferes with the management of those companies, neither provides any other type of services to any of these companies and has no other type of commercial relationship (material or non-material), whether of service provision or another nature, and is not a beneficiary of any kind of remuneration beyond that received annually as a non-executive director of Ibersol, SGPS, SA.

The company does not include a plural number of non-executive directors, pointing out that the last electoral event occurred at the general meeting of May 26, 2017, without the validity of the current Corporate Governance Code of 2018 issued by the Portuguese Corporate Institute Governance Committee (IPCG). It should be noted that this non-executive member has held his office continuously since 1999 as a result of successive elections held at subsequent general meetings - without this circumstance has been likely to affect or condition, in any respect, his necessary exemption of analysis and decision in the course of his necessary exemption of analysis and decision, in the course of his mandates until the present date.

19. Professional qualifications of the members of the Board of Directors.

BOARD OF DIRECTORS

President - António Carlos Vaz Pinto de Sousa

Academic qualifications

- BA in Law - Faculty of Law of the University of Coimbra
- CEOG – Course in Management – Catholic University of Oporto

Professional activity

- Chairman of the Board of Directors of Ibersol, SGPS, SA.

- Director of other companies in which Ibersol SGPS, SA holds shares.

Date of first appointment and end of current term– 1991 / 2020;

Functions performed in board of directors of other societies held by Ibersol Group:

ASUREBI - SGPS, SA.

EGGON – SGPS, SA.

ANATIR – SGPS, SA.

CHARLOTTE DEVELOPS, SL.

DEHESA DE SANTA MARIA FRANQUICIAS, S.L.U.

FIRMOVEN - Restauração, SA.

FOODSTATION, SLU.

HCI - Imobiliária, SA.

IBERAKI - Restauração, SA.

IBERGOURMET - Produtos Alimentares, SA.

IBER KING - Restauração, SA.

IBERSANDE - Restauração, SA.

IBERSOL ANGOLA, S.A.

IBERSOL - Hotelaria e Turismo, SA.

IBERSOL - Restauração, SA.

IBERSOL MADEIRA e AÇORES, RESTAURAÇÃO, SA.

IBERUSA - Hotelaria e Restauração, SA.

IBERUSA - Central de Compras para a Restauração, ACE

IBR – Imobiliária, SA.

INVERPENINSULAR, SL.

JOSÉ SILVA CARVALHO – Catering, SA.

LURCA, SAL.

LUSINVER RESTAURACIÓN, SAL.

MAESTRO - Serviços de Gestão Hoteleira, SA.
PANSFOOD SA.

Pans, Food, Vidisco y Lurca, Unión Temporal de Empresas.

SEC - EVENTOS E CATERING, SA.

SUGESTÕES E OPÇÕES – Actividades Turísticas, SA.

THE EAT OUT GROUP, SLU.

CORTSFOOD,SLU.

VIDISCO, SL

Manager

RESTMON (Portugal) - Gestão e Exploração de Franquias, Lda.

Functions performed in board of directors of societies outside Ibersol Group :

ATPS - Sociedade Gestora de Participações Sociais, S.A.

ATPS II, SGPS, SA.

MBR, IMOBILIÁRIA, SA.

MUIR - SGPS, SA.

ONE TWO TASTE, SA.

POLIATLÂNTICA SGPS, SA.

SOPRANO – SGPS, S.A.

DUNBAR – SERVIÇOS E GESTÃO, S.A.

CALUM – SERVIÇOS E GESTÃO, S.A.

Vice – President, Dr. António Alberto Guerra Leal Teixeira

Academic qualifications

- BA in Economics – Faculty of Economics of the University of Oporto.

Professional activity

- Vice-Chairman of the Board of Directors of Ibersol, SGPS, SA
- Director of other companies in which Ibersol, SGPS, SA holds shares.

Date of first appointment and end of current term– 1997 / 2020;

Functions performed in board of directors of other societies held by Ibersol Group :

ASUREBI - SGPS, SA.

EGGON – SGPS, SA.

ANATIR – SGPS, SA.

CHARLOTTE DEVELOPS, SL.

DEHESA DE SANTA MARÍA FRANQUICIAS, S.L.U.

FIRMOVEN - Restauração, SA.

FOODSTATION, SLU.

HCI – Imobiliária, SA.

IBERAKI - Restauração, SA.

IBERGOURMET - Produtos Alimentares, SA.

IBER KING - Restauração, SA.

IBERSANDE - Restauração, SA.

IBERSOL ANGOLA, S.A.

IBERSOL - Hotelaria e Turismo, SA.

IBERSOL - Restauração, SA.

IBERSOL MADEIRA e AÇORES, Restauração, SA.

IBERUSA - Hotelaria e Restauração, SA.

IBERUSA - Central de Compras para a Restauração, ACE.

IBR – Imobiliária, SA.

INVERPENINSULAR, SL.

JOSÉ SILVA CARVALHO – Catering, SA.

LURCA, SAL.

LUSINVER RESTAURACIÓN, SAL.

MAESTRO - Serviços de Gestão Hoteleira, SA.

PANSFOOD SA.

Pans, Food, Vidisco y Lurca, Unión Temporal de Empresas.

SEC - EVENTOS E CATERING, SA.

SUGESTÕES E OPÇÕES – Actividades Turísticas, SA.

THE EAT OUT GROUP, SLU.

CORTSFOOD, SLU.

VIDISCO, SL.

Manager

RESTMON (Portugal) – Gestão e Exploração de Franquias, Lda.

Functions performed in board of directors of societies outside Ibersol Group:

ATPS - Sociedade Gestora de Participações Sociais, SA.

ATPS II, SGPS, SA.

MATEIXA – Sociedade Imobiliária, S.A.

MUIR - SGPS, SA.

ONE TWO TASTE, SA.

DUNBAR – SERVIÇOS E GESTÃO, SA.

CALUM – SERVIÇOS E GESTÃO, SA.

Member - Prof. Juan Carlos Vázquez-Dodero de Bonifaz

Academic qualifications

- BA in Law – Complutense University of Madrid.
- BA in Business Studies – ICADE, Madrid.
- Master of Business Administration – IESE, University of Navarra.
- PhD in Management - IESE, University of Navarra.
- " Managing Corporate Control and Planning" and "Strategic Cost Management" programmes, Harvard University.

Professional activity

- Professor Emeritus at IESE.
- Advisor and Consultant to various European and American companies.
- Member of the Board of Directors of Ibersol, SGPS, SA.
- Director of other companies in which Ibersol, SGPS, SA holds shares.

Date of first appointment and end of current term– 1999 / 2020;

Functions performed in board of directors of other societies held by Ibersol Group:

DEHESA DE SANTA MARIA FRANQUICIAS,SLU.

FOODSTATION, SLU.

IBERUSA - Hotelaria e Restauração, SA.

IBERSOL - Restauração, SA.

IBERSOL ANGOLA, SA.

PANSFOOD SA.

THE EAT OUT GROUP SLU.

Functions performed in board of directors of societies outside Ibersol Group:

ATPS - Sociedade Gestora de Participações Sociais, SA.
ATPS II, SGPS. SA.

DUNBAR – SERVIÇOS E GESTÃO, SA.

CALUM – SERVIÇOS E GESTÃO, SA.

MUIR-SGPS, SA.

President and Founder of Patronato da Fundação Amigos de Rimkieta

Counselor of Jeanologia S.L.

Vogal of the Fundación IESE (FIESE)

20. Significant relationships between members of Board of Directors and qualified shareholders.

There are no family, professional or business relationships with holders of qualifying shareholdings beyond the fact that the Directors, Dr. António Carlos Vaz Pinto de Sousa and Dr. António Alberto Guerra Leal Teixeira, through companies Calum-Serviços de Gestão, SA. and Dunbar – Serviços de Gestão, SA., have the control of ATPS SGPS, SA. and this company detains 54.91% of the share capital of Ibersol SGPS, SA, participation that is imputed to them individually as well.

21. Division of powers between the different boards, committees and/or departments within the company, including information on delegating

responsibilities, particularly with regard to the delegation of powers, in particular with regard to the delegation of daily management of the Company.

Two of the members of the Board of Directors perform executive functions and form an Executive Committee, which was elected and whose powers of day-to-day management were delegated by the board of directors under terms of art. 8.4 of the By-laws of the Company and article 407.3 of the Companies Code (CSC)and the third director performs non-executive functions without delegation of management powers.

The executive committee coordinates the operations of the functional units and the various corporate businesses, meeting with the senior managers of these units and businesses on periodic and regular basis. The decisions taken by the functional and business managers, which must respect the overall guidelines, are taken under powers delegated by the Executive Committee and are coordinated in periodic meetings.

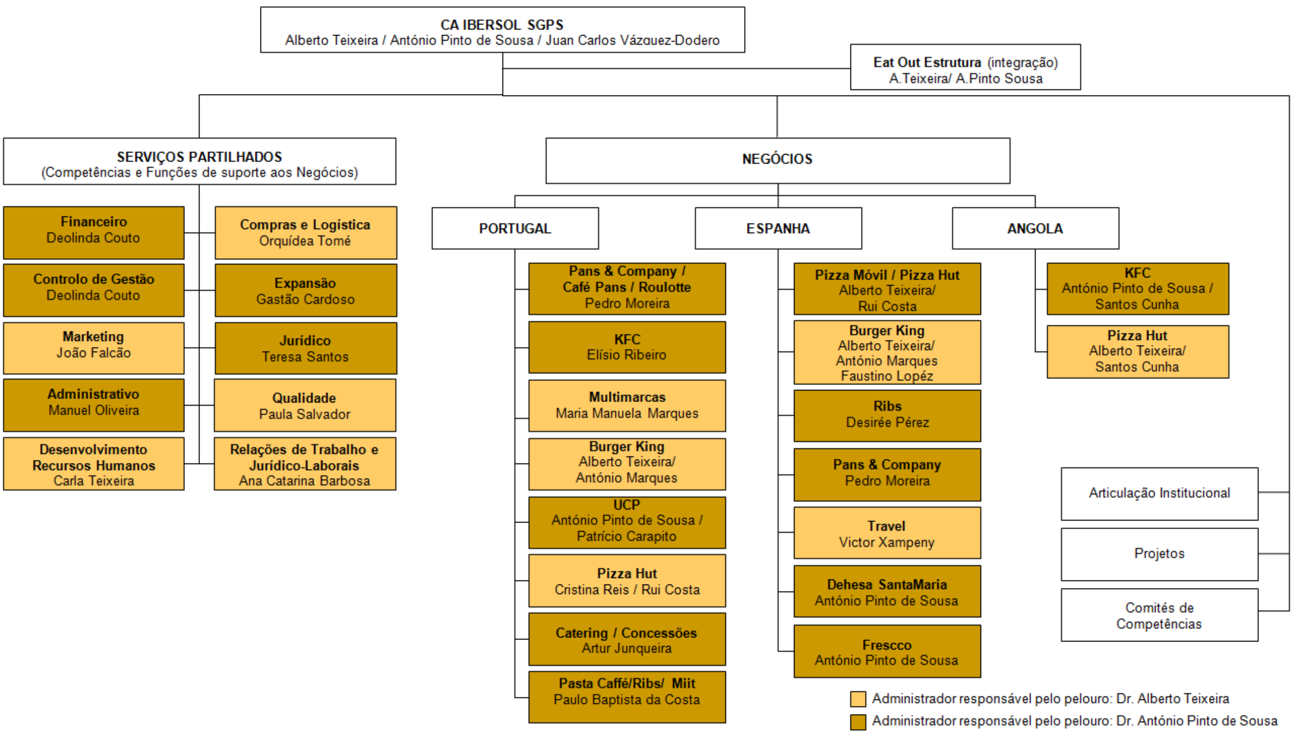
The powers delegated to the Executive Committee are as follows:

a) Exercise full powers of decision, management and monitoring of the Company's activity at a strategic level, within the legal limits of art. 407.4 of the CSC.
b) Develop, plan and schedule the actions of the governing body, in the Company's internal and external plan for the exercise, so as to achieve the corporate objectives in accordance with the Company's mission, in particular assisting the Board of

Directors in the proper verification of the instruments of supervision of the economic and financial situation and in the exercise of the control function over the companies belonging to the Ibersol Group.

c) It is responsible for assisting the Board of Directors in the updating of its structures of advice and functional support; in the procedures of the companies belonging to the Ibersol Group, in line with the changing needs of the business, defining the profiles and characteristics of their strategic partners, customers, workers, employees and other agents; and in the conduct of the Group's relationships with its environment, acquiring, disposing and encumbering movable property and establishing or terminating cooperation agreements with other companies.

The organization chart and distribution of tasks is as follows:



b) Functioning

22. Location where the regulations governing the functioning of the Board of Directors can be found.

The Regulations of the Board of Directors may be consulted on the Company's website: www.ibersol.pt.

23. Number of meetings held and attendance level of each member, as applicable, of the Board, the General and Supervisory Board and Executive Board of Directors.

The By-Laws of the Company stipulate that the Board of Directors shall meet at least quarterly and whenever convened by the Chairman or two of its members. Meetings of the Board of Directors are arranged and prepared in advance and the necessary documentation of the points on the agenda is made available in good time.
The minutes of meeting are registered in proper book.
In the 2018 exercise were made 10 (ten) reunions of the Board.
The Executive Members had a presence performance of 100% and the Non-Executive Member had a performance of 100%.

24. Competent Bodies of the Company to appraise the performance of executive directors.

The Board of Directors annually evaluates its own performance, both on the performance of its group and on the individual performance of the executive members and the non-executive member, emphasizing the analysis of the parameters of compliance with the strategic plan and the budget outlined for the Company, evaluating the risk management process, as well as placing this assessment at the level of the relationship with the other corporate bodies and with the Remuneration Committee.
The Remuneration Committee, representing the shareholders, is responsible for assessing the performance and the approval of remunerations of the Board of Director's Members and other bodies in accordance with the remuneration policy approved by the shareholders in the General Meeting.

25. Predetermined criteria for evaluating the performance of executive directors.

The remuneration of the executive members of the Board of Directors does not include any variable component. The executive directors are remunerated by ATPS, SGPS SA. having this one subscribed a contract for services with the subsidiary of the Group, the Ibersol Restauração SA. There are no pre-determined criteria for the stated purpose.

26. Availability of each member of the Board of Directors indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities by members of these bodies during the financial year.

The professional activity of the current members of the Board of Directors is described in point 19 above.

c) Committees within the board of directors and delegates;

27. Identification of committees created within the board of directors and where can be found the Regulations on the functioning.

The Executive Committee is the only committee of the Board of Directors and the

Regulation of the Board of Directors may be consulted on the website www.ibersol.pt.
The board of directors and the executive committee that integrates the board ensure that the company develops its activity in order to comply with the statutory purposes, not delegating the competence for the definition of the strategy and company management policies, centralizing the definition of the structure business of the group, taking charge and in it's exclusive competence of all relevant strategic decisions, either by it's value, it's potential degree of risk involved, either by it's specific characterization.

28. Executive Committee.

Dr. António Carlos Vaz Pinto de Sousa;
Dr. António Alberto Guerra Leal Teixeira;

29. Competence of each committee created and synthesis of activities in exercise of those competence.

Ibersol, SGPS, SA has a Board of Directors made up of three members: a Chairman, a Vice-Chairman and a Director.
Two of the members perform executive functions and form an Executive Committee, which was elected and has powers delegated to it by the Board of Directors under the terms of art. 8.4 of the Company's By-laws and article 407.3 of Companies Code (CSC). The third director performs non-executive functions and has no delegation powers of ordinary management of the company
The executive committee coordinates the operations of the functional units and the company's various businesses, meeting with the senior managers of these units and businesses on a regular basis. The decisions taken by the functional and business managers, which must respect the overall guidelines, are taken under powers delegated by the Executive Committee and are coordinated in committee meetings.
The powers delegated to the Executive Committee are as follows:

a) Exercise full powers of decision making, management and monitoring of the Company's activity at a strategic level, within the legal limits of art. 407.4 of the Companies Code (CSC), develop, plan and schedule the actions of the governing body, in the Company's internal and external plan for the year, so as to achieve the corporate objectives in accordance with the Company's mission, in particular assisting the Board of Directors in the proper verification of the instruments of supervision of the economic and financial situation and in the exercise of the function of control of the companies belonging to the Ibersol Group.
b) The Executive Committee is also responsible for assisting the Board of Directors in the updating of its structures of advice and functional support; in overseeing the procedures of the companies belonging to the Ibersol Group, in line with the changing needs of the business, defining the profiles and characteristics of their

strategic partners, customers, workers, employees and other agents; and in the conduct of the Group's relationships with its environment, acquiring, disposing and encumbering movable property and establishing or terminating cooperation agreements with other companies.

The Executive Committee meets monthly and whenever called by the Chairman. Apart from the regular contacts established between the members of the Executive Committee in the periods between meetings, a total of 18 meetings were held during 2018.

The members of the Executive Committee provide the information requested by other members of the corporate governing bodies in a timely manner.

III. SUPERVISION

a) Composition

30. Identification of the Fiscal Board.

Under the adopted model, the Company is audited by the Statutory Audit Committee (Fiscal Board) and by the Statutory Auditor or by Statutory Audit firm, who are both elected by the General Meeting of Shareholders. The Statutory Auditor or the Statutory Audit firm are not members of the Statutory Audit Committee (Fiscal Board).

31. Composition.

Audit Committee

Chairman – Dr. Carlos Alberto Alves Lourenço;
Vice-Chairman – Dr.ª Maria José Martins Lourenço da Fonseca;
Member – Dr. Eduardo Moutinho Ferreira Santos;
Substitute – Dr. Arlindo Dias Duarte Silva;

The Statutory Audit Committee is made up of at least three effective members, who are elected by the General Meeting and must meet at least quarterly. When the Audit Committee has three active members it must have one or two substitutes, and when it has more than three active members, it must be two substitutes.

The statutory auditor or statutory audit firm are elected by the General Meeting at the proposal of the Statutory Audit Committee (Fiscal Board).

The term of mandate of the Statutory Audit Committee members is four years (art. 27 of the By-laws). The current Chairman and vice-Chairman took up the respective post in 2017. The Member was first appointed as a substitute in 2007 and was appointed as a member for the period 2013-2016 and 2017-2020;

32. Independence of the Fiscal Board members.

All the effective members meet the criteria stated in article 414.5 of the CSC and comply with all the rules of incompatibility mentioned in article 414.-A.1 of the CSC.

The members of the Statutory Audit Committee have the duty to immediately report to the Company any event that might give rise to incompatibility or loss of independence.

33. Professional Qualifications.

Chairman –Dr. Carlos Alberto Alves Lourenço

Academic qualifications

- Graduated by Instituto Superior de Contabilidade e Administração de Lisboa (1979) and Bachelor of Accounting and Administration;

Professional activity in the last five years:

- Statutory Auditor (1990);
- Management Consulting at PriceWaterHouse Coopers (PwC);

Date first appointed and end of current term of office: 2017 / 2020.

Functions performed in the governing bodies of other companies belonging to the Ibersol Group:

He does not perform any functions in other companies in the Ibersol Group.

Number of shares of Ibersol, SGPS, SA held directly or indirectly:

He does not hold any shares of the company.

Vice-Chairman – Dr.ª Maria José Martins Lourenço da Fonseca;

Academic qualifications

- Economics Degree from the Faculty of Economics of Oporto University (1984);
- Postgraduate ins European Studies by the Center of European Studies, Catholic University of Oporto (1987);
- Master in Business Sciences, specialized in Accountability and Management Control by Faculty of Economics of Oporto University (2002);
- PhD in Business Sciences, specialized in Accountability and Management Control by Faculty of Economics of Oporto University (2015);

Professional activity in the last five years:

- Professor at Oporto Catholic Business School (CPBS);
- Director of the Master in Auditing and Taxation, CPBS;
- Consultancy activity at the Center for Management Studies and Applied Economics, CPBS;
- Collaboration with the Order of Chartered Accountants as a trainer in the ROC Preparation Course.

Date first appointed and end of current term of office: 2017 / 2020.

Functions performed in the governing bodies of other companies belonging to the Ibersol Group:

She does not perform any functions in other companies in the Ibersol Group.

Number of shares of Ibersol, SGPS, SA held directly or indirectly:

She does not hold any shares of the company.

Member – Dr. Eduardo Moutinho Santos;

Academic qualifications

- Law Degree in Faculty of Law of Coimbra University (1978).

Professional activity in the last five years:

- Lawyer in Oporto;

Date first appointed and end of current term of office: 2007 (substitute member), 2013-2020;

Functions performed in the governing bodies of other companies belonging to the Ibersol Group:

President of the Audit Board of the company Ibersande Restauração, SA., having stated his renounce to this post at 23rd April 2017;

Number of shares of Ibersol, SGPS, SA held directly or indirectly:

He does not hold any shares of the company.

b) Functioning

34. Location where the regulations governing the functioning of the Fiscal Board can be found.

The Regulations of the Statutory Audit Committee may be consulted on the website: www.ibersol.pt.

35. Meeting of the Fiscal Board.

The Statutory Audit Committee meets at least once each quarter. In 2018 there were 8 formal meetings of this body and the rate of attendance of all the active members was 100%. The minutes of meeting are registered in proper book.

36. Availability of each member with description of positions held in other companies inside and outside the group and other relevant activities carried out.

All the members of the Statutory Audit Committee consistently demonstrated their availability to perform their functions, having attended all the meetings and taken part in the work.

With reference to point 33 above we refer the information on other posts held in other companies by the active members of the Statutory Audit Committee in **Annex 2** to this report.

c) Competences and functions

37. Description of the procedures and criteria for intervention by the Fiscal Board for the purpose of hiring additional services to the Statutory Auditor.

The Statutory Audit Committee annually assesses the work of the external auditor and states its conclusions in its Report and Opinion, issued in terms and for the purposes of art. 420.1. g) of the Companies Code.

The Statutory Audit Committee analyzes and approves the scope of any additional services provided, considering whether they call the independence of the external auditor into question. It also ensures that any consulting services provided have the necessary level of quality, autonomy and independence relative to the services provided within the scope of the audit process.

38. Other functions.

The Statutory Audit Committee, in coordination with the Statutory Auditor, is responsible for the auditing of the Company, namely:

- Supervise the management of the Company,namely by regularly assessing compliance with the company's strategic plan and the budget;
- Verify that the accounting policies and valuation criteria adopted by the Company lead to a correct valuation of assets and results;
- Continuously monitor the effectiveness of the risk management system and the internal control system;
- Verify the accuracy of the accounting documents, accompanying the process of preparation and disclosure of financial information, and presenting recommendations to ensure the integrity of the same;
- Supervise the audit of accounts;

- Receive notifications of irregularities presented by shareholders, Group employees or others;
- To prepare annually a report on its audit action directed at shareholders, including the description of the inspection activity carried out, any detected constraints and to give an opinion on the report and accounts, as well as on the proposals presented by the management;

It is also responsible for making proposals to the General Meeting for the appointment of the statutory auditor and examining the auditor's independence, particularly as regards the provision of additional services.

The annual report on the work of the Audit Committee is published, together with the financial statements, on the Company's website.

To all effects, the Statutory Audit Committee represents the company in relation to the external auditor, ensuring that all the conditions of service provision are ensured, annually assessing the auditor's performance, acting as the auditor's main contact and receiving its reports, jointly with the Board of Directors.

To perform its functions the Statutory Audit Committee obtains from the Board of Directors the information it needs in order to carry out its activity, namely information on the Group's operations and finances, changes in the composition of the Group's portfolio of companies and businesses and the content of the main resolutions adopted by the Board.

IV. Statutory External Auditor

39. Statutory External Auditor identification and the representing partner.

The statutory auditor of the Company is "KPMG & Associados – Sociedade de Revisores Oficiais de Contas, SA.", designated by the General Meeting 14 May 2018 for the mandate's course 2017/2020, represented by the Statutory Auditor Dr.ª Adelaide Maria Viegas Clare Neves and Substitute, Dr. Vitor Manuel da Cunha Ribeirinho, Statutory Auditor.

40. Permanence of functions.

The mentioned Statutory Auditor performs functions in the Company from its nomination occurred at the General Meeting 14 May. 2018 to the present, and it's mandate will occur until 2020.

41. Other services provided to the Company.

The Statutory Auditor is also the Company's external auditor.

V. External Auditor

42. Identification.

The external auditor named under article 8th of the Securities Code is "KPMG & Associados - Sociedade de Revisores Oficiais de Contas, SA. " registered in the Securities Market Commission under nº 20161489, and in 2018 its representative was the Statutory audit Dr.ª Adelaide Maria Viegas Clare Neves (ROC nº 862).

43. Permanence of Functions.

The external auditor was elected for the first time in 2018 and develops its first mandate since 2018 to 2020. The partner who represents the actual External Auditor exercises since 2018 and will end her functions when a new company's external auditor shall be appointed.

44. Policy and frequency of rotation of the external auditor and its partner.

The external auditor and its representative partner member in the performance of its duties are in a first mandate. The election for each mandate is carried out by the General Meeting upon proposal of the Statutory Audit Committee and the frequency of rotation thereof shall be appraised in accordance with best corporate governance practices at the date of the proposal for a new term of office.

45. External Auditor assessment.

The Statutory Audit Committee annually assesses the work of the external auditor and states its conclusions in its Report and Opinion, issued in the terms and for the purposes of art. 420.1.g) of the Companies Code (CSC).

46. Additional work.

In 2018, the External Auditor did not provide any services other than Auditing and Accounts Revue.

47. Annual remuneration.

The total annual remuneration paid by the Company and other companies in a control or group relationship to the auditor or other corporate entities belonging to auditor's network amounted in 2018 to 246,000 euros, as follows:

RESUME

	2018	%	2017	%
Company Ibersol SGPS SA.				
Audit and review **(*)**	25,000	10,2%	59,500	16,7%
Other services				
Entities that integrate the Group				
Audit and review **(**)**	221,000	89,8%	287,872	80,6%
Tax consultancy				
Other services			9.780	2,7%
TOTAL	**246,000**	**100%**	**357,152**	**100%**

(*) In 2017 includes 15,000 euros of addicional fees related to audit (2016 exercise)
( ) In 2018 includes 50,000 euros of addicional fees related to audit (2018 exercise)**

C. INTERNAL ORGANIZATION

I. Articles of Association

48. Rules about changes in Statutes.

The rules applicable to amendment of the By-laws of the Company are those set forth in articles 85 ff. and 383 ff. of the Companies Code (CSC).

II. Whistle Blowing Policy

49. Whistle Blowing Policy.

The values and principles of Ibersol Group, disseminated and rooted in the culture of its collaborators, rely in the absolute respect and adoption of good conduct rules and transparency in management of conflicts of interests and due diligence duties and confidentiality in relations with third parties.

The Company has a policy in place for the receipt of reports, claims or complaints about irregularities detected in the Company. As set forth in the Regulations of the Statutory Audit Committee, which are published on the Company's website, this organ keeps a written record of reports of irregularities that are addressed to it, and, when considered appropriate, takes the necessary steps together with the Board of directors and the auditors, and prepares a report on the irregularities. So, this kind of irregularities may be reported to the Statutory Audit Committee without anonymity and being reported directly to the Company, by means of its reference to the Statutory Audit Committee. The Company will send the reports received to the Chairman of the Statutory Audit Committee, ensuring confidentiality.

During 2018 the Statutory Audit Committee did not receive any reports of irregularities.

III. Internal Control and Risk Management

50. Individuals, bodies or committees responsible for internal audit and/ or implementation of internal control systems.

Ibersol does not have autonomous internal audit and compliance services.

Risk management, as part of the company's culture, is present in all processes and is the responsibility of all managers and employees at the different organization levels.

Risk management is undertaken with the goal of creating value by managing and controlling uncertainties and threats that may affect the Group companies, with a view to the continuity of operations, to take advantage of business opportunities.

As part of strategic planning are identified and evaluated the risks of the existing businesses portfolio and the development of new businesses and relevant projects and defined those risks management strategies.

At the operational level, are identified and evaluated the risks management objectives of each business and planned actions to manage those risks that are included and monitored in the plans of business and functional units.

With regard to security risks of tangible assets and people are defined policies and standards, and the self-control of its application is made, being conducted external audits to all units and implemented preventive and corrective actions for the identified risks.

In order to ensure compliance of the established procedures is performed regularly assessing of the main internal control systems of the group. For specific business aspects there are risk areas whose management has been assigned to functional departments.

Internal control and the monitoring of internal control systems are overseen by the Executive Committee.

51. Disclosure of the relationship to other committees of the Society in hierarchical dependence and/ or functional relation.

The Group does not have autonomous services.

The Statutory Audit Committee evaluates the functioning of the internal control and risk management systems, supervising its business plan, receiving periodic information on its work, evaluating the conclusions and issuing the guidelines it deems necessary. The External Auditor verifies the effectiveness and functioning of internal control mechanisms in accordance with a work plan in line with the Statutory Audit Committee, to whom also reports its conclusions.

52. Existence of other functional areas regarding competences in risk control.

There are central functions - Quality, Human Resources, Planning and Management control, and Financial Units – that reporting to the Executive Committee, promote, coordinate and facilitate the development of risk management processes.

53. Main Risks to which the Company and its Affiliates are exposed.

The Board of Directors considers that the Group is exposed to the normal risks arising from its activity, namely at the level of the restaurants.

Strategic and operational risks

Ibersol's business, like any retail business, is exposed to the instability of the economic environment as well as the evolution of consumer preferences. Strategic risk management involves the monitoring of macroeconomic indicators, studies of consumer trends, studies of the catering market with consumer surveys and monitoring of competition activity in the different markets where the Group operates. In the annual Planning process all these factors are reassessed and macroeconomic trends are analyzed. Internationalization of businesses, strict control of costs, launching of new concepts, distribution channels, products and promotions adapted to changes in consumer profiles are some of the initiatives aimed at mitigating this risk.

With the acquisition of the Eatout Group, Ibersol has a significant part of its turnover in airport concession areas. The concessions are awarded by tender for a certain period of time, so the Group may or may not guarantee the renewal of these contracts, which may affect its turnover and profitability.

Operating various international brands under the franchise system, the Group enters into long-term franchise agreements (20 years or 10 + 10 years) and, after the respective term, have been renewed, although there is no such requirement. The group seeks to fulfill all obligations associated with contracts and maintain a good relationship with franchisors as a way to minimize the risk of non-renewal.

Operational risks are closely linked to the activity of restaurants: supply management (supply and logistics), stock management, fund management, and the efficiency and safety of resource and asset utilization. The adequacy and scope of the control procedures are monitored and revised where necessary.

Due to the specificities of the Business, there are areas of risk whose current management has been allocated to functional departments, namely:

Food quality and food safety

In the restaurants business, the risk associated with hygiene and food safety is of primordial importance.

The management of this area of risk is overseen by the Quality Unit and is aimed primarily by adopting a responsible proactive approach, following the prevention principles, training, monitoring of indicators and continuous improvement in order to minimise risks with an impact on consumers health.

The main management dimensions of this risk area are:

- qualification and selection of Suppliers and Products in food quality and safety area and a Programme of Periodic Inspections of Suppliers, Products and Services;
- ensuring the effectiveness of the Traceability System;
- control of the Production Process in the units /restaurants through HACCP Systems;
- System for Developing Food Safety Competencies;
- maintenance and monitoring of measurement devices;
- food crisis management System, which is used to monitor existing food warning systems at all times and take immediate action when necessary;
- continuous improvement system supported by the following tools, among others: programme of External Audits in all Group units; programme of microbiological analyses of the end products, carried out through sampling by an authorized outside entity; complaints handling system; customer listening programs and a programme of internal audits in relation to food safety indicators. In addition, restaurants and their operations are still audited by International Franchising Brands
- certification process of the food safety management system under ISO 22000, a demanding international food safety standard.

Hygiene and safety at work (HSW)

The management of this risk area is overseen by the Human Resources Unit, which defines and coordinates training plans and the application of the rules and procedures defined in Ibersol's HSW Manual, and articulates the training plans.

A number of initiatives and actions are developed annually in the field of Health and Safety at Work, aiming to reinforce the commitment and involvement of all employees with the prevention and reduction of occupational risks.

Financial

It is the responsibility of the Finance Department to manage the various financial risks inherent to the unpredictability of the markets to which the Group is naturally exposed, namely foreign exchange, interest rate, credit, liquidity and capital risks. The steps taken by the Finance Department work to minimize the adverse effects of these possible risks:

a) Exchange rate risk

In this regard, the Ibersol Group pursues a policy of natural hedging, using local currency financing. Since it is essentially present in the Iberian market, bank loans are mostly denominated in euros and the volume of purchases, outside the Euro Zone, does not assume relevant proportions.

It should be noted that the main source of exposure comes from the investment outside the euro zone of the operation in Angola, which is still small and in the process of losing weight in the group's activity. The imbalances of the Angolan economy cause a shortage of foreign currency in Angola, reason why the devaluation of Kwanza is a risk to consider. The financing of the Angolan branch in foreign currency, in the amount of 500,000 USD, does not present great exposure due to the small amount. The remaining financings contracted by the Angolan subsidiaries are denominated in local currency, the same in which the income is generated. In view of the current limitations on payments abroad, the Group adopted a policy of monthly monitoring of credit balances in foreign currency and its full coverage with the acquisition of Treasury Bonds of the Republic of Angola, indexed to the USD.

b) Interest rate risk

Except for the Angolan State Treasury Bonds, the Ibersol Group has no interest-bearing assets with significant interest. Accordingly, the income and cash flows of the investment activity are substantially independent of changes in the market interest rate. With regard to the Angolan State Treasury Bonds, indexed to the US Dollar, interest is fixed, so there is no risk either.

The Ibersol Group's main interest rate risk arises from liabilities, particularly long-term borrowings. Loans issued at variable rates expose the Group to the risk of cash flows associated with the interest rate. Loans issued at fixed rates expose the Group to fair value risk associated with the interest rate.

At the current level of interest rates, the Group's policy is, in mature loans, to fix interest rates up to 50% of the outstanding amount

c) Credit risk

In the Group's main business, sales are paid in cash, or debit or credit card, so the Group does not have relevant credit risk concentrations.

In relation to customers, the risk is limited to the Catering and Franchisees business, which represents around 6% of consolidated turnover. The Group began to monitor receivables more regularly with the aim of:

i) control the credit granted to customers;

ii) analyze the age and recoverability of receivables;

iii) analyze the risk profile of customers;

d) Liquidity risk

Liquidity risk management implies the maintenance of sufficient cash and bank deposits, the feasibility of consolidating floating debt through an adequate amount of credit facilities and the ability to liquidate market positions. The management of cash requirements is based on annual planning, which is reviewed quarterly and adjusted on a daily basis. In accordance with the dynamics of the underlying business, the Ibersol Group has been performing a flexible management of commercial paper and the negotiation of credit lines available at all times.

e) Capital risk

The Company seeks to maintain a level of own capital appropriate to its principal business (cash sales and supplier credit) and ensure its continuity and expansion.

The balance of the capital structure is monitored based on the financial leverage ratio (defined as net remunerated debt / net remunerated debt + equity) with the aim of staying between 35% -70%.

Environmental

This area of risk management is coordinated by the Quality Department and its main focus is on implementing the policy deriving from the Ibersol Sustainability Principles which ensures that processes and procedures are applied in the environment.

Adoption of good environmental management practices is a matter of concern to Ibersol's Board of Directors, which promotes a responsible, proactive approach to resource and waste management.

The procedures set forth in Ibersol's Standards Manual as regards environmental matters are focused mainly on the rational use of electricity and the recycling of used oil and packaging.

Legal

Ibersol, its subsidiaries and the legal business inherent to the Group have a permanent legal and advisory function dedicated to their activity, which functions in articulation with the other central and business functions, in order to ensure a previous protection of interests of the Group in strict compliance with its legal duties and obligations.

Legal advice is also guaranteed, at national and international level, by external professionals of recognized competence.

Sector-specific

The recovery of private consumption, after the severe disruption seen in recent years, mainly in Portugal, will continue to affect sales in restaurants. To mitigate the impact on its results, the company has implemented rigorous cost control, with monthly monitoring of market trends and subsequent reviews of resource planning, in order to mitigate the impact of the consumption reduction.

Operating as it does in the food service business, the company is also subject to the risk of epidemics, disruptions in raw materials markets and changes in consumption patterns, which can have a material impact on the financial statements.

54. Description of the identification, assessment, monitoring, control and risk management process.

As a structured approach, Risk Management is integrated throughout the Group's planning process. Its purpose is to identify, evaluate and manage the opportunities and threats that Ibersol's businesses face in pursuit of their value creation goals.

In the context of strategic planning, the risks of the business portfolio, as well the risks of development of new businesses and the implementation of the most important projects are identified and assessed, and strategies to manage those risks are defined.

At operational level the risks affecting the objectives of each business are identified and assessed, and actions are planned to manage those risks. These actions are included and monitored through the plans of the individual businesses and functional units.

As regards the risks to the security of tangible assets and persons, policies and standards have been established and are monitored to ensure compliance. All units are subject to external audits and preventive and corrective measures are taken in respect of the risks that have been identified.

To ensure that the established procedures are followed, the Group’s main internal control systems are evaluated periodically.

55. Main elements of the internal control systems and risk management implemented by the company regarding the financial disclosure process.

The Company does not have any internal audit services reporting directly to the Statutory Audit Committee (given the classic model adopted), the necessary compliance services being overseen by the individual departments of the company. Organizationally and functionally, the various Directions of the Group are directly responsible for compliance services to the Board of Directors and to the Supervisory Audit Committee and the persons responsible are duly identified in the Company’s organization chart, it is necessary to reaffirm that they perform in interaction with both the supervisory board and the non-executive director of the company, reporting functionally to the same director, regardless of the hierarchical relationship that these departments maintain with the executive management of the company.

Within the scope of audit services, the external auditor meets with the different departments of the Group, at least twice a year to analyze and review the internal control system, submitting a report to the Statutory Audit Committee for subsequent discussion with the Board of Directors, namely with the non-executive director.

Regarding the risk in the process of financial information disclosure, only a restricted number of employees is involved in the disclosure process. All those who are involved in the process of financial analysis of the Company are considered to have access to inside information and are specially informed of their obligations in this precise scope.

The system of internal control of the accountability, preparation and disclosure of financial information rests on the following key elements:

- the use of accounting principles, as set forth in the notes to the accounts, is one of the bases of the control system;
- the plans, procedures and records of the Company and its subsidiaries offer a reasonable guarantee that only duly authorized transactions are recorded and that they are recorded in accordance with generally accepted accounting principles;
- the financial information is analysed systematically and regularly by business unit management (supported by the Management Control Department) and by the heads of the profit centres, ensuring continuous monitoring and the necessary budgetary control;
- a timetable is previously established for the preparation and review of information, the work is divided up among the various areas involved and all the documents are reviewed in detail. This includes a review of the principles used, verification of the accuracy of the information produced and a check of consistency with the principles and policies used in previous years
- the accounting records and the preparation of the financial statements are overseen by the central accounting function. The financial statements are prepared by the accountants and are reviewed by the Administrative Unit;
- The consolidated financial statements are prepared on a quarterly basis by the central consolidation function, which conducts an additional reliability check;
- The financial information, annual report and financial statements are reviewed by the Financial Unit and submitted to the Board of Directors for final review and approval. Once the documents have been approved, they are sent to the external auditor, which issues its audit report and opinion.
- The statutory auditor carries out an annual audit and a half-yearly limited review of the individual and consolidated accounts. Also, each quarter it conducts a summary examination of the quarterly information.

- The process of preparation of the individual and consolidated financial information and of the management report is supervised by the Statutory Audit Committee and the Board of Directors. At quarterly intervals these bodies meet and analyze the individual and consolidated financial statements and management report.

Among the causes of risk that may materially affect financial reporting are the accounting estimates, which are based on the best information available and on the knowledge and experience of current and past events. Balances and transactions with related parties are disclosed in the annex to the financial statements and are associated above all with the Group's operating activities and its lending and borrowing, which is done at market prices.

IV. Investor Relations Office

56. Department responsible for investor relations, composition, functions, information provided by these services ans elements for contract.

The Office may be contacted through the Representative for the capital market, António Carlos Vaz Pinto de Sousa (Telephone: +351 22 6089708; Telefax: +351 22 6089757; E-mail: psousa@ibersol.pt, Morada: Praça do Bom Sucesso, 105/159 – 9th floor, 4150–146 Porto, who is accessorized by Dr. Tiago Marques.

57. Legal Representative for Capital Market Relations.

The representative is the person indicated on the website of Ibersol, SGPS, SA. - Dr. António Carlos Vaz Pinto de Sousa;

58. Information about the volume and response time for information request at the year or outstanding from previous years.

Ibersol maintains constant contact with analysts and investors, supplying them with up-to-date information.

Whenever necessary, the representative for market relations ensures that all the necessary information on the Group's activity is made available and provides any clarifications requested by investors within five business days.

In 2018 were received 38 requests for information, and there are no pending inquires from previous years.

V. Website

59. Address.

The Ibersol has a website for disclosure of information about the company. The address of the website is www.ibersol.pt

60. Location of the information mentioned in Article 171 of the Commercial Companies Code.

www.ibersol.pt\ investidores\Governo da Sociedade;

61. Location where the Articles of Regulation for the committees can be found.

www.ibersol.pt\investidores\Estatutos ;

www.ibersol.pt\investidores\Governo da Sociedade;

62. Location where is provided information about the identify of the governing bodies, the representative for market relations, the Investor Relations Office, functions and means of access.

www.ibersol.pt\investidores\Governo da Sociedade

www.ibersol.pt\investidores\Relação com Investidores

63. Location where is provided the documents of accounting, calendar of corporate events.

www.ibersol.pt\investidores\Relatório e Contas;

www.ibersol.pt\investidores\Calendário de Eventos;

64. Location where is provided the notice to General Meeting and related information.

www.ibersol.pt\investidores\Assembleias Gerais;

65. Location where the historical archives are available with resolutions adopted at general meetings of the company, the represented share capital and the voting results, with reference to the previous 3 years.

www.ibersol.pt\investidores\Assembleias Gerais;

D. REMUNERATIONS

I. Competence for definition

66. Competence for determining the remunerations of governing bodies of the executive committee members and managers of the Company.

The members of the corporate governing bodies are remunerated in accordance with the remuneration policy proposed by the Remuneration Committee and approved by the General Meeting of shareholders.

II. Remuneration Committee

67. Composition of the Remuneration Committee, including the identification of the other independent commission hired to support the committee.

The Remuneration Committee is made up of three members: Dr. Vítor Pratas Sevilhano, Dr. Joaquim Alexandre de Oliveira e Silva and Dr. António Maria de Borda Cardoso.

The members of the Remuneration Committee are independent of the members of the Board of Directors. No individual or corporate entity that has provided services to any body reporting to the Board of Directors of the Company or to the Board of Directors itself at any time in the last three years or that currently provides consulting services to the Company, has been hired to support the Remuneration Committee in any capacity.

68. Experience and professional qualifications of the members of the Shareholders' Remuneration Committee.

The professional experience and background of the members of the Remuneration Committee allows them to perform their functions rigorously and effectively. All the members are empowered with the necessary academic, professional and technical training required for their function, and authorized with proper functional experience necessary for its proper performance, namelly:

- Dr. Vitor Pratas Sevilhano: - Degree in Finance by Instituto Superior de Economia, Degree in Hospital Administration by ENSP - Escola Nacional de Saúde Pública de Lisboa, Certified by Manchester Business School - ITP - International Teachers Program. Certified by SBDC – Small Business Development Center de Wisconsin, EUA, Certified by INSEAD (Fontainebleau) – Advanced Management Program and Finantial Management Program. Certified by Henley College - Stragic Planning in Practice. Certified by Linkage International–GILD e Executive Coaching Master Class. PCC– Professional Certified Coach by ICF–International Coach Federation. Professional qualifications: - Managing Partner of the European School of Coaching and Partner of the Company My Change;

- **Dr. Joaquim Alexandre de Oliveira e Silva** - Degree in Economics by Faculdade de Economia of Oporto´s University, having exercised the tax consultancy activity in the last five years.

- Dr. António Maria de Borda Cardoso – Degree in Economics by Faculdade de Economia of Oporto´s University. Retired in the last five years.

III. Remuneration Structure

69. Remuneration policy and performance assessment.

The remuneration policy of the corporate governing bodies is approved by the shareholders in General Meeting.

The General Meeting of shareholders held on 14 May 2018 approved the remuneration policy already in force, which has been implemented consistently and in this general meeting was present the majority of the Remuneration Committee members.

The remuneration policies and practices of other groups of companies are not used as a benchmark in setting the remuneration of the members of the Board of Directors and Statutory Audit Committee and no policy has been established with regard to severance payments for directors, as indicated in the statement of the Remuneration Committee attached to the Corporate Governance Report.

The remuneration policy for senior managers is described in the statement of the Board of Directors attached to the Corporate Governance Report. The remuneration of senior managers includes no major or material variable components.

The executive members of the Board of Directors are remunerated by the shareholder ATPS-SGPS, SA, which has subscribed a contract for services with Ibersol Restauração, SA.

The non-executive member receives a fixed annual remuneration (**cfr. Annex 1**.) and no other remuneration of any kind.

The total remuneration of the members of the Statutory Audit Committee for 2018 was as follows: Chairman: 9,900 euros; Vice-Chairman: 8,800 euros; Member: 8,800 euros; and SROC: 25,000 euros.

70. Information about remuneration structure in order to align the interests of members of the board with the long-term interests of the Company as well as about the Company assess and discourage excessive risk assumption.

The directors' remuneration policy is the responsibility of the Remuneration Committee, which will submit its proposals to the approval of the Company's shareholders in the 2019 Annual General Meeting, in accordance with **Annex 1.**

The general principles of the remuneration policy for the Audit Bodies and the Board of the General Meeting are as follows:

a) Functions performed: - the nature and volume of the activity involved in the functions performed by each member of the abovementioned corporate governing bodies is taken into consideration, as well as the responsibilities assigned to each one. The members of the Statutory Audit Committee, the Board of the General Meeting and the Staturory auditor will not all occupy the same organizational or functional position. Various criteria are applied, including level of responsibility, time commitment or the value of a particular service or institutional representation.

b) The Company's economic situation.

c) One relevant consideration will be the size of the company and the relative degree of functional complexity.

71. Reference, if applicable, of the existence of a variable remuneration component and information about likely impact of performance appraisal in this component.

There is no variable component.

72. Deferring payment of the variable remuneration component, specifying the period of deferral.

There is no variable component.

73. Criteria that underlie the allocation of variable remuneration in shares and the maintenance of these shares by Executive Directors.

No remuneration involving the allocation of shares or any other system of bonuses paid in shares is envisaged.

74. Criteria that underlie the allocation of variable remuneration in options and indication of the deferral period and the exercise price and the members of the Company.

No remuneration involving the allocation of share options is envisaged.

75. Main parameters and reasoning for any scheme of annual bonuses and any other noncash benefits.

There is no system of annual awards or other non-cash benefits.

76. Main characteristics of complementary pension or early retirement schemes for the Administrators.

There is no pension or early retirement scheme for members of the governing bodies, audit bodies or other senior managers.

IV. Disclosure of remuneration

77. Statement of the annual amount of remuneration received by the board members including fixed and variable remuneration, and for this, mentioning the different components that gave rise

The executive members of the Board of Directors are remunerated by the shareholder ATPS-SGPS, SA, which has subscribed a contract for services with Ibersol Restauração, SA., having received for such services, in 2018, a total of 900,000 euros. One of the obligations of ATPS-Sociedade Gestora de Participações Sociais, SA. under the contract for services with Ibersol, Restauração, SA. is to ensure that the directors of the Company António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira perform their duties without the Company incurring any additional expense. So, the Company does not directly pay any remuneration to any of its executive directors. Given that ATPS-Sociedade Gestora de Participações Sociais, SA. is owned by the directors António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira, out of the above mentioned total of 900,000 euros in 2018, each director received the amount of 450,000 euros. The executive directors do not receive any remuneration from other companies in the group and acquired no pension rights in the year in question.

The non-executive member receives a fixed annual remuneration of 6,000 euros and no other remuneration of any kind. In particular, he receives no performance award, bonus or complementary performance-related fees, retirement supplement or any additional payments beyond the annual amount of 6,000 euros delivered to him by the Company.

78. Any amounts paid by other companies in a control or group or that they are subject to the same domain

No other amounts are paid on any account by other companies controlled by or belonging to the Group, except as indicated in nº 77 above.

79. Compensation paid in the form of profit sharing and / or bonus payments and the reasons why such bonuses and / or profit sharing were granted

During the year no remuneration was paid in the form of profit-sharing or awards.

80. Compensation paid or owed to former executive directors following the termination of their duties during the year.

No amounts were paid or are owed as compensation to directors who ceased to be directors.

81. Indication of the annual remuneration earned in aggregate and individually, by the members of the Fiscal Board of the Company.

The total remuneration received by the members of the Statutory Audit Committee in 2018 was 27,500 euros. This total breaks down as follows:

Chairman – Dr. Carlos Alberto Alves Lourenço - 9,900 euros;

Vice-Chairman – Doutora Maria José Martins Lourenço da Fonseca: 8,800 euros;

Member - Dr. Eduardo Moutinho Ferreira Santos: 8,800 euros.

82. Indication of the annual remuneration earned by the Chairman of the Shareholders' General Meeting.

Chairman of the Board – Dr.ª Luzia Leonor Borges e Gomes Ferreira – 1,333.34 euros;

V. Agreements with remuneration implications

83. Contractual limitations provided for compensation payable for unfair dismissal Managers and its relationship with the variable remuneration component.

No contractual limitation is envisaged for the compensation payable for unfair dismissal of a director, nor is there any indication of a relationship with the variable component of remuneration (the variable component is not stipulated in the contract), being applicable to this case the legal dispositions.

84. Reference to the existence and description stating the sums involved, of the agreements between the company and members of the Board of Directors, providing for compensation in case of dismissal without due cause or termination of the employment relationship, following a change of control of the company.

There are no agreements between the Company and the directors or other senior managers, within the meaning of article 248-B.3 of the Securities Code, that provide for compensation in the event of resignation, unfair dismissal or termination of the mandate or employment relationship following a change of control of the company, being applicable to this cases the legal dispositions, and namely the rules of the Companies Code and Labour Code.

VI. Share Plans and Stock Option Plans

85. Identification of the plan and recipients.

There are no share or share option schemes in force.

86. Plans functioning.

The Company does not have any share or share option scheme.

87. Option rights granted to acquire shares (stock options) where the beneficiaries are company employees.

No share options have been allocated to workers or employees of the Company.

88. Control mechanisms in any system of employee participation in the capital.

Not applicable.

E. RELATED PARTY TRANSACTIONS

I. Control procedures and mechanisms

89. Mechanisms implemented by the Company for purposes of monitoring of transactions with related parties (for this purpose refers to the concept resulting from IAS 24).

The Statutory Audit Committee has approved the criteria for a previous evaluation of the transactions between the Company and holders of qualified shareholdings or entities related to them, within the terms of art. 20 of the Securities Code, require prior assessment. The criteria has been defined as a transaction value equal to five per cent or more of the consolidated net assets of Ibersol SGPS, SA.

90. Statement of the transactions that were subject to control in the reference year.

No businesses or transactions were entered into that required such prior assessment.

91. Description of the procedures and criteria for intervention by the Authority for the purpose of preliminary assessment of the business carried out between the Company and holders of qualifying holdings or entities that are in a relationship with them, under Article 20. of CVM.

In 2018 it was not necessary for the Statutory Audit Committee to issue any opinion since there were no transactions that shoud be assessed by that body.

The procedures applicable to the Statutory Audit Committee's intervention in the prior evaluation of any business to be carried out between the Company and holders of qualifying holdings follow the rules of the respective Regulation of the Fiscal Council, published in www.ibersol.pt.

II. Elements related to transactions

92. Location where the financial statements and the information about transactions with subsidiaries can be found (in accordance of IAS 24).

Information on transactions with related parties is provided in the Annex to the individual financial statements and in the Annex to the consolidated financial statements.

PART II - GOVERNANCE MODEL EVALUATION

1. IDENTIFICATION OF THE CORPORATE GOVERNANCE CODE ADOPTED

This Corporate Governance Report was prepared in accordance with CMVM Regulation 4/2013 of 1 August and with the new Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG) from 2018. In accordance with article 4. 2 of CMVM Regulation 4/2013, the necessary and indispensable information is disclosed as required by these regulations, both in substance and form.

The report complies with article 245-A of Securities Code and in accordance with the comply or explain principle, indicates the degree of compliance with the new Recommendations from the mentioned IPCG as stated in it´s 2018 Corporate Governance Code.

The reporting obligations under Law 28/2009 of 19 June, articles 447 and 448 of Companies Code and CMVM Regulation 5/2008 of 2 October 2008 with the changes of Regulation 7/2018. are also complied.

All the legal and regulatory texts mentioned in this report are available at www.cmvm.pt and www.cam.cgov.pt .

2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE ADOPTED

Overall Ibersol, SGPS, SA complies with the CMVM's corporate governance recommendations, as observes and exposes the degree of compliance with the new Recommendations of the Portuguese Institute of Corporate Governance, as follows:

I - GENERAL PROVISIONS

I.1. Company's relationship with investors and disclosure

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.1.1 The company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the market in general.	**Adopted**	**29, 38, 49, 56 to 65**

I.2. Diversity in the composition and functioning of the company's governing bodies

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	**Adopted**	**15, 17 a 19, 26, 31 to 33 and 36**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members -, and detailed minutes of the meetings of each of these bodies should be carried out.	**Adopted**	**22, 23, 27 34 to 35**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.2.3. The internal regulations of the governing bodies - the managing body, the supervisory body and their respective committees - should be disclosed, in full, on the company's website.	**Adopted**	**22, 27, 34 and 61**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.2.4. The composition, the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	**Adopted**	**23, 35, 62 63, 64**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.2.5. The company's internal regulations should provide for the existence and ensure the functioning of mechanisms to detect and prevent irregularities, as well as the adoption of a policy for the communication of irregularities (*whistleblowing*) that guarantees	**Adopted**	**49 and 38**

the suitable means of communication and treatment of those irregularities, but safeguarding the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality requested.		

I.3. Relationship between the company bodies

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	**Adopted**	**21 to 23, 29, 34, 35, 38, 50 to 55, 63 to 65**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	**Adopted**	**21 to 23, 29, 34, 35, 38, 50 to 55, 63 to 65**

I.4. Conflicts of interest

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.4.1. .The duty should be imposed, to the members of the company’s boards and committees, of promptly informing the respective board or committee of facts that could constitute or give rise to a conflict between their interests and the company's interest	**Adopted**	**49, 89 to 92**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.4.2. Procedures should be adopted to guarantee that the		

member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	**Adopted**	**49, 89 to 92**

I.5. Related party transactions

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.5.1. The managing body should define, in accordance with a previous favourable and binding opinion of the supervisory body, the type, the scope and the minimum individual or aggregate value of related party transactions that: (i) require the previous authorization of the managing board, and (ii) due to their increased value require an additional favourable report of the supervisory	**Adopted**	**89 to 92**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.5.2. The managing body should report all the transactions contained in Recommendation I.5.1. to the supervisory body, at least every six months.	**Adopted**	**89 to 92, and 61**

II — SHAREHOLDERS AND GENERAL MEETINGS

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	**Adopted**	**12 to 14**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
II.2. The company shall not adopt mechanisms that make decision making by its shareholders(resolutions) more difficult, specifically, by setting a quorum higher than that established by law	**Adopted**	**12 to 14**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
II.3. The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means.	**partially adopted**	**12 and explanation below**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
II.4. The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.	**Not adopted**	**v.d. explanation below**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years the amendment or maintenance of this rule will be subject to a shareholder resolution without increased quorum in comparison to the legally established and in that resolution, all votes cast will be counted without observation of the imposed limits	**Not applicable**	**12 to 14**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	**Adopted**	**4**

III — NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.1. Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act,	**Not applicable**	**18**

when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.I.I.		

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed.	**Adopted**	**17, 18, 28, 29, 31 to 33**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	**Not adopted**	**18**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i)having carried out functions in any of the company's bodies for more than 9 years, either on a consecutive or non-consecutive basis; ii)having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii)having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv)having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the	**partially adopted**	**17 and 18**

exercise of a director's duties; v)having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or vi) having been a qualified holder or representative of a shareholder of qualifying holding.		

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.5. The provisions of (i) of recommendation III. 4. does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period)	**Not applicable**	**17 and 18**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.6. Non-executive directors should participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions	**Adopted**	**24**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.7. The supervisory body should, within its legal and statutory competences, collaborate with the managing body in defining the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.	**Not applicable**	**15**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.8. The supervisory body, in observance of the powers conferred to it by law, should, in particular, monitor, evaluate, and pronounce itself on the strategic lines and the risk policy defined by the managing body.	**Adopted**	**38**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.9. Companies should create specialised internal committees that are adequate to their dimension and complexity, separately or cumulatively covering matters of corporate governance, remuneration, performance assessment, and appointments.	**Adopted**	**24, 27 to 29**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.10. Risk management systems, internal control and internal audit systems should be structured in terms adequate to the dimension of the company and the complexity of the inherent risks of the company's activity.	**Adopted**	**50 to 55**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.11. he supervisory body and the committee for financial affairs should supervise the effectiveness of the systems of risk management, internal control and internal audit, and propose adjustments where they are deemed to be necessary.	**Adopted**	**36 to 38, 51**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.12. The supervisory body should provide its view on the work plans and resources of the internal auditing service, including the control of compliance with the rules applied to the company (compliance services) and of internal audit, and should be the recipient of the reports prepared by these services, at least regarding matters related with approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	**Adopted**	**37, 38, 49, 51, 55**

IV — EXECUTIVE MANAGEMENT

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.	**Adopted**	**22, 27 and 61**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i)the definition of the strategy and main policies of the company; ii)the organisation and coordination of the business structure; iii)matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	**Adopted**	**21, 24, 27 and 29**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
IV.3. In matters of risk assumption, the managing body should set objectives and look after their accomplishment.	**Adopted**	**24, 29, 50, 52**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
IV.4. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	**Adopted**	**50, 51**

V — EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT

V.1. Annual evaluation of performance

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	**Adopted**	**24, 25**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.1.2. The supervisory body should supervise the company's		

management, especially, by annually assessing the accomplishment of the company's strategic plans and of the budget, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	**Adopted**	**38, 50 , 51**

V.2 Remuneration

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.2.1. The remuneration should be set by a committee, the composition of which should ensure its independence from management.	**Adopted**	**66 to 68**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.2.2. The remuneration committee should approve, at the start of each term of office, execute, and annually confirm the company's remuneration policy for the members of its boards and committees, including the respective fixed components. As to executive directors or directors periodically invested with executive duties, in the case of the existence of a variable component of remuneration, the committee should also approve, execute, and confirm the respective criteria of attribution and measurement, the limitation mechanisms, the mechanisms for deferral of payment, and the remuneration mechanisms based on the allocation of options and shares of the company.	**Adopted**	**69 to 76**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.2.3. The statement on the remuneration policy of the managing and supervisory bodies, pursuant to article 2 of Law no. 28/2009, 1 9 th June, should additionally contain the following: i. the total remuneration amount itemised by each of its components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the company's remuneration policy, including how it contributes to the company's performance in the long run, and information about how the performance requirements were applied; ii. remunerations from companies that belong to the same group as the company; iii. the number of shares and options on shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date;	**Adopted**	**69 to 88**

iv. information on the possibility to request the reimbursement of variable remuneration; v. information on any deviation from the procedures for the application ofthe approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation; vi. information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors.		

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.2.4. For each term of office, the remuneration committee should also approve the directors' pension benefit policies, when provided for in the bylaws, and the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office.	**Not applicable**	**76, 83, 84**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.2.5. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders	**Adopted**	**69**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.2.6. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties. The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	**Not applicable**	**67**

V.3 Director remuneration

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.3.1. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	**Not applicable**	**69 to 72**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.3.2. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	**Not applicable**	**71 , 72**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.3.4. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	**Not applicable**	**71 to 74**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.3.5. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value	**Adopted**	**69**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.3.6. The company should be provided with suitable legal instruments so that the termination of a director's time in office before its term does not result, directly or indirectly, in the payment to such director of any amounts beyond those foreseen by law, and the company should explain the legal mechanisms adopted for such purpose in its governance report.	**Adopted**	**83, 84**

V.4. Appointments

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.4.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	**Adopted**	**v.d. documents published in this context in www.ibersol.pt with the proposals of election occurred at the General Meeting 2017**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.4.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.	**Not applicable**	**15, 27 to 29**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.4.3. This nomination committee includes a majority of non-executive, independent members.	**Not applicable**	**15, 27 to 29**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.4.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	**Not applicable**	**15, 27 to 29**

VI — RISK MANAGEMENT

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include a definition of the levels of risk considered acceptable.	**Adopted**	**24, 50, 52 to 55**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VI.2. Based on its risk policy, the company should establish a system of risk management, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; (iv) the monitoring procedures, aiming at their accompaniment; and (v) the procedure for control, periodic evaluation and adjustment of the system.	**Adopted**	**24, 50 to 55**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VI.3. The company should annually evaluate the level of internal compliance and the performance of the risk management system, as well as future perspectives for amendments of the structures of risk previously defined.	**Adopted**	**24, 50 to 55**

Capítulo VII — FINANCIAL STATEMENTS AND ACCOUNTING

VII.1 Financial information

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	**Adopted**	**34 , 38**

VII.2 Statutory audit of accounts and supervision

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VII.2.1. Through the use of internal regulations, the supervisory body should define: i. the criteria and the process of selection of the statutory auditor; ii. the methodology of communication between the company and the statutory auditor; iii. the monitoring procedures destined to ensure the	**Adopted**	**34, 37 , 38**

independence of the statutory auditor; iv. the services, besides those of accounting, which may not be provided by the statutory auditor.		

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	**Adopted**	**34, 37, 38**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	**Adopted**	**37 , 38**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VII.2.4. The statutory auditor should, within their powers, verify the application of policies and systems of remuneration of governing bodies, the effectiveness and the functioning of the mechanisms of internal control, and report any irregularities to the supervisory body.	**Adopted**	**38 to 41**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VII.2.5. The statutory auditor should collaborate with the supervisory body, immediately providing information on the detection of any relevant irregularities as to the accomplishment of the duties of the supervisory body, as well as any difficulties encountered whilst carrying out their duties.	**Adopted**	**38 and 51**

Explanation for not adopted or partially adopted Recommendations

Recommendation II.3 - In the absence of expressive requests from shareholders until the present date regarding the exercise of the right to vote by electronic means, this modality is not yet foreseen in the Company's By-laws, without prejudice of that modality can be considered relevant in future By-laws revision.

Recommendation II.4 - In the absence of expressive requests from shareholders until the present date regarding the modality of participation in the General Meeting by telematic means, this modality is not yet foreseen in the Company's By-laws, without prejudice to such modality can be considered relevant in future By-laws revision.

3. OTHER INFORMATION

The company should provide any additional elements or information that, if not finding explained in the preceding paragraphs, are relevant to understand the model and governance practices adopted.

In compliance of the premises supra exposed and in terms of the 245º-A article, number 1, alinea r) of the Portuguese Securities Code, we will expose the information about the diversity policy applied in the Company related to it's management and supervisory bodies, namely in terms of age, sex, qualifications and professional background, also the objectives of this diversity policy, the way it was pursued, and it's results in the 2018 exercise.

The diversity policy applied by the company related to it's management and supervisory bodies complies with the following general principles:

The candidates for members of the management and supervisory bodies should observe:

- Experience in sufficiently senior positions in companies or similar organizations that provide them:
    1. To evaluate, challenge and develop of the most senior managers of the company;
    2. To evaluate and challenge the corporate strategy of the group and its main subsidiaries;
    3. To evaluate and challenge the operational and financial performance of the company;
    4. To evaluate the degree of compliance in the organization of the Ibersol values;
- In addition to the common basic minimums, each candidate individually must contribute to the overall knowledge and competencies of the Board of Directors, as follows:
    1. Deep and international knowledge of the main sectors of activity of Ibersol;
    2. Knowledge of the main markets and geographies of the main businesses;
    3. Knowledge and skills in management techniques and technologies that determine the success of companies with dimension in our sectors of activity;
- Candidates must have the human qualities, clarity of purpose, analytical ability, synthesis ability and communication skills required for a large number of diverse and complex subjects can be discussed in necessary limited time and necessary depth to provide high quality and timely decision making;
- Subject to the fulfilment of the other factors, a significant representativeness of genres and origins should seek to achieve a significant representativeness of genres and origins.

The composition of the management and supervisory bodies elected by the General Meeting in most of the Group's Companies complies the above mentioned guidelines, presenting a balanced diversity of gender, origin, qualifications and professional background.
In the Statutory Audit Committee and General Meeting's Board whose composition is above described in this report, the proportion of persons of each sex respects, in advance, the limiting principles imposed by the Article 5 of Law 62/2017 1st August. However this perspective has not occurred in the appointment of the Board of Directors members started in 2017 for it's four-year mandate.
The diversity and professional experience of the members of the Board of Directors and the Statutory Audit Committee are a result of it's respective curriculum vitae.
In addition to the elements above described, there are no other relevant elements to be considered.

ANNEX I
REMUNERATION COMMITTEE STATEMENT
OF THE REMUNERATION COMMITTEE
ABOUT THE REMUNERATION POLICY FOR THE CORPORATE GOVERNING BODIES OF IBERSOL, SGPS S.A. TO BE SUBMITTED FOR APPROVAL BY THE GENERAL MEETING ON 8th May 2019

1. Under the terms of the authority assigned to this Committee by the General Meeting of shareholders of Ibersol SGPS, SA. and under the terms of article 26.2 of the By-laws of the Company, the function of this Remuneration Committee is to set the remuneration of the members of the corporate governing bodies.
2. Under the applicable terms of the By-laws, the Remuneration Committee was appointed by the General Meeting of Shareholders on 26th May 2017 and is made up of three members, who are independent of the members of the Company's governing and audit bodies.
3. The Remuneration Committee thus submits this report for the consideration of this General Meeting and for the purpose of adoption of Recommendation of the Corporate Governance Code of the Instituto Português de Corporate Governance. The report contains the guidelines followed by this Committee in setting the remuneration of the members of the governing and audit bodies and the Board of the General Meeting, as follows:
a) The remuneration of the members of the Board of the General Meeting for 2017 was set at a fixed annual amount, payable twelve times a year, having its members earned the following annual remuneration:
- **Chairman** – Dr.ª Luzia Leonor Borges e Gomes Ferreira: € 1,333.34 ;
- **Vice-Chairman** – Dr.ª Raquel de Sousa Rocha: € 667,92 ;

- **Secretary –** Dr.ª Maria Leonor Moreira Pires Cabral Campello: € 333.36;

b) The shareholder ATPS-SGPS, SA. provided administrative and management services to the Group and in 2018 received from the investee Ibersol, Restauração, SA. a total of 900,000 euros for such services. One of the obligations of ATPS-Sociedade Gestora de Participações Sociais, SA. under the contract of services with Ibersol, Restauração, SA. is to ensure that the directors of the Company António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira perform their duties without additional expenses that the Company has to incur. The Company does not directly pay any remuneration to any of its executive directors. Given that ATPS-Sociedade Gestora de Participações Sociais, SA. is controlled by the directors António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira, out of the abovementioned total of 900,000 euros paid in 2018, it is supposed that each director has received the amount of 450,000 euros. The non-executive member receives annual remuneration of 6,000 euros, and has not received any other remunerations of any kind, namely performance bonuses, bonuses or any additional performance fees and / or any additional payments at the annual amount of 6,000 euros provided to by the company.

The mentioned executive directors do not receive any other remuneration in other companies of the group nor have pension rights acquired in 2018.

In view of the above, it is not possible to issue a statement on the remuneration policy of the members of the governing body of the company, particularly a report containing the information mentioned in actual article 2.3 of Law 28/2009.

c) The remuneration of the members of the Statutory Audit Committee for 2018 was set at a fixed annual amount, payable twelve times a year. The individual members received the following annual remuneration:

Chairman - Dr. Carlos Alberto Alves Lourenço: € 9,900.00;

Vice-Chairman - Dr.ª Maria José Martins Lourenço da Foseca: € 8,800.00;

Member – Dr. Eduardo Moutinho Santos: €8,800.00;

The general principles observed are essentially those that emerge from the law, taking into account the activities actually performed by the above persons, also the Company's economic situation and the usual terms and conditions in comparable situations. The functions performed by each member of the corporate governing bodies were considered in the most broadest sense of the activity actually performed, using the level of responsibility as an assessment parameter. The weighting of the functions is considered in a broad sense, in the light of various factors, particularly the level of responsibility, the time spent and the value the member's institutional role added to the Group. The size of the company and the degree of complexity of the assigned functions is also an important aspect. The combination of the abovementioned factors and assessment thereof serves to guarantee not only the interests of the post holders but also the primordial interests of the Company.

The remuneration policy we submit to the approval of the Shareholders of the Company is therefore based on the abovementioned parameters, consisting of the remuneration of the members of the corporate bodies in a gross fixed amount, paid in twelve monthly instalments until the end of the year. In setting all remuneration, the general principles stated above were observed: functions performed, situation of the Company and comparative criteria for equivalent degrees of performance.

Oporto, 3rd April 2019.

Remuneration Committee,

Vítor Pratas Sevilhano, Dr.

Joaquim Alexandre de Oliveira e Silva, Dr.

António Maria de Borda Cardoso, Dr.

ANNEX II

BOARD OF DIRECTOR'S STATEMENT
UPON THE REMUNERATION POLICY OF IBERSOL, SGPS, S.A. DIRECTORS

1. According to the competence established under article 11º of IBERSOL, SGPS SA. By-laws, the Board of Directors has the responsibility to determine the general remuneration policy and incentives for the Company's Directors positions and also, for all the administrative and technician personnel.

2. Under the terms of number 3 of the article 248º-B and 245º-A of the Securities Code, Directors are, besides Management and Supervisory Bodies members, those who have regular access to privileged information and take part in the company's decisions upon management and negotiation strategy.

3. According to CMVM Recommendations upon publicly listed companies corporate governance, and to promote transparency, in order to comply with Recommendations of Corporate Governance, the Board of Directors submits to this General Meeting this statement with the guidelines observed to determine the mentioned remunerations, as follows:

a) The remuneration policy adopted for Ibersol's Directors matches with the policy determined for the generality of the Company's employees.

b) However, the Company's Directors remuneration contains a fix remuneration and an eventual performance bonus.

c) The evaluation of the performance quality and the performance bonus are established according to the criteria previously defined by the Board of Directors.

d) Therefore, behaviour factors of each Director, namely, specific competencies to the function, its level of responsibility, ability to adjust to company's management and specific procedures, autonomy level of individual performance, will be attended to determine an eventual performance bonus, being also considered the technical and/or the financial-economic performance in the Directors' business sector, as well as the financial/economic performance of IBERSOL.

OPorto, 3rd April 2019.
The Board of Directors.

Annex 2

List of Positions held in other companies by the members of the Statutory Audit Committee and General Meeting Board

STATUTORY AUDIT COMMITTEE:

President – Dr. Carlos Alberto Alves Lourenço;

Besides the position of President of the Statutory Audit Committee of Ibersol SGPS, SA., he performs functions in the following Societies outside Ibersol Group :

Chairman of the Fiscal Board:

- ELEVOLUTION GROUP, SGPS.
- REFUNDOS – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.

Vice- President – Dra. Maria José Martins Lourenço da Fonseca

Besides the position of Vice-President of the Statutory Audit Committee of Ibersol SGPS, SA., she performs functions in the following Societies outside Ibersol Group:

Member of the Supervisory Board:

- Sonae, SGPS, S.A.
- Sonae MC, SGPS, S.A.
- Sonaecom, SGPS, S.A.
- SDSR - Sports Division SR,SA.

Member (effective) – Dr. Eduardo Moutinho Santos

Besides the position of effective Member of the Statutory Audit Committee of Ibersol SGPS, SA., he performs the following cargo in a company outside Ibersol Group:

Member of Supervisory Board: IVN-Serviços Partilhados, SA.

Substitute Member – Dr. Arlindo Dias Duarte Silva

Performs no other cargos in companies behind the cargo of Substitute Member of the Satutory Audit Committee of Ibersol SGPS, SA.

BOARD OF THE GENERAL MEETING

President – Dra. Luzia Leonor Borges e Gomes Ferreira

Functions performed in board of directors of other societies held by Ibersol Group

Besides the position of Board´s President of Ibersol SGPS, SA. General Meeting, she performs functions in the following Societies outside Ibersol Group:

President of the Board of the General Meeting:

- MDS, SGPS, SA.
- Modelo - Distribuição de Materiais de Construção, SA.
- Sonaecenter, Serviços, SA.
- Sonae Financial Services, SA.
- Sonaegest - Sociedade Gestora de Fundos de Investimento, SA.
- Dot Value – SGPS, SA.
- Hotelco – Hotelaria e Comércio, SA.
- Laminar – Indústria de Contraplacados, SA.
- Orbitur – Intercâmbio de Turismo, SA.
- Orbitur – Imobiliária, SA.
- IVN – Serviços Partilhados, SA.

Vice-president – Dr.ª Raquel de Sousa Rocha

Besides the position of Vice-President of Ibersol SGPS, SA. General Meeting Board, she performs functions in the following Societies outside Ibersol Group:

Secretary of the Board of the General Meeting:

- MDS, SGPS, SA.
- Sonaecenter, Serviços, S.A.
- Sonae Financial Services, S.A.

Secretary – Dr.ª Maria Leonor Moreira Pires Cabral Campello

She performs no other cargos in other societes behind the Secretary cargo of Ibersol SGPS, SA. General Meeting Board.

Oporto, 3rd April 2019.

SUSTAINABILITY REPORT 2018

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1. MESSAGE FROM THE BOARD OF DIRECTORS

1.1. Commitment to Social Responsibility

We build relationships of trust

At the Ibersol group, ensuring sustainability is a mission we strictly enforce. Always doing better and being enterprising are the precepts that guide us, every single day.

This year, in compliance once again with the provisions of article 508(G) of the Commercial Companies Code, with the wording introduced by Decree-Law No. 89/2017, of 28 July, we present the 12th edition of our Sustainability Report which describes the practices implemented during the 2018 financial year and includes all necessary information to understand the development, performance, position and impact of the Group's business on an economic, social and environmental level.

As a socially responsible company, we carefully analyse the impacts of all our actions. That is what our customers expect of us and our employees know that this is our stance in the market. As such, various measures have been taken to minimise the impact of our activity on our surrounding environment, while also giving back to the communities in the markets where we operate - Portugal, Spain and Angola - using the best of what we have.

On the economic front, we remained focused on fulfilling the strategic growth plans, which actively helped to create jobs. While in markets where conditions of growth are not met, such as Angola, we chose to concentrate our efforts on sustaining the current operations, waiting for better economic conditions.

With regard to the environment, we carried out further actions that aim to reduce the Ibersol group's ecological footprint, also seeking to identify areas for improvement, with a view to optimising and enhancing the value of the resources we use for our business. We foster the rational use of energy and water, having replaced equipment so as to use renewable and/or clean energy sources, and actively sought to reduce CO_2 emissions.

Concerning the social aspect, we maintained a constant concern for our People, seeking to do more and better, internally and externally. With the ongoing growth of our employees in mind, in 2018 we restructured the Human Resources Department, with a view to reinforcing the development area. As far as the community is concerned, we remained actively involved and promoted initiatives in partnership with schools, institutions and especially vulnerable target groups, in order to become an integral part of their lives and to contribute through what we have and know how to do.

For all these reasons and what is described in this report, we are very pleased with everyone's effective commitment, throughout the various levels of the organisation, which we interpret as a reflection of the soundness of our values and what we believe to be a shared commitment: Sustainability.

1.2. Acknowledgements

This Board of Directors would firstly like to thank all employees of the Group for the clear dedication and enthusiasm they showed in dealing with the challenges we faced during this year.

We gratefully acknowledge the trust and preference of our customers, the cooperation of our franchisees, the Banks, as well as our Suppliers and other partners.

We likewise thank all the Shareholders for the trust they continue to place in Ibersol.

The assiduous cooperation and capacity for dialogue manifested by the Audit Committee, Auditors and Statutory Auditor when monitoring and examining the company's management must also be acknowledged.

Oporto, 5th April 2018

The Board of Directors

António Carlos Vaz Pinto de Sousa

António Alberto Guerra Leal Teixeira

Juan Carlos Vázquez-Dodero de Bonifaz

2. CORPORATE PROFILE

2.1. Mission

Ibersol is a multi-brand group established in the Iberian Peninsula and in Portuguese-speaking countries, positioned in the organised foodservice business. It respects the values associated to quality, safety and the environment, based on qualified and motivated personnel committed to fully satisfying consumer needs, thereby assuring a suitable return for its shareholders' investments.

2.2. Vision

To lead the commercial foodservice business in the Iberian Peninsula and in Portuguese language-speaking markets, driven by motivated service-oriented personnel.

2.3. Values

- We believe in and value our people
- We are customer-centric
- We are happy to share
- We always do better
- We are enthusiastic in our undertakings

2.4. Business Portfolio

2018 was marked by further growth as a result of increased transactions, driven by improved market conditions, the refurbishment and opening of new stores, namely in the concessions business in Spain, underpinned by our continued efforts to qualify and develop our personnel.

In Portugal the Ibersol group remained focused on fulfilling the strategic growth plans of the Burger King, Pizza Hut and KFC brands and refurbishing various brands' restaurants.

In Spain, following the acquisition of the Eat Out Group in 2016, the Group faces the challenges that come with merger and integration and continues to readjust its portfolio of food service units, based on contractual conditions, return and strategic interests. Of particular note are the concession tenders awarded, which will enable us to reinforce our presence in the Iberian airports.

In Angola, expansion has been put on hold and the Group is focusing its resources on sustaining and enhancing its KFC and Pizza Hut operations, while it waits for economic conditions to improve.

The assessment of the business portfolio and termination of some concessions led to a decision to close 47 units, 24 owned and 23 franchised.

With the Iberian market developing positively, the selective expansion plan continued to be implemented, which saw the Group opening 42 new units, 38 owned and 4 franchised.

The Ibersol group closed the 2018 financial year with a total of 641 owned and franchised stores - there had been 641 - of which 516 are owned units and 125 are franchised units. There are 332 stores located in Portugal, 292 in Spain, 10 in Angola and 7 in Italy.

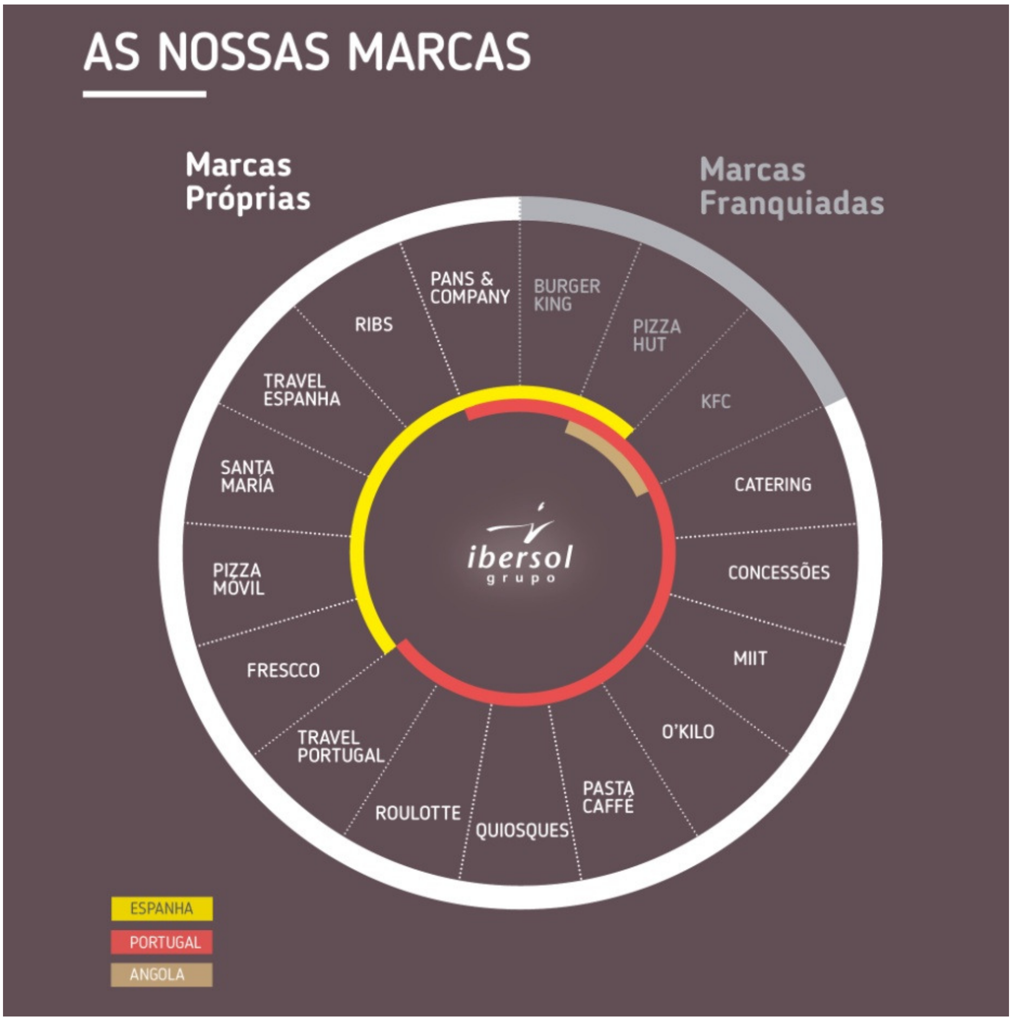


Figure: Business Portfolio at 31-12-2018

2.5 Governance and Operational Structure

Ibersol – SGPS, S.A. Is a publicly-traded company with a share capital of EUR 36,000,000, with registered offices at Edifício Península, Praça do Bom Sucesso, no. 105 to 159 – 9th floor, 4150-146 Porto. It is registered at the Porto Companies Registration Office under single corporate registration and taxpayer number 501669477.

The company is governed by the following Governing Bodies:

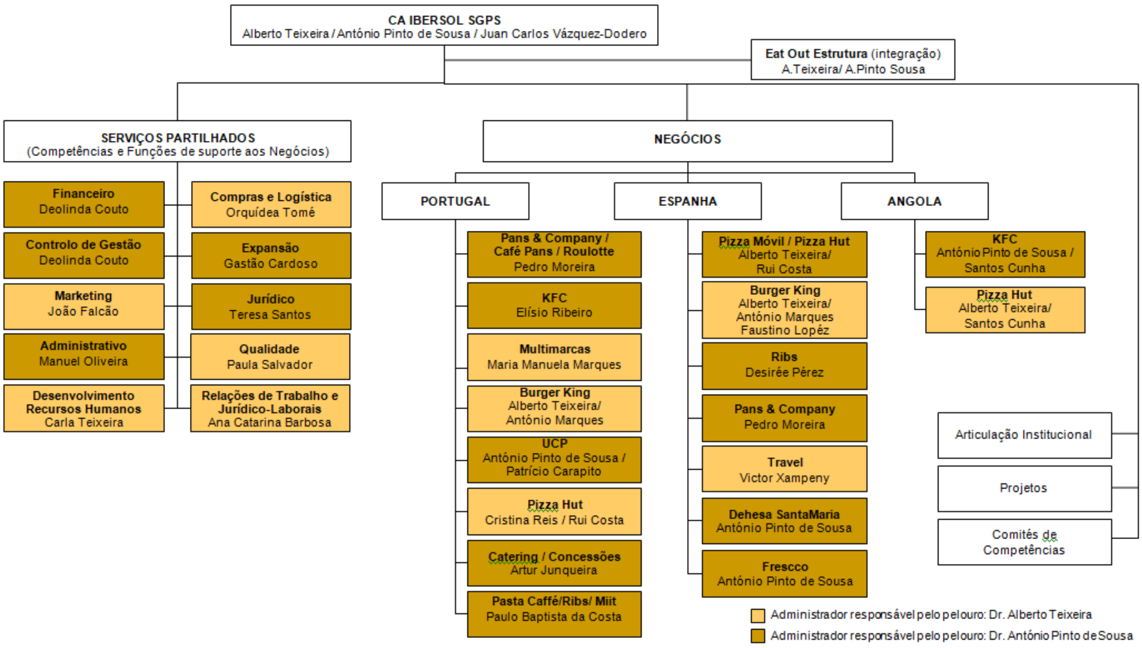
- Shareholders' General Meeting;
- Board of Directors, comprising three directors, two of whom are part of the Executive Committee;
- Audit Committee;
- Statutory Auditor.

The Shareholders' General Meeting convenes annually to discuss the year's financial statements and the opinion of the management and supervisory bodies.

The business strategy and goals of Ibersol group's various affiliates are defined by the Executive Committee, in collaboration with the Central Departments and the departments of each business, as well as those of Shared Services. Results are regularly assessed every quarter. Similarly, major decisions are taken monthly by the Executive Committee, after consulting with the Ibersol group's Operating Departments.

Ibersol group's operating structure

Ibersol group's management is results-oriented, by monitoring indicators and objectives, and is based on action programmes and plans aimed at continuous improvement to increase the efficiency and effectiveness of key processes and operations, in order to keep costs down, minimise waste and increase productivity, return and satisfaction.



2.6. Sustainability Principles

Building Trust-based Relationships

The Ibersol group walks side by side with its stakeholders, establishing trust-based relationships built on an ethical commitment, loyal and transparent communication, and by genuinely striving to always accomplish the best for the partnership and its future, seeking to ensure a return for everyone involved.

Providing Pleasant Experiences to our Customers

The Ibersol group takes an interest in, is inspired by and creates with its customers in mind, aiming to provide them with an enjoyable, safe, healthy and surprising experience during every visit. The Ibersol group's teams are continuously driven by a genuine interest in wanting to get to know their current customers as well as those they hope to win over.

Being a School for Life

The Ibersol group believes and engages, transforms and enhances value, discovers talent and sets those people challenges.

We endeavour to give all our employees the same opportunities, so they can grow and progress in a challenging, ambitious and confident manner. At the Ibersol group we foster a learning environment and provide all the tools needed to build know-how, enhance value and encourage autonomy.

Establishing a Connection with each Customer through our Restaurants

The Ibersol group wants its employees to be able to experience the organization's values in their daily lives, imbuing its management with an economic and effective approach whereby the processes create value and ensure food quality and safety, with minimal waste and environmental impact, by means of happy, competent and responsible teams committed to offering each Customer a pleasant and connective moment.

Respecting and Improving the World Around Us

Increasingly more aware of the environment, the Ibersol group strives to support, protect, act and engage with the community to make the world a better place. To replenish what the world gives us every day, the Group participates and contributes so that the community and environment can develop positively and sustain its wealth of resources for this and future generations.

Social Responsibility Policy and Values

Impact Management

<u>Environmental</u> – Environment, Suppliers, Franchisees

<u>Economic</u> – Shareholders, Franchisees, Regulatory Entities

<u>Social</u> – Customers, Society, State, Our People

2.7. Risk Management

Given the nature of the Ibersol group's business, our corporate reality is highly volatile, permanently exposed to challenges, transformations and changes, which implies an accelerated pace of management.

Only by systematically anticipating risks across all business areas will we be able to define suitable strategies to prevent adversity and to also create an environment conducive to sustainable and continuous improvement.

The Ibersol group has risk control mechanisms, which are duly supported by internal procedures and standards. The information available - namely consolidated Financial and Accounting, Human Resources, Quality, Procurement, Logistics and Marketing plans, objectives, processes, procedures and indicators - allow us to conduct real-time assessments in different risk scenarios. Concurrently, the Group is prepared to reassess and redefine established strategies and implemented plans, at any time.

We are aware of the risks inherent to the Ibersol group's different activities, and that is why some business areas are managed directly by operating departments, taking their specific nature into account.

2.7.1. Food Quality and Safety

It is incumbent upon the Quality Department to ensure that preventive and control measures are implemented across the Ibersol group's various business areas, in particular:

- Qualification and selection of suppliers and products and programme for periodic control of suppliers, products and services;
- Guarantee of the implemented tracking system;
- Control of unit production processes through the HACCP (Hazard Analysis & Critical Control Points) system;
- Food Safety Skills Development System;
- Maintenance and Monitoring of Measurement Device Systems;
- Food Crisis Management System, which enables existing food warning systems to be constantly monitored and immediate action to be taken, if necessary;
- Continuous Improvement System, supported among other instruments by external audit programmes in all the Group's units; programmes for microbiological analysis on samples of raw materials and end products, conducted by an accredited external body; complaints handling system. We would also point out the certification audits and the certification proper under the following standards: NP EN ISO 9001: Quality Management Systems and NP EN ISO 22000: Food Safety Management System, which ensure that compliance with international food quality and safety requirements are pursued and guaranteed.
- 'Viva Bem' (Live Well) Programme, whereby the Ibersol group informs consumers about its Food Safety System and healthy eating habits, ensuring that they receive the necessary information in a transparent manner so they can make the appropriate lifestyle choices.

2.7.2. Occupational Health and Safety

The Labour and Legal-Employment Relations Department is responsible for managing the processes related to labour risks to which employees may be exposed and for fostering well-being at work. The risks of accidents at work or occupational diseases occurring are managed using the following programmes and measures:

- Risk assessment in the workplace and inquiry into accidents at work;

- Information and employee survey on occupational risks and daily preventive measures which should be adopted to prevent incidents;

- Training on safety principles and health promotion during employee induction, recertification and the assignment of new roles;

- Implementation of self-protection measures in all units;

- Health promotion and safety best practices awareness and recognition programmes;

- Audit programmes to monitor on-the-job principles and practices.

2.7.3. Financial

It is incumbent upon the Finance Department to manage the various financial risks to which the Group is naturally exposed, and that are inherent to the unpredictability of the markets, namely foreign exchange risk, interest rate risk, credit risk, liquidity risk and capital risk. The efforts made by the Finance Department aim at minimising the adverse effects of these potential risks.

Foreign exchange risk

In this regard, the Ibersol group follows a natural hedge policy, obtaining financing in local currency. Given that we operate essentially in the Iberian market, bank loans are mostly in euros and purchase volumes, outside of the euro area, do not have a significant weight.
Our main source of exposure stems from investment in the Angolan operation, outside the euro operating area, which is still small in size and losing weight within the Group's activity. The imbalances in the Angolan economy are causing a shortage of foreign currency in Angola and, therefore, the devaluation of the Kwanza is a risk to be taken into account. Funding the Angolan subsidiary in foreign currency, in the amount of USD 500,000, does not expose us too much given that the amount is not very large. Other borrowings by Angolan subsidiaries are denominated in local currency, the same currency in which income is generated. In light of the current limitations to foreign payments, the group has adopted a policy to monitor credit balances in foreign currency on a monthly basis and fully hedging the risk by purchasing Angolan treasury bonds, indexed to the USD.

Interest rate risk

With the exception of the Angolan Treasury Bonds, the Ibersol group does not have any significant interest-bearing assets. Thus, profit and cash flows from investment are largely independent of fluctuations in the market interest rate. As regards the Angolan Treasury Bonds, which are indexed to the US dollar, they also do not present a risk as they have a fixed interest rate.

The Ibersol Group's main interest rate risk stems from liabilities, namely long-term loans. Variable-rate loans expose the Group to cash flow risks associated with the interest rate. Fixed-rate loans expose the Group to fair value risk associated with the interest rate.

With current interest rate levels, the Group's policy is to set interest rates up to 50% of the amount owed, for long-term financing.

Credit Risk

The Ibersol group's main activity is sales paid in cash or by credit/debit card, which means there are no relevant credit risk concentrations.

As regards accounts receivable, risk is limited to the Catering and Franchising business areas, which account for approximately 6% of consolidated turnover. The Group began monitoring accounts receivable more regularly in order to:

- Control credit granted to customers;
- Analyse the ageing and recoverability of accounts receivable;
- Analyse the risk profile of customers.

Liquidity risk

Liquidity risk management implies maintaining a sufficient amount in cash and bank deposits, the feasibility of consolidating floating debt by using a suitable amount of credit facilities and the ability to liquidate market positions. Cash flow needs are managed based on annual planning, which is reviewed every quarter and adjusted on a daily basis. In accordance with the dynamics of the underlying businesses, the Ibersol group flexibly manages commercial paper and negotiates credit lines available at all times.

Capital Risk

The Ibersol group seeks to maintain a level of equity capital suited to the characteristics of its main business (cash sales and supplier credit) and to ensure continuity and growth. The balance of the capital structure is monitored based on the financial leverage ratio (defined as: net remunerated debt/net remunerated debt + equity capital), with the purpose of situating it in the 35%-70% bracket.

2.7.4. Environmental

Environmental risk management falls under the purview of the Quality Department, which implements and reinforces sustainability concepts encouraging the adoption of more sustainable and efficient practices in all of the Ibersol group's areas of operation.

In this regard, several measures have been implemented to encourage responsible and proactive behaviour and procedures which provide shared value for the business, the environment and society, in priority areas, namely waste management, conservation of natural resources and reduction of our ecological footprint.

2.7.5. Legal

The Ibersol group and its business areas are supported by the function of a permanent legal counsel dedicated entirely to the specific area, liaising with the other central and business departments, in order to pre-emptively safeguard the Group’s interests whilst complying with legal duties and obligations. Legal counsel is also provided, both nationally and internationally, by recognised external experts.

2.7.6. Sectoral

When it comes to strategic planning, the risks of the business portfolio are identified and assessed, new businesses and major projects are assessed, and the methods to manage those risks are then defined.

At an operational level, the risks associated with the management objectives of each business are identified and assessed, and the actions to manage those risks are planned. These actions are included in and monitored by the business plans and operating units.

By operating several international brands through franchising, the Group executes long-term contracts which it has been renewing, although there is no obligation to do so. With a view to maintaining the continued partnerships with franchisees, the Ibersol group endeavours to cultivate and maintain good relations, based on transparency and mutual trust, and seeks to strictly comply with all its contractual obligations and defined standards, in order to run an operation of excellence.

With its acquisition of the Eat Out Group, the Ibersol group now holds a significant portion of its turnover in airport space concessions, which are granted through fixed-term tenders, the renewal of which is not ensured.

Finally, operations in the food service sector can be impacted by potential food crises or raw material market distortions, and by possible changes in consumption patterns, which may significantly impact the financial statements, and, thus, also require an equally vigilant and preventive attitude.

2.8. Key Indicators

Economic Indicators

Distribution of Value by Stakeholder (€MN)	2018	2017*	2016	2015
Customers	447,4	442.8	269.9	213.7
Employees	134,2	115.7	61.6	49.4
Shareholders	3,1	2.2	2	1.0
Franchisees	13,8	13.8	10.8	8.7
State (Corporate Tax/Social Security/Other Taxes)	2,1/33,1/1,2	2.5/32.4/1.3	3.9/15.1/1.3	2.8/11.6/0.6
Suppliers	243,8	249.6	178	131.9
Financing Entities				
Interest	4,9	6.5	3.8	1.9
Loans Obtained	-7,7	-22.5	102	4.2
EBITDA (MN€)	61.0	65.3	47.1	32.7
Turnover (MN€)	450.1	448.3	269.8	213.7
Own Share Trading	53,542,285	54,305,000	32,900,000	26,800,000

* Effect of integrating the Eat Out Group.

	2018	2017	2016	2015
No. of Units	641	646	667	377
Ibersol Brand Units	362	410	447	122
Franchised Brand Units	279	236	220	255

Environmental Indicators

100% selective separation of waste material and cooking oils

514 tonnes of oil for biodiesel

13,319 tonnes of CO_2 prevented

Product Liability Indicators (Portugal)

	2018
Units Certified in accordance with ISO 22000: 2005	30
Concepts Represented in the NP EN ISO220000 Certification: 2005	100.00%
External Food Hygiene and Safety audits	+1,000
Internal Food Hygiene and Safety audits	+3,600
Complaints per 100,000 transactions	3.29
Average monthly complaints	80
Laboratory Controls	+2,500
Views of the Viva Bem blog	+22,000
Mystery Customer Audits	190
Guest Experience Survey (GES)	143,773

Social Indicators

	2018
No. of Group Employees	10.286
Women	5.387
Men	4.899
% Women	52%
% Men	48%

Training	**2018**
Employees in Training	10,504
Total Training Hours	491,959
Average Training Hours per Employee	48
Training hours in Occupational Health and Safety	22,772
Training hours in Food Hygiene and Safety	42,370

3. ECONOMIC PERFORMANCE

Detailed information on the Ibersol group's Economic Performance is presented in the 2018 Annual Report and Consolidated Financial Statements of Ibersol - SGPS, S.A., available for consultation on the website www.ibersol.pt.

4. ENVIRONMENTAL PERFORMANCE

We respect and improve the world around us

At the Ibersol group, our activity is carried out while respecting the value of environmental sustainability, systematically seeking environmentally-responsible solutions throughout the organisation's value chain. This commitment has led to the pursuit of strict environmental management practices, with regard to waste management and the conservation of resources.

In this regard, every day the Ibersol group strives to reduce the environmental impact of its business, namely regarding:

- Waste production: organic waste, packaging and used cooking oils;
- Consumption of resources: energy and water;
- CO_2 emissions;

... and to involve all stakeholders in complying with environmental sustainability.

Reflecting these concerns, in 2018, the Group renewed its NP EN ISO 14001:2015 – Environmental Management Systems certification. This certification attests to the commitment of the entire structure to reinforcing its environmental performance in managing the impact of its operations, namely by optimising the use of natural resources, protecting the environment and reducing the ecological footprint.

4.1. Packaging Waste

The production of packaging waste – service packages delivered to customers and packages of raw materials and products – is inevitable in our line of business.

In order to ensure that this waste is correctly routed and treated, and as in previous years, we renewed our contract to participate in the Integrated Waste Packaging Management System, coordinated by Sociedade Ponto Verde. The aim of this system is to ensure the collection, recovery and recycling circuit, as well as to decrease the volume of waste deposited in landfills.
Equally important is the fact that all units of the Group play an active role in the selective separation of waste (paper/cardboard, plastic/metal and glass), a task performed on a daily basis and without exception, in all restaurants and in every office.

Due to its importance, there is strict follow-up of the packaging waste performance indicator and it should be mentioned that in 2018, nearly 1,500 tonnes of packaging waste were generated, up 9% compared to 2017, but proportionate to the Group's business growth.

	Service Packaging (kg)	Packaging of Imported Products (Kg)	Total (Kg)	Year-on-Year variation
Plastic	162,898	141,893	304,791	27%
Paper/Cardboard	687,678	426,462	1,114,140	4%
Steel/Aluminium	1,197	26,089	27,285	49%
Total	**851,773**	**594,444**	**1,446,217**	**9%**

4.2. Cooking Oils

Equally, the production of cooking oil waste continued to be closely managed and monitored, ensuring that 100% of waste produced is routed, recycled and recovered.

In 2018, approximately 514 tonnes of used cooking oil were sent to biodiesel production.

4.3. CO_2 emissions

Endeavouring to reduce CO_2 emissions, the Ibersol group gives priority to sourcing products that are in the vicinity (Iberian market). This systematic endeavour to be close to suppliers enables us to ensure reduced transport times, thereby consequently mitigating CO_2 emissions to the atmosphere and, as such, our ecological footprint.

	2018	2017	2016	2015
Indirect CO_2 emissions				
Specific CO_2 emissions (kg/kWh)	0.37	0.35	0.33	0.321
CO_2 emissions avoided in consumption (tonnes)	13,314	12,419	11,564	10,984
Production with renewable energy (kWh)	11,987	12,198	11,687	11,945
CO_2 emissions avoided through production with renewable energy (tonnes)	5	4	4	5.6
CO_2 emissions avoided - total (tonnes)	13,319	12,423	11,568	10,990
Direct CO_2 emissions				
CO_2 emissions produced in gas consumption (tonnes)	2,644	2,345	2,242	2,191
CO_2 emissions produced in gas consumption (tonnes CO_2/store)	15	14	14	15

The Ibersol group continues to be committed to reducing CO_2 emissions by seeking solutions which help minimise the impact of greenhouse gases on the environment.

Compared to last year and considering the same number of stores, we directly and indirectly prevented 13 thousand tonnes of carbon dioxide from polluting the atmosphere.

4.4 Consumption of Resources

During 2018, we continued to invest in reinforcing best practices and interventions in infrastructures and equipment, in order to reduce the consumption of natural resources. With regard to best practices, we would highlight that the teams' awareness was raised regarding the reduction of energy and water consumption, an example of which is the "on off programme", but also another entire set of measures related to energy management and contracting.

4.4.1. Energy

Raising awareness for the rational use of electricity leads to improvements in environmental performance, namely energy efficiency. This awareness is reflected in a culture of saving, without having a negative effect on the well-being of customers and employees, and on increased productivity. Ibersol group's energy bill comprises the energy consumed and respective costs. As the market price of energy is marked by geopolitical factors, economic activity development, seasonality and weather conditions, controlling energy costs implies strongly focusing on energy management. This management aims to maximise efficiency, resulting in a reduction in the associated costs, through adopting best practices and raising the awareness of all employees.

Energy efficiency technologies

- Lighting

The Ibersol group has identified advantages in swapping conventional lighting for led lighting, benefiting from a return period of 1 to 2 years, due to the sharp reduction in the facilities' energy consumption.

Besides reducing energy consumption, led technology leads to a decrease in electrical losses in the facilities, a reduction in atmospheric pollutants and, due to its useful lifespan, a decrease in the cost linked to maintaining the installations.

We replaced halogen lamps, which generate a lot of heat, and consequently a greater need for cooling the spaces, with led lighting solutions. This initiative led to a reduction in energy consumption, and simultaneously, was better suited to the aesthetic requirements of each space.

In addition, replacing halogen lamps with led ones enabled maintenance costs to be reduced, as these lamps have a lifespan of up to 45,000 hours and an energy saving of up to 85%.

- Electronic ballasts

We chose to replace the conventional ballasts with electronic ballasts, due to the considerable reduction in energy losses. When fluorescent lamps are linked to electronic ballasts, they produce

20% more and cause the lamps to start up more gently, which increases their useful lifespan, with lower maintenance costs, without the need for starter devices.

- Lighting control

Control systems are an important component in the Group's stores, aiming to ensure that the lighting operates when necessary. The lighting integration and regulation systems fitted in the Group's facilities enable control to be carried out by time or by occupation (presence detection) and enable switches to be installed in specific compartments, so that when they are unoccupied, they can be switched off locally. Switching off the lighting to save energy is one of the most important measures, along with installing more efficient equipment, so that lighting is only switched on when necessary and it is adapted according to the occupation and the light outside.

- Energy efficient motors

Energy Efficient Motors - EEMs were installed for the extraction and exhaust systems in the Group's stores. These motors lead to lower operating costs, as they save energy due to fewer active losses and increased power. They also have a longer life (resulting from the lower operating temperature) and are more reliable and less noisy. Despite being more expensive than conventional motors, they are an efficient option and have advantages in the long term.

Also in the implementation phase is the use of (ESV) Electronic Speed Variators in the electric motors. These speed variators have many advantages in terms of the starter motor's energy consumption. Using ESVs, you can achieve a smoother start-up, a controlled reduction in the power of the motors and a better power factor.

As the extraction and exhaust motors represent 60% of the driving force implemented in the group's facilities, reducing the flow by 20% enables an effective reduction of between 20% and 50% in the electricity linked to the ventilators and exhausts.

- Power factor compensation - Reactive energy

Due to the existing equipment, the Ibersol group's installations are based on the effects of electromagnetic fields, as is the case of the motors, compressors of the cooling equipment, transformers and ballasts, which consume reactive energy as well as active energy.

Reactive energy does not produce work, but it is necessary for equipment such as that indicated above to operate and causes higher intensity current, which means additional losses due to the Joule effect throughout the electricity transport and distribution system, and is therefore penalised in each facility's electricity bill, except those powered by Low Voltage. To avoid higher electricity bills, sets of condensers were installed, to compensate the Power factor (cosφ). Due to the distribution configurations of the electrical loads in the Group's stores, we chose to have centralised compensation installed in the general energy switchboard, for total reactive inductive and capacitive energy compensation.

- Contracted power

The contracted power defines the maximum instant value of electricity that one of the Group’s stores can receive. The value of contracted power and the size of the electrical installation are closely connected. The contracted power is updated according to the highest power uptake value during the last 12 months (including the billing month), the uptake value being the highest active average power in the installation in 15-minute periods, throughout the entire measuring period.

In cases where restaurants have already made investments with a view to a more rational use of electricity, which has resulted in a reduction in contracted power and they have applied measures to the electrical equipment so that it is switched on in a staggered manner to avoid a high increase in the electricity power uptake, the value of the contracted power will show that value for that month and in the 11 following months. The value on the electricity bill will only be reduced after that period.

- Switching off equipment

As a good practice, the idea is to switch off electrical equipment when not in use for some time, and delay switching on electrical equipment, knowing in advance how long the equipment needs to reach the desired temperatures.

As these are measures that do not imply any investment, the return is immediate.

During off-peak hours, we chose to switch off the air-conditioning system, the new air extraction machines and exhaust machines and the outdoor lighting, through automatic support systems with timers.

- Thermal solar system

The main components of a solar system are the solar panels, responsible for absorbing sunlight, and the storage tanks, for storing energy in the form of hot water.

In installations with a drive, the thermal solar energy is linked to the hot water production process for bathrooms, with a significant reduction in the need to use other sources of energy, such as electricity or gas. This is a renewable and safe energy, with low operating costs, making it possible to reduce a facility’s energy bill.

With proper maintenance, solar energy systems have a useful life of over 15 years. The typical return on investment varies between 6 and 10 years.

- Cooling systems

The Group’s fittings comprise cupboards, counters and fridges. The energy efficiency of these cooling systems implies reducing the energy consumed, without compromising the quality of the stored products. To minimise the thermal load, whenever possible, products are introduced at a temperature very similar to the storage temperature. As such, cooling needs are lower.

The air temperature varies drastically with the use of such equipment and shows a poor indication of the real temperature of the food. To avoid wide variations in temperature, when opening and closing the door of the cooling equipment, eCube equipment was installed. This type of equipment has gel food simulator inside and it is coupled to the temperature control sensors of the fridges and freezers, which remain in contact with the gel. As such, it supplies the temperature of the gel (which is the simulated temperature of the food) to the control systems, activating the evaporators and cooling compressors. The cooling/freezing chambers' cycles are therefore significantly reduced (on average by 66%). Correctly reading the temperature of the food reduces the need for the compressors to start up, thereby giving rise to a reduction in electricity consumption, which varies between 10% and 30%.

Analysis of Consumption

- Electricity

Points of consumption vary annually, due to store openings and closures, equipment changes or the number of units where such information can be collected.

In 2018, despite the increase in turnover, by applying energy efficiency measures in the Ibersol group's stores we were able to record a 1% reduction in electricity consumption compared to 2017, when applying the rule of proportionality.

- Natural Gas

The Ibersol group's facilities use natural gas, as it is a clean, safe source of energy and has a competitive price compared to electricity.

By installing new equipment and replacing the burners with more efficient versions, a 1% decrease in gas consumption was achieved, compared to 2017, when applying a rule of proportionality to the consumption points.

	2018	2017	2016	2015
Electricity Consumption				
Consumption points	327	310	299	270
Consumption (kWh)	35,982,997	35,482,475	35,042,964	34,219,605
Average consumption per point (kWh/store)	110,039	114,460	117,201	126,739
Consumption decrease (same universe) (kWh)	369,886	1,056,929	1,842,325	23,85,714
Gas Consumption				
Consumption points	182	168	158	144
Consumption (kWh)	14,256,886	13,857,226	13,265,482	12,242,638
Average consumption per point (kWh/store)	78,335	82,483	83,959	85,018

Contracting electricity

As the electricity supply contract ended in January 2019, a survey of the energy wholesale markets was carried out throughout 2018, analysing the proposals for buying energy at a fixed price or an indexed price.

In relation to the historic average electricity price evolution, the most favourable energy purchasing price was in the first three months of each year.

When deciding to buy energy at a fixed price, for 2019, considering the months of January to March, the average final price obtained was €62.90/MWh, which was substantially above the indexed tariffs. That is why we chose to buy electricity in the OMIE indexed market - a daily market, with the option to close the position in OMIP - futures market, when these values are favourable.

According to the records, the average indexed market value had a fall in average price in February to €54.71/MWh, with a downward trend in the following months. That is why the energy contracts are being maintained in an indexed market. However, a reduction in the prices of futures is foreseen for 2019, 2020 and 2021, compared to the indexed prices, and combined with the network drop, it is possible to obtain a better average price in a fixed market.

Efficiency of the facilities

Linked to restructuring the facilities and subsequent expansion of Ibersol group's new facilities is an increasing concern about the efficiency of the buildings in the country. In 2018, new buildings were given an A+ energy efficiency rating, reflecting their high performance when assessing building and operational sustainability. Among the aspects with the highest performance, environmental burdens, thermal comfort and sustainable use are of particular note.

4.4.2. Water

Besides the environmental concern, reducing wasted water has economic implications, due to the increased price of water, which varies between different parts of the country.

Measures were taken to reduce water consumption, such as:

- Placing timers and aerators in taps and showers;

- Installing efficient flushes, fitted with water discharge levels;

- Regularly controlling the effluent of the Wastewater Treatment Plant aiming at decreasing sanitation fees;

- Changing the procedure for washing floors;

. Implementing verification routines for taps, flushes, plumbing and junctions and valves, identifying the need for repairs and consequently avoiding water being wasted.

	2018	2017	2016	2015
Overall consumption (m^3)	191,568	189,879	189,234	188,600

5. SOCIAL PERFORMANCE

People to People

Endeavouring to always do more and better for its People, in 2018 the Ibersol group restructured its Human Resources Department, whose split gave rise to two sub-structures: the Human Resources Development Department and the Labour and Legal-Employment Relations Department. This restructuring reflects the Ibersol group's concern for its people, in as far as the Human Resources Department, which has a bigger team, will have the opportunity to exclusively work on the Recruitment and Selection, Training and Performance and Careers and Remuneration processes, with a strong focus on introducing improvement processes.

Also within the remit of the Human Resources Development, at the end of 2018, the Performance Management System was updated. This development encompasses the assessment of objectives/KPIs achievement and competencies, but focuses mainly on developing our people: feedback, identifying potential and defining development plans with a view to transforming potential into performance. At the Ibersol Group, the Performance Management process is truly a People Management instrument, which enables the Group's mission and objectives to be aligned with the objectives of the Teams and the employees' individual objectives.

5.1. Employee Profile

Being a School for Life

Portugal

Change in the number of employees by gender

	2018		2017		2016		2015	
No. of employees	**No.**	**No.**	**%**	**No.**	**No.**	**%**	**No.**	**%**
Women (%)	53.5%	3,287	53.4%	2,706	2,902	53.4%	2,370	54.0%
Men (%)	46.5%	2,860	46.6%	2,256	2,534	46.6%	2,020	46.0%
Total	**100%**	**6,147**	**100%**	**4,962**	**5,436**	**100%**	**4,390**	**100%**

Change in the number of employees by age group

	2018		2017		2016		2015	
Age group	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
< 18	175	2.85%	131	2.41%	65	1.31%	**45**	**1.03%**

18 to 25 years of age	2,951	48.01%	2,564	47.17%	2,332	47.00%	**1,943**	**44.26%**
26 to 30 years of age	1,054	17.15%	989	18.19%	957	19.29%	**928**	**21.14%**
31 to 35 years of age	701	11.40%	631	11.61%	603	12.15%	**572**	**13.03%**
> 35	1,266	20.60%	1,121	20.62%	1,005	20.25%	**902**	**20.55%**
Total	**6,147**	**100%**	**5,436**	**100%**	**4,962**	**100%**	**4390**	**100%**

Employee profile according to academic qualifications

	2018		2017		2016		2015	
Academic qualifications	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
< Year 12	2,463	40.07%	2,335	42.95%	2,220	44.70%	2,087	47.54%
≥ Year 12	3,684	59.93%	3,101	57.05%	2,742	55.30%	2,303	52.46%
Total	**6,147**	**100%**	**5,436**	**100%**	**4,962**	**100%**	**4,390**	**100%**
Higher Education	575	9.35	503	9.25%	456	9.20%	418	9.52%

Evolution of turnover rate

	2018	2017	2016	2015
Employee Turnover	**%**	**%**	**%**	**%**
Total	85.00%	89.00%	79.00%	71.04%
Units	88.00%	92.00%	81.00%	73.11%
Business Structure/C. Functions	17.00%	10.00%	23.00%	24.61%
Management Teams	28.00%	27.00%	21.00%	21.91%

Employee profile according to career stage and gender (Portugal excl. SGPS)

	Females	Males
Career Stage	**%**	**%**
Operation	52%	48%
Shift Management	64%	36%
Unit Management	49%	51%
Business Structure/C. Functions	60%	40%

Employee profile according to career stage and age bracket

	Age bracket				
Career Stage	**< 18**	**18 to 25**	**26 to 30**	**31 to 35**	**> 35**
Operation	4%	58%	15%	9%	15%

Shift Management	0%	24%	32%	22%	22%
Unit Management	0%	2%	12%	24%	62%
Business Structure/C. Functions	0%	6%	12%	11%	71%

Employee profile according to career stage and academic qualifications

	Academic qualifications			
Career Stage	**< Year 9**	**Year 9**	**High School**	**Higher Education**
Operation	7%	36%	52%	5%
Shift Management	5%	30%	52%	13%
Unit Management	3%	25%	51%	21%
Business Structure/C. Functions	0%	6%	33%	61%

Employee profile according to career stage and seniority

	Seniority				
Career Stage	**< 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 4 years**	**> 4 years**
Operation	45%	13%	16%	15%	11%
Shift Management	11%	5%	10%	35%	39%
Unit Management	3%	1%	3%	13%	80%
Business Structure/C. Functions	8%	7%	11%	12%	62%

5.2. Training and Education

Ibersol School Principles

1. At Ibersol, we believe in the potential and skills of our employees!

As such, we create development opportunities based on personalised training plans, enabling employees to acquire new knowledge and advance in their careers.

2. At Ibersol, we want everyone to progress with confidence!

For every career stage, there is a training programme in which people identified as having growth potential are able to develop skills for new roles, thus ensuring that everyone knows what is expected of them at all times and the challenges they may face.

3. We invest in training our managers!

If everyone in each role is guaranteed to be certified as per the programmes associated to their current and past roles, then all managers will surely be prepared to support the development of their respective teams. All managers must possess training/coaching skills to ensure effective top-to-bottom transmission of know-how and best practices.

4. At Ibersol, we want people to truly learn!

To this end, classroom training is combined with on-the-job training, thereby ensuring acquisition and consolidation of what is learned. Constant follow-up by managers and on-the-job training are key ingredients to achieve good results.

5. At Ibersol, we value people who invest in their careers!

Minimum qualification levels for each career development programme have been determined and aim at ensuring that the best people have access to opportunities, along with those who try hard to achieve their goals. Special training is also funded for those with further ambitions.

6. We invest in the development of our employees through qualification!

We aim to continually increase employee skill and qualification levels, and that a job at Ibersol is synonymous with an opportunity for growth and enhanced value. For this reason, protocols have been implemented with Novas Oportunidades (New Opportunities) career centres nationwide, so that everyone can progress with confidence and see their skills formally recognised.

7. At the Ibersol School, training is certified!

Ibersol’s goal is for all its training programmes to achieve industry recognition, and for the career paths it helps build to effectively enhance people’s value. To this end, Ibersol’s certification by DGERT (General Directorate for Employment and Labour Relations) is guaranteed and best training practices have been identified and developed. Partnerships have also been established with other entities that enable recognition of the Group’s training programmes.

Training provided

Occupational Health and Safety		
Course content	**Training hours**	**Trainees**
Preventing Accidents at Work Accidents at Work	**20,817**	**5,292**

Accidents with Customers Organisation of Fire Safety First Aid Occupational Health		

Food Safety		
Course content	**Training hours**	**Trainees**
Food Safety Different types of Contamination Food Microbiology Hygiene of Food Handlers Hygiene of Facilities, Equipment, Tools and Surfaces ISO 22:000 standard	**41,307**	**6,461**

Other Training Programmes	Training hours	Trainees
Induction/Integration	20,329	3,447
Operational Training	288,013	5,356
Other areas	13,918	4,660
Operational Programme for Management Teams	95,968	988
Total	**480,352**	**26,204**

Internships in 2018

Last Year, the Ibersol Group took in a total of 37 interns, 32 doing a curricular internship, totalling 10,694 hours of on-the-job training, and 5 professional internships, corresponding to 7,800 hours of work.

	2018		2017		2016		2015	
Internships	**No.**	**Training hours**	**No.**	**Training hours**	**No.**	**Training hours**	**No.**	**Training hours**
Curricular	32	10,694	20	5,333	25	7,507	25	6,320
Professional	5	7800	10	15,600	26	31,778	36	48,344

5.3. Employee Health and Safety

Occupational Health and Safety is one of the key areas of any organisation, impacting not only individual well-being but also collective balance.

Ensuring a culture of safety across all quadrants of the company is, therefore, a mission the Ibersol group strives to fulfil every day to encourage the participation of all employees in pursuit of the same goal.

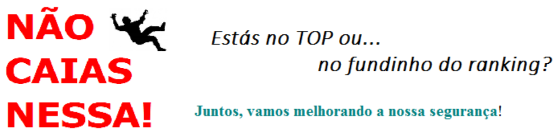
With such a diverse pool of employees, distributed across a host of countries, investing in prevention and safety, by raising awareness as regards best practices for individual behaviour, is the most efficient formula to achieving the desired outcomes.

Based on these principles of awareness, in 2018, we did the following:

- Conducted over 800 audits to monitor principles and practices.
- Designed a best practices recognition programme, with the following initiatives:
    - 'Não Caias Nessa!' (Don't Fall For It!) teaser, sharing the ranking of the safest units to promote the prevention of accidents at work;
    - Reinforcement of the 'Venha Acompanhar Uma Auditoria de Segurança Connosco' (Come With Us and Take Part in a Safety Audit) initiative, aimed at improving the knowledge of Safety Monitors and Coordinators on Occupational Health and Safety in their units;
    - "Apanha a Tarefa Segura" (Snatch the Safety Task) Competition, to celebrate World Day for Safety and Health at Work. This competition encourages creativity and awards the participants with safety materials that are useful in the stores (first-aid kits, step-ladders, gloves) and so it has been used as an effective means of training and is demonstrative of the employees' level of knowledge and involvement. In 2018, 49 people participated. In 2018, the "Snatch the Safe Task" competition was also launched for the first time in the offices.
    - Evacuation drill in the offices in Edifício Península;
    - Sharing of suggestions made by employees during employee consultation regarding Occupational Health and Safety, which recorded an overall participation rate of 19%.

2018 also marks the re-certification of the Occupational Health and Safety Management System as regards management of the Ibersol group's food service operations, as well as food service provision at VOG - Tecmaia: OHSAS 18001:2007/NP 4397:2008.

Days without accidents at work 2018



5.4. Employee Well-being

Employees are the main drivers of the Ibersol group's success. They are the ones who deal with and address real issues, challenges and specific situations on a daily basis. Understanding their concerns, needs and expectations is, in fact, a goal of ours and could boost continued and sustainable improvement, bringing clear benefits for all.

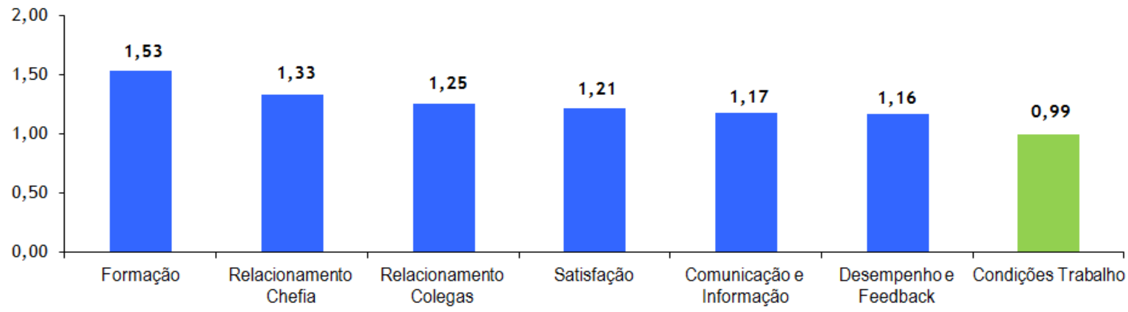
HAVE A SAY

Knowing how to listen is one of the assumptions of continuous and sustainable improvement. In this regard, the Ibersol group carries out the annual survey "Have a Say", aiming to encompass all its employees so that they can confidentially transmit their opinions and suggestions. Carrying out this organisational climate evaluation survey enables us to have closer contact with employees and to gain more in-depth knowledge of their needs and expectations.

In 2018, 4,206 people took part nationwide, which represents a participation rate of 80%. 74% of the participants were from the Ibersol restaurants, 82% of whom from the Management Teams. The findings of the questionnaire show that the group achieved an average result of "truly positive". "Training" and Relationship with the Line Manager" were the areas that had the highest score of the year and are the Ibersol group's strengths. "Working Conditions" was the area with the most opportunity for improvement. "Have a Say" also gives employees the opportunity to share their opinions, suggestions and concerns, 972 open comments having be been recorded in 2018.

Ranking of 2018 Development Areas

Pontuação ≥ 1	Francamente positiva
Pontuação < 1	C/ oportunidade de melhoria
Pontuação < 0,5	C/ necessidade de intervenção
Pontuação < 0	Francamente negativa



Note: Feedback indicators from the 'Tenha a Palavra' (Have a Say) for Portugal

"Ibersol in Motion"

In order to improve employees' well-being and sense of belonging, the Ibersol group continued with the "Ibersol em Movimento" ("Ibersol in Motion") programme, as part of the various initiatives and challenges it promotes to encourage interaction between colleagues outside of work.

"FutIbersol"

A football tournament that is held every year, contested by 12 teams made up of 115 employees of the Group. This year, the winning team was "Team A", from Vila Real, in a competition contested in two regional rounds, Lisbon and Porto, with the final being held in Porto.

Women's Marathon

Ibersol once again supported initiatives in the fight against cancer, by bearing the costs of 30 participations in the Corrida da Mulher (Women's Marathon), in Porto and in Lisbon, during April and May.

"i-Office Break"

In the offices, Ibersol continued its "i-Office Break" programme in 2018, an initiative that began in 2015, comprising lunch or tea offered by the various business units to present the new range of products of the different Group brands and to encourage monthly gatherings and opportunities for sharing among employees.

Christmas Dinner

Real Companhia Velha, in Vila Nova de Gaia, opened its doors to around 430 guests for this event, where 48 awards were attributed to employees who stood out the most in a wide range of work areas.

Celebrating Festive Occasions

As part of the Christmas festivities, Ibersol offered around 1200 tickets to the Christmas Circus to its employees and their children. In this initiative all the children were given a snack and small gifts. Another edition of the children's contest "Desenhos e Contos de Natal" (Christmas Drawing and Short Stories) also took place, which had 32 participants, all of whom received a present.

During Carnival, 40 people entered the competition "As nossas melhores Máscaras de Carnaval" (Our best Carnival Masks).

5.5. Ties to the Community

In pursuit of its own sustainability values and principles, the Ibersol group continues to play an active role in promoting initiatives that include its surrounding communities. As a precursor to the concept of modern food service, driven by a commitment to customer service excellence and continued employee development, the Ibersol Group has never forgotten its responsibility as a participatory agent in the society it is a part of. As such, its policy is to be present in the various sectors of society through charity events, donations, training and other kinds of initiatives.

PORTO of the FUTURE

Launched by the Porto City Council to bring civil society and the school community together, the "Porto de Futuro" programme has had the Ibersol group as its partner from the outset. As part of this partnership, several initiatives have already been held with various partner companies, children and adolescents from the school groupings in the northern region included in the programme.

Junior Achievement

As part of the "Porto de Futuro" project, the Junior Achievement Portugal Association challenges schools in the region by holding training programmes focused on entrepreneurship with support from partner companies, which provide training for students from year 1 through to year 9.

In 2018, 6 volunteers from Ibersol trained 60 pupils from schools in the António Nobre School Grouping on "Family" and "Economics for Success".

"Innovation Challenge"

The Innovation Challenge challenges pupils to solve real-life problems that companies are usually faced with. During the day, high school pupils are put into teams to work on these challenges, aided by volunteers from various consulting companies.

In 2018, Ibersol was represented by 3 volunteers, who advised teams participating in the competition.

The "Open Kitchen"

The kitchens of the brands that make up the Ibersol group continue to regularly welcome visits from groups of children and adolescents, giving them the opportunity to take a closer look at the teams' dynamics and the discipline involved in food preparation procedures. Below are some of the visits conducted in 2018 as part of the "Open Kitchen" initiative.

Burger King carried out field trips, namely for students from Pombal Secondary School, within the scope of knowledge of real-life work in a restaurant. In Vila do Conde, students from the restaurant services course at Escola Afonso Sanches also had the possibility to get better acquainted with the reality of modern restaurant service operations, ranging from the kitchen to the front office (counter service and dining room). Explanation was also given about all the HACCP procedures that are carried out every day.

October was also the month of “Cozinha Aberta” (Open Kitchen) in the Azores units, where many students from Escola Pauleta were able to visit a number of units. The initiative started with Under-5 pupils, then Under 7, Under 9 and finally the Under 11/13-year olds, with around 50 pupils in each age bracket, totalling around 200 pupils and the offer of the same number of Ibersol meals.

Actions of this kind took place nationwide and in units of the Group’s different brands.

“Pequenos Grandes Chefes” (Little Big Chefs)

Designed specially to give children and adolescents the chance for an unforgettable visit to our kitchens, meet the teams, see the care that goes into each quality, hygiene and food safety procedure first hand, and also help prepare food, the “Little Big Chefs” initiative continues to be a success at the restaurants that participate in the programme.

Ibersol's “Little Big Chefs” programme has partnered with “Mundo dos Sabores” (“A World of Flavours”), a project run by the Porto City Council for children in years 5 and 6 to encourage healthy and safe eating habits. As part of this partnership, the Alameda Shopping units (Burger King, KFC, Pasta Caffé, Pans & Company and Pizza Hut) welcomed 22 pupils from Escola Francesa do Porto, 28 pupils from Escola Francisco Torrinha and 22 pupils from Escola Pires de Lima to show them their kitchens and how they prepare the food. Children were also given the opportunity to make their own meal while working on topics such as “The taste and look of food” and “Food control”.

Donation of food and equipment

In 2018, the various Ibersol group brands took part in numerous social, charity and sports initiatives across the country and in the Autonomous Regions, some of the most important of which are highlighted below.

During the year, approximately 9 tonnes of food products that weren’t used at events held by Silva Carvalho Catering were donated to different entities.

Whilst in Spain, EAT OUT, through the Pans & Company brand, carried out the “12 months - 12 donations” initiative aimed at encouraging Social Responsibility best practices. This initiative consisted of offering meals and helped over 2,000 people and the following institutions: Fundación Arrels, Entidad Cultural Utopía, Escola Ramon Llull, Fundación Soñar Despierto, Pallapupas, Remar NGO, Candelita NGO and Poractiva Open Arms.

Concerning food waste, the EAT OUT group has been supporting the institutions Nutrición sin Fronteras, Barcelona Actua and Banco de los Alimentos, donating surplus products before their expiry date.

Festive and Charity Events

Another partnership that deserves being highlighted was with Associação Salvador, whose objective was to increase the number of people who between 10th April and 15th May consign IRS (Personal Income Tax) to contribute funds towards Associação Salvador, and on the other, to try out the Pizza Hut brand.
Whilst with Associação Pais em Rede (Parents Association Network), between 16th and 25th July, the Ibersol group supported the Olivais em Férias+ programme (school holiday programme), aiming to fill a gap in the community for young people with a disability, primarily, but not limited to, cerebral palsy. This is a healthy means of occupying their free time, where education through art and culture, as well as sports and environmental aspects, play a key role in encouraging people with a disability to make new discoveries, develop personal and social skills, and also, of no less importance, to give the carers some rest.

Regarding special dates, the group carried out actions on International Women's day, with a meeting with influencers and civic society. On World Food Day, the group took the children from 'O Gatinho' kindergarten to taste Pizza Hut in the restaurant in Maia Parque Central. This was the kind of initiative that was repeated over the course of the year with other schools, namely ASSUS - Associação de Solidariedade Social da Urbanização do Seixo (Children's Day), o Chupetão - Educação Infantil or Escolinha do Sporting Club Linda-a-Velha, the support for the latter being in the form of donations in equipment.

The Group's action also extended to making donations, namely to Centro de Deficientes João Paulo II, an association that takes in the severely disabled who cannot be looked after by their families. The initiative was promoted by the structure and heads of the participating units at the Pizza Hut annual meeting, called "Brand Day". This stance aims to make the participants accountable for the degree of compliance with the set commitments, as well as to raise awareness regarding social responsibility through commendable attitudes, which have a major impact on the beneficiaries of the association, who depend exclusively on others for their subsistence.

Burger King in Viseu linked up with the Viseu Solidário initiative and 41 children, elderly people and volunteers tried the brand's different novelties. While on Children's Day, Burger King set up a partnership with an institution for the elderly and children. A physical education teacher took part in this action, by giving a class, and there was also a clown who entertained the participants.

As far as labour inclusion and integration is concerned, in Spain the EAT OUT group, through agreements entered into with the Ministry of Social Affairs and Equality and ONCE para Discapacidad, closely cooperated with the institutions Cruz Roja, Incorpora, Lábora, Emprende and Femarec, regularly holding sessions to select candidates from these institutions, thereby providing opportunities for people of scarce resources or those who are vulnerable or have a disability.

Also in Spain and regarding volunteering, we would highlight the "Ningún niño sin Reyes" (no child without Epiphany), where in close cooperation with Fundación Soñar Despierto, children in shelters (without a family) are encouraged to write Christmas letters, which are collected, and group employees voluntarily buy the presents that those children requested in their letters.

We would also highlight the initiative for collecting plastic caps, which were donated to the association ASENT, to support their mission in fighting a rare disease. Finally, EAT OUT joined a programme with AECC - Asociacion Española contra el Cancer, disclosing advice every month on preventing different types of cancer.

Also in Spain, Burger King carried out an initiative for collecting donations in favour of ‘Cruz Roja’. Each store has a box where customers are invited to voluntarily leave donations.

Christmas and New Year

As in previous years, during the festive season, all Pizza Hut units offered meals at the Police and National Republican Guard (PSP/GNR) stations and Fire Brigade near the stores. This social responsibility action not only fosters a positive relationship with these authorities, it also holds our Delivery teams accountable for safety standards and promotes integration with local police forces and fire brigades. It is also a way to thank these authorities for the important work they do throughout the year, and to make the days they can’t spend with their families, because they are looking out for our safety, a little easier.

Burger King Matosinhos offered a supportive lunch to 50 children and a teacher from Escola das Matas in Vila Nova de Gaia.

In the Azores, the Ibersol brands offered 350 meals to pupils from the Futebol Pauleta school, for their Christmas party.

Sports

As in previous years, one of the Ibersol group’s most active brands in the area of social responsibility was Pizza Hut, promoting a total of more than 20 major sports initiatives in 2018 and involving hundreds of people of all ages, but mostly children. Such is the case of the 5th edition of “Pizza Hut SK14ALL, which involved around 2,300 children nationwide, between October 2018 and January 2019, enabling them to have a skiing experience in Serra da Estrela. From May to December, the emphasis is on “Projeto Curling By Pizza Hut”, which is for the general public, and is part of the Group’s partnership with Federação de Desportos de Inverno de Portugal (Portuguese Winter Sports Federation), with a view to familiarising the Portuguese with this Olympic sport.

Supporting physical activity is a tradition within the Ibersol group. This can be seen in the partnership with Escola de Futebol Pauleta, where in 2018, it once again brought together 1,097 pupils, donating 1,320 meals. It should be remembered that Escola de Futebol Pauleta was inaugurated on 4th September 2004 by the Portuguese former player (Pauleta) who was born in the Azores archipelago. Possessing a natural gift as a striker, combined with skilful two-footed ball work, he played an impressive aerial game, drawing crowds, especially children, to whom he now dedicates his time and experience, having retired from the fields.

In 2018, our support to Escola de Futebol Pauleta started in March with the 1st “Convívio Nacional de Traquinas”, which involved 140 students to whom the Group offered meals. In May that year, the same

number of pupils were involved in two actions: 12th Pizza/Burger Tournament and the Ibersol Sponsor Day.

The largest number of participants, around 350, was when the Ibersol group supported the 6th Edition of the Pauleta Azores Soccer Cup U13, at the beginning of June. After a very lively session, full of physical activity and healthy competition, the pupils from Escola de Futebol Pauleta had the chance of enjoying meals from the Ibersol brands.

In November, the group sponsored the purchase of 52 T-shirts for soccer and 25 T-shirts for 77 students from Clube Escola o Liceu, some of whom belong to the girl’s football team, who took part in the São Silvestre run.

KidZania

The Group continued to be present at KidZania, a theme park for families with children up to the age of 15, which is situated in the Dolce Vita Tejo shopping centre. In this “city of professions”, built to their scale, children can “play at being adults”, in a highly realistic environment, in which Pizza Hut continues to be present.

Portuguese Federation of Food Banks Against Hunger

Between 24th and 30th September, another fund-raising campaign under the “Graças a Muitos Espalhamos Sorrisos por quem mais precisa” initiative was carried out, an initiative by the Ibersol Group in partnership with the Portuguese Federation of Food Banks Against Hunger.

Pizza Hut, Burger King, Pans & Company, Pasta Caffé and KFC customers, as well as those of other Group brands actively participated to help those in need. With this charity event, which saw the engagement of all Group employees, Ibersol raised around 30,000 euros from its customers and donated 35,000 euros to the Portuguese Federation of Food Banks Against Hunger which were converted into food products and distributed among the 21 Food Banks on mainland Portugal and its islands.

This was the 10th year in which the Ibersol Group held this type of nationwide initiative, in Portugal, donating over 735,000 euros in total through its Social Responsibility campaigns.

Cáritas Angola

In 2018, the Ibersol group once again had a strong involvement in the ADD HOPE project. This Social Responsibility project in Angola enabled the Group to hand over 6,000,000 AKZ (Six Million Kwanzas) to Instituição Cáritas Angola.

The ADD HOPE project is part of Ibersol Angola's Social Responsibility strategy, which over the years, has carried out important initiatives supporting the community. Therefore, the brands invited their customers to donate a minimum sum of 50 Akz to Cáritas, as they believe it is possible to build a better world.

Cáritas is involved in the following areas: reinforcing institutional capacity, health (especially on HIV-AIDS and mother and infant health); literacy and vocational training; agriculture (prioritising rural areas).

It should be noted that Ibersol Angola has supported Caritas Angola since 2012. As part of this collaboration, several projects have been implemented to improve the quality of life of the most vulnerable families in the country's poorest communities.

6. PRODUCT LIABILITY

We establish a connection with each customer through our restaurants

Ibersol is a multi-brand group aspiring to provide unique restaurant experiences to all its customers. The relationship of trust is a key aspect, which ultimately has a huge influence on the entire organisation.

The group remains customer-centric, focused on ensuring customer satisfaction, addressing their needs and answering their queries, and on shifts in consumer behaviour, desires and expectations related to the products and services offered to them. This stance enables us to more clearly identify the trends to follow, to anticipate concepts and innovate the offer, helping us to be better aligned with the customer's needs and to strengthen the company's competitive position.

In 2018, the Ibersol group had new indicators showing that the customer-based continuous improvement is the right strategy. Proof of this lies in the several certifications of our Management

Systems in Food Safety, Quality, Environment, and Occupational Health and Safety, which is a rewarding achievement.

6.1. Commitment to Customers

The Ibersol group is committed to its customers. We are passionate about cultivating their loyalty to the Ibersol brands and about establishing a solid relationship built on quality and trust.

Listening to their opinions, criticism, suggestions and desires regularly is, therefore, important to the Group and is the most efficient way to meet their expectations as much and as best as we can.

The Ibersol group conducts an in-depth study of each customer profile every day, seeking to identify the best strategies to monitor new consumer trends, adapting and changing the various units as regards facilities, products and services and internal procedures, computer systems and new concepts.

We listen to our Customers

In order to closely monitor customer experience, we need to measure and monitor service quality at our restaurants. To this end, several tools are regularly used, which provide important indicators relating to customer satisfaction, namely quality audits, customer satisfaction surveys and management of complaints received.

Mystery Customer Programme

In 2018, in Portugal, over 190 quality audits were carried under this programme.

Guest Experience Survey (GES)

Also in 2018, feedback was received from 143,000 customers through answers to this online satisfaction survey.

Complaints

All complaints received were also carefully reviewed, and provided us with important management indicators, which support corrective and continuous improvement actions.

6.2. Food Quality and Safety

Paying close attention to consumer trends and customers' desires and expectations, every year resources and tools are enhanced and improved, so that the Ibersol group is positioned to increase the trust of those who visit its restaurants.

It is Ibersol's mission to ensure the utmost satisfaction of its stakeholders when it comes to food quality and safety, in all markets. The Ibersol Group takes an integrated approach to fulfil this principle with the quality and food safety management systems it has implemented throughout the value chain.

The work on consolidating and improving the implemented management systems continued in Portugal and in Angola: The certification according to NP EN ISO 22000:2005: Food Safety

Management Systems, as part of food chain management of the Ibersol Group’s restaurant operations, was renewed, as was the ISO 22000:2005 certification of the Angolan operation (which covers KFC and Pizza Hut’s entire logistics and operations chain, and its logistics operator based at the Viana’s Industrial Hub).

In line with these principles, in 2018, the Group certified its operation in Spain according to the standard ISO 9001:2018 - Quality Management Systems and the standard ISO 22000:2005: Food Safety Management System as part of the Supply Chain Management of the Eat Out restaurant operations and the restaurant services in the Pans & Company Sabadell and Ribs Maquinista units.

Certification of the Group's Integrated Management System was also renewed according to the standards:

• NP EN ISO 9001:2015: Quality Management System,

• NP EN ISO 14001:2015: Environmental Management Systems, and

• NP 4397:2008/OHSAS 18001:2007: Occupational Health and Safety Management Systems, in the context of food service operations of the Ibersol group and food services provided in VOG-Tecmaia.

These internationally recognised certifications guarantee the quality, transparency and safety of all products, and of occupational safety and environmental standards.

Units in Portugal Certified according to NP EN ISO 22000:2005

Catering Dragão Football Stadium, Pizza Hut - KFC - Cockpit Drinks & Tapas, Specially - Terminal 1 Lisbon Airport, Burger King Alameda Shop&Spot; Coffee Kiosk Café Alameda Shop&Spot; KFC Alameda Shop&Spot; Pizza Hut Alameda Shop&Spot; Pans & Company Alameda Shop&Spot; Pasta-Caffé Alameda Shop&Spot; Burger King Colombo; Pizza Hut Colombo; Pans & Company Colombo; KFC Colombo; Burger King NorteShopping Centre; KFC NorteShopping Centre; Pasta-Caffé NorteShopping Centre; Pizza Hut NorteShopping Centre; MiiT NorteShopping Centre; Food Truck NorteShopping Centre; Pans NorteShopping Centre; Pizza Hut Foz; Pizza Hut Matosinhos; VOG-Tecmaia; Blu Coffee Shop; KFC CascaisShopping Centre; Burger King Cascais, KFC Vasco da Gama, KFC Fórum Almada.

Units in Angola Certified according to NP EN ISO 22000: 2005

All Ibersol group units in Angola were certified under NP EN ISO 22000:2005. In addition, it is also important to mention the certification of the logistics operator where the Group’s entire operation is carried out in Angola.

Units in Spain Certified according to ISO 22000:2005

Pans&Company Sabadell; Ribs Maquinista

Information on Allergens

In accordance with the principles of transparency in communication with customers, all restaurants are able to provide information on potential allergens present in the over 3,000 products and raw materials used in our kitchens. This information is also available on the brands' websites and at www.vivabem.pt.

"Viva Bem" (Live Well) Programme: Quality, Food Safety and more

This programme is common to all Group brands and aims at providing information on nutrition, food safety, sport and well-being, for a healthier lifestyle.

Customers can explore the various aspects of this programme by accessing the website www.vivabem.pt/site and the blog https://vivabemoblog.wordpress.com/

7. GLOBAL REPORTING INITIATIVE (GRI) INDEX

GRI Standards		
GRI Standard Number	**Disclosure Number**	**Performance**
GRI 102	**102-1**	Chapter 1
GRI 102	**102-2**	Chapter 2; 2018 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	**102-3**	Chapter 2; back of the back cover; 2018 Annual Report and Consolidated Financial Statements
GRI 102	**102-4**	Chapter 2; 2018 Annual Report and Consolidated Financial Statements
GRI 102	**102-5**	Chapter 2; 2018 Annual Report and Consolidated Financial Statements
GRI 102	**102-6**	Chapter 2; 2018 Annual Report and Consolidated Financial Statements
GRI 102	**102-7**	Chapter 2; 2018 Annual Report and Consolidated Financial Statements
GRI 102	**102-8**	Chapter 2; 2018 Annual Report and Consolidated Financial Statements
GRI 102	**102-9**	2018 Annual Report and Consolidated Financial Statements; Integrated Management System
GRI 102	**102-10**	2018 Annual Report and Consolidated Financial Statements; Integrated Management System
GRI 102	**102-11**	Integrated Policy on Quality, Environment, Occupational Health and Safety and Food Safety; www.ibersol.pt
GRI 102	**102-12**	Chapter 5; www.ibersol.pt; www.vivabem.pt; vivabemoblog.wordpress.com
GRI 102	**102-13**	Portugal: AEP - Associação Empresarial de Portugal; AHRESP - Associação da Hotelaria, Restauração e Similares de Portugal; AIP - Associação Industrial Portuguesa; ATC - Associação de Turismo de Cascais; ATL - Associação de Turismo de Lisboa; ATP - Associação de Turismo de Porto e Norte de Portugal; CCILE - Câmara de Comércio e Indústria Luso Espanhola; CCIPA - Câmara de Comércio e Indústria Portugal Angola; COTEC Portugal - Associação Empresarial para a

GRI Standards		
GRI Standard Number	Disclosure Number	Performance
		Inovação. Spain: AEF - Asociación Española de Franquiciadores; Entidad Urbanística de Conservación de A Granxa; CHP - Câmara de Comércio Hispano Portuguesa; Entidad Urbanística de Conservación de A Granxa Angola: AHORESIA - Associação de Hotéis, Restaurantes, Similares e Catering de Angola.
GRI 102	102-14	Chapter 1
GRI 102	102-15	Chapter 2 (2.7); Integrated Management System; 2018 Annual Report and Consolidated Financial Statements
GRI 102	102-16	Chapter 1; Code of Good Conduct for Preventing and Fighting Harassment at Work; Standards, Procedures and Internal training instruments
GRI 102	102-17	Chapter 1; Code of Good Conduct for Preventing and Fighting Harassment at Work; Standards, Procedures and Internal training instruments
GRI 102	102-18	Chapter 2 (2.5); 2018 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-19	Chapter 2 (2.5); 2018 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-20	Chapter 2 (2.5); 2018 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-21	Customer surveys (GES and opinion cards); Study of the brands' image and positioning; Shareholders' General Meetings; Organisational climate survey "Have a Say", Employee Consultation on Health and Safety at Work
GRI 102	102-22	2018 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-23	2018 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-24	2018 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-25	2018 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-26	2018 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-27	2018 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-28	2018 Annual Report and Consolidated Financial Statements
GRI 102	102-29	Chapters 2, 4 and 5; 2018 Annual Report and Consolidated financial Statement, Integrated Management System, NE EN 14001: Environmental Management System certification; NP EN 9001: Quality Management System certification
GRI 102	102-30	Chapters 2, 4 and 5; 2018 Annual Report and Consolidated Financial Statements, Integrated Management System; NP EN 14001: Environmental Management System certification; NP EN 9001: Quality Management System certification
GRI 102	102-31	Chapters 2, 4 and 5; 2018 Annual Report and Consolidated financial Statement, Integrated Management System; NP EN 14001: Environmental Management System; NP EN 9001: Quality Management System certification
GRI 102	102-32	The Board of Directors is responsible for the sustainability policy and its implementation, as well as for validating the Sustainability Report, prior to being approved at the Shareholders' General Meeting
GRI 102	102-33	Chapters 2, 4 and 5; 2018 Annual Report and Consolidated Financial Statements; Integrated Management System (Reviewed by the Management)

GRI Standards		
GRI Standard Number	**Disclosure Number**	**Performance**
GRI 102	**102-34**	Chapters 2, 4 and 5; 2018 Annual Report and Consolidated Financial Statements; Integrated Management System (Reviewed by the Management)
GRI 102	**102-35**	The remuneration policies comply with legal and contractual requirements and with the internal regulations on this matter
GRI 102	**102-36**	The decision on remuneration complies with legal and contractual requirements and the internal regulations on this matter and uses the input from the Performance Management System. The performance of the area to which the employees belong is also considered, as well as the Ibersol Group's performance
GRI 102	**102-37**	Chapter 5 (5.2); 2018 Annual Report and Consolidated Financial Statements; Organisational climate survey "Have a Say"
GRI 102	**102-38**	11.7 Indicator calculated for Portugal, based on the fixed remuneration.
GRI 102	**102-39**	1.23 Indicator calculated for Portugal, based on the fixed remuneration.
GRI 102	**102-40**	Chapter 2; 2018 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	**102-41**	Portugal: 100% Spain: 100% Angola: not applicable
GRI 102	**102-42**	Chapter 2; 2018 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	**102-43**	Stakeholder identification and consultation (implemented consultation tools) and actions carried out according to expectations and needs; Integrated Management System (ISO 9001:2015 Certification)
GRI 102	**102-44**	Chapters 1 and 2; 2018 Annual Report and Consolidated Financial Statements
GRI 102	**102-45**	2018 Annual Report and Consolidated Financial Statements
GRI 102	**102-46**	Integrated Management System
GRI 102	**102-47**	Integrated Management System
GRI 102	**102-48**	Integrated Management System
GRI 102	**102-49**	Integrated Management System
GRI 102	**102-50**	Chapter 1; 2018 Annual Report and Consolidated Financial Statements
GRI 102	**102-51**	Sustainability Report 2017
GRI 102	**102-52**	Calendar year (2018)
GRI 102	**102-53**	Back of the back cover; www.ibersol.pt
GRI 102	**102-54**	Back of the back cover; www.ibersol.pt
GRI 102	**102-55**	Chapter 7
GRI 102	**102-56**	Not applicable
GRI 103	**103-1**	Integrated Management System
GRI 103	**103-2**	Integrated Management System
GRI 103	**103-3**	Integrated Management System
GRI 201	**201-1**	2018 Annual Report and Consolidated Financial Statements
GRI 201	**201-2**	2018 Annual Report and Consolidated Financial Statements
GRI 201	**201-3**	Not applicable
GRI 201	**201-4**	2018 Annual Report and Consolidated Financial Statements
GRI 202	**202-1**	Portugal: 1 (W); 1 (M)
GRI 202	**202-2**	Portugal: 100% Spain: 43% Angola: 0%

GRI Standards		
GRI Standard Number	**Disclosure Number**	**Performance**
		"Senior Managers" are considered to be all Business Directors and Directors of Central Functions.
GRI 203	**203-1**	Chapters 4 and 5; 2018 Annual Report and Consolidated Financial Statements
GRI 203	**203-2**	Chapters 4 and 5; 2018 Annual Report and Consolidated Financial Statements
GRI 204	**204-1**	Not reported
GRI 205	**205-1**	As the risk of corruption was not identified as a priority risk for the businesses and operations, no assessments were made in this regard. To date no cases of corruption or attempted bribe have taken place
GRI 205	**205-2**	Non-existent
GRI 205	**205-3**	There were no cases of corruption in 2018.
GRI 206	**206-1**	Non-existent
GRI 301	**301-1**	Not reported
GRI 301	**301-2**	Chapter 4
GRI 301	**301-3**	Chapter 4
GRI 302	**302-1**	Chapter 4
GRI 302	**302-2**	The Ibersol Group fosters logistics efficiency, using a logistics partner and advanced warehouses, and defines efficient routes, with a view to minimising the supplier's' journeys.
GRI 302	**302-3**	Chapter 4
GRI 302	**302-4**	Chapter 4
GRI 302	**302-5**	Chapter 4
GRI 303	**303-1**	Chapter 4
GRI 303	**303-2**	There are no operations with a significant impact on water sources
GRI 303	**303-3**	Chapter 4
GRI 304	**304-1**	There are no facilities or operations in protected areas or adjacent ones
GRI 304	**304-2**	There are no operations with a significant impact on biodiversity.
GRI 304	**304-3**	There are no facilities or operations in areas classified as areas of protected or restored habitats
GRI 304	**304-4**	There are no facilities or operations in areas classified as areas of habitats of the IUCN Red List of Threatened Species or the Portuguese list of threatened species
GRI 305	**305-1**	Chapter 4
GRI 305	**305-2**	Chapter 4
GRI 305	**305-3**	Chapter 4
GRI 305	**305-4**	Chapter 4
GRI 305	**305-5**	Chapter 4
GRI 305	**305-6**	Chapter 4
GRI 305	**305-7**	Chapter 4
GRI 306	**306-1**	Not reported
GRI 306	**306-2**	Chapter 4
GRI 306	**306-3**	There were no significant spills
GRI 306	**306-4**	Non-existent
GRI 306	**306-5**	Non-existent
GRI 307	**307-1**	Non-existent
GRI 308	**308-1**	All new suppliers were assessed according to the environmental conformity requirements

GRI Standards		
GRI Standard Number	Disclosure Number	Performance
GRI 308	308-2	Non-existent
GRI 401	401-1	Portugal: 6,101; 94%; Chapter 2
GRI 401	401-2	Non-existent
GRI 401	401-3	In accordance with the applicable legislation
GRI 402	402-1	All amendments are in compliance with the law. When there are no regulations, the deadlines are defined on a case-by-case basis, depending on the change in question, in accordance with the defined planning
GRI 403	403-1	Non-existent. There is an Occupational Health and Safety team that develops and monitors best practices in the area and implements them in the Ibersol Group's standards and in training programmes
GRI 403	403-2	Chapter 5 (5.3) Portugal: Work-related accidents in 2018 = 492 Accidents en Route in the year = 44 Days lost due to work-related accidents in the year = 10,014 Days lost due to accidents en route in the year = 1,621
GRI 403	403-3	There are no workers with activities considered to be of high risk. There was one declaration of occupational disease
GRI 403	403-4	Not applicable
GRI 404	404-1	Chapter 2 (2.8)
GRI 404	404-2	Chapter 5 (5.2)
GRI 404	404-3	In 2018, the performance appraisal was carried out with the following frequency: Operation - quarterly; Shift Management - half-yearly; Unit Management, Business Structure and Central Functions - annually. With regard to the career progression processes, a case-by-case analysis is made and one of its inputs is the result of the performance appraisal. Career progression in Operation, Shift Management and some of the Unit Management roles is analysed on a monthly basis. For the other roles, career progression is dealt with in an annual process. Both processes are applicable to 100% of the Group's employees.
GRI 405	405-1	Not reported
GRI 405	405-2	The women's to men's fixed remuneration ratio is as follows: Operation:1.01 Shift Management: 0.98 Unit Management: 0.95 Business Structure: 0.80 Central Functions: 0.77 Total: 1.0 Indicator calculated for Portugal
GRI 406	406-1	Non-existent
GRI 407	407-1	Non-existent
GRI 408	408-1	Non-existent
GRI 409	409-1	Non-existent
GRI 410	410-1	Non-existent
GRI 411	411-1	Non-existent
GRI 412	412-3	Non-existent
GRI 412	412-2	Chapter 5 (5.2); In 2018, 842 hours of training were provided under the topic "Preventing and Fighting Harassment in the Workplace", covering a total of 283 workers (around 5% of active workers).
GRI 412	412-1	In 2018, no operation was recorded that underwent Human Rights re-assessments and/or impact assessments on this aspect.

GRI Standards		
GRI Standard Number	**Disclosure Number**	**Performance**
GRI 413	**413-1**	Chapter 5
GRI 413	**413-2**	Non-existent
GRI 414	**414-1**	Not reported
GRI 414	**414-2**	Non-existent
GRI 415	**415-1**	Non-existent
GRI 416	**416-1**	Chapters 5 and 6
GRI 416	**416-2**	Portugal: 0.09 complaints in 100,000 transactions/no confirmed incidents following the enquiry process; ISO 22000:2005 certification - Food Safety Management Systems certified to ensure product safety Spain/EO: 0.2 complaints in 100,000 transactions Quality Management System certified in 2018 Angola: 0 complaints: 0 Product Safety non-conformities in laboratory control, especially on higher-risk products (vegetables); ISO 22000:2005 certification - Food Safety Management System certified to ensure product safety.
GRI 417	**417-1**	100% conformity found during the product approval process
GRI 417	**417-2**	Non-existent
GRI 417	**417-3**	Portugal: 1 complaint in 100,000 transactions Spain/EO: 0.9 complaints in 100,000 transactions Quality Management System certified in 2018 Angola: non-existent
GRI 418	**418-1**	Non-existent
GRI 419	**419-1**	Non-existent

Consolidated Financial Statements

31st December 2018

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
ON 31st DECEMBER 2018
(values in euros)

ASSETS	Notes	31/12/2018	31/12/2017
Non-current			
Tangible fixed assets	2.6 and 8	201 310 291	197 972 217
Goodwill	2.7 and 9	90 846 327	92 862 786
Intangible assets	2.7 and 9	36 146 157	35 115 966
Financial investments - joint controlled subsidiaries	2.3 and 10	2 459 842	2 420 386
Non-current financial assets	2.9 and 10	211 430	233 108
Other financial assets	2.9 and 11	15 753 485	17 823 906
Other non-current assets	2.11 and 12	12 921 343	6 335 385
Total non-current assets	6	**359 648 875**	**352 763 754**
Current			
Stocks	2.10 and 13	11 622 326	12 089 907
Cash and bank deposits	2.12 and 14	37 931 124	34 902 883
Income tax receivable	2.15 and 18	3 574 662	5 046 070
Other financial assets	2.9 and 11	3 855 375	5 162 755
Other current assets	2.11 and 15	27 617 179	19 823 562
Total current assets		**84 600 666**	**77 025 177**
Total Assets		**444 249 541**	**429 788 931**

EQUITY AND LIABILITIES	Notes	31/12/2018	31/12/2017
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	16.1	36 000 000	30 000 000
Own shares	2.13 and 16.2	-11 180 516	-11 179 969
Share prize	2.13	469 937	469 937
Legal reserves		755 581	263 001
Conversion Reserves		-7 140 907	-2 012 886
Other Reserves & Retained Results		158 974 733	139 507 205
Net profit in the year		24 962 061	30 849 460
		202 840 889	**187 896 748**
Interests that do not control	16.4	329 204	723 445
Total Equity		**203 170 093**	**188 620 193**
LIABILITIES			
Non-current			
Loans	2.14 and 17	79 182 324	107 687 759
Deferred tax liabilities	2.15 and 18	10 556 031	9 132 498
Provisions	2.16 and 19	3 244 724	4 489 724
Derivative financial instrument	2.21 and 20	177 570	235 455
Other non-current liabilities	21	150 344	179 192
Total non-current liabilities		**93 310 993**	**121 724 628**
Current			
Loans	2.14 and 17	52 961 448	33 326 982
Accounts payable to suppliers and accrued costs	2.11 and 22	81 387 772	67 522 339
Income tax payable	2.15 and 18	162 901	324 744
Other current liabilities	23	13 256 334	18 270 045
Total current liabilities		**147 768 455**	**119 444 110**
Total Liabilities		**241 079 448**	**241 168 738**
Total Equity and Liabilities		**444 249 541**	**429 788 931**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED ON DECEMBER 31st 2018
(values in euros)

	Notes	31/12/2018	31/12/2017
Operating Income			
Sales	2.17 and 6	445 607 539	443 270 117
Rendered services	2.17 and 6	4 503 303	5 058 977
Other operating income	26	9 922 824	9 781 036
Total operating income		460 033 666	458 110 130
Operating Costs			
Cost of sales	13	108 799 400	102 831 054
External supplies and services	24	149 938 133	149 502 177
Personnel costs	25	137 120 057	135 318 741
Amortisation, depreciation and impairment losses of TFA and IA	6, 8 and 9	29 794 531	31 922 475
Other operating costs	26	3 126 812	5 180 157
Total operating costs		428 778 933	424 754 604
Operating Income	6	31 254 733	33 355 526
Net financing cost	27	2 989 186	5 397 611
Gains (losses) in joint controlled subsidiaries - Equity method	10	39 456	2 755
Gains (losses) in share capital		-370 000	-
Gains (losses) on Net monetary position	2.22 and 7	1 206 056	5 980 424
Profit before tax		**29 141 059**	**33 941 094**
Income tax expense	28	4 070 309	2 701 589
Net profit		**25 070 750**	**31 239 505**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-5 128 021	-10 706
TOTAL COMPREHENSIVE INCOME		**19 942 729**	**31 228 799**
Net profit attributable to:			
Owners of the parent		24 962 061	30 849 460
Non-controlling interest	16	108 689	390 045
		25 070 750	31 239 505
Total comprehensive income attributable to:			
Owners of the parent		19 834 040	30 838 754
Non-controlling interest	16	108 689	390 045
		19 942 729	31 228 799
Earnings per share:	29		
Basic		**0,77**	**0,95**
Diluted		**0,77**	**0,95**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH TRIMESTER OF THE YEAR ENDED ON 31st DECEMBER 2018
(values in euros)

	Notes	4th TRIMESTER (unaudited) 2018	2017
Operating Income			
Sales	2.17 e 6	113 240 809	114 458 191
Rendered services	2.17 e 6	1 169 604	1 359 428
Other operating income	26	2 867 425	2 610 761
Total operating income		117 277 838	118 428 380
Operating Costs			
Cost of sales	13	26 641 656	26 699 052
External supplies and services	24	39 680 617	38 816 672
Personnel costs	25	36 652 603	35 150 709
Amortisation, depreciation and impairment losses	6, 8 e 9	11 226 132	10 879 607
Other operating costs	26	1 585 114	2 306 962
Total operating costs		115 786 122	113 853 002
Operating Income	6	1 491 716	4 575 378
Net financing cost	27	128 113	1 728 672
Gains (losses) in joint controlled subsidiaries - Equity method	10	8 181	-21 371
Gains (losses) in share capital		-	-
Gains (losses) on Net monetary position	2.22 e 7	-572 099	5 980 424
Profit before tax		**799 685**	**8 805 759**
Income tax expense	28	-402 374	-589 288
Net profit		**1 202 059**	**9 395 047**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-146 825	-30 119
TOTAL COMPREHENSIVE INCOME		**1 055 234**	**9 364 928**
Net profit attributable to:			
Owners of the parent		1 281 178	9 374 779
Non-controlling interest	16	-79 119	20 268
		1 202 059	9 395 047
Total comprehensive income attributable to:			
Owners of the parent		1 134 353	9 344 660
Non-controlling interest	16	-79 119	20 268
		1 055 234	9 364 928
Earnings per share:	29		
Basic		**0,04**	**0,29**
Diluted		**0,04**	**0,29**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Statement of Alterations to the Consolidated Equity
for the years ended 31 December, 2018 and 2017
(value in euros)

		Assigned to shareholders									
	Note	**Share Capital**	**Own Shares**	**Share Prize**	**Legal Reserves**	**Conversion Reserves**	**Other Reserves & Retained Results**	**Net Profit**	**Total parent equity**	**Interests that do not control**	**Total Equity**
Balance on 1 January 2017		24 000 000	-11 179 348	469 937	1	-2 002 180	117 052 549	23 249 971	151 590 930	333 399	151 924 329
Changes in the period:											
Application of the consolidated profit from 2016:											
Transfer to reserves and retained results					263 000		22 986 971	-23 249 971	-		-
Share capital increase	16	6 000 000					-6 000 000		-		-
Hyperinflationary Economies (IAS 29)							7 627 694		7 627 694		7 627 694
Conversion reserves - Angola						-10 706			-10 706		-10 706
Acquisition / (disposal) of own shares			-621						-621		-621
Acquisition / (disposal) of own shares								30849460	30 849 460	390 045	31 239 505
Net consolidated income for the year ended on 31 December, 2017									0	1	1
Total changes in the period		6 000 000	-621		263 000	-10 706	24 614 665	7 599 489	38 465 827	390 046	38 855 873
Net profit								**30 849 460**	**30 849 460**	**390 045**	**31 239 505**
Total comprehensive income									30 838 754	390 045	31 228 799
Transactions with capital owners in the period											
Application of the consolidated profit from 2016:											
Paid dividends	31						-2 160 009		-2 160 009		-2 160 009
		-	-		-	-	-2 160 009	-	-2 160 009	-	-2 160 009
Balance on 31 December 2017		**30 000 000**	**-11 179 969**	**469 937**	**263 001**	**-2 012 886**	**139 507 205**	**30 849 460**	**187 896 746**	**723 445**	**188 620 193**
Balance on 1 January 2018		30 000 000	-11 179 969	469 937	263 001	-2 012 886	139 507 205	30 849 460	187 896 748	723 445	188 620 193
IFRS 9 Impact							-736 631		-736 631		-736 631
IFRS 15 Impact							-		-		
Changes in the period:											
Application of the consolidated profit from 2017:											
Transfer to reserves and retained results					492 580		30 356 880	-30 849 460	-		-
Share capital increase	16	6 000 000					-6 000 000		-		-
Minority acquisition Dehesa (split Cortsfood)							-1 452 716		-1 452 716	-58 283	-1 510 999
Conversion reserves - Angola						-5 128 021			-5 128 021		-5 128 021
Acquisition / (disposal) of own shares			-548						-548		-548
Net consolidated income for the year ended on 31 December, 2018								24 962 061	24 962 061	108 689	25 070 750
Total changes in the period		6 000 000	-548	-	492 580	-5 128 021	22 904 164	-5 887 399	18 380 776	50 406	18 431 182
Net profit								**24 962 061**	**24 962 061**	**108 689**	**25 070 750**
Total comprehensive income									19 834 040	108 689	19 942 729
Transactions with capital owners in the period											
Application of the consolidated profit from 2017:											
Paid dividends	31						-2 700 004		-2 700 004	-444 647	-3 144 651
		-	-	-	-	-	-2 700 004	-	-2 700 004	-444 647	-3 144 651
Balance on 31 December 2018		**36 000 000**	**-11 180 516**	**469 937**	**755 581**	**-7 140 907**	**158 974 733**	**24 962 061**	**202 840 889**	**329 204**	**203 170 093**

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Consolidated Cash Flow Statements
for the year ended 31st December, 2018
(value in euros)

	Note	Years ended on December 31st 2018	2017
Cash Flows from Operating Activities			
Receipts from clients		447 380 756	442 782 866
Payments to supliers		-258 891 439	-249 626 468
Staff payments		-134 216 255	-115 763 958
Payments/receipt of income tax		-2 124 359	-2 475 045
Other paym./receipts related with operating activities		-7 778 706	-7 901 669
Flows from operating activities (1)	16	**44 369 997**	**67 015 726**
Cash Flows from Investment Activities			
Receipts from:			
Financial investments		489 152	71 955
Tangible fixed assets		31 251	921 295
Investment benefits		105 376	
Interest received	27	1 772 469	1 318 456
Other financial assets	11	5 387 056	7 041 574
Payments for:			
Financial Investments	5	2 041 029	128 522
Other financial assets	11	2 950 017	12 634 957
Tangible fixed assets		25 565 440	32 426 484
Intangible assests		3 599 069	1 317 843
Other investments		4 000 000	
Flows from investment activities (2)		-30 370 251	-37 154 526
Cash flows from financing activities			
Receipts from:			
Loans obtained	17	11 786 179	4 702 567
Payments for:			
Loans obtained	17	19 474 431	27 041 669
Amortisation of financial leasing contracts	17	1 102 878	1 798 854
Interest and similar costs	27	4 897 400	6 462 963
Dividends paid	31	3 144 647	2 160 010
Acquisition of own shares	16	548	621
Flows from financing activities (3)		-16 833 725	-32 761 550
Change in cash & cash equivalents (4)=(1)+(2)+(3)		**-2 833 979**	**-2 900 350**
Cash & cash equivalents at the start of the period		34 882 539	37 782 889
Cash & cash equivalents at end of the period	14	**32 048 560**	**34 882 539**

The Board of Directors,

IBERSOL SGPS, S.A.

ANNEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31 DECEMBER 2018

(Values in euros)

1. INTRODUCTION

IBERSOL, SGPS, SA ("Group" or "Ibersol") has its head office at Praça do Bom Sucesso, Edifício Península n.º 105 a 159 – 9º, 4150-146 Porto, Portugal. Ibersol's subsidiaries (jointly called the Group), operate a network of 641 units in the restaurant segment through the brands Pizza Hut, Pasta Caffé, Pans & Company, Ribs, FresCo, SantaMaria, Kentucky Fried Chicken, Burger King, O' Kilo, Roulotte, Quiosques, Pizza Móvil, Miit, Sol, Sugestões e Opções, Silva Carvalho Catering e Palace Catering, coffe counters and other concessions. The group has 516 units which it operates and 125 units under a franchise contract. Of this universe, 292 are headquartered in Spain, of which 175 are own establishments and 117 are franchised establishments, and 10 in Angola.

As a result of the purchase of the Eat Out group (note 5.2.1) in 2016, the consolidated statements of comprehensive income and cash flows for 2017 include 12 months of activity, against the two months in 2016, so that the general headings had significant increases.

Ibersol is a public limited company listed on the Euronext of Lisbon.

Ibersol SGPS parent company is ATPS - SGPS, S.A ..

2. MAIN ACCOUNTING POLICIES

The main accounting policies applied in preparing these consolidated financial statements are described below.

2.1 Presentation basis

These consolidated financial statements were prepared according to the International Financial Reporting Standards (IFRS), as applied in the European Union and in force on 01 January 2018.

The consolidated financial statements have been prepared in accordance with the historical cost principle, changed to fair value in the case of derivative financial instruments.

With the exception of the initial application of new standards (section 2.2), the accounting policies adopted at 31 December 2018 are the same as those adopted in the preparation of the financial statements as at 31 December 2017.

The preparation of the financial statements requires estimates and management judgments, as disclosed in Note 4.

2.2. Adoption of new accounting policies

The Group adopted for the first time, on 1 January 2018, the new IFRS 15 - Customer contracts, IFRS 9 - Financial instruments and IFRIC 22 - Transactions in foreign currency and the payment of advances.

2.2.1 IFRS 15 - Customer contract awards

The IASB issued, on May 28, 2014, the IFRS 15 - Revenue from contracts with customers. IFRS 15 was adopted by European Commission Regulation 1905/2016 of 22 September 2016. It is mandatory for periods beginning on or after 1 January 2018.

This standard removes IAS 11 - Construction contracts, IAS 18 - Revenue, IFRIC 13 - Customer Loyalty Programs, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 Revenue - Direct Exchange Transactions Involving Advertising Services.

IFRS 15 determines a model based on 5 steps of analysis in order to determine when the revenue should be recognized and what the amount. The model specifies that revenue must be recognized when an entity transfers goods or services to the customer, measured by the amount that the entity expects to be entitled to receive. Depending on the fulfillment of some criteria, the revenue is recognized:

i) At the precise moment, when the control of the goods or services is transferred to the client; or
ii) Over the period, insofar as it retracts the performance of the entity.

IFRS 15 applies to all revenue arising from contracts with customers (except for contracts covered by other standards), implying amendments to several IAS / IFRS / IFRIC / SIC and the repeal of IAS 11 and 18, IFRIC 13 , 15 and 18 and SIC 31.

The fundamental principle of the new standard is that an entity must recognize the revenue to represent the transfer to customers of promised goods or services in an amount that reflects the consideration that the entity expects to receive in exchange for such goods or services, establishing a five-step methodology for the recognition of revenue:

Step 1 - Identify the contract with the client;
Step 2 - Identify performance obligations;
Step 3 - Determine the price of the transaction;
Step 4 - Allocate the price of the transaction to its performance obligations;
Step 5 - Recognition of revenue (when a performance obligation is met).

From the application of the methodology to contracts with customers, the following was concluded:

Sales of catering and goods

In sales of catering and merchandise sales there is only a performance obligation, so revenue is recognized immediately, with the delivery of the goods to the customer.

In sales situations in restaurants where customers are promised discounts on future sales through the customer loyalty program. In accordance with current regulations, the fair value of the benefits attributed to customers was estimated, and the recognition of the revenue is deferred up to the time the obligation is satisfied or expires.

Franchise Agreements

In contracts with franchised customers, the Group has the obligation to grant the customer the right to use the trademark and its operating know-how, in a certain place and for an agreed period of time, and the customer has the obligation to pay a counterpart , usually translated into:
- initial entry value, corresponding to the right of opening;
- monthly operating royalties, the method of calculation of which is previously defined in the contract (fixed amount previously established or amount determined periodically by applying a percentage to the value of sales made by the customer);
- monthly quota for advertising purposes.

If there is an initial value of the entry, it is accounted for as deferred income, so that the recognition of the respective revenue is effected throughout the life of the contract.

The recognition of the revenue corresponding to the monthly operating royalties and the monthly advertising quotas is carried out immediately, coinciding with the fulfillment of the performance obligations.

The Group adopted this new standard as of January 1, 2018, using the modified retrospective method, which establishes that the cumulative effect of the adoption of the standard is recognized in the results carried over to that date.

In adopting IFRS 15, the Group did not identify significant differences between the previous and the new accounting standards.

2.2.2 IFRS 9 - Financial instruments

The International Accounting Standards Board (IASB) issued, on July 24, 2014, IFRS 9 - 'Financial Instruments', with effective application date as of January 1, 2018. This standard brought fundamental changes in accounting for instruments and replaced IAS 39 - Financial instruments: recognition and measurement.

The Group adopted IFRS 9 on its mandatory application date, that is, on January 1, 2018, with the cumulative effect of applying the standard recognized in Shareholders' Equity on the date of the initial application, not having restated comparative information, as provided in the standard.

Impairment
IFRS 9 establishes a new "Expected Credit Losses (ECL)" impairment model, which replaces the previous "losses incurred" model under IAS 39, which is the basis for the recognition of impairment losses on financial instruments measured at amortized cost or at fair value through other comprehensive income.

Once the loss event (which is known as the "objective proof of impairment") has been verified, the accumulated impairment is directly affected by the financial instrument in question, and its accounting treatment is similar to that provided for in IAS 39, including the treatment of the respective impairment swear.
One of the main changes arising from the adoption of this standard is the recognition of impairment on the exposure to securities, bank deposits and other financial investments, which was not required under IAS 39, provided there were no objective evidence of impairment.

Customers
Considering the typology of customer balances arising from the activity of the Ibersol Group, we consider that the impact of the adoption of the impairment model recommended in IFRS 9 is not relevant.

Debt securities
In respect of investments in securities and in deposits and short-term financial investments, impairments are calculated by attributing (i) a Default Probability (PD) that derives from the issuer's or counterparty's rating, and (ii) a Loss Given Default (LGD) market parameters. Impairment is calculated at 12 months for these assets, provided that credit risk has not increased significantly since its initial recognition. Since the PDs available on the market correspond to expected losses over the 12-month period.

The application of the new standard had a negative impact on total equity at 1 January 2018 amounting to € 1,052,331 (pre-tax). At 31 December 2018, the Group revalued its exposure to securities and to deposits and financial investments, with a reversal of impairment amounting to € 111,569, with an accumulated impairment of € 940,762 (see note 11).

2.2.3 IFRIC 22 - Transactions in foreign currency and payment of advances

The interpretation IFRIC 22 was issued on December 8, 2016, with a mandatory application date for periods beginning on or after 1 January 2018.

The new IFRIC 22 provides that, in the event that there have been advances in foreign currency for the purposes of asset acquisition, expense support or income generation, in applying paragraphs 21 to 22 of IAS 21, the date considered as a transaction for the purpose of determining the exchange rate to be used for recognition of the inherent asset, expense or income (or part thereof) is the date on which the entity initially recognizes the non-monetary asset or liability resulting from the payment or receipt of the advance in foreign currency (or there being multiple advances, the rates in force in each advance).

The adoption of this standard did not have an impact on the Group's financial statements.

2.3 Consolidation

(a) Subsidiaries
Shareholdings in companies in which the group directly or indirectly holds more than 50% of the voting rights or has the power to control their financial and operational activities (definition of control used by the group) were included in these consolidated financial statements through the full consolidation method. Equity and net profit of these companies assigned to third-party shareholdings are presented separately in the “non-controlling interests” item in the consolidated statement of financial position and of comprehensive income. The companies included in the financial statements are listed in Note 5.

When losses impute to non-controlling interests exceed the non-controlling interest in a subsidiary company's equity, the non-controlling interest absorb that difference and any additional losses.

The purchase method is used to account the acquisition of subsidiaries that occurred before 2010. The acquisition cost corresponds to the fair value of the delivered goods, capital issued instruments and liabilities incurred or assumed on the acquisition date. The identifiable acquired assets and the liabilities and contingent liabilities taken into account in a corporate concentration will correspond to the fair value on the acquisition date, regardless of whether there are non-controlling interests. The positive difference between the acquisition cost and the fair value of the group's stake in the acquired and identifiable net assets is recorded as goodwill. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in the consolidated statement of comprehensive income.

For the acquisition of subsidiaries that occurred after 1 January 2010 the Group has applied reviewed IFRS 3. Accordingly to witch the purchase method continues to be applied in acquisitions, with some significant changes:

(i) all amounts which comprise the purchase price are valued at fair value, with the option of measuring, transaction by transaction, the "interests that do not control" by the proportion of the value of net assets of the acquired entity or the fair value of assets and liabilities acquired.
(ii) all costs associated with acquisition are recorded as expenses.
(iii) interest held prior to obtaining control is measured at fair value and added to the purchase price for the purposes of applying the purchase method

Also has been applied since 1 January 2010 the revised IAS 27, which requires that all transactions with the "non-controlling interest" are recorded in equity, when there is no change in control of the entity, there is no place to record goodwill or gains or losses. When there is a loss of control exercised over the entity, any remaining interest on the principal is measured at fair value, and a gain or loss is recognized in the results of the exercise.

Balances and gains arising from transactions between group companies are eliminated. Losses not realised are also eliminated, except when the transaction reveals that a transferred asset is subject to impairment. The subsidiaries' accounting policies are altered whenever necessary to ensure consistence with the group's policies.

(b) Jointly controlled companies
The financial statements of jointly controlled companies were included in these consolidated financial statements by the equity method, under the adoption of IFRS 11, as of the date on which the joint control is acquired. According to this method, these companies' assets, liabilities, income and costs were included in the annexed consolidated financial statements in one line in the consolidated statement of financial position and in one line in the consolidated statements of comprehensive income. Transactions, balances and dividends paid among group companies and jointly controlled companies are not eliminated in the proportion of the control assigned to the group. The excess acquisition cost compared with the fair value of the identifiable assets and liabilities on the acquisition date of a jointly controlled company is recognised as a financial investment.

Jointly controlled companies are listed in Note 5.

2.4 Report per segment

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which separate financial information is available

The group's head office – which also hosts the largest operating company, is in Portugal. Its business activity is in the restaurant segment.

The Group operates in three main business segments:
- Restaurants, which includes the units with table service available offer and home delivery;
- Counters, with sales over the counter;
- Concessions and catering, which includes all other businesses, including the catering activity and the units located in concession areas.

The segments' assets include, in particular, tangible fixed assets, intangible assets, stocks, accounts receivable and cash and cash equivalents. This category excludes deferred taxes, financial investments and derivatives held for negotiation or hedge.

The segments' liabilities are operating liabilities. Taxes, loans and related hedging derivatives are excluded.

Investments include additions to tangible fixed assets (Note 8) and intangible assets (Note 9).

Investments are distributed according to this business distribution.

2.5 Currency exchange rate

a) Working currency and financial statement currency
The Financial Statements of each group entity are prepared using the currency of the region in which the entity operates ("the working currency"). The consolidated financial statements are presented in euros since this is the working currency which the group uses in the financial statements.

b) Transactions and balances
Transactions in currencies other than the euro are converted into the working currency using the exchange rates on the transaction date. Exchange rate gains or losses from liquidating transactions and from the conversion rate on the consolidated statement of financial position date of monetary assets and liabilities in a currency other than the euro are recognised in the Profit and Loss Account, except when they are qualified as cash flow hedging or as net investment hedging, in which case they are recorded in equity.

c) Financial statements
Financial statements assets and liabilities of foreign entities are converted to euro using the exchange rates at the balance sheet date, profit and loss as well as the cash flows statements are translated into euro using the average exchange rate recorded during the period. The resulting exchange difference is recorded in equity under the heading of exchange rate differences.

"Goodwill" and fair value adjustments arising from the acquisition of foreign entities are treated as assets and liabilities of that entity and translated into euro according to the exchange rate at the balance sheet date.

When a foreign entity is disposed, the accumulated exchange rate difference is recognised in the income statement as a gain or loss on disposal.

Currency exchange rate used for conversion of transactions and balances denominated in Kwanzas in 31 December, 2018 and 2017 were respectively:

Dec/18

Euro exchange rates (x foreign currency per 1 Euro)	Rate on December, 31 2018	Average interest rate year 2018
Kwanza de Angola (AOA)	352,983	305,810

Dec/17

Euro exchange rates (x foreign currency per 1 Euro)	Rate on December, 31 2017	Average interest rate year 2017
Kwanza de Angola (AOA)	185,391	187,441

2.6 Tangible Fixed Assets

Buildings and other structures include own properties assigned to the restaurant activities and expenses on works at third-party properties, in particular those required for setting up restaurant shops.

Tangible fixed assets are shown at the acquisition cost, net of the respective amortisation and accumulated impairment losses.

The historic cost includes all expenses attributable directly to the acquisition of goods.

Costs with loans incurred and with loans obtained for the construction of fixed tangible assets are recognized as part of the construction cost of the asset.

Subsequent costs are added to the amounts for which the good is recorded or recognised as separate assets, as appropriate, only when it is probable that the company will obtain the underlying economic benefits and the cost may be reliably measured. Other expenses on repairs and maintenance are recognised as an expense in the period in which they are incurred.

Depreciation of assets is calculated by the equal annual amounts method in order to allocate its cost at its residual value, according to its estimated lifetime, as follows:

- Buildings and other constructions	10-35 years*
- Equipment:	10 years
- Tools and utensils:	4 years
- Vehicles:	5 years
- Office equipment:	10 years
- Other tangible assets:	5 years

(*) Buildings and other constructions owned by the Group have an estimated life cycle of up to 50 years.

The amounts which assets may be depreciated, their lifetime and the depreciation method are reviewed and adjusted if necessary on the consolidated statement of financial position date.

If the accounted amount is higher than the asset's recoverable amount, it is immediately readjusted to the estimated recoverable amount (Note 2.8).

Gains and losses consequent to a reduction or sale are determined by the difference between receipts from the sale and the asset's accounted value, and are recognised as other operating income or other operating costs in the profit and loss account. When revaluated goods are sold, the amount included in other reserves is transferred to retained profit.

2.7 Intangible Assets

a) Goodwill

Goodwill represents the acquisition cost exceeding the fair value of the subsidiary's/associated/jointly controlled company's assets and liabilities identifiable on the acquisition date. Goodwill resulting from the acquisition of subsidiaries is included in intangible assets. Goodwill is subject to annual impairment tests and is shown at cost, minus accumulated impairment losses. Impairment losses are not reverted. Gains or losses from the sale of an entity include the value of the goodwill in reference to the said entity.

Goodwill is allocated to the units that generate the cash flows for performing impairment tests.

b) Industrial property

b.1) Concessions and exploitation rights

Concessions and exploitation rights are presented at the historic cost. Concessions and exploitation rights have a finite lifetime associated to the contractual periods and are presented at cost minus accumulated amortisation.

b.2) Software

The cost of acquiring software licences is capitalised and includes all costs incurred for acquiring and installing the software available for utilisation. These costs are amortised during the estimated lifetime (not exceeding 5 years).

Software development or maintenance costs are recognised as expenses when incurred. Costs associated directly with creating identifiable and unique software controlled by the Group and that will probably generate future economic benefits greater than the costs, for more than one year, are recognised as intangible assets. Direct costs include personnel costs for developing software and the share in relevant general expenses.

Software development costs recognised as assets are amortised during the software's estimated lifetime (not exceeding 5 years).

b.3) Brands

The brands acquired in business combinations are reflected at fair value at the date of the concentration (Eat Out group). Brands life cycle was determined considering the benchmark of the sector for brands of this dimension, which in general point to a life cycle of 20 years.

c) Other intangible Assets

Research and development
Research expenses are recognised as costs when incurred. Costs incurred on development projects (for designing and testing new products or for product improvements) are recognised as intangible assets when it is likely that the project will be successful, in terms of its commercial and technological feasibility and when the costs may be reliably measured. Other development expenses are recognised as expenses when incurred. Developments costs previously recognised as expenses are not recognised as an asset in subsequent periods. Development costs with a finite lifetime that have been capitalised are amortised from the time the product begins commercial production according to the equal annual amounts method during the period of its expected benefit, which cannot exceed five years.

2.8 Impairment tangible fixed assets and intangible assets

Intangible assets with a specific lifetime are not subject to amortisation and are, instead, subject to annual impairment tests. Assets subject to amortisation are revaluated to determine any impairment whenever there are events or alterations in the circumstances causing their accounting value not to be recoverable. An impairment loss is recognised in the consolidated statement of comprehensive income by the amount by which the recoverable amount exceeds the accounted amount. The recoverable amount is the highest amount between an asset's fair value minus the costs necessary for its sale and its utilisation value. To perform impairment tests, assets are grouped at the lowest level at which it may be able to separately identify cash flows (units generating cash flows).

A cash-generating unit (CGU) is the smallest group of assets which includes the asset and that generates cash flows from continued use and which is generally independent from the cash input from other assets or asset groups. In the case of tangible fixed assets, each shop was identified as a cash-generating unit. Impairment tests are carried out for restaurants that, having at least 2 years of activity, present operating results less amortization, depreciation and impairment losses on tangible fixed assets, intangible assets and goodwill.

Consolidation differences are distributed among the group's cash-flow generating units (CGUs), identified according to the country of operation and the business segment.

The recoverable value of a CGU is determined based on calculating the utilisation value. Those calculations apply cash flow forecasts based on financial budgets approved by the managers and cover a 5-year period.

The Board of Directors determines the budgeted gross margin based on past performance and on its market growth expectations. The average weighted growth rate used is consistent with provisions included in the sector's reports. The discount rates used after taxes and reflect specific risks related with the assets from a CGU.

2.9 Financial assets

2.9.1 Classification

IFRS 9 introduced a financial asset classification model based on the business model used in its management and on the characteristics of the contractual cash flows, replacing the previously existing requirements that determined the classification in the categories of financial assets of IAS 39 After January 1, 2018, the Group classifies its other financial assets at the time of initial recognition in accordance with the requirements introduced by IFRS 9 in the following asset categories.

a) Assets measured at amortized cost
A financial asset is measured at amortized cost if the objective inherent to the business model is achieved by collecting the respective contractual cash flows and if the underlying contractual cash flows represent only the payment of principal and interest. Assets classified in this category are initially recognized at fair value and subsequently measured at amortized cost.

Loans and accounts receivable from customers are generally held for the purpose of collecting contractual cash flows and it is expected that the underlying contractual cash flows represent only the payment of principal and interest and therefore comply with the requirements for measurement at amortized cost provided for in IFRS 9.

b) Assets measured at fair value through other comprehensive income
A financial asset is measured at fair value through other comprehensive income if the objective inherent to the business model used is achieved either by collecting contractual cash flows or by selling financial assets and (if the underlying contractual cash flows represent The assets classified in this category are initially and subsequently measured at their fair value, and the changes in their accounting value are recorded against other comprehensive income, except for the recognition of impairment losses, interest and when the financial asset is derecognized, the gain or loss accumulated in other comprehensive income is reclassified to the income statement.

c) Assets measured at fair value through profit or loss
Financial assets that do not meet the requirements for classification in the situations referred to above are classified and measured at fair value through profit or loss, residual category under IFRS 9.

2.9.2 Recognition and derecognition

Acquisitions and disposals of financial assets are recognized on the date of their negotiation, that is, on the date on which the Group undertakes to acquire or dispose of these financial assets.

Financial assets are derecognised when the Group's contractual rights to the receipt of its future cash flows expire when the Group has substantially transferred all the risks and rewards associated with its detention or when it retains, but not substantially, part of the risks and benefits associated with their detention, the Group has transferred control over the assets.

2.9.3 Impairment

Until 31 December 2017, the Group carried out an assessment of the existence of objective evidence of impairment, as set forth in IAS 39, including any impairment resulting from an adverse impact on the estimated future cash flows of the financial asset or group of financial assets and where it can be measured reliably.

After January 1, 2018, IFRS 9 establishes a new impairment model based on "expected losses", which replaces the previous model based on "losses incurred" in IAS 39. In this sense, the Group recognizes impairment losses before there is objective evidence of loss of value arising from a past event. This model is the basis for the recognition of impairment losses on financial instruments whose measurement is measured at amortized cost or at fair value through other comprehensive income.

The impairment model depends on the occurrence or not of a significant increase in credit risk since the initial recognition. If the credit risk of a financial instrument has not increased significantly since its initial recognition, the Group recognizes an accumulated impairment equal to the expectation of loss estimated to occur within the next 12 months. If credit risk has increased significantly, the Group recognizes an accumulated impairment equal to the expectation of loss that is estimated to occur until the respective maturity of the asset.

Regardless of the above, a significant increase in credit risk is assumed if there is objective evidence that a financial asset is impaired, including observable data that draw the attention of the asset holder to the following loss events, among others: significant financial difficulty the issuer or the debtor; restructure of an amount owed to the Group in terms it would not otherwise consider; a breach of contract, such as irrecoverability or delay in payments of interest or capital; or it becomes probable that the debtor will go into bankruptcy or other financial reorganization.

Once the event of loss under IFRS 9 ("objective proof of impairment", in accordance with IAS 39 terminology) has been verified, the accumulated impairment is directly attributed to the instrument in question, and its accounting treatment, based on this similar to that provided for in IAS 39, including the treatment of their interest. The book value of the asset is reduced and the amount of losses recognized in the income statement. If, in a subsequent period, the impairment amount decreases, the amount of impairment losses previously recognized is also reversed in the income statement if the impairment loss is objectively related to the event occurring after the initial recognition.

a) Accounts receivable from customers

The Group applies the simplified method and records expected loss to maturity for all its accounts receivable, including those that include a significant financial component. Estimated expected losses were calculated based on the experience of actual losses over a period that, by business or type of customer, were considered statistically significant and representative of the specific characteristics of the underlying credit risk.

b) Other amounts receivable and financial assets

For assets receivable valued at amortized cost and at fair value through other comprehensive income, the Group prepares its analyzes based on the general model. In preparing this valuation, the Group makes estimates based on the risk of default and loss rates, which require judgment. The inputs used to assess the risk of losses on these financial assets include:
• credit ratings (to the extent available) obtained through information provided by rating agencies such as Standard and Poor's and Moody's;
• significant changes in expected performance and debtor behavior; and
• data extracted from the market, in particular on probabilities of non-compliance.

2.10 Inventories

Inventories are presented at the lowest value between their cost and the net realisation value. The cost is calculated using the weighted mean cost.

Personal alimentation costs are reflected in personnel expenses, against stocks inventory.

The net realisation value corresponds to the estimated sale price during normal business operations, minus variable sale costs.

2.11 Accounts receivable from clients and other debtors and accounts payable to suppliers and other creditors

Accounts receivable from clients and other debtors are initially recognised at the fair value. Medium and long term debts are subsequently measured at the amortised cost, using the effective rate method minus the impairment adjustment.

Debts to suppliers and non-interest bearing third parties are measured at amortized cost so that they reflect their net present value. However, these amounts are not discounted because the effect of their financial update is considerer immaterial.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other investments up to 3 months that can be mobilized immediately, with a low risk of change in value. Bank overdrafts are presented in the Statement of Cash Flows as Cash and Cash Equivalents and in the Consolidated Statement of Financial Position in current liabilities under the Obtained Loans item.

2.13 Share capital

Ordinary shares are classified in equity.

Incremental costs directly attributable to the emission of new shares or options are presented in equity as a deduction, net of taxes, of entries.

When any group company acquires shares in the parent company (own shares), the amount paid, including costs directly attributable (net of taxes), is deducted from the equity attributable to the shareholders of the parent company until the shares are cancelled, re-issued or sold. When those shares are subsequently sold or re-issued and after deducting directly imputable transaction costs and taxes, any receipt is included in the equity of the company’s shareholders.

2.14 Loans obtained

Loans obtained are initially recognised at the fair value, including incurred transaction costs. Medium and long term loans are subsequently presented at cost minus any amortisation; any difference between receipts (net of transaction costs) and the amortised value is recognised in the consolidated statement of comprehensive income during the loan period, using the effective rate method.

Loans obtained are classified in current liabilities, except when the group is entitled to an unconditional right to defer the liquidation of the liability for at least 12 months after the consolidated statement of financial position date.

2.15 Income tax and deferred taxes

Income tax is calculated under the Special Regime of Taxation of Groups of Companies (RETGS), in the segment of Portugal, and the Group decided that the expense / income concerning subsidiaries established in Portugal (except for Restmon and Iberusa ACE) will be reflected in other current liabilities / assets with the parent company, and tax savings being reflected in the accounts of the parent company. In the Spanish segment, the current tax of the subsidiaries based in Vigo, Madrid and Barcelona – Spain (except Cortsfood and Dehesa) was calculated under the special tax regime for economic groups. The remaining subsidiaries, based in Luanda - Angola, calculate their current tax individually, in the light of the regulations in force in the country of their registered office (Note 5).

Deferred taxes are recognised overall, using the liability method and calculated based on the temporary differences arising from the difference between the taxable base of assets and liabilities and their values in the consolidated financial statements. However, if the deferred cost arises from the initial recognition of an asset or liability in a transaction that is not a corporate concentration or that, on the transaction date, does not affect the accounting result or the tax result, this amount is not accounted. Deferred taxes are determined by the tax (and legal) rates decreed or substantially decreed on the date of the consolidated statement of financial position and that can be expected to be applicable in the period of the deferred tax asset or in the liquidation of the deferred tax liability.

Deferred tax assets are recognised insofar as it will be probable that future taxable income will be available for using the respective temporary difference.

2.16 Provisions

Contingent liabilities are defined by the Company as (i) possible obligations arising from past events and whose existence will only be confirmed by the occurrence or not of one or more uncertain future events not wholly under the control of the Company or (ii) present obligations Which arise from past events but are not recognized because it is not probable that an outflow of resources embodying economic benefits is required to settle the obligation or the amount of the obligation can not be measured reliably.

Contingent liabilities are not recognized in the Company's financial statements and are disclosed in these Notes to the Financial Statements, unless the possibility of an outflow of funds affecting future economic benefits is remote, in case they are not even disclosed.

Contingent assets are possible assets that arise from past events and whose existence will only be confirmed by the occurrence or not of one or more uncertain future events not wholly under the control of the Company.

Contingent assets are not recognized in the Company's financial statements but are disclosed in these Notes to the Financial Statements when it is probable that there will be a future economic benefit.

2.17 Recognising revenue

Revenue comprises the fair value of the sale of goods and rendering of services, net of taxes and discounts and after eliminating internal sales. Revenue is recognised as follows:

a) Sale of goods - retail
The sale of goods is recognised when the product is sold to the customer. Retail sales are normally made in cash or through debit/credit cards. Sales of goods to customers, associated to events or congresses, are recognised when they occur.

b) Rendering of services
Rendering of services is recognised in the accounting period in which the services are rendered, in reference to the transaction end date on the consolidated statement of financial position date.

c) Royalties
Royalties are recognised according to the accrual policy, according to the content of the relevant agreements.

2.18 Leases

Leases are classified as an operating lease if a significant part of the risks and benefits inherent to the possession remain the lessor's responsibility. Payments in operating leases (minus any incentives received from the lessor) are included in the consolidated statement of comprehensive income by the equal annual amounts method during the leasing period.

Leases of tangible assets where the group is substantially responsible for all the property's risks and benefits are classified as a financial lease. Financial leasing is capitalised at the start of the lease by the lowest amount between the fair value of the leased asset and the current value of the minimum leasing values. Lease obligations, net of financial charges, are included in other non-current liabilities, except for the respective short-term component. The interest parcel goes to financial expenses during the lease period, thereby producing a constant periodic interest rate on the remaining debt in each period. Tangible assets acquired through financial leasing are depreciated by the lowest amount between the asset's lifetime and the lease period.

2.19 Dividend payment

Payment of dividends to shareholders is recognised as a liability in the group's financial statements when the dividends are approved by the shareholders.

2.20 Profit per share

Basic
The basic profit per share is calculated by dividing the profit payable to shareholders by the weighted mean number of ordinary shares issued during the period, excluding ordinary shares acquired by the company and held as own shares (Note 16).

Diluted
The profit diluted per share is calculated by dividing the profit payable to shareholders – adjusted by the dividends of convertible preference shares, convertible debt interest and gains and expenses resulting from the conversion – by the average number of ordinary shares issued during the period plus the average number of ordinary shares that may be issued in the conversion of ordinary shares that may be potentially used in the dilution.

2.21 Derivatives financial instruments

The Group uses derivatives financial instruments, such as exchange forwards and interest rate swaps, only to cover the financial risk witch the Group is exposed to. The Group doesn't use derivatives financial instruments for speculation. Derivatives financial instruments negotiation is carried out by the Group, on behalf of their subsidiaries, by the financial department under the policies approved by the Board of directors. Derivative financial instruments are initially measured at the transaction date fair value, being subsequently measured at each reporting date fair value. Gains or losses of fair value changes are recognised as follows:

Fair value hedge

In an operation to hedge the exposure to fair value of an asset or liability ("fair value hedge") determined as effective hedges, the fair value changes are recognised in the income statement jointly with the fair value changes of the risk component of the hedged item.

Cash flow hedge

In an operation to hedge the exposure to future cash-flows of an asset or liability ("cash-flow hedge"), the effective part of the fair value changes in the hedging derivative are recognizes in equity; the ineffective part of the hedging is recognized in the income statement when it occurs.

Net investment hedge

Currently there are no foreign operational units (subsidiaries) in currencies other than the euro, therefore the Group is not exposed to foreign currency exchange-rate risks.

The Group has well identified the nature of the involved risks, guarantees through its software that each hedge instrument is followed under the Group's risk policy, recording thorough and formally the hedges relationships; the hedges goal and strategy; classification of the hedges relationship; description of the nature of the risk that's being cover; identification of the hedge instrument and covered item; description of initial measure and future effectiveness of the hedge; identification of the excluded, if any, part of the hedge instrument.

The Group will consider discontinued an hedge instrument when it is sold, expires or is realised; the hedge ceases to fulfil the hedge accounting criteria; for the cash flow hedge the expected transaction in unlikely or unexpected; the Group cancels the hedge instruments for managing reasons.

2.22 Subsidiaries where the functional currency is a currency of a hyperinflationary economy

As a result of the high levels of inflation in the last three years approaching 100% cumulative terms and analyzing some qualitative aspects of the Angolan economy (the use of the USD as the reference currency), it is concluded that Angola qualifies as a hyperinflationary economy. Accordingly, IAS 29 was applied according to which the financial statements of a subsidiary reporting in the currency of a hyperinflationary economy need to be restated by applying a general price index of the country in whose currency it reports before being included in the consolidated financial statements. The restated financial statements are then translated into the closing exchange rates.

However, in accordance with IAS 21, the results and financial position of an entity whose functional currency is a currency of a hyperinflationary economy must be translated into the group's presentation currency without restatement of comparatives. Thus, the beginning of the first period of application of IAS 29 is January 1, 2017, and adjustments to this date are recorded as a contra entry to Retained Earnings.

The restatement of the financial statements of subsidiaries whose functional currency is a currency of a hyperinflationary economy requires the application of certain procedures, such as:

a) Selection of the general index of prices to use

b) Statement of financial position:

i) Segregation of monetary and non-monetary items

- Monetary items do not have to be restated
- non-monetary items have to be restated, except for those that are measured at net realizable value or fair value at the reporting date.

ii) Restatement of non-monetary items: use of the accumulated inflation increase from the initial registration date to the reporting date.

iii) Restatement of equity items: At the beginning of the first period of application of IAS 29, equity items, except retained earnings and any revaluation surplus, are restated by the application of a general index since the dates on which the components were constituted or arose. Any revaluation surplus arising from prior periods is eliminated. Retained retained earnings are determined from all other amounts in the restated statement of financial position. At the end of the first period and in subsequent periods, all components of equity are restated by the application of a general price index from the beginning of the period or the date of its establishment if later.

c) Statement of income and other comprehensive income

i) Statement of other comprehensive income: restatement of Other comprehensive income items by applying the change in the general price index from the dates on which the items of income and expenses were initially recorded in the financial statements.

ii) Income statement: restatement of the items of income for the year, by applying the change in the general price index from the dates on which the items of income and expenses were initially recorded in the financial statements.

(iii) Other items of income or expenditure, such as income and interest expense and exchange rate differences relating to funds invested or borrowed, are also restated, although they partially "offset" the effect of inflation.

iv) The determination of the inflation index to be applied taking into account the registration date of each transaction may require a very significant level of information disaggregation, allowing the use of monthly averages as an approximation of the inflation rate to be applied for each transaction.

d) Reconciliation of gains / losses on restatement by hyperinflation

Deferred taxes are recognized on the adjustments resulting from the restatement of non-monetary items.

2.23 IFRS STANDARDS ALREADY ISSUED OR REVISED AND FOR FUTURE APPLICATION

1. The Group decided not to apply the following standards and / or interpretations adopted by the European Union in advance:

a) IFRS 16 - Leases
The IASB issued, on January 13, 2016, IFRS 16 - leases, which are mandatory for periods beginning on or after 1 January 2019. The standard has been endorsed in the European Union by Regulation of the European Commission no. 1986/2017, of 31 October. Its early adoption is permitted provided that it also adopts IFRS 15. This standard repeals IAS 17 - Leases.

IFRS 16 removes the classification of leases as operational or financial (for the lessor - the leasing customer), treating all leases as financial leases.

Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from application of the requirements of the standard.

IFRS 16 defines the principles for the recognition, measurement and presentation of leases, replacing IAS 17 - Locations and their interpretive guidelines.

IFRS 16 distinguishes leases and service contracts taking into account whether an asset is identified that is controlled. Distinctions of operating leases (off-balance sheet) and finance leases (included in the balance sheet) are eliminated at the level of the lessee and are replaced by a model in which an asset identified with a right of use and a corresponding liability for all leases, except for short-term contracts (up to 12 months).

The "right of use" is initially measured at cost and subsequently at the net cost of depreciation and impairment, adjusted by the remeasurement of the lease liability. The lease liability is initially measured based on the present value of the lease liabilities to date. Subsequently, the lease liability is adjusted by the financial update of said amount, as well as the possible modifications of the lease contracts.

As of December 31, 2018, the Group had liabilities related to operating leases in the amount of Euro 357 Million (Note 33), which is not discounted for the present moment. IAS 17 does not require recognition of the right to use as an asset or future payments as liabilities.

The Group will adopt this standard as of January 1, 2019 and has decided to apply the modified retrospective method to the consolidated accounts and will not restate the comparative accounts in the first year of adoption. In the transition, the right of use will be measured by the same amount of liabilities with leases.

At the date of publication of these consolidated financial statements, the Group has already performed an exhaustive analysis of all existing leases and their technical framework, taking into account the provisions of IFRS 16. Thus, it is possible to estimate the magnitude of the impacts inherent to its adoption in Assets and Liabilities, which should be between 260 and 290 million euros. This interval results from the sensitivity analyzes carried out at the level of the incremental financing rates that should be considered in the scope of updating the present value of the lease payments amount, as of January 1, 2019.

Compared to the same items in the Consolidated Income Statement, if this standard were not adopted, it is estimated that EBITDA (earnings before interest, taxes, depreciation and amortization) is higher, since leases operating costs are not recognized. In turn, the net results should have a lower value, as it incorporates the amortizations of rights of use and interest on the total liabilities cleared on January 1, 2019.

b) IFRIC 23 - Uncertainty about tax treatment of income taxes
An interpretation was issued on June 7, 2017 on how to deal with accounting uncertainties about the tax treatment of income taxes, especially when tax legislation requires that a payment be made to the Authorities in the context of a tax dispute and the entity intends to resort to the understanding in question which led to such payment.

The interpretation has determined that the payment can be considered as a tax asset, if it is related to income taxes, in accordance with IAS 12 applying the criterion of probability defined by the norm as to the favorable outcome in favor of the entity on the matter concerned.

In this context, the entity may use the most probable amount method or, if the resolution can dictate ranges of values, use the expected value method.

IFRIC 23 was adopted by Commission Regulation 2018/1595 of 23 October and is mandatory for annual periods beginning on or after 1 January 2019 and may be adopted in advance.

The Group did not identify any significant changes resulting from the adoption of this interpretation.

c) Prepayment characteristics with negative compensation (amendment to IFRS 9)
Financial assets that have negative prepayment characteristics can now be measured at amortized cost or at fair value through comprehensive income (OIC) if they meet the relevant criteria of IFRS 9. The IASB also clarified that IFRS 9 requires preparers the recalculation of the amortized cost of the modification of financial liabilities by discounting the contractual cash flows using the original effective interest rate (EIR), and any allowance for the period is recognized (in line with the procedure already required for financial assets). This amendment was adopted by Commission Regulation 2018/498 and is mandatory for annual periods beginning on or after 1 January 2019, with early adoption allowed.

The Group did not identify any significant changes resulting from the adoption of this interpretation.

2. Norms, amendments and interpretations issued (but not yet effective for the Group), for which no significant impacts are estimated:

The improvements in the 2015-2017 cycle issued by the IASB on 12 December 2017 introduce changes, effective for periods beginning on or after 1 January 2019, to IFRS 3 (remeasurement of the holding previously held as joint venture when it obtains control over the business), IFRS 11 (not remeasuring the holding previously held in the joint venture when it obtains joint control over the business), IAS 12 (accounting for all tax consequences of dividend payments consistently), IAS 23 (treatment as general loans any loan originally made to develop an asset when it becomes fit for use or sale);

Other changes made by the IASB expected to come into effect on or after 1 January 2019:
• Long-term interests in Joint Ventures and Joint Ventures (Amendment to IAS 28 issued on October 12, 2017) clarifying the interaction with the application of the impairment model under IFRS 9;
• Amendments, cuts or settlements of the Plan (amendments to IAS 19, issued on February 7, 2018) where it is clarified that in accounting for changes, cuts or settlements of a defined benefit plan the company shall use updated actuarial assumptions to determine the past service costs and the net interest rate for the period. The effect of the asset ceiling is not taken into account for the calculation of the gain and loss on the settlement of the plan and is dealt with separately in the other comprehensive income (OCI);
• Changes to the definition of Business (amendment to IFRS 3, issued on October 22, 2018);
• Changes to the definition of Materiality (Amendments to IAS 1 and IAS 8, issued on October 31, 2018).

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The group’s activities are exposed to a number of financial risk factors: market risk (including currency exchange risk, fair value risk associated to the interest rate and price risk), credit risk, liquidity risk and cash flow risks associated to the interest rate. The group maintains a risk management program that focuses its analysis on financial markets to minimise the potential adverse effects of those risks on the group's financial performance.

Financial risk management is headed by the Financial Department based on the policies approved by the Board of Directors. The treasury identifies, evaluates and employs financial risk hedging measures in close cooperation with the group's operating units. The Board provides principles for managing the risk as a whole and policies that cover specific areas, such as the currency exchange risk, the interest rate risk, the credit risk and the investment of surplus liquidity.

a) Market risk

i) Currency exchange risk
With regard to exchange rate risk, the Group follows a natural hedge policy using financing in local currency. Since the Group is mainly present in the Iberian market, bank loans are mainly denominated in euros and the volume of purchases outside the Euro zone are of irrelevant proportions.

The main source of the Group's exposure arises from the investment outside the euro area of operation that develops in Angola, although it is still small is growing and consequently to gain weight in the group activity. The reduction of oil prices is to lead to a shortage of foreign currency in Angola by the devaluation of the kwanza is a risk to consider. The financing of the Angolan subsidiary in foreign currency in the amount of $ 500.000, does not have large exposure due to the reduced amount. The remaining financing concerning Angolan subsidiaries are denominated in the local currency, the same in which the income is generated.

In 31 December, 2018 and 2017 currency exchange risk was as follows:

	YEAR 2018			
Financial Assets	Kwanzas	Equivalent EUR	USD	Equivalent EUR
Cash and Bank deposits	944 565 782	2 675 955	449 172	402 571
Treasury bonds	7 253 661 152	20 549 622	-	-
Others	27 412 587	77 660	5 455	4 889
	8 225 639 520	23 303 237	454 628	407 460
Financial Liabilites				
Loans	2 565 000 000	7 266 645	500 000	448 125
Suppliers	170 684 625	483 550	2 947 444	2 641 647
Others	3 610 430	10 228	-	-
	2 739 295 055	7 760 423	3 447 444	3 089 772

	YEAR 2017			
Financial Assets	Kwanzas	Equivalent EUR	USD	Equivalent EUR
Cash and Bank deposits	651 974 031	3 516 748	5 523	5 116
Treasury bonds	4 261 524 035	22 986 661	-	-
Others	24 846 403	134 021	1 938	1 795
	4 938 344 469	26 637 430	7 461	6 912
Financial Liabilites				
Loans	1 981 500 000	10 688 211	1 000 000	926 426
Suppliers	436 005 642	2 351 814	1 764 665	1 634 831
Others	2 798 103	15 093	312 199	289 229
	2 420 303 745	13 055 118	3 076 863	2 850 486

Additionally, in Angolan subsidiaries, there are debts to suppliers - mainly group companies - denominated in EUR, which, after conversion, generate exchange differences in the consolidated financial statements (other operating costs). On the other hand, the same subsidiaries hold financial assets indexed to the USD in an amount necessary to fully cover foreign currency liabilities.

Due to this full coverage and based on the figures for 31 December 2018, any simulation of a depreciation of the AKZ against the USD and EUR, keeping everything else constant, would not have a negative impact on Ibersol's Net Profit.

Based on simulations performed on December 31, 2018, a decrease from 10% to 15% in AOA, concerning EUR and USD currency, keeping everything else constant, would have an impact of 1.471 thousand and 2.065 thousand euros (396 thousand euros and 590 thousand euros in 2017), respectively, on equity of the group.

ii) Price risk
The group is not greatly exposed to the merchandise price risk.

iii) Interest rate risk (cash flow and fair value)
With the exception of the Angola Treasury Bonds, the group has no significant interest bearing assets. Therefore, profit and cash flows from investment activities are substantially independent of changes in market interest rate. Regarding the Angolan State treasury bonds, interest is fixed, so there is also no risk.

The group's interest rate risk follows its liabilities, in particular long-term loans. Loans issued with variable rates expose the group to the cash flow risk associated to interest rates. Loans with fixed rates expose the group to the risk of the fair value associated to interest rates. At the current interest rates, in financing of longer maturity periods the group has a policy of fixing interest rates of at least 50% of the outstanding amount.

The unpaid debt bears variable interest rate, part of which has been the object of an interest rate swap. Interest rate swap contracts to hedge the interest rate risk of part of the loans (commercial paper) of EUR 28 million are subject to interest maturities and repayment plans identical to the terms of the loans.

Based on simulations performed on 31 December 2018, an increase of 100 basis points in the interest rate, maintaining other factors constant, would have a negative impact in the net profit of 730.000 euros (949.000 euros in 2017).

b) Credit risk
The main activity of the Group is carried out with sales paid in cash, or debit or credit card, so the Group has no significant credit risk concentrations. Regarding the customers, the risk is limited to the Catering business and sales of merchandise to franchisees representing less than 5% of the consolidated turnover. The Group has policies to ensure that credit sales are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit that customers have access to.

The Group's cash and cash equivalents include mainly deposits resulting from cash provided by sales and its deposits in current accounts. These amounts excluded, the value of financial investments at December 31, 2018, is not significant, with the exception of the above mentioned Treasury Bonds of the Republic of Angola in the amount of 20,5 million euro, subject to country risk.

Deposits and other financial investments are spread over several credit institutions; therefore there is not a concentration of these financial assets.

The ratings of the major credit institutions where Ibersol group has its deposits on December 31, 2018 and 2017 are presented as follows:

Agency	Year 2018		Year 2017	
	Deposits	Rating	Deposits	Rating
Standard & Poor´s	1 155 092	A	0	A
Standard & Poor´s	5 114 585	A-	1 232 955	A-
Standard & Poor´s	2 799 113	BBB+	1 680 986	BBB+
Standard & Poor´s	16 836 985	BBB	-	BBB
Standard & Poor´s	4 060 127	BBB-	7 031 172	BBB-
Standard & Poor´s	-	BB-	5 302 808	BB-
Moody's	0	Baa2	4 484 806	Baa2
Moody's	0	Baa3	5 342 953	Baa3
Moody's	802 668	Ba1	0	Ba1
Moody's	0	Ba3	1 117 848	Ba3
Moody's	-	B2	202 286	B2
Moody's	236 117	B3	0	B3
Moody's	2 196 864	Caa2	1 444 112	Caa2
Não disponível (Angola)	3 545 545	n/a	4 041 568	n/a

Deposits in Angola are distributed by three of the largest commercial banks in Angola - BFA, BCGA, ATL and BAI - but which do not have a rating.

The quality of financial assets not due or impaired is detailed in Note 15.

c) Liquidity risk

Liquidity risk management implies maintaining a sufficient amount of cash and bank deposits, the feasibility of consolidating the floating debt through a suitable amount of credit facilities and the capacity to liquidate market positions. Treasury needs are managed based on the annual plan that is reviewed every quarter and adjusted daily. Related with the dynamics of the underlying business operations, the group's treasury strives to maintain the floating debt flexible by maintaining credit lines available.

The Group considers that the short-term bank loans are due on the renewal date and that the commercial paper programmes matured on the dates of denunciation.

At the end of the year, current liabilities reached 148 million euros, compared with 85 million euros in current assets. This disequilibrium is, on one hand, a financial characteristic of this business and, on the other hand, due to the use of commercial paper programmes in witch the Group considers the maturity date as the renewal date, regardless of its initial stated periods. In order to ensure liquidity of the short term debt it is expected in the year 2019 the renewal of the commercial paper programmes (17.500.000 euros). However, the expected operating cash flows and, if necessary, contracted credit lines, on the amounts of which have not yet been used, are sufficient to settle current liabilities.

Even with reduced use of the group has contracted a significant amount of short-term lines. On December 31, 2018, the use of short term liquidity cash flow support was about 28%. Investments in term deposits and other application of 35 million euros, match 26% of liabilities paid.

The following table shows the Group financial liabilities (relevant items), considering contractual cash-flows:

	to December 2019	from December 2019 to 2028
Bank loans and overdrafts	52 961 448	79 182 324
Other non-current liabilities	-	150 344
Accounts payable to suppliers and accrued costs	71 264 274	-
Other current liabilities	4 696 932	-
Interest	2 901 560	3 308 462
Total	131 824 214	82 641 130

3.2 Capital risk

a) Gearing ratio
The company aims to maintain an equity level suitable to the characteristics of its main business (cash sales and credit from suppliers) and to ensure continuity and expansion. The capital structure balance is monitored based on the gearing ratio (defined as: net remunerated debt / net remunerated debt + equity) in order to place the ratio within a 35%-70% interval.

On 31st December 2018 and 2017 the gearing ratio was of 27% and 31%, respectively, as follows:

	Dec-18	Dec-17
Bank loans	132 143 772	141 014 741
Other financial assets	-19 608 860	-22 986 661
Cash and bank deposits	-37 931 124	-34 902 883
Net indebtedness	74 603 788	83 125 197
Equity	203 170 093	188 620 193
Total capital	277 773 881	271 745 390
Gearing ratio	27%	31%

b) Risk of franchise agreements
In restaurants where it operates with international brands, the group enters into long-term franchise agreements: 20 years in the case of Burger King and 10 years in the case of Pizza Hut and KFC, which are renewable for another 10 years at the franchise's option, provided certain obligations have been fulfilled.

It has become practical for these contracts to be renewed. However, nothing obliges the franchisees to do so, so the risk of non-renewal may be verified.

In these contracts it is normal to contract the payment of an "Initial Fee" at the beginning of each contract and a "Renewall Fee" at the end of the initial period, in addition to a royalty of marketing operations on the sales made.

Periodically, development contracts are negotiated which guarantee the right to open new restaurants.

At the moment a contract has been signed for the implementation of 80 KFC restaurants in the period between May 2017 and May 2022.

3.3 Estimated fair value

The fair value of financial instruments commercialised in active markets (such as publicly negotiated derivatives, securities for negotiation and available for sale) is determined based on the listed market prices on the consolidated statement of financial position date. The market price used for the group’s financial assets is the price received by the shareholders in the current market. The market price for financial liabilities is the price to be paid in the current market.

The nominal value of accounts receivable (minus impairment adjustments) and accounts payable is assumed to be as approximate to its fair value. The fair value of financial liabilities is estimated by updating future cash flows contracted at the current market interest rate that is available for similar financial instruments.

4. <u>IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS</u>

Estimates and judgements are continuously evaluated and are based on past experience and on other factors, including expectations regarding future events that are believed to be reasonably probable within the respective circumstances.

The group makes estimates and outlines premises about the future. Generally, accounting based on estimates rarely corresponds to the real reported results. Estimates and premises that present a significant risk of leading to a material adjustment in the accounting value of the assets and liabilities in the following year are described below:

a) Estimated impairment of goodwill

The group performs annual tests to determine whether the goodwill is subject to impairment, according to the accounting policy indicated in Note 2.7. Recoverable amounts from the units generating cash flows are determined based on the calculation of utilisation values. Those calculations require the use of estimates (Note 9).

If the real gross margin is less, or the discount rate - after taxes - is greater than the estimates by the managers, the impairment losses of the goodwill may be greater than those recorded.

b) Income Tax
The group is subject to Income Tax in Portugal, Spain and Angola. A significant judgement must be made to determine the estimated income tax. The large number of transactions and calculations make it difficult to determine the income tax during normal business procedures. The group recognises liabilities for additional payment of taxes that may originate from reviews by the tax authorities. When tax audits indicate a final result different from the initially recorded amounts, the differences will have an impact on the income tax and on deferred taxes in the period in which those differences are identified.

c) Provisions
The group on a periodic basis examines possible obligations arising from past events that should be recognized or disclosed.

The subjectivity inherent in determining the probability and amount of internal resources required to settle these obligations may result in significant adjustments due to changes in the assumptions used or the future recognition of provisions previously disclosed as contingent liabilities.

d) Fixed tangible and intangible assets
The determination of lifetime period of the assets and the depreciation method to be applied, is essential to determine the amount of depreciation to be recognized in the income statement for each year.

According to the best judgment of the Board of Directors and considering the practices adopted by companies in the sector internationally these two parameters are set for the assets and business in question.

Regarding the determination of the recoverable value of tangible fixed assets and intangible assets, the Group follows the accounting policy presented in Note 2.8, which requires that relevant judgments and estimates be made.

e) Impairment losses foreseen
In applying the expected impairment loss models, the Group assesses the probability of default and estimated losses in the event of default, as disclosed in note 2.9.3. This evaluation involves relevant estimates by the Group.

f) Incremental financing rates
To calculate the estimated impacts of adopting IFRS 16, the Group makes estimates on its incremental financing rates, which incorporate specific market and entity risks that require the Group to make relevant judgments and estimates.

5. INFORMATION ABOUT THE COMPANIES INCLUDED IN THE CONSOLIDATION AND OTHER COMPANIES

5.1. The following group companies were included in the consolidation on 31st December 2018 and 2017:

	Company	Head Office	% Shareholding Dec/18	% Shareholding Dec/17
	Parent company			
	Ibersol SGPS, S.A.	Porto	parent	parent
	Subsidiary companies			
	Iberusa Hotelaria e Restauração, S.A.	Porto	100%	100%
	Ibersol Restauração, S.A.	Porto	100%	100%
	Ibersande Restauração, S.A.	Porto	100%	100%
	Ibersol Madeira e Açores Restauração, S.A.	Funchal	100%	100%
	Ibersol - Hotelaria e Turismo, S.A.	Porto	100%	100%
	Iberking Restauração, S.A.	Porto	100%	100%
	Iberaki Restauração, S.A.	Porto	100%	100%
	Restmon Portugal, Lda	Porto	61%	61%
	Vidisco, S.L.	Vigo - Espanha	100%	100%
	Inverpeninsular, S.L.	Vigo - Espanha	100%	100%
(d)	Ferro & Ferro, Lda.	Porto	-	100%
	Asurebi SGPS, S.A.	Porto	100%	100%
	Charlotte Develops, SL	Vigo - Espanha	100%	100%
	Firmoven Restauração, S.A.	Porto	100%	100%
	IBR - Sociedade Imobiliária, S.A.	Porto	100%	100%
	Eggon SGPS, S.A.	Porto	100%	100%
	Anatir SGPS, S.A.	Porto	100%	100%
	Lurca, SA	Madrid-Espanha	100%	100%
	Sugestões e Opções-Actividades Turísticas, S.A	Porto	100%	100%
(f)	Resboavista- Restauração Internacional, Lda	Porto	-	100%
	José Silva Carvalho Catering, S.A	Porto	100%	100%
(a)	Iberusa Central de Compras para Restauração ACE	Porto	100%	100%
(b)	Vidisco, Pasta Café Union Temporal de Empresas	Vigo - Espanha	100%	100%
	Maestro - Serviços de Gestão Hoteleira, S.A.	Porto	100%	100%
	SEC - Eventos e Catering, S.A.	Porto	100%	100%
	IBERSOL - Angola, S.A.	Luanda - Angola	100%	100%
	HCI - Imobiliária, S.A.	Luanda - Angola	100%	100%
	Ibergourmet Produtos Alimentares (ex-Gravos 2012, S.A.)	Porto	100%	100%
	Lusinver Restauracion, S.A.	Vigo - Espanha	100%	100%
	The Eat Out Group S.L.U.	Barcelona - Espanha	100%	100%
	Pansfood, S.A.U.	Barcelona - Espanha	100%	100%
	Foodstation, S.L.U	Barcelona - Espanha	100%	100%
(c)	Dehesa de Santa Maria Franquicias, S.L.	Barcelona - Espanha	100%	50%
(c)	Cortsfood, S.L.	Barcelona - Espanha	50%	-
(e)	Pansfood Italia, S.R.L.	Barcelona - Espanha	-	100%
	Companies controlled jointly			
	UQ Consult - Serviços de Apoio à Gestão, S.A.	Porto	50%	50%

(a) Company consortium agreement that acts as the Purchasing and Logistics Centre and provides the respective restaurants with raw materials and maintenance services.
(b) Union Temporal de Empresas which was founded in 2005 and that during the year functioned as the Purchasing Centre in Spain by providing raw materials to the respective restaurants.
(c) Participation acquired to interests that do not control (50%), with constitution by splitt of the subsidiary Cortsfood. Although the parent company holds 50% of the voting rights, there is control of the subsidiary Cortsfood (note 16).
(d) merge of the subsidiary Ferro & Ferrro into Iberusa Hotelaria e Restauração, S.A..
(e) Subsidiary settled in 2018.
(f) merge of the subsidiary Resboavista into José Silva Carvalho Catering, S.A..

Head office is the business development location of each listed entity.

The subsidiary companies were included in the consolidation by the full consolidation method. UQ Consult, the Jointly controlled entity, was subject to the equity method according to the group’s shareholding in this company, as indicated in Note 2.2.).

The shareholding percentages in the indicated companies imply an identical percentage in voting rights.

5.2. Alterations to the consolidation perimeter

5.2.1. Acquisition of new companies

In the years ended December 31, 2018 and 2017 there were no acquisition of subsidiaries.

5.2.2. Disposals

In the years ended December 31, 2018 and 2017 there were no disposals of subsidiaries.

6. INFORMATION PER SEGMENT

Ibersol Administration monitors the business based on the following segmentation:

SEGMENT	BRANDS					
Restaurants	Pizza Hut	Pasta Caffe	Pizza Movil	FresCo	Ribs	StaMaria
Counters	KFC	O'Kilo	Miit	Burguer King	Pans & C.ª	Coffee Counters
Concessions and catering	Sol (SA)	Concessions	Catering	Convenience stores		Travel

The results per segment for the year ended December 31, 2018 and 2017 were as follows:

31 December 2018	**Restaurants**	**Counters**	**Concessions and Catering**	**Other, write off and adjustments**	**Total Group**
Turnover	**111 368 519**	**210 708 864**	**127 631 661**	**401 798**	**450 110 842**
Royalties	4 176 382	7 892 814	1 026 344	-	13 095 540
Rents and Condominium	11 231 570	20 281 399	39 632 038	-	71 145 008
Coste of sales	25 863 569	59 151 425	23 784 405	-	108 799 400
Operating income net of Amortization, deprec. and impairment losses	**15 694 335**	**30 364 593**	**14 990 336**	-	**61 049 264**
Amortization, depreciation and impairment losses	9 520 941	14 312 454	6 513 480	-552 344	29 794 531
Operating income	**6 173 394**	**16 052 139**	**8 476 856**	**552 344**	**31 254 733**

31 December 2017	**Restaurants**	**Counters**	**Concessions and Catering**	**Other, write off and adjustments**	**Total Group**
Turnover	**103 453 114**	**205 855 179**	**137 703 228**	**1 317 573**	**448 329 094**
Royalties	3 889 161	8 230 713	1 703 958	-	13 823 833
Rents and Condominium	11 145 574	20 073 398	40 686 993	-	71 905 964
Coste of sales	21 143 289	53 887 018	27 800 747	-	102 831 054
Operating income net of Amortization, deprec. and impairment losses	**16 820 900**	**32 071 277**	**16 385 824**	**-**	**65 278 001**
Amortization, depreciation and impairment losses	6 786 849	17 852 292	6 047 251	1 236 084	31 922 475
Operating income	**10 034 051**	**14 218 985**	**10 338 573**	**-1 236 084**	**33 355 526**

The turnover by brand (sub-segments) is detailed as follows:

Brand/Segment	2018	2017	Var %
Pizza Hut	70 948 264	66 705 590	6,4%
Pasta Caffe	3 521 954	3 732 898	-5,7%
Pizza Móvil	12 048 473	12 905 423	-6,6%
FrescCo	4 395 026	4 556 540	-3,5%
Ribs	20 277 143	15 019 421	35,0%
Santa Maria	177 659	533 241	-66,7%
Restaurants	**111 368 520**	**103 453 113**	**7,7%**
Burger King	115 252 698	103 946 452	10,9%
Pans & Company	53 896 013	52 308 782	3,0%
KFC	37 228 929	45 465 141	-18,1%
O'Kilo/Miit	2 000 889	1 824 964	9,6%
Coffee Counters	2 330 334	2 309 839	0,9%
Counters	**210 708 864**	**205 855 179**	**2,4%**
Sol (Service Areas)	6 026 423	4 918 693	22,5%
Travel (Airports)	110 184 003	120 718 011	-8,7%
Catering	11 421 235	11 277 122	1,3%
Others	0	789 401	-100,0%
Concessions e Catering	**127 631 661**	**137 703 228**	**-7,3%**
Others	401 797	1 317 574	-69,5%
TOTAL	**450 110 842**	**448 329 094**	**0,4%**

The consolidated statement of comprehensive income also includes the following parts on the segments:

	Year ending on 31 December 2018				
	Restaurants	**Counters**	**Concessions and Catering**	**Other, write off and adjustments**	**Group**
Depreciation (Note 8)	7 606 889	12 644 669	6 015 618	-1 784 380	24 482 797
Amortization (Note 9)	1 029 040	1 318 282	441 163	-931 106	1 857 379
Impairment of fixed tangible assets (Note 8)	994 627	349 503	40 976	-	1 385 106
Impairment reversion of fixed tangible assets (Note 8)	-109 615	-	-	-	-109 615
Imparidade do goodwill (Nota 9)	-	-	-	2 016 459	2 016 459
Impairment of intangible assets (Note 9)	-	-	15 723	-	15 723
	9 520 941	**14 312 454**	**6 513 480**	**-699 027**	**29 647 848**

	Year ending on 31 December 2017				
	Restaurants	**Counters**	**Concessions and Catering**	**Other, write off and adjustments**	**Group**
Depreciation (Note 8)	5 478 148	16 112 115	5 245 218	1 056 837	27 892 318
Amortization (Note 9)	1 171 633	1 707 610	802 033	199 717	3 880 994
Impairment of fixed tangible assets (Note 8)	137 068	32 567	-	-	169 635
Impairment of intangible assets (Note 9)	-	-	-	-	-
	6 786 849	**17 852 292**	**6 047 251**	**1 256 555**	**31 942 946**

The following assets, liabilities and investments were applicable to the segments in the year ending on 31 December 2018 and 2017:

31 DECEMBER 2018	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Group
Assets	**91 837 162**	**229 593 989**	**85 440 675**	**11 522 920**	**418 394 747**
Liabilities	**23 845 452**	**55 287 774**	**15 686 772**	**7 705**	**94 827 703**
Net investment (Notes 8 and 9)	**8 730 007**	**27 555 973**	**1 352 734**	**110 327**	**37 749 042**

31 DECEMBER 2017	Restaurants	Counters	Concessions and Catering	Other, write off and adjustments	Group
Assets	**89 640 210**	**207 722 448**	**85 183 897**	**16 556 150**	**399 102 705**
Liabilities	**17 463 996**	**47 359 070**	**22 421 507**	**5 258**	**87 249 831**
Net investment (Notes 8 and 9)	**2 630 551**	**26 952 260**	**2 733 748**	**21 907**	**32 338 465**

Assets and liabilities that were not applicable to the segments are as follows:

	YEAR 2018		YEAR 2017	
	Assets	Liabilities	Assets	Liabilities
Deferred taxes	-	10 556 031	-	9 132 498
Current taxes	3 574 662	162 901	5 046 070	324 744
Current bank loans	-	52 961 448	-	33 326 982
Non current bank loans	-	79 182 324	-	107 687 759
Derivative financial instrument	-	177 570	-	235 455
Available-for-sale financial assets	211 430	-	233 108	-
Financial investments - joint controlled subsidiaries	2 459 842	-	2 420 386	-
Other financial assets	19 608 860	-	22 986 661	-
Provisions	-	3 211 467	-	3 211 467
Total	25 854 794	146 251 741	30 686 225	153 918 905

In summary, the assets and liabilities are as follows:

	YEAR 2018		YEAR 2017	
	Assets	Liabilities	Assets	Liabilities
Applicable to the segments	418 394 747	94 827 703	399 102 705	87 249 831
Not applicable to the segments	25 854 794	146 251 741	30 686 225	153 918 905
	444 249 541	241 079 445	429 788 930	241 168 737

On December 31, 2018 and 2017 income and non-current assets by geography is presented as follows:

31 DECEMBER 2018	Portugal	Angola	Spain	Grupo
Restaurants	225 263 017	17 748 173	189 764 506	432 775 696
Merchandise	778 132	-	12 053 711	12 831 843
Rendered services	413 506	-	4 089 797	4 503 303
Total sales and services	**226 454 655**	**17 748 173**	**205 908 014**	**450 110 842**
Tangible fixed and intangible assets	150 170 067	25 730 368	61 556 013	237 456 448
Goodwill	7 605 482	-	83 240 845	90 846 327
Financial investments - joint controlled subsidiaries	2 459 842	-	-	2 459 842
Non-current financial assets	211 430	-	-	211 430
Other financial assets	-	15 753 485	-	15 753 485
Other non-current assets	-	-	12 921 343	12 921 343
Total non-current assets	**160 446 821**	**41 483 853**	**157 718 201**	**359 648 875**

31 DECEMBER 2017	Portugal	Angola	Spain	Grupo
Restaurants	201 969 919	30 289 567	208 453 050	440 712 536
Merchandise	1 103 741	-	1 453 840	2 557 581
Rendered services	294 720	-	4 764 257	5 058 977
Total sales and services	**203 368 380**	**30 289 567**	**214 671 147**	**448 329 094**
Tangible fixed and intangible assets	140 352 005	32 333 871	60 402 307	233 088 183
Goodwill	7 605 482	-	85 257 304	92 862 786
Financial investments - joint controlled subsidiaries	2 420 386	-	-	2 420 386
Non-current financial assets	233 108	-	-	233 108
Other financial assets	-	17 823 906	-	17 823 906
Other non-current assets	-	-	6 335 385	6 335 385
Total non-current assets	**150 610 981**	**50 157 777**	**151 994 996**	**352 763 754**

7. UNUSUAL AND NON-RECURRING FACTS

Gains (losses) on the net monetary position, which derive from the subsidiaries in which the functional currency is a currency of a hyperinflationary economy (Ibersol Angola and HCI), are presented as follows:

Impact on the consolidated statement of comprehensive income:

	dez/18	dez/17
Restatement of costs and income	-537 191	479 395
Restatement of non-monetary items (*)	1 743 247	5 501 029
Gains (losses) on Net monetary position	1 206 056	5 980 424

(*) mainly tangible fixed assets and intangible assets.

Of the value above income tax was recognized in the amount of 526.467 eur (1.738.712 euros in 2017) recognized in the item income tax

The restatement of non-monetary items in the consolidated statement of comprehensive income is presented as follows:

	dez/18	dez/17
Tangible Fixed Assets (Note 8)	1 613 299	5 403 450
Intangible Assets (Note 9)	129 948	368 523
Stocks	-	25 540
Other reserves and retained earnings	-	-296 484
	1 743 247	5 501 029

The general price index used was that of the National Bank of Angola.

8. TANGIBLE FIXED ASSETS

In the years ending on 31 December 2018 and 2017, the following movements took place in the value of tangible fixed assets, depreciation and accumulated impairment losses:

	Land	Buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress (1)	Total
1 January 2017						
Cost	11 342 041	220 212 458	117 019 630	22 193 978	1 500 446	372 268 553
Accumulated depreciation	74 637	80 298 255	87 254 431	15 115 597	-	182 742 920
Accumulated impairment	-	10 319 953	1 082 628	64 515	-	11 467 096
Net amount	**11 267 404**	**129 594 249**	**28 682 571**	**7 013 867**	**1 500 446**	**178 058 537**
1 January 2017						
Initial net amount	11 267 404	129 594 249	28 682 571	7 013 867	1 500 446	178 058 537
Hyperinflationary Economies (IAS 29) (1)	4 080 348	8 651 564	3 298 994	847 509	128 459	17 006 874
Currency conversion	-15 473	-39 843	-21 568	-4 851	-184	-81 919
Additions	56 250	19 394 715	9 055 620	2 376 456	1 293 809	32 176 850
Decreases	-	917 791	61 047	-4 228	159 773	1 134 383
Transfers	-	1 041 722	45 576	7 795	-1 086 883	8 210
Depreciation in the year	63 815	16 988 782	9 279 936	1 559 785	-	27 892 318
Impairment	-	169 635	-	-	-	169 635
Final net amount	**15 324 714**	**140 566 200**	**31 720 210**	**8 685 219**	**1 675 874**	**197 972 217**
31 December 2017						
Cost	15 551 381	243 311 373	127 906 062	25 621 216	1 675 874	414 065 908
Accumulated depreciation	226 667	92 908 055	95 172 615	16 877 084	-	205 184 420
Accumulated impairment	-	9 837 119	1 013 238	58 914	-	10 909 271
Net amount	**15 324 714**	**140 566 200**	**31 720 210**	**8 685 219**	**1 675 874**	**197 972 217**

	Land	Buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress (1)	Total
1 January 2018						
Initial net amount	15 324 714	140 566 200	31 720 210	8 685 219	1 675 874	197 972 217
Hyperinflationary Economies (IAS 29) (1)	636 821	866 426	204 363	39 617	-48 172	1 699 055
Currency conversion	-1 451 675	-3 487 482	-1 732 828	-381 881	-35 010	-7 088 876
Additions	-	22 459 004	9 916 886	2 755 073	560 641	35 691 604
Decreases	-	599 668	38 421	24 260	538 056	1 200 405
Transfers	-	47 057	487 068	84 340	-618 465	-
Depreciation in the year	18 973	15 774 618	7 088 709	1 605 514	-	24 487 815
Impairment in the year	-	1 385 106	-	-	-	1 385 106
Impairment reversion	-	-109 615	-	-	-	-109 615
Final net amount	**14 490 887**	**142 801 427**	**33 468 569**	**9 552 594**	**996 812**	**201 310 291**
31 December 2018						
Cost	14 731 098	260 017 140	134 098 549	27 727 867	996 812	437 571 466
Accumulated depreciation	240 212	106 579 970	99 691 547	18 116 824	-	224 628 553
Accumulated impairment	-	10 635 741	938 433	58 448	-	11 632 622
Net amount	**14 490 886**	**142 801 429**	**33 468 569**	**9 552 595**	**996 812**	**201 310 291**

(1) changes resulting from the application of IAS 29, hyperinflationary economy, are presented as follows

Restatement of Tangible Fixed Assets (TFA) 31/12/2017		17 006 874
Restatement of TFA in the year ended on 31/12/2018:		
Cost		3 718 223
Accumulated depreciation		-2 104 923
	Note 7	1 613 300
Restatement of depreciation for the year		85 755
	sub-total	1 699 055
	TOTAL	18 705 929

In 2017, an investment of approximately 2.7 million euros was made in the central kitchen in Portugal. The remaining investment mainly concerns the opening of 11 Burger King units, 4 KFC units, the opening of the concession at Santa Maria Airport (Azores) and a concession in the group Eat Out.

The 2018 investments of approximately 35 million euros in tangible fixed assets, relate to the opening of of 41 new units, mainly 10 Burger King in Portugal and 12 concessions in Spain.

In 2018 and 2017, impairment tests were carried out for Ibersol restaurants with evidence of impairment. From which resulted the need to register impairment in the amount of 1.385.106 euros and 169.635 euros in 2018 and 2017, respectively, of tangible fixed assets as follows:

Year 2018

Unit	Recoverable amount (use value)	Assets account value	Impairment losses
Pasta caffe (1 unit)	-	211 714	211 714
Sol (2 units)	-	40 976	40 976
Pizza Móvil (5 units)	-	397 567	397 567
Ribs (1 unit)	-	385 345	385 345
Pans & C.ª (2 units)	616 182	965 685	349 503
TOTAL	616 182	2 001 287	1 385 106

The following assumptions were used in 2018 impairment tests:

Growth rate in perpetuity	
Portugal	2,50% (1% real + 1,5% inflação)
Spain	2,50% (1% real + 1,5% inflação)
Discount rate for the period	
Portugal	5,827%
Spain	5,33%

The discount rate is presented net of taxes and was calculated based on the WACC (Weighted Average Cost of Capital) methodology.

The 2017 impairment test resulted in an impairment loss of € 169.635 relating to tangible fixed assets, as follows:

Year 2017

Unit	Recoverable amount (use value)	Assets account value	Impairment losses
Pans & C.ª (1 unit)	-	32 566	32 566
Pizza Movil (2 units)	-	137 069	137 069
TOTAL	-	169 635	169 635

The following assumptions were used in 2017 impairment tests:

Growth rate in perpetuity		
Portugal	2,00%	(1% real + 2% price increase)
Spain	2,00%	(1% real + 2% price increase)
Discount rate		
Portugal	6,70%	
Spain	6,30%	

The discount rate is presented net of taxes and was calculated based on the WACC (Weighted Average Cost of Capital) methodology.

The positive evolution of the economy of the Península Ibérica countries and consequent reduction of the risk rates of countries and markets, in parallel with a reduction in interest rates, leads to a lower applicable rate in 2018.

In 2018, the sensitivity analysis of the discount rate is presented as follows:

Discount rate	Impairment	Additional impairment	Notes
4,80%			
5,30%			
5,80%	1 385 106		impairment accounted value (*)
6,30%	1 587 369	202 263	(1)
6,80%	1 795 968	410 862	(1)

(1) for a discounted rate in perpetuity change of 0.5% and 1% would result in a further loss of 202.263 euros and 410.862 euros, respectively.

In 2018, the sensitivity analysis of the growth rate in perpetuity is presented as follows:

Growth rate in perpetuity	Impairment	Additional impairment	Notes
over 1% of the base	1 090 106		
over 0,5% of the base	1 269 567		
base: 2,5%	1 385 106		impairment accounted value
less 0,5% of the base	1 786 691	401 585	
less 1% of the base	2 164 913	779 807	

In 2017, the sensitivity analysis of the discount rate is presented as follows:

Discount rate	Impairment	Additional impairment	Notes
5,70%	169 635		
6,20%	169 635		
6,70%	169 635		impairment accounted value
7,20%	195 324	25 690	(1)
7,70%	294 358	124 724	(1)

(1) for a discounted rate in perpetuity change of 0.5% and 1% would result in a further loss of 25.690 euros and 124.724 euros, respectively.

In 2017, the sensitivity analysis of the growth rate in perpetuity is presented as follows:

Growth rate in perpetuity	Impairment	Additional impairment	Notes
over 1% of the base	116 951		
over 0,5% of the base	148 976		
base: 2%	169 635		impairment accounted value
less 0,5% of the base	248 878	79 244	
less 1% of the base	603 691	434 057	

At 31 December 2018 and 2017, the assets used under financial leasing are as follows

	2018		2017	
	Gross amount	Accumulated depreciation	Gross amount	Accumulated depreciation
Land and Buildings	8 876 255	5 540 270	8 675 857	4 793 270
Equipments	2 548 499	1 649 437	2 360 327	1 413 591
Other tangible fixed assets	86 573	39 209	67 903	29 940
	11 511 326	7 228 916	11 104 086	6 236 801

Depreciation, amortization and impairment losses of tangible fixed assets and intangible assets, are as follows:

	Tangible fixed assets	**Intangible assets and Goodwill**	**TOTAL**
Depreciation in the year	24 487 815	1 852 361	26 340 175
Impairment in the year	1 385 106	2 032 182	3 417 289
Others	37 067	-	37 067
			29 794 531

9. INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets are broken down as follows:

	Dec/18	**Dec/17**
Goodwill	90 846 327	92 862 786
Intangible assets	36 146 157	35 115 966
	126 992 484	**127 978 752**

In the years ending on 31 December 2018 and 2017, the movement in the value of intangible assets, amortization and accumulated impairment losses were as follows:

	Goodwill	Brands	Industrial property	Other intangible Assets	Intangible Assets in progress	Total
1 January 2017						
Cost	92 862 786	22 000 000	37 973 000	14 875 727	693 528	168 405 041
Accumulated amortization	-	183 333	22 597 027	12 252 079	-	35 032 440
Accumulated impairment	-	-	3 668 664	41 875	-	3 710 538
Net amount	**92 862 786**	**21 816 667**	**11 707 309**	**2 581 773**	**693 528**	**129 662 064**
1 January 2017						
Initial net amount	92 862 786	21 816 667	11 707 309	2 581 773	693 528	129 662 064
Hyperinflationary Economies (IAS 29) (1)	-	-	368 432	-	538 852	907 284
Currency conversion	-	-	-2 792	-	-2 808	-5 600
Additions	-	-	1 221 296	-	96 547	1 317 843
Decreases	-	-	-178	22 024	-	21 845
Transfers	-	-	13 664	-	-13 664	-
Amortization in the year	-	1 100 000	1 916 576	864 416	-	3 880 994
Impairment in the year	-	-	-	-	-	-
Final net amount	**92 862 786**	**20 716 667**	**11 391 511**	**1 695 333**	**1 312 455**	**127 978 752**
31 December 2017						
Cost	92 862 786	22 000 000	40 254 584	13 873 100	1 312 455	170 302 926
Accumulated amortization	-	1 283 333	25 197 741	12 135 892	-	38 616 967
Accumulated impairment	-	-	3 665 332	41 875	-	3 707 207
Net amount	**92 862 786**	**20 716 667**	**11 391 511**	**1 695 333**	**1 312 455**	**127 978 752**

	Goodwill	Brands (1)	Industrial property	Other intangible Assets	Assets in progress	Total
1 January 2018						
Initial net amount	92 862 786	20 716 667	11 391 511	1 695 333	1 312 455	127 978 752
Changes in consolidat. perimeter	-	-	-	-	-	-
Hyperinflationary Economies (IAS 29) (1)	-	-	43 435	-	89 612	133 047
Currency conversion	-	-	-226 244	-	-266 369	-492 613
Additions	-	-	1 854 935	217 503	1 244 006	3 316 444
Decreases	-	-	54 932	-	3 670	58 601
Transfers	-	-	5 552	-	-5 552	-
Amortization in the year	-	1 100 000	547 555	204 805	-	1 852 361
Impairment in the year	2 016 459	-	15 723	-	-	2 032 182
Final net amount	**90 846 327**	**19 616 667**	**12 450 979**	**1 708 031**	**2 370 483**	**126 992 484**
31 December 2018						
Cost	92 862 786	22 000 000	42 232 722	12 960 943	2 370 483	172 426 934
Accumulated amortization	-	2 383 333	26 100 687	11 211 040	-	39 695 060
Accumulated impairment	2 016 459	-	3 681 055	41 875	-	5 739 389
Net amount	**90 846 327**	**19 616 667**	**12 450 980**	**1 708 028**	**2 370 483**	**126 992 484**

(1) changes resulting from the application of IAS 29, the hyperinflationary economy, are as follows:

Restatement of Intangible Assets (IA) 31/12/2017		907 284
Restatement of IA in the year ended on 31/12/2018:		
Cost		299 665
Accumulated depreciation		-169 719
	Note 7	129 946
Restatement of depreciation for the year		3 101
	sub-total	133 047
	TOTAL	1 040 331

In 2018 impairment tests were made from which resulted the need to record an impairment loss in the amount of 2.032.182 euros, of intangible assets and goodwill as follows:

Year 2018

Unit	Recoverable amount (use value)	Assets account value	Impairment losses
Sol (2 units)	-	15 723	15 723
Vidisco (CFU)	7 116 287	9 132 746	2 016 459
TOTAL	7 116 287	9 148 469	2 032 182

The following assumptions were used in 2018 impairment tests:

Growth rate in perpetuity

Portugal	2,50% (1% real + 1,5% inflação)
Spain	2,50% (1% real + 1,5% inflação)

Discount rate for the period

Portugal	5,83%
Spain (Brand and Goodwill)	5,33%
Spain (Vidisco)	8,60%

The discount rate is presented net of taxes and was calculated based on the WACC (Weighted Average Cost of Capital) methodology.

In 2018, the sensitivity analysis of the sales growth rate is presented as follows:

Discount rate	Impairment	Additional impairment/ (Excess)	Notes
7,58%	-	-2 032 182	
8,08%	657 180	-1 375 002	
8,58%	2 032 182		impairment accounted value (*)
9,08%	3 189 156	1 156 974	(1)
9,58%	4 174 578	2 142 396	(1)

(1) for a perpetuity discount rate of 0.5% and 1% would result in an additional loss of € 1.156.974 and € 2.142.396, respectively.

In 2018, the sensitivity analysis of the growth rate in perpetuity is presented as follows:

Growth rate in perpetuity	Impairment	Additional impairment/ (Excess)	Notes
over 1% of the base	-	-2 032 182	
over 0,5% of the base	934 123	-1 098 059	
base: 2,5%	2 032 182		impairment accounted value
less 0,5% of the base	3 189 156	917 785	
less 1% of the base	3 738 076	1 705 893	

The discount rate is presented net of taxes and was calculated based on the WACC (Weighted Average Cost of Capital) methodology.

In the remaining assets (CFU) the impairment tests carried out revealed that the recoverable value is more than 20% of the recorded value.

Evaluations were made based on the value of use calculated based on the Discounted Cash Flow (DCF) method and that support the recoverability of the goodwill values.

Industrial property includes: space exploitation rights (entrance rights or surface rights), trademark exploitation rights and concession rights.

The group's main operating rights relate to the franchise rights paid to international brands at the opening of the restaurants operating under the brand: 20 years in the case of Burger King and 10 years in the case of Pizza Hut and KFC, which are renewable by others 10 years by option of the franchisee.

On 31 December 2018, the group's concessions, territorial rights and related life cycle are shown below:

Concession Rights	**No of years**	**Termination Date**
Lusoponte Service Areas	33	2032
Marina Expo	28	2026
2ª Circular (KFC) Service Areas	10	2027
Marina de Portimão	60	2061
A8 Torres Vedras Service Areas	20	2021
Aeroport Service Areas	20	2021
Pizza Hut Foz	10	2020
Pizza Hut e Pasta Caffé Cais Gaia	20	2024
Modivas Service Areas	28	2031
Barcelos Service Areas	30	2036
Alvão Service Areas	30	2036
Lousada (Felgueiras) Service Areas	24	2030
Vagos Service Areas	24	2030
Aveiro Service Areas	24	2030
Ovar Service Areas	24	2030
Gulpilhares (Vilar do Paraíso) Service Ar	24	2030
Talhada (Vouzela) Service Areas	25	2031
Viseu Service Areas	25	2031
Matosinhos Service Areas	24	2030
Maia Service Areas	26	2032

With the same assumptions of the discount rate and growth (note 8) it was concluded that there is no additional impairment charges for intangible assets, in addition to the amounts referred in the note of tangible fixed assets.

The distribution of goodwill allocated to segments is presented as follows:

	Dec/18	**Dec/17**
Restaurants	14 618 931	16 635 390
Counters	37 199 991	37 199 991
Concessions and Catering	38 847 684	38 847 684
Other, write off and adjustments	179 721	179 721
	90 846 327	**92 862 786**

In relation to the segments above, the following cash flow units were identified:

CFU	dez/18	dez/17
Restaurants		
Spain (Foodstation)	4 053 581	4 053 581
Spain (Pansfood)	1 476 821	1 476 821
Spain (Vidisco)	7 116 287	9 132 746
Portugal (Iberusa)	1 972 242	1 972 242
Sub-total	**14 618 931**	**16 635 390**
Counters		
Pansfood (Spain)	11 850 160	11 850 160
Lurca (Spain)	23 770 781	23 770 781
Iberking (Portugal)	870 265	870 265
Ibersol Angola (Angola)	130 714	130 714
Iberusa (Portugal)	578 071	578 071
Sub-total	**37 199 991**	**37 199 991**
Concessions and Catering		
Concessions and travel - Spain (Pansfood)	34 973 215	34 973 215
Concessions and travel - Portugal (Iberusa)	850 104	850 104
Catering - Portugal	3 024 365	3 024 365
Sub-total	**38 847 684**	**38 847 684**
Other	179 721	179 721
TOTAL	90 846 327	92 862 786

10. FINANCIAL INVESTMENTS

10.1. Investments in jointly controlled entities

	Dec/18	Dec/17
Financial investments - joint controlled subsidiaries	2 459 842	2 420 386
	2 459 842	**2 420 386**
Accumulated impairment losses	-	-
	2 459 842	**2 420 386**

Jointly controlled subsidiary UQ Consult, as described in Note 5, with the following breakdown:

	Dec/18	Dec/17
Goodwill (1)	2 168 982	2 168 982
Equity (2)	290 860	251 404
	2 459 842	2 420 386

(1) with evidence of impairment, tests were performed to the jointly controlled subsidiary UQ Consult, as follows:

Goodwill	2 168 982
Other net assets	290 860
Total	2 459 842
Impairment test	**3 083 590**

With the discount rate used of 7.1%, it was concluded that there was no impairment. The recoverable amount exceeds the recorded value by more than 20% and no sensitivity analysis is presented.

(2) reconciliation of equity and net income of the joint venture UQ Consult, is presented as follows:

	Dec/18	Dec/17
Equity	581 719	502 807
	50%	50%
	290 860	251 407
Net profit	78 911	5 510
	50%	50%
	39 456	2 754

On 31st December 2018 and 2017, the consolidated statements of financial position, of comprehensive income and consolidated cash flows statements of Ibersol's jointly controlled interest UQ Consult, were as follows:

Balance sheet	**Dec/18**	**Dec/17**
Tangible and intangible assets	1 072 704	1 011 660
Other financial investments	130	-
Receivables from third parties	982 431	806 887
Cash and cash equivalents	17 504	39 013
Accruals and deferrals	330 654	288 609
Total assets	2 403 423	2 146 169
Equity	581 719	502 807
Long term term debts	342 221	488 296
Short term debts	1 204 219	971 914
Accruals and deferrals	275 263	183 152
Total liabilities	1 821 703	1 643 362
Total equity and liabilities	2 403 423	2 146 169

Profit and loss account	**Dec/18**	**Dec/17**
Operating income	3 418 434	2 804 942
Operating costs	-3 214 638	-2 719 008
Net financing cost	-49 726	-32 415
Pre-tax income	154 070	53 519
Income tax	-75 159	-48 009
Net profit	78 911	5 510

Cash flows statement	**2018**	**2017**
Flows from operating activities	1 343 297	323 561
Flows from investment activities	-990 261	-158 934
Flows from financing activities	-479 681	-160 134
Change in cash & cash equivalents	-126 645	4 493

Transactions between jointly controlled subsidiary UQ Consult and the Ibersol group were carried out at market prices.

10.2. Available-for-sale financial assets

Available for sale financial assets concern investments (bellow 20%) in non listed companies.

	Dec/18	Dec/17
Non-current financial assets	475 430	497 108
	475 430	**497 108**
Accumulated impairment losses	264 000	264 000
	211 430	**233 108**

(1) because it is not possible to reliably determine the fair value of the Change Partners, for prudence, the Company recorded an impairment loss equal to the purchase price.

11. OTHER FINANCIAL ASSETS

The amount of financial assets refers to the acquisition of Angola treasury bonds (TB's), resettable in accordance with the variation of the National Bank of Angola (BNA) exchange rate for the purchase of United States dollars, with rates interest coupon of default by maturity, as follows:

	dez/18			dez/17		
	Current	Non current	Total	Current	Non current	Total
Treasury bonds	4 040 342	16 509 280	20 549 622	5 162 755	17 823 906	22 986 661
Sub-total	4 040 342	16 509 280	20 549 622	5 162 755	17 823 906	22 986 661
Accumulated impairment losses (1)	184 967	755 795	940 762	-	-	-
TOTAL	3 855 375	15 753 485	19 608 860	5 162 755	17 823 906	22 986 661

11.1. Non-current

	Dec/18	Dec/17
Treasury bonds	16 509 280	17 823 906
	16 509 280	**17 823 906**
Accumulated impairment losses	755 795	-
	15 753 485	**17 823 906**

Issue data	22/01/2016	17/03/2016	11/04/2016	10/08/2017	12/09/2017
Due date	16/09/2022	15/03/2021	13/02/2020	08/08/2020	05/09/2020
BNA exchange rate	154,84	158,155	162,082	165,094	165,096
Amount	975	857	812	830	603
Value on 31/12/2018	957 876	934 867	847 344	905 414	657 789
Gross annual return	5%	7,75%	5%	7%	7%

Issue data	24/10/2017	07/11/2017	07/11/2017	30/11/2017	14/12/2017
Due date	24/10/2020	30/10/2020	01/07/2020	27/11/2020	12/12/2020
BNA exchange rate	165,097	165,097	165,097	165,098	165,098
Amount	821	725	500	500	2000
Value on 31/12/2018	895 596	790 874	545 430	545 430	2 181 720
Gross annual return	7%	7%	7%	7%	7%

Issue data	21/11/2017	28/11/2017	15/12/2017	18/12/2017	28/12/2017
Due date	20/11/2020	06/10/2020	12/12/2020	12/12/2020	27/12/2020
BNA exchange rate	165,098	165,098	165,098	165,098	165,098
Amount	830	615	1 500	900	82
Value on 31/12/2018	905 414	683 995	1 636 290	981 774	89 451
Gross annual return	7%	7%	7%	7%	7%

Issue data	21/11/2017	28/11/2017	15/12/2017	18/12/2017	28/12/2017
Due date	20/11/2020	06/10/2020	12/12/2020	12/12/2020	27/12/2020
BNA exchange rate	165,098	165,098	165,098	165,098	165,098
Amount	830	615	1 500	900	82
Value on 31/12/2018	905 414	683 995	1 636 290	981 774	89 451
Gross annual return	7%	7%	7%	7%	7%

Issue data	09/02/2018	30/05/2018	20/07/2018
Due date	28/07/2020	23/02/2021	20/11/2020
BNA exchange rate	208,618	236,359	254,902
Amount	761	1249	600
Value on 31/12/2018	856 258	1 415 553	678 206
Gross annual return	7%	7%	7%

11.2. Current

	Dec/18	Dec/17
Treasury bonds	4 040 342	5 162 755
	4 040 342	**5 162 755**
Accumulated impairment losses	184 967	-
	3 855 375	**5 162 755**

Issue data	16/02/2016	11/04/2016	15/05/2017	17/02/2017
Due date	19/02/2019	16/12/2019	26/07/2019	16/12/2019
BNA exchange rate	157,092	162,082	165,088	165,082
Amount	1 659	1 308	746	72
Value on 31/12/2018	1 754 277	1 375 590	834 083	76 393
Gross annual return	5%	5%	7,25%	5%

12. OTHER NON-CURRENT ASSETS

Other non-current assets breakdown is presented as follows:

	Dec/18	Dec/17
Other non-current assets (1)	8 781 933	5 694 059
Credits granted to third parties	4 479 410	641 326
Impairment balances	-340 000	-
	12 921 343	**6 335 385**

(1) balance of other non-current debtors is mainly comprised of deposits and securities in Spain resulting from lease agreements. Trade accounts receivable from other debtors are initially recognized at fair value and, in the case of

medium and long-term debt, are subsequently measured at amortized cost using the effective interest method, less impairment.

In 2018, a discount rate of 2% was applied, recognizing the current deferral in the amount of € 151.372 (note 15) and noncurrent in the amount of € 972.263, as well as a loss in the amount of € 51,.06 (Note 27) .

In 2018 an impairment loss of € 340.000 (note 26) was recorded on a balance receivable from a Vidisco franchisee.
13. INVENTORIES

On 31 December 2018 and 2017, stocks were broken down as follows:

	Dec/18	Dec/17
Raw material and consumables	11 237 246	11 795 797
Merchandise	460 061	369 091
	11 697 307	**12 164 888**
Decreases	74 981	74 981
Net inventories	**11 622 326**	**12 089 907**

The cost of inventories recognized in 2018 as an expense and included under "cost of sales" amounted to € 102.831.054 (in 2016: € 102.831.054), as shown below:

	Dec/18	Dec/17
Initial balance	12 164 888	11 622 192
Currency conversion	-1 103 696	-12 572
Perimeter variation	-	-
Purchases	113 244 710	107 338 968
Inventories changes	-3 809 195	-3 952 646
Final balance	11 697 307	12 164 888
Cost of sales	**108 799 400**	**102 831 054**

The value of stocks changes mainly relates to staff meals at the workplace and consumer packagings.

14. CASH AND CASH EQUIVALENTS

On 31st December 2018 and 2017, cash and cash equivalents are broken as follows:

	Dec/18	Dec/17
Cash	1 082 754	2 979 988
Bank deposits	36 847 870	31 922 395
Treasury applications	500	500
Cash and bank deposits in the balance sheet	37 931 124	34 902 883
Bank overdrafts	-5 882 564	-20 344
Cash and cash equivalents in the cash flow statement (1)	32 048 560	34 882 539

(1) there are no significant cash and cash equivalents unavailable for use by the Ibersol group. Of this amount 3.067.700 eur (3.502.329 eur in 2017) are deposited in Angola, existing restrictions on its use outside the country, authorization from BNA (Angola central bank) and access to the purchase of foreign currency is required.

Bank overdrafts include the creditor balances of current accounts with financial institutions, included in the consolidated statement of financial position in the “bank loans” item (Note 17).

The amount of other payments / receipts relating to operating activities in the consolidated cash flow statement include, essentially, payments to Social Security, VAT and related to other debtors and creditors.

15. OTHER CURRENT ASSETS

Other current assets on 31st December 2018 and 2017 are broken down as follows:

	Dec/18	Dec/17
Clients (1)	9 546 044	7 045 044
State and other public entities (2)	4 364 242	1 821 312
Other debtors (3)	6 721 003	4 797 968
Advances to suplliers	425 158	443 940
Advances to fixed suppliers	-	320 781
Accruals and income (4)	6 929 484	5 060 103
Deferred costs (5)	2 562 368	2 494 073
Other current assets	**30 548 299**	**21 983 221**
Accumulated impairment losses	2 931 120	2 159 659
	27 617 179	**19 823 562**

(1) Current balance arising essentially by the Catering and Franchising activity developed by Ibersol, respectively, from around 2,3 million eur and 6 million eur (3 million and 3,1 million in 2017).

(2) Current balance of recoverable VAT amounts 4.364.024 eur (1.810.044 euros in 2017).

(3) Balance refers mainly to meal vouchers (delivered by customers), advances and balances suppliers, debts to suppliers, recovery of costs and the marketing contributions and rappel debt.

(4) Accruals and income item is broken down into the following items:

	Dec/18	Dec/17
Interest	333 804	350 662
Suppliers contracts	5 215 082	3 416 930
Ascendi reimbursement (Note 26)	572 398	532 289
Program "Cartão Continente"	499 470	456 216
Other	308 730	304 006
	6 929 484	**5 060 103**

(5) Deferred costs are broken down as follows:

	Dec/18	Dec/17
Rents and condominium fees	1 400 411	1 415 687
Discount value (Note 12)	151 372	-
External supplies and services	311 919	290 978
Expenses with raw material	14 976	36 843
Financing charges	340 926	422 631
Other	342 764	327 934
	2 562 368	**2 494 073**

Financial assets impairment is broken down as follows:

	Dec/18		**Dec/17**	
	With Impairment	**Without Impairment**	**With Impairment**	**Without Impairment**
Clients c/a	2 712 748	6 833 296	1 912 389	5 132 655
Other debtors	218 372	6 502 631	247 270	4 550 698
	2 931 120	**13 335 927**	**2 159 659**	**9 683 353**

As for clients and other debts without impairment, the amounts are broken down as follows:

	Dec/18	Dec/17
Debt not due	2 912 522	2 050 267
Debt due:		
For less than 1 month	2 987 010	2 438 378
From one to three months	1 768 270	2 019 282
Over three months	5 668 124	3 175 426
	13 335 927	9 683 353

Group main activity is carried out with sales paid in cash or credit or debit card (Note 3b).

In catering, clients usually pay a part for an advance, in the event hiring. The largest volume of credit comes from the supply of goods and debit from Royalty to franchisees. The amount of other customers essentially corresponds to credit sales to airlines at the airports where we operate and to the provision of catering services in a concession space. And in Other debtors, the balance consists essentially of debit balances of suppliers, debits to suppliers for the recovery of charges and the contributions of marketing and rebate and that do not present risk because they are covered by credits on the same suppliers.

December 31, 2018 accounts receivable not due without impairment, is presented as follows:

	amount	Default history
Franchise clients	138 458	with default history
Franchise clients	1 381 503	no default history
Catering clients	54 125	no default history
Other clients	15 325	with default history
Other clients	157 897	no default history
Other debtors c/c	1 165 215	no default history
	2 912 522	

Impairment losses in the year 2018 and 2017 regarding other current assets are broken down as follows:

	Dec/18					
	Starting balance	Perimeter variation	Cancellation	Losses in the Year (note 26)	Impairment reversion (note 26)	Closing balance
Clients c/ a	1 823 780	-	141 347	843 800	-184 787	2 624 140
Other debtors	335 880	-28 899	-	-	-	306 981
	2 159 660	-28 899	141 347	843 800	-184 787	2 931 121

	Dec/17					
	Starting balance	Perimeter variation	Cancellation	Losses in the Year (note 26)	Impairment reversion (note 26)	Closing balance
Clients c/ a	2 506 302	-	-1 176 843	614 271	-119 940	1 823 789
Other debtors	247 575	305	-	88 000	-	335 880
	2 753 876	305	-1 176 843	702 271	-119 940	2 159 668

16. EQUITY

16.1. Share Capital

On 14th May 2018, the group carried out a capital increase by incorporating free reserves in the amount of 6.000.000 euros, registered in June and admitted to listing on July 20, determining the creation of 6.000.000 new shares, distributed free of charge to shareholders in proportion to a new for each group of 5 shares already held.

In 2017, a capital increase of 24 million euros to 30 million euros was proposed and approved, by incorporation of free reserves.

On 31st December 2018 and 2017, fully subscribed and paid up share capital was represented by, respectively, 36.000.000 and 30.000.000 shares to the bearer with a par value of 1 euro each.

16.2. Own shares

With the capital increase, Ibersol increased the number of own shares by 599.987, additionally acquired 56 in 2018. In 2017, also resulting from the capital increase, Ibersol increased its own shares by 599.976, in addition acquired 57.

At the end of the year the company held 3.599.981 own shares acquired for 11.180.516 euros.

16.3. Other reserves and retained earnings

The group’s non-available reserves reached 11.180.516 euros and refer to own shares held by the group (11.180.516 euros).

The amounts distributed to shareholders are determined based on the parent individual financial statements, which show the available amount of 145.253.901 euros.

There are no limits to Ibersol's ability to assign or use Group assets and settle Group liabilities, other than those which result directly from the law.

16.4. Interests that do not control

In the years ending on 31 December 2018 and 2017, the interests that do not control were as follows:

	%		Dec/18	Dec/17
	Dec/18	Dec/17		
Restmon	39%	39%	-46 619	-40 177
Dehesa	-	50%	-	781 360
Cortsfood	50%	-	393 561	-
Others			-17 738	-17 738
			329 204	**723 445**

In 2018, the group acquired the interests that do not control of the subsidiary Dehesa and, by split, formed the subsidiary Cortsfood to cut off the business between franchises (Dehesa) and its own restaurants (Cortsfood).

Changes in the year in 2018 and 2017 in interests that do not control were as follows:

	2018	2017
1st January	723 445	333 399
Increases (1)	108 689	390 045
Decreases (2)	-502 930	-
31st December	329 204	723 445

(1) changes in 2017 and 2018 relate to the year income of the interests that do not control, respectively, 390.046 eur and 108.690 eur.
(2) decrease in 2018 result from the distribution of dividends by interests that do not control shareholders (444.647 eur), the purchase of 50% from the subsidiary Dehesa to interests that do not control and respective constitution by split of the subsidiary Cortsfood (58.,283 euros), according to note 5.2.1.

On 31st December 2018 and 2017, the consolidated statements of financial position and of comprehensive income of interests that do not control in group Ibersol, were as follows:

	Cortsfood	Dehesa
Balance sheet	**Dec/18**	**Dec/17**
Non-current assets	433 728	771 858
Current assets	441 665	1 672 207
Total assets	875 393	2 444 065
Equity (1)	787 121	1 562 718
Non-current liabilities	-	30 895
Current liabilities	88 272	850 452
Total liabilities	88 272	881 347
Total equity and liabilities	875 393	2 444 065

	Cortsfood	Dehesa
Profit and loss account	**Dec/18**	**Dec/17**
Operating income	2 391 610	3 828 855
Operating costs	-2 080 083	-2 758 062
Net financing cost	-4 357	-11 715
Pre-tax income	307 170	1 059 078
Income tax	-76 907	-264 709
Net profit (1)	230 263	794 369

(1) reconciliation of equity and net profit of the interest that do not control Cortsfood and Dehesa, is presented as follows:

	Cortsfood	Dehesa
	Dec/18	Dec/17
Equity	787 121	1 562 718
	50%	50%
	393 561	781 359
Net profit	230 263	794 369
	50%	50%
	115 132	397 185

17. LOANS

On 31 December 2018 and 2017, current and non-current loans were broken down as follows:

Non-current	**Dec/18**	**Dec/17**
Bank loans	25 061 268	33 633 490
Commercial paper programmes	53 000 000	71 750 000
Financial leasing	1 121 056	2 304 269
	79 182 324	**107 687 759**

Current	**Dec/18**	**Dec/17**
Bank overdrafts	5 882 564	20 344
Bank loans	16 420 440	7 593 061
Commercial paper programmes	29 600 000	24 250 000
Financial Leasing	1 058 444	1 463 577
	52 961 448	**33 326 982**
Total loans	**132 143 772**	**141 014 741**
Average interest rate	**2,5%**	**2,8%**

There are no significant differences between the balance sheet amounts and fair value of current and non-current loans.

The maturities of non-current bank loans are broken down as follows:

	Dec/18	**Dec/17**
From 1 to 2 years	28 782 805	35 906 411
From 2 to 5 years	48 835 503	69 045 080
> 5 years	442 960	431 999
	78 061 268	**105 383 490**

Regardless of its ending stated period, for the subscribed commercial paper programmes the Group considers the full repayment on its maturity date (the renewal date).

Movements in 2018 and 2017 in current and non-current loans are as follows:

	2018	2017
Opening balance	137 226 551	159 446 938
Currency translation and other adjustments	-5 456 591	118 715
Receipts	11 786 179	4 702 567
Payments	-19 474 431	-27 041 669
Change in perimeter	-	-
Final balance	124 081 708	137 226 551

Using the functional currency in which they were subscribed, total loans on 31st December 2018 and 2017 were as follows:

	Dec/18	Dec/17
EUR	117 447 270	125 847 371
USD	500 000	1 000 000
AOA	2 565 000 000	1 981 500 000

At the end of the year the Group had 18,6 million euros of unissued commercial paper programmes and available but not disposable credit lines.

Long-term loans contracted under the acquisition of Eat Out Group include clauses with the following financial covenants:

Financial Covenants	**SPAIN** (EOG Consolidated)	**PORTUGAL** (Consolidated)
Debt/EBITDA	**2,5x to 1,5x** *from 2017 to 2021* *with reductions of 0.25 per year*	**3,5x or 4,5x**
EBITDA/Financial Cost	**5x**	-
Equity/Assets	-	**30%**

These Covenants are being complied as in 31 December 2018 and 2017.

The liabilities from financial leasing may be broken down as follows:

	Dec/18	Dec/17
Outstanding capital:		
Up to 1 year	1 058 444	1 463 577
Over 1 year and until 5 years	1 098 689	2 235 870
5 years	22 367	68 399
	2 179 500	3 767 846

The future (contractual) Cash Flows concerning the above stated financial liabilities on 31 December 2018 are broken down as follows:

	FC 2019	FC 2020	FC 2021	FC 2022	FC 2023	FC 2024/38
Bank loans	16 420 440	8 782 805	5 932 345	8 579 492	931 761	834 865
Commercial paper programmes	29 600 000	20 000 000	15 000 000	18 000 000	-	-
Financial Leasing	1 058 444	630 402	322 312	71 142	74 832	22 367
Interest	2 901 560	2 196 139	800 064	308 208	3 621	430

18. INCOMES TAXES AND DEFERRED TAXES

18.1. Income tax

18.1.1. Income tax receivable

On 31st December 2018, income tax receivable amounts to 3.574.662 euros (5.046.070 euros in 2017), presented as follows:

	Dec/18	Dec/17
Inverpeninsular Group (1)	777 951	3 529 741
RETGS (2)	2 727 248	1 509 961
Dehesa (1)	62 437	-
Income tax (Restmon)	7 026	6 368
	3 574 662	5 046 070

(1) tax amount resulting from tax group subsidiaries in Spain. Dehesa subsidiary will only incorporate the tax group in 2019, although was acquired to the interest that do not control, in 2018.
(2) income tax that results from the tax group of subsidiaries in Portugal (RETGS), is presented as follows:

	2018	2017
Special payment on account	24 614	11 808
Payments on account	4 245 951	3 452 637
Withholding taxes	107 137	126 103
Income tax - parent	-191 639	-145 299
Income tax - subsidiaries (RETGS)	-2 652 677	-2 961 158
Tax saving (RETGS)	1 193 863	1 025 870
Total	2 727 248	1 509 961

18.1.2. Income tax payable

Income tax payable in the years ending on 31 December 2018 and 2017 are broken down as follows:

	dez/18	dez/17
Ibersol Angola	72 419	236 446
Dehesa (1)	-	87 501
Cortsfood (1)	86 016	-
Other (2)	4 466	797
	162 901	324 744

(1) by exclusion of the Inverpeninsular tax group, subsidiaries in Spain;
(2) excluded from the special taxation of corporate groups (RETGS), income tax to be paid by subsidiary Iberusa ACE.

18.2. Deferred tax

Changes in deferred taxes in the period are:

	Assets	Liabilities	Net deferred taxes	Income and loss account (Note 28)
Starting balance	3 755 458	12 887 956	-9 132 497	
Temporary differences in the year	1 071 019	1 971 579	-900 560	-900 560
Hyperinflationary Economies (IAS 29)	-	522 974	-522 974	-522 974
Closing balance	4 826 477	15 382 508	-10 556 031	-1 423 534

18.2.1 Deferred tax assets

Deferred tax assets on 31st December 2018 and 2017, according to the temporary differences that generate them, are broken down as follows:

Deferred tax assets	**Dec/18**	**Dec/17**
Reportable fiscal losses	1 074 919	1 068 362
Reportable fiscal credits	1 006 166	1 182 596
Other temporary differences (1)	2 745 392	1 504 500
	4 826 477	**3 755 458**

(1) amount related essentially to other temporary differences generated by the tax group of subsidiaries in Spain.

On December 31, 2018 there are 1.006.166 euros of tax credits in the tax code Investment (CFI) for use in subsequent years, until 2025, the deadline for its use

Fiscal reports and its deferred tax assets by jurisdiction are as follows:

Limit year of use	unlimited	unlimited	unlimited	unlimited	unlimited	unlimited	Total
Start year	2002/04	2005	2006	2007/08	2016	2018	
Spain							
with deferred tax (25%)	11 330	479 654	523 328	46 440	3 212 698	26 224 *	4 299 675
without deferred tax	30 291	-	-	-	-	-	30 291
	41 621	479 654	523 328	46 440	3 212 698	26 224	4 329 966
Deferred tax assets							
Spain	2 833	119 914	130 832	11 610	803 174	6 556	1 074 919
	2 833	119 914	130 832	11 610	803 174	6 556	1 074 919

* fiscal reports are prior to the tax group in Spain, except for the year 2018.

Tax rates of the jurisdictions in which the Group is present are:

Portugal	21%
Spain	25%
Angola	30%

Why are not met or are not significant, they were not recognized deferred tax assets relating to:

(a) use of future income deferred tax assets higher than the profits arising from the reversal of existing taxable temporary differences.

18.2.2 Deferred tax liabilities

Deferred tax liabilities on 31st December 2018 and 2017, according to the temporary differences that generated them, are broken down as follows:

Deferred tax liabilities	Dec/18	Dec/17
Homogenization of tangible fixed assets and intangible assets (1)	5 539 863	4 291 358
Temporary differences in Spain (2)	4 415 324	3 398 116
Hyperinflationary Economies (IAS 29)	5 393 463	4 870 489
Other temporary differences	33 859	327 993
	15 382 508	**12 887 956**

(1) deferred taxes corresponding to the difference of the net value as in the individual financial statements of the subsidiaries and the net amount that they contribute in the consolidated.
(2) relate mainly to UTE income of the year (1.641.475 eur), with the incorporation in its subsidiaries carried out with the postponement of a year, in compliance with the regulations in force in Spain, and to the deferred tax liabilities impact (2.083.941 eur) of the recognition of the brands Pans e Ribs (group Eat Out).

19. PROVISIONS

On 31 December 2018 and 2017, provisions were broken down as follows:

	Dec/18	Dec/17
Legal processes	5 257	5 257
Income tax (1)	3 211 467	3 211 467
Compensation (2)	-	1 245 000
Other	28 000	28 000
Provisions	**3 244 724**	**4 489 724**

(1) provision concerning income tax calculation for tax credits of prior years.
(2) provision reversal of 245.000 euros, related to lawsuits filed by workers of the former Madeira Airport concessionaire and 140.000 euros relating to contractual investment commitments that could have been claimed by the grantor at the end of the contracts, and the remaining amount of 860.000 euros were used in the current year.

20. DERIVATIVE FINANCIAL INSTRUMENT

On December 31, 2018 and 2017 the detail of Ibersol derivative financial instruments is presented as follows:

	Dec/18	Dec/17
Swap	177 570	235 455
Derivative financial instruments	**177 570**	**235 455**

The derivatives of the Ibersol group are hedging for an interest rate swap with the purpose of covering the risk of future cash flows and are detailed as follows:

	Ibersol SGPS	Ibersol SGPS	Asurebi SGPS
Initial date	19/05/2017	08/06/2017	05/09/2014
Due date	20/10/2022	14/11/2022	15/07/2019
Fixed interest rate	0,39%	0,395%	0,78%
Variable interest rate	Euribor 6M *	Euribor 3M *	Euribor 1M
Amount on 31st December 2018	19 200 000	6 400 000	2 500 000

(*) with floor zero

This derivative is classified as a level 2 category and its technical valuation based on a market approach (MTM).

As the derivative financial instrument was not registered under hedge accounting, the change in the fair value of the derivative is reflected in income of the year (Note 27).

21. OTHER NON-CURRENT LIABILITIES

On 31st December 2018 and 2017, the item "Other non-current liabilities" may be broken down as follows:

	Dec/18	Dec/17
Other creditors (1)	150 344	179 192
Other non-current liabilities	150 344	179 192

(1) includes a value of 139.432 eur (168.280 eur in 2017) referring to the debt for the purchase of subsidiary Vidisco, S.L..

On 31 December 2018 the future (contractual) Cash Flows associated to these liabilities are broken down as follows:

	FC 2019	FC 2020	FC 2021	FC 2022	FC 2023
Other creditors	39 760	28 848	28 848	28 848	24 040

22. ACCOUNTS PAYABLE TO SUPPLIERS AND ACCRUED COSTS

On 31st December 2018 and 2017, accounts payable to suppliers and accrued costs were broken down as follows:

	Dec/18	Dec/17
Suppliers c/ a	35 423 289	27 049 455
Suppliers - invoices pending approval	2 075 556	6 141 905
Suppliers of fixed assets c/ a	20 577 254	12 692 845
Total accounts payable to suppliers	58 076 099	45 884 205

	Dec/18	Dec/17
Accrued costs - Payable insurance	78 685	103 862
Accrued costs - Payable remunerations	8 363 349	6 802 163
Accrued costs - Performance bonus	1 760 149	1 773 323
Accrued costs - Rent and lease	6 382 705	5 540 074
Accrued costs - External services	4 543 492	4 395 484
Accrued costs - Other	2 183 293	3 023 228
Total acrrued costs	23 311 673	21 638 134
Total accounts payable to suppl.and accrued costs	81 387 772	67 522 339

23. OTHER CURRENT LIABILITIES AND INCOME TAX PAYABLE

On 31st December 2018 and 2017, the item "Other current liabilities" may be broken down as follows:

	Dec/18	Dec/17
Other creditors (1)	4 696 932	9 900 301
State and other public entities (2)	8 025 248	7 677 912
Deferred income (3)	534 154	691 832
	13 256 334	18 270 045

(1) This amount relates mainly to services rendered by a third parties, debt to a grantor and, in the case of the balance at 31 December 2017, amounts payable to personnel (in the meantime settled in January of the following year).

(2) balance due mainly to payable VAT amounts (3.214.249 euros) and Social Security (3.694.305 euros).

(3) the Deferred Income item includes the following amounts:

	Dec/18	Dec/17
Contracts with suppliers (1)	222 143	409 457
Investment subvention	304 826	272 980
Other	7 185	9 395
	534 154	691 832

(1) the value of contracts with suppliers corresponds to revenue obtained from suppliers up to 31 December and for subsequent periods.

24. EXTERNAL SERVICES AND SUPPLIES

External services and supplies in the years ending on 31 December 2018 and 2017 are broken down as follows:

	2018	2017
Subcontracts	994 825	1 182 399
Electricity, water, fuel and other fluids	13 170 373	13 547 336
Rents and rentals	68 892 187	67 885 000
Condominium	4 494 053	4 561 439
Communications	1 220 642	1 220 255
Insurance	922 957	857 083
Short-lasting tools and utensils and office materials	2 644 272	1 810 399
Royalties	13 175 576	13 823 833
Travel and accommodations and merchandise transport	2 216 889	2 370 731
Services fees	1 197 265	799 559
Conservation and repairs	8 552 024	8 377 923
Advertising and propaganda	15 725 323	16 046 275
Cleaning, hygiene and comfort	4 292 493	3 775 178
Specialised works	8 999 927	10 000 643
Other ESS'	3 439 327	3 244 124
	149 938 133	149 502 177

25. PERSONNEL COSTS

Employee expense in the years ending on 31st December 2018 and 2017 are broken down as follows:

	2018	2017
Salaries and wages	104 061 961	102 871 527
Social security contributions	27 404 248	27 102 263
Personnel meals	3 636 768	3 936 196
Work accident insurance	895 310	716 318
Other personnel costs (1)	1 121 770	692 437
	137 120 057	135 318 741
Average number of employees	9 505	9 207

(1) other personnel costs include compensation, employee recruitment and training and medicine.

26. OTHER OPERATING INCOME AND COSTS

Other operating costs in the years ending on 31st December 2018 and 2017 are broken down as follows:

	2018	2017
Direct/indirect taxes not assigned to operating activities	1 163 019	1 353 164
Losses in fixed assets	401 575	1 622 113
Currency exchange differences	-	861 543
Membership fees, donations samples and inventory offers	192 028	102 422
Impairment adjustments (debts receivable) (Note 15)	843 800	702 271
Impairment adjustments (debts receivable) (Note 12)	340 000	-
Impairment adjustments (financial investments) (Note 10)	-	264 000
Other operating costs	186 390	274 644
	3 126 812	5 180 157

Other operating income in the years ending on 31 December 2018 and 2017 are broken down as follows:

	2018	2017
Supplementary income (1)	7 443 164	8 005 191
Currency exchange differences	943 593	-
Compensations (2)	646 036	532 289
Gains in fixed assets	7 568	734 570
Operating grants	74 462	120 836
Impairment adjustments reversion (debts receivable) (Note 15)	184 787	119 940
Reduction of provision (Note 19)	385 000	105 000
Investment grants	59 600	45 461
Other operating gains	178 614	117 749
	9 922 824	9 781 036

(1) result mainly from revenues from franchise agreements (Eat Out Group) and suppliers.
(2) compensation for loss of traffic in former scuts (free highways), according to the agreement with the grantor.

27. NET FINANCING COST

Net financing cost in the years ending on 31st December 2018 and 2017 are broken down as follows:

	2018	2017
Interest paid	4 054 505	5 962 742
Interest earned (1)	-1 772 469	-1 318 456
Currency exchange differences	-72 399	-66 524
Other financial costs and income	779 549	819 849
	2 989 186	5 397 611

(1) essentially interest on treasury bonds and term deposits.

The detail of other financial costs and income, is presented as follows:

	2018	2017
Financial instruments - cash flow hedge (Note 20)	-57 884	120 519
Commercial paper programmes charges	650 753	698 732
Discount value (Note 12)	51 106	-
Impairment reversal TB's (IFRS9)	-111 569	-
Other commissions	138 276	78 819
Other financial cost and gains	108 867	-78 221
	779 549	819 849

28. INCOME TAX

Income tax recognised in the years 2018 and 2017 are broken down as follows:

	Dec/18	Dec/17
Current taxes	2 720 113	2 124 336
Income tax provisions (Note 19)	-	1 182 596
Insufficiency (excess) of income tax	-73 338	-2 707 163
Deferred taxes (Note 18)	1 423 534	2 101 820
	4 070 309	2 701 589

The group's income tax prior to taxes is not the same as the theoretical amount that would result from applying the mean weighted income tax rate to the consolidated profit, as follows:

	2018	2017
Pre-tax profit	**29 141 059**	**33 941 094**
Tax calculated at the appliacble tax rate in Portugal (22,5%)	**6 556 738**	**7 636 746**
Fiscal effect caused by:		
Income tax provisions	-	1 182 596
Insufficiency (excess) of income tax	-73 338	-2 707 163
Tax credits (CFI)	-3 871 869	-3 021 307
Deferred tax credits	60 814	-1 066 980
Special tax (independent)	416 550	357 463
Tax pours	192 166	149 654
Deferred tax adjustments and other effects	789 248	170 580
Income Tax Expenses	4 070 309	2 701 589

In 2018 and 2017, the income tax rate on profits was of 14% and 8%, respectively, lower than the nominal rate, mainly due to the tax credits obtained under the terms of the Investment Tax Code (CFI), as in the "Decreto –Lei" no. 162/2014, of 31 October.

29. INCOME PER SHARE

Income per share in the years ending on 31st December 2018 and 2017 was calculated as follows:

	Dec/18	Dec/17
Profit payable to shareholders	24 962 061	30 849 460
Mean weighted number of ordinary shares issued (1)	36 000 000	36 000 000
Mean weighted number of own shares	-3 599 981	-3 599 981
	32 400 019	32 400 019
Basic earnings per share (€ per share)	0,77	0,95
Earnings diluted per share (€ per share)	0,77	0,95
Number of own shares at the end of the year	3 599 981	3 599 981

(1) in 2018 and 2017, there were capital increases due to the incorporation of reserves. Nevertheless, in accordance with IAS 33, when this occurs, the number of ordinary shares is adjusted as if the increase had occurred at the beginning of the oldest period presented.

Since there are no potential voting rights, the basic earnings per share is equal to earnings diluted per share.

30. FINANCIAL ASSETS AND LIABILITIES

At the end of the year 2018 and 2017, financial assets and liabilities were broken down as follows:

Financial Assets	Category	Accounting Value 2018	Accounting Value 2017	Valuation Method
Other non-current assets	Loans and accounts receivable	12 921 343	6 335 385	Amortized cost
Other financial assets	Loans and accounts receivable	19 608 860	22 986 661	Amortized cost
Non-current financial assets	Other assets	211 430	497 108	Amortized cost
Cash and cash equivalents	Loans and accounts receivable	37 931 124	34 902 883	Amortized cost
Clients	Loans and accounts receivable	9 546 044	7 045 044	Amortized cost
Other debtors	Loans and accounts receivable	6 721 003	4 797 968	Amortized cost
		86 939 804	76 565 049	

Financial Liabilites	Category	Accounting Value 2018	Accounting Value 2017	Valuation Method
Loans	Other liabilities	129 964 272	137 246 895	Amortized cost
Financial leasing	Other liabilities	2 179 500	3 767 846	Amortized cost
Suppliers	Other liabilities	58 076 099	45 884 205	Amortized cost
Cost accruals	Other liabilities	13 188 175	13 062 648	Amortized cost
Other creditors	Other liabilities	4 847 276	10 079 493	Amortized cost
Derivative financial instruments	Other liabilities	177 570	235 455	Fair value
		208 432 892	210 276 542	

Only Financial Assets (such as Clients and Other Debtors) presents impairment losses, as Note 15. On 31st December 2018 and 2017, gains or losses related with these financial assets and liabilities were as follows:

	Profit/ (Loss) Dec/18	Profit/ (Loss) Dec/17
Accounts receivable	-659 013	-582 330
Non-current financial assets	-	-
Assets at amortised cost	-	-
	-659 013	**-582 330**

The interest of financial assets and liabilities were as follows:

	Interest	
	Dec/18	Dec/17
Accounts receivable	-	-
Non-current financial assets	-	-
Liabilities at amortised cost	4 054 505	4 733 959
	4 054 505	**4 733 959**

The exchange rate differences of financial assets and liabilities were as follows:

	Exchange rate	
	Dec/18	Dec/17
Accounts receivable	-	-
Non-current financial assets	-	-
Liabilities at amortised cost	-72 399	-66 524
	-72 399	**-66 524**

31. DIVIDENDS

At the General Meeting of 14th May 2018, the company decided to pay a gross dividend of 0,10 euro per share (0,10 euro in 2017), representing a total value of 2.700.006 euro for outstanding shares (2.160.010 euro in 2017), settled on June 2018.

32. CONTINGENT ASSETS AND LIABILITIES

The group has contingent liabilities regarding related to its business (as licensing, advertising fees, food hygiene and safety and employees, and the rate of success of these processes is historically high in Ibersol). No significant liabilities are expected to arise from the said contingent liabilities

33. OTHER COMMITMENTS ASSUMED

A. Bank guarantees

On 31st December 2018, responsibilities not recorded by Ibersol's subsidiaries are mainly made up of bank guarantees provided on their account, as follows:

	Dec/18	Dec/17
Bank guarantees	33 568 604	25 753 064

On type of coverage, bank guarantees are as follows:

Leases and rents	Other supply contracts	Fiscal and legal proceedings	Other	Other legal claims
32 236 519	34 585	1 232 768	52 731	12 000

The relevant amount comes from the guarantees required by the owners of spaces concession (ANA Airports and AENA Airports in Spain) or leased (shopping centers and other places).

B. Operating leases

On 31st December 2018, Ibersol has commitments to third parties, resulting from operating lease agreements, namely real estate contracts. The breakdown of future payments of operating leases, given their maturity, can be analyzed as follows:

< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	TOTAL
55 109 293	51 603 455	48 069 254	41 885 708	39 598 982	120 996 419	357 263 111

34. TRANSACTIONS WITH RELATED PARTIES

The related parties of Ibersol group are:

- António Carlos Vaz Pinto de Sousa – 2.520 shares (*)
- António Alberto Guerra Leal Teixeira – 2.520 shares (*)
- ATPS, SGPS, SA – 19.767.058 shares

(*) ATPS voting rights are also attributable to Antonio Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira under subparagraph b) of paragraph 1 of article 20 and paragraph 1 Article 21, both of the Portuguese Market Code, by holding the domain of ATPS, in which they participate indirectly in equal parts by their companies, respectively, CALUM - SERVIÇOS E GESTÃO, S.A. with the NIPC 513799486 and DUNBAR - SERVIÇOS E GESTÃO, S.A with the NIPC 513799257, which together hold the majority of the capital of ATPS.

- Joint controlled entities – UQ Consult

With respect to the balances and transactions with related entities, the overall value of the balances and transactions of the Group with the joint controlled UQ Consult relates mainly to support services and management information systems, and was, respectively, 755.751 and 3.185.893 euros.

- Administrators

The company shareholder ATPS-S.G.P.S., S.A., which signed a service-rendering contract with the subsidiary Ibersol Restauração, SA, in the amount of 900.000 euros in the year 2018 (900.000 euros in 2017), provided services of administration and management to the group. ATPS-S.G.P.S., S.A. under contract with Ibersol Restauração, S.A. has the obligation to ensure that its administrators, António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira, manage the group without incur in any additional charge. The company does not pay directly to its administrators any remuneration.

35. IMPAIRMENT

Movements during the years 2018 and 2017, under the heading of asset impairment losses were as follows:

	Dec/18						
	Starting balance	Perimeter variation	Cancellation	Impairment assets disposals	Impairment in the year	Impairment reversion	Closing balance
Tangible fixed assets	10 909 271	-	-	-552 138	1 385 106 (1)	-109 615 (1)	11 632 624
Goodwill	-	-	-	-	2 016 459 (1)	-	2 016 459
Intangible assets	3 707 206	-	-	-	15 723 (1)	-	3 722 929
Stocks	74 981	-	-	-	-	-	74 981
Other current assets	2 159 669	-28 899	141 347	-	843 800 (2)	-184 787 (3)	2 931 131
Other financial assets (current and non-current)	-	-	-	-	940 762 (4)	-	940 762
	16 851 128	-28 899	141 347	-552 138	5 201 850	-294 402	21 318 886

	Dec/17						
	Starting balance	Perimeter variation	Cancellation	Impairment assets disposals	Impairment in the year	Impairment reversion	Closing balance
Tangible fixed assets	11 467 097	-	-	-727 460	169 635 (1)	-	10 909 271
Intangible assets	3 710 538	-	-	-3 332	-	-	3 707 206
Stocks	74 981	-	-	-	-	-	74 981
Other current assets	2 753 877	305	-1 176 843	-	702 271 (2)	-119 940 (3)	2 159 669
	18 006 493	305	-1 176 843	-730 792	871 905	-119 940	16 851 128

(1) amortisation, depreciation and impairment losses of TFA and IA;
(2) other operating income;
(3) other operating costs;
(4) recorded in other reserves and retained earnings (as at 01 January 2018) 1.052.331 euros and net financing cost (111.569 euros), note 27.

The impairment losses of tangible fixed assets and intangible assets are detailed as follows:

	Year 2017		
	Tangible fixed assets	Intangible assets	Total
Pans (1 unit)	32 567	-	32 567
Pizza Móvil (2 units)	137 068	-	137 068
	169 635	-	169 635

	Year 2018		
	Tangible fixed assets	Intangible assets	Total
Pasta caffe (1 unit)	211 714	-	211 714
Sol (2 units)	40 976	15 723	56 699
Pizza Móvil (5 units)	397 567	-	397 567
Ribs (1 unit)	385 346	-	385 346
Pans & C.ª (2 units)	349 503	-	349 503
	1 385 106	15 723	1 400 829

Instatement of assets associated impairment losses are detailed as follows:

	Year 2018
Pans & C.ª (1 unit)	320 745
Pasta Caffe (1 unit)	1 905
Miit (1 unit)	82 647
Pizza Móvil (1 unit)	146 841
	552 138

	Year 2017
Burguer Kingt (1 unit)	1 791
Pans (2 units)	446 783
Pasta Caffe (1 units)	110 000
Okilo (1 unit)	172 219
	730 792

36. UNUSUAL AND NON-RECURRING FACTS

No unusual and non-recurring facts took place during the years 2018 and 2017.

37. SUBSEQUENT EVENTS

There are no subsequent events to 31 December 2018 that may have a material impact on the financial statements presented.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for emission on 12th April 2019.

Shareholders are entitled not to approve the accounts authorized for issue by the Board of Directors and propose their amendment.

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STATUTORY AUDITORS' REPORT AND AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Ibersol, S.G.P.S., S.A.** (the Group), which comprise the consolidated statement of financial position as at 31 December 2018 (showing a total of 444,249,541 euros and total equity of 203,170,093 euros, including a profit for the year attributed to the shareholders of 24,962,061 euros), and the consolidated income statement by nature, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of **Ibersol, S.G.P.S., S.A.** as at 31 December 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by *Ordem dos Revisores Oficiais de Contas* (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section below. We are independent of the entities that comprise the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the *Ordem dos Revisores Oficiais de Contas'* code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of tangible fixed assets, goodwill and intangible assets

Refer to Notes 2.6, 2.7 e 2.8 of Main accounting policies, notes 4.a) e 4.d) of Important accounting estimates and judgments and notes 8, 9 and 35 of Annex to the consolidated financial statements

The Risk

Recoverability of tangible fixed assets (201,310,291 euros), *goodwill* (90,846,327 euros) and intangible assets (36,146,157 euros) is a key audit matter due to the materiality of the amounts involved as well as due to the complexity and subjectivity inherent to impairment tests, namely regarding the uncertainty of the financial projections, which are based on the expectations of the Management.

These projections are materialized in business plans, which key assumptions, such as discount rates, expected margins, short and long term growth rates, investment plans and demand behaviors, are not directly observable in the market.

In 2018, as a result of the internal analysis made to assess the recoverability of tangible fixed assets, goodwill and intangible assets, the Group recognized an impairment loss of 3,307,673 euros.

Our response to the identified risk

Our audit procedures included, amongst others:

- evaluation of the budgeting procedures in which the financial projections are based on, by comparison between current performance and performance estimates made in prior periods, as well as the integrity and mathematical accuracy of the discounted cash flows model;
- analysis of the internal and external assumptions used, such as current business trends, market performance, inflation, projected economic growth and discount rates, assessing its reasonableness and consistency between Group entities;
- performance of sensitivity tests to changes in the assumptions and projections considered;
- involvement of our valuation experts in order to assess the discounted cash flow model and the weighted average cost of capital used by the Group in its projections;
- enquiries to the Management regarding their estimates and judgments and challenge of the assumptions used; and,
- assessment of the adequacy of disclosures considering the applicable accounting framework, namely notes 8 and 9 of the Notes to the consolidated financial statements.

Responsibilities of Management and the Supervisory Body for the Consolidated Financial Statements

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group's financial position, financial performance and the cash flows, in accordance with the International Financial Reporting Standards as adopted by the European Union;
- the preparation of the management report and the corporate governance report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and,
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements, and the verification of the requirements as provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code, as well as the verification that the non-financial information was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment of the Group, we have not identified any material misstatements.

On the Corporate Governance Report

Pursuant to article 451, nr. 4, of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Group to provide under article 245-A of the Securities Code, and we have not identified any material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of that article.

On the non-financial information defined in the article 508-G of the Portuguese Companies' Code

Pursuant to article 451, nr. 6, of the Portuguese Companies' Code, we inform that the Group has prepared a separate report where includes the non-financial information defined in article 508-G of the Portuguese Companies' Code, having that report being published with the management report.

On the additional matters provided in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were first appointed as auditors of **Ibersol, S.G.P.S., S.A.** (parent Entity of the Group) in the shareholders general assembly held on 14 May 2018 for a first mandate from 2018 and 2020.
- Management as confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism, and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the consolidated financial statements due to fraud.
- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Group on 9 April 2019.
- We declare that we have not provided any prohibited services as described in article 77, nr. 8 of the *Ordem dos Revisores Oficiais de Contas* Statutes, and we have remained independent of the Group in conducting the audit.

15 April 2019

<u>SIGNED ON THE ORIGINAL</u>

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
represented by
Adelaide Maria Viegas Clare Neves (ROC n.º 862)

Responsibility Statement

In accordance with paragraph c) number 1 of article 245 of the Portuguese Securities Market Code the Fiscal Board informs as far as its members know and regarding the elements we assessed, the information contained in the individual and consolidated financial statements of 2018 was prepared in accordance with applicable accounting standards, giving a true and appropriate view of the assets and liabilities, financial position and the results of IBERSOL-SGPS, SA, and the companies included in the consolidation perimeter, and that the management reports faithfully describes the business evolution, performance and financial position of the company and of the companies included in the consolidation perimeter, and contains a description of the major risks and uncertainties they face.

Porto, 15th April 2019

The Fiscal Board

Dr. Carlos Alberto Alves Lourenço
(President)

Doutora Maria José Martins Lourenço da Fonseca
(Vice-President)

Dr. Eduardo Moutinho Ferreira Santos
(Vogal)

FISCAL BOARD REPORT

To the Shareholders of IBERSOL SGPS, S.A.:

In compliance with the applicable legislation and its mandate, the Fiscal Board issues its report on the supervisory action carried out as well as its opinion on the Management Report and remaining consolidated and individual financial statements for the year ended 31 December 2018, and issue its consequent opinion:

1. Supervision:

The Fiscal Board accompanied, within the scope of its competencies and mandate, during the 2018 financial year, the management of the company and its subsidiaries, having received for that purpose the information of the Company's Board of Directors, the Statutory Auditor and the External Auditor.

Over the course of the year the Fiscal Council held quarterly meetings with all members present, which examined and considered the matters subject to the powers of this body. In the ordinary meetings was always present the External Auditor, ***KPMG & Associados, SROC, S.A.***, who is also the Statutory Auditor of the company, who proposed to the Fiscal Board, at the beginning of the term for which it was elected and in the first meeting relating to the annual activity, and obtained agreement from the Fiscal Board regarding its fiscal activity plan, including that meant to ascertain: - i) the effectiveness of the risk management system, internal control and internal auditing; - ii) the quality of the process of preparing and disclosing financial information and respective accounting policies; as well as – iii) value-measuring criteria, the regularity of the accounting registers and books and respective support documents, and also - iv) the verification of goods and values pertaining to the company.

Along the exercise they provided the detailed information about the actions performed and the resulting conclusions.

The Fiscal Board met quarterly with the Board of Directors and this last organ was forthcoming in providing the Fiscal Board information over the society's activity and explanations needed to understand the activity and financial information drawn up by same Board of Directors in previously moment to its disclosure. The Fiscal Board did not come across any constraint during their supervision action and verified the inexistence of any irregularity by shareholders, collaborators of the Company, External Auditor or any other regulatory, supervisory or inspection bodies that were communicated to the Fiscal Board.

The Fiscal Board exercised its powers to supervise the activities and independence of the External Auditor and the Auditor, having the perception that the recommended practices were observed; and the Fiscal Board has rendered its approval to additional services to the auditory services that were hired to the External Auditor, having considered that it's independence was safeguarded, its remuneration was contained in market conditions, and, therefore, it was in the society's interest to benefit of the knowledge and punctuality assured in those services. The provision of additional services performed by the external auditor did not overcome the established by European regulations and national legislation in force.

The Fiscal Board observed recommendation I.5 of the Corporate Governance Code of the IPCG to characterize the relevant level of transactions with shareholders holding relevant transactions according to those criteria, nor identified the presence of conflicts of interest.

The Fiscal Board examined the individual and consolidated management report and the individual and consolidated financial statements, their respective attachments, including the 2018 Corporate Governance Report presented by the Board of Directors, having examined, as well, the Legal Certification of Accounts and its Opinion issued by the Chartered Accountant and has also considered the Audit Report submitted by ***KPMG & Associados, SROC, S.A.,*** attached to the "Additional Report of the External Auditor to the Supervisory Body", that it produced and referring to the 2018 financial year, in accordance with Article 24 of the Portuguese RJSA (Legal Regime of Audit Supervision) , approved by Law 148 / 2015, of 7 September. It covers the scope of the Audit, the partners and employees of the Statutory Auditor who participated in it, the evaluation methods used with reference to impairment tests and corporate concentrations, the consolidation perimeter with mention of entities not audited by KPMG, materiality, Independence and the additional services provided, as well as, among others, the results of the analysis of Internal Control that responds to the questions raised, the answers obtained and the recommendations made.

The Fiscal Board also examined the compliance of the Corporate Governance Report included in the Management Report in compliance to the nº 5 art. 420 of the Commercial Societies Code, focusing its analysis in the inclusion, in that Governance Report, of the required elements of the 245º-A article of the Portuguese Securities Market Code.

2. Opinion:

Considering the above, the opinion of the Fiscal Board is that are fulfilled the conditions of the approval, by the General Meeting, of:

a) The management reports, the financial consolidated and individual statements of 2018 and respective annexes, namely the Governance Report, annexed to the Management Report and Consolidated Accounts;

b) The proposal of distribution of year-end results presented by the Board of directors.

Porto, 15th April 2019

The Fiscal Board

Dr. Carlos Alberto Alves Lourenço
(President)

Doutora Maria José Martins Lourenço da Fonseca
(Vice-President)

Dr. Eduardo Moutinho Ferreira Santos
(Effective Member)

Individual Financial Statements

31st December 2018

Individual financial statements index

Financial Statements (in euros)

Statement of financial position

	Notes	31/12/2018	31/12/2017
ASSETS			
Non-current Asset			
Tangible fixed assets	3.2 and 5	-	-
Financial investments in subsidiaries	3.1 and 6	102 077 847	103 727 847
Loans granted to subsidiaries	14	145 974 996	152 977 496
Deferred tax assets	15 and 25	1 043 971	1 225 064
Total non-current assets		**249 096 815**	**257 930 407**
Current Asset			
State and other public entities	8	2 620 255	1 384 754
Group subsidiaries	14	6 368 026	6 853 084
Other debtors	9	14 652	18 652
Deferrals	10	286 549	364 713
Cash and bank deposits	3.5 and 4	168 549	168 507
Total current assets		**9 458 031**	**8 789 710**
Total Assets		**258 554 846**	**266 720 116**
EQUITY AND LIABILITIES			
Share capital	3.6 and 11	36 000 000	30 000 000
Own shares	12	-11 180 516	-11 179 968
Share prize		469 937	469 937
Legal reserves	13	755 581	263 001
Other reserves	13	121 128 995	120 470 050
Revaluation surplus		12 110	12 110
Retained earnings		35 305 425	35 305 424
Net profit in the year		6 398 589	9 851 530
Total Equity		**188 890 119**	**185 192 085**
LIABILITIES			
Non-current			
Provisions	3.10 and 18	2 677 564	2 677 564
Loans obtained	3.7 and 16.1	53 000 000	68 500 000
Derivative financial instruments	16.2	168 023	188 745
Total non-current liabilities		**55 845 587**	**71 366 309**
Current			
Suppliers		7 531	6 987
Group subsidiaries	14	238 763	230 986
Loans obtained	3.7 and 16.1	13 100 000	9 500 000
Other current liabilities	17	472 845	423 750
Total current liabilities		**13 819 139**	**10 161 723**
Total Liabilities		**69 664 726**	**81 528 032**
Total Equity and Liabilities		**258 554 846**	**266 720 116**

Financial Statements (in euros)

Statement of income and other comprehensive income

	Notes	2018	2017
Operating Income			
Rendered services	3.12 and 19	720 000	600 000
Other operating income	3.11 and 22	30 561	438
Total operating income		750 561	600 438
Operating Costs			
External supplies and services	20	129 762	142 510
Personnel costs	21	360 745	335 423
Impairment of financial assets (losses / reversals)	7	-	264 000
Other operating costs	3.11 and 23	109 493	347 459
Total operating costs		600 000	1 089 391
Operating Income		**150 562**	**-488 954**
Net financing cost	24	-704 212	-870 727
Dividends	24	4 075 000	7 000 000
Pre-tax income		**4 929 773**	**7 381 773**
Income tax	3.8 and 25	-1 468 815	-2 469 758
Net profit in the year		**6 398 589**	**9 851 530**
Other comprehensive income:		-	-
TOTAL COMPREHENSIVE INCOME		**6 398 589**	**9 851 530**
Earnings per share	29	0,20	0,30
Income per share		0,20	0,30

Financial Statements (in euros)

Statement of changes in equity

		Share Capital	Own shares	Share prize	Legal Reserves	Other reserves	Revaluation surplus	Retained earnings	Net Profit	Total Equity
Balance on 1 January 2017		24 000 000	-11 179 347	469 937	1	127 582 600	12 110	35 305 424	1 310 459	177 501 185
Changes in period										
Changes in accounting policies										0
Application of net profit					263 000	1 047 459			-1 310 459	0
Share capital increase	11	6 000 000				-6 000 000				0
Acquisition / (disposal) of own shares	12		-621							-621
Realization of revaluation surpluses of tangible and intangible fixed assets										0
and their variations										0
Other changes in equity										
		6 000 000	**-621**	**0**	**263 000**	**-4 952 541**	**0**	**0**	**-1 310 459**	**-621**
Net profit in the year									9 851 530	**9 851 530**
Total income									9 851 530	**9 851 530**
Transactions with capital owners in the period										
Capital increseases										0
Share prizes increases										0
Dividends paid						-2 160 010				-2 160 010
Losses coverage	29									0
Other transactions										0
		0	**0**	**0**	**0**	**-2 160 010**	**0**	**0**	**0**	**-2 160 010**
Balance on 31 December 2017		**30 000 000**	**-11 179 968**	**469 937**	**263 001**	**120 470 050**	**12 110**	**35 305 424**	**9 851 531**	**185 192 084**

Financial Statements (in euros)

Statement of changes in equity

		Share Capital	Own shares	Share prize	Legal Reserves	Other reserves	Revaluation surpluses	Retained earnings	Net Profit	Total Equity
Balance on 1 January 2018		30 000 000	-11 179 968	469 937	263 001	120 470 050	12 110	35 305 424	9 851 531	185 192 084
Changes in period										
Changes in accounting policies										0
Application of net profit					492 580	9 358 950			-9 851 530	0
Share capital increase	11	6 000 000				-6 000 000				0
Acquisition / (disposal) of own shares	12		-548							-548
Realization of revaluation surpluses of tangible and intangible fixed assets										0
Revaluation surpluses of tangible and intangible fixed assets and their variations										0
Other changes in equity										0
		6 000 000	**-548**	**0**	**492 580**	**3 358 950**	**0**	**0**	**-9 851 530**	**-548**
Net profit in the year									6 398 589	**6 398 589**
Total income									6 398 589	**6 398 589**
Transactions with capital owners in the period										
Capital increseases										0
Share prizes increases										0
Dividends paid	29					-2 700 006				-2 700 006
Losses coverage										0
Other transactions										0
		0	**0**	**0**	**0**	**-2 700 006**	**0**	**0**	**0**	**-2 700 006**
Balance on 31 December 2018		**36 000 000**	**-11 180 516**	**469 937**	**755 581**	**121 128 994**	**12 110**	**35 305 424**	**6 398 589**	**188 890 119**

Financial Statements (in euros)

Statement of cash flows

	Notes	31st December 2018	2017
Cash Flows from Operating Activities			
Receipts from clients		720 000	600 000
Payments to supliers		10 515	37 576
Staff payments		351 088	266 037
Operational cash flows		**358 397**	**296 387**
Payments/receipt of income tax		-417 644	-411 338
Other paym./receipts related with operating activities		436 061	-175 482
Flows from Operating Activities (1)		**1 212 102**	**532 243**
Cash Flows from Investment Activities			
Payments for:			
Tangible assets			
Intangible assests			
Financial Investments:			
Investments	17		20 181 420
Capital contributions to subsidiaries			
Loans granted to subsidiaries	14	1 550 000	50 795 000
Other assets			
Receipts from:			
Tangible assets			
Intangible assets			
Financial investments:			
Investments			
Capital contributions to subsidiaries	6	1 650 000	
Loans granted to subsidiaries	14	8 552 500	64 497 000
Other assets			
Investment benefits			
Interest received	24	2 254 160	1 339 625
Dividends received	24	4 075 000	7 000 000
Flows from Investment Activities (2)		**14 981 660**	**1 860 205**
Cash flows from financing activities			
Receipts from:			
Loans obtained	16		
Capital and other equity instruments increases			
Losses coverage			
Other financing activities			
Payments for:			
Loans obtained	16	11 920 722	
Interest and similar costs	24	1 572 450	1 559 971
Dividends paid	29	2 700 000	2 160 010
Capital and other equity instruments reductions		548	621
Other financing activities			
Flows from financing activities (3)		**-16 193 720**	**-3 720 602**
Change in cash & cash equivalents (1)+(2)+(3)		**42**	**-1 328 154**
Cash & cash equivalents at the start of the period		**168 507**	**1 496 660**
Cash & cash equivalents at end of the period	3.5 and 4	**168 549**	**168 507**

Financial statements report

1 Introduction

Ibersol – SGPS, SA (“Company” or “Ibersol”) has its head Office at Edifício Península – Praça do Bom Sucesso, 105/159 – 9º - 4150-146 Porto, Portugal. Ibersol was set up on 30 December 1985 with management of shareholdings main activity.

Ibersol is owned by 54,91% by ATPS - SGPS, S.A., with its head office at Edifício Península – Praça do Bom Sucesso, 105/159 – 9º - 4150-146 Porto.

These financial statements were approved by the Board of Directors on 12h April 2019. The Board of directors believes that these financial statements reflect the true and proper Ibersol operations, as well as its position and financial performance and cash flows.

2 Financial statements accounting standards

2.1. Basis of preparation

These financial statements have been prepared according to the International Financial Reporting Standards (IFRS), as applied in the European Union and in force on 01 January 2016. They have been prepared in accordance with the historical cost standard.

The preparation of financial statements in accordance with IFRS requires the use of estimates, assumptions and critical judgments in the process of determining the accounting policies to be adopted by Ibersol SGPS, with a significant impact on the value of assets and liabilities, as well as income and expenses in the period

Although these estimates are based on best experience of the Board of Directors and their best expectations in relation to current and future events and actions, present and future profit may differ from these estimates. In Note 3 of these financial statements we have the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant.

The financial statements are expressed in Euros (rounded to the unit).

2.2. Derogation from SNC standards

In these financial statements, there hasn’t been any exception involving directly the derogation of any SNC standard.

2.3. Comparability of Financial statements

The elements contained in these financial statements are all comparable with the previous year.

2.4. IFRS Standards already issued or revised and for future application

1. The Group decided not to apply the following standards and / or interpretations adopted by the European Union in advance:

a) IFRS 16 - Leases
The IASB issued, on January 13, 2016, IFRS 16 - leases, which are mandatory for periods beginning on or after 1 January 2019. The standard has been endorsed in the European Union by Regulation of the European Commission no. 1986/2017, of 31 October. Its early adoption is permitted provided that it also adopts IFRS 15. This standard repeals IAS 17 - Leases.

IFRS 16 removes the classification of leases as operational or financial (for the lessor - the leasing customer), treating all leases as financial leases.

Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from application of the requirements of the standard.

IFRS 16 defines the principles for the recognition, measurement and presentation of leases, replacing IAS 17 - Locations and their interpretive guidelines.

IFRS 16 distinguishes leases and service contracts taking into account whether an asset is identified that is controlled. Distinctions of operating leases (off-balance sheet) and finance leases (included in the balance sheet) are eliminated at the level of the lessee and are replaced by a model in which an asset identified with a right of use and a corresponding liability for all leases, except for short-term contracts (up to 12 months).

The "right of use" is initially measured at cost and subsequently at the net cost of depreciation and impairment, adjusted by the remeasurement of the lease liability. The lease liability is initially measured based on the present value of the lease liabilities to date. Subsequently, the lease liability is adjusted by the financial update of said amount, as well as the possible modifications of the lease contracts.

As of December 31, 2018, the Group had liabilities related to operating leases in the amount of Euro 357 Million (Note 33), which is not discounted for the present moment. IAS 17 does not require recognition of the right to use as an asset or future payments as liabilities.

Ibersol SGPS will adopt this standard as of January 1, 2019 and has decided to apply the modified retrospective method to the consolidated accounts and will not restate the comparative accounts in the first year of adoption. In the transition, the right of use will be measured by the same amount of liabilities with leases.

At the date of publication of these consolidated financial statements, the Group has already performed an exhaustive analysis of all existing leases and their technical framework, taking into account the provisions of IFRS 16. Thus, it is possible to estimate the magnitude of the impacts inherent to its adoption in Assets and Liabilities, which should be between 260 and 290 million euros. This interval results from the sensitivity analyzes carried out at the level of the incremental financing rates that should be considered in the scope of updating the present value of the lease payments amount, as of January 1, 2019.

b) IFRS 15 - Customer contract awards

The IASB issued, on May 28, 2014, the IFRS 15 - Revenue from contracts with customers. IFRS 15 was adopted by European Commission Regulation 1905/2016 of 22 September 2016. It is mandatory for periods beginning on or after 1 January 2018.

This standard removes IAS 11 - Construction contracts, IAS 18 - Revenue, IFRIC 13 - Customer Loyalty Programs, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 Revenue - Direct Exchange Transactions Involving Advertising Services.

IFRS 15 determines a model based on 5 steps of analysis in order to determine when the revenue should be recognized and what the amount. The model specifies that revenue must be recognized when an entity transfers goods or services to the customer, measured by the amount that the entity expects to be entitled to receive. Depending on the fulfillment of some criteria, the revenue is recognized:

i) At the precise moment, when the control of the goods or services is transferred to the client; or
ii) Over the period, insofar as it retracts the performance of the entity.

IFRS 15 applies to all revenue arising from contracts with customers (except for contracts covered by other standards), implying amendments to several IAS / IFRS / IFRIC / SIC and the repeal of IAS 11 and 18, IFRIC 13 , 15 and 18 and SIC 31.

The fundamental principle of the new standard is that an entity must recognize the revenue to represent the transfer to customers of promised goods or services in an amount that reflects the consideration that the entity expects to receive in exchange for such goods or services, establishing a five-step methodology for the recognition of revenue:

Step 1 - Identify the contract with the client;
Step 2 - Identify performance obligations;
Step 3 - Determine the price of the transaction;
Step 4 - Allocate the price of the transaction to its performance obligations;
Step 5 - Recognition of revenue (when a performance obligation is met).

Ibersol SGPS has adopted this new standard as of January 1, 2018, using the modified retrospective method, which establishes that the cumulative effect of the adoption of the standard is recognized in the results carried over to that date.

The adoption of IFRS 15 did not have an impact on the financial statements of Ibersol SGPS.

c) IFRS 9 - Financial instruments

The International Accounting Standards Board (IASB) issued, on July 24, 2014, IFRS 9 - 'Financial Instruments', with effective application date as of January 1, 2018. This standard brought fundamental changes in accounting for instruments and replaced IAS 39 - Financial instruments: recognition and measurement.

Ibersol SGPS adopted IFRS 9 on its mandatory application date, that is, on January 1, 2018, with the cumulative effect of applying the standard recognized in Shareholders' Equity on the date of the initial application, not having restated comparative information, as provided in the standard.

Impairment
IFRS 9 establishes a new "Expected Credit Losses (ECL)" impairment model, which replaces the previous "losses incurred" model under IAS 39, which is the basis for the recognition of impairment losses on financial instruments measured at amortized cost or at fair value through other comprehensive income.

Once the loss event (which is known as the "objective proof of impairment") has been verified, the accumulated impairment is directly affected by the financial instrument in question, and its accounting treatment is similar to that provided for in IAS 39, including the treatment of the respective impairment swear.
One of the main changes arising from the adoption of this standard is the recognition of impairment on the exposure to securities, bank deposits and other financial investments, which was not required under IAS 39, provided there were no objective evidence of impairment.

The adoption of this standard did not have an impact on the financial statements of Ibersol SGPS.

d) IFRIC 23 - Uncertainty about tax treatment of income taxes
An interpretation was issued on June 7, 2017 on how to deal with accounting uncertainties about the tax treatment of income taxes, especially when tax legislation requires that a payment be made to the Authorities in the context of a tax dispute and the entity intends to resort to the understanding in question which led to such payment.

The interpretation has determined that the payment can be considered as a tax asset, if it is related to income taxes, in accordance with IAS 12 applying the criterion of probability defined by the norm as to the favorable outcome in favor of the entity on the matter concerned.

In this context, the entity may use the most probable amount method or, if the resolution can dictate ranges of values, use the expected value method.

IFRIC 23 was adopted by Commission Regulation 2018/1595 of 23 October and is mandatory for annual periods beginning on or after 1 January 2019 and may be adopted in advance.

Ibersol SGPS did not identify any significant changes resulting from the adoption of this interpretation.

e) Prepayment characteristics with negative compensation (amendment to IFRS 9)

Financial assets that have negative prepayment characteristics can now be measured at amortized cost or at fair value through comprehensive income (OIC) if they meet the relevant criteria of IFRS 9. The IASB also clarified that IFRS 9 requires preparers the recalculation of the amortized cost of the modification of financial liabilities by discounting the contractual cash flows using the original effective interest rate (EIR), and any allowance for the period is recognized (in line with the procedure already required for financial assets). This amendment was adopted by Commission Regulation 2018/498 and is mandatory for annual periods beginning on or after 1 January 2019, with early adoption allowed.

Ibersol SGPS did not identify any significant changes resulting from the adoption of this interpretation.

2.5. Norms, amendments and interpretations issued (but not yet effective for the Group), for which no significant impacts are estimated

The improvements in the 2015-2017 cycle issued by the IASB on 12 December 2017 introduce changes, effective for periods beginning on or after 1 January 2019, to IFRS 3 (remeasurement of the holding previously held as joint venture when it obtains control over the business), IFRS 11 (not remeasuring the holding previously held in the joint venture when it obtains joint control over the business), IAS 12 (accounting for all tax consequences of dividend payments consistently), IAS 23 (treatment as general loans any loan originally made to develop an asset when it becomes fit for use or sale);

Other changes made by the IASB expected to come into effect on or after 1 January 2019:
• Long-term interests in Joint Ventures and Joint Ventures (Amendment to IAS 28 issued on October 12, 2017) clarifying the interaction with the application of the impairment model under IFRS 9;
• Amendments, cuts or settlements of the Plan (amendments to IAS 19, issued on February 7, 2018) where it is clarified that in accounting for changes, cuts or settlements of a defined benefit plan the company shall use updated actuarial assumptions to determine the past service costs and the net interest rate for the period. The effect of the asset ceiling is not taken into account for the calculation of the gain and loss on the settlement of the plan and is dealt with separately in the other comprehensive income (OCI);
• Changes to the definition of Business (amendment to IFRS 3, issued on October 22, 2018);
• Changes to the definition of Materiality (Amendments to IAS 1 and IAS 8, issued on October 31, 2018).

3 Main accounting policies

The main accounting policies applied in preparing these financial statements are described below. Unless stated these policies have been consistently applied to all years presented.

3.1. Financial investments in subsidiaries and associates

Subsidiaries are all entities in which Ibersol directly or indirectly has the power to control their financial and operational activities, which is usually associated with holding more than half of the voting rights. The existence and the effect of potential voting rights are considered in the evaluation of the control over a subsidiary.

Associates are entities over which the company has between 20% and 50% of the voting rights or on which the company has significant influence, but which cannot exercise its control.

Investments in subsidiaries and associates are presented at cost. Dividends attributed by subsidiaries and associates are considered in financial results.

Investments in subsidiaries and associates are subject to impairment tests whenever there are indications of impairment. An impairment loss is recognized in the income statement of the amount of the excess of the initial amount of the asset over its recoverable amount. The recoverable amount is the higher of the fair value of an asset less the costs incurred to sell and its value in use. To perform impairment tests, each investment is analyzed separately.

The entities that qualify as subsidiaries and associates are listed in note 28.

Ibersol, SGPS, S.A. prepares consolidated accounts.

Financial Statements (in euros)

3.2. Tangible fixed assets

Tangible fixed assets are shown at the acquisition cost, net of the respective amortisation and accumulated impairment losses. This includes estimated cost at the date of transition to NCRF, and acquisition costs to assets acquired after that date

The historic cost includes all expenses attributable directly to the acquisition of goods.

Subsequent costs are added to the amounts for which the good is recorded or recognised as separate assets, as appropriate, only when it is probable that the company will obtain the underlying economic benefits and the cost may be reliably measured.

Other expenses on repairs and maintenance are recognised as an expense in the period in which they are incurred.

The estimated lifetime for the most significant tangible fixed assets are as follows:

	Years
Land and buildings	Between 10 and 35 years
Equipment	Between 4 and 20 years
Other tangible assets	Between 5 and 10 years

Depreciation of assets is calculated by the equal annual amounts method, accordingly with accounting policies in force (DR nº 25/2009 14 September). Depreciation of tangible fixed assets begins when they are available for use.

The estimated lifetime of assets are reviewed each year, in which the depreciation is evaluated with the standards of use of assets. Changes to the estimated lifetime are treated as a change in accounting estimate and are applied prospectively.

Impairment tests are carried out whenever there is evidence of loss of value to estimate the recoverable amount of the asset, and when necessary to record an impairment loss. The recoverable amount is determined as the higher of net selling price and value in use of the asset, the latter being calculated based on the present value of estimated future cash flows from continuing use and disposal of the asset at the end of its useful life

Gains and losses consequent to a reduction or sale are determined by the difference between receipts from the sale and the asset's accounted value, and are recognised in the profit and loss account.

3.3. Impairment of assets

Assets with a specific lifetime are not subject to amortisation and are, instead, subject to annual impairment tests. Ibersol performs impairment test in reference to 31st December of each year and whenever there are events or alterations in the circumstances causing their accounting value not to be recoverable.

Ibersol identifies an impairment loss and determines whether the loss is permanent or not whenever the recoverable amount is less than the carrying value of assets. In cases where the loss is not considered permanent and definitive, Ibersol makes the disclosure of the reasons for this conclusion.

The recoverable amount is the highest amount between an asset's fair value minus the costs necessary for its sale and its utilisation value. Assets are grouped at the lowest level at which it may be able to separately identify cash flows (units generating cash flows), to perform impairment tests.

At each reporting date, non-financial assets with impairment, other than goodwill, are assessed on the possible reversal of impairment losses.

Amortisation and depreciation of assets are recalculated prospectively in accordance with the recoverable value when there is an impairment reversal.

3.4. Financial assets

3.4.1 Classification

The group classifies its financial assets under the following categories: financial assets at the fair value through results, loans granted and accounts receivable, investments held until maturity and financial assets available for sale. The investment is classified according to its purpose. The Board of Directors decides on the classification when the investments are initially recorded and re-assesses that classification at each report date.

a) Financial assets at the fair value through results
This category is subdivided into two parts: financial assets held for negotiation and those that are designated at the fair value through results from the start. A financial asset is classified in this category if it is acquired for the main purpose of being sold on the short term or if designated as such by the Board of Directors. Derivatives are also classified as held for negotiation, except if they are classified for hedging. Assets in this category are classified as current if they are held for negotiation or are realisable within 12 months after the consolidated statement of financial position date.

b) Loans granted and accounts
Loans granted and other credits are non-derivative financial assets with fixed or determinable payments and that are not listed on an active market. These assets originate when the group supplies cash, goods or services directly to a debtor, without intending to negotiate the time at which it will receive payment for the said cash goods or services. They are included in current assets, except when they mature in more than 12 months after the consolidated statement of financial position date, in which case they are classified as non-current assets.

c) Investments held until maturity
Investments held until maturity is non-derivative financial assets with fixed or determinable payments and fixed maturities, which the group's Board of Directors has the intention and capacity to maintain until maturity. These investments are included in non-current assets, except those falling due within 12 months as of the consolidated statement of financial position date, which are classified as current assets.

d) Financial assets available for sale
Financial assets available for sale are non-derivative assets which are designated in this category or are not classified in any of the other categories. They are included in non-current assets, except when the Board of Directors wishes to sell the investment within 12 months as of the consolidated statement of financial position date.

3.4.2 Recognition and measurement

Purchases and sales of investments are recognised on the transaction date – the date on which the group promises to purchase or sell the asset. Investments are initially recognised at the fair value, including transaction costs, when the financial assets are not shown at the fair value through results (in this case, they are also recognised at the fair value, but the transaction costs are recorded in costs in the year at the time they are incurred). Financial investments are derecognised when the rights to receive cash from them expire or have been transferred and the group has substantially transferred all the risks and benefits from its possession. Financial assets available for sale and financial assets at the fair value through results are subsequently valuated at the fair value. Loans granted and accounts receivable and investments held until maturity are valuated at the amortised cost, using the effective rate method. Gains and losses - either realised or not realised and arising from alterations to the fair value of the category of the financial assets at their fair value through results - are included in the consolidated statement of comprehensive income in the year in which they arise. Unrealised gains and losses, resulting from alterations to the fair value of non-monetary securities, classified as available for sale, are recognised in the equity. When the securities classified as available for sale are sold or are under impairment, the accumulated adjustments to the fair value are included in the consolidated statement of comprehensive income as gains or losses in securities investments.

The fair value of listed investments is based on current market prices.

If there is no active market for a financial asset (and for non-listed securities), the group determines the fair value using evaluation techniques, which include using recent transactions between independent parties, reference to other instruments that are substantially identical, an analysis of the discounted cash flow and refined options price models that reflect the specific emission circumstances.

3.4.3 Impairment

On each consolidated statement of financial position, the group checks for objective evidence showing whether any group of financial assets is subject to impairment. In the event of equity securities classified as available for sale, a significant or lasting decrease in the fair value falling below the cost value is determinant for knowing if there is impairment. If there is evidence of impairment applicable to financial assets available for sale, the accumulated loss – calculated by the difference between the acquisition cost and the current fair value, minus any impairment loss of that financial asset previously recognised in results – is removed from equity and recognised in the consolidated statement of comprehensive income. Impairment losses from capital instruments recognised in results are not reversible.

Ibersol follows the guidance of IFRS 9, which entered into force on January 1, 2018, and replaces IAS39. IFRS 9 establishes a new impairment model based on 'Expected Credit Losses' (ECL), which replaces the previous 'losses incurred' model in IAS 39.

One of the main changes arising from the adoption of this standard is the recognition of impairment on the exposure to securities, bank deposits and other financial investments, which was not required under IAS 39, if there were no objective evidence of impairment.

3.5. Cash and cash equivalents

Cash and cash equivalents include cash amounts, bank deposits, other short term investments with high liquidity and initial maturities of up to 3 months and bank overdrafts. Bank overdrafts are presented in the balance sheet, in current liabilities, in the Obtained Loans item, and are considered in the the cash flow statement as cash and cash equivalents.

3.6. Share capital

When effected ordinary shares are classified in equity. Incremental costs directly attributable to the emission of new shares or options are presented in equity as a deduction, net of taxes, of entries.

3.7. Loans obtained

Loans obtained are initially recognised at the fair value, including incurred transaction costs. Medium and long term loans are subsequently presented at cost minus any amortisation; any difference between receipts (net of transaction costs) and the amortised value is recognised in the profit and loss account during the loan period, using the effective rate method.

Loans obtained are classified in current liabilities, except when Ibersol is entitled to an unconditional right to defer the liquidation of the liability for at least 12 months after the balance sheet date.

3.8. Income tax

Income tax for the period comprises current and deferred taxes. Income taxes are recorded in the income statement, except when they relate to items recognised directly in equity. The value of current tax payable is determined based on the result before taxes, adjusted in accordance with the tax rules in force.

Deferred taxes are recognised overall, using the liability method and calculated based on the temporary differences arising from the difference between the taxable base of assets and liabilities and their values in the financial statements.

Deferred taxes are determined by the tax (and legal) rates decreed or substantially decreed on the date of the balance sheet and that can be expected to be applicable in the period of the deferred tax asset or in the liquidation of the deferred tax liability.

Deferred tax assets are recognised insofar as it will be probable that future taxable income will be available for using the respective temporary difference. Deferred tax liabilities are recognised for all temporary differences, except those related to: i) the initial recognition of goodwill; or ii) the initial recognition of an asset or liability in a transaction that is not a corporate concentration or that, on the transaction date, does not affect the accounting result or the tax result. However, in respect of taxable temporary differences related to investments in subsidiaries, these are not recognised because: i) the parent company has the ability to control the amount of the reversal of the temporary difference; and ii) it is probable that the temporary difference will not be reverse in the near future.

The estimated income tax (IRC) was calculated under the special taxation regime (RETGS), and the Group decided that the expense / income recognized in the subsidiaries will be reflected in other liabilities / current assets with the parent company (Note 14.2), and the tax savings being reflected in the accounts of the parent company.

3.9. Personnel benefits

The employee performance premiums are recorded in the year to which they relate, regardless of the year in which the payment occurs.

3.10. Provisions

Provisions for costs of restructuring activities, paid contracts and legal claims are recognised when: i) Ibersol has a legal or constructive obligation due to past events; ii) it is probable that a outflow of resources will be necessary to liquidate the obligation; e iii) the obligation amount may be reliably estimated. Whenever one of the criteria is not met or the existence of the obligation is subject to the occurrence (or not) of a certain future event, Ibersol discloses a contingent liability, unless the enforceability for payment is considered remote.

Provisions are measured at the present value of estimated expenditures to settle the obligation using a pre-tax rate that reflects market assessment for the period of discount and to the risk of that provision.

3.11. Costs and income

In accordance with the principle of accrual accounting expenses and income are recorded in the period to which they relate, regardless of their payment or receipt. The differences between the amounts received and paid and the corresponding revenues and expenses are recognised as assets or liabilities

3.12. Revenue

Revenue comprises the fair value of the sale of rendering of services from Ibersol's activities, net of taxes and discounts and after eliminating internal sales.

Rendering of services is recognised in the accounting period in which the services are rendered, in accordance with the percentage of completion or based on the period of the contract when the service is not associated with the implementation of specific activities, but to provide continuous service.

3.13. Derivatives financial instruments

Ibersol uses derivatives financial instruments, such as exchange forwards and interest rate swaps, only to cover the financial risk witch the Group is exposed to. Ibersol doesn't use derivatives financial instruments for speculation. For the carrying amount of derivatives financial instruments, Ibersol uses hedge accounting policies under the terms of the legislation in force. Derivatives financial instruments negotiation is carried out by Ibersol's financial department under the policies approved by the Board of directors. Derivative financial instruments are initially measured at the transaction date fair value, being subsequently measured at each reporting date fair value. Gains or losses of fair value changes are recognised as follows.

Fair value hedge

In an operation to hedge the exposure to fair value of an asset or liability ("fair value hedge") determined as effective hedges, the fair value changes are recognised in the income statement jointly with the fair value changes of the risk component of the hedged item.

Cash flow hedge

In an operation to hedge the exposure to future cash-flows of an asset or liability ("cash-flow hedge"), the effective part of the fair value changes in the hedging derivative are recognizes in equity; the ineffective part of the hedging is recognized in the income statement when it occurs.

Net investment hedge

Currently there are no foreign operational units (subsidiaries) in currencies other than the euro, therefore Ibersol is not exposed to foreign currency exchange-rate risks.

Ibersol has well identified the nature of the involved risks, guarantees through its software that each hedge instrument is followed under Ibersol's risk policy, recording thorough and formally the hedges relationships; the hedges goal and strategy; classification of the hedges relationship; description of the nature of the risk that's being cover; identification of the hedge instrument and covered item; description of initial measure and future effectiveness of the hedge; identification of the excluded, if any, part of the hedge instrument.

Ibersol will consider discontinued an hedge instrument when it is sold, expires or is realised; the hedge ceases to fulfil the hedge accounting criteria; for the cash flow hedge the expected transaction in unlikely or unexpected; the Group cancels the hedge instruments for managing reasons.

3.14. Important accounting estimates and judgments

Estimates and judgements are continuously evaluated and are based on past experience and on other factors, including expectations regarding future events that are believed to be reasonably probable within the respective circumstances.

Due to its nature accounting based on estimates rarely corresponds to the real reported results. Estimates and premises that present a significant risk of leading to a material adjustment in the accounting value of the assets and liabilities in the following year are described below:

Important accounting estimates

3.14.1 Provisions

The company determines periodically if any obligations arising from past events should be merit recognition or disclosure.

The determination if an amount of internal resources is required for the payment of obligations is very subjective and could lead to significant adjustments, either by variation of the assumptions used, either by the future recognition of provisions previously disclosed as contingent liabilities.

3.14.2 Impairment

The determination of a potential impairment loss can be triggered by the occurrence of various events, which are outside the sphere of Ibersol influence, such as: the future availability of funding, the cost of capital, as well as for any other changes, either internal or external.

It is expected from the Board of Directors a high degree of judgement as regards the identification of indicators of impairment, the estimate of future cash flows and the determination of fair value of assets entail and evaluation of different indicators of impairment, expected cash flows, discount rates applicable, useful lives and residual values.

3.14.3 Taxes

The company recognizes liabilities for additional settlements of taxes which may result from inspections made by the tax authorities. When the final result of tax inspections is different from the values initially recorded, differences will impact the income tax and deferred taxes, in the period in which such differences are identified.

3.15. Financial risk management

The group's activities are exposed to a number of financial risk factors: market risk (including interest rate risk), credit risk, liquidity risk and capital risk.

Ibersol maintains a risk management program that focuses its analysis on financial markets to minimise the potential adverse effects of those risks on the Ibersol's financial performance.

Risk management is headed by the Financial Department based on policies approved by the Board of Directors. The treasury identifies, evaluates and employs financial risk hedging measures in close cooperation with the group's operating units. The Board provides principles for managing the risk as a whole and policies that cover specific areas, such as the currency exchange risk, the interest rate risk, the credit risk and the investment of surplus liquidity.

3.15.1 Market risk

Interest rate risk

Ibersol main interest rate risk follows its liabilities, in particular long-term loans. Loans issued with variable rates expose the group to the cash flow risk associated to interest rates. Loans with fixed rates expose the group to the risk of the fair value associated to interest rates. At the current interest rates, in financing of longer maturity periods the group has a policy of totally or partially fixing the interest rates.

3.15.2 Credit risk

Ibersol's credit risk stems from its liabilities, in particular from loans to subsidiaries. The credit risk is assured by the company's financial Direction, taking into account the historic trading relationship, its financial situation, as well as other information that may be obtained through the network business of Ibersol. If necessary, the credit limits established are regularly reviewed and revised. Credit risk is reduced.

3.15.3 Liquidity risk

Liquidity risk management implies maintaining a sufficient amount of cash and bank deposits, the feasibility of consolidating the floating debt through a suitable amount of credit facilities and the capacity to liquidate market positions. Treasury needs are managed based on the annual plan that is reviewed every quarter and adjusted daily. Related with the dynamics of the underlying business operations, the group's treasury strives to maintain the floating debt flexible by maintaining credit lines available.

At 31 December 2018, current liabilities amounted to Euro 10 million, compared to Euro 9,5 million in current assets. The non-current assets include 145 million of loans to subsidiaries. If necessary, repayment could be required in the short term, thus supplying the imbalance.

3.15.4 Capital risk

The company aims to maintain an equity level suitable to the characteristics of its main business (cash sales and credit from suppliers) and to ensure continuity and expansion. The capital structure balance is monitored based on the gearing ratio (defined as: net remunerated debt / net remunerated debt + equity) in order to place the ratio above 35%.

Financial Statements (in euros)

On 31st December 2018 and 2017 the gearing ratio was as follows:

	Dec/18	Dec/17
Loans granted	-145 974 996	-152 977 496
Loans obtained	66 100 000	78 000 000
Cash and bank deposits	-168 549	-168 507
Net indebtedness	-80 043 545	-75 146 003
Equity	188 890 119	185 192 085
Total capital	108 846 574	110 046 082

4 Cash flows

On 31 December 2018 and 2017, cash and bank deposits are broken as follows:

	2018	2017
Bank deposits	168 549	168 507
Cash and bank deposits	168 549	168 507

"Cash and cash equivalents" for the preparation of the statement of cash flows for the years ended December 31, 2018 and 2017 is as follows:

	2018	2017
Bank deposits	168 549	168 507
Term deposits	-	-
Other deposits	-	-
	168 549	168 507
Cash and cash equivalents (asset)	168 549	168 507
Cash equivalents (liabilities)	-	-
Cash and cash equivalents on the cash flows statement	168 549	168 507

5 Tangible fixed assets

As the assets are fully reinstated, in the years ending on 31 December 2018 and 2017, there has been no movement in tangible fixed assets and no depreciations.

	Land and buildings	Basic equipment	Transport equipment	Office equipment	Other tang. Assets	Total
31 December 2018						
Cost	29 828	3 736	-	215 338	18 289	267 191
Accumulated depreciation	29 828	3 736	-	215 338	18 289	267 191
Accumulated impairment	-	-	-	-	-	-
Net amount	-	-	-	-	-	-

6 Financial investments in subsidiaries

Financial Statements (in euros)

Financial investments in subsidiaries are as follows:

	2018	2017
Financial investments (6.1)	22 133 064	22 133 064
Supplementary capital contributions (6.2)	79 944 783	81 594 783
	102 077 847	103 727 847

6.1 Financial investments

Ibersol's financial investments are stated in the balance sheet by the cost method, as follows:

	%	2018 Acquisition value	2017 Acquisition value
Subsidiaries			
Asurebi SGPS, S.A.	10%	20 181 420	20 181 420
Ibersol Restauração, S.A.	100%	847 986	847 986
Iberusa-Hotelaria e Restauração, S.A.	5%	158 119	158 119
Ibersol Madeira Restauração, S.A.	100%	242 800	242 800
Restmon Portugal, Lda	61%	499 448	499 448
Eggon - SGPS, S.A.	2%	645 000	645 000
Ibergourmet-Prod.Alimentares, S.A.	100%	57 020	57 020
Ibersol Angola, S.A.	0%	720	720
		22 632 512	22 632 512
Accumulated impairment losses		-499 448	-499 448
		22 133 064	22 133 064

In the year ending on 31 December 2018 and 2017, changes under investments in subsidiaries are presented as follows:

	Ibersol Rest., S.A.	Ibersol Madeira Rest., S.A.	Iberusa Hotelaria e Rest., S.A.	Asurebi SGPS, S.A.	Eggon - SGPS, S.A.	Restmon Portugal, Lda	Ibergourmet-Prod.Alimen., S.A.	Ibersol Angola, S.A	Total
1st January 2017	847 986	242 800	158 119	20 181 420	645 000	499 448	57 020	720	22 632 512
Acquisition/sale	-	-	-	-	-	-	-	-	-
Gains/losses	-	-	-	-	-	-	-	-	-
Fair value adjustments	-	-	-	-	-	-	-	-	-
Other movement in Equity	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-
31st December 2017	847 986	242 800	158 119	20 181 420	645 000	499 448	57 020	720	22 632 512

	Ibersol Rest., S.A.	Ibersol Madeira Rest., S.A.	Iberusa Hotelaria e Rest., S.A.	Asurebi SGPS, S.A.	Eggon - SGPS, S.A.	Restmon Portugal, Lda	Ibergourmet-Prod.Alimen., S.A.	Ibersol Angola, S.A	Total
1st January 2018	847 986	242 800	158 119	20 181 420	645 000	499 448	57 020	720	22 632 512
Acquisition/sale	-	-	-	-	-	-	-	-	-
Gains/losses	-	-	-	-	-	-	-	-	-
Fair value adjustments	-	-	-	-	-	-	-	-	-
Other movement in Equity	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-
31st December 2018	847 986	242 800	158 119	20 181 420	645 000	499 448	57 020	720	22 632 512

Assets and liabilities on 31 December 2018 and 2017, and gain and losses earned in 2018 and 2017, as recognised in the separate financial statements of subsidiaries are as follows:

Financial Statements (in euros)

	2018							
	Asurebi SGPS, S.A.	Ibersol Rest., S.A.	Ibersol Madeira Rest., S.A.	Iberusa Hotelaria e Rest., S.A.	Eggon SGPS, S.A.	Restmon Portugal, Lda	Ibergourmet-Prod.Alimen., S.A.	Ibersol Angola, S.A.
Equity	141 904 169	124 391 926	3 489 814	90 427 978	35 383 370	-2 255 629	4 113 697	6 334 078
Equity without supplementary capital contributions	141 904 169	54 391 926	3 489 814	-8 972 022	31 453 370	-2 255 629	2 213 697	5 059 962
Total income	773 743	4 966 585	1 404 211	9 384 673	7 889	-16 595	-100 496	1 759 802

	2017							
	Asurebi SGPS, S.A.	Ibersol Rest., S.A.	Ibersol Madeira Rest., S.A.	Iberusa Hotelaria e Rest., S.A.	Eggon SGPS, S.A.	Restmon Portugal, Lda	Ibergourmet-Prod.Alimen., S.A.	Ibersol Angola, S.A.
Equity	141 880 426	122 425 341	3 085 602	82 290 492	35 591 259	-2 239 034	4 299 192	8 709 380
Equity without supplementary capital contributions	141 880 426	52 425 341	3 085 602	-18 474 508	31 461 259	-2 239 034	2 314 192	6 283 476
Total income	860 259	29 813 965	1 627 184	7 975 172	-23	-18 382	-228 956	2 274 920

The impairment tests carried out on the investments of the subsidiaries Asurebi and Iberusa did not result in impairment adjustments. The assumptions used were as follows:

Growth rate		
	Portugal	2,50% (1% real + 1,5% inflation)
Discount rate		
	Portugal	5,80%
	Spain	5,30%

6.2 Supplementary capital contributions

On 31 December 2018 and 2017, balances recognised under this heading relate to subsidiaries supplementary capital contributions. Subsidiaries supplementary capital contributions are not remunerated, or have no fixed maturity.

	2018					
	Iberusa	Ibersol Restauração	Eggon	Ibergourmet	Ibersol Angola	TOTAL
Subsidiaries						
Supplementary capital contributions	8 400 000	70 000 000	440 000	1 100 000	4 783	79 944 783
Accumulated impairment losses	-	-	-	-	-	-
Total	8 400 000	70 000 000	440 000	1 100 000	4 783	79 944 783

	2017					
	Iberusa	Ibersol Restauração	Eggon	Ibergourmet	Ibersol Angola	TOTAL
Subsidiaries						
Supplementary capital contributions	9 765 000	70 000 000	640 000	1 185 000	4 783	81 594 783
Accumulated impairment losses	-	-	-	-	-	-
Total	9 765 000	70 000 000	640 000	1 185 000	4 783	81 594 783

Changes in this heading, are presented as follows:

Financial Statements (in euros)

	2018	2017
Initial amount	81 594 783	81 594 783
Additions	-	-
Decreases	1 650 000	-
Final amount	79 944 783	81 594 783

7 Other financial assets

On 31 December 2018 and 2017, the assets recognized under this heading relate to capital shares, as follows:

	% own	2018	2017
Change Partners I, SGPS, S.A.	3,08%	264 000	264 000
Sub-total		264 000	264 000
Accumulated impairment losses		-264 000	-264 000
Total		-	-

The primary business of Change Partners I, SGPS, S.A., is management of shareholdings. With prudence, Ibersol recorded an impairment loss equal to the acquisition value, because it is not possible to reliably determine their fair value.

8 Income tax recoverable and payable

On 31 December 2018 and 2017, Income tax is presented as follows:

	2018		2017	
	Debit balance	Credit balance	Debit balance	Credit balance
Income tax - IRC (1)	2 620 255	-	1 384 754	-
	2 620 255	-	1 384 754	-

(1) by applying the special taxation for corporate groups (RETGS), the shareholder Ibersol - SGPS, SA will carry out payments of its subsidiaries income tax (Note 14.2).

For the periods presented the debit balance of income tax has the following breakdown:

	2018	2017
Special payment on account	24 614	11 808
Payments on account	4 245 951	3 452 637
Withholding taxes	144	896
Income tax - company (Note 24)	-191 639	-145 299
Income tax - subsidiaries (RETGS)	-2 652 677	-2 961 158
Tax saving (RETGS)	1 193 863	1 025 870
Total	2 620 255	1 384 754

9 Other debtors

On 31 December 2018 and 2017, the detail of other current debtors is as follows:

Financial Statements (in euros)

	2018		2017	
	Current	Total	Current	Total
Other debtors:				
- Other debtors	11 947	11 947	17 242	17 242
Sub-total	11 947	11 947	17 242	17 242
Personnel	2 705	2 705	1 410	1 410
Sub-total	2 705	2 705	1 410	1 410
Accumulated impairment losses	-	-	-	-
Other debtors	14 652	14 652	18 652	18 652

10 Deferrals

On 31 December 2018 and 2017 the Ibersol has recorded under the heading of deferrals, the following balances:

	2018	2017
Insurance	793	2 877
Rents	3 353	3 353
Financial fees (1)	282 403	358 483
Deferred costs	286 549	364 713

(1) Concerning commercial paper contracted (note 16).

11 Capital

On May 14, 2018, share capital increased with free reserve incorporation in the amount of 6.000.000 euros, with the creation of 6.000.000 new shares, distributed free of charge to shareholders in proportion to a new share for each group of 5 shares already held.

On 31 December 2018, fully subscribed and paid up share capital was represented by 36.000.000 shares to the bearer with a par value of 1 euro each.

12 Own shares

With the share capital increase, Ibersol increased its own shares by 599.988. In addition it acquired 56 in 2018. In the year 2017, with the share capital increase, Ibersol increased its own shares by 599.976. In addition acquired 57 in 2017.
Shares are subject to the regime established for own shares which determines that their voting rights and assets are suspended for as long as they remain in the ownership of the group, without prejudice of being sold.

At the end of the year the company held 3.599.982 own shares acquired for 11.180.516 euros. According to the legislation in force, Ibersol shall maintain a non-available reserve by the same amount of the purchase of own shares. This reserve is included in Other reserves.

13 Reserves

On December 2018 and 2017, reserves were broken down as follows:

13.1 Legal reserves

Financial Statements (in euros)

	Legal reserves	
	2018	2017
1st January	263 001	1
Increase	492 580	263 001
Use	-	-
31st December	755 581	263 001

13.2 Other reserves

	Own shares reserves		Other reserves	
	2018	2017	2018	2017
1st January	11 179 968	11 179 347	109 290 081	116 403 253
Increase (1)	-	-	9 358 950	1 047 460
Use (2)	-	-	8 700 006	8 160 010
Transfer	548	621	-548	-621
31st December	11 180 516	11 179 968	109 948 477	109 290 081

(1) changes in the years 2018 and 2017 result from the increase in free reserves in the distribution of the result of the previous year.
(2) amount for dividends paid in the years 2018 and 2017 of, respectively, 2.700.006 eur and 2.160.010 eur. In addition, due to the capital increase of the year (Note 11), there was a decrease of 6.000.000 euros in free reserves in both years 2018 and 2017.

Ibersol available reserves and retained earnings amounts to 145.253.901 euros. Own shares reserves held by Ibersol (11.180.516 euros) are unavailable for distribution.

14 Subsidiaries loans

14.1 Non-current assets

On 31 December 2018 and 2017, balances recognised under this heading relate to loans granted to subsidiaries of Ibersol. These loans with repayment periods exceeding 1 year accrues interest at a fixed rate based on Euribor 12 m + 1,25% and changed as variation of ECB reference rate.

	2018				
	Iberusa	**Ibersol Restauração**	**Asurebi SGPS**	**Restmon**	**TOTAL**
Non-current					
Loans granted					
Subsidiaries	-	92 158 996	52 540 000	1 276 000	145 974 996
Accumulated impairment losses	-	-	-	-	-
Non-current total	-	92 158 996	52 540 000	1 276 000	145 974 996

	2017				
	Iberusa	**Ibersol Restauração**	**Asurebi SGPS**	**Restmon**	**TOTAL**
Non-current					
Loans granted					
Subsidiaries	1 842 500	92 108 996	57 750 000	1 276 000	152 977 496
Accumulated impairment losses	-	-	-	-	-
Non-current total	1 842 500	92 108 996	57 750 000	1 276 000	152 977 496

Changes in this heading, are presented as follows:

Financial Statements (in euros)

	2018	2017
Initial amount	152 977 496	166 679 496
Additions	1 550 000	50 795 000
Decreases	8 552 500	64 497 000
Final amount	145 974 996	152 977 496

14.2 Current assets and liabilities

On 31 December 2018 and 2017, balances recognised under this heading relate to interest concerning loans granted to subsidiaries of Ibersol and subsidiaries current year income tax, as follows:

	2018		2017	
	Current asset	**Current liabilities**	**Current asset**	**Current liabilities**
Income tax - RETGS	2 891 441	238 763	3 192 144	230 986
Interest loans	3 476 585	-	3 660 940	-
	6 368 026	238 763	6 853 084	230 986

By applying the special taxation for corporate groups (RETGS), the shareholder Ibersol - SGPS, SA will carry out income tax payments of its subsidiaries.

These balances are presented as follows (Note 28):

	2018		2017	
	Debit	**Credit**	**Debit**	**Credit**
Ibersol Restauração	-	86 892	-	72 049
Iberusa	1 305 629	-	1 356 186	-
Asurebi	-	127 035	-	100 329
IBR Imobiliária	153 480	-	155 928	-
Ibersol Hotelaria e Turismo	156 166	-	29 371	-
Eggon	-	2 097	-	16
Iber King	118 263	-	416 834	-
Ibersol Madeira & Açores	205 376	-	346 687	-
Sugestões & Opções	230 100	-	193 157	-
Anatir	267	-	-	283
Ibergourmet	-	-	-	-
Iberaki	162 691	-	131 682	-
Ferro & Ferro	-	-	55 134	-
Firmoven	-	1 690	6 814	-
Resboavista	-	-	119 198	-
JSCC	413 773	-	218 062	-
SEC	44 017	-	55 317	-
Ibersande	78 988	-	96 624	-
Gravos	-	21 049	-	58 308
Maestro	22 690	-	11 151	-
	2 891 441	238 763	3 192 144	230 986

Concerning interest loans, short term balances of the subsidiaries are presented as follows:

	2018	2017
Ibersol Restauração	2 119 024	1 658 950
Iberusa	9 487	47 389
Restmon	304 529	288 579
Asurebi	1 043 545	1 666 022
	3 476 585	3 660 940

Financial Statements (in euros)

15 Deferred taxes

The detail of deferred tax assets is presented as follows:

	2018	2017
Hedge instrument - SWAP	37 805	42 467
Tax credits	1 006 166	1 182 596
Deferred tax assets	1 043 971	1 225 063

16 Loans and derivative financial instruments

16.1. Loams obtained

On 31 December 2018 and 2017, the detail of loans for the period (current and non-current) and by type of loan, is as follows:

	2018			2017		
	Current	Non-Current	Total	Current	Non-Current	Total
Commercial paper	13 100 000	53 000 000	66 100 000	9 500 000	68 500 000	78 000 000
	13 100 000	53 000 000	66 100 000	9 500 000	68 500 000	78 000 000

For Commercial Paper Programs we consider reimbursement on the date of filing regardless of the terms for which they are contracted. Ibersol is a subscriber of a commercial paper program with possibility of denunciation in the amount of 10.000.000 €, with 6.000.000 € issued on 31 December 2018 and of which 5.000.000 €, at that date was guaranteed that it would not be exercised. The rest have long maturities up to four years.

During 2018 there were no increases or amortization of loans.

The (undiscounted) future cash flows associated with the loans (commercial paper) at 31 December 2018 are detailed as follows:

	2019	2020	2021	2022
Commercial paper	13 100 000	20 000 000	15 000 000	18 000 000
Interest	1 101 675	817 000	497 250	180 000

In 2018, the average cost of the loans 2,1%.

16.2. Derivative financial instruments

The financial instruments relate to interest rate SWAP, as follows:

	2018			2017		
	Current	Non-Current	Total	Current	Non-Current	Total
Swap	-	168 023	168 023	-	188 745	188 745
Total	-	168 023	168 023	-	188 745	188 745

The swap contracts for interest rate risk coverage are associated with two commercial paper programs amounting to 19,2 million euros and 6,4 million euros and have underlying the interest maturities and reduction plans of these maximum amounts of issue. The last emission period will occurs in 2022, and detailed as follows:

Financial Statements (in euros)

	Ibersol SGPS	Ibersol SGPS
Initial date	19/05/2017	08/06/2017
Due date	20/10/2022	14/11/2022
Fixed interest rate	0,39%	0,395%
Variable interest rate	Euribor 6M *	Euribor 3M
Amount on 31st December 2018	19 200 000	6 400 000

(*) with floor zero

17 Other current liabilities

On 31 December 2018 and 2017, the detail of other current liabilities is as follows:

	2018		2017	
	Current	Total	Current	Total
Other creditors				
Creditors	2 857	2 857	16 446	16 446
State and other public entities				
Income tax withholding	8 966	8 966	6 716	6 716
VAT payable	165 541	165 541	135 621	135 621
Social Security	9 588	9 588	7 654	7 654
Accrued costs				
Payable remunerations	40 657	40 657	29 121	29 121
Premiums	82 183	82 183	78 352	78 352
Payable interest	149 851	149 851	141 926	141 926
Fee	342	342	384	384
Other	12 860	12 860	7 529	7 529
Total accounts payable to creditors and accrued costs	472 845	472 845	423 750	423 750

18 Provisions

Changes in provisions for the year 2018 and 2017 are as follows:

	Legal proceedings		Income tax	
	2018	2017	2018	2017
Initial amount	5 257	5 257	2 672 307	1 489 711
Additions (1)	-	-	-	1 182 596
Decreases	-	-	-	-
Final amount	5 257	5 257	2 672 307	2 672 307

(1) accrued provisions related to tax benefits arising from the IRC calculation for the years 2015 and 2014, in the confirmation phase of its implementation.

19 Sales and rendered services

The amount of sales and services recognized in the income statement, is detailed as follows:

	2018	2017
Rendered services - internal market	720 000	600 000
Rendered services - external market	-	-
Sub-total	720 000	600 000
Sales and rendered services	720 000	600 000

Financial Statements (in euros)

20 External supplies and services

External services and supplies in the years ending on 31 December 2018 and 2017 are broken down as follows:

	2018	2017
Services fees	123 126	121 543
Fees	-	330
Other	6 636	20 637
External supplies and services	129 762	142 510

21 Personnel costs

Personnel cost in the years ending on 31 December 2018 and 2017 are broken down as follows:

	2018	2017
Salaries and wages		
Board od directors	34 807	34 409
Employees	252 490	232 971
	287 297	267 380
Social costs		
Social security contributions	66 557	61 511
Other personnel costs	6 891	6 531
Sub-total	73 447	68 042
Personnel costs	360 745	335 423

The average number of employees in 2018 was 3 (2017:3)

22 Other operating income

Heading other operating income may be presented as follows:

	2018	2017
Gains from increase in fair value (swap)	25 128	-
Other operating income	5 433	438
	30 561	438

23 Other operating costs

The detail of other operating costs is presented in the following table:

	2018	2017
Taxes	30 485	31 844
Gains from fair value increase (swap)	4 407	188 745
Banking services	72 675	126 870
Others	1 927	-
	109 493	347 459

24 Financial costs and income

24.1 Net Financing cost

Financial Statements (in euros)

Net Financing cost in the years ending on 31 December 2018 and 2017 are broken down as follows:

	2018	2017
Financial costs		
Interest on bank loans	877 098	870 641
Commercial paper commissions	626 195	655 164
Others	21 526	24 210
Sub-total	1 524 820	1 550 015
Financial income		
Interest subsidiaries debt	2 229 031	2 420 741
Sub-total	2 229 031	2 420 741
Total	-704 212	-870 727

24.2 Dividends

	2018	2017
Other financial income		
Dividends	4 075 000	7 000 000
	4 075 000	7 000 000

25 Income tax

Tax amount recognised in the financial statements of the years 2018 and 2017 is as follows:

	2018	2017
Current income tax	191 639	145 299
Income tax insufficiency (1)	-647 684	-1 546 719
Tax saving - RETGS (Note 8)	-1 193 863	-1 025 870
Income deferred tax (2)	181 092	-42 468
Income tax	-1 468 815	-2 469 758

	2018	2017
Current tax for the year		
Tax base	178 863	135 612
Pours	12 776	9 687
	191 639	145 299

(1) excess resulting from the use of the income tax credits.
(2) Income tax credit (RFAI and investment tax contract) to be used in subsequent years.

Tax amount for the year reconciliation is as follows:

Financial Statements (in euros)

	2018	2017
Pre-tax profit	**4 929 773**	**7 381 773**
Tax calculated at the applicable tax rate in Portugal (22,5%)	**1 109 199**	**1 660 899**
Non-deductible costs	427	59 400
Non-deductible income (dividends)	-917 987	-1 575 000
Special tax (independent)	-	-
Income tax expenses	191 639	145 299
Current income tax	191 639	145 299
Income deferred tax	181 092	-1 225 064
Income tax	372 731	-1 079 765

To determine the amount of tax in the financial statements the tax rate is chosen as follows:

	2018	2017
Tax base rate	21,00%	21,00%
Tax pours	1,50%	1,50%
	22,50%	22,50%

In accordance with the legislation in force, tax declarations of Ibersol are subject to review and can be corrected by the tax authorities for a period of four years in general terms, so that the declarations of 2015 to 2018 are still open.

Ibersol board of directors understands that the corrections resulting from reviews or inspections by the tax authorities will not have a significant effect on the financial statements presented on 31 December 2018.

26 Other commitments issued

Bail of 28.342 euros for the rental of a commercial shop of 231m2 took by the subsidiary Ibersol Restauração, S.A..

In addition, Ibersol SGPS provided guarantees to the subsidiaries in the amount of 3.760.000 USD.

27 Remuneration assigned to social board

The compensation granted to social board is related to fees for the annual review of the company's accounts, as follows:

	2018	2017
Auditors	25 000	44 500
Fiscal board	27 500	27 141
General Assembly	2 335	2 346
Board of Directors (1)	6 000	6 000
	60 835	79 986

(1) earnings of non-Executive Director.

Remuneration and benefits assigned to directors:

The company shareholder ATPS-S.G.P.S., S.A., which signed a service-rendering contract with the subsidiary Ibersol Restauração, SA for 2018, in the amount of 900.000 euros (900.000 euros in 2017), provided services of administration and management to the group. ATPS-S.G.P.S., S.A. under contract with Ibersol Restauração, S.A. has the obligation to ensure that its administrators, António Carlos Vaz

Pinto de Sousa and Antonio Alberto Guerra Leal Teixeira, exercise their positions without incur in any additional charge.

28 Related parties

On 31 December 2018, Ibersol is controlled by ATPS, SGPS, S.A. that holds a direct participation of 54,91%.

28.1. Transactions with related parties

(a) Nature of relationship with related parties:

Shareholders:

ATPS – SGPS, S.A.

Subsidiaries of Ibersol, SGPS:

Ibersande Restauração, S.A.
Iberusa – Hotelaria e Restauração, S.A.
Ibersol Madeira e Açores Restauração, S.A.
Ibersol Restauração, S.A.
Iberking Restauração, S.A.
Iberaki Restauração, S.A.
Restmon Portugal, Lda.
Ibersol – Hotelaria e Turismo, S.A.
Vidisco, S.L.
Inverpeninsular, S.L.
Ibergourmet Produtos Alimentares, S.A.
Asurebi SGPS, S.A.
Charlotte Develops, S.L.
Firmoven Restauração, S.A.
I.B.R. - Sociedade Imobiliária, S.A.
Eggon SGPS, S.A.
Anatir SGPS, S.A.
Lurca, S.A.
Sugestões e Opções – Actividades Turísticas, S.A.
José Silva Carvalho Catering, S.A.
Iberusa Central de Compras para Restauração, ACE
Vidisco e Pasta Caffe, Union Temporal de Empresas
Maestro – Serviços de Gestão Hoteleira, S.A.
Solinca – Eventos e Catering, S.A.
Ibersol – Angola, S.A.
HCI – Imobiliária, S.A.
Lusinver Restauración, S.A.
The Eat Out Group S.L.U.
Pansfood, S.A.U.
Foodstation, S.L.U.
Dehesa de Santa Maria Franquicias, S.L.
Cortsfood, S.L.

Joint undertakings with Ibersol, SGPS:

UQ Consult, S.A.

(b) Transactions and outstanding balances with related parties:

i) Shareholders:

Financial Statements (in euros)

In the year endied on 31 December 2018 Ibersol carried out transactions with shareholders as follows:

Financial income

	2018	2017
ATPS SGPS, S.A.	575	582
	575	582

ii) Subsidiaries:

In the years ending on 31 December 2018 and 2017 Ibersol carried out transactions with subsidiaries as follows:

Sales and rendered services

	2018	2017
Sales and rendered services		
Ibersol Restauração	720 000	600 000
	720 000	600 000

Financial income

	2018	2017
Financial income		
Asurebi	1 043 545	1 435 870
Ibersol Restauração	1 159 474	920 950
Iberusa	9 487	47 389
Restmon	15 950	15 950
	2 228 456	2 420 159
Dividends received		
Ibersol Madeira e Açores	1 000 000	500 000
Asurebi	75 000	3 000 000
Ibersol Restauração	3 000 000	3 500 000
	4 075 000	7 000 000

Products and services

	2018	2017
Products and services acquisition		
Ibersol Restauração	11 529	11 187
	11 529	11 187

Debit and credit balances

In the years ending on 31 December 2018 and 2017, the balances resulting from transactions with related parties are as follows:

Financial Statements (in euros)

	2018	2017
Debit balances		
Asurebi	1 043 545	1 666 022
Ferro	-	55 134
Firmoven	-	6 814
Iber King	118 263	416 834
Iberaki	162 691	131 682
Ibergourmet	-	3 935
Ibersande	78 988	96 624
Ibersol Madeira e Açores	205 376	346 687
Ibersol Restauração	2 119 024	1 687 506
Iberusa	1 315 116	1 403 575
IBR	153 480	155 928
IHT	156 166	29 371
José Silva Carvalho	413 773	218 062
Resboavista	-	119 198
Restmon	304 529	288 579
SEC	44 017	55 317
Sugestões	230 100	193 157
Maestro	22 690	11 151
Anatir	267	-
	6 368 025	6 885 576
Loans		
Supplementary capital contributions (Note 6)	79 944 783	81 594 783
Subsidiaries (Note 14)	145 974 996	152 977 496
	225 919 779	234 572 279

	2018	2017
Credit balances		
Anatir	-	283
Asurebi	127 035	100 329
Eggon	2 097	16
Ibergourmet	21 049	62 243
Ibersol Restauração	86 892	107 632
Firmoven	1 690	-
	238 763	270 503

29 Income per share

Income per share in the years ending on 31 December 2018 and 2017 was calculated as follows:

	Dec/18	Dec/17
Profit payable to shareholders	6 398 589	9 851 530
Mean weighted number of ordinary shares issued	36 000 000	36 000 000
Mean weighted number of own shares	-3 599 981	-3 599 981
	32 400 019	32 400 019
Basic earnings per share (€ per share)	0,20	0,30
Number of own shares at the end of the year	3 599 981	3 599 981

At the General Meeting of 14th May 2018, the company decided to pay a gross dividend of 0,10 euro per share (0,10 euro in 2017), representing a total value of 2.700.006 euro for outstanding shares (2.160.010 euro in 2017), settled on June 2018.

30 Subsequent events

There are no subsequent events to 31st December 2018 that may have a material impact on the financial statements presented.

The Board of Directors,

____
António Carlos Vaz Pinto de Sousa

____
António Alberto Guerra Leal Teixeira

____
Juan Carlos Vázquez-Dodero

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STATUTORY AUDITORS' REPORT AND AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of **Ibersol, S.G.P.S., S.A.** (the Entity), which comprise the statement of financial position as at 31 December 2018 (showing a total of 258,554,846 euros and total equity of 188,890,119 euros, including a profit for the year of 6.398,589 euros), and the statement of income and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of **Ibersol, S.G.P.S., S.A.** as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by *Ordem dos Revisores Oficiais de Contas* (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the *Ordem dos Revisores Oficiais de Contas'* code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., a firma portuguesa membro da rede KPMG, composta por firmas independentes afiliadas da KPMG International Cooperative ("KPMG International"), uma entidade suiça.

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Capital Social: 3.916.000 Euros - Pessoa Colectiva Nº PT 502 161 078 - Inscrito na O.R.O.C. Nº 189 - Inscrito na C.M.V.M. Nº 20161489
Matriculada na Conservatória do registo Comercial de Lisboa sob o Nº PT 502 161 078

Recoverability of financial investments in subsidiaries

Refer to Notes 3.1 and 3.3 of Main accounting policies, in note 3.14.2 of Important accounting estimates and judgments and in note 6 of Financial statements report

The Risk

Financial investments in subsidiaries presented in financial statements as at 31 December 2018, measured at cost less impairment, amount to 102,077,847 euros.

The impairment assessment of financial investments in subsidiaries made by the Board of Directors is based on the projections of future cash flows to be generated by the subsidiaries, thus incorporating several relevant assumptions, namely those related to discount rates, short and long term growth rates and investment plans.

Therefore, considering the materiality of investments in subsidiaries and the high degree of judgment inherent in determining the recoverable amount of financial investments in subsidiaries, we consider this area as a key audit matter.

Our response to the identified risk

Our audit procedures included, amongst others:

- evaluation of the budgeting procedures in which the financial projections are based on, by reference to the comparison between the current performance and performance estimates made in prior periods, as well as the integrity and mathematical accuracy of discounted cash flows model;
- analysis of the internal and external assumptions used, such as current business trends, market performance, inflation, projected economic growth and discount rates, assessing its reasonableness and consistency between Group entities;
- performance of sensitivity tests to changes in the assumptions and projections considered;
- involvement of our valuation experts in order to assess the discounted cash flows model and the weighted average cost of capital used by the Group in its projections;
- inquiries to the Management regarding their estimates and judgments, and challenge of the assumptions used; and,
- assessment of disclosures considering the applicable accounting and reporting framework, namely Note 6 of the notes to the financial statements.

Responsibilities of Management and the Supervisory Body for the Financial Statements

Management is responsible for:

- the preparation of financial statements that give a true and fair view of the Entity's financial position, financial performance and the cash flows, in accordance with the International Financial Reporting Standards as adopted by the European Union;
- the preparation of the management report and the corporate governance report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and,
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditor s Responsibilities for the Audit of the Financial Statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements, and the verification of the requirements as provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3 al (e) of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment of the Entity, we have not identified any material misstatements.

On the Corporate Governance Report

Pursuant to article 451, nr. 4, of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Entity to provide under article 245-A of the Securities Code, and we have not identified any material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of that article.

On the additional matters provided in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were first appointed as auditors of **Ibersol, S.G.P.S., S.A.** in the shareholders general assembly held on 14 May 2018 for a first mandate from 2018 and 2020.
- Management as confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism, and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the financial statements due to fraud.
- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Entity on 9 April 2019.
- We declare that we have not provided any prohibited services as described in article 77, nr. 8 of the *Ordem dos Revisores Oficiais de Contas* Statutes, and we have remained independent of the Entity in conducting the audit.

15 April 2019

SIGNED ON THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
represented by
Adelaide Maria Viegas Clare Neves (ROC nr 862)

FISCAL BOARD REPORT

To the Shareholders of IBERSOL SGPS, S.A.:

In compliance with the applicable legislation and its mandate, the Fiscal Board issues its report on the supervisory action carried out as well as its opinion on the Management Report and remaining consolidated and individual financial statements for the year ended 31 December 2018, and issue its consequent opinion:

1. Supervision:

The Fiscal Board accompanied, within the scope of its competencies and mandate, during the 2018 financial year, the management of the company and its subsidiaries, having received for that purpose the information of the Company's Board of Directors, the Statutory Auditor and the External Auditor.

Over the course of the year the Fiscal Council held quarterly meetings with all members present, which examined and considered the matters subject to the powers of this body. In the ordinary meetings was always present the External Auditor, ***KPMG & Associados, SROC, S.A.***, who is also the Statutory Auditor of the company, who proposed to the Fiscal Board, at the beginning of the term for which it was elected and in the first meeting relating to the annual activity, and obtained agreement from the Fiscal Board regarding its fiscal activity plan, including that meant to ascertain: - i) the effectiveness of the risk management system, internal control and internal auditing; - ii) the quality of the process of preparing and disclosing financial information and respective accounting policies; as well as – iii) value-measuring criteria, the regularity of the accounting registers and books and respective support documents, and also - iv) the verification of goods and values pertaining to the company.

Along the exercise they provided the detailed information about the actions performed and the resulting conclusions.

The Fiscal Board met quarterly with the Board of Directors and this last organ was forthcoming in providing the Fiscal Board information over the society's activity and explanations needed to understand the activity and financial information drawn up by same Board of Directors in previously moment to its disclosure. The Fiscal Board did not come across any constraint during their supervision action and verified the inexistence of any irregularity by shareholders, collaborators of the Company, External Auditor or any other regulatory, supervisory or inspection bodies that were communicated to the Fiscal Board.

The Fiscal Board exercised its powers to supervise the activities and independence of the External Auditor and the Auditor, having the perception that the recommended practices were observed; and the Fiscal Board has rendered its approval to additional services to the auditory services that were hired to the External Auditor, having considered that it’s independence was safeguarded, its remuneration was contained in market conditions, and, therefore, it was in the society’s interest to benefit of the knowledge and punctuality assured in those services. The provision of additional services performed by the external auditor did not overcome the established by European regulations and national legislation in force.

The Fiscal Board observed recommendation I.5 of the Corporate Governance Code of the IPCG to characterize the relevant level of transactions with shareholders holding relevant transactions according to those criteria, nor identified the presence of conflicts of interest.

The Fiscal Board examined the individual and consolidated management report and the individual and consolidated financial statements, their respective attachments, including the 2018 Corporate Governance Report presented by the Board of Directors, having examined, as well, the Legal Certification of Accounts and its Opinion issued by the Chartered Accountant and has also considered the Audit Report submitted by ***KPMG & Associados, SROC, S.A.,*** attached to the "Additional Report of the External Auditor to the Supervisory Body", that it produced and referring to the 2018 financial year, in accordance with Article 24 of the Portuguese RJSA (Legal Regime of Audit Supervision) , approved by Law 148 / 2015, of 7 September. It covers the scope of the Audit, the partners and employees of the Statutory Auditor who participated in it, the evaluation methods used with reference to impairment tests and corporate concentrations, the consolidation perimeter with mention of entities not audited by KPMG, materiality, Independence and the additional services provided, as well as, among others, the results of the analysis of Internal Control that responds to the questions raised, the answers obtained and the recommendations made.

The Fiscal Board also examined the compliance of the Corporate Governance Report included in the Management Report in compliance to the nº 5 art. 420 of the Commercial Societies Code, focusing its analysis in the inclusion, in that Governance Report, of the required elements of the 245º-A article of the Portuguese Securities Market Code.

2. Opinion:

Considering the above, the opinion of the Fiscal Board is that are fulfilled the conditions of the approval, by the General Meeting, of:

a) The management reports, the financial consolidated and individual statements of 2018 and respective annexes, namely the Governance Report, annexed to the Management Report and Consolidated Accounts;
b) The proposal of distribution of year-end results presented by the Board of directors.

Porto, 15th April 2019

The Fiscal Board

Dr. Carlos Alberto Alves Lourenço
(President)

Doutora Maria José Martins Lourenço da Fonseca
(Vice-President)

Dr. Eduardo Moutinho Ferreira Santos
(Effective Member)