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 registration and tax identification number 501669477

2019 ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

(to approve at Shareholder´s General Meeting)

1. Economic Context

Global Situation

Having peaked in mid-2018, world growth entered a period of less expansion, with a slowing of activity in the manufacturing industry and in investment. Recent data from the Central European Bank shows that the situation reached relative stability towards the end of 2019, in an atmosphere of increased trade wars between economic blocks, of political instability in some regions and uncertainty regarding the development of Brexit.

The growth of world GDP fell from 3.6% to 2.9% in 2019, reflecting a slowing of the most advanced economies in the world, and of China, and counterbalanced by the recovery and increased growth of the most important emerging economies.

The USA's GDP grew by 2.3% in 2019 based on favourable financial conditions and increases in private consumption, sustained by a robust labour market, with inflation at around 2%.

The Euro Zone grew 1.2% in 2019 sustained by favourable lending conditions, new gains in terms of employment and salary increases, a slightly expanding budget policy and steady external demand.

In 2019 the Chinese economy maintained a trajectory of gradual slowing down, that set at 6.1%, reflecting the reduction on exports and of investments, within a framework of the progressive implementation of structural reforms that tend towards a reduction in the weight of foreign trade in the economy.

The GDP of the UK grew by 1.3% in 2019. Following contraction in the second quarter, the economy bounced back, albeit modestly, towards the end of the year. Uncertainty related to Brexit limited short-term growth and conditioned long-term perspectives, depending on the nature of post-Brexit deals to be negotiated with the European Union.

The Japanese economy grew by 1.1% in 2019, a moderate growth, as a consequence of the robustness of the labour market and internal demand, as well as the favourable monetary policy and the impact of the Tokyo Olympics.

The situation in Portugal

Recently published figures from the Portuguese Central Bank and the National Statistics Institute indicate that the Portuguese economy grew by 2% in 2019, pointing to a slowdown of economic activity and reflecting a steadily vibrant internal demand – amongst which the acceleration of the GFCF stands out – and a slower growth of exports, due to less favourable external demand.

The slowing of growth in exports and industrial activity contrasts with the growth in the services sector, that has allowed for a continuation of a favourable situation in the labour market. Employment is expected to continue to grow, but at a progressively slower rate and the unemployment rate will therefore continue to diminish, from 7% in 2018 to a projected 5.6% in 2021.

The expected evolution of internal and external demand will be offset, however, by an increase in imports higher than that of exports, leading to deficit in the goods and services balance, following the surpluses registered between 2013 and 2018.

Inflation, measured according to the variation rates of the HICP, diminished significantly in 2019, from 1.2% to 0.3%, reflecting a steep drop in the price of energy.

Following significant growth in 2018 (3.1%), private consumption slowed to 2.3% in 2019, due to more moderate growth of employment and stabilisation of salary growth.

GFCF continues to be the most dynamic component in terms of spending, with corporate investment holding a special place. The strong growth of 7.3% in 2019 is closely linked to construction, especially in the residential sector and in large scale infrastructure projects, some of which benefitted from European funding.

The situation in Spain

Recent data from the OECD and the Bank of Spain point to a 2% increase in Spanish GDP in 2019, with more moderate expansion expected for the next three years, against a backdrop in which internal demand will continue to be the main engine of growth, but at a lower pace than was registered over the past years.

Decisions regarding consumption of durable goods and corporate and residential investment, that had been postponed during the crisis, were at the root of the economic upturn, in a recovery process that progressively wore itself out, which goes a long way to explaining the slowing down of internal demand, in its different components.

The reduction in external demand in the Spanish economy also contributed to a more moderate growth, but less so than in other developed EUM economies, given the lower dependence of the services sectors in regards to the fluctuations of the manufacturing industries, that are more dependent on the international markets.

The inflation rate, measured according to HICP, remains at low levels.

Job creation remained steady over 2019, but at a more moderate pace when compared to the previous year.

Despite improvements since 2014, the public debt ratio remained high in 2019 (96.6. The long-term reduction of public debt requires additional measures of budget consolidation and keeping up higher growth rates.

The Situation in Angola

Recent figures from BPI RESEARCH indicate that the Angolan economy contracted 1.1% in 2019, postponing the recovery for a fourth consecutive year.

The economic performance was strongly conditioned by the fragility of the oil sector, in a year in which average daily output dropped by 7.7%, to an average of 1.36 million daily barrels. The average price of the oil barrel fell 10.9% in 2019 to 63 dollars, contributing to a decrease in export earnings of 17.8% and of 15.8% in tax revenue. The Strategy of the National Oil and Gas Agency (ANPG) has been to auction 50 new blocks for oil drilling until 2025, nine of which in 2020, including three in the Congo and three in the Cuanza basins.

The fall in oil production and prices and the limited availability of foreign reserves led to a considerable depreciation of the Kwanza in 2019. In 2020-2021 the Kwanza is expected to continue to lose value, but at a slower rate.

Despite a drop until the end of 2019, inflation is expected to increase in 2020 due to the impact of the devaluation of the currency, the introduction of VAT, price increases of some merchandise and the withdrawal of subsidies for oil and derivatives.

The Government has been meeting the structural and economic challenges of the country head on. The agreement reached with the IMF and the World Bank is a good example of a strategy aimed at promoting more inclusive growth and improving governance. It includes a more flexible exchange policy, tax consolidation measures (elimination of fuel subsidies, implementation of VAT, among others) as well as measures aimed at improving the health and banking sectors. Some strategic investments, such as the beginning of construction of a tram system in Luanda and the installation of an automobile assembly unit in the Luanda-Bengo Special Economic Zone (ZEE) are being negotiated and planned. However, some significant risks remain, that could condition the growth of the economy, particularly the volatility of oil prices, the deterioration of the external environment and the difficulties that pertain to a transition to a less oil-dependent economy.

Final Note

The global outlook for 2020 pointed to a shallow recovery of world economic activity.

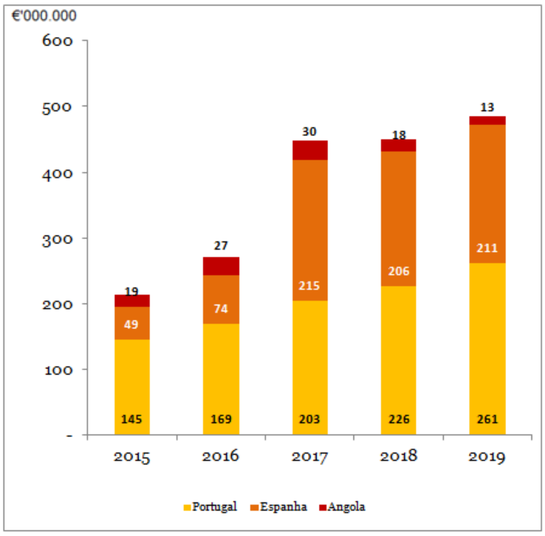
The current situation, brought on by Covid-19, is certainly cause for concern and will require special attention, since its impact is real and serious, although still unclear and unpredictable.

2. Main Operational and Financial Indicators

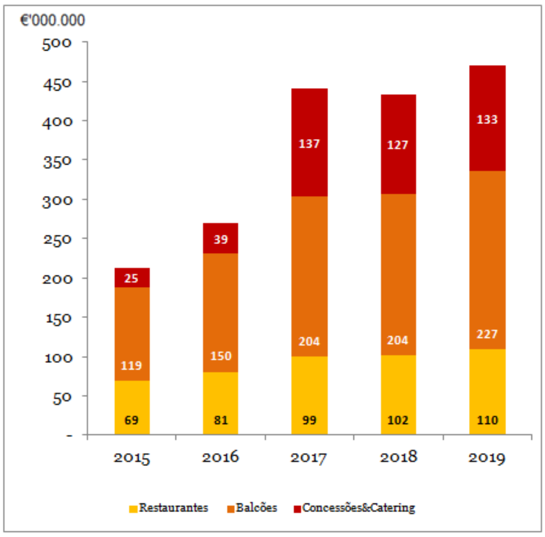
As of the adoption of new accounting rules, on 1 January 2019, regarding leases - IFRS16 -, the group has chosen to apply the modified retrospective method in its consolidated accounts, according to which historical figures are not updated.

To make the figures easier to compare, and since there have been no changes to the way Ibersol evaluates the operational performance of its business, the following analysis does not apply the IFRS16.

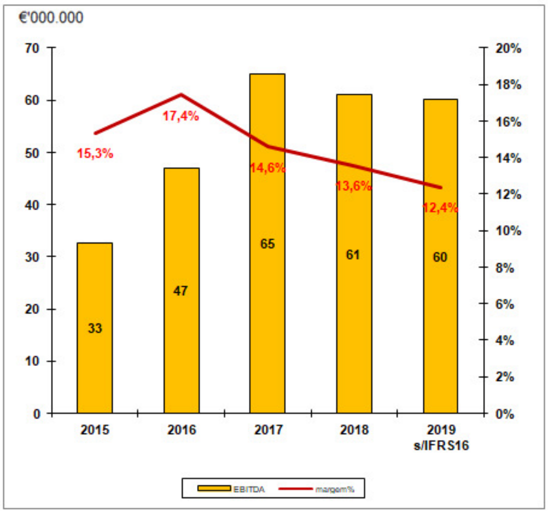
Business Volume per Country



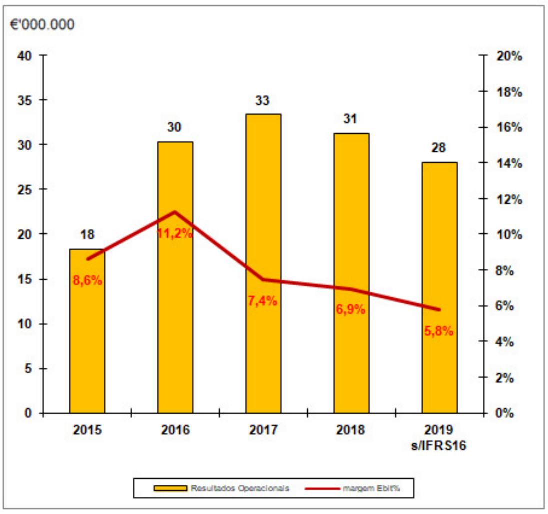
Restaurant Sales per Segment



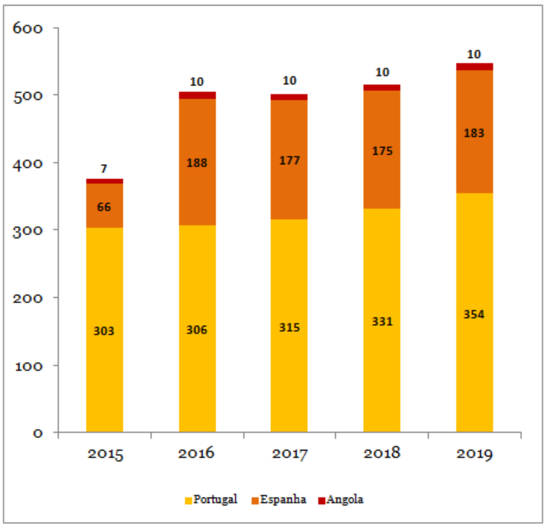
EBITDA and Ebitda Margin



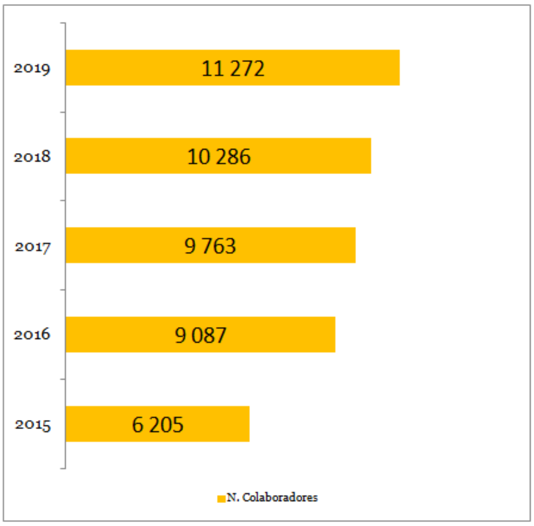
Operational Results and Ebit Margin



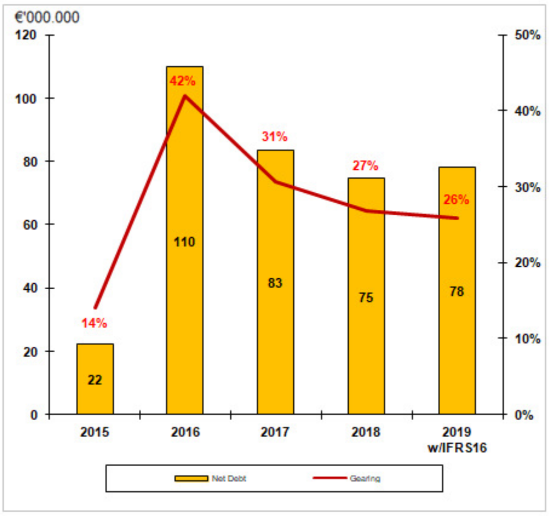
Number of Units per Country



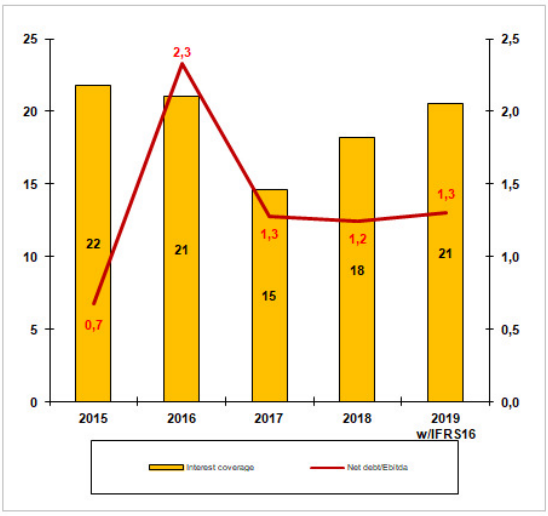
Number of Employees



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

Our day-to-day work at the Ibersol Group is made up of effort, dedication and a constant struggle to be up to the challenges and responsibility that comes from being a large player in the restaurant sector and, at the same time, a major job creator.

We are aware of how important our group is to the lives of many people and it is with that in mind that we open the doors of our restaurants to our clients, every day, from the north to the south of Portugal, Spain and Angola.

It is this enthusiasm that guarantees us the recognition of all the Stakeholders, Clients, Partners, Suppliers, Investors and Civil Society, day in and day out.

2019 was a particularly important year for us, as we completed our 30th anniversary, and we did so with the same passion and stamina with which we started this journey. We continued with the expansion plan that we have been implementing over the past two years, especially for brands such as Burger King and KFC.

Burger King, in particular, experienced notable growth, and the group has now reached 100 restaurants in Portugal. This growth rate is unprecedented for a modern restaurant brand in our country and represents an enormous challenge.

Our clients represent a very important part of our existence and we cannot lose sight of the fact that they are becoming increasingly demanding in terms of product, service, hygiene and general restaurant atmosphere. At every point of their consumption they are looking for a striking experience.

To add to this, our products and services are subject to an increasing level of scrutiny, constantly being evaluated and shared on social media. This is a global trend, part of the new “permanently connected” reality in which the consumer is constantly sharing his or her experiences, either through comments or images. This content sharing increasingly leads to smart shopping behaviours, in which influencers determine the consumption patterns of other consumers.

Against this backdrop we have continued along a path of operational excellence – using the tools at our disposal and the commitment of the whole team – that has helped us to overcome challenges in an increasingly changing society, with new consumption habits and new behaviours on the part of consumers.

Of equal importance is the paradigm shift that has resulted from the appearance and consolidation of aggregators and their impact on the delivery market.

The growth in sales in 2019 is a reflection of this new reality, although a group such as ours, of course, will always attempt to achieve a balance between internal sales and those generated by these new channels.

Equally important, in 2019, was our investment in the international Taco Bell brand, that we expect to become another important part of our portfolio.

In Spain, following the acquisition of the EOG, in 2016, we set ourselves to meeting and overcoming the natural challenges that come from the integration and fusion of two companies with very different cultures.

Spain is a country with a large market, in which we believe we will continue to be a big player, despite the many challenges ahead for which we need to be prepared.

In Angola the socio-economic framework remained uncertain and therefore we our approach has been to sustain the operation, both for KFC and for PH, but withholding any further expansion until the uncertainty clears.

In terms of our global operations, a word also about the importance of our teams, our staff, who have been crucial in living up to the expectation of our Clients. This is why training is an increasingly strategic pillar of our Group. It is a Human Capital challenge, because at the same time we need to train and retain talent at all levels, as well as being able to rejuvenate our teams.

The Ibersol Group has created thousands and thousands of jobs, is respected by its international partners and is composed of a fantastic team, renowned for its dedication and performance.

We expect 2020 to be a very challenging year in all the markets in which we operate, but the current situation brought on by the Covid-19 pandemic has introduced an unprecedented degree of uncertainty. We are going to have to overcome the difficulties that result from a long lockdown and the gradual reactivation of business, and this will require a change in our management processes, since the impact is going to be significant and will have lasting consequences.

We are optimists, and we know what we are capable of, so we know that we can overcome this hurdle together, with everybody's support and dedication.

4. Main Events

Business was marked by strong growth in most of our brands in Portugal, partly driven by expansion, namely Burger King's, which has passed the barrier of 100 establishments in Portugal, as well as steep growth in delivery, through the use of aggregators that have allowed us to enlarge the territorial scope of home delivery for the group's different brands.

The Travel and Catering segments also grew significantly, due to the beginning of operations in new concessions and the positive performance of the Catering segment, which benefited from the organisation of larger scale events.

Towards the end of the year, Ibersol Group made the Taco Bell ring out in Portugal, inaugurating two restaurants of this famous brand, inspired by Mexico in a Californian setting and owned by the YUM Group. With over 7.000 restaurants all over the world, Taco Bell is a reference in terms of Mexican style food.

This new chain started off with two Taco Bells – one in the Norteshopping and another in Almada Forum – and both have been very well received by Portuguese consumers.

Following a strategy of expansion and portfolio evaluation, several Pizza Hut, Burger King and KFC restaurants were also opened, and different brands of the group's portfolio, both in Portugal and in Spain were refurbished.

Throughout 2019 the Group kept up the work that had begun two years ago, of implementing a loyalty programme for its brands, in partnership with the Continente Card, the country's largest discount card in Portugal. This is a strategic and differentiating project in the modern restaurant industry.

In Spain the Travel segment continues to be a great challenge for the Group. Over the year 19 new restaurants have been converted to their final formats. The group has opened almost all the restaurants which were adjudicated to it in the tenders of the Barcelona, Gran Canária, Málaga and Alicante airports.

Also in Spain we made progress in the convergence of corporate cultures and have focused on unifying the IT systems and analysis and organization methods, as well as quality and certification processes, and analysis and report methods.

We are a business made "by People and for People".

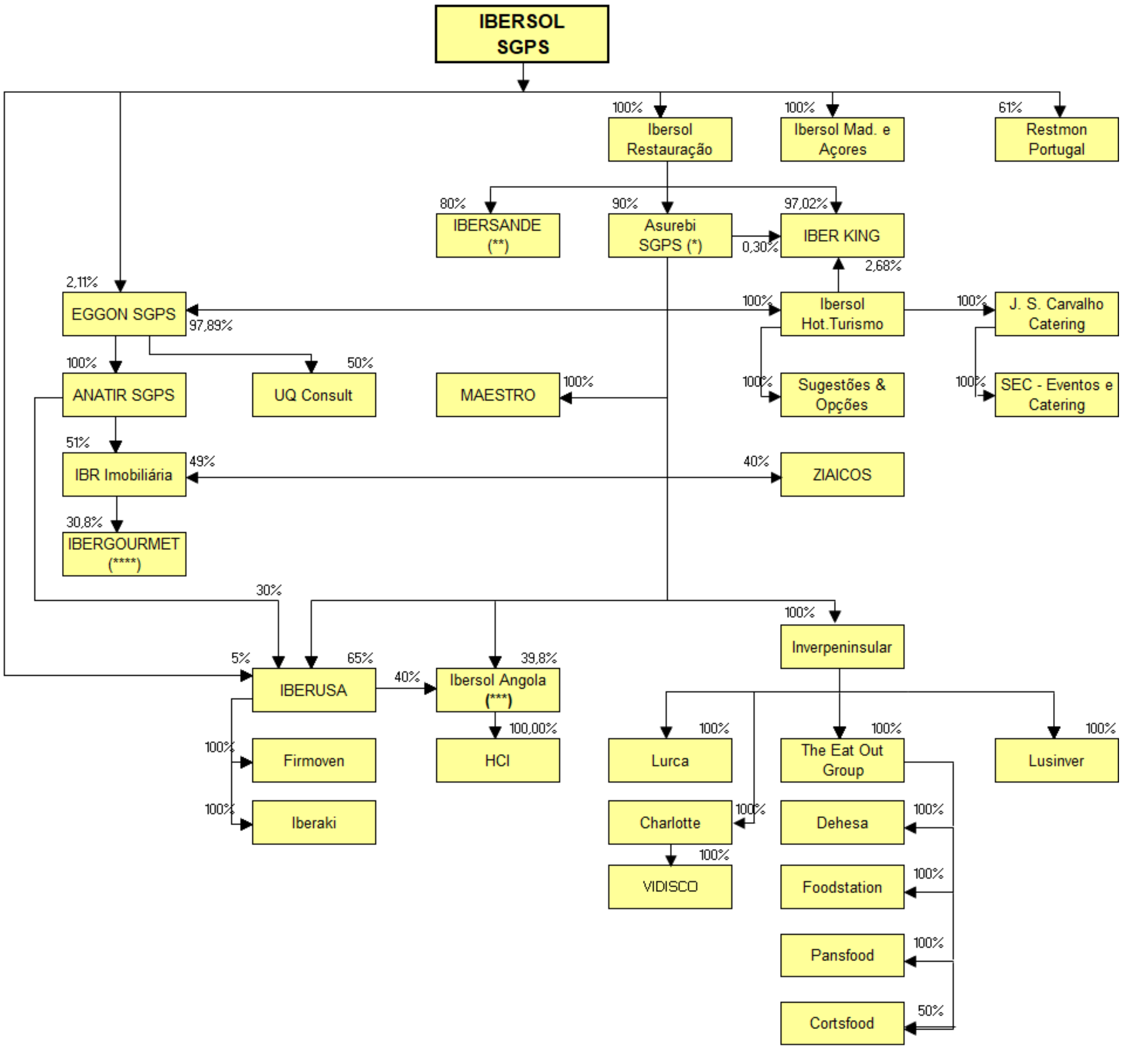
In our pursuit of constantly striving to do more and better, we highlight the launching of the Ibersol Academy – a more global, inclusive and modern Academy, capable of training staff from different regions and endowing them with the skills that the group most needs at this time in order to develop its businesses.

In conclusion, this was a year of strategic investments, including the opening of new concepts with permanent refurbishments and the consolidation of the Burger King brand as a major player in its segment, thanks to the energy of the Ibersol Group.

5. THE IBERSOL GROUP

5.1 Business Structure

Holdings at 31 December 2019



(*) Other ASUREBI shareholders: IBERSOL SGPS (10%)

(**) Other IBERSANDE shareholders: PANSFOOD (20%)

(***) Other IBERSOL ANGOLA shareholders: ANATIR SGPS (10%), EGGON SGPS (10%) and IBERSOL SGPS (0,2%)

(****) Other IBERGOURMET shareholders: 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 provide. 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.

This is why we developed the Viva Bem (Live Well) 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.

Our staff know that at the end of the day it is the customer who pays their salary and all the rest of our costs.

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

Developing and valuing our staff

The development of our staff has improved significantly and reflects our growing importance on the market. Our presence at job-fairs has been strengthened, with a new and bolder image, in line with Ibersol Culture and Values.

At a time of constant and increasingly fast digital transformation, the Ibersol Group has consolidated its presence on social media, creating and maintaining corporate pages on Instagram, Facebook and LinkedIn that allow us to strengthen our ties with a variety of stakeholders, and sharing with them where we stand and where we wish to go.

Our company is currently recognised as a “Life School” and continues to invest in the training of its staff. This investment has taken shape in the “Ibersol Academy”, a global, inclusive and modern institution, capable of endowing our staff, regardless of where they are from, with the skills that the market most values at this time.

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 interaction with the customers. These same 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.

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 NP EN ISO 9001: Quality Management Systems and 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 the various markets in which it operates.

The centralisation of the supply chain which supports the operation in Portugal, Spain and Angola, allows for gains in efficiency and productivity both in terms of the processes themselves, and in the relationship with business partners.

One of the group’s principles is not to sacrifice quality for the sake of price, ever. 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 to carve a path of excellence, and accumulate certifications for the quality of its operations, customer service and food safety, both in Portugal, Spain 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.

In 2019 the Ibersol Group remained on this path of continuous improvement, in tune with the principles of the norms according to which it is already certified.

In particular we’d like to stress the certification of the Group’s central production unit – Ibergourmet - Produtos Alimentares, SA (UCP Modivas) – an extremely demanding GFSI norm, in terms of food safety standards: FSSC 22000 (Version 4.1) – scope: Ready to eat and ready to heat combined products and meals, sliced, fried, cooked including "sous vide", grilled, stewed, roasted, baked, packed in thermoformed plastic packages, with or without vacuum, thermo-sealed plastic bags with MAP, flexible plastic bags sealed, vacuum and MAP, at room temperature, chilled or frozen. (Category CIII)

The following certifications were also renewed:

- NP ISO's 9001:2015, 14001:2015 e NP 4397:2008/OHSAS 18001:2007(*1): HEAD OFFICE: Management of the Ibersol Group's Restaurant Operations and VOG: Restaurant Catering Services.

- NP EN ISO 22000:2005 Portugal: Head Office – Management of the Ibersol Group’s restaurant operations food chain; - 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; Burger King Colombo; Pizza Hut Colombo; Pans&Company Colombo; KFC Colombo; Burger King Norteshopping; KFC Norteshopping; Pasta-Caffé Norteshopping; Pizza Hut Norteshopping; Miit Norteshopping; Pans&Company Norteshopping; Pizza Hut Foz; Pizza Hut Matosinhos; Vog Tecmaia; Blu CoffeeShop; KFC CascaisShopping; Burger King Cascais; KFC Fórum Montijo and KFC Amadora.

- NP EN ISO 22000:2005 Angola: Ibersol Angola logistics chain and restaurant operations: KFC Avenida, KFC Belas Shopping, KFC Benfica, KFC Benguela, KFC Che Guevara, KFC Drive Thru Luanda Airport, KFC Morro Bento, KFC Nova Vida, KFC Zango, Pizza Hut Nova Vida; Logistical operations at Multiparques Rangel.

- NP EN ISO 9001:2015 and NP EN ISO 22000:2005 Eat Out/Spain: Supply Chain management for the Ibersol/Eat Out Group restaurant operations; Restaurant services at Pans Sabadell and Ribs Maquinista.

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, represented by Dr. Pedro Bouça Morais Costa or, as substitute, by Dr. Vítor Manuel da Cunha Ribeirinho

Corporate Secretary:

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

6. Financial Year Activities

6.1 Restaurants

The restaurant segment is composed of 203 restaurants which generated a turnover of around 109.7 million euros.

Pizza Hut (Portugal)

Created in 1958, Pizza Hut has been present in Portugal for 29 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 give these moments added flavour.

The brand covers the mainland and islands with 98 units in operation and has sold around 6 million pizzas to 12 million customers.

During this year we kept up our Expansion and Refurbishing plan, opening new restaurants in central Leiria, Rio Tinto, in Gondomar and Baixa da Banheira, Moita. The brand also boosted its delivery services, covering 1.75 million residences, including full coverage of the most densely populated 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 current and welcoming unit design, offering great comfort without neglecting the digital experience required by Customers. Examples include the restaurants in Espaço Guimarães, Marina de Lagos, Forum Castelo Branco, Ferrara Plaza (Paços de Ferreira), Marina de Portimão, Forum Aveiro, as well as important spots in Forum Almada, ArrabidaShopping (V.N de Gaia) and AlgarveShopping (Guia), Valongo, Coimbra (Praça da República) and Gaia Jardim.

In 2019 Pizza Hut invested more strongly in the brand's 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 continued investment in training and maintaining talent and operational excellence, both in terms of service, promoting 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 formats, such as the newly launched BFF "Bites Friends Forever", an offer inspired by one of the brand's greatest successes, Cheesy Bites, now in an individual format, the Ultimate Cheesy, the ideal Pizza for cheese lovers, as well as the relaunching of the Cheesy Bites Pepperoni and Traditional Dough, and new offers such as Country Potatoes with Bacon and Cheese.

The expansion of the Lunch Buffet and the relaunching of MY HUT represent the brand's investment in diversifying offer for weekday consumption.

Regarding home delivery, the strategy rested on launching shared menus with product abundance promotions. Should the client wish to pick up the food at the restaurant, we also have very competitive promotions, that can be shared by 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 and included presenting the Pizza Hut APP. In 2019 the digital channel accounted for almost 50% of orders.

To keep ahead of market trends, Pizza Hut was the first to partner with aggregator delivery platforms.

Pizza Hut customers can place their orders at restaurants, by phone (222 444 222), over the Pizza Hut website, the Mobile APP and also through the television restaurant (@TV) available on the three major cable network operators. Besides this, the brand is also present in the home delivery aggregating platforms.

During the year the brand also strengthened its partnership with the Continente Card, launching Menu10, an Ibersol Group loyalty programme based on the Continent Card APP, with unique and differentiating promotional advantages.

2019 was also a year of continuous investment in careers, training processes and retention. In terms of training and certification of our staff, we kept up our commitment to our teams, in a constant effort to create a Culture of Excellence. This commitment translated into the constant skill-building of the teams (as is apparent from the investment in thousands of hours of training) and encouraging career evolution through the “Crescer+”, “Developing Champions” and “Preparing Champions” programmes, as well as the @Leading A Shift (LAS) programme, aimed at Management teams and the strengthening of the ACE Programme (Assured Customer Experience – which promotes a more complete and wide-ranging operational approach).

In a constant search to improve operational efficiency through digitalisation processes, we began the implementation of “MY HACCP” a digital Checklist tool to replace the daily shift management tool that controls legal requirements in terms of food safety.

We also took important steps in terms of road safety and prevention, training 317 of our distribution and restaurant management team members, in a partnership with local police in Lisbon, Porto, Braga and Coimbra. The main goal was to raise collective awareness regarding road hazards for two-wheel vehicles, to diminish accidents and safeguard our staff.

In the field of social responsibility, Pizza Hut participated in several community outreach projects, including the Group’s “Thanks to Many” initiative, which was held in partnership with the Portuguese Federation of Food Banks.

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 ISO 22000 standard. These are examples of the care and strict requirements that the Brand places on its consumers' food safety.

Pizza Hut (Angola)

Angola's macro-economic context continues to place heavy pressure on business, due to a loss of purchasing power resulting from 17.5% inflation rates and a strong devaluation of the Kwanza, 56% in relation to the Euro and 60% in relation to the dollar (these being the references for imports), which in turn has limited the brand's organic growth. Therefore, our operation continued to focus on the only restaurant we operate in the country, Xyami Nova Vida.

In an attempt to circumvent this adversity, we continued to focus on specialised product offers, centred around excellent quality services, following the highest standards of Food Safety and Hygiene.

On the other hand, the strategy of raising prices was below the devaluation of the euro, allowed us to retain a high level of competitiveness in relation to other segments of the restaurant sector.

The brand saw its Marketing plan strengthened, based on modern communication, with its Facebook target-audience rising by 20% to 208 thousand fans. Instagram communication was also initiated, and the remaining communication with clients took place through the GES Portal, through digital tools. Outdoors were used to communicate with potential clients.

In terms of client evaluation, the brand has grown to 85%, one of the highest scores in all of Africa.

The brand's Social Responsibility activities included participation in the hunger relief "AD HOPE" initiative, together with KFC, and a repeat of the Slice of Africa initiative, that brought staff into contact with underprivileged children, to whom were distributed educational kits composed of books and school items.

The brand also took part in cultural events, in partnership with the Embassy of the United States, to commemorate Africanness in America.

Pizza Hut (Spain)

Ibersol opened the first three stores in 2017 and by the end of 2019 had five Pizza Huts operating in Spain: four in Vigo, focused on home delivery, and one in the Asturias.

We have continued to consolidate the operation, by maintaining investment in training and operational excellence, both in terms of services – forming complete, qualified, consistent and motivated teams – and of product, providing our clients with a differentiating experience.

To this end, during the year we launched the ACE (Assured Customer Experience) and GES (The Guest Experience Survey) programmes.

During 2019 the brand also invested in new types of innovative and exclusive pizza dough, such as Cheesy Bites, Ultimate Cheesy and the relaunching of Rolling Pizza, as well as new appetizers such as Country Potatoes with Cheese and Bacon.

2019 also saw us expand our delivery services, in partnership with aggregator platforms Glovo and Deliveroo, which led to deeper marker penetration.

This was also an important year in terms of road safety and prevention, with the implementation of the Yellow Helmet for the whole distributing team.

This programme was imported from the Portuguese market and is aimed at raising awareness about the dangers associated to driving two-wheel vehicles, increasing the visibility of drivers and contributing to a drop in accidents, thereby contributing to the safety of our distributors.

Pasta Caffé (Portugal)

Pasta Caffé – a chain of restaurants specialising in Italian food – ended 2019 with 6 restaurants.

We adjusted some of our restaurant menus, with more traditional Italian offers, to meet the desire expressed by some of our clients for comfort food.

Fast service is essential to many of our clients, which is why we have developed our value offer, known as the “Lunch Buffet”, with a wide range of options at very competitive prices. The buffet offer was improved, to better serve the clients who seek out the Pasta Caffé at that time of the day.

The “Seasons” 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 “Seasons” have always been well received by the consumers, and the genuine Italian tastes strengthen the Italian Character.

In 2019, all the teams' training processes were maintained and the NorteShopping 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, the Pasta Caffé participated in various community outreach projects, including the “Thanks to Many” initiative, in partnership with the Portuguese Federation of Food Banks.

During the year the brand also strengthened its partnership with the Continente Card, launching Menu10, an Ibersol Group loyalty programme based on the Continent Card APP, with unique and differentiating promotional advantages.

The brand also began home deliveries in the larger Porto region, through partnerships with aggregator platforms.

Pizza Móvil (Spain)

Pizza Móvil closed the year with 35 working restaurants.

The year was marked by the need to defend market share, through the launching of new products, the refashioning of value proposals, focused on competitiveness, and an investment in digital communication channels.

During the year the brand also launched new products, to increase its range, and created some unique compositions, both within the pizzas range, with the Pulled Pork Pizza, but also by adding some complements.

Pizza Móvil once again affirmed its communication, freshness and quality through the "Galicia Calidade" seal.

The brand also continues to invest in increasing awareness amongst the young, sponsoring women's football and lending its name to the Pizza Móvil League, sporting the brand on all kits.

RIBS (Spain)

Over this year Ribs refurbished several of its restaurants: Maquinista, Plenilunio y Splau and opened a new, self-owned restaurant in the Lagoh shopping centre, in Seville, having closed another in Sagunto.

Ribs – the True American Barbecue is one of Ibersol's most significant brands. It was created in Madrid, in 1991, but in terms of mission, values and know-how it is heir to the El Descanso restaurant, founded in 1968 as the first truly American steakhouse in Spain

The Ribs restaurants are American style family friendly spaces, meant to be authentic American steakhouses and decorated with exclusive articles purchased in markets, fairs and antique shops in the USA.

In 2019 the brand adopted the "live grill" concept, giving more visibility to, and really highlighting its way of grilling meat.

In terms of innovation, the brand continues to launch quality products, with a genuine and innovative offer. In 2019 pride of place went to the You Burger, fully created by the client, and to the mocktails and cocktails range of beverages.

The brand continues to invest in major American celebrations (4 July, Halloween, Thanksgiving Day, among others).

In 2019 Ribs extended its home delivery services to all its self-owned and franchised restaurants, using aggregator platforms and promoting them through specific campaigns.

The Ribs brand works tirelessly to improve its operational excellence and in 2019 it implemented an external quality control system in all its own locations and franchises.

In 2019 the Ribs La Maquinista restaurant saw it's NP ISO 22000 and NP ISO 9001 certifications renewed. Local restaurants use the same processes.

RIBS (Portugal)

The RIBS brand concept is the "True American Barbecue", and the it boasts one restaurant in Portugal.

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

The brand has operated in Portugal since 2018 and this year launched a tex mex line in its value proposal, that has led to more interest on the part of clients. This year also saw it begin home deliveries, through aggregator platforms.

In the field of Social Responsibility, Ribs participated in various community outreach projects, including the "Thanks to Many" initiative, in partnership with the Portuguese Federation of Food Banks.

Santamaria (Spain)

The brand reached the end of 2019 with 13 franchise restaurants and six self-owned restaurants in the Spanish Travel sector, including in the Barcelona, Menorca, Málaga, Fuerteventura and Las Palmas airports.

The Santamaria 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.

Since its creation, Santamaria 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, at 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. Because you need to be familiar with something in order to deliver it new and improved.

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 2019 with 8 restaurants in Spain, of which three are self-owned (all in Barcelona) and 5 are franchised, spread all over Spain.

FrescCo was created in 1994 when its first restaurant opened in Barcelona, and since then it has expanded to the point where there are currently 10 restaurants in Spain. With over 25 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 renowned for offering healthy, natural and balanced food with a fixed price Buffet concept, where customers compose their own meal. The Market Buffet is the new restaurant concept launched by FrescCo in 2016, designed as an evolution of the buffet, where customers can adapt their meals 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 quality-price relationship. The new establishments also have a Kitchen & Grill area, where customers can enjoy the best pizzas, grilled meat and fish, and hamburgers cooked on the spot, right before their eyes.

The three self-owned restaurants were totally remodelled and have adopted the new Market Buffet 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 2019 with 332 restaurants and a turnover of 226.8 million euros.

KFC (Portugal)

KFC has kept its focus 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 2018 with 753 employees and 30 units, including three new restaurants in the cities of Porto and Ermesinde.

Expansion, both in terms of the number of restaurants and home delivery, and the refurbishing of restaurants in Norte Shopping and Vasco da Gama contributed to keeping the brand vibrant and improving sales.

Two major projects left their mark on this year: Integrated Workforce Management (GIFT) and Win On Taste (WOT).

The FIFT project was developed to improve the management of shift schedules in the restaurants.

The Win On Taste programme was successfully launched in several countries by Yum Brands, which manages the franchise on a world level, and was developed in order to increase product quality.

In terms of staff training, the brand also launched the SoGoodToWork@KFC programme, aimed at creating and retaining talent at KFC, as well as to strengthening team leadership skills. The HeartStyles – Leading With Heart programme was also launched so as to train brand team managers to improve their workplace interpersonal relationship skills.

Regarding the brand's value offer, this year saw more activity with the launching of the Megabox and continuous presence in above the line (TV, digital and OOH) communication channels, with campaigns that contributed to a strong increase in brand notoriety. The brand's home delivery services were also improved, through aggregator platforms.

During the year the brand also strengthened its partnership with the Continente Card, launching Menu10, an Ibersol Group loyalty programme based on the Continent Card APP, with unique and differentiating promotional advantages.

With regards to Social Responsibility, KFC participated in various community outreach projects, including the "Thanks to Many" initiative, in partnership with the Portuguese Federation of Food Banks.

KFC (Angola)

KFC reached the end of 2019 with 9 restaurants in operation.

Angola's macro-economic context continues to place heavy pressure on business, due to a loss of purchasing power.

To counter these difficulties, we redesigned the brands value offer by creating new product offers and specialised menus (Double Crunch / menu of the day / Wednesday menu / streetwise menu) with very competitive prices.

This year saw the brand begin to operate home deliveries, in a partnership with a local aggregator, which contributed to an increase in sales.

We kept to our policy of launching new products, centred around customer satisfaction through excellent quality services, following the highest standards of food safety and hygiene.

The brand strengthened its digital communications plan, via Facebook and Instagram, having seen its fanbase rise to 330.000. Instagram communication kicked off with 4.800 followers and the rest of the communication continues to take place through the GES Portal, digital tools, outdoors and radio.

We continue to invest heavily in staff training, to improve the know-how of our local employees. Since last year all our restaurant managers are Angolan citizens.

We continued to participate in the AD HOPE hunger relief initiative, as part of our Social Responsibility initiative.

The brand also took part in cultural events, in partnership with the Embassy of the United States, to commemorate Africanness in America.

KFC (Spain)

In October 2019 Ibersol took another step in its internationalisation process, introducing one of its most emblematic brands to Spain, opening the country's first KFC in the Metromar Shopping Centre, in Seville,

With a new image, called K3, boasting counter service, TA and Self Order Kiosks, outside and inside terraces, KFC is revamped and more appealing than ever.

The brand also has a delivery service, using Glovo and UberEats.

Burger King (Portugal)

Burger King closed the year with 101 restaurants and launched 14 new restaurants, in Albergaria-a-Velha, Bragança, Braga, Praia da Vitória, Santa Maria da Feira, Paredes, Viana do Castelo, Vila Nova de Cerveira, Valongo, Paços de Ferreira, Oeiras, Lourinhã, Marco de Canaveses and Madeira (Santa Cruz), investing mainly in street restaurants, with a Drive Thru.

We continued with our plan to refurbish some of the more dated restaurants in several parts of the country.

Home Delivery was expanded to more restaurants: Gaia Jardim, Forum Viseu, Telheiras, Maia, Anta, Flamenga, Braga Real, Rio Tinto, Alameda Antas, Portalegre, Famalicão, Castelo Branco, Valongo, Quinta do Marquês and Santa Maria da Feira, which can now be added to the Avenida de Roma and Ferreira Borges restaurants in Lisbon, as well as those in Covilhã, Monte dos Burgos and Ponta Delgada, in the Azores.

In 2019 the brand started a home delivery service, in partnership with aggregator platforms.

We continued to invest in the democratisation of consumption, through very competitive and interesting promotions for our clients: the 2 for 5€ or 12 nuggets for 1.99€. At the same time, we innovated in the premium range, launching the Rebel Whopper, a fully vegetarian hamburger.

In 2019 we also focused more on digital communication, revamping our Burger King APP, which can now be used for ordering out. The brand has shown itself to be original and irreverent on social media, to create a stronger connection with its main target.

During the year the brand also strengthened its partnership with the Continente Card, launching Menu10, an Ibersol Group loyalty programme based on the Continent Card APP, with unique and differentiating promotional advantages.

With regards to Social Responsibility, Burger King participated in various community outreach projects, including the “Thanks to Many” initiative, in partnership with the Portuguese Federation of Food Banks.

The brand renewed certification according to ISO 22000 norms for 4 restaurants: Alameda Shopping, Norte Shopping, Colombo and Cascais.

Burger King (Spain)

The Burger King Spain restaurants operated by the Ibersol Group, reached the end of 2019 with 37 restaurants. Two of these are new and eight others were refurbished.

An important novelty in 2019 was the expansion of home delivery services to aggregator platforms.

During the year almost all the restaurants were fitted with fast ordering kiosks, which were well received by the clients.

In terms of communication, there were some very relevant nationwide campaigns centred on increasing and recovering traffic and supported by strong promotional activity.

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

Pans & Company (Portugal)

Pans & Company in Portugal reached the end of 2019 with 50 units (44 Pans & Company restaurants and six Café Pans kiosks).

During the year, and in keeping with the renovation of the restaurant's look, Pans remodelled another 12 units. At the end of 2019 a total of 39 of the brand's restaurants already sported 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 three 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.

2019 also saw Pans & Company enter the home delivery segment in partnership with aggregator platforms and the consolidation of an agreement with the Sonae Group, which introduced the brand to the Continente Card loyalty programme, as well as a number of campaigns to launch new products (Street Pans, Vertigo Flavours and Veggies & Vegans), supported by investment in above the line communications media so as to strengthen brand notoriety and its leadership position in its segment.

During the year the brand also strengthened its partnership with the Continente Card, launching Menu10, an Ibersol Group loyalty programme based on the Continent Card APP, with unique and differentiating promotional advantages.

With regards to Social Responsibility, Pans participated in various community outreach projects, including the "Thanks to Many" initiative, in partnership with the Portuguese Federation of Food Banks.

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 2019, Moroccan markets.

Pans & Company ended 2019 with 101 restaurants.

The second semester of the year was marked by the launching of a home delivery service, through aggregator platforms and an investment in refurbishment and opening of new restaurants.

In 2019 we refurbished 2 restaurants (one in Xanadú Shopping Centre, in Madrid and the second in the Parque Astur Shopping Centre, in Asturias) and opened nine new ones: Three in the retail channel (Plenilunio SC in Madrid, Lagoh SC in Seville and Denia in Alicante) and six in the Travel channel (three in Barcelona and Malaga airports and two “Café Pans alone” in the Alicante airport and AVE station in Girona).

In the sandwich range, which is the brand’s main offer, mention must go to the “Street Pans” innovation campaigns, a trio of authentic “street-food” flavours, “Bocadillho de vertigo”, with two 10cm tall recipes, and the relaunching of the “Pans Experience”, an innovative and exclusive format.

Additionally, the brand launched “Veggies&Vegans”, an exclusive selection of 100% vegetarian and vegan products, mostly made out of vegetable protein and which reflect the brand’s commitment to creating innovative offers and improving its leadership position in its segment in Spain.

Miit (Portugal)

The Miit brand reached the end of 2019 with 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 recognised 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 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.

During the year the brand also strengthened its partnership with the Continente Card, launching Menu10, an Ibersol Group loyalty programme based on the Continent Card APP, with unique and differentiating promotional advantages.

With regards to Social Responsibility, Pans participated in various community outreach projects, including the “Thanks to Many” initiative, in partnership with the Portuguese Federation of Food Banks.

The Miit Norteshopping saw its ISO 22000 quality standard certification renewed.

Taco Bell (Portugal)

Towards the end of the year Ibersol launched Taco Bell in Portugal. Taco Bell, owned by the YUM! Group, is a famous Californian chain that serves Mexican inspired food.

Taco Bell's Mexican inspired menu uses the highest quality ingredients, offering a wide variety of flavours, smells and textures. Products are always prepared to serve and use an original combination of fresh and tasty ingredients.

At Taco Bell you can try exclusive products such as Tacos, Burritos, Quesadillas or the innovative Crunchywrap.

The brand is positioned in the fast-food market and has the best quality-quantity-price ratio, aimed at a varied age-range, but especially focused on Millennials and Generation Z.

With over 7.000 restaurants all over the world, Taco Bell is a reference in terms of Mexican inspired food and this is one bell that Ibersol wanted to let the Portuguese hear ring out, inviting them to try the exclusive offers of this successful brand.

This new chain of restaurants started with two venues in Portugal, at Norteshopping and Almada Forum, which were inaugurated on 29 and 30 December, respectively.

6.3 Travel and Catering

The business volume of this group of 124 restaurants totalled 133 million euros.

TRAVEL (Portugal)

Business in the Travel channel is carried out in the service stations on motorways and in the Airports and is aimed at travelling clients. The units allocated to this segment are managed according to a 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.

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.

Despite a rise in traffic levels, this business segment continues to be strongly affected by 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 freshly prepared food offers, at accessible prices, personalised and attentive service according to specific brands, adapted to different moments of consumption.

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.

During this year we refurbished the exterior of most of our service stations, rebranding them with the Sol brand and modernized the interior of the international Burger King brand restaurants.

During the year the brand also strengthened its partnership with the Continente Card, launching Menu10, an Ibersol Group loyalty programme based on the Continent Card APP, with unique and differentiating promotional advantages.

With regards to Social Responsibility, Sol participated in various community outreach projects, including the “Thanks to Many” initiative, in partnership with the Portuguese Federation of Food Banks.

Airports (Portugal)

The Ibersol Group is one of the main reference operators in Portuguese airports, and is present in the Lisbon, Ponta Delgada, Santa Maria, Funchal and Porto Santo airports, with 25 points of sale, through six 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.

Catering (Portugal)

The catering of the Ibersol Group, represented by the Palace Catering and Silva Carvalho Catering brands, ended 2019 with a growth in sales relative to the previous year in the Porto and Lisbon markets. Our brands held more than 800 events and served about 530,000 customers.

We were selected to cater to 45 congresses in 2019, including 37 international events. Among these some stand out, such as the Alzheimer’s & Parkinson’s Diseases Congress (ADPD), which registered the largest sales volume, with about 3,000 participants over four days, followed by the European Association for Osseointegration Congress (EAO), with approximately 3,000 participants over three days and the European Academy of Allergy and Clinical Immunology Congress (EAACI), with around 1,200 participants over 5 days.

Our presence at large events, organised by important clients such as Sonae, Galp, Vodafone, the Bank of Portugal, Mercedes-Benz and Meo, not to mention Super Bock Super Rock, NOS Alive and Portugal Fashion are also worth mentioning.

During the year we consolidated efforts in team training, in areas such as client services, food safety and event safety, and developed animated training videos with a multimedia approach to all these.

The Dragão Stadium catering service and the VOG Tecmaia restaurant were certified according to NP EN ISO 22000 norms.

We consolidated our operation at the Dragão Stadium, serving around 95,000 meals in a total of 28 FC Porto games and several other events held at the club’s grounds, including the UEFA Nations League, during which over 10,000 meals were served.

At the beginning of the year we took over the operation of the VOG Tecmaia restaurant, a concession that the Group has had at the Maia Science and Technology Park for 10 years, and where we served 50,000 meals alone in 2019.

In 2019 we also signed a contract with Sporting Clube de Portugal, to concession different parts of the Alvalade XXI Stadium, the João Rocha Sports Arena and the Alcochete Academy.

The Porto University Club, which we have explored exclusively since 2016, continues to be a favourite for our clients. This multifaceted space has hosted a variety of events, from private parties to corporate, and is also home to our restaurant that is open to the public from Monday to Friday, for lunch.

In terms of values and sustainability principles, catering has an active role in supporting humanitarian causes, through the donation of food and meals. In 2019, more than 35,000 meals were donated to various national institutions, such as the Casa da Sopa, in Lisbon and the Coração da Cidade, in Porto.

TRAVEL (Spain)

This division of the group manages 64 restaurant points of sale in Spain, located in 9 airports, three trains stations and other tourist installations.

These points of sale are operated by 28 brands. Some of them are the group's own brands, such as Pans & Company, Café Pans, Ribs and Santamaria, while others were created specifically for this segment, such as Breadway, Caffé di Fiore and Fire&Bread. Finally, other brands are franchised: E.A.T., GoNatural, Coffee Republic, TapaTapa, Central Café, Wok Street and Mussol, among others.

Therefore the Group has the management skills of various restaurant formats which range from Grab&Go to Fine Dining, and including Fast Food and traditional coffee shops.

2019 saw a slowing of traffic in heavily tourist dependent airports, such as the Canaries airports, which witnessed a drop of around 3%. On the other hand, traffic at other airports was up by 5.8%.

The main concern this year was in opening and refurbishing new concessions. We opened 24 restaurants in Barcelona, Alicante and Las Palmas airports and at the Girona train station. The opening of these restaurants implies installing a provisional restaurant whilst the definitive one is set up.

During the year the Group won a new contract for the Barcelona airport, and will be exploring a South American concept franchise.

7. Consolidated Financial Analysis

As of the adoption of new accounting rules, on 1 January, 2019, regarding leases - IFRS16 -, the group has chosen to apply the modified retrospective method in its consolidated accounts, according to which historical figures are not updated.
To make the figures easier to compare, and since there have been no changes to the way Ibersol evaluates the operational performance of its business, the following analysis does not apply the IFRS16.

(Million euros)	2019 IFRS 16	2019 Excl./IFRS16	2018
Operating income			
Sales	481,8	481,8	445,6
Rendered services	3,6	3,6	4,5
Other operating income	13,3	13,3	9,9
Total operating income	**498,7**	**498,7**	**460,0**
Custos Operacionais			
Cost of sales	117,3	117,3	108,8
External supplies and services	105,0	164,4	149,9
Personnel costs	152,0	152,0	137,1
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	86,6	32,1	29,8
Other operating costs	4,8	4,8	3,1
Total operating costs	**465,8**	**470,7**	**428,8**
Operating Income	**32,9**	**28,0**	**31,3**
EBITDA	**119,5**	**60,1**	**61,0**
Net financing cost	20,7	3,2	3,0
Gains (losses) in joint controlled subsidiaries - Equity method	0,1	0,1	0,0
Gain (loss) on the net monetary position	0,0	0,0	1,2
Profit before tax	**12,3**	**24,9**	**29,1**
Income tax expense	-5,3	-2,2	4,1
Net profit	**17,6**	**27,1**	**25,1**

OPERATIONAL RESULTS

Consolidated operational income amounted to 498.7 million euros, 8.4% higher than the previous year. The EBITDA margin (without IFRS16) for the same period amounted to 60.1 million euros, a drop of 1.5%. The operational results (without IFRS16) amounted to 28.0 million euros, which represents a 10.3% drop in relation to the same period.

Sales and Other Operational Income

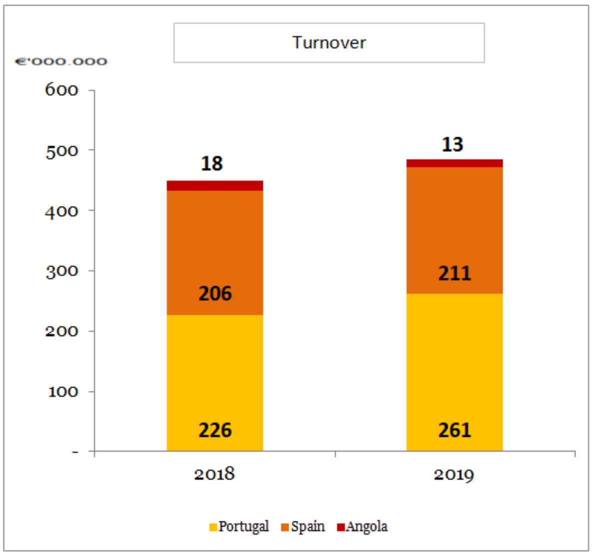
The consolidated business volume at the end of the year reached a total of 485.4 million euros, compared to the 450.11 million euros of 2018.

Turnover	2019 euro million	% Ch. 19/18
Sales of Restaurants	469,5	8,5%
Sales of Merchandise	12,3	-4,2%
Services Rendered	3,6	-19,5%
Net Sales & Services	485,4	7,8%

The positive evolution of the restaurant market in Portugal, along with the effects of the openings which took place in 2018 and 2019, contributed to a growth in business volume of 15.3% in Portugal.

Spain saw more moderate growth in consumption in the restaurant market. The year was marked by a reconstruction of business volume in this region, following a reduction in the restaurant share in Barcelona Airport.

The impact of the reduction in the number of concessioned restaurants in this important airport in May 2018, eased towards the end of 2019, with the opening of most of the final infrastructures of the new concessions, which contributed to a 2.4% growth in business volume, including in sales of goods and franchises.



Operations in 2019 are therefore marked by growth in Portugal, which allowed the group to minimise the TWO main impacts which affected its activity:

a) a 24% reduction of activity in Angola, in euros, in a year marked by continued recession, aggravated by 16.9% inflation and a steep devaluation of the Kwanza in relation to the euro, of 56%
b) operation in provisional spaces during the refurbishing of the new concessions in Spain.

Because of these effects, consolidated restaurant sales reached 469.5 million euros, which represents an annual increase of 8.5%, compared to the 432.8 million euros of 2018.

SALES IN RESTAURANTS	2019	
	euro million	% Ch. 19/18
Restaurants	109,7	7,8%
Counters	226,8	11,0%
Concessions&Catering	133,0	5,0%
Total Sales	469,5	8,5%

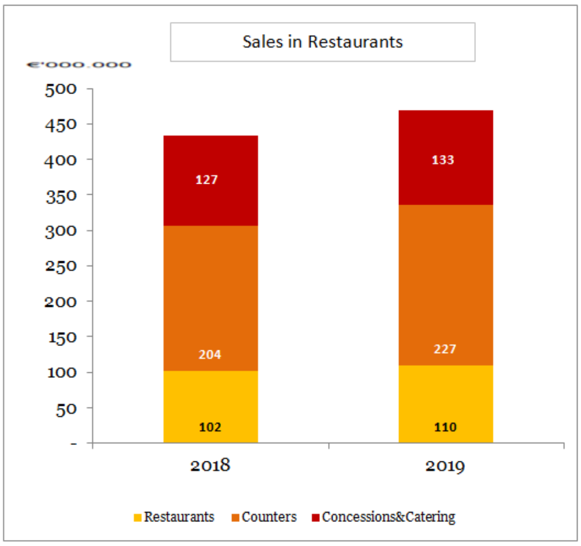
In terms of segments, restaurants showed a growth of 7.8%, which highlights the performance of the Pizza Hut brand and the expansion of Ribs in Spain.

The counters segment, even including the activity of KFC Angola (which dropped around 25%), showed a solid performance, with restaurant sales up to 226.8 million euros, an 11% increase. This growth was supported by (i) the performance of the KFC and BK brands, which remained positive, as in previous quarters, with gains in market share and growth rates influenced by a larger number of operating units (ii) expansion of the home delivery coverage, using aggregators, to a larger number of units in the third quarter.

“Concessions and Catering” businesses registered a 5% increase when compared to the same period last year, due to the positive performance of the Catering activity which benefited from larger events and starting operations in three new concessions during the third quarter.

2019 also saw the conclusion of the full renovation of 19 restaurants to their definitive formats in the new Spanish concessions, which has allowed for a reduction in the negative impacts that resulted from the change in perimeter brought on by the closing and opening of restaurants in the four concessions (Barcelona, Málaga, Las Palmas and Alicante).

Over the year traffic slowed in the Canaries airports, which led to steeper losses in the second semester in the Las Palmas and Fuerteventura concessions, countering the positive performance of the units in these locations.

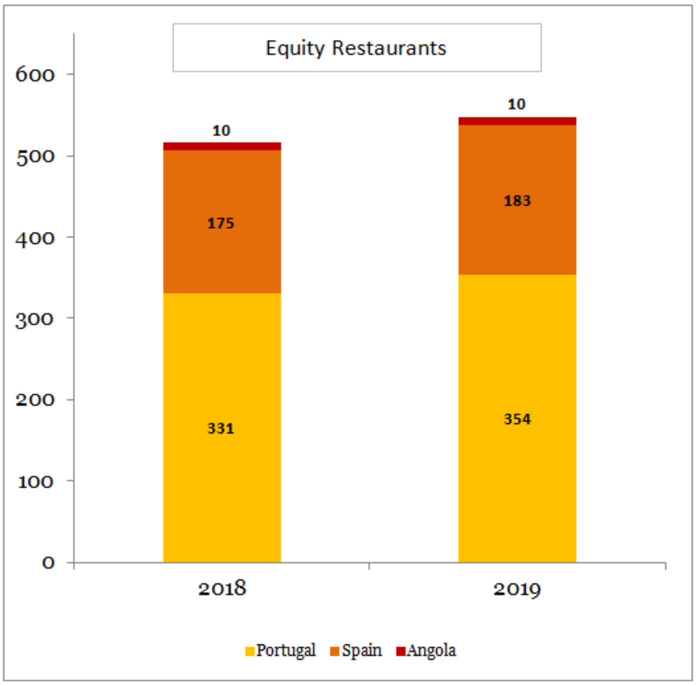


A total of 23 units were closed during 2019, 21 of which in Spain, including 14 franchises, and two in Italy. This was part of the network readjustment process.

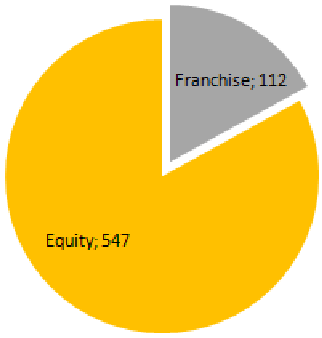
Following the expansion strategy, three more franchises were opened (Pans) as well as 38 self owned restaurants, 23 of which in Portugal (Burger King, Pizza Hut and KFC) and 15 in Spain (BK, Pans, Ribs, KFC) as well as five new restaurants in the new Alicante, Málaga and Girona concessions.

Towards the end of 2019 the group also brought Taco Bell to Portugal, converting 2 restaurants to the famous Mexican food brand.

By the end of the year we were operating 354 own units in Portugal, 183 in Spain and 10 in Angola.



By the end of the year the total number of units – self owned and franchised – was 659, distributed in the following manner:



Other operational income amounted to 13.3 million euros, compared to 9.9 million euros of 2018, due to the positive differences in currency registered in the activities in Angola.

Operational Costs (without IFRS16)

Consolidated operational costs (without IFRS16) amounted to 471 million euros, which represents an increase of 9.8% compared to the previous year, now representing 97.0% of business volume (2018: 95.3%).

Gross Margin

The gross margin was 75.8% of the business volume, in keeping with the previous year.

Salaries and personnel costs

Personnel costs rose 10.8%, above the business increase of 7.8%, representing 31.3% of the turnover (2018: 30,5%).

Three factors contributed to this item: (i) the effect of the rise in minimum wage in Portugal and the revision of collective agreements in Spain (ii) high costs in training due to the opening of new units during the last quarter (iii) operating in provisional spaces and closing periods in the new airport concessions.

Supplies and External Services (without IFRS16)

Costs with supplies and external services (without IFRS16) amounted to 164.4 million euros, which represents a growth of 9.7% compared to 2018.

The increase of the relative weight of this item (without IFRS16) to 33.9% of turnover, compared to 33.3% in 2018, is largely due to the contractual conditions of new concessions in Spain and costs with home delivery commissions.

Other Operational Costs

Other operational costs amounted to 4.8 million euros and include around 1.4 million euros in fees and taxes and a further 1.9 million in reduction of assets costs, related to the closing and relocation of shops.

Amortisations and Impairment Losses (without IFRS16)

Amortisations and impairment losses (without IFRS16) in 2019 amounted to 32.1 million euros, representing 6.6% of business volume, in keeping with 2018.

Recognised impairment losses of tangible and intangible assets amounted to 4.5 million euros.

EBITDA (without IFRS16)

The EBITDA (without IFRS16) over the period amounted to 60.1 million euros, which compares to 61.0 million of the previous year and equals a reduction of 1.5% compared to 2018. This was heavily influenced by the transition to new concessions in Spain, according to new contractual terms, and the devaluation of the Angolan currency, as mentioned previously.

The gains obtained in Portugal were offset by the reduction of contributions from Spain.

The total EBITDA margin (without IFRS16) was 12.4% of business volume, compared to 13.6% in 2018.

FINANCIAL OUTCOME

The Net Financing Cost for the year was around 3.2 million euros, around 0.2 million less than in 2018.

The net interest supported (without IFRS16) and the commissions associated to these credit lines amounted to 2.9 million euros, which is equal to an average debt cost of 2.1%. 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 (without IFRS16)

Result before Tax (without IFRS16)

The consolidated result before tax (without IFRS16) amounted to 24.9 million euros, representing a reduction of 14.5%, or 4.2 million euros, compared to 2018 (29.1 million euros).

Corporation tax (without IFRS16)

Corporation tax (without IFRS16) in 2019 amounts to -2.2 million euros. Tax benefits of 4.5 million euros for investments in Portugal (according to the CFI) were deducted, and the provisions regarding tax credits resulting from corporation tax calculations of previous years were reversed. The effective tax rate is negative because the tax credits used under the CFI are higher than the income tax.

Consolidated Outcome for the Year (without IFRS16)

The net consolidated outcome for the year (without IFRS16) amounted to 27.1 million euros, which, when compared to the 25.1 million euros for 2018 shows an increase of 8.2%.

FINANCIAL SITUATION

Balance

Consolidated assets (without IFRS16) amounted to 468 million euros on 31 December 2019, representing an increase of 24 million in relation to the 444 million from the end of 2018, the main transactions being:

(i) Investments in the fulfilment of the expansion plans, especially Burger King and KFC and completion of new concessions in their final formats (around 38 million euros)

(ii) Remodelling and varied investments in Portugal and Spain (around 15 million euros)

(iii) Decrease in the technical fixed asset regarding the year's amortisations and impairments (around -28 million euros)

(iv) Decrease of 4 million euros in Investments in Angolan Treasury Bonds

Consolidated liabilities (without IFRS16) amounted to 244,5 million euros on the 31 December 2019, which represents a slight increase of 3.5 million euros, compared to the final value of 2018.

On 31 December 2019 equity (without IFRS16) amounted to 224 million euros, an increase of 21 million euros compared to the end of 2018.

A total of 3.4 million euros in dividends was distributed to shareholders of Ibersol SGPS during the year.

CAPEX

In 2019, the CAPEX reached the amount of 58 million euros, which corresponds to investments in:
- expansion and conversion to definitive formats: opening of 56 new restaurants (38 million euros);
- refurbishing: 70 units in Portugal and Spain (15 million euros)
- current miscellaneous investments worth 5 million euros.

Operational cash flow (without IFRS16) generated during the year amounted to 57 million euros, which was almost entirely enough for the financial coverage of the CAPEX.

Consolidated Net Debt (without IFRS16)

At the end of the year, interest bearing net debt (without IFRS16) amounted to 78 million euros, around 3 million euros higher than the debt at the end of 2018 (74.8 million euros).

Current liabilities (without IFRS16) are 53 million euros higher than current assets (without IFRS16) due to the financial allowance characteristic of this business.

"Gearing (without IFRS16)" (net debt/(net debt+equity)) which stood at 27% at the end of 2018, dropped to 26%.

The "Net debt to EBITDA" (without IFRS16) at the end of 2019 was 1.3 times (1.2 times in 2018) and the EBITDA ratio of interest coverage is 21 times (compared to 18 in 2018).

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

8. Outlook

IMF forecasts point to a recession of 8% of GDP for Portugal and Spain, with a partial and slow recovery over the following years, namely in the sectors that depend on flow and circulation of people, as well as airports and shopping centres;

At the end of March Ibersol closed around 75% of its restaurants, restricting operations during the state of emergency to 127 restaurants in Portugal, limited to delivery and take away services;

Against this backdrop and given the impact since mid-March, Ibersol implemented a number of prevention/contingency measures and activated mechanisms to protect available jobs, so as to minimise the negative impacts for the group and its employees;

Later, at the end of April, we opened around 10 restaurants, half of which in Spain, to provide delivery, take away and drive thru.

At this point it is too early to predict the behaviour of consumers when restrictions are lifted, or the evolution of business volume, to quantify the magnitude of the impact of this crisis. As always, we will attempt to adjust costs to the evolution of demand to get the most out of our operation, until the GDP begins to return to its recent levels.

To strengthen the financial structure, the group took out new loans during the first quarter, to the tune of 30 million euros and is negotiating a restructuring of the debt which is due in 2020, as well as additional loans.

Five new restaurants were opened in 2020 and the remaining expansion programme will be adjusted to the evolution of the general situation.

9. Individual Net Results and Proposed Application of Results

During 2019 Ibersol SGPS, S.A. presented a consolidated net profit of 25,095,257.00 euros and a net profit of individual accounts of 11,081,720.77 euros.

Taking into account the foreseeable evolution of operations and the resulting deterioration of business, the Board has prudently chosen not to distribute dividends, and to approve the following distribution of results:

Legal reserve	554,087.00 €
Free reserves	10,527,633.77 €

10. Subsequent Events

The World Health Organization on 11 March declared a pandemic associated with the spread of Covid-19, having been declared the “Estado de Alarma” in Spain and immediately afterwards the state of emergency in Portugal. Later, at the end of the month, the same happened in Angola. The state of emergency determined measures to contain the population and the closure of most shops and restaurants.

This situation forced the restaurants to close, leaving only those that had the possibility of making a minimum volume through take-away and delivery.

Although open, the restaurants have been operating below their normal potencial.

It is possible that the conditions for the resumption of activity during the month of May and June are created.

We plan that, in an initial phase, restaurants will work at around 50% of their normal volume, with increasing recoveries until the end of the first half of next year.

To reconcile the abrupt reduction in activity and the protection of employment, the Group’s companies activated el ERTE (Expediente de Regulación Temporal de Empleo) in Spain and the simplified and normal lay-off in Portugal.

At the same time, initiatives were taken to reduce costs, renegotiate contracts, including the financial rebalancing of lease contracts and the negotiation of payment terms.

As of December 31, 2019, the Group had approximately 28 million euros of credit lines available but not used. To cover the cash flow deficits, were negotiated additional lines of 30 million euros and refinanced about 15 million euros, during the first quarter of 2020.

Additionally, it is currently in the final contacting process of around 55 million euros, which allows it to reinforce the liquidity shown in the consolidated financial statements of December 31, 2019.

Regarding the recoverability of the assets, we consider it premature to reassess at this moment the conclusions drawn in the preparation of these financial statements.

We admit that the recovery from this crisis will be relatively quick and in the medium and long term that the assumptions do not change.

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, 5 may 2020

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 2019, 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.

The Board of Directors

António Carlos Vaz Pinto de Sousa

António Alberto Guerra Leal Teixeira

Juan Carlos Vázquez-Dodero

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	31.12.2019
António Alberto Guerra Leal Teixeira					
DUNBAR- SERVIÇOS E GESTÃO SA (1)					9 996
Ibersol SGPS, SA					2 520
António Carlos Vaz Pinto Sousa					
CALUM- SERVIÇOS E GESTÃO SA (2)					9 996
Ibersol SGPS, SA					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					19 767 058

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	**1 100 154**	**3,06%**
Bestinver Gestion GGIIC		
Total attributable	**3 845 161**	**10,68%**
River and Mercantile Asset Management LLP		
Total attributable	**870 648**	**2,42%**
FMR LLC		
Fidelity Managemment & Research Company	**1 098 000**	**3,05%**
GOSHA HOLDINGS SARL		
Directly	1 034 313	
Malgorzata Ewa MCGovern	28 268	
Total attributable	**1 062 581**	**2,95%**

(*) The voting rights attributable to the ATPS are also attibutable to António Pinto Sousa and Alberto Teixeira under subparagraph b) of paragraph 1 of Article 20 and Article 21 paragraph 1, both of the CMVM Code, by virtue of the latter holding the domain of that company, in which participate indirectly in equal parts by, respectively, the companies Calum – Serviços e Gestão SA with the NIPC 513799486 and Dunbar – Serviçoes e Gestão, SA, with the NIPC 513799257, which together hold the majority of the capital ATPS.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

REPORT

2019

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 2019 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 (which would correspond to a percentage of about 10% of vote) – having not acquired or sold any own shares during the year of 2019.

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 2019, 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:

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		
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River and Mercantile Asset Management LLP		
Total attributable	**870 648**	**2,42%**
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GOSHA HOLDINGS SARL		
Directly	1 034 313	
Malgorzata Ewa MCGovern	28 268	
Total attributable	**1 062 581**	**2,95%**

(*) 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 31/12/2019, 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 31/12/2019 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 2019, 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 2019 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 2019, 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 2019. 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 2019 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.

MBR, IMOBILIÁRIA, SA.

ONE TWO TASTE, SA.

POLIATLÂNTICA SGPS, SA.

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.

MATEIXA – Sociedade Imobiliária, S.A.

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.

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.

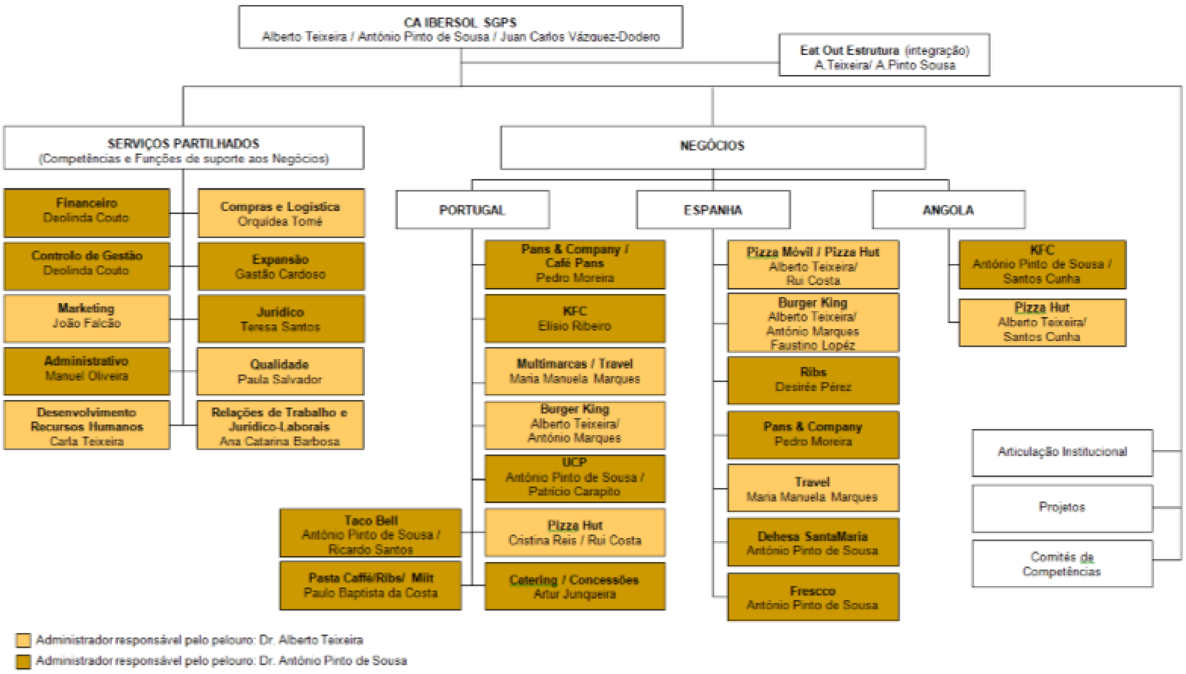
The powers delegated to the Executive Committee are as follows:

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 2019 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 70%.

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 25 meetings were held during 2019.

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:

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.

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. The President was present at 7 of the 8 formal meetings and the rate of attendance of all the other 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 3** 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. Pedro Manuel Bouça Morais Alves da Costa and Substitute, Dr. Vítor 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 2019 its representative was the Statutory audit Dr. Pedro Manuel Bouça de Morais Alves da Costa (ROC nº 1466).

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 2019 and will end his 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 2019, the services provided by the External Auditor and Statutory Auditor, other than Auditing and Accounts Revue, have always been approved by the Audit Committee, in compliance with the applicable legal rules and internal procedures established for this purpose. These services essentially consist of training and support services to safeguard the fulfilment of contractual obligations, allowed by the new legal regime of the new Statute of the Order od Statutory Auditors in force, in Portugal and abroad, which are approved by the Fiscal Council. In the rendered services provided other than auditing, auditors have instituted strict internal rules to guarantee the safeguarding of their independence, and these rules have been adopted in the provision of these services and subject to monitoring by the company, especially by the Audit Comittee. In 2019, fees for services other than audit represented 2.5% of the total services provided by

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 2019 to 240,040 euros, as follows:

RESUME

	2019	%	2018	%
Company Ibersol SGPS SA.				
Audit and review	25,000	10,41%	25,000	10,2%
Other services				
Entities that integrate the Group				
Audit and review **(*)**	209,000	87,07%	221,00	89,8%
Tax consultancy				
Other services	6,040	2,52%		
TOTAL	**240,040**	**100%**	**246,000**	**100%**

(*) In 2019 includes 25,000 euros of addicional fees related to audit (2019 exercise)

(*) In 2018 includes 25,000 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 2019 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 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 2019 were received 14 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 8 May 2019 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 2019 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 2020 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 2019, a total of 1,000,000 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 2019, each director received the amount of 500,000 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 2019 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 2019 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 2019. 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 2019 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 7/2019. 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 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.	**Adopted**	**49 and 38**

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, 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.	**Not applicable**	**18**

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	**Adopted**	**17, 18, 28, 29, 31 to 33**

activity, but sufficient to ensure, with efficiency, the duties which they have been attributed.		

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 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.	**partially adopted**	**17 and 18**

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; 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.	**Adopted**	**69 to 88**

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	**Not applicable**	**15, 27 to 29**

the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.		

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 independence of the statutory auditor; iv. the services, besides those of accounting, which may not be provided by the statutory auditor.	**Adopted**	**34, 37, 38**

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	**Adopted**	**37 , 38**

termination of their service contract by the competent body when this is justified for due cause.		

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 2019 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 NEXT GENERAL MEETING OF 2020

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 2019 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 2019 received from the investee Ibersol, Restauração, SA. a total of 1,000,000 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 1,000,000 euros paid in 2019, it is supposed that each director has received the amount of 500,000 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 2019.

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 2019 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, 5th May 2020.
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, 5th May 2020.

The Board of Directors.

Annex III

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.

Member of the Supervisory Board:

- Manuel Champalimaud, SGPS, SA

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:

Chairman of the Fiscal Board:

- Sonae, SGPS,SA
- SDSR - Sports Division SR,SA.

Member of the Supervisory Board:

- Sonae MC, SGPS, S.A.
- Sonaecom, SGPS, S.A.

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.
- Sonae Holdings , SA.
- Sonae Corporate, SA.
- Sonae FS,SA
- SFS – Financial Services, IME, SA
- SFS – Gestão de Fundos, SGOIC, 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.
- Sonae Holdings, SA
- FS – Financial Services, IME, SA
- Sonae Corporate, SA
- Sonae FS, S.A.
- Mktplace, Comércio Electrónico, SA

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, 5th May 2020.

2019 SUSTAINABILITY REPORT

TABLE OF CONTENTS

1. MESSAGE FROM THE BOARD OF DIRECTORS

1.1. A vision of corporate sustainability

A large group with big ambitions.

At the Ibersol Group, corporate sustainability is a mission that, year after year, we have been enforcing in our practices, because doing better and taking action are the precepts that guide us in achieving our ambitious ethical, social and environmental sustainability goals.

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 89/2017, of 28 July, we present the 13th edition of our Sustainability Report which describes the practices implemented during the 2019 financial year and includes all necessary information to understand the development, performance, position and impact of the Group's business in pursuit of its sustainability goals.

In recent years, the Ibersol Group has implemented a continuous improvement model for the management processes that underlie its active sustainability policies, incorporating, from the outset, the dynamics of environmental sustainability and, in its management, striving for operational rationality and to minimise its environmental impacts. However, given its size and role as a major employer, the Group is also aware of the role it plays in social responsibility as a major employer. It provides thousands of interconnected jobs that are the foundation of households and especially relationships that, besides employability, ensure training and professional and personal development. No less important is the relationship with the different stakeholders, be they suppliers, partners or investors, who have a direct impact on economic sustainability. These sustainability dynamics have resulted in the integration of environmental, social and economic aspects into the Group's decision-making process, clearly adding and creating value for its entire business ecosystem.

More recently, and given its multinational profile and that it is a major employer in several countries and on different continents, the Ibersol Group began identifying themes in the 2030 Agenda from a corporate sustainability perspective, namely the 17 Sustainable Development Goals (SDGs). The challenge is clearly to develop sustainability practices which, within the Ibersol Group's business ecosystem, make an increasingly greater contribution to a more sustainable world, seeking to identify all possible overlapping issues with the 2030 Agenda and to work on specific pillars of action that make sense for stakeholders.

To this end, the Ibersol Group constantly addresses sustainability in its environmental, social and economic programmes in the markets in which we operate – Portugal, Spain and Angola, seeking to always do better and more.

Immediately after acquiring the Eat Out Group in Spain, the Ibersol Group started having greater social responsibility for the significant increase in the number of employees. Indeed, month after month we actively contributed to job creation in Portugal and Spain, and in Angola, amidst an economic environment with constraints, we focused our efforts on maintaining existing operations, thereby preserving jobs, which is particularly important in a fragile economy.

In terms of environmental sustainability, we continue to actively reduce the Ibersol Group's ecological footprint, constantly identifying areas for improvement with a view to optimising and enhancing the value of the resources we use for our business. In this regard, we are mindful of Community guidelines and the transposition thereof into the markets in which we operate, in particular reducing plastic in all food and beverage processes, in our restaurants and in our take away and delivery services.

On the other hand, it is our effective management that has us continuously focused on the rational use of energy and water, replacing equipment so as to use renewable and/or clean energy sources and continuously reducing CO_2 emissions.

In short, today we are a large modern Portuguese food service group present in several countries and on two continents that has a direct impact on the lives of thousands of employees, a plethora of suppliers and partners, and is highly recognised in society, serving millions of meals every month. This means we have greater environmental, social and economic responsibility, which we take very seriously in all our management processes.

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: full and dynamic sustainability throughout society.

Acknowledgements

The Board of Directors would firstly like to thank all Group employees for the dedication, commitment and enthusiasm they showed in overcoming the challenges faced during this year.

We also appreciate the trust and loyalty our customers place in us, the collaboration of our franchisees, financial institutions and that of our suppliers and other partners.

We would also like to express our gratitude to all the shareholders who place their trust in Ibersol.

Thank you also to the Audit Committee, Auditors and Statutory Auditor for their close collaboration and for facilitating dialogue in the monitoring and auditing of the company's management.

Oporto, May 5th 2020

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 food service 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 food service 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

2019 was a year of growth, thanks to both domestic and foreign consumption, driven by the boost in tourism. In this context, the Ibersol Group followed the country's trend by investing in opening more restaurants in the markets in which we operate and consolidating concessions in the travel segment.

In Portugal, the Group opened an additional 14 Burger King restaurants, with more than 100 units in total, 3 Pizza Hut delivery units and 3 KFC restaurants. But the opening that was most widely received by Portuguese consumers was that of two Taco Bell restaurants, one in Almada Forum and the other in Norte Shopping, a famous north American brand offering Mexican food.

In Spain, the Ibersol Group continued the integration and merger resulting from its acquisition of the Eat Out Group, readjusting its food service units, based on contractual conditions, return and strategic interests. Of particular note are the concession tenders awarded, which will enable us to fully convert 16 new restaurants to the established concepts in the travel segment. The Group also prepared for the opening of all units awarded in winning tenders for the Barcelona, Gran Canaria, Malaga and Alicante airports.

In Angola, the suspension of expansion and the concentration of resources in sustaining and deepening the operation of KFC and Pizza Hut were maintained, while it waits for economic conditions to improve.

The assessment of the business portfolio and termination of some concessions led to the decision to close 23 units, 7 owned and 16 franchised, with no concession closures in 2019.

With the Iberian market developing positively, the selective expansion plan continued to be implemented, which saw the Group opening 41 new units, 38 owned and 3 franchised.

At the end of 2019, the Ibersol Group had a total of 659 owned and franchised stores, of which 547 are owned units and 112 are franchised units. There are 355 stores located in Portugal, 287 in

Spain, 10 in Angola and 7 in other locations.

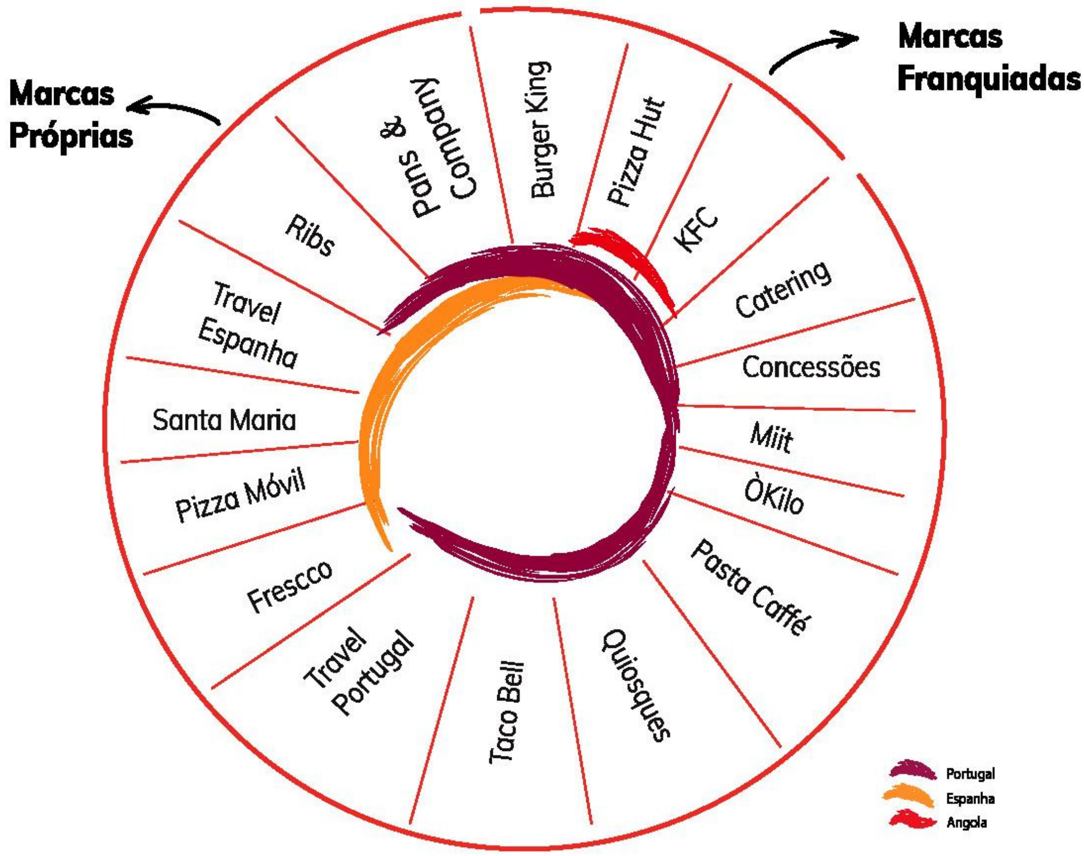


Figure: Business Portfolio as at 31-12-2019

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 unique corporate registration and taxpayer number 501669477.

It 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.

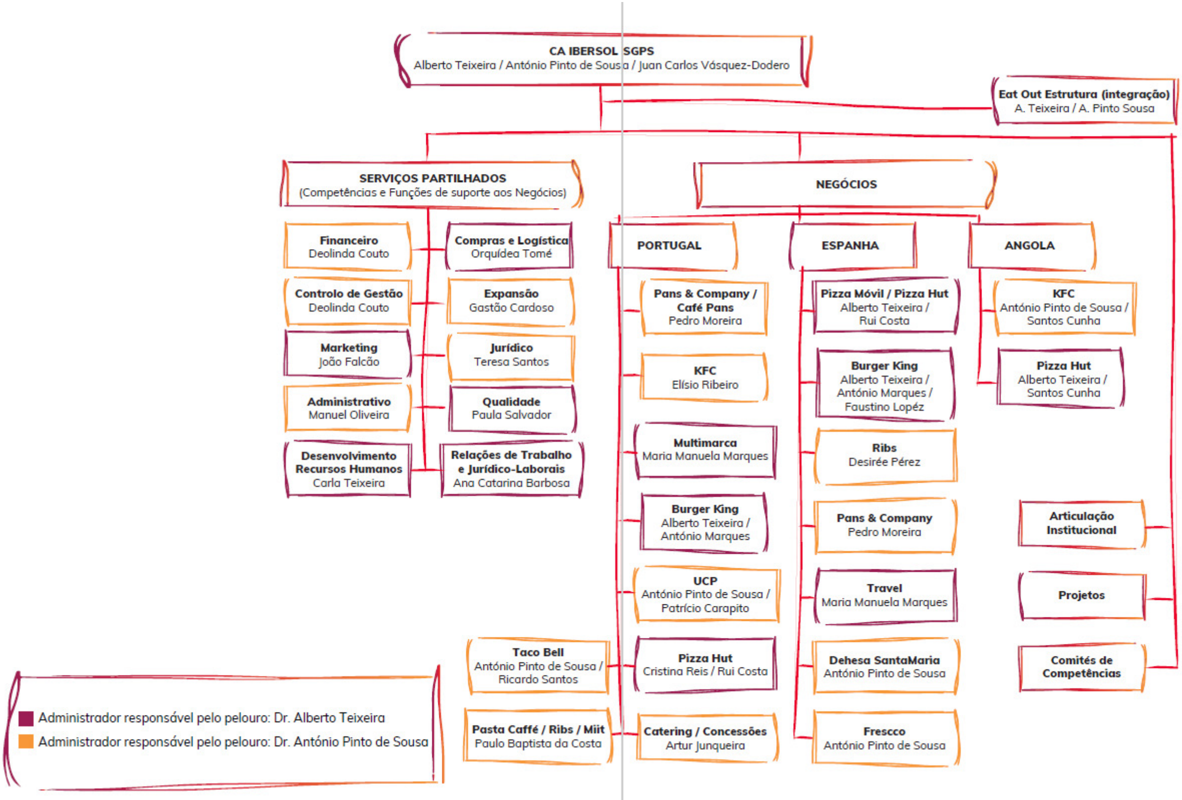
The Shareholders' General Meeting convenes annually to discuss the year's financial statements and the opinion of the management and supervisory bodies.

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.

The 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.

Organisation chart



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 organisation'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

Environmental – Environment, Suppliers, Franchisees.

Economic – Shareholders, Franchisees, Regulatory Authorities.

Social – 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 the Quality Department's responsibility 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. Also of note are 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 occupational risks 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 consultation of employees regarding Occupational Health and Safety;

- Training on safety principles and health promotion during employee induction, recertification and the change of jobs;

- Implementation of self-protection measures at the Ibersol Group units;

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

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

It is also worth mentioning the re-certification of the Occupational Health and Safety Management System as regards management of the Ibersol Group's food service operations and the food service provision at VOG – Tecmaia, in accordance with the requirements of the OHSAS 18001:2007/NP 4397:2008 standard, which ensures that compliance with international Health and Safety requirements are pursued and guaranteed.

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 Financial 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 depreciation 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 the circular economy and waste management, conservation of natural resources and reduction of our ecological footprint.

It is also worth mentioning the NP EN ISO 14001:2015 – Environmental Management Systems re-certification, which 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 business’s 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 goals 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)	2019	2018	2017*	2016	2015
Customers	482.8	447.4	442.8	269.9	213.7
Employees	133.6	134.2	115.7	61.6	49.4
Shareholders	3.4	3.1	2.2	2	1.0
Franchisees	15.4	13.8	13.8	10.8	8.7
State (Corporate Tax/Social Security/Other Taxes)	1.0/35.2/1.4	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 (IFR16 not considered)	274.7**	243.8	249.6	178	131.9
Financing Entities					
Interest	5.1	4.9	6.5	3.8	1.9
Borrowings	-4.1	-7.7	-22.5	102	4.2

EBITDA (MN€) (IFR16 not considered)	60.1**	61.0	65.3	47.1	32.7

Turnover (MN€)	485.4	450.1	448.3	269.8	213.7

Own Share Trading	56,821,301	53,542,285	54,305,000	32,900,000	26,800,000

* Effect of integrating the Eat Out Group.

** IFR16 not considered

	2019	2018	2017	2016	2015
No. of Units	659	641	646	667	377
Ibersol Brand Units	344	362	410	447	122
Franchised Brand Units	315	279	236	220	255

Environmental Indicators

100% selective separation of waste material and cooking oils

600 tonnes of oil for biodiesel

9,460 tonnes of CO_2 avoided

Product Liability Indicators (Portugal)

	2019
Units Certified in accordance with ISO 22000: 2005	31
Concepts Represented in the NP EN ISO220000 Certification: 2005	100%
External Food Hygiene and Safety audits	+1200
Complaints per 100,000 transactions	3,51
Average monthly complaints	99,8
Laboratory Controls	+2000
Mystery Customer Audits	178
Guest Experience Survey (GES)	202 042

Social Indicators

	2019
No. of Group Employees	11,272
Women	5,922
Men	5,350
% Women	53%
% Men	47%

Education in Portugal	2019
Employees in Training	7,307
Total Training Hours	456,206
Average Training Hours per Employee	62
Training hours in Occupational Health and Safety	21,667
Training hours in Food Hygiene and Safety	39,282

3. ECONOMIC PERFORMANCE

Detailed information on the Ibersol Group's Economic Performance is presented in the 2019 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

For the Ibersol Group, environmental sustainability is more than a goal, it is a practice that is in constant development. That's why we systematically seek environmentally-responsible solutions throughout the organisation's value chain. We are increasingly committed to a vision of a circular economy that encourages a dissociation between economic growth and the increased consumption of resources. This vision has led to the pursuit of strict environmental management practices in their various facets.

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;

Contribution to the circular economy: by reducing single-use plastic products;

Consumption of resources: energy and water;

CO_2 emissions;

... and to involve all stakeholders in complying with environmental sustainability and in the circular economy.

Reflecting these concerns, in 2019 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 business's ecological footprint.

Ensuring the principles of efficiency and a circular economy are aspects that we uphold in our relationship with suppliers and in process and product development. It was based on these principles that we held a session on the Circular Economy in 2019, a joint initiative with the Ministry of the Environment and Energy Transition.

4.1. Packaging Waste

4.1. Packaging and Packaging Waste

In recent years, and particularly in 2019, there has been pressure to reduce the consumption of single-use plastics, which has brought significant challenges in finding alternative solutions that are less harmful to the environment. In this regard, a working group has been formed to identify and reduce the amount of existing plastic packaging and to reinforce the principles of a circular economy in our operations.

sociedade pontoverde

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 of the Group's units 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.
In this regard and in partnership with Sociedade Ponto Verde, in 2019 we held some "Ibersol Green Day" awareness campaigns.

"Always Recycle" was the theme of these initiatives, which involved more than 200 people from our offices in Porto and Lisbon. We have always been concerned with promoting environmental management practices, thereby raising awareness among all those who work with us, because with small gestures we can all make a difference and help save the planet, which is our home.
This message and these campaigns were shared with all those who follow us through the Viva Bem Blog and on the Ibersol Group's Instagram page.

Due to its importance, there is strict follow-up of the packaging waste performance indicator and it should be mentioned that in 2019, nearly 1,700 tonnes of packaging waste were generated, up 17% compared to 2018, mainly due to increased activity by the Ibersol Group, the opening of new stores and the expansion of the service format through aggregators like Glovo and UberEats, with greater coverage and an increase in the number of participating stores.

	Service Packaging (kg)	Packaging of Imported Products (kg)	Total (kg)
Plastic	190,591	166,015	356,606
Paper/Cardboard	804,583	498,961	1,303,544
Steel/Aluminium	1,400	30,524	31,924
Total	**996,574**	**695,500**	**1,692,074**

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 2019, approximately 600 tonnes of used cooking oil were sent to biodiesel production.

4.3 Consumption of Resources

The Ibersol Group has implemented measures to reduce energy, gas and water consumption, thereby enabling energy efficiency solutions to be identified, namely with the upgrading and/or modernisation of already installed technical systems.

4.3.1 Lighting

The Ibersol Group installs LED lighting in its new stores and has replaced conventional bulbs with led lighting in existing stores. LED lighting helps ensure energy efficiency in lighting while maintaining the same brightness levels with equipment that uses less energy. LED lighting is currently the most efficient technology and has a longer lifespan. This type of lighting does not generate as much heat in the space.

Restaurants were painted with brighter colours on the walls and ceilings to make better use of natural light and thus reduce artificial lighting. As a good practice to reduce consumption, presence/motion sensors were installed in corridors, changing rooms and bathrooms so that lights switch on and off automatically.

4.3.2. Reactive Power

Electrical equipment (motors, compressors, etc...) need reactive power to operate, which does not produce work.

The excessive consumption of reactive power, associated with low power factor values, has its disadvantages:

- Reduces the useful life of equipment;

- Penalised in electricity bills by the power company;

- Under-utilisation of the installed capacity.

This power was offset in stores by installing a set of capacitors.

4.3.3 On/Off Control Plan

In 2019, the On/Off Control Plan continued to be implemented, which includes several good energy efficiency practices. With this plan, 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.

4.3.4. 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, products are introduced at storage temperature to reduce cooling needs.

To avoid wide variations in temperature, when opening and closing the door of the cooling equipment, eCubes were installed. eCubes have a gel in them that acts as a food simulator and are connected to the temperature control sensors of the fridges and freezers. As the sensors are in contact with the gel (which is the simulated temperature of the food), the control systems activate the evaporators and cooling compressors. The cycles of the cooling/freezing cabinets 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 helping to reduce electricity consumption, which varies between 10% and 30%.

4.3.5 HVAC and Exhaust Systems

At Ibersol Group restaurants, air renewal is done through mechanical ventilation systems with supply and extraction fans. Fresh air is introduced through the return plenum of the air conditioning units.

When operating, air conditioning systems represent a significant cost, which is directly related to the set-point defined for operation of the systems.
By adjusting the operating temperature to a more suitable setting (18ºC in winter and 25ºC in summer), which is a cost-free measure, we saved 7% in energy consumption.

Variable speed drives were installed for exhaust and smoke extraction fans. These drives help reduce energy consumption by an average of 20% to 25% and, because the power factor does not need to be controlled, they also help reduce the use of reactive power, ultimately leading to a savings in the respective cost in electricity bills. Variable speed drives also help extend the useful like of a motor, as they lessen mechanical stress.

4.3.6 Contracted Power

After observing the futures markets for 2020 and 2021, by analysing power purchase proposals, we opted to purchase power at a fixed price for the period between the second quarter of 2019 and the third quarter of 2021, at the lowest price on the futures market, €51/MWh.

Combined with the network drop, we chose the best average price in a fixed market.

4.3.7 Analysis of consumption

Electricity

Year	2019	2018	2017	2016	2015
Electricity consumption points*	351	327	310	299	270
Total Consumption (kWh)	38,652,469	35,982,997	35,482,475	35,042,964	34,219,605
Average consumption per point (kWh/store)	110,121	110,040	114,460	117,201	126,739
Consumption decrease – same stores as the previous year (kWh)	652,842	869,886	1,056,929	1,842,325	2,385,714
Consumption decrease – same stores as the previous year (kWh)	1.81	2.45	3.02	5.38	8.07

* Consumption points vary annually, due to store openings and/or closures, or the number of units where such information can be collected.

By implementing the energy efficiency measures in the Ibersol Group stores, we were able to achieve a 1.81% reduction in electricity consumption in 2019 compared to that used by the same facilities in 2018.

Natural Gas

Year	2019	2018	2017	2016	2015
Consumption points **	195	182	168	158	144
Total consumption (kWh)	15,807,476	14,256,886	13,857,226	13,265,482	12,242,638
Average consumption per point (kWh)	81,064	78,335	82,483	83,959	85,018

** Consumption points vary annually, due to store openings and/or closures, equipment changes or the number of units where such information can be collected.

By installing new equipment and replacing burners with more efficient versions, a 0.21% decrease in gas consumption was achieved, compared to that used by the same facilities in 2018.

CO_2 Emissions

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 9 thousand tonnes of carbon dioxide from polluting the atmosphere 2018.

Indirect CO_2 emissions

Year	2019	2018	2017	2016	2015
Specific CO_2 emissions (kg/kWh)	0.25	0.37	0.35	0.33	0.32
CO_2 emissions avoided in consumption (tonnes)	9,458	13,314	12,419	11,564	10,984
Production with renewable energy (kWh)	12,011	11,987	12,198	11,687	11,945
CO_2 emissions avoided – production with renewable energies (tonnes)	2.37	5	4.35	3.8	5.6
Total CO_2 emissions avoided (tonnes)	9,460	13,319	12,423	11,568	11

Direct of CO_2 emissions

Year	2019	2018	2017	2016	2015
CO_2 emissions produced in gas consumption (tonnes)	1,747	2,644	2,345	2,242	2,191
CO_2 emissions produced in gas consumption (tonnes CO_2/store)	9	15	14	14	15

Water

Besides the environmental concern, reducing wasted water has economic implications, due to the increased price of water, which varies in different parts of the country.

Measures were taken to reduce water consumption, such as:

- Installing flow regulators. These fittings for taps and showers replace the traditional mesh filter and reduce flow by more than 50%, thus saving water. Flow regulators add air into the water, thus producing millions of microbubbles. This helps reduce water flow by half, without loss of volume. As a result, it feels as though we are using the same amount of water, at the same pressure;

- Installing efficient flushes, fitted with water discharge levels;

- Regularly controlling the effluent of the Wastewater Treatment Plant to decrease sanitation fees;

- Shortening and changing irrigation scheduling in gardens;

- Implementing verification routines for taps, flushes, plumbing, junctions and valves, for early detection of repair needs and fixing water leaks;

- Checking water accumulators and distribution lines, ensuring efficient insulation.

Variation in water consumption:

Year	2019	2018	2017	2016	2015
Total consumption (m^3)	192,075	191,568	189,879	189,234	188,600

Water consumption indicated for 2019 corresponds to all consumption points.

Hot water is produced with a water heater installed in the washing up area and electrical hot water storage tanks for the sinks and basins. We opted to use Class A water heaters in the auxiliary and washing up area, as they ensure good performance with an efficiency of 88% for the total nominal load.

In installations with a drive, thermosyphon solar heating systems with a storage tank and solar collectors are installed. This system converts solar energy into useful heat through a solar collector located outside the building, where heat transfer fluid circulates through the collector panels. The storage tank allows hot water to be used when the need for hot water does not coincide with availability of the resource, for example, at night.

The solar heating system is backed up by conventional systems for the production of hot water. However, because it preheats water, it represents savings on gas and electricity consumption.

5. SOCIAL PERFORMANCE

People development at the Ibersol Group has made significant qualitative leaps, and is of growing importance in the job market. Employability events have been improved, with a reworked and bolder image in line with the Ibersol culture and values.

At a time of constant and increasingly rapid digital transformation, the Ibersol Group has consolidated its presence on social media, by creating and feeding business profiles on Instagram, Facebook and LinkedIn. These profiles allow us to be even closer to our stakeholders, letting them know where we are and where we are headed, with loyalty and transparency. And because we are experts in well-being, we’ve also improved our talent retention strategies.

Touted as a “School for Life”, the company invests in the continuous training of its people. This investment is embodied by the Ibersol Academy, an international, inclusive and modern academy that equips employees in the different countries with the skills currently sought after in the market. We also renewed our partnership with one of the most prestigious business schools in Portugal, the Porto Business School, co-designing initial and continued training programmes for employees with high development potential and who hold key positions within the organisation.

5.1. Employee Profile

Portugal

Change in the number of employees by gender

	2019		2018		2017		2016		2015	
No. of employees	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Women (%)	3,622	51.79%	3,287	53.50%	2,706	53.40%	2,902	53.40%	2,370	54.00%
Men (%)	3,372	48.21%	2,860	46.50%	2,256	46.60%	2,534	46.60%	2,020	46.00%
Total	**6,994**		**6,147**	**100%**	**4,962**	**100%**	**5,436**	**100%**	**4,390**	**100%**

Change in the number of employees by age bracket

	2019		2018		2017		2016		2015	
Age bracket	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
< 18	238	3.40%	175	2.85%	131	2.41%	65	1.31%	45	1.03%
18 to 25 years of age	3,370	48.18%	2,951	48.01%	2,564	47.17%	2,332	47.00%	1,943	44.26%
26 to 30 years of age	1,120	16.01%	1,054	17.15%	989	18.19%	957	19.29%	928	21.14%
31 to 35 years of age	798	11.41%	701	11.40%	631	11.61%	603	12.15%	572	13.03%
> 35	1,468	20.99%	1,266	20.60%	1,121	20.62%	1,005	20.25%	902	20.55%
Total	**6,994**	**100%**	**6,147**	**100%**	**5,436**	**100%**	**4,962**	**100%**	**4,390**	**100%**

Change in the number of employees according to academic qualifications

	2019	2018	2017	2016	2015
Academic qualifications	**%**	**%**	**%**	**%**	**%**
< Year 12	37.65%	40.07%	42.95%	44.70%	47.54%
≥ Year 12	62.35%	59.93%	57.05%	55.30%	52.46%
Total	**100%**	**100%**	**100%**	**100%**	**100%**
Higher Education	9.59%	9.35	9.25%	9.20%	9.52%

Evolution of turnover rate

	2019	2018	2017	2016	2015
Employee Turnover	**%**	**%**	**%**	**%**	**%**
Total	104.00%	85.00%	89.00%	79.00%	71.04%
Units	107.00%	88.00%	92.00%	81.00%	73.11%
Business Structure/ Central Functions	12.00%	17.00%	10.00%	23.00%	24.61%
Management Teams	30.00%	28.00%	27.00%	21.00%	21.91%

Employee profile according to career stage and seniority

	Females	Males
Career Stage	%	%
Operation	49%	51%
Shift Management	64%	36%
Unit Management	51%	49%
Business Structure/ Central Functions	62%	38%

Employee profile according to career stage and age bracket

	Age bracket				
Career Stage	< 18	18 to 25 years of age	26 to 30 years of age	31 to 35 years of age	> 35
Operation	4%	57%	14%	9%	16%
Shift Management	0%	25%	31%	21%	23%
Unit Management	0%	1%	11%	27%	60%
Business Structure/ Central Functions	0%	7%	12%	10%	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%	51%	5%
Shift Management	5%	30%	52%	13%
Unit Management	3%	25%	50%	21%
Business Structure/ Central Functions		6%	32%	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	48%	14%	15%	14%	9%
Shift Management	10%	5%	12%	38%	35%
Unit Management	3%	1%	4%	15%	76%
Business Structure/ Central Functions	10%	6%	11%	19%	55%

5.2. Training and Education

The Ibersol Group has always been touted as a “School for Life”. During 2019, this motto took on a new dimension with the creation of the “Ibersol Academy”. An international Corporate Academy that has as a priority knowledge management and the development of critical skills, equipping employees in the different countries with the skills currently sought after in the market.

Ibersol Academy 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 ensuring 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 Academy, 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.

DGERT
ENTIDADE
FORMADORA
CERTIFICADA

CIÊNCIAS EMPRESARIAIS
• Gestão e administração
INDÚSTRIAS TRANSFORMADORAS
• Indústrias alimentares
SERVIÇOS PESSOAIS
• Hotelaria e restauração
SERVIÇOS DE SEGURANÇA
• Segurança e higiene no trabalho

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		
Content	**Training hours (h)**	**Trainees**
Preventing Accidents at Work Accidents at Work Accidents with Customers Organisation of Fire Safety First Aid Occupational Health	21,667	**5,399**

Food Safety		
Course content	**Training hours (h)**	**Trainees**
Food Safety Different types of Contamination Food Microbiology Hygiene of Food Handlers Hygiene of Facilities, Equipment, Tools and Surfaces ISO 22:000 standard	39,282	**5,619**

Other Training Programmes	**Training hours (h)**	**Trainees**
Onboarding/Integration Operational Training Training for Management Teams Other areas	395,257	6,863
Total	456,206	7,307

Internships in 2019

The Ibersol Group took in a total of 36 interns in 2019, 30 doing a curricular internship totalling 37,390 hours of on-the-job training, and 6 professional internships, corresponding to 9,342 hours of work.

Internships	2019		2018		2017		2016		2015	
	No.	Training hours	No.	Training hours	No.	Training hours	No.	Training hours	No.	Training hours
Curricular	30	37,390	32	10,694	20	5,333	25	7,507	25	6,320
Professional	6	9,342	5	7,800	10	15,600	26	31,778	36	48,344

5.3. Employee Health and Safety

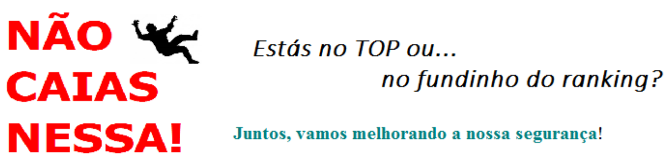
Occupational Health and Safety is one of the key areas of any organisation, impacting not only individual well-being but also collective balance.

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 collective and individual behaviour, is the most efficient formula for achieving the desired outcomes.

Based on these principles of awareness, in 2019, the Group:

- Conducted over 900 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;



    - "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 (thermal jacket, cleaning cart, kits with gloves and anti-slip tape, and foot rests) and so it has been used as an effective means of training and is demonstrative of the employees' level of knowledge and involvement. In 2019, 47 people participated in the Snatch the Safety Task competition.
    - Awarding of "Platinum" and "Gold" acknowledgements to the units with outstanding results in control audits in the first four months of the year;

- Evacuation drills at the head offices;
- Consultation of workers regarding Occupational Health and Safety, which recorded a participation rate of 60%;
- Reviewing and updating of the Occupational Health and Safety brochure as a flipbook and in printed edition;
- Training sessions on Occupational Health and Safety;
- Workplace visits by the Occupational Health and Safety department and follow-up visits.

2019 also marks the re-certification of the Occupational health and Safety Management System as regards management of the Ibersol Group's food service operations and the food service provision at VOG – Tecmaia, in accordance with the requirements of the OHSAS 18001:2007/NP 4397:2008 standard.

5.4. Employee Well-being

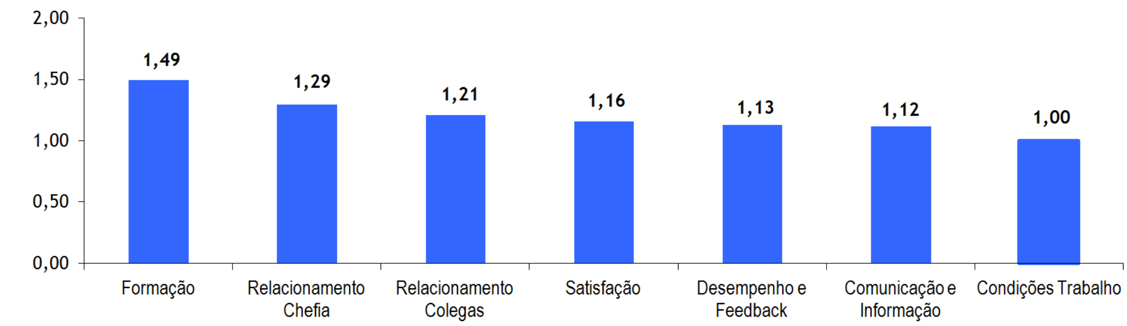
In order to understand the needs and perception of employees regarding the organisation, the Ibersol Group conducts the annual survey “Have a Say” to gauge the motivation and satisfaction of Ibersol operations employees in Portugal. The results from each unit, received from the management and coordination teams and the respective HR Business Partners, are used to design specific action plans to improve the indicators.

The 2019 survey was conducted in May with a participation rate of 77%, corresponding to nearly 4,500 professionals.

In 2019, Ibersol also achieved a “truly positive” evaluation from its employees in all areas under review. “Training” and “Relationship with the Line Manager” are the areas which best met the expectations of the internal audience, in the same period.

At the same time, and to provide additional information, “Have a Say” also includes an open question for employees to share their concerns or suggest improvements. In this regard, 1,092 open comments were received in 2019.

Note: results of the “Have a Say” Survey



"Ibersol in Motion"

In order to improve employees' well-being and their 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.

This year, 85 employees took part in the Futibersol sports tournament. This competition, which reinforces Ibersol culture and teamwork, includes two semi-finals (Porto and Lisbon) and a final held in Porto. The winner of the 2019 tournament was "F.C. Porto-Burger King".

At the offices, Ibersol continued its "i-Office Break" programme in 2019, 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.

Real Companhia Velha, in Vila Nova de Gaia, opened its doors to around 560 guests for the Ibersol Group Christmas Dinner where 25 awards were attributed to employees who stood out the most in a wide range of work areas, for results achieved and practising Ibersol values. During the Christmas Dinner, charity hats were offered to guests, the purchase of which resulted in a donation of EUR 750 to projects led by Associação Salvador, an association that supports people with physical disabilities.

The competition “As nossas melhores Máscaras de Carnaval” (Our best Carnival Masks) was once again held during Carnival, with 57 people entering the competition.

As part of the Christmas festivities, Ibersol offered around 1,700 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 tories) also took place, with a total of 37 participants, all of whom received a present.

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 de FUTURE

Launched by the Porto City Council to bring civil society and the school community together, the “Porto de Futuro” (Porto of the Future) 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 2019, 2 volunteers from Ibersol trained 20 pupils from the António Nobre school cluster focusing on the theme “Family”.

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 2019, Ibersol was represented by 2 volunteers, who advised teams participating in the competition.

Visits - “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 that took place in 2019 as part of the “Open Kitchen” initiative.

The Central Production Unit, where (mid to high-range) food is prepared on a large scale, is the perfect place to encourage learning and acquiring skills for students from hotel and cookery schools. This led the Unit to open its doors to the Porto School of Hospitality. These field trips are an exchange of synergies between both institutions and helps train students and integrate them into the job market.

KFC DV Antas welcomed 10 students from the School of Nutritional Sciences of the University of Porto for a guided tour of the unit so they could better understand the mandatory rules of the food safety system, control of the daily check list included in the unit’s operations and the equipment used for food safety monitoring (thermometers, Testo sensor, timer, etc.).

In Estarreja, Burger King welcomed 18 children from the Gulpilhares SOS Children’s village. These Villages have been around for 70 years and are designed to protect children who do not have parental care or are at risk of losing their families. These children really need positive experiences and the visit to the store provides each of them a different meal and an enriching experience.

In Vila Nova de Gaia, 3 Burger King units welcomed 3 young people from the Gaia SOS Village for a summer internship, to help them get a feel for working life and create an interest in a professional career.

The Azores Pizza Hut and Burger King units welcomed students from the Laranjeiras Secondary School (cookery and waiter/bartending courses), school club "O Liceu" (summer programmes) and the 137th Scout Group from Santo António, Ponta Delgada, offering around 53 meals.

Actions of this kind took place nationwide and in units of the Group's different brands.

In São João da Madeira, 60 underprivileged children from the municipality were given a guided tour of the Pizza Hut unit, where each participant was given the opportunity to make their own pizza and eat it at the restaurant. With the same goal of opening its doors to children from problem homes, Pizza Hut in Lisbon welcomed 16 children and adolescents from Colégio Barão de Nova Sintra, giving them a guided tour of the facilities and offering lunch to them and their chaperones.

Food and other donations

In 2019, several Ibersol Group brands took part in numerous social initiatives, by offering food products and equipment to various entities.

During the year, approximately 16 tonnes of food products that weren't used at events held by Silva Carvalho Catering were donated to two institutions, *Casa da Sopa*, in Lisbon, and *Coração da Cidade*, in Porto. Based on the same principle, Armazéns Multimarca also donated surplus products to the Portuguese Federation of Food Banks, and Pizza Móvel donated food products to the Vigo Food Bank.

The Central Kitchen established a partnership to supply low-cost meals to the Aga Khan Foundation which, in turn, offers them to its community and to charities in Lisbon. This partnership also encourages the sharing of experiences between Indian and Portuguese gastronomy.

Support for Sport and Other Local Initiatives

The Pizza Hut units in Madeira support several sports initiatives by offering meals to local athletes who participated in the 6th Edition of the Rua Pontinha Football Cup, the 7th More Football Tournament Party - Salesianos Funchal, the 2nd Edition of the Clube Liceu CUP 2019, in the Machico Cup, in Badminton Caniçal and in the Champions Tournament - Escola de Caniçar Volleyball Day. These initiatives included around 600 participants.

The brand also sponsored lunch for about 85 students from local schools in the "Doutorecos" summer programmes, for beneficiaries of the São João de Deus Health Centre (Psychosocial Rehabilitation) and for students from the Escola da Levada Maths Week.

Also in Madeira, Burger King offered meals and discounts in support of the 2019 Inter-Neighbourhood Tournament, the 2019 National Street Football Tournament and the 25th Edition of the São Miguel Volleyball Tournament, with a total of 155 participants.

In the Azores, Multimarca sponsored the Praia da Vitória Festivals (Terceira Island), in the amount of EUR 150. The Burger King and KFC brands also sponsored the 7th Edition of the Pauleta Azores Soccer Cup U13 and the Pauleta Foundation Christmas Party, offering about 700 meals to the Foundation's athletes and staff. Burger King and Pizza Hut supported the 13th U11 EF Pauleta Pizza Burger Tournament and the 7th U13 EF Pauleta Pizza Burger Tournament, offering around 150 meals.

Also in the Azores, Burger King offered discounts to 80 children and 6 adults from the Casa de Povo de Arrifes After School Activity Centre on a trip to Parque Século XXI (21st Century Park). Pizza Hut also offered a 50% discount on all meals delivered onsite to the 120 participants of the São Miguel Basketball Association Get-together. Ó Kilo offered meals to the 25 participants of the Regional Martial Arts Championship.

In Porto, SOL offered 30 meals to the participants of the Rio Douro - Associação Bagos d'Ouro Regatta.

In the Algarve, for the second year running, Pans & Company offered some 63 meals to children between the ages of 7 and 10 in the Bambis and Minis Group who participated in the 2018/2019 Season Kick-off Sports Tournament, an event hosted in partnership with the Faro Handball Association.

Burger King, in Lisbon, offered meals to children from the S. Miguel Foster Home (Fátima) during a visit to the city. The Colombo unit welcomed a group of 22 young people from the institution, offering lunch to them and their chaperones/guardians from the institution. In Portalegre, Burger King served Christmas lunch to a group of 13 at risk children and young people from the Veiros Foundation.

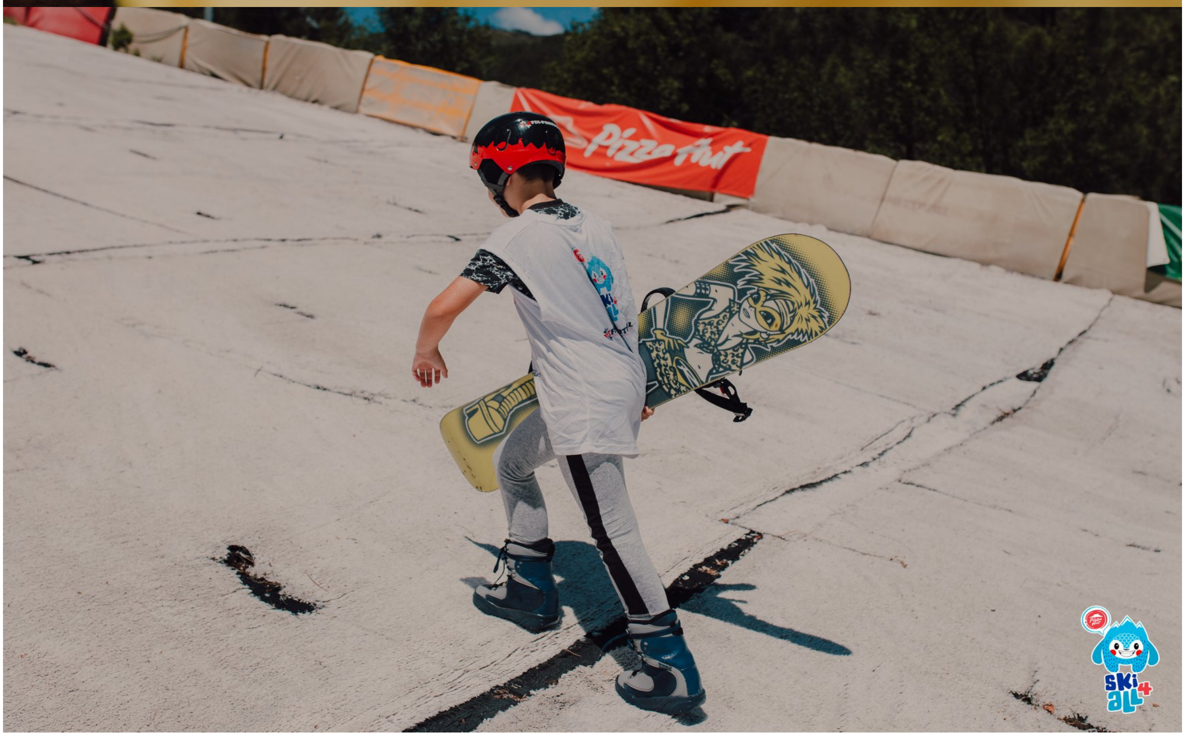
In Albergaria-a-Velha, Burger King received a special request from children attending Branca Primary School, who wanted to try one of its meals. The unit promptly offered 6 children's menus to the children and was given a drawing as a token of appreciation.

As part of a team building activity to build team spirit and raise the team's awareness of the importance of contributing to integration and equal opportunities, Pizza Hut offered 11 bicycles to Colégio Barão de Nova Sintra for institutionalised children and young people. This initiative was held on 7 February and the bicycles were delivered to the director of the institution, who was accompanied by 6 young people from the Institution. Some 105 Pizza Hut employees participated in the initiative, which helped improve the living conditions of institutionalised children and young people.

To contribute to the Fátima community and following Pizza Hut's annual meeting, a fining system was also implemented as part of the team building activity to collect donations for Centro de Apoio a

Deficientes João Paulo II, an association that cares for severally disabled people who have been abandoned by their families. This symbolic gestured raised EUR 465, which was given to the institution on 19 February.

As in previous years, Pizza Hut also held several sports-based initiatives, mainly for children. Such is the case of the new edition of “Pizza Hut SK14ALL, which involved around 2,300 children nationwide, enabling them to have a skiing experience in Serra da Estrela.



Another noteworthy initiative is the “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 and which saw the participation of 350 children and adolescents.

The Group continued its presence at KidZania, a theme park located in the Dolce Vita Tejo Shopping Centre for families with children and adolescents up to the age of 15. 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.

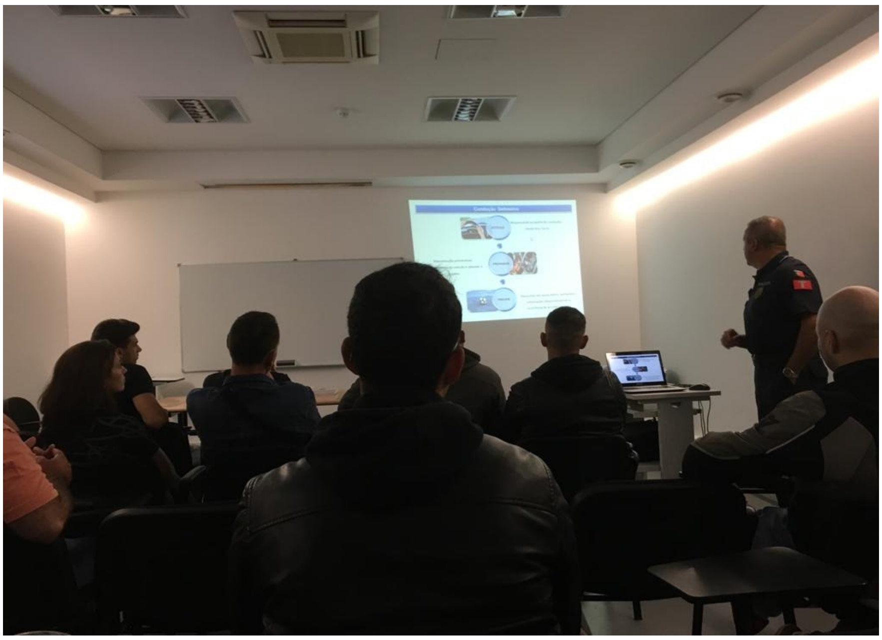
Pizza Hut also supported the Sports Week activities by offering products to 1,000 children from Primary Schools in Castelo Branco.

In addition to these initiatives, the Group, and Pizza Hut in particular, also takes part in commemorative dates such as Children's Day and International Women's Day.

Road Safety Awareness

To comply with its 2019 Occupational Health and Safety goals, Pizza Hut held several awareness campaigns on Road Safety for Urban/City Driving - Riding Two-wheeled Vehicles, led directly by the Police (PSP). These campaigns aimed at helping to raise collective awareness of the dangers of riding two-wheeled vehicles to prevent accidents and thus ensure the safety of Home Delivery distributors. The sessions were attended by 634 Pizza Hut employees from across the country, with the vital collaboration of PSP and the Braga, Porto, Coimbra and Lisbon police departments.

In Spain, Burger King also held training sessions to help prevent road accidents and to share defensive driving practices with its distributors, in collaboration with the Autonomous Community of Madrid.



Friends of Rimkieta Foundation

In Spain, Lurca, one of the Ibersol Group companies that represents the Burger King brand, is a "corporate friend" of the Friends of Rimkieta Foundation.

This support aims at helping the Foundation in its mission to provide the best possible living conditions in the Rimkieta and surrounding neighbourhoods in Ouagadougou, the capital of Burkina Faso. Aid is mainly provided to women and children to help in their education, nutrition and health, and for the social and professional development of women. In 2019, EUR 50,000 were donated for 2018 and 2019.

Source: www.amigosderimkieta.org

Portuguese Federation of Food Banks Against Hunger

Between 23 and 29 September, another fundraising 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 EUR 26,656 from its customers and donated EUR 30,000 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 is the eleventh year in which the Ibersol Group holds this type of nationwide initiative, in Portugal, donating over EUR 765,000 in total through its Social Responsibility campaigns.

Caritas Angola

In 2019, 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 AOA 6,000,000 (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 AOA 50 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.

Raising Awareness for the Integration of People with Disabilities

With regard to the integration of people with disabilities, Ibersol established several partnerships with different associations, in particular Associação Salvador, the Porto Cerebral Palsy Association, the Portuguese Association for the Disabled and the Gaia Vocational Rehabilitation Centre. Under these partnerships, visits were carried out with technical staff and beneficiaries to the various Ibersol Group units so they could see the workplace firsthand and the responsibilities the different jobs entail, for referral to and integration into the Ibersol Group.

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. Positive experiences lead to relationships of trust, a vital asset that impacts the entire organisation.

The Group has set clear strategic goals for this asset and for 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. Being customer-centric enables us to more clearly and quickly 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 2019, the Ibersol Group had new indicators showing that customer-centric 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

Customers are the most valuable asset in modern food services and the Ibersol Group knows this. The trust and loyalty we are shown are the result of our continued effort to ensure customer satisfaction in all relationships with the Group brands.

In this regard, the Ibersol Group conducts an in-depth study of each customer profile every day, seeking to identify the best practices to monitor consumer trends, adapting and changing the various units as regards spaces, products and services, and internal procedures, computer systems and new concepts.

In order to closely monitor customer experience, the Group measures and monitors the service quality of its restaurants and services. To this end, we regularly use tools that provide important indicators relating to customer satisfaction, namely quality audits, customer satisfaction surveys and management of complaints received.

Mystery Customer Programme

In 2019, in Portugal, over 170 quality audits were carried out under this programme.

Guest Experience Survey (GES)

Also in 2019, feedback was received from 202,000 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

Food quality and safety are core values in modern food service. Fully and comprehensively following these values goes a long way to ensuring sustainability.

To this end, the Group monitors consumer trends and the expectations of customers so as to enhance and improve resources and tools, thereby strengthening the trust placed in us by those who visit our restaurants.

It is the Ibersol Group's sustainability policy to ensure the utmost and timely satisfaction of its stakeholders when it comes to food quality and safety, in all markets. The Group takes an integrated approach to fulfil this principle with the quality and food safety management systems it has implemented throughout the value chain.

Investment in new decision-making tools - My HACCP

In 2019, the My HACCP project was launched within the various Group brands. Designed to improve food safety management tools already in use, this user-friendly and interactive app gives teams a real-time view of what is happening so they can focus on taking action to address critical/urgent issues.

This project puts an emphasis on investment in the continuous improvement of the food safety management system and culture implemented in all Ibersol Group stores.

Certifications

In 2019, the Ibersol Group continued its process of continuous improvement, in line with the principles of the standards in which it is certified.

Of particular note is the certification of the Group's central production unit – IBERGOURMET - PRODUTOS ALIMENTARES, S.A. (UCP Modivas) – a GFSI standard with high demands on food safety requirements:

FSSC 22000 (Version 4.1) *– scope: Ready to eat and ready to heat combined products and meals, sliced, fried, cooked including "sous vide", grilled, stewed, roasted, baked, packed in thermoformed plastic packages, with or without vacuum, thermo-sealed plastic bags with MAP, flexible plastic bags sealed, vacuum and MAP, at room temperature, chilled or frozen. (Category CIII)*

IBERGOURMET - PRODUTOS ALIMENTARES, S.A. (UCP Modivas)

The Group also saw renewed certifications for the following standards:

- NP ISO's 9001:2015, 14001:2015 e NP 4397:2008/OHSAS 18001:2007(*1):

HEADQUARTERS: Management of Food Service Operations of the Ibersol Group

VOG: Food Service Provision

- NP EN ISO 22000: Portugal

HEADQUARTERS: Supply Chain Management of Food Service Operations of the Ibersol Group

FOOD SERVICE UNITS CERTIFIED:

Food Service/Catering Provision: Catering Estádio do Dragão; Pizza Hut - KFC - Cockpit Drinks & Tapas - Specially – Terminal; 1 Aeroporto de Lisboa; GoTo Terminal 1 Aeroporto de Lisboa; Burger King Aeroporto de Lisboa; Burger King Alameda Shopping; Quiosques Café Alameda; Shopping; KFC Alameda Shopping; Pizza Hut Alameda Shopping; Pans & Company 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; Pans & Company Norteshopping, Pizza Hut Foz; Pizza Hut Matosinhos; Vog Tecmaia; Blu CoffeShop; KFC CascaisShopping; Burger King Cascais, KFC Forum Montijo and KFC Amadora

- NP EN ISO 22000: Angola

Ibersol Angola's logistics chain and food service operation: : KFC Avenida, KFC Belas Shopping, KFC Benfica, KFC Benguela, KFC Che Guevara, KFC Drive Thru Aeroporto Luanda, KFC Morro Bento, KFC Nova Vida, KFC Zango, Pizza Hut Nova Vida.

Logistics operation of Multiparques Rangel

- NP EN ISO 9001 e NP EN ISO 22000: Eat Out/Espanha

Supply Chain Management for Ibersol's / Eat Out Group's food service operations

Food Service Provision in Pans Sabadell and 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 programmes cuts across 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 visiting 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; 2019 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-3	Chapter 2; back of the back cover; 2019 Annual Report and Consolidated Financial Statements
GRI 102	102-4	Chapter 2; 2019 Annual Report and Consolidated Financial Statements
GRI 102	102-5	Chapter 2; 2019 Annual Report and Consolidated Financial Statements
GRI 102	102-6	Chapter 2; 2019 Annual Report and Consolidated Financial Statements
GRI 102	102-7	Chapter 2; 2019 Annual Report and Consolidated Financial Statements
GRI 102	102-8	Chapter 2; 2019 Annual Report and Consolidated Financial Statements
GRI 102	102-9	2019 Annual Report and Consolidated Financial Statements; Integrated Management System
GRI 102	102-10	2019 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 Inovação. Spain: AEF - Asociación Española de Franquiciadores; Entidad Urbanística de Conservación de A Granxa; CHP - Câmara de Comércio Hispano Portuguesa; Colegio de Graduados Sociales 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; 2019 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); 2019 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-19	Chapter 2 (2.5); 2019 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-20	Chapter 2 (2.5); 2019 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 Occupational Health and Safety

GRI Standards		
GRI Standard Number	Disclosure Number	Performance
GRI 102	102-22	2019 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-23	2019 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-24	2019 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-25	2019 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-26	2019 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-27	2019 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-28	2019 Annual Report and Consolidated Financial Statements
GRI 102	102-29	Chapters 2, 4 and 5; 2019 Annual Report and Consolidated Financial Statements; Integrated Management System; NP EN 14001: Environmental Management System certification; NP EN ISO 9001: Quality Management System certification
GRI 102	102-30	Chapters 2, 4 and 5; 2019 Annual Report and Consolidated Financial Statements; Integrated Management System; NP EN 14001: Environmental Management System certification; NP EN ISO 9001: Quality Management System certification
GRI 102	102-31	Chapters 2, 4 and 5; 2019 Annual Report and Consolidated Financial Statements; Integrated Management System; NP EN 14001: Environmental Management System certification; NP EN ISO 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; 2019 Annual Report and Consolidated Financial Statements; Integrated Management System (Reviewed by Management)
GRI 102	102-34	Chapters 2, 4 and 5; 2019 Annual Report and Consolidated Financial Statements; Integrated Management System (Reviewed by 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); 2019 Annual Report and Consolidated Financial Statements; 'Have a Say' organisational climate survey
GRI 102	102-38	11.96 Indicator calculated for Portugal, based on the fixed remuneration.
GRI 102	102-39	1.82 Indicator calculated for Portugal, based on the fixed remuneration.
GRI 102	102-40	Chapter 2; 2019 Annual Report and Consolidated Financial Statements; www.ibersol.pt
GRI 102	102-41	Portugal: 1.54% - collective contract (unionized workers) and 98.46% - collective contract via extension ordinance (non-unionized workers) Spain: 100% Angola: not applicable
GRI 102	102-42	Chapter 2; 2019 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;

GRI Standards		
GRI Standard Number	Disclosure Number	Performance
		Integrated Management System (ISO 9001:2015 Certification)
GRI 102	102-44	Chapters 1 and 2; 2019 Annual Report and Consolidated Financial Statements
GRI 102	102-45	2019 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	2018 Sustainability Report
GRI 102	102-52	Calendar Year (2019)
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	2019 Annual Report and Consolidated Financial Statements
GRI 201	201-2	2019 Annual Report and Consolidated Financial Statements
GRI 201	201-3	Not applicable
GRI 201	201-4	2019 Annual Report and Consolidated Financial Statements
GRI 202	202-1	Portugal: 1 (W); 1 (M)
GRI 202	202-2	Portugal: 100% Spain: 33% Angola: 0% “Senior Managers” are considered to be all Business Directors and Directors of Central Functions.
GRI 203	203-1	Chapters 4 and 5; 2019 Annual Report and Consolidated Financial Statements
GRI 203	203-2	Chapters 4 and 5; 2019 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 instances of corruption in 2019.
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 establishes efficient routes, in order to minimise supplier journeys.
GRI 302	302-3	Chapter 4

GRI Standards		
GRI Standard Number	**Disclosure Number**	**Performance**
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 or adjacent areas
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 protected or restored habitats
GRI 304	**304-4**	There are no facilities or operations in areas classified as habitats of the IUCN Red List of Threatened Species and 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 308	**308-2**	Non-existent
GRI 401	**401-1**	Portugal: 7,478; 104%; 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 accordance with the law. When there are no regulations, deadlines were defined on a case-by-case basis based 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 2019 = 551 Accidents en Route in the year = 58 Days lost due to work-related accidents in the year = 12,333 Days lost due to accidents en route in the year = 1,822
GRI 403	**403-3**	There are no workers with activities considered to be of high risk.
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**	The frequency of performance appraisals depends on the seniority and

GRI Standards		
GRI Standard Number	Disclosure Number	Performance
		internal level, and are carried out, at least, once a year. 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:1.00 Shift Management: 0.98 Unit Management: 0.92 Business Structure: 0.72 Central Functions: 0.78 Total: 1.00 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	Non-existent in 2019
GRI 412	412-1	In 2019, no operation was recorded that underwent Human Rights re-assessments and/or impact assessments on this aspect.
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: 0.08 complaints in 100,000 transactions. No confirmed incidents following the enquiry process; Food Safety Management System and Quality Management System certified. Spain/EO: 0.14 complaints in 100,000 transactions Food Safety Management System and Quality Management System certified. Angola: 0 complaints/ 0 Product Safety non-conformities in laboratory control, especially on higher-risk products (vegetables); Food Safety Management System certified.
GRI 417	417-1	100% compliance confirmed by the approval of products
GRI 417	417-2	Non-existent
GRI 417	417-3	Portugal: 0,69 complaint in 100,000 transactions Spain/EO:0,68 complaints in 100,000 transactions Food Safety Management System and Quality Management System certified for both markets. Angola: 0 complaints Food Safety Management System certified.

GRI Standards		
GRI Standard Number	**Disclosure Number**	**Performance**
GRI 418	**418-1**	Irrelevant to consider
GRI 419	**419-1**	Irrelevant to consider

CONSOLIDATED FINANCIAL STATEMENTS

31 de Dezembro de 2019

Ibersol S.G.P.S., S.A.

Consolidated Financial Statements

31st December 2019

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
ON 31st DECEMBER 2019
(values in euros)

ASSETS	Notes	31/12/2019	31/12/2018
Non-current			
Tangible fixed assets	2.6 and 8	216 563 700	201 310 291
Rights of use	2.2, 2.18 and 7	321 812 178	-
Goodwill	2.7 and 9	87 968 225	90 846 327
Intangible assets	2.7 and 9	36 440 964	36 146 157
Financial investments - joint controlled subsidiaries	2.3 and 10	2 566 336	2 459 842
Non-current financial assets	2.9 and 10	435 226	211 430
Other financial assets	2.9 and 11	2 710 150	15 753 485
Other non-current assets	2.11 and 12	8 238 111	12 921 343
Deferred tax	2.15 and 18	4 010 940	-
Total non-current assets	6	**680 745 830**	**359 648 875**
Current			
Inventories	2.10 and 13	12 014 986	11 622 326
Cash and bank deposits	2.12 and 14	38 424 757	37 931 124
Income tax receivable	2.15 and 18	1 502 658	3 574 662
Other financial assets	2.9 and 11	12 916 621	3 855 375
Other current assets	2.11 and 15	31 681 067	27 617 179
Total current assets		**96 540 090**	**84 600 666**
Total Assets		**777 285 920**	**444 249 541**
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	2.13 and 16.1	36 000 000	36 000 000
Own shares	2.13 and 16.2	-11 180 516	-11 180 516
Share prize		469 937	469 937
Legal reserves		1 075 511	755 581
Conversion Reserves		-10 355 553	-7 140 907
Other Reserves & Retained Results		180 376 862	158 974 733
Net profit in the year		17 549 228	24 962 061
		213 935 469	**202 840 889**
Interests that do not control	16.4	293 007	329 204
Total Equity		**214 228 476**	**203 170 093**
LIABILITIES			
Non-current			
Loans	2.14 and 17	74 763 367	79 182 324
Liability for leases	2.2 and 17	286 206 086	-
Deferred tax	2.15 and 18	8 671 083	10 556 031
Provisions	2.16 and 19	33 257	3 244 724
Derivative financial instrument	2.21 and 20	128 699	177 570
Other non-current liabilities	21	6 146	150 344
Total non-current liabilities		**369 808 638**	**93 310 993**
Current			
Loans	2.14 and 17	46 399 315	52 961 448
Liability for leases	2.2 and 17	53 777 115	-
Accounts payable to suppliers and accrued costs	2.11 and 22	77 816 608	81 387 772
Income tax payable	2.15 and 18	689 748	162 901
Other current liabilities	23	14 566 020	13 256 334
Total current liabilities		**193 248 806**	**147 768 455**
Total Liabilities		**563 057 444**	**241 079 448**
Total Equity and Liabilities		**777 285 920**	**444 249 541**

Porto, 05th May 2020

The Board of Directors,

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED ON DECEMBER 31st 2019
(values in euros)

	Notes	31/12/2019	31/12/2018
Sales	2.17 and 6	481 761 253	445 607 539
Rendered services	2.17 and 6	3 626 196	4 503 303
Cost of sales	13	-117 329 396	-108 799 400
External supplies and services	24	-105 017 345	-149 938 133
Personnel costs	25	-151 967 026	-137 120 057
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	6, 8 and 9	-86 615 669	-29 794 531
Other operating costs	26	8 462 038	6 796 012
Operating Income		32 920 051	31 254 733
Net financing cost	27	20 704 510	2 989 186
Gains (losses) in joint controlled subsidiaries - Equity method		102 494	39 456
Gains (losses) in financial investments		-	-370 000
Gains (losses) on Net monetary position	2.22	-	1 206 056
Profit before tax		**12 318 035**	**29 141 059**
Income tax expense	28	-5 321 775	4 070 309
Net profit		**17 639 810**	**25 070 750**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-3 214 646	-5 128 021
TOTAL COMPREHENSIVE INCOME		**14 425 164**	**19 942 729**
Net profit attributable to:			
Owners of the parent		17 549 228	24 962 061
Non-controlling interest	16	90 582	108 689
		17 639 810	25 070 750
Total comprehensive income attributable to:			
Owners of the parent		14 334 582	19 834 040
Non-controlling interest	16	90 582	108 689
		14 425 164	19 942 729
Earnings per share:	29		
Basic		**0,54**	**0,77**
Diluted		**0,54**	**0,77**

Porto, 05th May 2020

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 2019
(values in euros)

		4th TRIMESTER (unaudited)	
	Notes	**2019**	**2018**
Sales	2.17 e 6	128 261 835	113 240 809
Rendered services	2.17 e 6	973 474	1 169 604
Cost of sales	13	-30 283 665	-26 641 656
External supplies and services	24	-30 295 736	-39 680 617
Personnel costs	25	-42 150 037	-36 652 603
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	6, 8 e 9	-26 531 066	-11 226 132
Other operating costs	26	4 187 235	1 282 311
Operating Income	6	4 162 040	1 491 716
Net financing cost	27	4 128 750	128 113
Gains (losses) in joint controlled subsidiaries - Equity method		-49 808	8 181
Gains (losses) on Net monetary position		-	-572 099
Profit before tax	2.22	**-16 518**	**799 685**
Income tax expense	28	-7 130 824	-402 374
Net profit		**7 114 306**	**1 202 059**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-2 237 358	-146 825
TOTAL COMPREHENSIVE INCOME		**4 876 948**	**1 055 234**
Net profit attributable to:			
Owners of the parent		7 067 034	1 281 178
Non-controlling interest	16	47 273	-79 119
		7 114 307	1 202 059
Total comprehensive income attributable to:			
Owners of the parent		4 829 676	1 134 353
Non-controlling interest	16	47 273	-79 119
		4 876 949	1 055 234
Earnings per share:	29		
Basic		**0,22**	**0,04**
Diluted		**0,22**	**0,04**

Porto, 05th May 2020

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Statement of Alterations to the Consolidated Equity
for the years ended 31 December, 2019 and 2018
(value in euros)

	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
		Assigned to shareholders									
Balance on 1 January 2018		30 000 000	-11 179 969	469 937	263 001	-2 012 886	139 507 205	30 849 460	187 896 747	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**	**24 962 060**	**202 840 886**	**329 204**	**203 170 093**
Balance on 1 January 2019		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
Changes in the period:											
Application of the consolidated profit from 2018:											
Transfer to reserves and retained results					319 930		24 642 131	-24 962 061	-		-
Conversion reserves - Angola						-3 214 646			-3 214 646		-3 214 646
Net consolidated income for the year ended on 31 December, 2019								17 549 228	17 549 228	90 582	17 639 810
Total changes in the period		-	-	-	319 930	-3 214 646	24 642 131	-7 412 833	14 334 582	90 582	14 425 164
Net profit								**17 549 228**	**17 549 228**	**90 582**	**17 639 810**
Total comprehensive income									14 334 582	90 582	14 425 164
Transactions with capital owners in the period											
Application of the consolidated profit from 2018:											
Paid dividends	31						-3 240 002		-3 240 002	-126 779	-3 366 781
		-	-	-	-	-	-3 240 002	-	-3 240 002	-126 779	-3 366 781
Balance on 31 December 2019		**36 000 000**	**-11 180 516**	**469 937**	**1 075 511**	**-10 355 553**	**180 376 862**	**17 549 228**	**213 935 469**	**293 007**	**214 228 476**

Porto, 05th May 2020

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Consolidated Cash Flow Statements
for the year ended 31st December, 2019
(value in euros)

	Note	Years ended on December 31st 2019	2018
Cash Flows from Operating Activities			
Receipts from clients		482 663 989	447 380 756
Payments to supliers		-215 203 070	-258 891 439
Staff payments		-133 584 413	-134 216 255
Flows generated by operations		133 876 506	54 273 062
Payments/receipt of income tax		-1 060 590	-2 124 359
Other paym./receipts related with operating activities		-15 838 149	-7 778 706
Flows from operating activities (1)	14	**116 977 767**	**44 369 997**
Cash Flows from Investment Activities			
Receipts from:			
Financial investments		135 987	489 152
Tangible fixed assets		17 441	31 251
Investment benefits			105 376
Interest received	27	1 937 966	1 772 469
Other financial assets	11	5 702 932	5 387 056
Payments for:			
Financial Investments	5	359 784	2 041 029
Other financial assets	11	0	2 950 017
Tangible fixed assets		44 997 504	25 565 440
Intangible assests		3 614 955	3 599 069
Other investments			4 000 000
Flows from investment activities (2)		-41 177 917	-30 370 251
Cash flows from financing activities			
Receipts from:			
Loans obtained	17	34 186 930	11 786 179
Payments for:			
Loans obtained	17	38 258 742	19 474 431
Amortisation and interest of liability for leases	17	61 343 677	1 102 878
Interest and similar costs	27	5 125 425	4 897 400
Dividends paid	31	3 366 781	3 144 647
Acquisition of own shares	16		548
Flows from financing activities (3)		-73 907 695	-16 833 725
Change in cash & cash equivalents (4)=(1)+(2)+(3)		**1 892 155**	**-2 833 979**
Change in the perimeter		744 089	
Cash & cash equivalents at the start of the period		32 048 560	34 882 539
Cash & cash equivalents at end of the period	14	**34 684 804**	**32 048 560**

Porto, 05th May 2020 The Board of Directors,

IBERSOL SGPS, S.A.

ANNEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31 DECEMBER 2019

(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 659 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, Taco Bell, Sol, Sugestões e Opções, Silva Carvalho Catering e Palace Catering, coffe counters and other concessions. The group has 547 units which it operates and 112 units under a franchise contract. Of this universe, 287 are headquartered in Spain, of which 183 are own establishments and 104 are franchised establishments, and 10 in Angola and 7 in other locations.

Ibersol is a public limited company listed on the Euronext of Lisbon.

Ibersol SGPS parent company and ultimate parent entity is ATPS - SGPS, S.A..

2. MAIN ACCOUNTING POLICIES

The main accounting policies applied in preparing these consolidated financial statements are described below.

It should be noted that the Group first adopted, on 1 January 2019, the new standard IFRS 16 - Leases. Additionally, due to the fact that Angola in 2019 ceased to meet the conditions established in IAS 29 to be considered a hyperinflationary economy, the Group has suspended the application of that standard to the financial statements of companies in that country, since January 1, 2019.

2.1 Presentation basis, consolidation and main accounting policies

These consolidated financial statements were prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in accordance with interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the previous Standards Interpretation Committee (SIC), as adopted and effective by the European Union as of January 1, 2019. With regard to Group companies that use different accounting standards, conversion adjustments were made to IFRS.

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 2019 are the same as those adopted in the preparation of the financial statements as at 31 December 2018.

The preparation of the financial statements requires estimates and management judgments, as disclosed in Note 4.

2.2. New rules, changes and interpretation adopted

The group first adopted, on January 1, 2019, the new standards IFRS 16 - Leases, IFRIC 23 - Uncertainty about tax treatment of income tax.

a) IFRS 16 - Leases

On January 13, 2016, the IASB issued IFRS 16 - Leases, mandatory for periods beginning on or after January 1, 2019. The standard was endorsed in the European Union by European Commission Regulation no. 1986/2017, of October 31. Early adoption is permitted as long as IFRS 15 is also adopted. This standard revokes IAS 17 - Leases.

The new IFRS 16 standard eliminated the classification of leases between operating or financial leases for lessee entities, as provided for in IAS 17. Instead, it introduced a single accounting model, very similar to the treatment that was given to financial leases in the accounts of tenants.

The Group adopted this new standard as from 1 January 2019, having applied the modified retrospective method, with assets equal to liabilities, in the consolidated accounts, so it did not restate the comparative accounts for the year 2018, and there was no impact in the Group's equity at the time of the transition.

The Group's leases relate mainly to lease agreements for stores and warehouses. With regard to previous commitments with operating leases, on the transition, the Group recognized on 1 January 2019, in its Consolidated Balance Sheet, rights of use in the amount of 291.085.260 euros, liabilities for leasing of 293.970.178 euros and an adjustment in accruals and deferrals of 4.987.328 euros.

With regard to previous commitments with leases, in the transition, the book values of assets and liabilities per lease as at 31 December 2018 (4.282.410 and 2.180.000 euros, respectively) were assumed as use rights and liabilities for lease. in accordance with IFRS 16 to 1 January 2019 and the respective reclassified amounts of property, plant and equipment and loans.

When measuring lease liabilities, the Group discounted lease payments using its incremental financing rate on January 1, 2019. The weighted average rate applied is in the range of 3.5% - 6%, taking into account the characteristics contracts (underlying asset, term and economic environment). When applying IFRS 16 for the first time, the Group adopted a practical expedient that allows it not to reassess whether a contract is, or contains, a lease at the date of initial application. Thus, the Group applied this standard, on the initial application date, to contracts that were previously identified as leases under IAS 17 Leases and IFRIC 4 Determine whether an Agreement contains a Lease.

The Group also adopted the following practical exemptions and expedients:

i) not to apply the requirements of the standard to short-term lease contracts (less than 12 months) and to low value lease contracts;

ii) not to apply the requirements of the standard to leases whose contract expires within 12 months from the date of initial application;

iii) applying a single discount rate to a lease portfolio with reasonably similar characteristics;

iv) use of the assessment of whether leases are onerous, under the terms of IAS 37 Provisions, contingent liabilities and contingent assets, carried out immediately before the initial application date, as an alternative to carrying out an impairment analysis; and

v) exclusion of the initial direct costs from the initial measurement of the right of use.

The impact of the adoption of the new IFRS 16 standard on opening balances at 1 January 2019 was as follows:

	31/12/2018	Trans.Adjustments IFRS 16	01/01/2019
Assets			
Tangible fixed assets	201 310 291	-4 282 410	197 027 881
Rights of use	-	291 085 260	291 085 260
Goodwill	90 846 327	-	90 846 327
Intangible assets	36 146 157	-	36 146 157
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	**359 648 875**	**286 802 850**	**646 451 725**
Stocks	11 622 326	-	11 622 326
Cash and bank deposits	37 931 124	-	37 931 124
Income tax receivable	3 574 662	-	3 574 662
Other financial assets	3 855 375	-	3 855 375
Other current assets	27 617 179	-872 860	26 744 319
Total current assets	**84 600 666**	**-872 860**	**83 727 806**
Capital and reserves attributable to shareholders			
Share capital	36 000 000	-	36 000 000
Own shares	-11 180 516	-	-11 180 516
Share prize	469 937	-	469 937
Legal reserves	755 581	-	755 581
Conversion Reserves	-7 140 907	-	-7 140 907
Other Reserves & Retained Results	158 974 733	-	158 974 733
Net profit in the year	24 962 061	-	24 962 061
	202 840 889	-	**202 840 889**
Interests that do not control	329 204	-	329 204
Total Equity	**203 170 093**		**203 170 093**
Loans	79 182 324	-2 180 000	77 002 324
Liability for leases	-	260 041 533	260 041 533
Deferred tax liabilities	10 556 031	-	10 556 031
Provisions	3 244 724	-	3 244 724
Derivative financial instrument	177 570	-	177 570
Other non-current liabilities	150 344	-	150 344
Total non-current liabilities	**93 310 993**	**257 861 533**	**351 172 526**
Loans	52 961 448	-	52 961 448
Liability for leases	-	33 928 645	33 928 645
Accounts payable to suppliers and accrued costs	81 387 772	-5 860 188	75 527 584
Income tax payable	162 901	-	162 901
Other current liabilities	13 256 334	-	13 256 334
Total current liabilities	**147 768 455**	**28 068 457**	**175 836 912**
Total Equity and Liabilities	**444 249 541**	**285 929 990**	**730 179 531**

The reconciliation of the responsibilities disclosed in the previous year and the responsibilities with initial leasing are presented as follows:

Commitments with operating leases disclosed on December 31, 2018	357.263.111
Contracts that do not fall under IFRS 16 under practical expedients	(7.473.565)
Liabilities with leases not discounted on January 1, 2019	349.789.546
Discount effect	(66.151.009)
Adjustments as a result of revaluations of estimates	5.266.723
Liabilities with leases discounted on January 1, 2019	288.905.260
Reclassification of finance lease liabilities	2.180.000
Lease liabilities recognized on January 1, 2019	291.085.260

b) IFRIC 23 - Uncertainty about tax treatment of income tax

An interpretation was issued on 7 June 2017 on how to deal, with accounting, with uncertainties about the tax treatment of income taxes, especially when tax legislation requires a payment to be made to the Authorities in the context of a tax dispute and the entity intends to appeal the understanding in question which led to making such payment.

The interpretation came to define that the payment can be considered a tax asset, if it is related to income taxes, under the terms of IAS 12 applying the probability criterion defined by the standard as to the favorable outcome in favor of the entity on the matter dispute concerned.

In this context, the entity can use the most probable amount method or, if the resolution can dictate ranges of values in question, use the expected value method.

The Group opted, in the transition, to adopt this interpretation prospectively, the cumulative effect of the initial application being recognized as of January 1, 2019. Therefore, this approach to the transition does not require the re-expression of comparative information.

IFRIC 23 was adopted by Commission Regulation EU 2018/1595, of 23 October and is mandatory for years beginning on or after 1 January 2019 and may be adopted in advance.

The adoption of this standard did not impact the group's financial statements.

c) Other standards, changes and interpretations adopted in 2019

The improvements of the 2015-2017 cycle, issued by the IASB on December 12, 2017, introduce changes, with effective date for periods beginning on or after January 1, 2019, to IFRS 3 standards (remeasurement of the participation previously held as a joint operation) when it obtains control over the business), IFRS 11 (no remeasurement of the previously held interest in the joint operation when it obtains joint control over the business), IAS 12 (accounting for all tax consequences of the payment of dividends consistently), IAS 23 (treatment as general loans any loan originally made to develop an asset when it becomes fit for use or sale).

1) IFRS 9 (Amendment) - Prepayment characteristics with negative offset

Financial assets that contain negative prepayment features can now be measured at amortized cost or at fair value through comprehensive income (OCI) 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 modifying financial liabilities by discounting contractual cash flows using the original effective interest rate (EIR), with any adjustment being recognized through profit or loss for the period (aligning the procedure already required for financial assets). This amendment was adopted by Commission Regulation EU 2018/498 and is mandatory for years beginning on or after 1 January 2019, with early adoption permitted.

This change to the standard did not impact the group's financial statements.

2) IAS 28 (Amendment) - Long-term interests in Associates and Joint Ventures

In October 2017, the IASB issued changes to IAS 28 regarding long-term interests in associates and joint ventures.

The amendments clarify that IFRS 9 applies to financial instruments in associates or joint ventures to which the equity method is not applied, including long-term interests.

Changes must be applied retrospectively in annual periods beginning on or after 1 January 2019.

This change to the standard did not impact the group's financial statements.

3) IAS 19 (Amendment) - Alterations, cuts or settlements of the attributed benefit plan

In February 2018, the IASB issued changes to IAS 19. The changes clarify the accounting when there is a change, reduction or settlement in the attributed benefit plan.

The changes now specify that an entity should use the updated assumptions for remeasurement of its net defined benefit liability (asset) to determine the current cost of the service and net interest for the remainder of the reporting period after the change in the plan.

The changes result in a different allocation of total comprehensive income between cost of service, interest and other comprehensive income.

The changes apply prospectively to changes, cuts or settlements of attributed benefit plans that occur on or after the beginning of the first annual reporting period beginning on or after January 1, 2019.

d) Standards, changes and interpretations issued (but not yet effective for the company), for which no significant impacts are estimated:

1) Changes to IFRS 3 - Business Concentration

On October 22, 2018, the IASB issued changes to its business definition.

The changes clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that, together, contribute significantly to the ability to create outputs. The amendments also clarify that a set of activities and assets can qualify as a business without including all the inputs and processes necessary to create outputs, or including the outputs themselves, replacing the term "ability to create outputs" with "ability to contribute to creating outputs “.

It is no longer necessary to assess whether market participants are able to substitute missing inputs or processes (for example, integrating acquired activities and assets) and continue producing outputs. The changes focus on whether the inputs acquired and the substantive processes acquired together contribute significantly to the ability to create outputs.

The changes must be applied to transactions whose acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, with early application permitted. If entities apply the changes in advance, they must disclose that fact.

2) Amendments to IAS 1 - Presentation of financial statements

On January 23, 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current and non-current.

The amendments aim to promote consistency in the application of the requirements with the objective of helping companies to determine whether, in the statement of financial position, debt or other liabilities with uncertain settlement date should be classified as current (to be settled or potentially to be settled within the term one year) or non-current. The changes include clarification on the debt classification requirements that a company can settle by converting into equity.

This change is effective for periods after January 1, 2022.

3) IFRS 17

On May 18, 2017, the IASB issued a standard that replaced IFRS 4 and completely reformed the treatment of insurance contracts.

The standard introduces significant changes to the way the performance of insurance contracts is measured and presented, with different impacts also in terms of financial position. The standard provides for its application for years beginning on or after 1 January 2021.

This change does not apply to the group.

e) Norms and / or interpretations, adopted by the European Union, that the company chose not to apply in advance

1) Amendments to IAS 1 and IAS 8

On October 31, 2018, the IASB issued amendments to its definition of materiality to facilitate companies in making materiality judgments.

The changes consist of:
- replace the term "can influence" with "can reasonably be considered to be able to influence";
- include the concept of "concealment" together with the concepts of "omission" and "distortion" of information in the definition of materiality;
- clarify that the “users” referred to are the main users of the general financial statements referred to in the Conceptual Framework;
- align the definition of materiality between IFRS publications.

The amended definition of materiality therefore states that “Information is material if it can be reasonably considered that its omission, distortion or concealment may influence the decisions that the primary users of general financial statements will make based on those same financial statements, that provide financial information for a particular reporting entity. ”

The changes are effective from January 1, 2020, but can be applied in advance.

2) Changes to references to the conceptual structure in IFRS standards

In March 2018, the IASB issued a comprehensive set of concepts for financial reporting, the revised Conceptual Framework for financial reporting (Conceptual Framework), which aims to update, in existing standards, the references and citations of the existing version of the Conceptual Framework or the which was replaced in 2010, replacing them with references to the revised Conceptual Framework.

The revised Conceptual Framework has an effective adoption date of January 1, 2020 - with early adoption permitted - for companies that use the Conceptual Framework to develop accounting policies when no IFRS standard applies to a specific transaction.

3) Amendments to IFRS 9, IAS 39 and IFRS 7

On September 26, 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7. The amendments modify certain specific hedge accounting requirements to alleviate the potential effects of the uncertainty caused by the IBOR reform. In addition, the changes require companies to provide additional information to investors about their hedging relationships, which are directly affected by these uncertainties.

The amendments provide exceptions for entities to apply hedge accounting requirements, assuming that the interest rate reference index, on which the hedged risk or the hedged cash flows of the hedged item or the cash flows of the hedging instrument are based, is not changed as a result of the IBOR reform. The proposed exceptions apply only to hedge accounting requirements and the changes do not provide relief from other consequences arising from the reform of the interest rate benchmark.

The changes are limited in scope. If a hedge relationship fails to meet hedge accounting requirements for reasons other than those specified in the amendments, discontinuation of hedge accounting remains necessary.

In addition, the amendments clarify that if an entity designates cash flows based on an interest rate benchmark as the item covered in a cash flow hedge, the entity will not assume, for the purpose of measuring the ineffectiveness of the hedge, that the expected replacement of the interest rate benchmark with an alternative reference rate will result in zero cash flow after replacement. Coverage gain or loss should be measured using cash flows based on an interest rate benchmark when applying a present value technique, discounted at a market discount rate that reflects the expectations of market participants about the resulting uncertainty reform.

Changes are mandatory for all hedging relationships to which exceptions apply.

The changes have an effective date of adoption for annual periods beginning on or after January 1, 2020. Early adoption is permitted. The changes are applied retrospectively to the hedging relationships existing at the beginning of the reporting period in which the entity first applies the changes and to the gain or loss recognized in comprehensive income at the beginning of the period in which the entity first applies the changes (that is, even if the reporting period is not an annual period).

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.

(c) Associates
Associates are entities over which the Company has between 20% and 50% of the voting rights, or over which the Company has significant influence, but which cannot exercise its control.

Investments in associates are stated at cost. Associates were included in these consolidated financial statements by the equity method. Dividends attributed by subsidiaries and associates are considered in financial results.

Financial investments in associates are subject to impairment tests whenever there are signs of impairment. An impairment loss is recognized in the income statement by the amount of the excess of the asset's carrying amount over its recoverable amount. The recoverable amount is the highest of an asset's fair value less the costs inherent in its sale and its value in use. To perform impairment tests, each participation is analyzed separately. Impairment losses on financial investments in associates are reversible.

The entities that qualify as associates 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
Exchange differences resulting from the settlement of monetary items or from the conversion of monetary items at rates different from those at which they were converted at initial recognition or, in previous financial statements, are recognized in the income statement, unless they result from monetary items that are part of of net investment in a foreign operation. In this case, exchange differences are initially recognized in other comprehensive income and are reclassified from equity to the consolidated net income for the year on the total or partial disposal of that operating unit.

Exchange differences related to (financial) financing transactions are recorded as financial costs or income. Exchange differences related to operating activities are recorded under the subheadings of "Other operating income / (costs)".

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, 2019 and 2018 were respectively:

Dec/19

Euro exchange rates (x foreign currency per 1 Euro)	Rate on December, 31 2019	Average interest rate year 2019
Kwanza de Angola (AOA)	536,193	408,497

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

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. Changes in lifetime are treated as a change in accounting estimate and are applied prospectively.

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.

The assets in progress are recorded at acquisition cost less any impairment losses. These assets are amortized as from the moment when the underlying assets are available for use.

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 impairment and 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.

The assets in progress are recorded at acquisition cost less any impairment losses. These assets are amortized as from the moment when the underlying assets are available for use.

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 and intangible assets, each store was identified as a cash-generating unit. Impairment tests are carried out for restaurants that, having at least 2 years of activity, present negative 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.

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, and it is equivalent to the acquisition cost deducted from quantity discounts.

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 based on the taxable results of the companies included in the consolidation in accordance with the tax rules in force at the location of the headquarters of each company included in the consolidation perimeter. In Portugal, the estimated income tax was determined under the Special Tax Regime for Company Groups (RETGS). 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 Right of use and leasing liabilities

A lease is defined as a contract or part of a contract that conveys the right to use an asset for a certain period, in exchange for a fee.

With the adoption of IFRS 16 to January 1, 2019, the distinction between operating leases (off balance sheet) and finance leases (included in the balance sheet) has been eliminated at the lessee level, having been replaced by a model in which it is accounted for an asset identified with a right to use and a corresponding liability for all lease agreements.

On the effective date of the lease, the Group recognizes the lease liability at the present value of lease payments that are not paid on that date and the respective right to use.

Payments relating to variable components of the contract are not considered as lease payments, but are recognized as an expense in the year in which they occur.

Right of use

The right of use is initially measured at cost and subsequently at the net cost of depreciation and impairment, adjusted by remeasurement of the lease liability.

The right of use is constituted by the initial value of the liabilities with leases and by initial direct costs and payments made to the lessor before the date of entry into force of the lease, less the rental incentives received.

The right of use is depreciated on a straight-line basis over the term of the contract, comprising the non-cancellable period during which the lessee has the right to use an underlying asset and (i) the periods covered by an option to extend the lease, if the lessee has a reasonable certainty of exercising this option; (ii) the periods covered by a lease termination option, if the lessee is reasonably certain that it will not exercise that option.

Alternatively, in cases where the Group intends to exercise any existing call options for the underlying asset, the right to use is depreciated over the estimated useful life of the asset.

Leasing liabilities

Lease liabilities are initially measured based on the present value of the lease liabilities at the date. Subsequently, the lease liability is adjusted for the effect of interest and lease payments, as well as for possible changes to lease agreements. Lease payments include payments made to a lessor for the right to use an underlying asset during the term lease terms (excluding variable lease payments) and also include the exercise price of a call option, if there is a reasonable expectation that the Group will exercise it, and the amount of penalties for termination of contracts, if it is reasonably certain that the Group triggers the possibility of termination.

To determine the present value of lease payments, in cases where it is not possible to obtain the implicit interest rate, the Group uses the incremental financing rate, which represents the interest rate that the Group would have to pay to borrow for a similar term, and with a similar guarantee, the funds necessary to obtain an asset of an equivalent value to the asset under right of use in a similar economic context.

In order to determine the lease term, in cases where extension and / or termination options are defined, the Board of Directors evaluates the projected business plans and determines the lease term that best reflects their expectations of permanence in the contract. This expectation can be adjusted according to changes in business conditions.

Lease liabilities are remeasured due to revaluations or changes to the lease.

2.19 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.

2.20 Subsequent events

The events that occurred between the date of the statement of consolidated financial position and the date of issue of the consolidated financial statements and of the consolidated financial position ("adjusting events") are reflected in the consolidated financial statements. Events occurring between the date of the consolidated statement of financial position and the date of issue of the consolidated financial statements that provide information on conditions that occur after the date of the consolidated statement of financial position ("non adjusting events"), if material, are disclosed in note 37.

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 Angola in 2019 ceased to meet the conditions established in IAS 29 to be considered a hyperinflationary economy, the Group has suspended the application of that standard to the financial statements of companies in that country, since January 1, 2019. The impacts determined in fiscal years previous results resulting from this standard, namely those associated with non-monetary assets and liabilities, will remain in force until the assets are sold, consumed or amortized and until the liabilities are sold or liquidated.

Accordingly, IAS 29 was applied in 2018 and 2017 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.

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. Financing concerning Angolan subsidiaries are denominated in the 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.

In 31 December, 2019 and 2018 currency exchange risk was as follows:

	YEAR 2019			
Financial Assets	Kwanzas	Equivalent EUR	USD	Equivalent EUR
Cash and Bank deposits	446 232 877	832 224	5 753	5 331
Treasury bonds	8 758 250 718	16 334 138	-	-
Others	64 595 055	120 470	-	-
	9 269 078 650	17 286 832	5 753	5 331
Financial Liabilites				
Loans	3 146 722 026	9 218 177	-	-
Suppliers	168 518 692	314 287	1 271 421	1 178 107
Others	6 089 475	11 357	-	-
	3 321 330 193	9 543 821	1 271 421	1 178 107

	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

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 2019, 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, 2019, a decrease from 10% to 15% in AOA, concerning EUR and USD currency, keeping everything else constant, would have an impact of 1.408 thousand and 2.015 thousand euros (1.471 thousand euros and 2.065 thousand euros in 2018), 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 19 million are subject to interest maturities and repayment plans identical to the terms of the loans. In 2019, 20 million euros of fixed rate debt were contracted.

Based on simulations performed on 31 December 2019, an increase of 100 basis points in the interest rate, maintaining other factors constant, would have a negative impact in the net profit of 513,000 euros (730,000 euros in 2018).

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 6,4% 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, 2019, is not significant, with the exception of the above mentioned Treasury Bonds of the Republic of Angola in the amount of 16,3 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, 2019 and 2018 are presented as follows:

Agency	Year 2019		Year 2018	
	Deposits	Rating	Deposits	Rating
Standard & Poor´s	1 176 180	A	1 155 092	A
Standard & Poor´s	1 935 814	A-	4 110 213	A-
Standard & Poor´s	5 123 523	BBB+	2 799 113	BBB+
Standard & Poor´s	17 686 064	BBB	16 836 985	BBB
Standard & Poor´s	5 445 547	BBB-	4 060 127	BBB-
Standard & Poor´s	-	BB-	-	BB-
Moody's	330 742	Baa1	-	Baa1
Moody's	-	Baa2	-	Baa2
Moody's	-	Baa3	-	Baa3
Moody's	919 341	Ba1	802 668	Ba1
Moody's	-	Ba3	-	Ba3
Moody's	-	B2	-	B2
Moody's	351 749	B3	236 117	B3
Moody's	2 846 633	Caa2	2 196 864	Caa2
Not available (Angola)	1 543 131	n/a	3 545 545	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 193 million euros, compared with 96,5 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 2020 the renewal of the commercial paper programmes (10,000,000 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, 2019, the use of short term liquidity cash flow support was about 35%. Investments in term deposits and other application of 31 million euros, match 24% of liabilities paid.

The following table shows the Group financial liabilities (relevant items), considering contractual cash-flows:

	to December 2020	from December 2020 to 2039
Bank loans and overdrafts	46 399 315	74 763 367
Liability for leases	53 777 115	286 206 086
Other non-current liabilities	-	6 146
Accounts payable to suppliers and accrued costs	67 704 058	-
Other current liabilities	4 576 409	-
Total	172 456 898	360 975 599

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 2019 and 2018 the gearing ratio was of 26% and 27%, respectively, as follows:

	31/12/2019 (with IFRS16)	31/12/2019 (n/a IFRS16)	Dec-18
Liability for leases	339 983 201	-	-
Bank loans	121 162 682	132 095 130	132 143 772
Other financial assets	-15 626 772	-15 626 772	-19 608 860
Cash and bank deposits	-38 424 757	-38 424 757	-37 931 124
Net indebtedness	407 094 354	78 043 602	74 603 788
Equity	214 228 476	223 729 770	203 170 093
Total capital	621 322 830	301 773 371	277 773 881
Gearing ratio	66%	26%	27%

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. 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.

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).

The assumptions used are sensitive to changes in macroeconomic indicators and to the business assumptions used by management. Considering the uncertainties regarding the goodwill recovery value due to the fact that they are based on the best information available at the date, changes in the assumptions could result in impacts in determining the level of impairment and, consequently, in the results.

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.

In Portugal, annual income statements are subject to review and possible adjustment by the tax authorities over a period of 4 years. However, if tax losses are presented, they may be subject to review by the tax authorities for a period of 6 years. In other countries in which the Group operates, these deadlines are different, usually longer.

The Board of Directors believes that any corrections to those statements as a result of reviews / inspections by the tax authorities will not have a significant effect on the consolidated financial statements as of December 31, 2019, being certain that the periods up to now have been reviewed by the Tax and Customs Authority 2015, inclusive.

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) Estimated lifetime and impairment of tangible and intangible assets
Tangible and intangible fixed assets are subject to systematic depreciation for the period determined to be their economic useful life. 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.

The recoverability of tangible and intangible fixed assets requires the definition of estimates and assumptions by the Management, namely, when applicable, with regard to the determination of the value in use in the scope of the impairment tests of the Group's cash generating units.

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, which are based on a set of historical information and assumptions, which may not be representative of the future uncollectibility of the Group's debtors.

f) Lease term and Incremental financing rates
To determine the estimated impacts of adopting IFRS 16, the Group makes estimates on the lease terms and their 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 2019 and 2018:

	Company	Head Office	% Shareholding Dec/19	Dec/18
	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	-	-
	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%
	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%	100%
(c)	Cortsfood, S.L.	Barcelona - Espanha	50%	50%
	Associated companies			
(e)	Ziaicos - Serviços e gestão, Lda	Porto	40%	-
	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) Associated incorporated in 2019 (note 5.2.1).

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 and the associated Ziaicos, was subject to the equity method according to the group's shareholding in this company (Note 2.3).

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, 2019 and 2018 there were no acquisition of subsidiaries.

In 2019, the associate Ziaicos was constituted.

5.2.2. Disposals

In the years ended December 31, 2019 and 2018 there were no disposals of subsidiaries.

5.2.3. Other changes in the consolidation perimeter

With reference to January 1, 2019, the Group started to control the operations of four units, integrating in their consolidated accounts the respective assets, liabilities and results of operations of those units. On that same date, the Group carried out an analysis of the fair value of the assets, liabilities and contingent liabilities that it started to control, having recognized total goodwill for the set of these operations of 1,121,898 euros.

6. INFORMATION PER SEGMENT

Ibersol Administration monitors the business based on the following segmentation (note 2.4):

SEGMENT	BRANDS						
Restaurants	Pizza Hut	Pasta Caffe	Pizza Movil	FresCo	Ribs	StaMaria	
Counters	KFC	O'Kilo	Miit	Burger King	Pans & C.ª	Coffee Counters	Taco Bell
Concessions and catering	Sol (SA)	Concessions	Catering	Convenience stores		Travel	

DETAILED INFORMATION CONCERNING THE OPERATING SEGMENTS

	Restaurants		Counters		Concessions and Catering		Other, write off and adjustments		Total Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2 019	2 018
Turnover	**117 490 729**	**111 368 519**	**233 595 967**	**210 708 864**	**133 845 661**	**127 631 661**	**455 093**	**401 798**	**485 387 449**	**450 110 842**
Operating income net of Amortization, deprec. and impairment losses	**22 560 396**	**15 694 335**	**50 836 022**	**30 364 593**	**45 797 738**	**14 990 336**	**341 564**	-	**119 535 720**	**61 049 264**
Amortization, depreciation and impairment losses	16 277 812	9 520 941	28 200 572	14 312 454	40 458 672	6 513 480	1 678 613	-552 344	86 615 669	29 794 531
Operating income	**6 282 584**	**6 173 394**	**22 635 450**	**16 052 139**	**5 339 066**	**8 476 856**	**-1 337 048**	552 344	**32 920 051**	31 254 733
Net financing cost									20 704 510	2 989 186
Other non-operating gains and losses									102 494	875 512
Income tax expense									-5 321 775	4 070 309
Net profit									**17 639 809**	**25 070 750**
Total assets allocated*	107 316 064	91 837 162	323 975 084	229 593 989	309 506 689	85 440 675	11 641 356	11 522 920	752 439 193	418 394 747
Total liabilities allocated*	43 889 096	23 845 452	136 827 119	55 287 774	249 561 743	15 686 772	1 263 577	7 705	431 541 536	94 827 703
Net investment	1 595 843	8 730 007	33 098 270	27 555 973	10 065 095	1 352 734	-	110 327	44 759 208	37 749 042

* unallocated essentially other financial assets, loans and deferred taxes.

BRAND INFORMATION (Turnover)

The turnover by brand (sub-segments) is detailed as follows:

Brand/Segment	2019	2018	Var %
Pizza Hut	75 255 562	70 948 264	6,1%
Pasta Caffe	3 315 905	3 521 954	-5,9%
Pizza Móvil	11 006 310	12 048 473	-8,6%
FrescCo	4 236 657	4 395 026	-3,6%
Ribs	23 553 724	20 277 143	16,2%
Santa Maria	122 570	177 659	-31,0%
Restaurants	**117 490 729**	**111 368 519**	**5,5%**
Burger King	134 669 270	115 252 698	16,8%
Pans & Company	53 866 674	53 896 013	-0,1%
KFC	40 803 529	37 228 929	9,6%
O'Kilo/Miit	2 066 486	2 000 889	3,3%
Coffee Counters	2 171 502	2 330 334	-6,8%
Taco Bell	18 507	-	
Counters	**233 595 967**	**210 708 864**	**10,9%**
Sol (Service Areas)	6 832 223	6 026 423	13,4%
Travel (Airports)	111 833 826	110 184 003	1,5%
Catering	15 179 612	11 421 235	32,9%
Concessions e Catering	**133 845 661**	**127 631 661**	**4,9%**
Others	455 093	401 798	13,3%
TOTAL	**485 387 449**	**450 110 842**	**7,8%**

INFORMATION BY GEOGRAPHY

On December 31, 2019 and 2018 income and non-current assets by geography is presented as follows:

31 DECEMBER 2019	**Portugal**	**Angola**	**Spain**	**Grupo**
Total sales and services	**260 956 704**	**13 399 927**	**211 030 818**	**485 387 449**
Tangible fixed and intangible assets	169 294 718	22 077 918	61 632 028	253 004 664
Rights of use	77 689 558	1 213 084	242 909 536	321 812 178
Goodwill	7 605 482	-	80 362 743	87 968 225
Deferred tax asset	-	-	4 010 940	4 010 940
Financial investments - joint controlled subsidiaries	2 566 336	-	-	2 566 336
Non-current financial assets	435 226	-	-	435 226
Other financial assets	-	2 710 150	-	2 710 150
Other non-current assets	-	-	8 238 111	8 238 111
Total non-current assets	**257 591 320**	**26 001 152**	**397 153 358**	**680 745 830**

31 DECEMBER 2018	Portugal	Angola	Spain	Grupo
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**

7. RIGHTS OF USE

In the year ending on 31 December 2019, the following movements took place in the value of rights of use, depreciation and accumulated impairment losses:

	Rights of use
1 January 2019	
Initial net amount (Note 2.2)	291 085 260
Additions	88 072 137
Decreases	1 467 059
Depreciation in the year	55 878 164
Final net amount	**321 812 178**
31 December 2019	
Cost	377 307 656
Accumulated depreciation	55 495 482
Net amount	**321 812 178**

8. TANGIBLE FIXED ASSETS

In the years ending on 31 December 2019 and 2018, 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	Total
1 January 2018						
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**
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)	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	-	1 385 106	-	-	-	1 385 106
Impairment reversion	-	-109 615	-	-	-	-109 615
Final net amount	**14 490 886**	**142 801 429**	**33 468 569**	**9 552 595**	**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**

	Land	Buildings	Equipment	Other tangible fixed Assets	Tangible Assets in progress	Total
1 January 2019						
Initial net amount	14 490 886	142 801 429	33 468 569	9 552 595	996 812	201 310 291
Change in accounting policy (IFRS 16)	-	-3 335 985	-899 062	-47 363	-	-4 282 410
Changes in the perimeter	-	1 600 000	845 363	119 304	-	2 564 667
Currency conversion	-542 668	-1 209 078	-540 488	-117 382	-19 445	-2 429 061
Additions	-	25 420 469	11 712 366	3 596 959	3 144 834	43 874 629
Decreases	-	1 298 973	119 844	25 680	43 908	1 488 406
Transfers	-	39 603	280 569	34 644	-504 148	-149 332
Depreciation in the year	28 749	12 999 373	8 257 847	1 995 447	-	23 281 415
Impairment in the year	-	492 746	-	-	-	492 746
Impairment reversion	-	-724 062	-198 182	-15 236	-	-937 480
Final net amount	**13 919 470**	**151 249 408**	**36 687 810**	**11 132 865**	**3 574 147**	**216 563 700**
31 December 2019						
Cost	14 163 037	267 021 639	138 067 977	30 839 024	3 574 147	453 665 824
Accumulated depreciation	243 567	105 564 602	100 649 863	19 662 947	-	226 120 979
Accumulated impairment	-	10 207 629	730 304	43 212	-	10 981 144
Net amount	**13 919 470**	**151 249 408**	**36 687 810**	**11 132 865**	**3 574 147**	**216 563 700**

In 2019, an investment of around 54 million was made in the opening of 40 new units, mainly 14 Burguer King, 3 KFC and 3 Pizza Hut in Portugal, and 5 concessions at the airports of Alicante, Barcelona and Las Palmas, 2 Burguer King and 2 Pans in Spain. On part of the investment in Spain, leasing contracts were made in the amount of around 10 million (usage rights, note 9).

In 2018, an investment of around 35 million euros was made, in the opening of 41 new units, basically 10 Burger King in Portugal and 12 concessions in Spain.

Property, plant and equipment - impairment tests

The assessment of the existence of signs of impairment in tangible assets and the performance of the respective tests, if necessary, were carried out on an annual basis as referred to in note 2,8. For the purposes of assessing the existence of signs of impairment in tangible assets, the following indicators were considered by the Group:
- 2 years of activity,
- operating results less amortization, depreciation and impairment losses on tangible fixed assets, intangible assets and goodwill, negative.

Since impairment has been recorded for some assets and impairment for other assets was reversed, information on the events and conditions that led to the recognition of the impairment and that led to the reversal of the impairment, required under IAS 36,130 a) and the paragraphs c) and d) as well as by IAS 36,131. This information is also not available in note 35, for the remaining situations subject to impairment / reversal.

Methods and assumptions

As of December 31, 2019 and 2018, the methods and main assumptions used in the preparation of impairment tests on the Group's main tangible assets that showed signs of impairment were as follows:.

	2019		**2018**	
	Portugal	**Spain**	**Portugal**	**Spain**
Method used	Use Value		Use Value	
Base used*	Projections with perpetuity	Projections with perpetuity	Projections with perpetuity	Projections with perpetuity
Periodo Utiizado (anos)	5	5	5	5
Discount rate for the period (WACC)	5.6%	5.2%	5.83%	5.33%

* The discount rate presented was calculated based on the methodology WACC (Weighted Average Cost of Capital).

The growth rate in perpetuity used in cash flow projections is 2.5%.

The positive evolution of the economy in the countries of the Iberian Peninsula and the consequent reduction in risk rates in countries and markets, in parallel with a reduction in interest rates, lead to a slightly lower applicable rate in 2019.

Results of impairment tests

The tests carried out on the Ibersol group restaurants with signs of impairment resulted in the need to record impairment in the amount of 492,745 euros and 1,385,106 euros in 2019 and 2018, respectively and impairment reversals in the amounts 937,480 and 109,615 euros in 2019 and 2018, respectively, relating to tangible fixed assets, as follows:

	Year 2019		
Unit	Recoverable amount (use value)	Assets account value	Impairment losses
Ribs (1 unit)	539 050	864 530	325 480
Pizza Movil (2 units)	-	167 265	167 265
TOTAL	539 050	1 031 795	492 745

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

Impairment reversals in 2019 and 2018 are presented as follows:

Units	**Ano 2019**	**Ano 2018**
Pizza Hut (2 units)	403 720	-
Burger King (1 unit)	262 209	-
Pasta caffe (1 unit)	211 714	-
Roulotte (1 unit)	59 837	-
Pizza Hut (1 unit)	-	109 615
TOTAL	937 480	109 615

Sensitivity analysis

In 2019, the sensitivity analysis of the discount rate is presented as follows:

Discount rate	Impairment	Additional impairment	Notes
4.2%	167 235	-325 480	
4.7%	357 317	-135 428	
5.2%	492 745		impairment accounted value
5.7%	679 105	186 360	(1)
6.2%	861 139	368 394	(1)

(1) for a discounted rate increase of 0.5% and 1% would result in a further loss of 186,360 euros and 368,394 euros, respectively.

In 2019, the sensitivity analysis of the growth rate in perpetuity is presented as follows:

Growth rate in perpetuity	Impairment	Change in impairment
over 1% of the base	184 298	-308 447
over 0.5% of the base	373 271	-119 474
base: 2%	492 745	
less 0.5% of the base	649 526	156 781
less 1% of the base	810 231	317 486

Depreciation, amortization and impairment losses of tangible fixed assets and intangible assets, are as follows:

	2019			2018		
	Tangible fixed assets	**Rights of use, Intangible assets and Goodwill**	**TOTAL**	**Tangible fixed assets**	**Intangible assets and Goodwill**	**TOTAL**
Depreciation in the year (1)	23 281 415	59 248 307	82 529 722	24 487 815	1 852 361	26 340 175
Impairment in the year	492 746	4 000 000	4 492 746	1 385 106	2 032 182	3 417 289
Others	-406 799	-	-406 799	37 067	-	37 067
	23 367 362	63 248 307	86 615 669	25 909 988	3 884 543	29 794 531

(1) increase results from the application of IFRS 16, according to note 2,2.

9. INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets are broken down as follows:

	Dec/19	**Dec/18**
Goodwill	87 968 225	90 846 327
Intangible assets	36 440 964	36 146 157
	124 409 189	**126 992 484**

In the years ending on 31 December 2019 and 2018, 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 2018						
Cost	92 862 786	22 000 000	40 254 584	13 873 100	1 312 455	170 302 925
Accumulated amortization	-	1 283 333	25 197 741	12 135 892	-	38 616 967
Accumulated impairment	-	-	3 665 332	41 875	-	3 707 206
Net amount	**92 862 786**	**20 716 667**	**11 391 511**	**1 695 333**	**1 312 455**	**127 978 752**
1 January 2018						
Initial net amount	92 862 786	20 716 667	11 391 511	1 695 333	1 312 455	127 978 752
Hyperinflationary Economies (IAS 29)	-	-	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	58 602
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**	**12 450 980**	**1 708 028**	**2 370 483**	**126 992 484**
31 December 2018						
Cost	90 846 327	22 000 000	42 232 722	12 960 943	2 370 483	170 410 475
Accumulated amortization	-	2 383 333	26 100 687	11 211 040	-	39 695 060
Accumulated impairment	-	-	3 681 055	41 875	-	3 722 930
Net amount	**90 846 327**	**19 616 667**	**12 450 980**	**1 708 028**	**2 370 483**	**126 992 484**

	Goodwill	Brands	Industrial property	Other intangible Assets	Assets in progress	Total
1 January 2019						
Initial net amount	90 846 327	19 616 667	12 450 980	1 708 028	2 370 483	126 992 484
Changes in the perimeter	1 121 898	-	-	-	-	1 121 898
Change in accounting policy (IFRS 16)	-	-	-	-	-	-
Currency conversion	-	-	-74 408	-	-100 681	-175 089
Additions	-	-	3 372 763	317 030	244 781	3 934 574
Decreases	-	-	37 273	-	57 258	94 530
Transfers	-	-	442 100	600 000	-1 042 100	-
Amortization in the year	-	1 100 000	1 737 240	532 903	-	3 370 143
Impairment in the year	4 000 000	-	-	-	-	4 000 000
Final net amount	**87 968 225**	**18 516 667**	**14 416 923**	**2 092 155**	**1 415 225**	**124 409 189**
31 Decemberr 2019						
Cost	87 968 225	22 000 000	45 735 432	13 793 294	1 415 225	170 912 176
Accumulated amortization	-	3 483 333	27 637 453	11 659 270	-	42 780 056
Accumulated impairment	-	-	3 681 055	41 875	-	3 722 930
Net amount	**87 968 225**	**18 516 667**	**14 416 923**	**2 092 155**	**1 415 225**	**124 409 189**

Goodwill – Impairment tests

Goodwill is not amortized. The Group performs impairment tests on goodwill annually, or whenever there are signs of impairment, as mentioned in note 2,8.

For the purpose of impairment tests on CGUs, the recoverable amount was determined based on the value in use, according to the discounted cash flow method. The recoverable value of the UGC derives from assumptions related to the activity, namely, sales volumes, operating costs, planned investments, namely the opening, remodeling and closing of units, the impact of other market players, internal management projections and historical performance.

These projections result from the budgets for the following year and the estimated cash flows for a subsequent period of four years reflected in the medium and long-term plans approved by the Board of Directors.

Since impairment has been recorded for some assets and impairment for other assets was reversed, information on the events and conditions that led to the recognition of the impairment and that led to the reversal of the impairment, required under IAS 36,130 a) and the paragraphs c) and d) as well as by IAS 36,131. This information is also not available in note 35, for the remaining situations subject to impairment / reversal.

Methods and assumptions:

As of December 31, 2019 and 2018, the methods and main assumptions used in preparing the impairment tests for the Group's goodwill were as follows:

	2019			2018		
	Portugal	**Spain**	**Spain (Vidisco)**	**Portugal**	**Spain**	**Spain (Vidisco)**
Method used		Use Value			Use Value	
Base used*	Projections with perpetuity	Projections with perpetuity	Projections with perpetuity	Projections with perpetuity	Projections with perpetuity	Projections with perpetuity
Used Period (years)	5	5	5	5	5	5
Growth rate in perpetuity	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Discount rate for the period (WACC)	5.6%	5.2%	8%	5.83%	5.33%	8.6%

* The discount rate presented was calculated based on the methodology WACC (Weighted Average Cost of Capital).

The remaining assumptions inherent to impairment tests are specific to each segment and vary according to the Board of Directors' future estimates.

The positive evolution of the economy in the countries of the Iberian Peninsula and the consequent reduction in risk rates in countries and markets, in parallel with a reduction in interest rates, lead to a slightly lower applicable rate in 2019.

Results of impairment tests:

In 2019, the tests performed resulted in the need to record an impairment in the amount of 4,000,000 euros in goodwill, as follows:

Year 2019

Unit	Recoverable amount (use value)	Assets account value	Impairment losses
Vidisco (CFU)	3 116 746	7 116 746	4 000 000
TOTAL	3 116 746	7 116 746	4 000 000

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

Sensitivity analysis:

In 2019, the sensitivity analysis of the sales growth rate is presented as follows:

Discount rate	Impairment	Additional impairment/	Notes
7.00%	2 353 842	-1 646 158	
7.50%	3 261 364	-738 636	
8.00%	4 000 000		impairment accounted value (*)
8.50%	4 612 262	612 262	(1)
9.00%	5 127 624	1 127 624	(1)

(1) for a perpetuity discount rate of 0.5% and 1% would result in an additional loss of € 612,262 and € 1,127,624, respectively.

In 2019, the sensitivity analysis of the growth rate in perpetuity is presented as follows:

Growth rate in perpetuity	Impairment	Additional impairment/ (Excess)
over 1% of the base	2 704 161	-1 295 839
over 0.5% of the base	3 417 362	-582 638
base: 2.5%	4 000 000	
less 0.5% of the base	4 484 860	484 860
less 1% of the base	4 894 703	894 703

Goodwill is allocated to each of the groups of homogeneous cash-generating units as follows:

	Dec/19	**Dec/18**
Restaurants	11 740 829	14 618 931
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
	87 968 225	**90 846 327**

In relation to the above segments, the following groups of homogeneous cash-generating units were identified:

CFU	**dez/19**	**dez/18**
Restaurants		
Ribs	5 175 479	4 053 581
Frescco	1 476 821	1 476 821
Pizza Movil	3 116 287	7 116 287
Pizza Hut	1 972 242	1 972 242
Sub-total	11 740 829	14 618 931
Counters		
Pans & C.º	11 850 160	11 850 160
Burguer King	24 641 046	24 641 046
KFC	708 785	708 785
Sub-total	37 199 991	37 199 991
Concessions and Catering		
Concessões e travel	35 823 319	35 823 319
Catering	3 024 365	3 024 365
Sub-total	38 847 684	38 847 684
Outros	179 721	179 721
TOTAL	87 968 225	90 846 327

Other Assets - Brands, Industrial Property and Other Intangible Assets

In the remaining intangible assets, with a defined useful life, 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.

The values reached are sustained by historical performance, expectations of market development and strategic development plans for each business.

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 2019, 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.

10. FINANCIAL INVESTMENTS

10.1. Investments in jointly controlled entities and associated

	Dec/19	Dec/18
UQ Consult - Serviços de Apoio à Gestão, S.A.	2 562 599	2 459 842
Ziaicos - Serviços e gestão, Lda	3 737	-
	2 566 336	**2 459 842**
Accumulated impairment losses	-	-
	2 566 336	**2 459 842**

10.2. Available-for-sale financial assets

Available for sale financial assets concern investments (bellow 20%) in non listed companies.

	Dec/19	Dec/18
Non-current financial assets	699 226	475 430
	699 226	**475 430**
Accumulated impairment losses	264 000	264 000
	435 226	**211 430**

(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:

	Dec/19			Dec/18		
	Current	Non current	Total	Current	Non current	Total
Treasury bonds	13 501 309	2 832 828	16 334 138	4 040 342	16 509 280	20 549 622
Sub-total	13 501 309	2 832 828	16 334 138	4 040 342	16 509 280	20 549 622
Accumulated impairment losses	584 688	122 678	707 366	184 967	755 795	940 762
TOTAL	12 916 621	2 710 150	15 626 772	3 855 375	15 753 485	19 608 860

The indices used for Probability of Default and Loss Given Default are in accordance with the publication of Moodys and S&P, about 7.34% (7.63% in 2018), considering the rating of the Republic of Angola, and 59% (60% in 2018), respectively.

11.1. Non-current

	Dec/19	Dec/18
Treasury bonds	2 832 828	16 509 280
	2 832 828	**16 509 280**
Accumulated impairment losses	122 678	755 795
	2 710 150	**15 753 485**

Issue data	22/01/2016	17/03/2016	30/05/2018
Due date	16/09/2022	15/03/2021	23/02/2021
BNA exchange rate	154.84	158.155	236.359
Amount	975	857	749
Value on 31/12/2019	1 018 914	956 769	857 146
Gross annual return	5%	7,75%	7%

11.2. Current

	Dec/19	Dec/18
Treasury bonds	13 501 309	4 040 342
	13 501 309	**4 040 342**
Accumulated impairment losses	584 688	184 967
	12 916 621	**3 855 375**

Issue data	10/08/2017	12/09/2017	07/11/2017	09/02/2018
Due date	08/08/2020	05/09/2020	01/07/2020	28/07/2020
BNA exchange rate	165.094	165.096	165.097	208.618
Amount	830	603	500	761
Value on 31/12/2019	926 625	673 199	558 208	866 784
Gross annual return	7%	7%	7,00%	7%
Issue data	24/10/2017	07/11/2017	30/11/2017	14/12/2017
Due date	24/10/2020	30/10/2020	27/11/2020	12/12/2020
BNA exchange rate	165.097	165.097	165.098	165.098
Amount	821	725	500	2 000
Value on 31/12/2019	916 578	809 402	558208,05	2 232 832
Gross annual return	7%	7%	7%	7%
Issue data	21/11/2017	28/11/2017	15/12/2017	18/12/2017
Due date	20/11/2020	06/10/2020	12/12/2020	12/12/2020
BNA exchange rate	165.098	165.098	165.098	165.098
Amount	830	615	1500	900
Value on 31/12/2019	926 625	695 230	1 674 624	1 004 774
Gross annual return	7%	7%	7%	7%
Issue data	11/04/2016	20/07/2018	28/12/2017	
Due date	13/02/2020	20/11/2020	27/12/2020	
BNA exchange rate	162.082	254.902	165.098	
Amount	812	600	82	
Value on 31/12/2019	881 228	685 445	91 546	
Gross annual return	5%	7%	7%	

12. <u>OTHER NON-CURRENT ASSETS</u>

Other non-current assets breakdown is presented as follows:

	Dec/19	Dec/18
Other non-current assets (1)	8 164 336	8 781 933
Credits granted to third parties	464 334	4 479 410
Impairment balances	-390 559	-340 000
	8 238 111	**12 921 343**

(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 2019 and 2018, a discount rate of 2% was applied, recognizing the current deferral in the amount of € 163,257 (note 15) and noncurrent in the amount of € 714,049. This update of Spain securities resulted in a loss in the amount of 51,106 euros in 2018 and a gain in the amount of 246,330 eur in 2019 (Note 27).

In 2018 an impairment loss of € 340,000 (note 26) was recorded on a balance receivable from a Vidisco franchisee, updated in 2019 to 390,559 euros.

13. INVENTORIES

On 31 December 2019 and 2018, stocks were broken down as follows:

	Dec/19	Dec/18
Raw material and consumables	11 701 304	11 237 246
Merchandise	388 663	460 061
	12 089 967	**11 697 307**
Decreases	-74 981	-74 981
Net inventories	**12 014 986**	**11 622 326**

The cost of inventories recognized in 2019 as an expense and included under "cost of sales" amounted to € 117,329,396 (in 2018: € 108,799,400), as shown below:

	Dec/19	Dec/18
Initial balance	11 697 307	12 164 888
Currency conversion	-546 938	-1 103 696
Perimeter variation	40 909	-
Purchases	122 425 272	113 244 710
Inventories changes	-4 197 186	-3 809 195
Final balance	12 089 967	11 697 307
Cost of sales	**117 329 396**	**108 799 400**

The value of stocks changes mainly relates to staff meals at the workplace and consumer packagings.

14. CASH AND CASH EQUIVALENTS

On 31st December 2019 and 2018, cash and cash equivalents are broken as follows:

	Dec/19	Dec/18
Cash	1 065 534	1 082 754
Bank deposits	37 358 723	36 847 870
Treasury applications	500	500
Cash and bank deposits in the balance sheet	38 424 757	37 931 124
Bank overdrafts	-3 739 953	-5 882 564
Cash and cash equivalents in the cash flow statement (1)	34 684 804	32 048 560

(1) there are no significant cash and cash equivalents unavailable for use by the Ibersol group. Of this amount 761,361 eur (33,067,700 eur in 2018) 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 2019 and 2018 are broken down as follows:

	Dec/19	Dec/18
Clients (1)	9 398 831	9 546 044
State and other public entities (2)	6 264 376	4 364 242
Other debtors (3)	8 659 243	6 721 003
Advances to suplliers	226 991	425 158
Advances to fixed suppliers	539 636	-
Accruals and income (4)	7 600 004	6 929 484
Deferred costs (5)	1 577 647	2 562 368
Other current assets	**34 266 728**	**30 548 299**
Accumulated impairment losses	2 585 661	2 931 120
	31 681 067	**27 617 179**

(1) Current balance arising essentially by the Catering and Franchising activity developed by Ibersol, respectively, from around 3.3 million eur and 5.1 million eur (2.3 million and 6 million in 2018).

(2) Current balance of recoverable VAT amounts 6,114,088 eur (4,364,024 euros in 2018).

(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/19	Dec/18
Interest	245 981	333 804
Suppliers contracts	5 660 143	5 215 082
Ascendi reimbursement (Note 26)	486 528	572 398
Program "Cartão Continente"	505 961	499 470
Other	701 392	308 730
	7 600 004	**6 929 484**

(5) Deferred costs are broken down as follows:

	Dec/19	Dec/18
Rents and condominium fees (outside the scope of IFRS16)	357 156	1 400 411
Discount value (Note 12)	163 257	151 372
External supplies and services	407 358	311 919
Expenses with raw material	66 122	14 976
Other	583 754	683 690
	1 577 647	**2 562 368**

Financial assets impairment is broken down as follows:

	Dec/19		Dec/18	
	With Impairment	Without Impairment	With Impairment	Without Impairment
Clients c/a	2 161 837	7 236 994	2 712 748	6 833 296
Other debtors	423 824	8 235 419	218 372	6 502 631
	2 585 661	**15 472 413**	**2 931 120**	**13 335 927**

As for clients and other debts without impairment, the amounts are broken down as follows:

	Dec/19	Dec/18
Debt not due	2 474 797	2 912 522
Debt due:		
For less than 1 month	3 896 995	2 987 010
From one to three months	4 883 702	1 768 270
Over three months	4 216 920	5 668 124
	15 472 413	13 335 926

The Group's main activity is the operation of stores of several own brands and franchises (note 3.b), and the preferred payment method for its sales is by cash, debit card (or other type of card, for example, card meal). Therefore, the largest volume of credits results from the catering activity, although clients usually pay a part for an advance in the event hiring, as well as the supply of goods and royalties to franchisees.

Throughout 2019, a significant part of the stores operated by Ibersol joined home delivery via aggregators, which resulted in an increase in the balances of Other debtors. Therefore, on December 31, 2019, the balance in Other debtors in addition to the outstanding balances of suppliers, debits to suppliers for the recovery of charges for marketing and rappel contributions and which do not present risk because they are covered by credits on the same suppliers, also includes balances receivable from aggregators

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.

December 31, 2019 accounts receivable not due without impairment, is presented as follows:

	amount
Franchise clients	1 133 475
Catering clients	427 966
Other clients	128 237
Other debtors c/c	785 119
	2 474 797

	amount	Default history
Franchise clients	75 541	with default history
Franchise clients	1 057 933	no default history
Catering clients	137 857	with default history
Catering clients	290 109	no default history
Other clients	128 237	no default history
Other debtors c/c	785 119	no default history
	2 474 797	

Impairment losses in the year 2019 and 2018 regarding other current assets are broken down as follows:

	Dec/19					
	Starting balance	**Perimeter variation**	**Cancellation**	**Losses in the Year (note 26)**	**Impairment reversion (note 26)**	**Closing balance**
Clients c/ a	2 712 748	-	-931 803	1 002 267	-405 000	2 378 212
Other debtors	218 372	-10 923	-	-	-	207 449
	2 931 120	-10 923	-931 803	1 002 267	-405 000	2 585 661

	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

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.

On 31st December 2019 and 2018, fully subscribed and paid up share capital was represented by, respectively, 36.000.000 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. There were no transactions with own shares in 2019.

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 148.092.559 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 2019 and 2018, the interests that do not control were as follows:

	%		Dec/19	Dec/18
	Dec/19	Dec/18		
Restmon	39%	39%	-53 342	-46 619
Cortsfood	50%	50%	364 086	393 561
Others			-17 737	-17 738
			293 007	**329 204**

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 2019 and 2018 in interests that do not control were as follows:

	2019	2018
1st January	329 204	723 445
Increases (1)	90 582	108 689
Decreases (2)	-126 779	-502 930
31st December	293 007	329 204

(1) changes in 2019 and 2018 relate to the year income of the interests that do not control, respectively, 90.582 eur and 108.690 eur.
(2) decrease in 2019 and 2018 result from the distribution of dividends by interests that do not control shareholders (126.779 aur and 444.647 eur, respectively) and in 2018 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).

17. LOANS AND LEASE LIABILITIES

17.1 Loans

On 31 December 2019 and 2018, current and non-current loans were broken down as follows:

Non-current	**Dec/19**	**Dec/18**
Bank loans	16 763 367	25 061 268
Commercial paper programmes	58 000 000	53 000 000
Financial leasing	-	1 121 056
	74 763 367	**79 182 324**

Current	Dec/19	Dec/18
Bank overdrafts	3 739 953	5 882 564
Bank loans	23 659 362	16 420 440
Commercial paper programmes	19 000 000	29 600 000
Financial Leasing	-	1 058 444
	46 399 315	**52 961 448**
Total loans	**121 162 682**	**132 143 772**
Average interest rate	**2,7%**	**2,5%**

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/19	Dec/18
From 1 to 2 years	28 421 835	28 782 805
From 2 to 5 years	46 241 284	48 835 503
> 5 years	100 248	442 960
	74 763 367	**78 061 268**

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 2019 and 2018 in current and non-current loans, except financial leases and bank overdrafts, are as follows:

	2019	2018
Initial balance	124 081 708	137 226 551
Currency translation and other adjustments	-2 587 167	-5 456 591
Receipts	34 186 930	11 786 179
Payments	-38 258 742	-19 474 431
Change in perimeter	-	-
Final balance	117 422 729	124 081 708

Using the functional currency in which they were subscribed, total loans on 31st December 2019 and 2018 were as follows:

	Dec/19	Dec/18
EUR	111 554 094	117 447 270
USD	-	500 000
AOA	3 146 722 026	2 565 000 000

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	31.12.2019	**2,5x to 1,5x** *from 2017 to 2021 with reductions of 0.25 per year*	**3,5x or 4,5x**
EBITDA/Financial Cost	31.12.2019	**5x**	-
Equity/Assets	31.12.2019	-	**30%**

As of December 31, 2019 and 2018, these Covenants are being complied with and are calculated from a "Frozen GAAP" perspective, not including the impacts, namely, of IFRS16.

The future (contractual) Cash Flows concerning the above stated financial liabilities on 31 December 2019 are broken down as follows:

	CF 2020	CF 2021	CF 2022	CF 2023	CF 2024	CF 2025/28
Bank loans	23 659 362	8 421 835	3 597 486	3 886 761	391 905	465 379
Commercial paper programmes	19 000 000	20 000 000	24 000 000	7 000 000	7 000 000	-
Interest	2 319 628	1 031 237	412 976	140 587	70 000	-

17.1 Lease liabilities

As of December 31, 2019, the company has commitments made to third parties, arising from lease contracts, namely real estate contracts. The breakdown of future payments of lease payments, given their maturity, can be analyzed as follows:

	CF 2020	CF 2021	CF 2022	CF 2023	CF 2024	CF 2025/39
Leases	53 777 115	48 138 849	45 608 910	45 759 863	40 884 896	105 813 569
	53 777 115					286 206 086
Interest	16 176 410	13 775 056	11 420 489	9 102 990	6 836 319	17 980 973

18. INCOMES TAXES AND DEFERRED TAXES

18.1. Income tax

18.1.1. Income tax receivable

On 31st December 2019, income tax receivable amounts to 1.502.658 euros (3.574.662 euros in 2018), presented as follows:

	Dec/19	Dec/18
Inverpeninsular Group (1)	58 308	777 951
RETGS (2)	1 340 789	2 727 248
Dehesa (1)	62 437	62 437
Cortsfood	31 870	-
Income tax (Restmon)	9 254	7 026
	1 502 658	3 574 662

(1) tax amount resulting from the tax group of subsidiaries in Spain. The Dehesa subsidiary, although in 2018 have been acquired their full participation to non-controlling interests, only incorporated the tax group in 2019.
(2) income tax that results from the tax group of subsidiaries in Portugal (RETGS), is presented as follows:

	2019	2018
Special payment on account	-	24 614
Payments on account	4 594 197	4 245 951
Withholding taxes	109 770	107 137
Income tax - parent	-253 083	-191 639
Income tax - subsidiaries (RETGS)	-3 469 367	-2 652 677
Tax saving (RETGS)	359 272	1 193 863
Total	1 340 789	2 727 248

18.1.2. Income tax payable

Income tax payable in the years ending on 31 December 2019 and 2018 are broken down as follows:

	dez/19	dez/18
Ibersol Angola	678 567	72 419
Cortsfood (1)	-	86 016
Other (2)	11 181	4 466
	689 748	162 901

(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:

Deferred taxes	**31.12.2018**	**31.12.2019**	**Movement in the year (Note 28)**
Assets	-	4 010 940	4 010 940
Liabilities	-10 556 031	-8 671 083	1 884 947
Total	**-10 556 031**	**-4 660 143**	**5 895 887**

Tax rates of the jurisdictions in which the Group is present are:

Portugal	21%
Spain	25%
Angola	30%

18.2.1 Deferred tax assets

Deferred tax assets on 31st December 2019 and 2018, according to jurisdiction and the temporary differences that generate them, are broken down as follows:

Deferred tax assets	**Spain**
Reportable fiscal losses	2 674 199
IFRS16	2 980 549
Temporary differences in Spain	-1 999 793
Homogenization of tangible fixed assets and intangible assets	-650 959
Other temporary differences (1)	1 006 944
	4 010 940

(1) amount referring essentially to the impairment of accounts receivable, leasing, pension plan and tax benefits.

Fiscal reports and its deferred tax assets by jurisdiction are as follows:

Limit year of use	unlimited	unlimited	unlimited	unlimited	unlimited	unlimited	unlimited	Total
Start year	2002/04	2005	2006	2007/08	2016	2018	2019	
Spain (*)								
with deferred tax (25%)	11 330	479 654	523 328	46 440	3 212 698	26 224	6 397 116	10 696 791
without deferred tax	30 291	-	-	-	-	-		30 291
	41 621	479 654	523 328	46 440	3 212 698	26 224	6 397 116	10 727 082
Deferred tax assets								
Spain	2 833	119 914	130 832	11 610	803 174	6 556	1 599 279	2 674 199
	2 833	119 914	130 832	11 610	803 174	6 556	1 599 279	2 674 199

* fiscal reports are prior to the tax group in Spain, except for the year 2018 and 2019.

18.2.2 Deferred tax liabilities

Deferred tax liabilities on 31st December 2019 and 2018, according to jurisdiction and the temporary differences that generated them, are broken down as follows:

	Dec/19			**Dec/18**
Deferred tax liabilities	**Portugal**	**Angola**	**Total**	
Homogenization of tangible fixed assets and intangible assets (1)	6 505 407	-128 393	6 377 014	5 539 863
Hyperinflationary Economies (IAS 29)	-	5 159 007	5 159 007	5 393 463
Temporary differences in Spain	-	-	-	4 415 324
Reportable fiscal credits	-2 346 447	-	-2 346 447	-
IFRS16	-468 045	-54 113	-522 158	-
Other temporary differences	215 878	-212 210	3 668	33 859
	3 906 793	4 764 291	8 671 083	15 382 508

(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.

On December 31, 2019 there are 1.622.779 euros of tax credits in the tax code Investment (CFI) for use in subsequent years, until 2029, the deadline for its use.

19. PROVISIONS

On 31 December 2019 and 2018, provisions were broken down as follows:

	Dec/19	Dec/18
Legal processes	5 257	5 257
Income tax (1)	-	3 211 467
Other	28 000	28 000
Provisions	**33 257**	**3 244 724**

(1) provision for tax credits resulting from the calculation of the income tax of previous years, reversed in 2019, considering the analysis made by the Group at this balance sheet date.

20. DERIVATIVE FINANCIAL INSTRUMENT

On December 31, 2019 and 2018 the detail of Ibersol derivative financial instruments is presented as follows:

	Dec/19	Dec/18
Swap	128 699	177 570
Derivative financial instruments	**128 699**	**177 570**

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
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	14 400 000	4 800 000

(*) 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 2019 and 2018, the item “Other non-current liabilities” may be broken down as follows:

	Dec/19	Dec/18
Other creditors (1)	6 146	150 344
Other non-current liabilities	6 146	150 344

(1) in 2019 the payment of the amount related to the debt for the purchase of the subsidiary Vidisco, S.L. due in 2023, was settled.

22. ACCOUNTS PAYABLE TO SUPPLIERS AND ACCRUED COSTS

On 31st December 2019 and 2018, accounts payable to suppliers and accrued costs were broken down as follows:

	Dec/19	Dec/18
Suppliers c/ a	32 908 102	35 423 289
Suppliers - invoices pending approval	5 548 999	2 075 556
Suppliers of fixed assets c/ a	19 231 301	20 577 254
Total accounts payable to suppliers	57 688 402	58 076 099

	Dec/19	Dec/18
Accrued costs - Payable insurance	109 426	78 685
Accrued costs - Payable remunerations	8 201 758	8 363 349
Accrued costs - Performance bonus	1 910 792	1 760 149
Accrued costs - Rent and lease (1)	1 842 319	6 382 705
Accrued costs - External services	6 219 141	4 543 492
Accrued costs - Other	1 844 770	2 183 293
Total acrrued costs	20 128 206	23 311 673
Total accounts payable to suppl.and accrued costs	77 816 608	81 387 772

(1) With the adoption of IFRS 16, accrued costs- rents and lease include only the amount related to variable rents and additions to contracts that are not relevant for the adoption of this standard.

23. OTHER CURRENT LIABILITIES AND INCOME TAX PAYABLE

On 31st December 2019 and 2018, the item "Other current liabilities" may be broken down as follows:

	Dec/19	Dec/18
Other creditors (1)	4 576 409	4 696 932
State and other public entities (2)	9 143 072	8 025 248
Deferred income (3)	846 539	534 154
	14 566 020	13 256 334

(1) This amount relates mainly to services rendered by a third parties ands debt to a grantor and.

(2) balance due mainly to payable VAT amounts (3.517.835 euros) and Social Security (4.330.764 euros).

(3) the Deferred Income item includes the following amounts:

	Dec/19	Dec/18
Compensation	366 102	-
Contracts with suppliers (1)	213 914	222 143
Investment subvention	259 053	304 826
Other	7 470	7 185
	846 539	534 154

(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 2019 and 2018 are broken down as follows:

	2019	2018
Subcontracts	539 686	994 825
Electricity, water, fuel and other fluids	14 652 171	13 170 373
Rents and rentals (1)	15 391 896	68 892 187
Condominium	4 753 071	4 494 053
Communications	1 514 417	1 220 642
Insurance	937 357	922 957
Short-lasting tools and utensils and office materials	3 087 451	2 644 272
Royalties	14 793 996	13 175 576
Travel and accommodations and merchandise transport	2 094 668	2 216 889
Services fees	2 065 897	1 197 265
Conservation and repairs	8 790 413	8 552 024
Advertising and propaganda	17 056 813	15 725 323
Cleaning, hygiene and comfort	4 799 623	4 292 493
Specialised works	11 237 441	8 999 927
Other ESS'	3 302 444	3 439 327
	105 017 345	149 938 133

(1) with the application of IFRS 16 (note 2.2), in 2019 the amount of rents refers only to contracts with a maturity of less than 1 year and other rents.

25. PERSONNEL COSTS

Employee expense in the years ending on 31st December 2019 and 2018 are broken down as follows:

	2019	2018
Salaries and wages	116 488 670	104 061 961
Social security contributions	29 491 842	27 404 248
Personnel meals	4 179 464	3 636 768
Work accident insurance	1 020 423	895 310
Other personnel costs (1)	786 627	1 121 770
	151 967 026	137 120 057
Average number of employees	10 400	9 505

(1) other personnel costs include compensation, employee recruitment and training and medicine.

26. OTHER OPERATING INCOME AND COSTS

Other operating and income costs in the years ending on 31st December 2019 and 2018 are broken down as follows:

Other operating costs	2019	2018
Direct/indirect taxes not assigned to operating activities	1 364 139	1 163 019
Losses in fixed assets	1 939 492	401 575
Membership fees, donations samples and inventory offers	122 827	192 028
Impairment adjustments (debts receivable) (Note 15)	1 002 267	843 800
Impairment adjustments (debts receivable) (Note 12)	50 559	340 000
Other operating costs	354 774	186 390
	4 834 057	3 126 812

Other operating income	2019	2018
Supplementary income (1)	6 504 893	7 443 164
Currency exchange differences (2)	5 281 276	943 593
Compensations	500 000	646 036
Gains in fixed assets	60 015	7 568
Operating grants	155 596	74 462
Impairment adjustments reversion (debts receivable) (Note 15)	405 000	184 787
Reduction of provision (Note 19)	247 951	385 000
Investment grants	64 639	59 600
Other operating gains	76 725	178 614
	13 296 095	9 922 824
Other operating income / (costs)	8 462 038	6 796 012

(1) result mainly from revenues from franchise agreements (Eat Out Group) and suppliers.
(2) exchange differences refer to the group's operation in Angola, resulting in exchange differences, in 2019, unfavorable of 3.403.120€ and favorable of € 8.684.396€.

27. NET FINANCING COST

Net financing cost in the years ending on 31st December 2019 and 2018 are broken down as follows:

	2019	2018
Interest on rentals liabilities (IFRS16)	17 524 539	-
Interest paid	3 659 132	4 054 505
Interest earned (1)	-1 394 624	-1 772 469
Currency exchange differences	-	-72 399
Other financial costs and income	915 463	779 549
	20 704 510	2 989 186

(1) essentially interest on treasury bonds and term deposits.

Leases liability interest (IFRS16) by geography, is presented as follows:

Spain	13 334 544
Portugal	3 692 736
Angola	497 259

The detail of other financial costs and income, is presented as follows:

	2019	2018
Financial instruments - cash flow hedge (Note 20)	-48 871	-57 884
Commercial paper programmes charges	499 210	650 753
Discounted value (Note 12)	-246 330	51 106
Impairment reversal TB's (IFRS9)	-233 396	-111 569
Other commissions	141 683	138 276
Other financial cost and gains	803 168	108 867
	915 463	779 549

28. INCOME TAX

Income tax recognised in the years 2019 and 2018 are broken down as follows:

	Dec/19	Dec/18
Current taxes	4 490 712	2 720 113
Income tax provision (Note 19)	-3 211 467	-
Insufficiency (excess) of income tax	-705 133	-73 338
Deferred taxes	-5 895 887	1 423 534
	-5 321 775	4 070 309

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:

	2019	2018
Pre-tax profit	**12 318 035**	**29 141 059**
Tax calculated at the appliacble tax rate in Portugal (22,5%)	**2 771 558**	**6 556 738**
Fiscal effect caused by:		
Income tax provisions	-3 211 467	-
Insufficiency (excess) of income tax	-705 133	-73 338
Tax credits (CFI)	-3 136 787	-3 871 869
Deferred tax credits	-1 340 281	60 814
Special tax (independent)	521 954	416 550
Tax pours	212 372	192 166
Deferred tax adjustments and other effects	-433 992	789 248
Income Tax Expenses	-5 321 775	4 070 309

The effective rate of taxes on profits in 2018 was 14%, being lower than the nominal rate due, essentially, to the tax credits obtained under the terms of the Investment Tax Code (CFI), attached to Decree-Law No. 162/2014, of 31 October. In 2019 the income tax expense is lower than the tax credits used (CFI).

29. INCOME PER SHARE

Income per share in the years ending on 31st December 2019 and 2018 was calculated as follows:

	Dec/19	Dec/18
Profit payable to shareholders	17 549 228	24 962 061
Mean weighted number of ordinary shares issued	36 000 000	36 000 000
Mean weighted number of own shares	-3 599 981	-3 599 926
	32 400 019	32 400 074
Basic earnings per share (€ per share)	0,54	0,77
Earnings diluted per share (€ per share)	0,54	0,77
Number of own shares at the end of the year	3 599 981	3 599 981

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 2019 and 2018, financial assets and liabilities were broken down as follows:

Financial Assets	**Category**	**Accounting Value**		**Valuation Method**
		2019	**2018**	
Other non-current assets	Loans and accounts receivable	8 238 111	12 921 343	Amortized cost
Other financial assets	Loans and accounts receivable	15 626 772	19 608 860	Amortized cost
Non-current financial assets	Other assets	435 226	211 430	Amortized cost
Cash and cash equivalents	Loans and accounts receivable	38 424 757	37 931 124	Amortized cost
Clients	Loans and accounts receivable	9 398 831	9 546 044	Amortized cost
Other debtors	Loans and accounts receivable	8 659 243	6 721 003	Amortized cost
		80 782 939	86 939 804	

Financial Liabilites	**Category**	**Accounting Value**		**Valuation Method**
		2019	**2018**	
Loans	Other liabilities	121 162 682	129 964 272	Amortized cost
Financial leasing	Other liabilities	-	2 179 500	Amortized cost
Suppliers	Other liabilities	57 688 402	58 076 099	Amortized cost
Cost accruals	Other liabilities	10 015 656	13 188 175	Amortized cost
Other creditors	Other liabilities	4 582 555	4 847 276	Amortized cost
Derivative financial instruments	Other liabilities	128 699	177 570	Fair value
		193 577 994	208 432 892	

Financial Assets (such as Clients and Other Debtors) and Other financial assets (TB's) presents impairment losses, as Note 15 and 11, respectively. On 31st December 2019 and 2018, gains or losses related with these financial assets and liabilities were as follows:

	Profit/ (Loss)	
	Dec/19	**Dec/18**
Accounts receivable	-597 267	-659 013
Other financial assets	233 396	111 569
Non-current financial assets	-	-
Assets at amortised cost	-	-
	-363 871	**-547 444**

The interest of financial assets and liabilities were as follows:

	Interest	
	Dec/19	Dec/18
Accounts receivable	-	-
Non-current financial assets	-	-
Liabilities at amortised cost	3 659 132	4 054 505
	3 659 132	**4 054 505**

The exchange rate differences of financial assets and liabilities were as follows:

	Exchange rate	
	Dec/19	Dec/18
Accounts receivable	-	-
Non-current financial assets	-	-
Liabilities at amortised cost	-	-72 399
	-	**-72 399**

31. DIVIDENDS

At the General Meeting of 9th May 2019, the company decided to pay a gross dividend of 0,10 euro per share (0,10 euro in 2018), representing a total value of 3.240.002 euro for outstanding shares (2.700.006 euro in 2018), settled on 4th June 2019.

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

On 31st December 2019, responsibilities not recorded by Ibersol's subsidiaries are mainly made up of bank guarantees provided on their account, as follows:

	Dec/19	Dec/18
Bank guarantees	26 329 519	33 568 604

On type of coverage, bank guarantees are as follows:

Leases and rents	Other supply contracts	Fiscal and legal proceedings	Other	Other legal claims
24 998 724	23 327	1 242 738	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).

34. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions with related parties in the year 2019 and 2018 can be presented as follows:

	Parent entitie		Jointly controlled entitie		Associated entitie		Other entities	
	2019	2018	2019	2018	2019	2018	2019	2018
Supplies and services	1.000.000	900.000	3.767.298	3.185.893	-	-	-	-
Rental lease	-	-	-	-	-	-	1.520.719	1.166.584
Accounts Payable	-	-	1.069.114	755.751	-	-	-	-
Other current assets	25.000	-	-	-	-	-	-	-
Other non-current assets	-	-	-	-	300.000	-	-	-

The parent company of Ibersol SGPS S.A. is ATPS - SGPS, SA, holder of 19.767.058 shares. The shareholder company provides administration and management services for the group, under a service provision agreement with the subsidiary Ibersol, Restauração, SA. company directors, Dr. António Carlos Vaz Pinto de Sousa and Dr. António Alberto Guerra Leal Teixeira, exercise their positions without the same company having to incur any additional charges. The company does not pay any remuneration directly to any of its directors.

Dr. António Carlos Vaz Pinto de Sousa and Dr. António Alberto Guerra Leal Teixeira each hold 2.520 shares of Ibersol SGPS, SA The voting rights attributable to ATPS are also attributable to António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira under the terms of paragraph b) of no. 1 of article 20 and no. 1 of 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, the companies CALUM - SERVIÇOS E GESTÃO, SA with NIPC 513799486 and DUNBAR - SERVIÇOS E GESTÃO, SA with NIPC 513799257, which, jointly, hold the majority of the share capital of ATPS.

The other entities refer to entities controlled by other holders of significant influence in the parent company of the Ibersol Group. The amounts presented refer to rents paid in the year, which, as a result of the adoption of IFRS16, do not correspond to the amount of lease expenses reflected in the 2019 financial statements. The estimated payment commitments for rents over the term of the respective contracts amount December 31, 2019, to approximately 16.4 million euros.

Transactions with related parties were carried out under normal market conditions, thus corresponding to the values that would be charged between unrelated companies.

35. IMPAIRMENT

Movements during the years 2019 and 2018, under the heading of asset impairment losses were as follows:

	Dec/19						
	Starting balance	**Perimeter variation**	**Cancellation and reclassif.**	**Impairment assets disposals**	**Impairment in the year**	**Impairment reversion**	**Closing balance**
Tangible fixed assets	11 632 624	-	-	-206 746 (5)	492 746 (1)	-937 480 (1)	10 981 144
Intangible assets	3 722 929	-	-	-	-	-	3 722 929
Stocks	74 981	-	-	-	-	-	74 981
Other current assets	2 931 120	-10 923	-931 803	-	1 002 267 (2)	-405 000 (3)	2 585 661
Other financial assets (current and non-current)	940 762	-	-	-	-	-233 396	707 366
	19 302 416	-10 923	-931 803	-206 746	1 495 013	-1 575 876	18 072 081

	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 (5)	1 385 106 (1)	-109 615 (1)	11 632 624
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)	2 931 120
Other financial assets (current and non-current)	-	-	-	-	940 762 (4)	-	940 762
	16 851 128	-28 899	141 347	-552 138	3 185 391	-294 402	19 302 416

In the year an impairment of 4.000.000 euros (2.016.459 euros in 2018) was recognized in Goodwill.

(1) amortisation, depreciation and impairment losses of TFA and IA, notes 8 and 9;
(2) other operating costs;
(3) other operating income;
(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;
(5) 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 2019
Bocatta (1 unit)	36 983
Pizza Móvil (2 units)	169 764
	206 746

36. UNUSUAL AND NON-RECURRING FACTS

No unusual and non-recurring facts took place during the years 2019 and 2018.

37. SUBSEQUENT EVENTS

The World Health Organization on 11 March declared a pandemic associated with the spread of Covid-19, having been declared the “Estado Alarma” in Spain and immediately afterwards the State of Emergency in Portugal. Later, at the end of the month, the same happened in Angola. The state of emergency determined measures to contain the population and the closure of most shops and restaurants.

This situation forced the restaurants to close, leaving only those that had the possibility to carry out a minimum volume through take-away and delivery.

Although open, the restaurants have been operating below their normal potential.

It is likely that the conditions will be created for the resumption of activity during May and June. We plan that, in an initial phase, restaurants will work at around 50% of their normal volume, with increasing recoveries until the end of the first half of next year.

To reconcile the abrupt reduction in activity and the protection of jobs, the Group's companies joined ERTE (Expediente de Regulación Temporal de Empleo) in Spain and the simplified and normal Lay-off in Portugal.

At the same time, initiatives were taken to reduce costs, renegotiate contracts, including the financial rebalancing of lease contracts and the negotiation of payment terms.

As of December 31, 2019, the Group had approximately 28 million euros of credit lines available but not used. To cover the cash flow deficits, it contracted additional lines of 30 million euros and refinanced about 15 million euros, during the first quarter of 2020.

Additionally, it is currently in the final process of hiring about 55 million euros, which allows it to reinforce the liquidity shown in the consolidated financial statements of December 31, 2019.
Regarding the possible impacts in 2020 on the recoverability of assets, we understand that it is not possible to determine any impacts, if any.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for emission on 05th May 2020.

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 (showing a total of 777.285.920 euros and total equity of 214.228.476 euros, including a profit for the year attributed to the shareholders of 17.549.228 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 2019 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.

KPMG

Emphasis of matter

We draw attention to Note 37 of the accompanying notes to the consolidated financial statements, which discloses the impacts and uncertainties of the pandemic situation resulting from the spread of the new coronavirus (“COVID-19”), which is a non-adjustable event. In the same note, Management refers to the impacts occurred up to the date of the preparation of the annual accounts, as well as to the measures already taken to ensure an adequate liquidity and equity levels to continue the Group’s activity. Our opinion is not modified in relation to this matter.

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, rights of use, goodwill and intangible assets

Refer to Notes 2.6, 2.7, 2.8 and 2.18 of Main accounting policies, notes 4.a) and 4.d) of Important accounting estimates and judgments and notes 7, 8, 9 and 35 of the accompanying notes to the consolidated financial statements

The Risk

Recoverability of tangible fixed assets (216.563.700 euros), rights of use (321.812.178 euros) *goodwill* (87.968.225 euros) and intangible assets (36.440.964 euros) is considered 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 inherent to financial projections, which are based on Management’s expectations.

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 2019, as a result of the internal analysis made to assess the recoverability of tangible fixed assets, rights of use, goodwill and intangible assets, the Group recognized an impairment loss of approximately 4.000.000 euros.

Our response to the identified risk

Our audit procedures included, amongst others:

- enquiries to Management regarding the basis of their estimates and judgments and challenge of the assumptions used;
- 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 relevant assumptions used;
- 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; and
- revision of the disclosures, considering the applicable accounting framework.

Adoption of IFRS 16

Refer to Notes 2.2 a) and 2.18 of Main accounting policies, note 4.f) of Important accounting estimates and judgments and notes 7 and 17 of the accompanying notes to the consolidated financial statements

The Risk

The Group adopted IFRS 16 as of 1 January 2019, retrospectively with the cumulative effect of initially applying the standard recognized at that date, having this new policy a relevant impact on the consolidated financial position and results of Ibersol Group. As at 31 December 2019, the consolidated statement of financial position includes rights of use of 321.812.178 euros and current and non-current liabilities for leases of 53.777.115 euros and 286.206.086 euros, respectively.

The adoption of IFRS 16 is considered as a key audit matter due to the significant number of lease contracts, the materiality of the amounts involved and the complexity and judgments inherent to the measurement of rights of use and lease liabilities. The main judgments are related to lease term, renewal or break clause options and determination of discount rate.

Our response to the identified risk

Our audit procedures included, amongst others:

- evaluation of the accounting policies applied, considering the requirements and practical expedients of the standard;
- analysis of the processes designed by Management to identify the contracts within the scope of the standard, testing the design and operating effectiveness of the controls implemented by the Group;
- evaluation of the completeness of the lease contracts ;
- testing of a sample of contracts to validate the contractual clauses that support the recognition of the respective right of use and lease liabilities;
- enquiries to the Management regarding their significant estimates and judgments, assessment of its reasonableness, and performance of sensitivity tests to the most relevant assumptions;
- recalculation of rights of use and lease liabilities, as of 1 January 2019 and 31 December 2019, for all contracts; and,
- revision of the disclosures, considering the applicable accounting framework.

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 7 May 2020.
- 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.

8 May 2020

SIGNED ON THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
represented by
Pedro Manuel Bouça de Morais Alves da Costa (ROC nº 1466)

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 2019 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, 8th May 2020

The Fiscal Board

Dr. Carlos Alberto Alves Lourenço
(Chairman)

Doutora Maria José Martins Lourenço da Fonseca
(Vice-Chairman)

Dr. Eduardo Moutinho Ferreira Santos
(Member)

FISCAL BOARD REPORT

To the Shareholders of IBERSOL SGPS, S.A.:

In compliance with the legal and statutory requirements, 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 2019, and issue its consequent opinion:

1. Supervision:

The Fiscal Board accompanied, within the scope of its competencies and mandate, during the 2019 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 **KPMG & Associados, SROC, S.A.**

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 these ordinary meetings the Auditor, ***KPMG & Associados, SROC, S.A.***, was represented by the Statutory Auditor Dra. Adelaide Maria Viegas Clare Neves, Statutory Auditor number 862, until 15th July 2019 and from this date by Dr. Pedro Manuel Bouça de Morais Alves, Statutory Auditor number 1466.

The Statutory Auditor / External Auditor KPMG & Associados, SROC, SA presented and proposed to the Audit Committee, at an extraordinary meeting on 29 July 2019, convened for this purpose, the "2019 Year-End Audit Plan and Strategy" with the main points of the plan of its supervisory activity, as well as the performance calendar of the members assigned to the team for the year and first quarter of 2020.

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 irregularities or fraud attempts 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 2019 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 2019 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.

Given the relevance, impact and possible consequences on the activity and results on the IBERSOL group companies in Portugal, Spain and Angola, in the year 2020, of the Covid-19 pandemic, that at the beginning of March 2020 led to declarations of states of emergency and calamity with the mandatory confinement and the significant closing activity in those countries, the Fiscal Board monitors the apprehension and considerations made on the matter by the Board of Directors in Note 37 of the Annex to the financial statements, and by the Statutory Auditor/External Auditor in its Legal Certification of Accounts and Audit Report.

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 2019 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, 08th May 2020

The Fiscal Board

Dr. Carlos Alberto Alves Lourenço
(Chairman)

Doutora Maria José Martins Lourenço da Fonseca
(Vice-Chairman)

Dr. Eduardo Moutinho Ferreira Santos
(Effective Member)

Individual Financial Statements

31st December 2018

Ibersol – SGPS, SA

Individual Financial Statements

31 December 2019

Individual financial statements index

Financial Statements (in euros)

Statement of financial position

	Notes	31/12/2019	31/12/2018
ASSETS			
Non-current Asset			
Tangible fixed assets	3.2 and 5	-	-
Financial investments in subsidiaries	3.1 and 6	99 426 347	102 077 847
Loans granted to subsidiaries	14	159 504 996	145 974 996
Deferred tax assets	15 and 25	2 375 404	1 043 971
Total non-current assets		**261 306 747**	**249 096 815**
Current Asset			
State and other public entities	8	1 231 213	2 620 255
Group subsidiaries	14	7 052 921	6 368 026
Other debtors	9	17 595	14 652
Deferrals	10	4 198	286 549
Cash and bank deposits	3.5 and 4	737 032	168 549
Total current assets		**9 042 958**	**9 458 031**
Total Assets		**270 349 706**	**258 554 846**
EQUITY AND LIABILITIES			
Share capital	3.6 and 11	36 000 000	36 000 000
Own shares	12	-11 180 516	-11 180 516
Share prize		469 937	469 937
Legal reserves	13	1 075 511	755 581
Other reserves	13	123 979 762	121 141 105
Retained earnings		35 305 425	35 305 425
Net profit in the year		11 081 721	6 398 589
Total Equity		**196 731 838**	**188 890 119**
LIABILITIES			
Non-current			
Provisions	3.10 and 18	5 257	2 677 564
Loans obtained	3.7 and 16.1	58 000 000	53 000 000
Derivative financial instruments	16.2	128 699	168 023
Total non-current liabilities		**58 133 956**	**55 845 587**
Current			
Suppliers		7 422	7 531
Group subsidiaries	14	192 704	238 763
Loans obtained	3.7 and 16.1	14 793 187	13 100 000
Other current liabilities	17	490 598	472 845
Total current liabilities		**15 483 911**	**13 819 139**
Total Liabilities		**73 617 867**	**69 664 726**
Total Equity and Liabilities		**270 349 705**	**258 554 846**

Financial Statements (in euros)

Statement of income and other comprehensive income

	Notes	2019	2018
Rendered services	3.12 and 19	720 000	720 000
External supplies and services	20	-75 299	-129 762
Personnel costs	21	-357 376	-360 745
Other operating income / (costs)	3.11, 22 and 23	-67 032	-78 932
Operating Income		**220 293**	**150 561**
Net financing cost	24	-893 497	-704 212
Dividends	24	5 250 000	4 075 000
Pre-tax income		**6 363 789**	**4 929 773**
Income tax	3.8 and 25	-4 717 931	-1 468 815
Net profit in the year		**11 081 721**	**6 398 588**
Other comprehensive income:		-	-
TOTAL COMPREHENSIVE INCOME		**11 081 721**	**6 398 588**
Earnings per share	29	0,34	0,20
Income per share		0,34	0,20

Financial Statements (in euros)

Statement of changes in equity

		Share Capital	Own shares	Share prize	Legal Reserves	Other reserves	Retained earnings	Net Profit	Total Equity
Balance on 1 January 2018		30 000 000	-11 179 968	469 937	263 001	120 482 160	35 305 425	9 851 531	185 192 085
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
and their variations									0
Other changes in equity									
		6 000 000	**-548**	**0**	**492 580**	**3 358 950**	**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						-2 700 006			-2 700 006
Losses coverage	29								0
Other transactions									0
		0	**0**	**0**	**0**	**-2 700 006**	**0**	**0**	**-2 700 006**
Balance on 31 December 2018		**36 000 000**	**-11 180 516**	**469 937**	**755 581**	**121 141 105**	**35 305 425**	**6 398 589**	**188 890 119**

Financial Statements (in euros)

Statement of changes in equity

		Share Capital	Own shares	Share prize	Legal Reserves	Other reserves	Retained earnings	Net Profit	Total Equity
Balance on 1 January 2019		36 000 000	-11 180 516	469 937	755 581	121 141 105	35 305 425	6 398 589	188 890 119
Changes in period									
Changes in accounting policies									0
Application of net profit					319 930	2 478 659	3 600 000	-6 398 589	0
Acquisition / (disposal) of own shares									0
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
		0	**0**	**0**	**319 930**	**2 478 659**	**3 600 000**	**-6 398 589**	**0**
Net profit in the year								11 081 721	**11 081 721**
Total income								11 081 721	**11 081 721**
Transactions with capital owners in the period									
Capital increseases									0
Share prizes increases									0
Dividends paid	29					359 998	-3 600 000		-3 240 002
Losses coverage									0
Other transactions									0
		0	**0**	**0**	**0**	**359 998**	**-3 600 000**	**0**	**-3 240 002**
Balance on 31 December 2019		**36 000 000**	**-11 180 516**	**469 937**	**1 075 511**	**123 979 762**	**35 305 425**	**11 081 721**	**196 731 838**

Financial Statements (in euros)

Statement of cash flows

	Notes	31st December 2019	2018
Cash Flows from Operating Activities			
Receipts from clients		720 000	720 000
Payments to supliers		69 940	10 515
Staff payments		352 732	351 088
Operational cash flows		**297 328**	**358 397**
Payments/receipt of income tax		-1 275 757	-417 644
Other paym./receipts related with operating activities		79 158	436 061
Flows from Operating Activities (1)		**1 652 243**	**1 212 102**
Cash Flows from Investment Activities			
Payments for:			
Tangible assets			
Intangible assests			
Financial Investments:			
Investments			
Capital contributions to subsidiaries	6	78 500	
Loans granted to subsidiaries	14	16 250 000	1 550 000
Other assets			
Receipts from:			
Tangible assets			
Intangible assets			
Financial investments:			
Investments			
Capital contributions to subsidiaries	6	2 730 000	1 650 000
Loans granted to subsidiaries	14	2 720 000	8 552 500
Other assets			
Investment benefits			
Interest received	24	2 290 540	2 254 160
Dividends received	24	5 250 000	4 075 000
Flows from Investment Activities (2)		**-3 337 960**	**14 981 660**
Cash flows from financing activities			
Receipts from:			
Loans obtained	16	22 000 000	
Capital and other equity instruments increases			
Losses coverage			
Other financing activities			
Payments for:			
Loans obtained	16	15 139 324	11 920 722
Interest and similar costs	24	1 366 474	1 572 450
Dividends paid	29	3 240 002	2 700 000
Capital and other equity instruments reductions			548
Other financing activities			
Flows from financing activities (3)		**2 254 200**	**-16 193 720**
Change in cash & cash equivalents (1)+(2)+(3)		**568 483**	**42**
Cash & cash equivalents at the start of the period		**168 549**	**168 507**
Cash & cash equivalents at end of the period	3.5 and 4	**737 032**	**168 549**

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 05h May 2020. 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 2019. 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 IFRS standard.

2.3. Comparability of Financial statements

The company first adopted, on January 1, 2019, the new standards IFRS 16 - Leases, IFRIC 23 - Uncertainty about tax treatment of income tax.

a) IFRS 16 - Leases

On January 13, 2016, the IASB issued IFRS 16 - Leases, mandatory for periods beginning on or after January 1, 2019. The standard was endorsed in the European Union by European Commission Regulation no. 1986/2017, of October 31. Early adoption is permitted as long as IFRS 15 is also adopted. This standard revokes IAS 17 - Leases.

IFRS 16 removes the classification of leases as operating or financial (for the lessor - the leasing customer), treating all leases as financial.

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.

b) IFIRC 23 - Uncertainty about tax treatment of income tax

An interpretation was issued on 7 June 2017 on how to deal with accounting uncertainties about the tax treatment of income taxes, especially when tax legislation requires a payment to be made to the Authorities in the context of a tax dispute and the entity intends to appeal the understanding in question that led to making such payment.

The interpretation came to define that the payment can be considered a tax asset, if it relates to income taxes, under the terms of IAS 12 applying the probability criterion defined by the standard as to the favorable outcome in favor of the entity on the matter dispute concerned.

In this context, the entity can use the most probable amount method or, if the resolution can dictate ranges of values in question, use the expected value method.

IFRIC 23 was adopted by Commission Regulation EU 2018/1595, of 23 October and is mandatory for years beginning on or after 1 January 2019 and may be adopted in advance.

The adoption of this standard did not impact the company's financial statements.

2.4. IFRS standards already issued or revised and of future application

The improvements of the 2015-2017 cycle, issued by the IASB on December 12, 2017, introduce changes, with effective date for periods beginning on or after January 1, 2019, to the IFRS 3 standards (remeasurement of the participation previously held as a joint operation) when it obtains control over the business), IFRS 11 (no remeasurement of the previously held interest in the joint operation when it obtains joint control over the business), IAS 12 (accounting for all tax consequences of the payment of dividends consistently), IAS 23 (treatment as general loans any loan originally made to develop an asset when it becomes fit for use or sale).

a) IFRS 9 (Amendment) - Prepayment characteristics with negative offset

Financial assets that contain negative prepayment features can now be measured at amortized cost or at fair value through comprehensive income (OCI) 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 modifying financial liabilities by discounting contractual cash flows using the original effective interest rate (EIR), with any adjustment being recognized through profit or loss for the period (aligning the procedure already required for financial assets). This amendment was adopted by Commission Regulation EU 2018/498 and is mandatory for years beginning on or after 1 January 2019, with early adoption permitted.

This change to the standard did not impact the company's financial statements.

b) IAS 28 (Amendment) - Long-term intersections in Associates and Joint Ventures

In October 2017, the IASB issued changes to IAS 28 regarding long-term interests in associates and joint ventures.

The amendments clarify that IFRS 9 applies to financial instruments in associates or joint ventures to which the equity method is not applied, including long-term interests.

Changes must be applied retrospectively in annual periods beginning on or after 1 January 2019.

This change to the standard did not impact the company's financial statements.

c) IAS 19 (Amendment) - Alterations, cuts or settlements of the attributed benefit plan

In February 2018, the IASB issued changes to IAS 19. The changes clarify the accounting when there is a change, reduction or settlement in the attributed benefit plan.

The changes now specify that an entity should use the updated assumptions for remeasurement of its net defined benefit liability (asset) to determine the current cost of the service and net interest for the remainder of the reporting period after the change in the plan.

The changes result in a different allocation of total comprehensive income between cost of service, interest and other comprehensive income.

The changes apply prospectively to changes, cuts or settlements of attributed benefit plans that occur on or after the beginning of the first annual reporting period beginning on or after January 1, 2019.

2.5. Standards, changes and interpretations issued (but not yet effective for the company), for which no significant impacts are estimated:

a) Changes to IFRS 3 - Business Concentration

On October 22, 2018, the IASB issued changes to its definition of business.

The changes clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that, together, contribute significantly to the ability to create outputs. The amendments also clarify that a set of activities and assets can qualify as a business without including all the inputs and processes necessary to create outputs, or including the outputs themselves, replacing the term "ability to create outputs" with "ability to contribute to creating outputs “.

It is no longer necessary to assess whether market participants are able to substitute missing inputs or processes (for example, integrating acquired activities and assets) and continue producing outputs. The changes focus on whether the inputs acquired and the substantive processes acquired together contribute significantly to the ability to create outputs.

The changes must be applied to transactions whose acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, with early application permitted. If entities apply the changes in advance, they must disclose that fact.

b) Amendments to IAS 1 - Presentation of financial statements

On January 23, 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current and non-current.

The amendments aim to promote consistency in the application of the requirements with the objective of helping companies to determine whether, in the statement of financial position, debt or other liabilities with uncertain settlement date should be classified as current (to be settled or potentially to be settled within the term one year) or non-current. The changes include clarification on the debt classification requirements that a company can settle by converting into equity.

This change is effective for periods after January 1, 2022.

c) IFRS 17

On May 18, 2017, the IASB issued a standard that replaced IFRS 4 and completely reformed the treatment of insurance contracts.

The standard introduces significant changes to the way the performance of insurance contracts is measured and presented, with different impacts also in terms of financial position. The standard provides for its application for years beginning on or after 1 January 2021.

This change does not apply to Ibersol.

2.6. Norms and / or interpretations, adopted by the European Union, that the company opted for not early application

a) Amendments to IAS 1 and IAS 8

On October 31, 2018, the IASB issued amendments to its definition of materiality to facilitate companies in making materiality judgments.

The changes consist of:
- replace the term "can influence" with "can reasonably be expected to influence";
- include the concept of "concealment" together with the concepts of "omission" and "distortion" of information in the definition of materiality;
- clarify that the “users” referred to are the main users of the general financial statements referred to in the Conceptual Framework;
- align the definition of materiality between IFRS publications.

The amended definition of materiality therefore states that “Information is material if it can be reasonably considered that its omission, distortion or concealment may influence the decisions that the primary users of general financial statements will make based on those same financial statements, that provide financial information for a particular reporting entity. ”

The changes are effective from January 1, 2020, but can be applied in advance.

b) Changes to references to the conceptual structure in IFRS standards

In March 2018, the IASB issued a comprehensive set of concepts for financial reporting, the revised Conceptual Framework for financial reporting (Conceptual Framework), which aims to update, in existing standards, the references and citations of the existing version of the Conceptual Framework or the which was replaced in 2010, replacing them with references to the revised Conceptual Framework.

The revised Conceptual Framework has an effective adoption date of January 1, 2020 - with early adoption permitted - for companies that use the Conceptual Framework to develop accounting policies when no IFRS standard applies to a transaction.

c) Amendments to IFRS 9, IAS 39 and IFRS 7

On September 26, 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7. The amendments modify certain specific hedge accounting requirements to alleviate the potential effects of the uncertainty caused by the IBOR reform. In addition, the changes require companies to provide additional information to investors about their hedging relationships, which are directly affected by these uncertainties.

The amendments provide exceptions for entities to apply hedge accounting requirements, assuming that the interest rate benchmark, on which the hedged risk or the hedged cash flows of the hedged item or the instrument's cash flows are based. coverage, is not changed as a result of the IBOR reform. The proposed exceptions apply only to hedge accounting requirements and the amendments do not provide relief from other consequences arising from the reform of the interest rate benchmark.

The changes are limited in scope. If a hedge relationship fails to meet hedge accounting requirements for reasons other than those specified in the amendments, discontinuation of hedge accounting remains necessary.

In addition, the amendments clarify that if an entity designates cash flows based on an interest rate benchmark as the item covered in a cash flow hedge, the entity will not assume, for the purpose of measuring the ineffectiveness of the hedge, that the expected replacement of the interest rate benchmark with an alternative reference rate will result in zero cash flow after replacement. Coverage gain or loss should be measured using cash flows based on an interest rate benchmark when applying a present value technique, discounted at a market discount rate that reflects the expectations of market participants about the resulting uncertainty reform.

Changes are mandatory for all hedging relationships to which exceptions apply.

The changes have an effective date of adoption for annual periods beginning on or after January 1, 2020. Early adoption is permitted. The changes are applied retrospectively to the hedging relationships existing at the beginning of the reporting period in which the entity first applies the changes and to the gain or loss recognized in comprehensive income at the beginning of the period in which the entity first applies the changes (that is, even if the reporting period is not an annual period).

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.

3.2. Tangible fixed assets

The buildings and other constructions comprise their own properties used in the restaurant business, as well as expenses with works on someone else's property, namely resulting from the installation of restaurant stores.

Property, plant and equipment are stated at acquisition cost, net of the respective amortizations and accumulated impairment losses.

The historical cost includes all expenditure directly attributable to the acquisition of the goods.

Borrowing costs incurred and borrowing costs for the construction of tangible assets are recognized as part of the cost of building the asset.

Subsequent costs are added to the amounts for which the asset is carried or recognized as separate assets, as appropriate, only when it is probable that inherent economic benefits will flow to the company and the cost can be measured reliably. Other expenses with repairs and maintenance are recognized as an expense in the period in which they are incurred.

Depreciation of assets is calculated using the straight-line method, in order to allocate their cost to their residual value, according to their estimated useful life, as follows:

The estimated lifetime for the most significant tangible fixed assets are as follows:

Financial Statements (in euros)

	Years
Land and buildings	Between 10 and 35 years
Equipment	Between 4 and 20 years
Other tangible assets	Between 5 and 10 years

The depreciable amounts of the assets, the useful lives and the depreciation method are reviewed and adjusted, if necessary, on the date of the consolidated statement of financial position. Changes in useful lives are treated as a change in accounting estimate and are applied prospectively.

If the carrying amount is greater than the asset's recoverable amount, it is readjusted immediately to the estimated recoverable amount.

Gains or losses arising from the write-off or disposal are determined by the difference between the receipts from the disposals and the carrying amount of the asset and are recognized as other operating income or other operating costs in the income statement.

The assets in progress are recorded at acquisition cost less any impairment losses. These assets are amortized from the moment the underlying assets are available for use.

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

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, Ibersol 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.

3.4.2 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 Ibersol undertakes to acquire or dispose of these financial assets.

Financial assets are derecognised when Ibersol's contractual rights to the receipt of its future cash flows expire when Ibersol 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, Ibersol has transferred control over the assets.

3.4.3 Impairment

Until 31 December 2017, Ibersol 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, Ibersol 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, Ibersol recognizes an accumulated impairment equal to the expectation of loss estimated to occur within the next 12 months. If credit risk has increased significantly, Ibersol recognizes an accumulated impairment equal to the expectation of loss that is estimated to occur until the respective maturity of the asset.

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) Other amounts receivable and financial assets

For assets receivable valued at amortized cost and at fair value through other comprehensive income, Ibersol prepares its analyzes based on the general model. In preparing this valuation, Ibersol 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.

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.

Financial Statements (in euros)

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 2019, current liabilities amounted to Euro 15,5 million, compared to Euro 9 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%.

On 31st December 2019 and 2018 the gearing ratio was as follows:

	Dec/19	Dec/18
Loans granted	-159 504 996	-145 974 996
Loans obtained	73 000 000	66 100 000
Cash and bank deposits	-737 032	-168 549
Net indebtedness	-87 242 028	-80 043 545
Equity	196 731 838	188 890 119
Total capital	109 489 811	108 846 574

3.16 Subsequent events

The events that occurred between the date of the statement of consolidated financial position and the date of issue of the consolidated financial statements that of the consolidated financial position ("adjusting events") are reflected in the consolidated financial statements. Events occurring between the date of the consolidated statement of financial position and the date of issue of the consolidated financial statements that provide information on conditions that occur after the date of the consolidated statement of financial position ("non adjusting events"), if material, are disclosed in note 30.

Financial Statements (in euros)

4 Cash flows

On 31 December 2019 and 2018, cash and bank deposits are broken as follows:

	2019	2018
Bank deposits	737 032	168 549
Cash and bank deposits	737 032	168 549

"Cash and cash equivalents" for the preparation of the statement of cash flows for the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
Bank deposits	737 032	168 549
Term deposits	-	-
Other deposits	-	-
	737 032	168 549
Cash and cash equivalents (asset)	737 032	168 549
Cash equivalents (liabilities)	-	-
Cash and cash equivalents on the cash flows statement	737 032	168 549

5 Tangible fixed assets

As the assets are fully reinstated, in the years ending on 31 December 2019 and 2018, 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 2019						
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 investments in subsidiaries are as follows:

	2019	2018
Financial investments (6.1)	22 133 064	22 133 064
Supplementary capital contributions (6.2)	77 293 283	79 944 783
	99 426 347	102 077 847

6.1 Financial investments

Financial Statements (in euros)

Ibersol's financial investments are stated in the balance sheet by the cost method, as follows:

	%	2019 Acquisition value	2018 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 2019 and 2018, 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 2018	847 986	242 800	158 119	20 181 420	645 000	499 448	57 020	720	22 632 512
Acquisition	-	-	-	-	-	-	-	-	-
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

	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 2019	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 2019	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 2019 and 2018, and gain and losses earned in 2019 and 2018, as recognised in the separate financial statements of subsidiaries are as follows:

	2019							
	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	154 632 946	124 742 953	3 949 320	97 005 305	35 271 884	-2 271 974	4 343 660	6 950 257
Equity without supplementary capital contributions	154 632 946	54 742 953	3 870 820	1 535 305	31 541 884	-2 271 974	2 443 660	6 111 490
Total income	12 728 777	4 351 027	1 386 007	10 507 327	85 514	-17 317	229 963	2 780 450

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

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	5,60%
	Spain	5,20%

6.2 Supplementary capital contributions

On 31 December 2019 and 2018, balances recognised under this heading relate to subsidiaries supplementary capital contributions. Subsidiaries supplementary capital contributions are not remunerated, or have no fixed maturity.

	2019						
	Iberusa	Ibersol Restauração	Eggon	Ibergourmet	Ibersol Angola	Ibersol Madeira	TOTAL
Subsidiaries							
Supplementary capital contributions	5 870 000	70 000 000	240 000	1 100 000	4 783	78 500	77 293 283
Accumulated impairment losses	-	-	-	-	-	-	-
Total	5 870 000	70 000 000	240 000	1 100 000	4 783	77 214 783	77 293 283

	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

Changes in this heading, are presented as follows:

	2019	2018
Initial amount	79 944 783	81 594 783
Additions	78 500	-
Decreases	2 730 000	1 650 000
Final amount	77 293 283	79 944 783

7 Other financial assets

On 31 December 2019 and 2018, the assets recognized under this heading relate to capital shares, as follows:

Financial Statements (in euros)

	% own	2019	2018
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 2019 and 2018, Income tax is presented as follows:

	2019		2018	
	Debit balance	**Credit balance**	**Debit balance**	**Credit balance**
Income tax - IRC (1)	1 231 213	-	2 620 255	-
	1 231 213	-	2 620 255	-

(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:

	2019	2018
Special payment on account	-	24 614
Payments on account	4 594 197	4 245 951
Withholding taxes	194	144
Income tax - company (Note 24)	-253 083	-191 639
Income tax - subsidiaries (RETGS)	-3 469 367	-2 652 677
Tax saving (RETGS)	359 272	1 193 863
Total	1 231 213	2 620 255

9 Other debtors

On 31 December 2019 and 2018, the detail of other current debtors is as follows:

	2019		2018	
	Current	**Total**	**Current**	**Total**
Other debtors:				
- Other debtors	14 890	14 890	11 947	11 947
Sub-total	14 890	14 890	11 947	11 947
Personnel	2 705	2 705	2 705	2 705
Sub-total	2 705	2 705	2 705	2 705
Accumulated impairment losses	-	-	-	-
Other debtors	17 595	17 595	14 652	14 652

10 Deferrals

Financial Statements (in euros)

On 31 December 2019 and 2018 the Ibersol has recorded under the heading of deferrals, the following balances:

	2019	2018
Insurance	845	793
Rents	3 353	3 353
Financial fees	-	282 403
Deferred costs	4 198	286 549

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 2019 and 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. There were no transactions with own shares in 2019.

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 3.599.981 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 2019 and 2018, reserves were broken down as follows:

13.1 Legal reserves

	Legal reserves	
	2019	2018
1st January	755 581	263 001
Increase	319 930	492 580
Use	-	-
31st December	1 075 511	755 581

13.2 Other reserves

	Own shares reserves		Other reserves	
	2019	2018	2019	2018
1st January	11 179 895	11 179 347	109 948 477	109 290 081
Increase (1)	-	-	2 838 657	9 358 950
Use (2)	-	-	-	8 700 006
Transfer	-	548	-	-548
31st December	11 179 895	11 179 895	112 787 134	109 948 477

Financial Statements (in euros)

(1) changes in the years 2019 and 2018 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 of 2.700.006 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 the year 2018.

Ibersol available reserves and retained earnings amounts to 148.092.559 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 2019 and 2018, 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.

	2019			
	Ibersol Restauração	**Asurebi SGPS**	**Restmon**	**TOTAL**
Non-current				
Loans granted				
Subsidiaries	96 458 996	61 770 000	1 276 000	159 504 996
Accumulated impairment losses	-	-	-	-
Non-current total	96 458 996	61 770 000	1 276 000	159 504 996

	2018			
	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

Changes in this heading, are presented as follows:

	2019	2018
Initial amount	145 974 996	152 977 496
Additions	16 250 000	1 550 000
Decreases	2 720 000	8 552 500
Final amount	159 504 996	145 974 996

14.2 Current assets and liabilities

On 31 December 2019 and 2018, balances recognised under this heading relate to interest concerning loans granted to subsidiaries of Ibersol and subsidiaries current year income tax, as follows:

	2019		2018	
	Current asset	**Current liabilities**	**Current asset**	**Current liabilities**
Income tax - RETGS	3 662 071	192 704	2 891 441	238 763
Interest loans	3 390 850	-	3 476 585	-
	7 052 921	192 704	6 368 026	238 763

Financial Statements (in euros)

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):

	2019		2018	
	Debit	**Credit**	**Debit**	**Credit**
Ibersol Restauração	-	59 462	-	86 892
Iberusa	1 761 879	-	1 305 629	-
Asurebi	-	127 615	-	127 035
IBR Imobiliária	150 819	-	153 480	-
Ibersol Hotelaria e Turismo	181 563	-	156 166	-
Eggon	-	3 053	-	2 097
Iber King	138 862	-	118 263	-
Ibersol Madeira & Açores	180 268	-	205 376	-
Sugestões & Opções	256 452	-	230 100	-
Anatir	150	-	267	-
Iberaki	180 094	-	162 691	-
Firmoven	-	2 573	-	1 690
JSCC	583 162	-	413 773	-
SEC	72 456	-	44 017	-
Ibersande	55 005	-	78 988	-
Ibergourmet	69 629	-	-	21 049
Maestro	31 731	-	22 690	-
	3 662 071	192 704	2 891 441	238 763

Concerning interest loans, short term balances of the subsidiaries are presented as follows:

	2019	2018
Ibersol Restauração	2 018 217	2 119 024
Iberusa	-	9 487
Restmon	320 479	304 529
Asurebi	1 052 154	1 043 545
	3 390 850	3 476 585

15 Deferred taxes

The detail of deferred tax assets is presented as follows:

	2019	2018
Hedge instrument - SWAP	28 957	37 805
Tax credits	2 346 447	1 006 166
Deferred tax assets	2 375 404	1 043 971

16 Loans and derivative financial instruments

16.1. Loams obtained

On 31 December 2019 and 2018, the detail of loans for the period (current and non-current) and by type of loan, is as follows:

Financial Statements (in euros)

	2019			2018		
	Current	Non-Current	Total	Current	Non-Current	Total
Commercial paper	15 000 000	58 000 000	73 000 000	13 100 000	53 000 000	66 100 000
	15 000 000	58 000 000	73 000 000	13 100 000	53 000 000	66 100 000
Financial fees	-206 813	-	-206 813	-	-	-
Total	14 793 187	58 000 000	72 793 187	13 100 000	53 000 000	66 100 000

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 two commercial paper programs with possibility of denunciation in the amount of 10.000.000 €, with 6.000.000 € issued on 31 December 2019 and of which 5.000.000 €, at that date was guaranteed that it would not be exercised. The rest have long maturities, from 3 to 5 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 2019 are detailed as follows:

	2020	2021	2022	2023	2024
Commercial paper	15 000 000	20 000 000	24 000 000	7 000 000	7 000 000
Interest	1 048 000	672 000	260 000	105 000	70 000

In 2019, the average cost of the loans 1.9%.

16.2. Derivative financial instruments

The financial instruments relate to interest rate SWAP, as follows:

	2019			218		
	Current	Non-Current	Total	Current	Non-Current	Total
Swap	-	128 699	128 699	-	168 023	168 023
Total	-	128 699	128 699	-	168 023	168 023

The swap contracts for interest rate risk coverage are associated with two commercial paper programs amounting to 14,4 million euros and 4,8 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:

	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 2019	14 400 000	4 800 000

(*) with floor zero

17 Other current liabilities

On 31 December 2019 and 2018, the detail of other current liabilities is as follows:

Financial Statements (in euros)

	2019		2018	
	Current	Total	Current	Total
Other creditors				
Creditors	-	-	2 857	2 857
State and other public entities				
Income tax withholding	9 752	9 752	8 966	8 966
VAT payable	162 924	162 924	165 541	165 541
Social Security	10 273	10 273	9 588	9 588
Accrued costs				
Payable remunerations	37 378	37 378	40 657	40 657
Premiums	83 083	83 083	82 183	82 183
Payable interest	173 972	173 972	149 851	149 851
Fee	713	713	342	342
Other	12 503	12 503	12 860	12 860
Total accounts payable to creditors and accrued costs	490 598	490 598	472 845	472 845

18 Provisions

Changes in provisions for the year 2019 and 2018 are as follows:

	Legal proceedings		Income tax	
	2019	2018	2019	2018
Initial amount	5 257	5 257	2 672 307	2 672 307
Additions	-	-	-	-
Decreases (1)	-	-	-2 672 307	-
Final amount	5 257	5 257	-	2 672 307

(1) provision for tax credits resulting from the calculation of the income tax of previous years, reversed in 2019, considering the analysis made by the Group at this balance sheet date.

19 Sales and rendered services

The amount of sales and services recognized in the income statement, is detailed as follows:

	2019	2018
Rendered services - internal market	720 000	720 000
Rendered services - external market	-	-
Sub-total	720 000	720 000
Sales and rendered services	720 000	720 000

20 External supplies and services

External services and supplies in the years ending on 31 December 2019 and 2018 are broken down as follows:

	2019	2018
Services fees	73 946	123 126
Other	1 353	6 636
External supplies and services	75 299	129 762

21 Personnel costs

Financial Statements (in euros)

Personnel cost in the years ending on 31 December 2019 and 2018 are broken down as follows:

	2019	2018
Salaries and wages		
Board od directors	34 807	34 807
Employees	248 680	252 490
	283 487	287 297
Social costs		
Social security contributions	65 657	66 557
Other personnel costs	8 232	6 891
Sub-total	73 889	73 447
Personnel costs	357 376	360 745

The average number of employees in 2019 was 3 (2018:3)

22 Other operating income

Heading other operating income may be presented as follows:

	2019	2018
Gains from increase in fair value (swap)	39 619	25 128
Other operating income	476	5 433
	40 095	30 561

23 Other operating costs

The detail of other operating costs is presented in the following table:

	2019	2018
Taxes	14 986	30 485
Gains from fair value increase (swap)	294	4 407
Banking services	79 088	72 675
Others	12 758	1 927
	107 126	109 493

24 Financial costs and income

24.1 Net Financing cost

Net Financing cost in the years ending on 31 December 2019 and 2018 are broken down as follows:

	2019	2018
Financial costs		
Interest on bank loans	817 551	877 098
Commercial paper commissions	493 663	626 195
Others	46 211	21 526
Sub-total	1 357 425	1 524 819
Financial income		
Interest subsidiaries debt	2 250 921	2 229 031
Sub-total	2 250 921	2 229 031
Total	-893 497	-704 212

Financial Statements (in euros)

24.2 Dividends

	2019	2018
Other financial income		
Dividends	5 250 000	4 075 000
	5 250 000	4 075 000

25 Income tax

Tax amount recognised in the financial statements of the years 2019 and 2018 is as follows:

	2019	2018
Current income tax	253 083	191 639
Income tax insufficiency (1)	-608 004	-647 684
Tax saving - RETGS (Note 8)	-1 699 553	-1 193 863
Income tax provision (Note 18)	-2 672 306	-
Income deferred tax (2)	8 848	181 092
Income tax	-4 717 932	-1 468 816

	2019	2018
Current tax for the year		
Tax base	236 211	178 863
Pours	16 872	12 776
	253 083	191 639

(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:

	2019	2018
Pre-tax profit	**6 363 790**	**4 929 773**
Tax calculated at the applicable tax rate in Portugal (22,5%)	**1 431 853**	**1 109 199**
Non-deductible costs	2 481	427
Non-deductible income (dividends)	-1 181 250	-917 987
Special tax (independent)	-	-
Income tax expenses	253 083	191 639
Current income tax	253 083	191 639
Income deferred tax	8 848	181 092
Income tax	261 931	372 731

To determine the amount of tax in the financial statements the tax rate is chosen as follows:

	2019	2018
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 2016 to 2019 are still open.

Financial Statements (in euros)

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 2019.

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 4.000.000 EUR and 645.000 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:

	2019	2018
Fiscal board	27 500	27 500
General Assembly	2 335	2 335
Board of Directors (1)	6 000	6 000
	35 835	35 835

(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 2019, in the amount of 1.000.000 euros (900.000 euros in 2018), 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 2019, 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.

Financial Statements (in euros)

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.

Associated:

Ziaicos - Serviços e gestão, Lda

(b) Transactions and outstanding balances with related parties:

i) Shareholders:

In the year ended on 31 December 2019 Ibersol carried out transactions with shareholders as follows:

Financial income

	2019	2018
ATPS SGPS, S.A.	200	575
	200	575

ii) Subsidiaries:

In the years ending on 31 December 2019 and 2018 Ibersol carried out transactions with subsidiaries as follows:

Sales and rendered services

	2019	2018
Sales and rendered services		
Ibersol Restauração	720 000	720 000
	720 000	720 000

Financial Statements (in euros)

Financial income

	2019	2018
Financial income		
Asurebi	1 052 154	1 043 545
Ibersol Restauração	1 182 617	1 159 474
Iberusa	-	9 487
Restmon	15 950	15 950
	2 250 721	2 228 456
Dividends received		
Ibersol Madeira e Açores	1 250 000	1 000 000
Asurebi	-	75 000
Ibersol Restauração	4 000 000	3 000 000
	5 250 000	4 075 000

Products and services

	2019	2018
Products and services acquisition		
Ibersol Restauração	12 241	11 529
	12 241	11 529

Debit and credit balances

In the years ending on 31 December 2019 and 2018, the balances resulting from transactions with related parties are as follows:

	2019	2018
Debit balances		
Asurebi	1 052 154	1 043 545
Iber King	138 862	118 263
Iberaki	180 094	162 691
Ibergourmet	69 629	-
Ibersande	55 005	78 988
Ibersol Madeira e Açores	180 268	205 376
Ibersol Restauração	2 018 217	2 119 024
Iberusa	1 761 879	1 315 116
IBR	150 819	153 480
IHT	181 563	156 166
José Silva Carvalho	583 162	413 773
Restmon	320 479	304 529
SEC	72 456	44 017
Sugestões	256 452	230 100
Maestro	31 731	22 690
Anatir	150	267
	7 052 920	6 368 025
Loans		
Supplementary capital contributions (Note 6)	77 293 283	79 944 783
Subsidiaries (Note 14)	159 504 996	145 974 996
	236 798 279	225 919 779

Financial Statements (in euros)

	2019	2018
Credit balances		
Asurebi	127 615	127 035
Eggon	3 053	2 097
Ibergourmet	-	21 049
Ibersol Restauração	59 462	86 892
Firmoven	2 573	1 690
	192 703	238 763

29 Income per share

Income per share in the years ending on 31 December 2019 and 2018 was calculated as follows:

	Dec/19	Dec/18
Profit payable to shareholders	11 081 721	6 398 589
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)	0,34	0,20
Number of own shares at the end of the year	3 599 981	3 599 981

At the General Meeting of 8th May 2019, the company decided to pay a gross dividend of 0,10 euro per share (0,10 euro in 2018), representing a total value of 3.240.002 euro for outstanding shares (2.700.006 euro in 2019), settled on 4th June 2019.

30 Subsequent events

The World Health Organization on 11 March declared a pandemic associated with the spread of Covid-19, having been declared the “Estado Alarma” in Spain and immediately afterwards the State of Emergency in Portugal. Later, at the end of the month, the same happened in Angola. The state of emergency determined measures to contain the population and the closure of most shops and restaurants.

This situation forced the restaurants to close, leaving only those that had the possibility to carry out a minimum volume through take-away and delivery.

Although open, the restaurants have been operating below their normal potential.

It is likely that the conditions will be created for the resumption of activity during May and June. We plan that, in an initial phase, restaurants will work at around 50% of their normal volume, with increasing recoveries until the end of the first half of next year.

To reconcile the abrupt reduction in activity and the protection of jobs, the Group's companies joined ERTE (Expediente de Regulación Temporal de Empleo) in Spain and the simplified and normal Lay-off in Portugal.

At the same time, initiatives were taken to reduce costs, renegotiate contracts, including the financial rebalancing of lease contracts and the negotiation of payment terms.

As of December 31, 2019, the Group had approximately 28 million euros of credit lines available but not used. To cover the cash flow deficits, it contracted additional lines of 30 million euros and refinanced about 15 million euros, during the first quarter of 2020.

Additionally, it is currently in the final process of hiring about 55 million euros, which allows it to reinforce the liquidity shown in the consolidated financial statements of December 31, 2019.

Regarding the possible impacts in 2020 on the recoverability of assets, we understand that it is not possible to determine any impacts, if any.

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 2019 (showing a total of 270.349.706 euros and total equity of 196.731.838 euros, including a profit for the year of 11.081.721 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 2019 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.

Emphasis of matter

We draw attention to Note 30 of the accompanying notes to the financial statements, which discloses the impacts and uncertainties of the pandemic situation resulting from the spread of the new coronavirus ("COVID-19"), which is a non-adjustable event. In the same note, Management refers to the impacts occurred up to the date of the preparation of the annual accounts, as well as to the measures already taken to ensure an adequate liquidity and equity levels to continue the Group's activity. Our opinion is not modified in relation to this matter.

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.

Valuation of financial investments and loans granted to subsidiaries

Refer to notes 3.1, 3.3 and 3.4 of Main accounting policies, note 3.14.2 of Important accounting estimates and judgments and notes 6 and 14 of the accompanying notes to the financial statements

The Risk

Financial investments and loans granted to subsidiaries shown in the statement of financial position as at 31 December 2019 amount to 99.426.347 euros and 159.504.966 euros, respectively.

The impairment assessment of the referred financial investments and loans granted to subsidiaries made by Management 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 and loans granted to subsidiaries and the high degree of judgment inherent in determining its recoverable amount, 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 Management regarding the basis for their estimates and judgments, and challenge of the assumptions used; and,
- revision of the disclosures, considering the applicable accounting framework.

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 the Entity 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 7 May 2020.
- 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.

8 May 2020

SIGNED ON THE ORIGINAL

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KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
represented by
Pedro Manuel Bouça de Morais Alves da Costa (ROC nº 1466)

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 2019 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, 8th May 2020

The Fiscal Board

Dr. Carlos Alberto Alves Lourenço
(Chairman)

Doutora Maria José Martins Lourenço da Fonseca
(Vice-Chairman)

Dr. Eduardo Moutinho Ferreira Santos
(Member)

FISCAL BOARD REPORT

To the Shareholders of IBERSOL SGPS, S.A.:

In compliance with the legal and statutory requirements, 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 2019, and issue its consequent opinion:

1. Supervision:

The Fiscal Board accompanied, within the scope of its competencies and mandate, during the 2019 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 **KPMG & Associados, SROC, S.A.**

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 these ordinary meetings the Auditor, ***KPMG & Associados, SROC, S.A.***, was represented by the Statutory Auditor Dra. Adelaide Maria Viegas Clare Neves, Statutory Auditor number 862, until 15th July 2019 and from this date by Dr. Pedro Manuel Bouça de Morais Alves, Statutory Auditor number 1466.

The Statutory Auditor / External Auditor KPMG & Associados, SROC, SA presented and proposed to the Audit Committee, at an extraordinary meeting on 29 July 2019, convened for this purpose, the "2019 Year-End Audit Plan and Strategy" with the main points of the plan of its supervisory activity, as well as the performance calendar of the members assigned to the team for the year and first quarter of 2020.

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 irregularities or fraud attempts 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 2019 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 2019 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.

Given the relevance, impact and possible consequences on the activity and results on the IBERSOL group companies in Portugal, Spain and Angola, in the year 2020, of the Covid-19 pandemic, that at the beginning of March 2020 led to declarations of states of emergency and calamity with the mandatory confinement and the significant closing activity in those countries, the Fiscal Board monitors the apprehension and considerations made on the matter by the Board of Directors in Note 37 of the Annex to the financial statements, and by the Statutory Auditor/External Auditor in its Legal Certification of Accounts and Audit Report.

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 2019 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, 08th May 2020

The Fiscal Board

Dr. Carlos Alberto Alves Lourenço
(Chairman)

Doutora Maria José Martins Lourenço da Fonseca
(Vice-Chairman)

Dr. Eduardo Moutinho Ferreira Santos
(Effective Member)