IBERSOL – SGPS, SA

Publicly Listed Company

Registered office: Praça do Bom Sucesso, 105/159, 9th floor, Porto
Share Capital Euros 36.000.000
Commercial Registry: Oporto under number 501669477
Fiscal number: 501669477

Consolidated Report & Accounts 9M2019

(not audited)

- **Consolidated Turnover of 356.2 million euros**
  Increase of 6.1% over 9M of 2018

- **Consolidated EBITDA (without IFRS16) reached 43.9 million euros**
  Ebitda decreased 9.2% over 9M of 2018.

- **Consolidated net profit (without IFRS16) of 17.5 million euros**
  Decrease of 26.7% when compared to the 9M of 2018.

Consolidated Management Report

Activity

As a result of applying the new accounting standard on leases (IFRS16) since 1st of January 2019, the group decided to adopt for the modified retrospective method in the consolidated accounts, according to which there is no restatement of historical data.
For better comparability and once there are no changes in the way Ibersol evaluates the operating performance of its business, the below analysis does not consider the application of IFRS16. The significant impact of this accounting standard on our financial statements, especially in the shortest activity quarters, is presented in a specific section of this report.

Consolidated turnover for the nine months of the year amounted to 356.2 million euros, compared to 335.7 million euros in the same period of the previous year, broken down as follows:

Turnover	9M 2019	
	euro million	% Ch. 19/18
Sales of Restaurants	343,1	6,2%
Sales of Merchandise	10,4	13,3%
Services Rendered	2,7	-20,4%
Net Sales & Services	356,2	6,1%

The positive evolution of the demand, especially in Portugal, coupled with the effects of the openings, contributed to the growth of restaurant sales during this period and to minimize two relevant negative impacts on the Group's activity:

a) the reduction in turnover in Angola, as a result of the sharp decrease in consumption in parallel with a very significant currency devaluation of AKZ against the EUR (around 32%);
b) the reduction in the number of operated restaurants at the Barcelona airport since May of 2018, resulting in a reduction of the market share from 70% to 40%. The impact of this loss begins in this third quarter to be offset by the opening of most of the final restaurants in the new concessions in Spain;

SALES IN RESTAURANTS	9M 2019	
	euro million	% Ch. 19/18
Restaurants	77,3	3,6%
Counters	164,8	10,1%
Concessions&Catering	101,0	2,1%
Total Sales	343,1	6,2%

At the segment level, restaurants grew 3.6%, ensuring the same performance in this quarter as in the first half.

In the counters segment, even including activity in Angola, once again recorded a solid performance, with restaurant sales reaching 165 million euros, an increase of 10.1%. This growth results from: (i) the performance of Burger King and KFC brands, which have been registering successive market share gains and growth rates influenced by a higher number of units operating (ii) extension of home delivery coverage through aggregators to a larger number of units in this third quarter.

The "Concessions and Catering" segment sales increased 2.1% compared to the same period of the previous year, as a result of the positive performance of the Catering activity, which benefited from larger events and the start of operations in three new concessioned locations.

During this period has been completed the conversion of 16 new restaurants (11 in Barcelona, 4 in Málaga and 1 in Alicante), which has reduced the negative impact of the perimeter change caused by the closure and openingof the restaurants in the 4 new concessions in Spain (Barcelona, Málaga, Gran Canária and Alicante).

In this period, there was a reversal in the growth trend in passenger traffic at Canary Islands airports, with sharp losses in the third quarter in the Fuerteventura and Las Palmas concessions, with consequent impact on the performance of the units operating in these locations.

During this period, we closed 14 restaurants, nine of which franchises, mostly in Spain.

Following the strategy of expansion in new Travel concessions, five new units began to be operated, two at Alicante and the remaining at Malaga and Gran Canaria airports (two of which are still operating in provisional concept) and also at AVE Girona. In addition, 12 new equity restaurants were opened, nine of which in Portugal with the opening of six Burger King restaurants and three new concessions. In Spain, the opening of a Ribs restaurant and two Pans were also completed.

At the end of the period, the total number of restaurants was 647 (528 equity and 119 franchises), as shown below:

Nº of Restaurants	2018 31-Dec	Openings	Transfer	Closures	2019 30/Sep
PORTUGAL	**332**	**9**		**0**	**341**
Equity Restaurants	**331**	**9**		**0**	**340**
Pizza Hut	95				95
Okilo+MIIT+Ribs	4				4
Pans+Roulotte	46				46
Burger King	87	6			93
KFC	27				27
Pasta Caffé	7				7
Quiosques	8				8
Coffee Shops	27				27
Catering	7	3			10
Concessions & Other	23				23
Franchise Restaurants	**1**				**1**
SPAIN	**292**	**9**		**13**	**288**
Equity Restaurants	**175**	**8**		**5**	**178**
Pizza Móvil	28			5	23
Pizza Hut	5				5
Burger King	35				35
Pans	35	2			37
Ribs	10	1			11
FrescCo	3				3
Concessions	59	5			64
Franchise Restaurants	**117**	**1**		**8**	**110**
Pizza Móvil	15			2	13
Pans	52	1		1	52
Ribs	27			1	26
FrescCo	7			2	5
SantaMaria	16			2	14
ANGOLA	**10**				**10**
KFC	9				9
Pizza Hut	1				1
Other Locations - Franchise	**7**	**2**		**1**	**8**
Pans	7	2		1	8
Total Equity Restaurants	**516**	**17**	**0**	**5**	**528**
Total Franchise Restaurants	**125**	**3**	**0**	**9**	**119**
TOTAL	**641**	**20**	**0**	**14**	**647**

Results

The consolidated net income (without IFRS16) of 9M amounted to Eur 17.5 million euros compared to 23.9 million euros, in the same period of 2018, which represents a decrease of 26.7%.

(Million euros)	9M 19 Excl./IFRS16	9M 18
Operating income		
Sales	353,5	332,4
Rendered services	2,7	3,3
Other operating income	7,1	7,1
Total operating income	**363,2**	**342,8**
Custos Operacionais		
Cost of sales	87,0	82,2
External supplies and services	119,7	110,3
Personnel costs	109,8	100,5
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	20,0	18,6
Other operating costs	2,8	1,5
Total operating costs	**339,3**	**313,0**
Operating Income	**23,9**	**29,8**
EBITDA	**43,9**	**48,3**
Net financing cost	2,7	2,9
Gains (losses) in joint controlled subsidiaries - Equity method	0,2	0,0
Gain (loss) on the net monetary position	0,0	1,8
Profit before tax	**21,3**	**28,3**
Income tax expense	3,8	4,5
Net profit	**17,5**	**23,9**

Gross margin was 75.6% of turnover, at the same level of the previous year (9M 18: 75.5%).

In terms of the remaining cost structure, it should be noted that there has been some pressure to increase it, resulting in slight increases in the weight of personal costs and external supplies and services.

Including the effect of the increase in the minimum wage**, Staff costs** increased 9.3% representing 30.8% of the turnover (9M18: 29.9%).

External Supplies and services (without IFRS16): increase of 8.6%, representing 33.6% of turnover, which represents an increase of 0.8p.p over the same period of 2018. For this increase contributed the contractual conditions of the new travel concessions in Spain and the cost of aggregator commissions, associated with a higher weight of home delivery in total sales.

Other operating income amounted to 7.1 million euros, the same as in the same period of the previous year.

Other operating costs increased by 1.3 million euros, mainly due to the write-off of assets related to store relocation.

Therefore **EBITDA** (without IFRS16) amounted to 43.9 million euros, a decrease of 9.2% over 9M18, Activity in Spain was deeply affected by the reduction of share at Barcelona Airport and the opening period of definitive new concessions with an important impact on Ebitda.

Consolidated **EBITDA** margin (without IFRS16) stood at 12.3% of turnover which compares with 14.4% in the same period of the previous year.

Consolidated **EBIT** margin (without IFRS16) was 6.7% of turnover, which represents an operating result of 23.9 million euros, a decrease of 2.2p.p. compared to the same period of 2018 with 29.8 million euros.

Consolidated **Financial Results** (without IFRS16) were negative by 2.7 million euros, around 0.2 million euros lower than the 9M18.

Average cost of loans in the first nine months of 2019 stood at 2.2%, at the same level of the same period of 2018.

Financial Situation

Total Assets (without IFRS16) amounted to 467 million euros and Equity (without IFRS16) stood at 216 million euros, representing 46% of assets.

CAPEX reached 26 million euros. About 21.3 million corresponds to the investment incurred in to complete the expansion plan and the remaining for the refurbishment and modernization of some restaurants.

Net debt at 30th September 2019 amounted to 78.5 million euros, at the same level of the end of 2018.

Outlook

In Portugal, is expected a slight slowing down in pace of sales growth in line with recent months, while growth in Spain will be more moderate.

The uncertainty of Brexit impact on the European economy and the reduction in traffic passenger, is one of the main risks to the performance of concessions, namely at the airports located at touristic destinations.

In Spain, we expect to complete all the restaurants won in 2018 at the Barcelona, Gran Canaria, Malaga and Alicante airports, with the definitive concepts.

In Angola the recent worsening of the AKZ's devaluation rate will lead to a continued decline in consumption. The inability to increase prices at the pace of devaluation will continue to result in lower profitability of our operations.

As far as expansion is concerned, we will try to remain the openings pace of the last years in Portugal, and in Spain, selective openings of Pans and Ribs.

Porto, 19th November 2019

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António Carlos Vaz Pinto de Sousa

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António Alberto Guerra Leal Teixeira

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Juan Carlos Vázquez-Dodero

Appendix - IFRS16 impact on the Financial Statements

The applying of the new standard on leases - IFRS16 - from 1st January 2019, has a relevant impact on the results.

Taking in consider that the Group's operation is carried out mainly in leased restaurants, under lease or concession agreements with maturities over 12 months, is recognized the value of Assets ("Rights of Use") and Liabilities ("Lease Liability") in the Balance Sheet and consequent amortization and financial expenses in the Income Statement.

Income Statement

From the application of IFRS16, at 30 September, EBITDA amounted to EUR 88.8 million (EUR 43.9 million without IFRS 16) and a Net Result of EUR 10.5 million (EUR 17.5 million excluding IFRS16).

(Million euros)	9M 19 IFRS 16	9M 19 Excl./IFRS16	9M 18
Operating income			
Sales	353,5	353,5	332,4
Rendered services	2,7	2,7	3,3
Other operating income	7,1	7,1	7,1
Total operating income	**363,2**	**363,2**	**342,8**
Custos Operacionais			
Cost of sales	87,0	87,0	82,2
External supplies and services	74,7	119,7	110,3
Personnel costs	109,8	109,8	100,5
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	60,1	20,0	18,6
Other operating costs	2,8	2,8	1,5
Total operating costs	**334,5**	**339,3**	**313,0**
Operating Income	**28,8**	**23,9**	**29,8**
EBITDA	**88,8**	**43,9**	**48,3**
Net financing cost	16,6	2,7	2,9
Gains (losses) in joint controlled subsidiaries - Equity method	0,2	0,2	0,0
Gain (loss) on the net monetary position	0,0	0,0	1,8
Profit before tax	**12,3**	**21,3**	**28,3**
Income tax expense	1,8	3,8	4,5
Net profit	**10,5**	**17,5**	**23,9**

With the application of the standard, the variability of rents according to turnover is largely replaced by the registration of fixed costs, whereby the impact on profit before taxes is much higher in periods of lower activity, as in the first half. In this quarter of higher activity, there was no significant change in the impact of the semester. With normal sales seasonality and the increases resulting from new contracts associated with openings, an additional impact of between 3 and 4 million euros is expected in the last quarter.
In addition, the annual effect on the 2019 results is amplified by the fact that most of the concession contracts in Spanish airports are in initial stages, with terms that are lower than the average of the Group's lease contracts.

Balance Sheet

On 30 September, the new IFRS16 standard implies the recognition of the Right of Use (RoU) in the Assets with an impact of 336 million euros and the corresponding recognition of finance leases in the Liabilities, with a total impact of 348 million euros.

Balance Sheet (million euros)	Notas	30/09/2019	30-09-2019 Excl./IFRS16	31/12/2018
Non-current				
Net Fixed Assets	8	201,3	212,9	201,3
Rights of Use (RoU)		336,0	0,0	
Total non-current assets		**692,3**	**367,9**	**359,6**
Current				
Other current assets	16	28,8	29,8	27,6
Total current assets		**98,0**	**98,8**	**84,6**
Total Assets		**790,3**	**466,7**	**444,2**
EQUITY AND LIABILITIES				
EQUITY				
Net profit in the year		10,5	17,5	25,0
Total Equity		**209,4**	**216,3**	**203,2**
Non-current				
Loans		92,7	95,4	79,2
Liability for leases		300,6		
Deferred tax liabilities		8,7	10,4	10,6
Total non-current liabilities		**405,4**	**109,2**	**93,3**
Current				
Loans		39,9	47,6	53,0
Liability for leases		47,4		
Accounts payable to suppliers and accrued costs		73,3	74,6	81,4
Other current liabilities	16	13,7	17,7	13,3
Total current liabilities		**175,6**	**141,2**	**147,8**
Total Liabilities		**580,9**	**250,4**	**241,1**
Total Equity and Liabilities		**790,3**	**466,7**	**444,2**

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

Consolidated Interim Financial Statements

30th September 2019

IBERSOL S.G.P.S., S.A.
INTERIM STATEMENT OF CONSOLIDATED FINANCIAL POSITION ON 30th September 2019 AND 31st DECEMBER 2018
(values in euros)

ASSETS	Notes	30/09/2019	31/12/2018
Non-current			
Tangible fixed assets	8	201 256 014	201 310 291
Rights of use	3.1 e 9	336 013 453	-
Goodwill	9	90 846 327	90 846 327
Intangible assets	9	36 549 175	36 146 157
Financial investments - joint controlled subsidiaries		2 612 144	2 459 842
Non-current financial assets		435 539	211 430
Other financial assets	19	12 405 449	15 753 485
Other non-current assets	16	12 159 079	12 921 343
Total non-current assets		**692 277 180**	**359 648 875**
Current			
Inventories		12 486 736	11 622 326
Cash and bank deposits		46 924 552	37 931 124
Income tax receivable		4 443 732	3 574 662
Other financial assets	19	5 392 697	3 855 375
Other current assets	16	28 754 429	27 617 179
Total current assets		**98 002 147**	**84 600 666**
Total Assets		**790 279 327**	**444 249 541**

EQUITY AND LIABILITIES	Notes	30/09/2019	31/12/2018
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	10	36 000 000	36 000 000
Own shares		-11 180 516	-11 180 516
Share prize		469 937	469 937
Legal reserves		1 075 511	755 581
Conversion Reserves		-8 118 195	-7 140 907
Other Reserves & Retained Results		180 376 864	158 974 733
Net profit in the year		10 482 194	24 962 061
		209 105 795	**202 840 889**
Interests that do not control		245 734	329 204
Total Equity		**209 351 529**	**203 170 093**
LIABILITIES			
Non-current			
Loans		92 696 120	79 182 324
Liability for leases	3.1	300 568 140	-
Deferred tax liabilities		8 656 467	10 556 031
Provisions		3 244 724	3 244 724
Derivative financial instrument		177 590	177 570
Other non-current liabilities		10 912	150 344
Total non-current liabilities		**405 353 953**	**93 310 993**
Current			
Loans		39 921 073	52 961 448
Liability for leases	3.1	47 377 096	-
Accounts payable to suppliers and accrued costs		73 305 060	81 387 772
Income tax payable		1 226 805	162 901
Other current liabilities	16	13 743 811	13 256 334
Total current liabilities		**175 573 844**	**147 768 455**
Total Liabilities		**580 927 798**	**241 079 448**
Total Equity and Liabilities		**790 279 327**	**444 249 541**

Porto, 19th November 2019

The Board of Directors,

IBERSOL S.G.P.S., S.A.

INTERIM CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER, 2019 AND 2018

(values in euros)

	Notes	30/09/2019	30/09/2018
Operating Income			
Sales	6	353 499 418	332 366 730
Rendered services	6	2 652 722	3 333 699
Other operating income		7 072 350	7 055 399
Total operating income		363 224 490	342 755 828
Operating Costs			
Cost of sales		87 045 731	82 157 744
External supplies and services		74 721 609	110 257 516
Personnel costs		109 816 989	100 467 454
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	8 e 9	60 084 603	18 568 399
Other operating costs		2 797 547	1 541 698
Total operating costs		334 466 479	312 992 811
Operating Income		28 758 011	29 763 017
Net financing cost	17	16 575 760	2 861 073
Gains (losses) in joint controlled subsidiaries - Equity method		152 302	31 275
Gains (losses) in financial investments		-	-370 000
Gains (losses) on Net monetary position	8 e 9	-	1 778 155
Profit before tax		**12 334 552**	**28 341 374**
Income tax expense	18	1 809 049	4 472 683
Net profit		**10 525 503**	**23 868 691**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-977 288	-4 981 196
TOTAL COMPREHENSIVE INCOME		**9 548 215**	**18 887 495**
Net profit attributable to:			
Owners of the parent		10 482 194	23 680 883
Non-controlling interest		43 309	187 808
		10 525 503	23 868 691
Total comprehensive income attributable to:			
Owners of the parent		9 504 906	18 699 687
Non-controlling interest		43 309	187 808
		9 548 215	18 887 495
Earnings per share:	10		
Basic		**0,32**	**0,73**
Diluted		**0,32**	**0,73**

Porto, 19th November 2019

The Board of Directors,

IBERSOL S.G.P.S., S.A.
INTERIM CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD TRIMESTER OF 2019 AND 2018
(values in euros)

	Notes	3rd TRIMESTER (unaudited) 2019	2018
Operating Income			
Sales		133 900 954	123 471 094
Rendered services		914 325	904 595
Other operating income		3 148 151	2 560 652
Total operating income		137 963 430	126 936 341
Operating Costs			
Cost of sales		32 866 640	30 929 207
External supplies and services		25 994 395	39 404 556
Personnel costs		38 329 721	34 282 768
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA		20 444 922	6 150 700
Other operating costs		790 883	494 058
Total operating costs		118 426 562	111 261 289
Operating Income		19 536 868	15 675 052
Net financing cost		5 709 542	588 602
Gains (losses) in joint controlled subsidiaries - Equity method		19 959	7 709
Gains (losses) on Net monetary position		-583 621	897 320
Profit before tax		**13 263 664**	**15 991 479**
Income tax expense		3 306 142	2 989 116
Net profit		**9 957 522**	**13 002 363**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-349 337	-1 218 929
TOTAL COMPREHENSIVE INCOME		**9 608 185**	**11 783 434**
Net profit attributable to:			
Owners of the parent		9 917 053	12 940 216
Non-controlling interest		40 469	62 147
		9 957 522	13 002 363
Total comprehensive income attributable to:			
Owners of the parent		9 567 716	11 721 287
Non-controlling interest		40 469	62 147
		9 608 185	11 783 434
Earnings per share:			
Basic		**0,31**	**0,40**
Diluted		**0,31**	**0,40**

Porto, 19th November 2019

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Interim Statement of Alterations to the Consolidated Equity
for the nine months period ended 30th September, 2019 and 2018 (unaudited)
(value in euros)

		Assigned to shareholders									
	Note	**Share Capital**	**Own Shares**	**Share Prize**	**Legal Reserves**	**Conversion Reserves**	**Other Reserves & Retained Results**	**Net Profit**	**Total parent equity**	**Interests that do not control**	**Total Equity**
Balance on 1 January 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	188 620 192
IFRS 9 Impact							-702 358		-702 358		-702 358
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		6 000 000					-6 000 000		-		-
Conversion reserves - Angola						-4 981 196			-4 981 196		-4 981 196
Acquisition / (disposal) of own shares			-548						-548		-548
Net consolidated income for the nine months period ended on 30 September, 2018								23 680 883	23 680 883	187 808	23 868 691
Total changes in the period		6 000 000	-548	-	492 580	-4 981 196	24 356 880	-7 168 577	18 699 139	187 808	18 886 947
Net profit								**23 680 883**	**23 680 883**	**187 808**	**23 868 691**
Total comprehensive income									18 699 687	187 808	18 887 495
Transactions with capital owners in the period											
Application of the consolidated profit from 2017:											
Paid dividends							-2 700 006		-2 700 006	-444 647	-3 144 653
		-	-		-	-	-2 700 006	-	-2 700 006	-444 647	-3 144 653
Balance on 30 September 2018		**36 000 000**	**-11 180 517**	**469 937**	**755 581**	**-6 994 082**	**160 461 720**	**23 680 882**	**203 193 521**	**466 605**	**203 660 127**
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						-977 288			-977 288		-977 288
Net consolidated income for the nine months period ended on 30 September, 2019								10 482 194	10 482 194	43 309	10 525 503
Total changes in the period		-	-	-	319 930	-977 288	24 642 131	-14 479 867	9 504 906	43 309	9 548 215
Net profit								**10 482 194**	**10 482 194**	**43 309**	**10 525 503**
Total comprehensive income									9 504 906	43 309	9 548 215
Transactions with capital owners in the period											
Application of the consolidated profit from 2018:											
Paid dividends							-3 240 000		-3 240 000	-126 779	-3 366 779
		-	-	-	-	-	-3 240 000	-	-3 240 000	-126 779	-3 366 779
Balance on 30 September 2019		**36 000 000**	**-11 180 516**	**469 937**	**1 075 511**	**-8 118 195**	**180 376 864**	**10 482 194**	**209 105 795**	**245 734**	**209 351 529**

Porto, 19th November 2019

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Interim Consolidated Cash Flow Statements
for the nine months period ended 30 September, 2019 and 2018
(value in euros)

	Note	Nine months period ending on June 30 (unaudited) 2019	2018
Cash Flows from Operating Activities			
Receipts from clients		357 951 221	333 029 070
Payments to supliers		-147 742 592	-173 647 547
Staff payments		-106 636 508	-99 575 291
Flows generated by operations		103 572 121	59 806 232
Payments/receipt of income tax		-3 436 690	-1 135 401
Other paym./receipts related with operating activities		-12 285 475	-19 172 772
Flows from operating activities (1)		**87 849 956**	**39 498 059**
Cash Flows from Investment Activities			
Receipts from:			
Financial investments		82 440	139 763
Tangible fixed assets		22 225	22 620
Investment benefits			85 272
Interest received		1 080 924	1 197 182
Other financial assets		3 319 475	5 005 817
Payments for:			
Financial Investments		306 550	1 627 536
Other financial assets		0	2 907 912
Tangible fixed assets		33 742 508	15 800 211
Intangible assests		3 305 525	2 734 168
Other investments			4 000 000
Flows from investment activities (2)		-32 849 519	-20 619 173
Cash flows from financing activities			
Receipts from:			
Loans obtained		23 193 010	9 421 418
Payments for:			
Loans obtained		19 059 612	12 878 598
Amortisation and interest of liability for leases		42 143 628	1 100 455
Interest and similar costs		3 944 161	4 278 964
Dividends paid		3 366 779	3 144 647
Acquisition of own shares			548
Flows from financing activities (3)		-45 321 170	-11 981 794
Change in cash & cash equivalents (4)=(1)+(2)+(3)		**9 679 267**	**6 897 092**
Cash & cash equivalents at the start of the period		32 048 560	34 882 539
Cash & cash equivalents at end of the period	20	**41 727 827**	**41 779 631**

Porto, 19th November 2019

The Board of Directors,

IBERSOL SGPS, S.A.

ANNEX TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED ON 30 SEPTEMBER 2019

(Values in euros)

1. INTRODUCTION

IBERSOL, SGPS, SA ("Company" 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 647 units in the restaurant segment through the brands Pizza Hut, Pasta Caffé, Pans & Company, Ribs, FresCo, SantaMaria, Kentucky Fried Chicken, Burger King, O' Kilo, Roulotte, Quiosques, Pizza Móvil, Miit, Sol, Sugestões e Opções, Silva Carvalho Catering e Palace Catering, coffe counters and other concessions. The group has 528 units which it operates and 119 units under a franchise contract. Of this universe, 288 are headquartered in Spain, of which 178 are own establishments and 110 are franchised establishments, and 10 in Angola.

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

Ibersol SGPS parent company is ATPS - SGPS, S.A ..

2. MAIN ACCOUNTING POLICIES

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

2.1 Presentation basis

These consolidated interim financial statements were prepared according to the international standard nº. 34 – Interim Financial Report, and therefore do not include all the information required by the annual financial statements, and should be read together with the company's financial statements for the period ended 31 December 2018.

The consolidated interim financial statements have been prepared in accordance with the historical cost principle, changed to fair value in the case of derivative financial instruments.

The accounting policies applied on 30 September 2019 are identical to those applied for preparing the financial statements of 30 September and 31 December 2018, except for the exchange currency differences included in other income / other operating costs and excluded from net financing cost.

3. CHANGE OF ACCOUNTING POLICIES, ERRORS AND ESTIMATES

3.1. New standards, amendments and interpretations adopted by the Group

The Group adopted for the first time the new standard IFRS 16 Leases, and there was no restatement of the comparative Financial Statements. As required by IAS 34, the nature and effects of these changes are as follows:

IFRS 16 Locations
The new IFRS 16 eliminated the classification of leases between operating or financial leases for tenant entities as provided for in IAS 17. Instead, it introduced a single accounting model, very similar to the treatment of leases in renters.

This unique model establishes, for the lessee, the recognition of: i. assets and liabilities for all leases with a term greater than 12 months (low value assets may be excluded, regardless of the term of the lease) in the Balance Sheet; and ii. depreciation of leased assets and interest separately in the Income Statement.

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

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

As regards previous commitments with financial leases, at the time of transition, the book values of assets and liabilities per lease at 31 December 2018 (€ 4.282.410 and € 2.180.000, respectively) were assumed as rental rights and lease liabilities in accordance with IFRS 16 to 1 January 2019.

In measuring leasing liabilities, the Group discounted lease payments using its incremental financing rate on 1 January 2019. The weighted average rate applied is in the range of 3.5% - 6%, taking into account the characteristics contracts (underlying assets and guarantees, currency and term). In applying IFRS 16 for the first time, the Group used the following practice records permitted by the standard:

i) the use of only a discount rate for a portfolio of leases with fairly similar characteristics;

(ii) exemption from recognition of operating leases with a maturity of less than 12 months on the date of transition and non-recognition of leases in which the underlying asset has little value;

iii) exclusion of initial direct costs in the measurement of the right-of-use asset at the date of initial application;

iv) the use of retrospective analysis in determining the term of the lease when the contract includes options for extension or termination of the lease;

(v) The Group has applied this standard to contracts that were previously identified as leases under IAS 17 - Leases and IFRIC 4 - Determine whether an Agreement contains a Lease and has not applied this rule to contracts that were not previously identified as containing a lease under those rules.

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

		Trans.Adjustments	
	31/12/2018	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 impact of the adoption of the new standard IFRS16 in the consolidated interim financial statement, in the consolidated interim statement of income and other comprehensive income and in interim consolidated cash flow statements in 30th September 2019 is as follows:

	30/09/2019 (n/a IFRS 16)	IFRS 16	30/09/2019
Assets			
Tangible fixed assets	212 922 226	-11 666 212	201 256 014
Rights of use	-	336 013 453	336 013 453
Income tax receivable	4 194 907	248 825	4 443 732
Other current assets	29 820 894	-1 066 465	28 754 429
Liabilities			
Non-current loans	102 482 145	-9 786 025	92 696 120
Non-current liability for leases	-	300 568 140	300 568 140
Deferred tax	10 385 925	-1 729 458	8 656 467
Current loans	40 550 621	-629 548	39 921 073
Current liability for leases	-	47 377 096	47 377 096
Accounts payable to suppliers and accrued costs	78 606 060	-5 301 000	73 305 060

	30/09/2019 (n/a IFRS 16)	IFRS 16	30/09/2019
External supplies and services	119 694 925	-44 973 316	74 721 609
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	19 989 126	40 095 477	60 084 603
Net financing cost	2 746 502	13 829 258	16 575 760
Profit before tax	21 282 439	-8 947 887	12 334 552
Income tax expense	3 787 332	-1 978 283	1 809 049

	30/09/2019 (n/a IFRS 16)	IFRS 16	30/09/2019
Cash Flows from Operating Activities	46 883 610	40 966 346	87 849 956
Cash Flows from Investment Activities	-32 849 519	-	-32 849 519
Cash flows from financing activities	-4 354 824	-40 966 346	-45 321 170
Change in cash & cash equivalents	9 679 267	-	9 679 267

3.2. New standards, amendments and interpretations adopted by the EU but without effective application for years beginning on 1 January 2019 and not applied in advance

In the first nine months of 2019, the EU did not publish any Regulation on the adoption of new standards, amendments or interpretations that have not yet been implemented by the Group.

3.3. New standards, amendments and interpretations issued by the IASB and IFRIC but not yet adopted by the EU

In the first nine months of 2019, the IASB / IFRIC has not issued any new standards, changes or interpretations.

4. IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS

There where no substantial differences between accounting estimates and judgments applied on 31 December 2018 and the accounting values considered in the six months period ended on the 30 September 2019.

5. INFORMATION ABOUT THE COMPANIES INCLUDED IN THE CONSOLIDATION AND OTHER COMPANIES

5.1. The following group companies were included in the consolidation on 30th September 2019 and 30th September and 31 December 2018:

Company	Head Office	% Shareholding		
		Sep/19	Dec/18	Sep/18
Parent company				
Ibersol SGPS, S.A.	Porto	parent	parent	parent
Subsidiary companies				
Iberusa Hotelaria e Restauração, S.A.	Porto	100%	100%	100%
Ibersol Restauração, S.A.	Porto	100%	100%	100%
Ibersande Restauração, S.A.	Porto	100%	100%	100%
Ibersol Madeira e Açores Restauração, S.A.	Funchal	100%	100%	100%
Ibersol - Hotelaria e Turismo, S.A.	Porto	100%	100%	100%
Iberking Restauração, S.A.	Porto	100%	100%	100%
Iberaki Restauração, S.A.	Porto	100%	100%	100%
Restmon Portugal, Lda	Porto	61%	61%	61%
Vidisco, S.L.	Vigo - Espanha	100%	100%	100%
Inverpeninsular, S.L.	Vigo - Espanha	100%	100%	100%
(d) Ferro & Ferro, Lda.	Porto	-	-	100%
Asurebi SGPS, S.A.	Porto	100%	100%	100%
Charlotte Develops, SL	Vigo - Espanha	100%	100%	100%
Firmoven Restauração, S.A.	Porto	100%	100%	100%
IBR - Sociedade Imobiliária, S.A.	Porto	100%	100%	100%
Eggon SGPS, S.A.	Porto	100%	100%	100%
Anatir SGPS, S.A.	Porto	100%	100%	100%
Lurca, SA	Madrid-Espanha	100%	100%	100%
Sugestões e Opções-Actividades Turísticas, S.A	Porto	100%	100%	100%
José Silva Carvalho Catering, S.A	Porto	100%	100%	100%
(a) Iberusa Central de Compras para Restauração ACE	Porto	100%	100%	100%
(b) Vidisco, Pasta Café Union Temporal de Empresas	Vigo - Espanha	100%	100%	100%
Maestro - Serviços de Gestão Hoteleira, S.A.	Porto	100%	100%	100%
SEC - Eventos e Catering, S.A.	Porto	100%	100%	100%
IBERSOL - Angola, S.A.	Luanda - Angola	100%	100%	100%
HCI - Imobiliária, S.A.	Luanda - Angola	100%	100%	100%
Ibergourmet Produtos Alimentares (ex-Gravos 2012, S.A.)	Porto	100%	100%	100%
Lusinver Restauracion, S.A.	Vigo - Espanha	100%	100%	100%
The Eat Out Group S.L.U.	Barcelona - Espanha	100%	100%	100%
Pansfood, S.A.U.	Barcelona - Espanha	100%	100%	100%
Foodstation, S.L.U	Barcelona - Espanha	100%	100%	100%
(c) Dehesa de Santa Maria Franquicias, S.L.	Barcelona - Espanha	100%	100%	50%
(c) Cortsfood, S.L.	Barcelona - Espanha	50%	50%	-
Ziaicos - Serviços e gestão, Lda	Porto	40%	-	-
Companies controlled jointly				
UQ Consult - Serviços de Apoio à Gestão, S.A.	Porto	50%	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 in the year 2018. Although the parent company holds 50% of the voting rights, there is control of the subsidiary Cortsfood.
(d) merge of the subsidiary Ferro & Ferrro into Iberusa Hotelaria e Restauração, S.A.

The subsidiary companies were included in the consolidation by the full consolidation method. UQ Consult, the Jointly controlled entity, was subject to the equity method according to the group's shareholding in this company.

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 nine months period ended on 30 September 2019, 40% of Ziaicos was acquired, excluded by immateriality from the interim consolidated financial statements as at 30 September 2019.

5.2.2. Disposals

In the nine months period ended on 30 September 2019 there was no disposals of subsidiaries.

6. INFORMATION PER SEGMENT

Ibersol Administration monitors the business based on the following segmentation:

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

The results per segment in the nine months period ended 30 September 2019 and 2018 were as follows:

30 September 2019	**Restaurants**	**Counters**	**Concessions and Catering**	**Other, write off and adjustments**	**Total Group**
Turnover	**84 199 032**	**170 041 614**	**101 637 505**	**273 989**	**356 152 140**
Royalties	3 268 026	6 712 122	795 357	-	10 775 506
Rents and Condominium	3 590 038	4 861 406	3 715 733	-283 302	11 883 874
Coste of sales	19 476 381	48 417 088	19 152 262	-	87 045 731
Operating income net of Amortization, deprec. and impairment losses	**16 604 977**	**35 470 015**	**36 480 786**	286 836	**88 842 614**
Amortization, depreciation and impairment losses	8 839 900	20 735 145	29 488 489	1 021 069	60 084 603
Operating income	**7 765 077**	**14 734 870**	**6 992 297**	**-734 233**	**28 758 011**

30 September 2018	**Restaurants**	**Counters**	**Concessions and Catering**	**Other, write off and adjustments**	**Total Group**
Turnover	**81 737 615**	**154 157 284**	**99 520 502**	**285 028**	**335 700 429**
Royalties	3 066 816	6 064 625	1 039 045	-	10 170 486
Rents and Condominium	8 328 615	14 910 106	29 872 465	-	53 111 186
Coste of sales	19 223 223	44 144 387	18 790 134	-	82 157 744
Operating income net of Amortization, deprec. and impairment losses	**11 781 695**	**21 529 411**	**15 020 309**	**-**	**48 331 416**
Amortization, depreciation and impairment losses	4 557 650	10 348 875	2 910 479	751 395	18 568 399
Operating income	**7 224 045**	**11 180 536**	**12 109 830**	**-751 395**	**29 763 017**

On September 30, 2019 and 2018 income and non-current assets by geography is presented as follows:

30 SEPTEMBER 2019	Portugal	Angola	Spain	Grupo
Restaurants	189 470 707	10 132 491	143 465 105	343 068 303
Merchandise	582 437	-	9 848 678	10 431 115
Rendered services	203 850	-	2 448 872	2 652 722
Total sales and services	**190 256 994**	**10 132 491**	**155 762 655**	**356 152 140**
Tangible fixed and intangible assets	154 917 073	24 711 669	58 176 447	237 805 189
Rights of use	68 718 822	2 397 489	264 897 142	336 013 453
Goodwill	7 605 482	-	83 240 845	90 846 327
Financial investments - joint controlled subsidiaries	2 612 144	-	-	2 612 144
Non-current financial assets	435 539	-	-	435 539
Other financial assets	-	12 405 449	-	12 405 449
Other non-current assets	-	-	12 159 079	12 159 079
Total non-current assets	**234 289 060**	**39 514 608**	**418 473 513**	**692 277 181**

30 SEPTEMBER 2018	Portugal	Angola	Spain	Grupo
Restaurants	164 790 958	13 434 444	144 969 219	323 194 621
Merchandise	598 774	-	8 573 335	9 172 109
Rendered services	198 136	-	3 135 563	3 333 699
Total sales and services	**165 587 868**	**13 434 444**	**156 678 117**	**335 700 429**
Tangible fixed and intangible assets	142 466 951	26 220 406	57 612 565	226 299 922
Goodwill	7 605 482	-	85 257 304	92 862 786
Financial investments - joint controlled subsidiaries	2 451 660	-	-	2 451 660
Non-current financial assets	198 620	-	-	198 620
Other financial assets	-	16 902 763	-	16 902 763
Other non-current assets	-	-	14 935 320	14 935 320
Total non-current assets	**152 722 713**	**43 123 169**	**157 805 189**	**353 651 071**

7. UNUSUAL AND NON-RECURRING FACTS AND SEASON ACTIVITY

No unusual facts took place during the nine months period ended 30 June 2019.

8. TANGIBLE FIXED ASSETS

In the nine months period ended 30 September 2019 and in the year ending on 31 December 2018, entries in the value of tangible fixed assets, depreciation and accumulated impairment losses were as follows:

	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) (1)	636 821	866 426	204 363	39 617	-48 172	1 699 055
Currency conversion	-1 451 675	-3 487 482	-1 732 828	-381 881	-35 010	-7 088 876
Additions	-	22 459 004	9 916 886	2 755 073	560 641	35 691 604
Decreases	-	599 668	38 421	24 260	538 056	1 200 405
Transfers	-	47 057	487 068	84 340	-618 465	-
Depreciation in the year	18 973	15 774 618	7 088 709	1 605 514	-	24 487 815
Impairment	-	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
Hyperinflationary Economies (IAS 29) (1)	-	-	-	-	-	-
Currency conversion	-192 288	-428 424	-191 516	-41 593	-6 890	-860 711
Additions	-	12 622 073	6 303 469	2 023 085	2 092 707	23 041 334
Decreases	-	891 646	149 574	96 047	18 277	1 155 544
Transfers	-	40 189	279 268	34 644	-497 178	-143 077
Depreciation in the year	11 639	9 083 438	6 140 932	1 417 863	-	16 653 872
Impairment in the year	-	-	-	-	-	-
Impairment reversion	-	-	-	-	-	-
Final net amount	**14 286 958**	**141 724 200**	**32 670 227**	**10 007 458**	**2 567 175**	**201 256 021**
30 September 2019						
Cost	14 529 812	255 289 218	133 642 767	29 360 982	2 567 175	435 389 954
Accumulated depreciation	242 853	103 160 259	100 034 111	19 295 076	-	222 732 299
Accumulated impairment	-	10 404 760	938 433	58 448	-	11 401 641
Net amount	**14 286 959**	**141 724 199**	**32 670 223**	**10 007 458**	**2 567 175**	**201 256 014**

(1) At the beginning of the second half of 2019, the Angolan economy was no longer considered a hyperinflationary economy. Ibersol Group has opted to discontinue the application of IAS29 to its 3rd quarter 2019 accounts

In 2019, an investment of approximately 13 million euros was made in the travel segment in Spain. The remaining investment mainly concerns the opening of 6 Burger King and the improvement of KFC Norteshoping ans Pans Modivas Norte.

The 2018 investments of approximately 35 million euros in tangible fixed assets, relate to the opening of of 41 new units, mainly 10 Burger King in Portugal and 12 concessions in Spain.

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

	Tangible fixed assets	Intangible assets and Goodwill	TOTAL
Depreciation in the year	16 653 872	43 369 616	60 023 488
Impairment in the year	-	-	-
Others	61 115	-	61 115
			60 084 603

9. INTANGIBLE ASSETS, GOODWILL AND RIGHTS OF USE

Goodwill, rights of use and intangible assets are broken down as follows:

	Sep/19	Jan/19	Dec/18
Rigths of use	336 013 453	291 085 260	-
Goodwill	90 846 327	90 846 327	90 846 327
Intangible assets	36 549 175	36 146 157	36 146 157
	463 408 955	**418 077 744**	**126 992 484**

In the nine months period ended 30 September 2019 and in the year ending on 31 December 2018, entries in the value of intangible assets, amortization and accumulated impairment losses were as follows:

	Rights of use	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) (1)	-	-	-	43 435	-	89 612	133 047
Currency conversion	-	-	-	-226 244	-	-266 369	-492 613
Additions	-	-	-	1 854 935	217 503	1 244 006	3 316 444
Decreases	-	-	-	54 932	-	3 670	58 602
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	-	92 862 786	22 000 000	42 232 722	12 960 943	2 370 483	172 426 934
Accumulated amortization	-	-	2 383 333	26 100 687	11 211 040	-	39 695 060
Accumulated impairment	-	2 016 459	-	3 681 055	41 875	-	5 739 389
Net amount	-	**90 846 327**	**19 616 667**	**12 450 980**	**1 708 028**	**2 370 483**	**126 992 484**

	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
Hyperinflationary Economies (IAS 29) (1)	-	-	-	-	-	-
Currency conversion	-192 288	-428 424	-191 516	-41 593	-6 890	-860 711
Additions	-	12 622 073	6 303 469	2 023 085	2 092 707	23 041 334
Decreases	-	891 646	149 574	96 047	18 277	1 155 544
Transfers	-	40 189	279 268	34 644	-497 178	-143 077
Depreciation in the year	11 639	9 083 438	6 140 932	1 417 863	-	16 653 872
Impairment in the year	-	-	-	-	-	-
Impairment reversion	-	-	-	-	-	-
Final net amount	**14 286 959**	**141 724 199**	**32 670 223**	**10 007 458**	**2 567 175**	**201 256 014**
30 September 2019						
Cost	14 529 812	255 289 218	133 642 767	29 360 982	2 567 175	435 389 954
Accumulated depreciation	242 853	103 160 259	100 034 111	19 295 076	-	222 732 299
Accumulated impairment	-	10 404 760	938 433	58 448	-	11 401 641
Net amount	**14 286 959**	**141 724 199**	**32 670 223**	**10 007 458**	**2 567 175**	**201 256 014**

(1) Ibersol has decided to discontinue the application of IAS29 to its accounts for the third quarter of 2019 (Note 8).

Total rights of use of 336 million euros can be broken down between EUR 324.3 million allocated to buildings and spaces and EUR 11.7 million in equipment and other assets.

The distribution of goodwill allocated to segments is presented as follows:

	Sep/19	Dec/18
Restaurants	14 618 931	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
	90 846 327	**90 846 327**

10. INCOME PER SHARE

Income per share in the nine months period ended 30 September 2019 and 2018 was calculated as follows:

	Sep/19	Sep/18
Profit payable to shareholders	10 482 194	23 680 883
Mean weighted number of ordinary shares issued (1)	36 000 000	36 000 000
Mean weighted number of own shares	-3 599 981	-3 599 926
	32 400 019	32 400 074
Basic earnings per share (€ per share)	0,32	0,73
Earnings diluted per share (€ per share)	0,32	0,73
Number of own shares at the end of the year	3 599 981	3 599 926

Since there are no potential voting rights, the basic earnings per share is equal to earnings diluted per share.

11. DIVIDENDS

At the General Meeting of 8th May 2019, the group 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 euros for outstanding shares (2.700.006 euro in 2018), settled on June 4, 2019.

12. CONTINGENT ASSETS AND LIABILITIES

The group has contingent liabilities regarding bank and other guarantees and other contingencies related with its business operations (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.

On 30th September 2019 and 31st December 2018, responsibilities not recorded by the companies and included in the consolidation consist mainly of bank guarantees given on their behalf, as shown below:

	Sep/19	Dec/18
Bank guarantees	26 425 050	33 568 604

13. COMMITMENTS

On September 30th, 2019 there are no significant commitments for contracted investments not included in these financial statements.

14. IMPAIRMENT

Changes during the nine months period ended on 30 September 2019 and in the year 2018, under the heading of asset impairment losses were as follows:

	Sep/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	-	-	-230 981	-	-	11 401 643
Goodwill	2 016 459	-	-	-	-	-	2 016 459
Intangible assets	3 722 929	-	-	-	-	-	3 722 929
Stocks	74 981	-	-	-	-	-	74 981
Other current assets	2 931 131	-3 870	-235 233	-	475 500	-	3 167 528
Other financial assets (current and non-current)	940 762	-	-	-	-	-86 871	853 891
	21 318 886	-3 870	-235 233	-230 981	475 500	-86 871	21 237 431

	Dec/18						
	Starting balance	Perimeter variation	Cancellation	Impairment assets disposals	Impairment in the year	Impairment reversion	Closing balance
Tangible fixed assets	10 909 271	-	-	-552 138	1 385 106	-109 615	11 632 624
Goodwill	-	-	-	-	2 016 459	-	2 016 459
Intangible assets	3 707 206	-	-	-	15 723	-	3 722 929
Stocks	74 981	-	-	-	-	-	74 981
Other current assets	2 159 669	-28 899	141 347	-	843 800	-184 787	2 931 131
Other financial assets (current and non-current)	-	-	-	-	940 762	-	940 762
	16 851 128	-28 899	141 347	-552 138	5 201 850	-294 402	21 318 886

15. FINANCIAL RISK MANAGEMENT

15.1 Financial risk factors

The group's activities are exposed to a number of financial risk factors: market risk (including currency exchange risk, fair value risk associated to the interest rate and price risk), credit risk, liquidity risk and cash flow risks associated to the interest rate. The group maintains a risk management program that focuses its analysis on financial markets to minimise the potential adverse effects of those risks on the group's financial performance.

Financial risk management is headed by the Financial Department based on the policies approved by the Board of Directors. The treasury identifies, evaluates and employs financial risk hedging measures in close cooperation with the group's operating units. The Board provides principles for managing the risk as a whole and policies that cover specific areas, such as the currency exchange risk, the interest rate risk, the credit risk and the investment of surplus liquidity.

a) Market risk

i) Currency exchange risk
With regard to exchange rate risk, the Group follows a natural hedge policy using financing in local currency. Since the Group is mainly present in the Iberian market, bank loans are mainly denominated in euros and the volume of purchases outside the Euro zone are of irrelevant proportions.

The main source of the Group's exposure arises from the investment outside the euro area of operation that develops in Angola, although it is still small is growing and consequently to gain weight in the group activity. The reduction of oil prices is to lead to a shortage of foreign currency in Angola by the devaluation of the kwanza is a risk to consider. The financing of the Angolan subsidiary in foreign currency in the amount of $ 125.000, does not have large exposure due to the reduced amount. The remaining financing concerning Angolan subsidiaries are denominated in the local currency, the same in which the income is generated. Given the recent limitations of payments abroad, the group adopted a monthly monitoring policy of credit balances in foreign currency and its full coverage with treasury bonds of the Republic of Angola, indexed to USD.

Currency exchange rate used for conversion of the transactions and balances denominated in Kwanzas, were respectively:

Sep/19

Euro exchange rates (x foreign currency per 1 Euro)	Rate on September, 30 2019	Average interest 3rd Trimester 2019
Kwanza de Angola (AOA)	401,606	366,703

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

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.

Most of the interest-bearing debt bears interest at a variable interest rate and has been subject to interest rate fixing through an interest rate swap derivative. The interest rate swap contracts to hedge the interest rate risk of part of the 20.0 million euro (commercial paper) loans have the maturity of interest and repayment plans identical to the terms of the loans. A new contract of 20 million euros was contracted at a fixed rate.

Based on simulations performed on 30 September 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 532.000 euros (730.000 euros in December 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% 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 June 30, 2019, is not significant, with the exception of the above mentioned Treasury Bonds of the Republic of Angola in the amount of 18 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.

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 period, current liabilities, net of liability for rentals, reached 134 million euros, compared with 99 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 possible date as the renewal date, regardless of its initial stated periods. In order to ensure liquidity of the short term debt it is expected in the year 2019 and 2020 the renewal of part of the commercial paper programmes (21.400.000 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 September 30, 2019, the use of short term liquidity cash flow support was about 29%. Investments in term deposits and other application of 54 million euros, match 38% of liabilities paid.

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

	to September 2020	from September 2020 to 2028
Bank loans and overdrafts	39 921 073	92 696 120
Liability for leases	47 377 096	300 568 140
Other non-current liabilities	-	10 912
Accounts payable to suppliers and accrued costs	62 171 998	-
Other current liabilities	5 430 631	-
Total	154 900 797	393 275 172

15.2 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.

	30/09/2019 (with IFRS16)	**30/09/2019 (n/a IFRS16)**	**Dec-18**
Liability for leases	347 945 236	-	-
Bank loans	132 617 193	143 032 766	132 143 772
Other financial assets	-17 798 147	-17 798 147	-19 608 860
Cash and bank deposits	-46 924 552	-46 924 552	-37 931 124
Net indebtedness	415 839 730	78 310 067	74 603 788
Equity	209 351 529	216 321 133	203 170 093
Total capital	625 191 260	294 631 200	277 773 881

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 and marketing operations fee on the sales amount.

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.

15.3 Estimated fair value

The fair value of financial instruments commercialised in active markets (such as publicly negotiated derivatives and securities for negotiation) 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.

16. OTHER ASSETS AND LIABILITIES

16.1 Other current assets and liabilities

Other current assets and liabilities on 30th September 2019 and 31st December 2018 are broken down as follows:

	Sep/19	**Dec/18**
Clients	9 378 434	9 546 044
State and other public entities	3 564 373	4 364 242
Other debtors	10 525 836	6 721 003
Advances to suplliers	310 551	425 158
Advances to fixed suppliers	191 800	-
Accruals and income	5 794 237	6 929 484
Deferred costs	2 156 716	2 562 368
Other current assets	**31 921 947**	**30 548 299**
Accumulated impairment losses	3 167 518	2 931 120
	28 754 429	**27 617 179**

	Sep/19	**Dec/18**
Other creditors	5 430 631	4 696 932
State and other public entities	7 912 654	8 025 248
Deferred income	400 526	534 154
	13 743 811	13 256 334

16.2 Other non-current assets and liabilities

The breakdown of other non-current assets as at 30 September 2019 and 31 December 2018 is presented as follows:

	Sep/19	**Dec/18**
Other non-current assets (1)	7 967 538	8 781 933
Credits granted to third parties	4 435 677	4 479 410
Impairment balances	-244 136	-340 000
	12 159 079	**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.

A discount rate of 2% was applied, recognizing the current deferral in the amount of € 206.593 (€ 151.372 in 2018) and noncurrent in the amount of € 783.512 (€ 972.263 in 2018).

Impairment on a balance receivable from a Vidisco franchise of 244.136 euros (340.000 euros in 2018) was maintained. In the semester, the amount of 95.864 euros was reclassified from other non-current assets to other current assets, according to the nature of the respective balance debt.

17. NET FINANCING COST

Net financing cost on 30th September 2019 and 2018 are broken down as follows:

	2019	2018
Interest on rentals liabilities (IFRS16)	13 829 258	-
Interest paid	2 857 060	2 179 807
Interest earned (1)	-1 067 655	-1 228 956
Currency exchange differences	-	-16 329
Other financial costs and income	957 097	1 926 551
	16 575 760	2 861 073

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

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

	2019	2018
Financial instruments - cash flow hedge	20	-39 832
Commercial paper programmes charges	392 341	503 536
Discounted value	326	876 536
Impairment reversal TB's (IFRS9)	-86 871	-120 756
Other commissions	100 375	44 491
Other financial cost and gains	550 906	662 576
	957 097	1 926 551

18. INCOME TAX

Income taxes recognized as of September 30, 2019 and 2018 are detailed as follows:

	Sep/19	Sep/18
Current taxes	3 414 240	6 700 576
Insufficiency (excess) of income tax	300 811	-32 560
Deferred taxes	-1 906 002	-2 195 333
	1 809 049	4 472 683

The effective tax rate on profits was 18% on September 30, 2019 and 16% in the same period of 2018, as follows:

	Sep/19	Sep/18
Profit before tax (without IFRS 16)*	21 282 439	28 341 374
Income tax expense (without IFRS 16)*	3 787 332	4 472 683
Effective tax rate	18%	16%

* with the adoption of the new IFRS16 standard, pre-tax profit for the period is 12.334.552 euros, and income tax is 1.809.049 euros (note 3.1.).

The estimated effective tax rate in the period was lower than the nominal rate, mainly due to the tax benefits obtained under the terms of the Investment Tax Code (CFI), as in the "Decreto –Lei" no. 162/2014, of 31st October.

19. OTHER FINANCIAL ASSETS

The amount of financial assets refers to the acquisition of Angola treasury bonds, 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:

	set/19			dez/18		
	Current	Non current	Total	Current	Non current	Total
Treasury bonds	5 651 419	13 000 617	18 652 037	4 040 342	16 509 280	20 549 622
Sub-total	5 651 419	13 000 617	18 652 037	4 040 342	16 509 280	20 549 622
Accumulated impairment losses (1)	258 722	595 168	853 890	184 967	755 795	940 762
TOTAL	5 392 697	12 405 449	17 798 147	3 855 375	15 753 485	19 608 860

(1) As a result of the implementation of mandatory IFRS 9 as of January 1, 2018 (Note 3), considering the type of TB's that Ibersol holds, and since they are indexed to the USD, impairment was calculated, as follows:

Impact on the consolidated statement of comprehensive income:

Net financing cost	-86 871
Income tax	26 061

The Probability of Default and Loss Given Default indices are in line with the publication of Moody's and S & P.

20. CASH AND CASH EQUIVALENTS

On 30th September 2019 and 31st December 2018, cash and cash equivalents are broken as follows:

	Sep/19	Dec/18
Cash	1 025 939	1 082 754
Bank deposits	45 898 113	36 847 870
Treasury applications	500	500
Cash and bank deposits in the balance sheet	46 924 552	37 931 124
Bank overdrafts	-5 196 725	-5 882 564
Cash and cash equivalents in the cash flow statement	41 727 827	32 048 560

21. TRANSACTIONS WITH RELATED PARTIES

The related parties of Ibersol group are:

- António Carlos Vaz Pinto de Sousa – 2.520 shares (*)
- António Alberto Guerra Leal Teixeira – 2.520 shares (*)
- ATPS, SGPS, SA – 19.767.058 shares

(*) ATPS voting rights are also attributable to Antonio Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira under subparagraph b) of paragraph 1 of article 20 and paragraph 1 Article 21, both of the Portuguese Market Code, by holding the domain of ATPS, in which they participate indirectly in equal parts by their companies, respectively, CALUM - SERVIÇOS E GESTÃO, S.A. with the NIPC 513799486 and DUNBAR - SERVIÇOS E GESTÃO, S.A with the NIPC 513799257, which together hold the majority of the capital of ATPS.

- Joint controlled entities – UQ Consult

With respect to the balances and transactions with related entities, the overall value of the balances and transactions of the Group with the joint controlled UQ Consult relates mainly to support services and management information systems, and was, respectively, 1.085.260 and 2.818.252 euros.

- Administrators

The company shareholder ATPS-S.G.P.S., S.A., which signed a service-rendering contract with the subsidiary Ibersol Restauração, SA, provided services of administration and management to the group. ATPS-S.G.P.S., S.A. under contract with Ibersol Restauração, S.A. has the obligation to ensure that its administrators, António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira, manage the group without incur in any additional charge. The company does not pay directly to its administrators any remuneration.

22. SUBSEQUENT EVENTS

There are no subsequent events to 30th September 2019 that may have a material impact on the financial statements presented.

23. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for emission on 19th November 2019.