IBERSOL – SGPS, SA

Public 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 OPorto Commercial Registry with registration and tax number 501669477

ANNUAL REPORT AND CONSOLIDATED ACCOUNTS 2020

(to be approved at AGM 2021)

Management Report	**2**
Corporate Governance Repor	**101**
Financial Statements	**168**

1. Message from the Chairman of the Board

2. Economic Framework

3. Main Events

4. Consolidated Financial Performance

5. Main Social, Environmental and Product Liability Indicators

6. The Ibersol Group

6.1. Corporate culture

6.2. Share structure

6.3. Business portfolio

6.4. Group's strategic profile

6.5. Group practices

7. Financial Year Activity

7.1 Restaurants

7.2 Counters

7.3 Travel, Concessions and Catering

8. Environmental Performance

8.1. Packaging and Packaging Waste

8.2. Cooking Oils

8.3. Consumption of Resources

8.4. Consumption Analysis

9. Social Performance

9.1. Employee Profile

9.2. Training and Education

9.3. Employee Health and Safety

9.4. Employee Well-being

9.5. Ties to the Community

10. Product Liability

10.1. Passion for the Costumer

10.2. Food Quality and Safety

11. GRI Index (Global Reporting Initiative)

12. Outlooks

13. Individual Net Results and Proposed Application of Results

14. Subsequent Facts

15. Acknowledgments

16. Annexes to the Management Report

1. Message from the Chairman of the Board

The past year of 2020 was marked by the Covid-19 pandemic, that spread at a global scale, causing the world economy to slow, with a deep impact on consumer's habits and behaviour. On 11 March the World Health Organisation declared the spread of Covid-19 to be a pandemic, which led to the decreeing of states of emergency in all the locations where the Ibersol Group operates, with the population confined to their homes and a general lockdown of businesses and restaurants to block transmission chains.

This situation forced our restaurants to close, with only take-away and delivery available, cutting operations down to a much smaller scale than normal potential. Following the first wave of the pandemic, the group began a gradual reopening of its restaurants, culminating in the reopening of the restaurants located in shopping centres, in June. Restaurants located in concession areas, namely airports, opened only sporadically, in accordance with the grantors, to supply the expected passenger flow, as airspace travel restrictions were lifted.

During this very demanding process, Ibersol Group, in accordance with indications of the World Health Organisation and national Health Boards, activated contingency plans that prioritised the safety of all clients and staff and guaranteed the protection of the supply chain, in order to combine the abrupt reduction of activity and job protection.

At the same time, we had to make choices regarding financial sustainability and strict governance, namely those that directly affect cost reduction, such as renegotiating contracts in search of a renewed financial balance of the same and adjust payment schedules. Additionally, we took the appropriate measures to strengthen our financial position and, to that end, we negotiated additional credit lines, as a preventive measure to boost liquidity at a time of high uncertainty.

As the second wave of the Covid-19 pandemic spread, first in Spain and then in Portugal, the Group once again saw its operations limited, both in terms of sales channels and opening hours, due to the measures implemented in different countries and regions. Thus, since October, our business has always been limited, in terms of hours of operation and authorized services

This was, therefore, a very difficult year which tested our cohesion, but also a year that demonstrated our resilience and strength. We had already said that in the Ibersol Group we know that the path consists of effort and dedication, but as the year began nobody could have imagined the magnitude of the impact of this pandemic. However, as the year progressed, we managed to prove that we were prepared to rise to our responsibilities, being a large restaurant Group. Awareness of the importance of our operation to the lives of many people, and of our restaurants which open every day, from north to south Portugal, Spain and Angola, played an important role in our response.

The safety and trust of our clients and staff has also always been a strategic pillar of Group's activities, and these have been reflected in the implementation of very strict cleaning and disinfection, food safety, workplace health and safety standards in all the Group's restaurants, in catering events carried out by us, airport restaurants and other operations. Therefore, and throughout the pandemic experienced in 2020, we implemented our Safety Covid by ALS programme, with strict inspections, from restaurant to restaurant, to make sure everything conformed to the plan set according to the best practices of the modern restaurant sector, thereby increasing the safety perception of our restaurants.

It was in this context that we gathered the knowledge of our teams and the ability to mobilise to continue our operation and continue with our expansion plan. And, despite the obvious obstacles that resulted from the pandemic, we continued to open new Burger King, KFC, Pizza Hut and Taco Bell restaurants. This year will also be marked by the accelerated growth of aggregators, due to the expansion of the delivery market.

We had expected 2020 to be a very challenging year in all the latitudes in which we operate, but the Covid-19 pandemic introduced factors of uncertainty that we had never experienced before. After overcoming difficulties, we know that we will get through this challenge together, with the support and dedication of all involved. This is the attitude that ensures that, day in and day out, we receive the acknowledgement of all our stakeholders, clients, partners, suppliers, investors, and society.

2. Economic framework

Global situation

The Covid-19 pandemic had a deep impact on economic activity all over the world. According to data from Banco de Portugal, global GDP is expected to decrease 3.5% in 2020. Economic losses varied greatly between countries and sectors. The unprecedented response in terms of budget policy, in both magnitude and timing, albeit different from country to country, was crucial to mitigate the damage caused by the crisis.

Following the 9.4% drop in the first semester of 2020, when compared to the final semester of 2019, activity picked up in the third quarter, growing above expectations (7.3% in succession). The reappearance of several Covid-19 cases, especially in developed economies, led to the reintroduction of lockdown measures, conditioning activity in the hardest hit sectors and in the trust of economic agents.

Global trade dropped 9.5%, with forecasts of 7.1% growth in 2021 and 4% in 2022. Recovery will be conditioned by international tourism and transport flows and by a restructuring of global production chains.

Economic growth rates of 5.6% and 3.7% are expected for 2021 and 2022, respectively. However, these forecasts are weighed down by uncertainty, given difficulties in the vaccination process at the world, and the need for economic stimulus policies in the more fragile economies.

Situation in Portugal

Recent data from Banco de Portugal indicate a contraction of 8.1% of the Portuguese economy in 2020, a year heavily affected by the Covid-19 pandemic.

Economic activity dropped by a total of 17.3% in the first semester, compared to the end of 2019. In the third quarter, following a gradual lifting of lockdown measures, activity recovered quickly, with a GDP growth of 13.3% compared to the previous quarter, benefiting from delayed spending during the lockdown period.

The recovery trajectory was reversed in the fourth quarter (-1.8% compared to the previous quarter) with the implementation of new lockdown measures in Portugal and in the main trade partners, leading to a second full lockdown in mid-January 2021.

The drop in activity in 2020 reflects a decrease in domestic demand (-6.8% in private consumption) and exports, including the very negative contribution of exports and services, particularly in tourism related services. Employment dropped by 2.3%, which was lower than expected, largely due to business support policies, namely the simplified lay-off regime.

During the first semester of 2020, families significantly reduced their consumption expenses (a -15.4% total variation, compared to the end of 2019). The impact on family revenue was softened by government measures, including moratoriums on loans. The savings rate for the first semester stood at 14.3% of available income, a 6.9 percentage point increase compared to the end of 2019, with a partial reversal in the second half of the year.

Considering a framework of gradual softening of restrictions after the first quarter of 2021, and the progressive normalisation of the activity of most economic agents (the key factor being the speedy vaccination process of the whole population) a 3.9% GDP growth is forecast for 2021, with private consumption expected to return to an upward trajectory.

Situation in Spain

Recent data from the Bank of Spain indicate that the Spanish GDP dropped 11% in 2020, because of Covid-19 epidemic control measures. The Spanish economy was one of the most deeply affected since the health crisis began, namely in the tourism sector, which represents around 12% of GDP.

Following a deep contraction in the first semester, activity recovered significantly in the second half of the year, although the recovery slowed after the summer, due to the need to reintroduce control measures.

The recovery of economic activity after the short-term depends heavily on the speed of the vaccination programme and consequent immunisation of the population. Solving the health crisis will allow for the lifting of restrictions, boosting private consumption and a enabling a gradual recovery of international tourism flows. Forecasts point to a GDP growth of 6% in 2021 and 5.3% in 2022, in a context where lockdown measures are progressively withdrawn until the end of 2021.

Situation in Angola

Recent IMF data indicate that following four consecutive years of recession, the Angolan economy suffered a contraction of 4% in 2020, due to Covid-19 effects, drops in oil prices and a reduction of oil exports. Together, these three factors devastated an already weak economy that is still heavily dependent on the oil sector.

The first Covid-19 containment measures were instituted in March 2020, leading to a general and abrupt drop of internal activity during the second quarter.

Oil and gas production dropped 6% in 2020 and the non-oil sector began a timid and gradual recovery in the second half of the year, with a forecast of GDP recovery of 1.2% in 2021 and 2.6% in 2022.

The average inflation rate remained high (22.2%) but is expected to slow progressively (19.8% in 2021 and 15% in 2022).

Despite the crisis, the IMF stresses the fact that Angolan authorities achieved a prudent budget adjustment in 2020, including non-essential expenses and preserving health and social security expenses, stabilising public finance. 2021 State Budget consolidates non-oil revenue, reducing dependency on oil revenue.

The restrictive monetary and currency exchange flexibilization policies continued in 2020. Following the softening of monetary restrictions to mitigate the impact of Covid-19, the National Bank of Angola tightened the monetary policy once more to reign in increasing inflationary tensions.

A series of measures, to be implemented under IMF supervision, are expected to create conditions for the sustained growth of the Angolan economy.

Final Note

Economic perspectives remain laden with high levels of uncertainty and are very dependent on the evolution of the pandemic and the speed of large-scale vaccination. The rhythm of recovery will be conditioned by the impact of the crisis on the productive capacity and on government policies that support economic recovery.

3. Main Events

Covid-19

The past year of 2020 was marked by the Covid-19 pandemic, that spread at a global scale, causing the world economy to slow, with a deep impact on consumer's habits and behaviour.

On 11 March, the World Health Organisation declared the spread of Covid-19 to be a pandemic, which led to the decreeing of states of emergency in all the locations where the Ibersol Group operates, with the population confined to their homes and a general lockdown of businesses and restaurants to block transmission chains.

This situation forced our restaurants to close, with only take-away and delivery available, cutting operations down to a much smaller scale than normal potential.

Gradually, at the beginning of the second semester, activity began to recover, adjusted to the rules aimed at ensuring safety and reducing contagion risks, by imposing conditions on certain businesses to guarantee compliance with social distancing.

During this period, the recovery of the Group's activity was conditioned by:

- 50% reduction of restaurant occupancy;
- limits on opening hours of shopping centres in the region of Lisboa e Vale do Tejo;
- suspension of flights from England and Germany;
- absence of public at football stadiums and cancellation of events.

The increase in infections after the summer led to a second wave and an aggravation of the government-imposed measures, some of which are still in place:

- curfew;
- sporadic business closure;
- limitation of opening hours;
- restrictions on personal mobility;
- closure of borders.

Following the indications of the World Health Organisation and the National Health Boards, the Ibersol Group activated contingency plans that prioritised the safety of all clients and employees and ensured protection of the supply chain.

In order to protect jobs, in the face of this abrupt drop in activity, the Group's companies signed on to the ERTE in Spain and the simplified and normal lay-off policies in Portugal during the months of March and April, respectively.

In Portugal, the group signed up to the Extraordinary Incentive for the Normalisation of Business Activity and, in Spain, approximately 1.370 workers remained on the ERTE until 31 December.

At the same time, cost reduction initiatives were enacted through the renegotiation of contracts, including the financial rebalancing of leases, which resulted in discounts that amounted to 10.4 million Euros.

During the year, however, it was not possible to renegotiate concession contracts for the restaurants located at the Spanish airports, due to lack of agreement by the grantor, AENA.

After having presented an initial proposal according to which minimum guaranteed leases would be dependent on the evolution of air traffic compared to 2019, as the estimates of air traffic recovery drifted towards 2024, and even 2026, AENA proceeded to reduce its support for concessionaire entities. At the end of the year, following the publishing of a legal bill that allowed tenants to apply for a 50% lease reduction or payment according to a two year moratorium, AENA decided to adopt these principles and discard previous negotiations, proposing in their place a reduction of approximately 60% on minimum guaranteed leases in 2020 and a 50% reduction on leases due until September 2021, provided the concessionaires renounced their request for a contractual rebalancing of the provisions of the contracts.

The scale of the reduction in traffic (close to 80% annually) makes business unviable and, therefore, should it not be possible to reach a reasonable agreement we shall be forced to go to court and request a rebalancing of the provisions of the contracts and move to make it impossible for AENA to execute the bank guarantees presented when the different contracts were signed.

As a result, besides the variable leases paid during the year, we made the payment required to rebalance the instalments, according to the terms of the expert reports we requested.

To understand the scale of this problem it should be explained that the business volume which would normally have been expected for a year in the Spanish airports is above 100 million Euros and the minimum guaranteed rents should reach approximately 34 million Euros. The current context determined that sales did not surpass 23 million Euros, whereas the minimum leases amounted to 35 million Euros.

Despite this setback, we are convinced that in 2021, conditions will be created that allow for the conclusion agreements that put an end to this litigation.

As of the publication date of this report, restrictions are being lifted following the third wave of the pandemic, whose evolution will be directly related to the rhythm and success of the vaccination processes.

Along with other financial institutions, Ibersol Group continues to monitor compliance of the covenants of obtained credit and guarantee the respective waivers before the end of 2020.

The Group has been updating financial plans and cashflow projections according to the evolution of the pandemic and recovery forecasts, to be able to duly monitor the Group's financial ability to settle liabilities.

On 31 December 2020, the Group had 50 million Euros in available surpluses and other investments as well as unused credit lines of up to 46 million Euros, 13 million of which mature in over one year.

4. Consolidated Financial Performance

To allow comparison with other companies in the sector and previous financial periods, the Group uses operational performance indicators, as mentioned throughout this section, the definition and explanation of which can be consulted in the glossary.

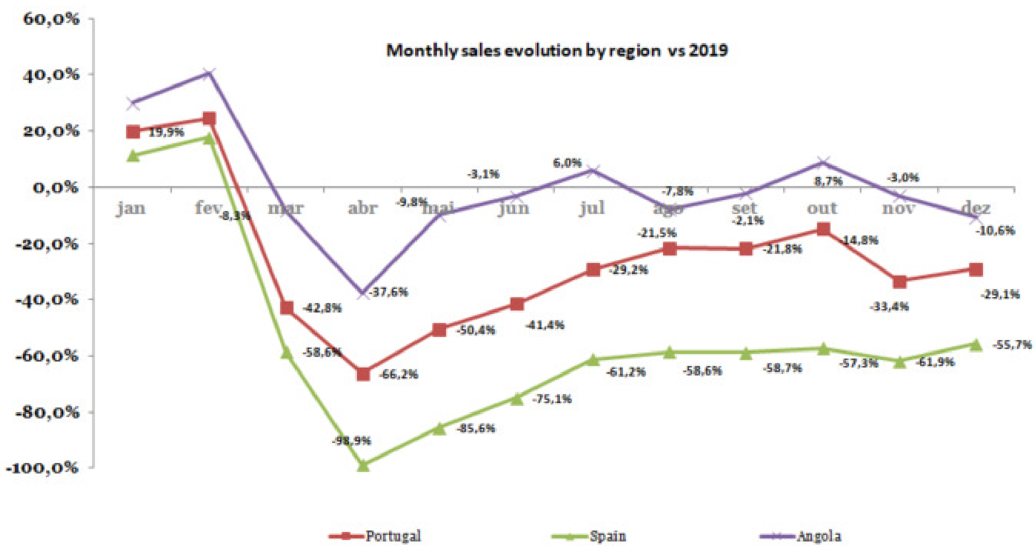
Sales and rendered Services

Consolidated business volume amounted to 288.9 million Euros by the end of the period, compared to 485.4 million Euros in 2019, which equals a 40.5% reduction.

Turnover (euro million)	**2020**	**2019**	Var.
Sales of Restaurants	281,9	469,5	-40,0%
Sales of Merchandise	5,8	12,3	-53,0%
Services Rendered	1,2	3,6	-66,0%
Turnover	288,9	485,4	-40,5%

The beginning of 2020 showed promising signs in restaurant sales, with growth rates above 15% until mid-March.

The development of the Covid-19 outbreak in early March brought about an immediate and brutal drop in demand in the restaurant business in all regions, which culminated in the closure of 73% of restaurants and losses of up to 50% in restaurant sales, following the decision to declare a state of emergency following the second week of March.



During lockdown periods restaurants were limited to providing delivery, take-away and drive-thru services. This was followed by a gradual recovery after the end of the second quarter, directly related to the gradual softening of restrictions on movement and the reopening of shopping centres.

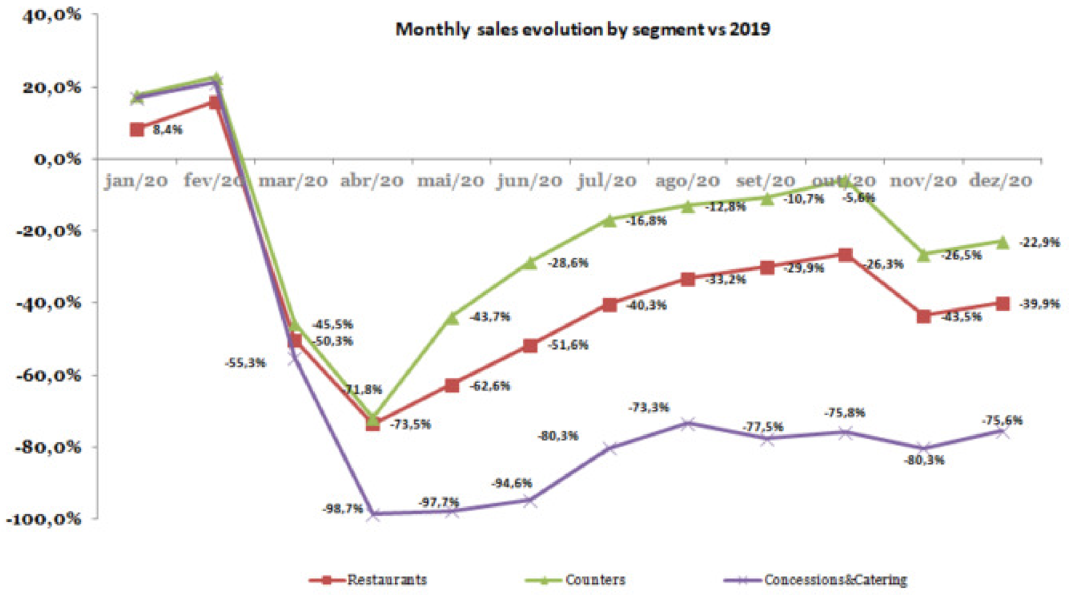
The beginning of the second wave of the pandemic in Portugal, in October, followed by the imposition of new restrictions on mobility and opening hours of trade on weekends, led to a reversal of the recovery that had taken place on the third quarter.

Drops in sales in Spain were more abrupt and losses in the second semester exceeded 55%, due to the relative weight of the “Travel” segment in the group’s operations in this country, and consequently a smaller number of restaurants equipped with drive-thru, and more dependent on tourism. As at 31 December, approximately 24% of stores remained closed and forecasts point to a slower recovery.

	% Operating own stores		
Mês	**Portugal**	**Spain**	**Angola**
April	36%	6%	60%
May	78%	24%	100%
June	94%	53%	100%
July	95%	62%	100%
August	98%	71%	100%
September	98%	70%	100%
October	98%	67%	100%
November	98%	73%	100%
December	98%	76%	100%

Losses in sales in restaurants located in Angola are expressed in local currency. This market was the least affected by the pandemic outbreak.

In this context, the monthly evolution of sales by segment illustrates the impact of the two waves of the pandemic which occurred during 2020, in March and towards the end of October:



The concessions and catering segment showed greater recovery difficulties, because of restrictions on mobility that penalised the Travel channel and limitations on gatherings at events in the catering channel, with most of these being cancelled or postponed.

Restaurants located in airports were strongly affected by the reduction in air travel. Although there were signs of recovery in the summer, this did not come to pass, due to the increase in Covid-19 cases in Europe.

In Spain, where the group operates restaurants in nine different airports, passenger traffic dropped 72.2%, with airports located in the Canaries and Balearic Islands suffering less than urban airports in Barcelona and Madrid, which saw drops in passengers over 80% in recent months.

In Portugal, drops in passenger traffic at airports where the group is present amounted to 70%, behaving identically to Spain, with a tendency to worsen during the 4th quarter, with losses above 75%.

In this context, and in permanent contact with the operators, the reopening of the restaurants located in the concessions were re-evaluated to adjust the offer to the expected traffic.

SALES IN RESTAURANTS (Millions of Euro)	2020	2019	Var.
Restaurants	67,2	109,7	-38,8%
Counters	175,8	226,8	-22,5%
Concessions&Catering	38,9	133,0	-70,7%
Total Sales	281,9	469,5	-40,0%

Regarding the restaurants and counters segments, the impact of closures, restrictions of movement and limited opening hours were mitigated, to some extent, by the fact that delivery and take-away continued to operate.

The increase in delivery sales, through the boosting both of internal capacity and partnerships with home delivery operators allowed the company to obtain a sales volume that represented 22.5% of total restaurant sales for the year. However, it should be noted that these sales entail additional costs of raising and transport, which reduce the margin of this business.

The counter segment proved to be more resilient to the pandemic restrictions, with fewer losses compared to the previous year and a faster pace of recovery. Three factors contributed to this:

a) the impact of the expansion which occurred in the second half of 2019 and the 4th trimester of 2020, namely with the Burger King, KFC and Taco Bell brands;
b) the continued operation of restaurants with delivery and take-away services following the declaration of the state of emergency;
c) the positive performance of restaurants with drive-thru services (operated by Burger King and KFC brands) which helped overcome the losses registered in the eat-in services.

In 2020, 54 units were closed, 21 of which were franchisees, mostly located in Spain.

Nº of Restaurants	2019 31-Dec	Openings	Transfer	Closures	2020 31/Dec
PORTUGAL	**355**	**14**	**0**	**7**	**362**
Equity Restaurants	**354**	**14**	**0**	**7**	**361**
Pizza Hut	98			1	97
Okilo+MIIT+Ribs	4	1		1	4
Pans+Roulotte	45			3	42
Burger King	101	6			107
KFC	30	5			35
Pasta Caffé	6			2	4
Quiosques	8				8
Taco Bell	2	2			4
Coffee Shops	27				27
Catering	10				10
Concessions & Other	23				23
Franchise Restaurants	**1**				**1**
SPAIN	**287**	**4**		**43**	**248**
Equity Restaurants	**183**	**3**		**26**	**160**
Pizza Móvil	23			9	14
Pizza Hut	5			2	3
Burger King	37	1			38
Pans	35			5	30
Ribs	15			2	13
FrescCo	3			1	2
KFC	1	1			2
Concessions	64	1		7	58
Franchise Restaurants	**104**	**1**		**17**	**88**
Pizza Móvil	12			4	8
Pans	52			4	48
Ribs	22	1		3	20
FrescCo	5				5
SantaMaria	13			6	7
ANGOLA	**10**				**10**
KFC	9				9
Pizza Hut	1				1
Other Locations - Franchise	**7**	**0**		**4**	**3**
Pans	7			4	3
Total Equity Restaurants	**547**	**17**	**0**	**33**	**531**
Total Franchise Restaurants	**112**	**1**	**0**	**21**	**92**
TOTAL	**659**	**18**	**0**	**54**	**623**

The closure of 26 self-owned restaurants in Spain was the result of the decision to concentrate the activities of Pizza Movil and Pizza Hut in urban centres, the decision not to renew leases on eight Pans, Ribs and Frescco restaurants and the end of the concession at the FCB stadium.

In Portugal, the Group closed 7 restaurants, including Pizza Hut, Pans, Miit and Pasta Caffé brands.

In keeping with the BK and KFC expansion strategy, seven and six new restaurants were opened, respectively, two of which in Spain.
Besides this, two new Taco Bell restaurants and one Ribs were opened in Portugal, as well as one restaurant which was still to be opened in the Barcelona airport, in keeping with the contract that began in May 2018, to fulfil obligations resulting from the adjudications the Group was given.

At the end of the period, the Group was operating 531 self-owned units, 361 of which in Portugal, 160 in Spain and 10 in Angola, and 92 restaurants of Group owned brands operated by third parties through franchises.

OPERATIONAL RESULTS

Ibersol Group's results were severely affected in 2020, reflecting the impacts of the pandemic at the level of consolidated performance. Despite some brands and sales channels having proven more resilient to operational restrictions, operational results dropped 83.9 million Euros, a drop of 24.4 percentage points in the margin. Ebitda margin for the same period dropped to 43.6 million Euros, compared to the 119.5 million Euros of the previous period.

(Millions of Euro)	2020	%	2019	%	var.
Turnover	**288,9**	100,0%	**485,4**	100,0%	**-40,5%**
Sales	287,6	99,6%	481,8	99,3%	-40,3%
Rendered services	1,2	0,4%	3,6	0,7%	-66,0%
Operating Costs					
Cost of sales	73,7	25,5%	117,3	24,2%	-37,2%
gross margin %	74,5%		75,8%		-1.4p.p.
External supplies and services	69,6	24,1%	105,0	21,6%	-33,7%
Personnel costs	106,5	36,9%	152,0	31,3%	-29,9%
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	94,5	32,7%	86,6	17,8%	9,1%
Other income/operating costs	-4,6	-1,6%	-8,5	-1,7%	-46,2%
Total operating costs	**339,8**	**117,6%**	**452,5**	**93,2%**	**-24,9%**
Operating Income	**-50,9**	**-17,6%**	**32,9**	**6,8%**	**-254,7%**
margin	-17,6%		6,8%		-24,4p.p.
Ebitda	**43,6**	**15,1%**	**119,5**	**24,6%**	**-63,6%**
margin	15,1%		24,6%		-9,5p.p.

Gross margin

The gross margin was 74.5% of business volume, 1.4 percentage points below the previous period (2019: 75.8%), demonstrating, on one hand, the effect of losses in terms of perishable raw material in the month of March, following an abrupt interruption of restaurant activity and, on the other, the limitation of operation to concepts requiring more aggressive promotion, and thereby with lower margins.

Personnel costs

Costs with personnel dropped 29.9%, with this caption having increased during 2020 to 36.9% of business volume (2019: 31,3%).

In order to protect jobs, in the face of this abrupt drop in activity, the Group's companies signed on to the ERTE in Spain and the simplified and normal lay-off policies in Portugal.
The ERTE in Spain began on 18 March and still applied to 42% of staff as at 31 December 2020, which resulted in grants in the total amount of approximately 6.8 million Euros.

In Portugal only 67 employees remained in a state of normal lay-off at this same date (1.2% of the total workforce). The simplified lay-off regime applied between April and June, during which the group obtained gants of approximately 3.5 million Euros.

External Supplies and Services

External Supplies and Services costs dropped 33.7%, to 24.1% of business volume in 2020, which represents an increase in the relative weight of this caption of 2.5 percentage points when compared to the percentage of 2019, which was 21.6%

After the second quarter, some service agreements were cancelled and renegotiated, which allowed for the mitigation of some of the losses due to the closing of restaurants. However, the increase in sales through delivery forestalled any further reduction of the weight of this caption.

Due to the application of the "IFRS16 Practical Expedient" for dealing with benefits to previously agreed leases, this caption reflects 10.4 million Euros of definitive rent discounts for 2020, agreed with the lessors until 31 December and the payment of variable rents in shopping centres in Portugal, due to the application of Law 27-A/2020, between March and December.

As at 31 December, however, negotiations regarding units located in airports in Spain had not yet been concluded, which had a relevant impact on the group's accounts, representing a cost of 21.3 million Euros in the period between April and December.

Other Income and Operational Costs

Other income and operational costs, which amounted to 4.6 million Euros in 2020, represent a decrease of 3.9 million Euros compared to the previous financial period of 2019. This difference is mainly due to:

- reduction of exchange rate differences in the amount of 2.7 million Euros;
- reduction in income from contracts with suppliers in the amount of 3.5 million Euros;
- the Extraordinary Incentive for the Normalisation of Business Activity, which the group signed on to in August, under which it received a grant of 1.8 million Euros.

The remaining operational costs also include approximately 1 million Euros in fees and taxes and 1 million Euros stemming from costs on write-downs of assets related to relocation and closing of stores.

Amortizations, depreciations, PPE imparity losses, right of use and Goodwill

Amortizations and imparity losses amounted to 94.5 million Euros, which translates into an increase of 7.9 million Euros, compared to 2019.

Total amortization for the period amounted to 86.2 million Euros, of which 57.3 million Euros are the amortization of rights of use, which represents an increase of 4.1 million Euros, compared 2019.

In terms of impairment losses, the effects of the pandemic on the Group's activities and the greater risk in determining the fair value of the impairment tests performed recognised recoverability losses of the following assets to the tune of 8.3 million Euros:

- Property, plant and equipment in 5 restaurants – 0,8 million Euros;
- Pizza Móvil Goodwill – 3,1 million Euros;
- Spain Travel Goodwill – 4,4 million Euros.

Given the fact that the forecasts for the recovery of air travel in Europe have been getting worse, due to delays in the Covid-19 vaccination processes, the Group adjusted its Travel forecasts to new predictions by airspace regulation entities, taking the recovery slowdown into account. Additional uncertainty regarding the negotiation process with the Spanish airports concessioner led the group to also factor in an additional risk for this business, with a worsening discount rate, which led to the recognition of the imparity indicated above.

EBITDA

EBITDA for the period rose to 43.6 million Euros, compared to 119.5 million Euros of the previous period, which represents a reduction of 63.6% compared to 2019.

The total EBITDA margin was 15.1% of business volume, compared to 24.6% in 2019.

Financial Results

(Millions of Euro)	2020	%	2019	%	var.
Financial Results	**19,6**	**6,8%**	**20,7**	**4,3%**	**-5,1%**
Financial expenses and losses	21,4	7,4%	22,7	4,7%	-5,7%
Financial income and gains	1,7	0,6%	2,0	0,4%	-11,4%

Financial Expenses and Losses and Financial Income and gains

Financial results totalled 19.6 million Euros, which translates into a drop of 1.1 million euros when compared to the 2019 financial year.

Financial expenses and losses totalled 21.4 million Euros, which represents a reduction of 1.3million euros compared to 2019. A part of these expenses and losses, corresponds to interest with leases of 16.8 million Euros (17.5 million Euros in 2019).

Net interest supported and commissions related to financing reached a total of 3.8 million Euros, which equals an average debt cost of 1.9%. The descending trajectory of the average financing cost is due to the evolution of interest rates in Portugal.

CONSOLIDATED NET RESULTS

Profit/(loss) before taxes

The consolidated result before taxes reached a total of -70.5 million Euros, which represents a reduction of 82.7 million Euros compared to 2019.

The value of current taxes amounts to 0.5 million Euros and deferred taxes are negative by approximately 15.6 million Euros.

Financial Year Consolidated Results

Due to the impact of the pandemic and restrictions to the operations of Ibersol Group, the consolidated net results for the period stood at -55.3 million Euros, compared to the 17.6 million Euros of 2019.

FINANCIAL SITUATION

Consolidated Financial Position

Consolidated Assets stood at 728.7 million Euros as at 31 December 2020, which represents a reduction of 48.5 million Euros compared to the 777.3 million Euros of the end of 2019, the main transactions being:

(i) Investment in expansion plans, especially with Burger King, KFC and Taco Bell (around 19.9 million Euros)

(ii) Refurbishing and varied investments in Portugal and Spain (around 8.3 million Euros)

(iii) Reduction of property, plant and equipment and intangible assets due to amortizations and imparments during the financial period (around -33.5 million Euros)

(iv) Reduction of 13.7 million Euros in Angolan Treasury Bonds applications

Current liabilities amount to 168.2 million Euros, of which 74.4 million correspond to liabilities for leases and 19.6 million Euros to current loans. Lease liabilities include the amount of 24 million Euros related to the income from airports at Spain that we understand as not due. Regarding to current loans, the Group has 13 million Euros in contracted credit lines that are unused and mature at over 1 year.

Consolidated liabilities reached 572.3 million Euros as at 31 December 2020, which represents a slight increase of 9.3 million Euros compared to the final result in 2019.

As at 31 December 2020, Equity stood at 156.4 million Euros, a 57.8 million Euros reduction compared to the end of 2019.

Consolidated Financial Position (Millions of Euro)	**31/12/2020**	**31/12/2019**	**Variação**
Total Assets	**728,7**	**777,3**	**-48,5**
Total Equity	**156,4**	**214,2**	-57,8
Loans	165,1	121,2	43,9
Lease liabilities	329,0	340,0	-11,0
Other liabilities	78,2	101,9	-23,7
Total Equity and Liabilities	**728,7**	**777,3**	**-48,5**

The financial autonomy ratio, reflecting the impacts of the economy on group activity, reduces to 21% in 2020, compared to the 28% in the previous period.

CAPEX

(Million of Euro)	2020	2019	var.
Fixed assets additions	24,9	43,9	-19,0
Intangible assets additions	3,4	3,9	-0,6
Capex	28,3	47,8	-19,5

In 2020, the CAPEX registered a reduction compared to the previous year of 19.5 million Euros, to an amount of 28.3 million Euros, which corresponds to investments in:

- expansion; opening of 23 new restaurants (19.9 million Euros);
- refurbishing: 30 units in Portugal and Spain (5.1 million Euros)
- current miscellaneous investments worth 3.2 million Euros.

Net Debt

At the end of the period, net debt amounted to 441.1 million Euros, around 34.0 million Euros higher than the debt at the end of 2019 (407.1 million Euros). This increase is largely due to investment financing.

(Million of Euro)	2020	2019	var.
Total loans	165,1	121,2	43,9
Cash and and cash equivalents	-50,6	-38,4	-12,1
Other current and non-current liabilities	-2,4	-15,6	13,2
Net Bank Debt	**112,1**	**67,1**	**45,0**
Lease liabilities	329,0	340,0	-11,0
Net Debt	**441,1**	**407,1**	**34,0**
Equity	156,4	214,2	-57,8
Gearing **(Net Debt/Net Debt + Equity)**	**74%**	**66%**	
Ebitda	43,6	119,5	-76,0
Net Debt / Ebitda	**10,1X**	**3,4X**	
Total Interests	20,4	21,7	-1,3
Interest Coverage	**2X**	**6X**	

Consequently, “Gearing" which stood at 66% at the end of 2019, increased to 74% in 2020.

The “Net debt to EBITDA” indicator at the end of 2020 was 10.1X (3.4X in 2019) and the EBITDA ratio of interest coverage is 2X (compared to 6X in 2019).

Glossary

Results and Other Interim Income	
Turnover	Sales + Services Rendered
Sales	Sales of Restaurants + Sales of Merchandise
Sales of Restaurants	Sales of directly operated restaurants
Sales of Merchandise	Sales of goods to third parties
Gross Margin	Sales + Services Rendered - Cost of Sales
EBIT Margin	EBIT / Turnover
EBITDA Margin	EBITDA / Turnover
EBIT	Operacional Results
EBITDA	Operating results less amortisation, depreciation and impairment losses of fixed assets, Rights of Use, Goodwill and Intangible Assets
Financial Position	
Capex	Tangible and intangible assets additions
Net Financing Costs	Interest + commissions - income from debtd related investments
Interest Coverage	EBITDA / Net Financing Costs
Net Bank Debt	Bonds + bank loans + other loans + financial leases - cash, bank deposits, current investments, and other long-term financial applications
Net Debt	Net Bank Debt + Liability for Leases
Gearing	Net Debt / (Net debt + Equity Capital)
Financial Autonomy ratio	Equity/Total Assets

5. Main Social, Environmental and Product Liability Indicators

Social Indicators

No. of Group Employees	2020
Total	**9 198**
Women	4 764
Men	4 434
% Women	**52%**
% Men	**48%**

Training in Portugal	2020
Employees in Training	7 096
Total Training Hours	427 766
Average Training Hours per Employee	60
Training Hours in Occupational Health and Safety	56 716
Training Hours in Food Safety	46 453

Environmental Indicators (Portugal)

100% selective separation of waste material and cooking oils

550 tonnes of oils to biodiesel

10.203 tonnes of CO_2 avoided

Product Liability Indicators

Product Liability	**2020**
Units Certified according to ISO 22000: Food Safety Management Systems	
Portugal	32
Spain	2
Angola	10
External Food Safety Audits	
Portugal	+1000
Spain	+350
Angola	19
Complaints per 100.000 transactions	
Portugal	8,1
Spain	5.5
Angola	0
Lab Controls	
Portugal	+5000
Spain	+420
Angola	+60
Mystery Customer Audits (Portugal)	99
Guest Experience Survey (Portugal)	146 919

6. IBERSOL Group

6.1. Corporate culture

6.1.1. Mission

Ibersol is a multi-brand Group established in the Iberian Peninsula and in Portuguese-speaking countries, positioned in the organised foodservice business, with full respect for the values of Quality, Safety and Environment, based on qualified and motivated personnel committed to fully satisfying Consumer’s needs, thereby ensuring a suitable return for its shareholder’s investments.

6.1.2. Vision

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

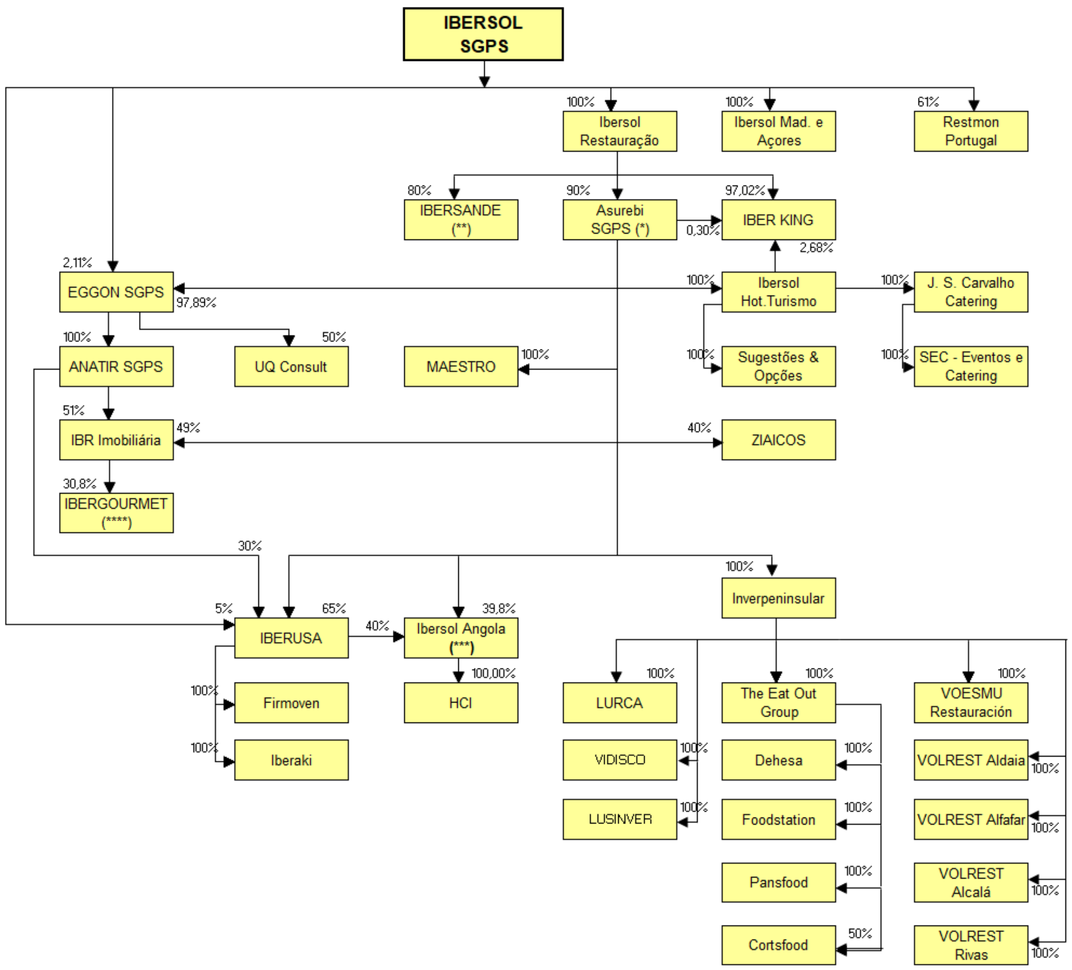
6.1.3. Values

- We Believe in and Value Our People
- We Exist for the Customer
- We are Happy to Share
- We Always do Better
- We are Enthusiastic in our undertakings

6.2. Share Structure

Shares as of 31.12.2020

IBERSOL GROUP - Legal Structure of Shareholdings in December 31, 2020



(*) 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%)

6.3. Business Portfolio

The year of 2020 was marked by the Covid-19 pandemic outbreak, which had a deep impact on consumers' behaviour and habits. It was also a year that put Ibersol Group's business portfolio to the test, highlighting the importance of operating through different channels and restaurants with different formats and locations.

Despite the reduction in activity and definitive closure of a relevant number of restaurants, the Group still managed to comply with part of its expansion plan for the BK and KFC brands, that showed higher resilience than other brands, with some restaurants exceeding their performance of the previous year.

Additionally, two Taco Bell units were opened in Portugal, located in the Centro Comercial Colombo, in Lisbon, and in the Mar Shopping, located in Matosinhos, as well as two Ribs restaurants and one concession in the Barcelona Airport.

At the end of the period, the total number of Ibersol group units – self-owned and franchises – was of 623 restaurants, 296 of which of our own brands.

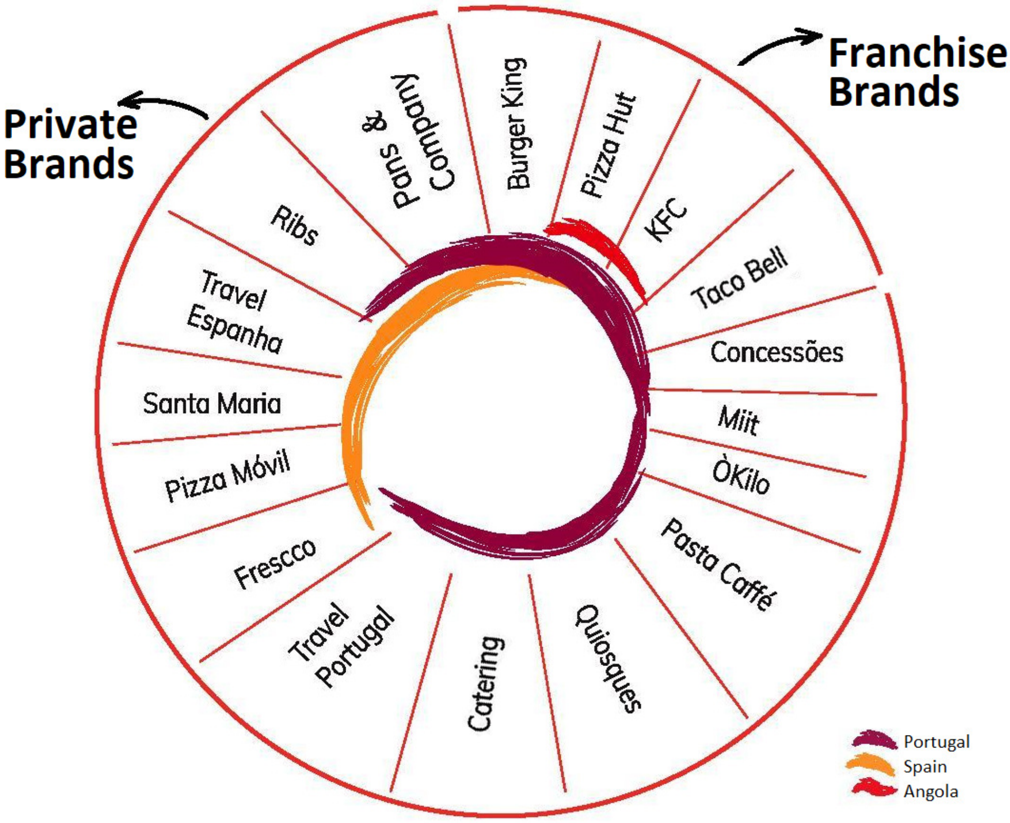


Image: Business Portfolio as at 31-12-2020

6.4. Group’s Strategic Profile

To ensure good 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.

Therefore 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 client 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 Ibersol Group is one of the most important employers in its sector, in the markets in which it operates. In this sense, it considers that its mission is the constant development and valuing of its Staff, through the proposal and implementation of a strategy that promotes the attraction of better skills, their training and continuous development.

With an eye on market trends, the Ibersol Group has increasingly invested in the digitalisation of its Staff management processes, especially regarding their training and development. Therefore, e-learning methods have been increasingly used, and this is the path we will continue to follow over the coming years.

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, 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 2020 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) – according to an extremely demanding GFSI norm, in terms of food safety standards: FSSC 22000 (Version 5) – 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 containers, 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 EN ISO 9001:2015, 14001:2015 and 45001:2018, implemented in the restaurant operations management of the Ibersol Group and provision of services in the restaurant/catering sectors in: Catering Estádio do Dragão, VOG Tecmaia, Lisbon Stadium - Terminal 1: Zona Terra: Burger King, Go To Lisbon Airport, Go To - Go Natural; Zona Ar: Pizza Hut, KFC, Cockpit, Go Natural, Specially, including the multi-brand support warehouse.

- NP EN ISO 2200:2018 implemented in the food chain management of Grupo Ibersol's restaurant/in-house catering operations: Estádio do Dragão catering, VOG Tecmaia. Lisbon Airport: Terminal 1 - Zona Terra: Burger King, Lisbon Airport Go To, Go To - Go Natural; Zona Ar: Pizza Hut, KFC, Cockpit, Go Natural, Specially, including the multi-brand support warehouse. Burger King Colombo; Pizza Hut Colombo; Pans & Company Colombo; KFC Colombo. KFC CascaisShopping; Burger King Cascais, KFC Amadora Station, KFC Montijo. Burger King Alameda Shopping, KFC Alameda Shopping; Pizza Hut Alameda Shopping; Pans & Company (including the kiosk) Alameda Shopping, including the multi-brand support warehouse. Burger King Norteshopping; KFC Norteshopping; Pasta-Caffé Norteshopping; Pizza Hut Norteshopping; Pans & Company Norteshopping, Miit Norteshopping including the multi-brand support warehouse. Pizza Hut Foz; Pizza Hut Matosinhos; GoTo Campanhã.

- NP EN ISO 22000:2018 Angola: Ibersol Angola's 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; Multiparques Rangel logistics operation

- NP EN ISO 9001:2015 and NP EN ISO 22000:2005 Eat Out/Spain: Supply Chain Management for the Grupo Ibersol/Eat Out's restaurant operations; provision of restaurant services in Pans Sabadell and Ribs Maquinista.

An active human resources management policy and respect for the environment

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.

6.5 Group practices (best practices of the company's governing bodies)

Governance and Operational Structure

Ibersol – SGPS is a publicly listed company with a share capital of 36.000.000 Euros, head office in Edifício Península, Praça do Bom Sucesso, n.º 105 a 159, 9.º andar, 4150-146 Porto. Registered at the Porto Commercial Registry Office under the registration and tax identification number 501669477.

The company's Governance is composed of the following governing bodies:

- Shareholder's General Meeting;
- Board of Directors, made up of three administrators, two of whom are on the Executive Commission;
- Audit Committee;
- Certified Public Accountant.

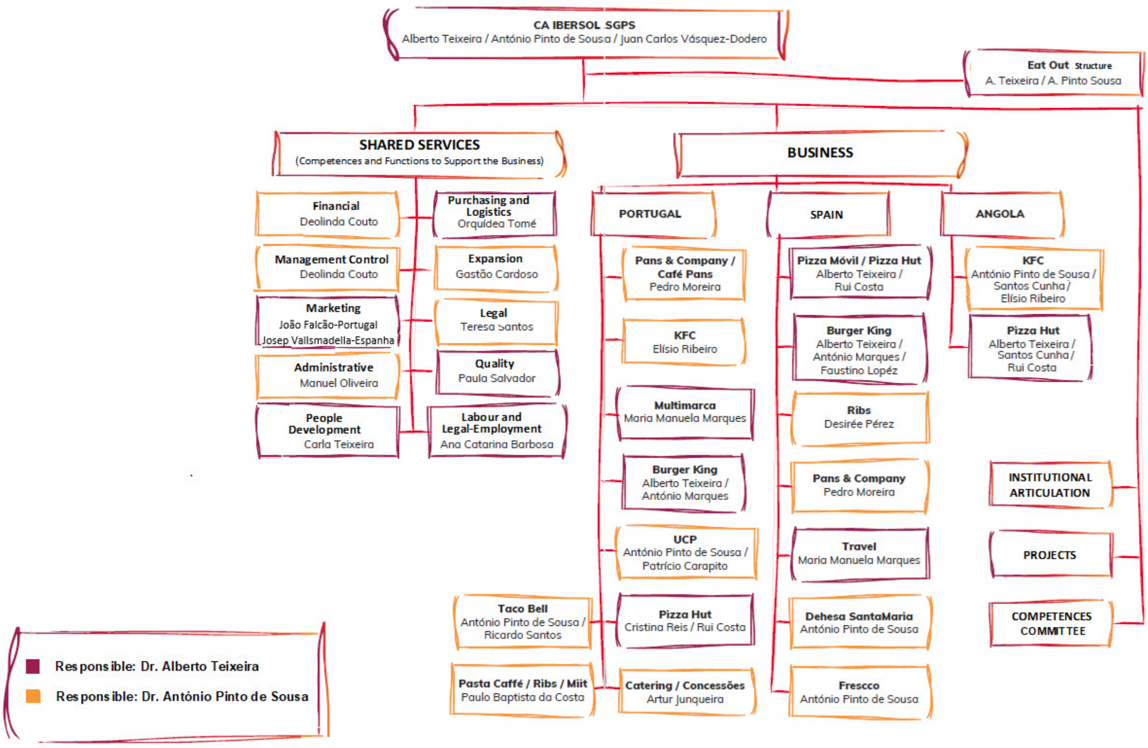
The General Meeting deliberates annually on the results of the financial year and the administrators and auditing committee's assessment.

The definition of the strategy and goals of the activity of the Ibersol Group is carried out by the Executive Commission, in articulation with the Central Management and of each business, and of the Shared Services. The evaluation of results is carried out regularly at a quarterly basis. In the same fashion, decisions of greater impact are carried out monthly by the Executive Commission, following consultations with the Ibersol Group's Operational Managements.

Ibersol Group functional structure

The Ibersol Group conducts a results-oriented management, based on monitorisation goals and indicators that rest on action plans and programmes that seek continual improvement to increase efficiency of the main processes and operations, against a framework of cost economy, minimisation of waste and increased productivity, profitability and satisfaction.

Organisational chart



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;

Chairman - 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;

Certified Public Accountant:

KPMG & ASSOCIADOS, Sociedade de Revisores Oficiais de Contas, represented by Dr. Pedro Manuel Bouça de Morais Alves da Costas and, as substitute, Dr. Vítor Manuel da Cunha Ribeiro;

Company Secretary:

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

Risk Management

Ibersol Group's business context is, by its very nature, highly volatile and constantly exposed to challenges, transformations, and changes, that set a fast-paced management standard. The year of 2020, with the Covid-19 pandemic, was a year especially representative of this reality.

The ability to foresee risks systemically and in relation to all business areas allowed the group to define strategies and take steps, since the "pre-European pandemic" phase, aimed at mitigating the impact of adverse situations resulting from the pandemic and its management measures, also seeking to continue to create an environment given to sustainable and continuous improvements and the maximisation of available resources, within a context of extreme business restrictions.

Grupo Ibersol's risk management mechanisms, supported by internal norms and procedures and the available information – namely consolidated plans, goals, processes, procedures and indicators in the realm of Finance-accounting, People Management, Quality, Purchases, Logistics and Marketing – allowed for a real-time evaluation of different risk scenarios and their evolution and, therefore, the re-evaluation and significant and continual adjustment of defined strategies and implemented plans, such as the Contingency Plan, Plans and Programmes, and Brand Budgets and the revision of processes and procedures.

The risks inherent to the different activities of the Ibersol Group have been identified. Considering their specificities, some areas are managed directly by the operational departments.

Quality and Food Safety

Part of the scope of the Quality Board is to ensure the existence of prevention and control measures in the different domains of the Ibersol group business, especially in the following areas:

- Qualification and Selection of Suppliers and Products and Periodical Supplier, Products and Services Control Programme;
- Guaranteeing that a Tracing System is in place;
- Production Process Control in the units, through the HACCP System (*Hazard Analysis & Critical Control Points*);
- Skills in Food Safety Development System;
- Maintenance and Monitorisation of Measuring Device Systems;
- Risk Management and Food Crisis System that allows for constant monitorization of existing food alert systems, for immediate response;
- Continual improvement System, supported, among other instruments, by external audit programmes in all the Group's units, microbiological analysis programmes for raw material and finished products carried out through sampling by an accredited external entity; Complaints Treatment System. The certification audits should also be mentioned, as should the certifications themselves, according to the NP EN ISO 9001:

Quality Systems Management and NP EN ISO 22000: Food Safety Management System, which ensure that compliance to international quality and food safety standards is both sought and guaranteed;

- The “Viva Bem” programme, through which Costumers can obtain information on the Ibersol Group’s Food Safety System and healthy eating habits, ensuring, in a transparent way, the necessary information to make the most adequate choices for their lifestyle.

In 2020, following the Covid-19 pandemic, specific risks were identified and managed, as described in the “Product Responsibility” chapter.

Employee Health and Safety

The Labour and Legal-Employment Relations Department is charged with managing cases relating to workplace risks and promoting labour well-being. The occurrence of work hazards or professional diseases is managed through the following programmes and measures:

- Evaluation of workstation risks and investigation of workplace hazards;
- Provision of information and consultation of staff in terms of Employee Health and Safety;
- Training on safety principles and promotion of health in the integration of new personnel, recertification and change of duties;
- Implementation of Self-protection Measures in the Ibersol Group units;
- Awareness programmes and recognition of best safety practices and promotion of health;
- Work station principles and practices control auditing programmes.

Because of the new Coronavirus pandemic, or SARS-COV-2 (Covid-19) pandemic, changes were made to the Contingency Plan in 2020, drawn up by a multidisciplinary team, as well as to all prevention procedures and measures defined in this regard and aimed at mitigating contagion risks by the biological agent in question.

Financial

It is the task of the Financial Management to ensure the management of different financial risks that are intrinsic to the unpredictability of the markets to which the Group is naturally exposed, namely currency exchange, interest rates, credit, liquidity, and capital risks. The Financial Management’s efforts are aimed at mitigating the adverse effects of these possible risks.

Exchange rate risks

The Ibersol Group follows a policy of natural coverage in this issue, resorting to funding in local currency. Since it is mostly present in the Iberian market, bank loans are mostly in euros and the purchase volume outside of the Euro Zone does not take on relevant proportions.
The main source of exposure comes from investment outside of the euro zone, related to the operations developed in Angola, which are small and of decreasing importance in the Group’s activity. Economic imbalances in Angola have led to a scarcity of foreign currency in the country, which makes the devaluation of the Kwanza a risk to consider.

Loans contracted by Angolan branches are expressed in local currency, the same in which income is generated. Considering current limits on foreign payments, the Group adopted a policy of monthly monitoring of credit balances in foreign currency and their full coverage with the acquisition of Treasury Bonds from the Republic of Angola, which are pegged to the USD.

Interest rate risks

Except for Angolan State Treasury Bonds, the Ibersol Group does not have remunerated assets with significant interest. Therefore, investment activity profits and cashflow are substantially independent from fluctuations of market interest rates. Regarding the Angolan State Treasury Bonds, pegged to the American Dollar, interest rates are fixed, so there is no risk there either.

The main interest rate risk for the Ibersol Group is in its liabilities, namely long-term loans. Loans issued with variable rates expose the Group to cashflow risks associated to the interest rate. Loans issued with fixed rates expose the group to the fair value risk associated to the interest rate.

With the current interest rate level, the Group's policy is, for higher maturity loans, to fix interest rates to 30% of the debt.

Credit risk

The Ibersol Group's main activity is paid for in cash, or credit or debit cards, so there are no relevant concentrations of credit risk. In delivery sales through aggregators, they charge customers and transfer the cash by weekly summary within eight or fifteen days.

Regarding clients, the risk is limited to the Catering and Franchisee businesses, which represent around 3.5% of consolidated business volume. The Group has taken to monitoring payments due more regularly, with the aim of:

- Controlling credit granted to customers;
- Analysing the age and recoverability of the values due;
- Assessing client profile risks.

Liquidity risk

Management of liquidity risk entails keeping a sufficient value in cash and bank deposits, the viability of consolidating the floating debt through an adequate amount of credit facilities and the ability to liquidate market positions. Management of treasury needs is carried out based on annual planning, which is reviewed quarterly and adjusted daily. In line with underlying business dynamics, the Ibersol Group has been conducting a flexible management of the commercial paper and negotiation of readily available credit lines.

Capital risk

The Ibersol Group seeks to maintain a level of own capital adequate to the characteristics of its main business (cash sales and suppliers' credit) and ensure continuity and expansion. Balance of the capital structure is monitored based on the financial leverage ratio (defined as: net remunerated debt/net remunerated debt + own capital), with the goal of fixing it in the 50% - 75% interval.

Environmental

Risk management in the environmental sector falls under the scope of Quality Management, which is responsible for implementing and strengthening concepts of sustainability from the perspective of the adoption of more sustainable and efficient practices in all dimensions of Ibersol Group's activity.

In this context, several measures have been implemented to promote responsible and proactive behaviour and procedures that distribute shared value in the business, environment and society, in what are considered priority sectors, namely the circular economy and waste management, resource conservation and carbon footprint reduction.

It is also worth pointing out the recertification according to Norm NP EN ISO 14001:2015 – Environmental Systems Management, which now covers two more important business sectors for the Group, namely the Estádio do Dragão Catering operations and the Travel – Airports operation, with all the Group's units operating in the Lisbon Airport, this is a certification that bears witness to the commitment of the whole structure to strengthen its environmental commitment in the management of its activity's impact, namely through the optimization of natural resources, environmental protection and carbon footprint reduction.

6.5.3.5. **Legal**

The Ibersol Group and the business area it covers are supported by a permanent legal office that works in tandem with other central and business functions to ensure preventive protection of the Group's interests in respect for the strict fulfilment of its legal obligations. The legal office is also supported, at a national and international level, by external collaborators of renowned competence.

6.5.3.6**. Sectoral**

In terms of strategic planning, existing business portfolio risks are evaluated and identified, new businesses and more relevant projects are evaluated, and the management strategies of those risks are defined. In operational terms the management risks of the goals of each business are identified and evaluated and steps to manage them are planned, which are then included and monitored within the scope of the businesses and the working units.

When exploring different International brands through franchise, the Group celebrates long-term contracts that have been renewed, even though there is no obligation to do so. With the aim of keeping up partnership and continuity relations with franchisers, the Ibersol Group invests in good relationships, based on transparency and mutual trust, and seeks to thoroughly fulfil all its contractual obligations and defined standards, with a view to operational excellence.

With the acquisition of the Eat Out Group, the Ibersol Group came to have a significant part of its business volume in concession spaces in airports, which are attributed by tender, for a determined time, and whose renewal is not guaranteed.

Finally, operating in the food sector, possible pandemics or distortions in the supply markets, changes in mobility and consumption patterns, can have important impacts on contractual compliance and financial results.

7. Financial Year Activity

7.1 Restaurants

The restaurant segment is composed of 134 restaurants which generated a turnover of around 67.2 million Euros.

Pizza Hut (Portugal)

Created in 1958, Pizza Hut celebrated 30 years in Portugal, following a successful journey that began in 1990 with the inauguration of the first Pizza Hut restaurant in Avenida Fontes Preira de Melo, in Lisbon. The arrival of Pizza Hut in Portugal was the first time a major international brand of the modern restaurant persuasion began operating in our country and represented a new form of thinking the restaurant business, more modern, more welcoming and with higher standards of quality in the operations, product and training.

The brand covers the mainland and islands with 97 units in operation and over 1,800 employees.

Pizza Hut was not immune to the crisis caused by the pandemic, which still assails the country, and the situation led to the temporary suspension of some services and restaurants. However, the "new normal" was re-established as soon as possible, through the activation of a strict safety plan called "IN HUT WE TRUST", with Pizza Hut adopting new actions and routines to ensure the safety of both clients and staff, paying close attention to the evolution of the situation and all the recommendations from the National Health Board.

The strengthening of safety measures can be seen in the approval of the SAFETY COVID by ALS inspection, a rigorous international approval process that ensures maximum safety for employees and clients in the restaurants and throughout the whole operation.

Throughout the period, and to be in line with the evolution of the pandemic and market and client expectations, we strengthened our Delivery operation, applying it to new sites such as Évora, Torres Vedras, Covilhã, Castelo Branco and Vila Real and increased availability in most cities to 1 AM. At the same time, and with our clients in mind, we launched "Cheesy Bites" and "Rodízio at Home" to provide the best brand experience possible, without neglecting the innovation factor which has always characterised the brand, through launchings such as "Triple Box" and "My Box".

In the summer months, from north to south and in the autonomous archipelagos, Pizza Hut invested in opening terraces in some of the most emblematic restaurants in the country, thereby meeting the expectation of our fellow countrymen who are looking to eat outside.

Pizza Hut is committed to satisfying the needs of the modern consumer, especially in the current context, and therefore made a constant effort to modernise its digital assets and strengthen its electronic ordering and payment methods, access to digital menus and QR Code ordering, the availability of online tracking for orders and other digital features.

During 2020 Pizza Hut remained strongly committed to keeping up the full operation of its restaurants, through a strategy of resilient communication based on enhancing the heritage of its historical successes, in a renewed and SAFE version, highlighting the relaunch of the "SAFE Pizza Rodízio", now table-served and the "SAFE Lunch" Buffet.

The consolidation of the global brand strategy was maintained, and this effort has received ample international recognition through Yum! Brands and Pizza Hut International.

Despite the negative context, Pizza Hut remained firm in its continued investment in training, acknowledgment and retention of talent, and the execution of operational excellence, both at a services level, encouraging the formation of qualified, consistent, and motivated teams, and at the product level. At the same time, following the guidelines of the Health Board, the brand increased the frequency of hygiene and cleaning protocols in all its components, as well as the hygiene, respiratory etiquette, and social conduct measures in all its activities. Despite the situation, Pizza Hut never abandoned its social responsibility and community involvement, and developed several activities over the year, namely support for professionals on the frontline of the fight against the pandemic.

Since it began operating in Portugal, in 1990, Pizza Hut invested in the "Pan Pizza" which, coincidentally, celebrated its 40^{th} anniversary, worldwide, in 2020. The Pan Pizza conquered the Portuguese, who fell in love with its typical deep and soft dough.

The brand has kept up its multiplatform communications strategy, with a stronger digital presence. Digitalisation was one of the more important aspects of the brand and, in 2020, the digital channel accounted for almost 50% of orders, making this the best year for the channel's performance. Continued investment in digital communication channels (including the strengthening of search communication and expansion to YouTube) and the constant improvement of systems contributed to this result, this having been the year in which the ordering site was revamped, and the Mobile ordering APP was consolidated. Pizza Hut also consolidated its partnership with delivery aggregators – to keep in the forefront of market trends – which has proven to be a great success.

Pizza Hut customers can place their orders at restaurants, by phone, over the Pizza Hut website, the Mobile APP and through the television restaurant (@TV) available on the three major cable network operators. Besides this, the brand is also carried by Uber Eats and Glovo, which it uses both for its own and for third-party deliveries.

This period was also marked by continuous investment in 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 the encouragement of e-learning aimed at operators, shift managers and unit managers, the implementation of several internal procedures aimed at responding to the Covid-19 pandemic and the strengthening of the ACE Programme (Assured Customer Experience – which promotes a higher fulfilment of standards).

In a constant search to improve operational efficiency through digitalisation processes, we continued to implement "MY HACCP", a digital tool to control legal requirements in terms of food safety, and certified units with the Covid Safety Seal, aimed at fulfilling all required safety procedures, to better meet our clients' needs.

This year was also important in terms of mobilising teams to boost customer service and product quality through the application of operational programmes focused on these two issues. There was also time for team celebrations, including the brand's tribal dance and a series of other events carried out to celebrate the 30th anniversary.

Investment was also made in safety training for our delivery staff, through the implementation of a course and digital certification of safe driving procedures and safety procedures for home delivery. 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.

During 2020 the brand also strengthened its partnership with the Continente Card, launching a second edition of Menu10, a loyalty programme based on the Continent Card APP, with unique and differentiating promotional advantages.

Pizza Hut (Angola)

The declaration of a state of emergency in Angola after 27 March, following the World Health Organisation's decision to label the outbreak a pandemic, let to the adoption of several restrictions on the operation of restaurants throughout the year of 2020, including occupancy restrictions and shorter opening hours that were somewhat offset by the possibility of staying in operation through the limited use of take-away and delivery services.

Delivery sales, resulting from a partnership with local delivery service aggregator Tupuca, rose to a total of 40% of sales across all segments.

The Marketing Plan was strengthened in the second semester, with campaigns revolving around the 40th anniversary of the Pan Pizza, the launching of the "Triple Box" and the celebrations of the brand's 5th anniversary. This allowed for innovation of the offer and maintaining communications channels open to the clients.

Despite this being a particularly difficult year, Food Health and Safety demands remained strict, with the implementation of biosafety measures and contactless service. Client satisfaction also grew, to 87% (GES Indicator).

Social responsibility initiatives were maintained, with Pizza Hut again joining the "AD HOPE" initiative against hunger, along with the KFC brand.

In terms of Human Resources, the policy of skill building among local resources was maintained for the 29 members of staff.

Pizza Hut (Spain)

The Ibersol Group opened its first three restaurants in Spain in 2017. The financial year of 2020 began with 5 units in operation, 4 in Vigo, directed towards home delivery service, and 1 restaurant in Oviedo.

Because of the Covid-19 pandemic, a state of emergency was declared in Spain on 15 March, leading to the closure of the 5 Pizza Hut restaurants. When restrictions were lifted only 3 of the 5 restaurants resumed activity. One of the restaurants in Vigo remained closed and the restaurant located in the Intú Shopping Centre, in Oviedo, was sold.

The Group currently operates 3 restaurants and employs a staff of 48 employees.

2020 saw the consolidation of results obtained in previous years through the Assured Customer Experience (ACE) programmes, all restaurants are 100% Standard and Guest Experience Surveys (GES) ranked higher than the brand on the Spanish market.

These results become more relevant if you bear in mind the challenges generated by the pandemic over the last three quarters of 2020.

The 3 restaurants that remained in operation adopted all the protocols decreed by the Spanish Ministry of Health and the Contactless procedures implemented by the Pizza Hut brand in Spain.

During the third quarter Pizza Hut Spain began a progressive commercial convergence which led to a reorganisation of the price structure and promotional offers. This brought on a more modern image, better adapted to Pizza Hut's international standards.

September saw the global celebration of the 40th anniversary of the "Pan Pizza" dough and the local, continental and global "Fan Of the Pan Pizza Challenge" competition, which involved and mobilized the restaurant staff.

This competition sought to reward the restaurant that managed to prepare the largest amount of "Pan Supreme" pizzas, swiftly yet precisely, in five minutes.

Pizza Hut Flórida ranked in the top 5 of the Spanish market.

In 2020, UberEats joined Glovo and Deliveroo as home delivery aggregator services, thereby strengthening the brand's position in the city of Vigo in this field, which proved to be essential during lockdown periods that increase the demand for home consumption.

During December, Pizza Hut launched a challenge for the city of Vigo to surpass, in both number and impact, the Christmas lights of New York. Our contribution was over 5.000 led lightbulbs that boosted Pizza Hut's commercial image at a national level and generated plenty of enthusiasm around the competition.

Pasta Caffé (Portugal)

Pasta Caffé reached the end of 2020 with three restaurants, two of which operating in high traffic shopping centres, one in Norteshopping and another in Arrábida Shopping, both of which boasting home delivery services and employing 46 employees.

The pandemic, which began in 2020, had a very significant impact on supply and demand at the shopping centres and, especially, on their restaurant units.

Specialised in Italian cuisine, Pasta Caffé was one of the players that suffered most with the fall in demand. The brand has always positioned itself as a table service restaurant, a calm location away from the hustle of the shopping centre food courts. The drop in demand was especially severe in these units since customers tended to prefer fast over the counter meals instead.

Changes to consumption patterns within the food courts led the brand to decide to close all units that were not contributing and whose locations could be used for more commercially attractive concepts.

However, the reduction in the number of restaurants did not keep the brand from maintaining team training processes, and the NorteShopping unit was recertified according to the APCER ISO 22000 norms.

Regarding 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 in relation to service and offer, enabling them to make suggestions for improvement. This tool allows us to “see the brand’s performance through the eyes of the client”, which in turn allowed us to identify changes that led to an improvement in the satisfaction of our guests.

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.

Pizza Móvil (Spain)

Pizza Móvil ended 2020 with 22 operational restaurants, 8 of which are franchises, employing a staff of 238 in its self-owned restaurants.

The year was marked by Covid-19, which led to the closing of units and a massive decline in sales.

During 2020 the brand innovated through product, launching “Bocaditos”, with the aim of increasing the reach of complements to the main product.

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 youth league football, sponsoring the Galician Football Federation and lending its name to the Pizza Móvil League, sporting the brand on all kits.

The Pizza Móvil brand also strengthened its relations with the youth, through a publicity stunt in the Vigo, Orense and Santiago University calendar.

RIBS (Spain)

The brand reached the end of 2020 with a total of 251 employees and 33 restaurants in Spain.

During the period, a new restaurant was opened by a franchisee in La Torre Outlet (Saragoça) and closed four franchisees: Alfonso I (Saragoça), Paterna (Valência), El Osito (Valência) and H2O (Madrid) and one self-owned restaurant in Faro de Guadiana (Badajoz),

Ribs – the True American 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, making each site unique. The oak coal barbecues, that are never turned off, cook over 330 tonnes of ribs per year for the over 3 million clients that visit its restaurants in Spain every year.

In terms of innovation, the brand continued to launch quality products, with a genuine and innovative offer, such as the 2020 launch "The Real Smoked". The brand has positioned itself as an authentic American reference through the grill concept, of which we highlight the "original Ribs". It does so through the traditional original Texas barbecue, with the meat grilled slowly, at a low temperature, using a low & slow concept, and smoked using choice wood, giving it an intense and unique flavour.

Ribs has, once again, demonstrated its commitment to innovation and standing apart from the competition by incorporating the Brisket, a high-quality premium product, and one of the most valued stars of American cuisine today, into the national market. It has also increased its range of ribs and sandwiches, with the "Beef Rib" and the "Brisket Sandwich", also made from Brisket meat, a succulent and tasty cut that is smoked at a low temperature for over 12 hours over American Walnut wood.

Despite restrictions, Ribs continued to focus on major celebrations (4^{th} of July, Halloween, and Christmas), and offers a completely safe experience, thanks to its strict health and safety protocol, which allows it to offer maximum safety guarantees every step of the process.

In 2020, one of the main events was the consolidation of the delivery channel in all self-owned restaurants and franchises and their revitalisation through specific promotions and campaigns.

Ribs works tirelessly to improve its operational excellence and in 2020 it implemented an external quality control system in all its own locations and franchises, based on brand quality standards and food safety controls. In 2020 the Ribs La Maquinista restaurant saw its NP ISO 22000 and NP ISO 9001 certifications renewed.

At the level of Human Resources, the Ibersol Academy (Moodle training platform) tool was implemented in all restaurants and franchises.

RIBS (Portugal)

The brand, which has 25 employees, has operated in Portugal since 2018, with a restaurant in the Centro Vasco da Gama, in Lisbon. During 2020 a second restaurant was opened in the Forum Almada, also based on counter service, but with a pleasant table area.

The food offer is smaller than in the brand's larger markets and is centered around the "Grilled riblets" concept, with their unique BBQ sauce, and high-quality hamburgers made specially for the brand. Besides that, it has added a "Tex Mex" line to its offer, which led to increased demand by clients.

The brand offers both in-store and home delivery services, using aggregator platforms.

Santamaria (Spain)

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

Since its creation, SANTAMARÍA has evolved and now includes a multi-offer format, which covers all types of meals (breakfast, lunch, tea, and dinner), allowing our customers to enjoy good food and good drinks, 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 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 ended 2020 with a total of 103 employees and 7 restaurants in Spain, 2 of which are self-owned (both of which in Barcelona) and 5 are franchises, spread out over the Spanish territory.

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 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.

7.2. Counters

The set of brands that the Ibersol Group operates in the counters segment reached the end of 2020 with 279 restaurants and a turnover of 175.8 million Euros.

KFC (Portugal)

During 2020, KFC kept its focus on the Strategic Multiannual 20/20 Strategy, initiated in 2015, with the aim of positioning the brand among the leaders in Modern Restaurant Services in Portugal.

The Brand closed 2020 with 491 employees and 35 units – 5 new restaurants in Porto, Santarém, Portimão, Sintra, Seixal, and Loures.

Expansion, both in terms of the number of restaurants and home delivery, and the refurbishing of restaurant in Fórum Almada, contributed to keeping the brand vibrant and penetrating new markets, that are increasingly solicited by our clients, despite an extremely difficult year, marked by restrictions in the restaurant sector aimed at controlling the Covid-19 pandemic.

Two major projects left their mark on this year: Win On Taste (WOT) and “Speed of Service”. These projects also introduced a series of clear product and service quality-focused goals, bearing in mind important indicators such as food flavour and speed – based on customer feedback obtained by the Guest Experience Survey (GES) – and World Class Operational procedures, due to the Restaurant Operations Compliance Checks (ROCC) Food Quality and Security standards, to which one must add the advances on online information retrieval technologies via Apps or Sites that were successfully implemented into the restaurant’s performance routines.

In terms of staff training, the brand kept up its “SoGoodToWork@KFC” programme, aimed at creating and retaining talent at KFC, resulting in recruitment policies that increase restaurant retention skills. Besides the HeartStyles – Leading With Heart programme was also launched to train brand team managers to improve their workplace interpersonal relationship skills, this year we also added the “RGM#1” (Restaurant General Manager) project, aimed at strengthening management skills, tutoring sessions and Unit Manager results presentations.

As for Marketing, this year saw more promotional activity at the Everyday and Disruptive Value level, including the launching of several versions of the classic “Megabox” and new and innovative products such as the “Chicadilla”, the “Kentucky Cheese”, “Tower Double Bacon”, “Waffles”, and others.

Promotion for the home Delivery service was also increased, with a five-week presence of television ads, in partnership with Glovo and UberEats, and a constant presence of activation campaigns for new compositions and products that contributed to a high increase of brand notoriety.

The digital part played a fundamental role in getting the word out on restrictions and new requirements related to Covid-19. A special mention should go to the increasing investment in Google My Business, an increase in the communications dynamic and boosting of Social Media and increased visibility derived from the partnership with the Peres Competições team, that continues to race with KFC colours in several Rallies, resulting in greater engagement with the fans and increasing the number of followers, as well as the reach and interaction level for KFC Portugal posts.

During 2020, 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.

KFC (Angola)

KFC reached the end of 2020 with 9 operating restaurants, and 259 employees.

Angola’s macroeconomic context continued to condition business, due to loss of purchasing power, aggravated by the Covid-19 global pandemic, that was declared in March and led to a forced suspension of operation in units that did not have Drive-Thru or Delivery services during long periods of time, over the year.

With a view to helping overcome our consumers’ difficulties, we redesigned some of the brands value offers, creating new product offers and specialised menus with very competitive prices (menu Bucket for one; Wednesday promos; crazy Fridays; Much for Little campaign).

The year was marked by strong growth in home delivery services, in partnership with a local aggregator, which contributed to offsetting the drop in sales in the Angolan restaurant industry, due to Covid-19 restrictions.

We maintained our policy of launching new products, centred on client satisfaction, through excellence of service and quality, using high standards of hygiene and food safety, complemented by Covid-19 related safety initiatives. These included protection measures for staff, namely visors, surgical masks, gloves, disinfectant, temperature detection, acrylic protection for client contacts and other legal measures that were decreed in the meantime, especially during the full or partial lockdown periods.

Measures for safeguarding clients were also implemented, namely safety distance markings on the floor, mandatory disinfectant at the doors, acrylic protections at the counters, mandatory social distancing and other legal measures that were decreed in the meantime, especially during the full or partial lockdown periods.

The brand strengthened its digital communications plan, via Facebook and Instagram, having seen its fanbase rise to 341,000 fans on Facebook and 11,430 on Instagram. Further communication continued to take place through digital tools, outdoors and radio.

We continue to invest heavily in staff training, to improve the know-how of our local employees. Besides all our restaurant managers being Angolan, 2020 saw the first promotion of an Angolan to the position of coordinator.

We continued to participate in the AD HOPE hunger relief initiative, as part of our Social Responsibility initiative, donating money to Caritas Angola, raised by the company and our clients.

KFC (Spain)

The brand reached the end of 2020 with 2 restaurants. Besides the restaurant near Seville, in the Metromar Shopping Centre, that was opened in 2019, a new, stand-alone restaurant opened in Huércal de Alméria, complete with a Counter, Drive-Thru, Self-Order Kiosks, Take-Away and Delivery services, a large dining room and terrace, sporting the new K3 image, located in the Retail CEMAR, at the beginning of the year.

Covid-19 pandemic containment measures also affected this market and the restaurant sector, especially in Andaluzia, where we operate, which did not, however, stop the brand from investing in a strong Marketing and Communication strategy, presenting KFC as a vibrant, young, dynamic, and culturally integrated brand.

We continue to invest in 100% local talent, as had been planned since the start of operations, in 2019. All our employees are certified according to Yum! Brands global standards, via e-learning tools (Learning Zone) and we follow daily all the main product and service quality indicators – GES, ROCC – with a focus on speed, which allowed a significant impact on Drive-Thru and Delivery service times.

The growth of the Delivery business, using aggregators, was particularly significant, especially given the limits on in-house service due to the pandemic. The brand began working with Deliveroo, alongside Glovo and UberEats, and concentrated on continued activations on the aggregator's apps, through exclusive Value and Bundle offers, aggressively communicated along all existing channels, allowing us to strengthen our notoriety, notwithstanding the adverse environment.

Burger King (Portugal)

Burger King closed 2020 with 107 restaurants and a total of 2034 employees.

In 2020, the brand opened 5 new units in Portugal – Barreiro, Madalena do Pico (Azores), Torres Vedras, Rio Maior and Montemor-o-Novo, investing mainly in street locations with all restaurants equipped with Drive-Thru services.

A large investment was also made in refurbishing some restaurants with a more outdated image, such as in Castelo Branco, Funchal, Lisbon, Torres Vedras, Matosinhos, and Vila do Conde.

A total 30 more units adopted the Home Delivery service during 2020. This service is now present in 49 restaurants, which represents 48% of the total number of Burger King units. This is going to be one of the brand's main investments over the coming years.

The brand has continued to invest in increasingly aggressive promotional campaigns, with burgers for just 1€ or Menus for 3.95€. At the same time, it continued to innovate in the premium range, creating a new (Gourmet) segment through the launch of the "King Selection" range. Burger King is increasingly marketing itself as a brand that wants to democratise the consumption of alternatives to meet and launched the "Plant based Nuggets" alongside the pre-existing "Plant based Whopper".

The brand stands out for its irreverence and always tries to communicate with plenty of humour. This mission illustrates quite well the sort of connection it aims to establish with the consumer.

In 2020 we also focused more on digital communication. The brand has shown itself to be original and irreverent on social media, to create a stronger connection with its main target.

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

During 2020 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.

Burger King (Spain)

The end of 2020 saw the number of Ibersol Group Burger Kings in Spain stand at 38, with 1012 employees.

A new unit was opened in Spain, in Talavera. The brand has mostly concentrated on street locations, equipped with Drive-Thru services.

A large investment was also made in refurbishing some restaurants with a more outdated image, such as in Moratalaz Alto, Albufera, Tui, Almansa e El Torreon.

2020 was marked by a struggle for survival, with a pandemic, temporary closure of restaurants and employees on ERTE. Internal safety protocols were implemented for the staff, and external ones for clients. The Prevention Department took on an important role, tracking positive cases and dealing with the coordination and organisation of all the steps that were enacted to fight the virus.

We decided to concentrate Drive-Thru and Home Delivery services in the same units, trying to make them as cost-effective as possible and allowing for the reopening of all restaurants. These two segments grew exponentially, with Take Away increasing at a slower rate, due to closures and restrictions on over-the-counter sales.

As in Portugal, the brand has continued to invest in increasingly aggressive promotional campaigns.

We invested in improving the speed of service, through the Improved layout, DSS OPS Process and Digital integration projects. New products were made available to meet rising demand: “King Selection” (Gourmet), “Plant based Whopper” and “Plant based Nuggets”. In terms of sustainability, plastic containers have been being replaced with plastic free solutions. We make sure to use only the best ingredients, free of artificial products, to provide tasty meals.

We also launched our “My Burger King” loyalty programme, with special offers, prizes, and free products.

Pans & Company (Portugal)

In Portugal, Pans & Company reached the end of 2020 with 49 points of sale (42 Pans & Company restaurants and 7 Cafe Pans kiosks) and a staff of 372.

The financial year of 2020 was naturally marked by the Covid-19 pandemic and the impact of the governmental restrictions on our sector, from the second half of March onwards.

The restrictions imposed on the population in general, and on the restaurant sector in particular, had a very serious and unprecedented negative impact on the business volume and profitability of our restaurants. On the other hand, the need to develop a contingency plan to face up to the pandemic resulted in a revision of a significant number of operational procedures, to ensure safe operations for both our clients and our staff.

In this regard, during 2020 our teams concentrated on strict control of cost structures, thorough compliance with implemented safety measures and increasing business volume in the different sales channels we are present in, with a focus on Delivery and Take-Away which, for large parts of the year, were the only sales channels available to our clients.

In 2020 we also opened a new self-standing Cafe Pans – the Pans brand for the coffee shop sector – point of sale in the GaiaShopping shopping centre.

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

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.

In Spain, Pans & Company ended 2020 with 86 restaurants, 8 of which in concession areas, and a staff of 1.341.

This year was also very much marked by the Covid-19 pandemic which affected, and continues to affect, the global and national economic landscapes, with very clear repercussions on the restaurant sector. Many of these repercussions are also the consequences, in varying degrees, of national and regional government-imposed restrictions to help fight the spread of the virus. A number of these restrictions caused an unprecedented impact on business volume, invoicing and profitability of our points of sale, as well as in the management of the franchises.

To adapt to this new scenario and make sure our restaurants were Covid-19-free and safe spaces for our staff and for our clients, we had to undergo a thorough revision of our operational procedures and, in particular, our Health and Safety protocols. We continue to maintain and strengthen these today.

A quick strategic adaptation saw our teams concentrate on strict control of cost structures, thorough fulfilment of implemented safety measures and increasing business volume in the different sales channels we are present in, with a focus on Delivery and Take-Away which, for large parts of the year, were the only sales channels available to our clients.

Regarding innovation, most of our effort was directed towards our sandwich range, which continues to be the brands' main offer. Therefore, and even though the innovation campaigns were deeply affected by the aforementioned context, both in terms of duration and timing, the brand made a point of surprising its clients. "Braided, the best of ties", with a new type of braided bread using two exclusive recipes (pastrami cheddar and truffled chicken) and the launching of "#MuyAmerican", with the new and irresistible Barbecue Riblets, were two of our main promotions during 2020. Not to mention the relaunching of "Pans Experience", an innovative commercial format which is exclusive to our brand. These are some of the launches that reflect our brand's commitment to continue to offer, even in an adverse setting, innovative proposals within the context of its main product, strengthening its base and, therefore, improving its position of leadership in the segment in Spain.

Miit (Portugal)

Miit ended 2020 with one unit in operation, located in Norteshopping and employing a staff of 11.

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 Miit Norteshopping saw its ISO 22000 quality standard certification renewed in 2019.

Miit is one of the Group's brands that is part of the partnership with the Continente Card, through which it offers exclusive promotional advantages to its clients.

During 2020 the brand also strengthened its partnership with the Continente Card, promoting the second edition of Menu10, an Ibersol Group loyalty programme based on the Continent Card APP, with unique and differentiating promotional advantages.

Taco Bell (Portugal)

At the end of 2019 Ibersol launched Taco Bell – the famous restaurant brand inspired by Mexico and with a Californian touch, owned by the YUM! Group – in Portugal.

In 2020 two more restaurants were opened, one in Mar Shopping Matosinhos and another King Size format space in the Colombo Shopping Centre.

Taco Bell finished 2020 with 4 operational restaurants and 89 employees.

Taco Bell is inspired by Mexican cuisine and uses only top-notch ingredients, providing a wide variety of flavours, aromas, and textures. The products are always made to go and include 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 positions itself in the fast-food market with the best possible quality-quantity-price relationship and is aimed at an audience of varying ages, but specially Millenials and Generation Z.

With over 7,400 restaurants worldwide, Taco Bell is a reference in the Mexican inspired food sector and the Ibersol Group wanted to make the Taco Bell ring out in Portugal, giving the population the opportunity to try the exclusive offer of this successful brand.

Following restrictions put into place during the first state of emergency in Portugal, which began on 21 March, Taco Bell was forced to close several of its restaurants. In May, these reopened, stronger than ever and with novelties for all its followers.

Safety and comfort measures for clients and staff were implemented and strengthened, including acrylic barriers at the counters, social distancing markers on the floor, hand sanitation stations, stronger hygiene and cleaning protocols, mandatory mask use and specific Covid-19 training for staff.

All the brand's restaurants were certified by the SAFETY COVID by ALS programme. The reopening was celebrated with the launching of a Taco Tuesday, a unique campaign that has been successful in other countries, where the client can choose Tacos for only 1 euro.

On 15 June Taco Bell adapted its operations to home delivery, in partnership with UberEats. All orders are sealed, ensuring maximum safety.

Simultaneously the Ibersol Group picked the digital Legendary People + Ideas agency to take over Taco Bell's digital strategy in Portugal, adopting a relaxed, close, and entertaining tone and elevating and strengthening Taco Bell's position in the domestic market.

In October we began to introduce the digital kiosk platform to our restaurants. These represent a natural interface for our target-audience and our goal was to improve the experience and speed of service, using a simple and intuitive application.

During the year of 2020 the brand also strengthened its partnership with the Continente Card, promoting the second edition of 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.

7.3 Travel, Concessions and Catering

The business volume of this group of 118 restaurants totalled 38.9 million euros.

TRAVEL (Portugal)

Business in the Travel channel is carried out in motorway service stations 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 mealtimes, through specific concepts.
This segment was deeply affected by the pandemic, due to internal travel circulations and the closure of borders, as well as limits on sales within the units.

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, with 166 employees.

This business segment was already showing some signs of recovery, although it continues to be strongly affected by reduction of traffic due to the introduction of tolls on the former SCUTS (highways without tolls) and by increasing competition from the service stations with reference to restaurant services, but it was also badly affected by the pandemic.

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 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, dog stations and drive-thru.

During this year we refurbished the interior of units in Vouzela and rebranded the Go to Caffé brand.

During the year of 2020 the brand also strengthened its partnership with the Continente Card, promoting the second edition of Menu10, an Ibersol Group loyalty programme based on the Continent Card APP, with unique and differentiating promotional advantages.

Train Stations (Portugal)

The Group operates a unit in Campanhã Station. During the financial year the unit was refurbished and had its brand changed to Go To Caffé.

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.

This financial year was marked by a significant reduction in traffic in Portuguese airports, which had a deep impact on the operations located therein.

Catering (Portugal)

In an unprecedented global context, 2020 was marked by the coronavirus pandemic (Covid-19) and its impact on economies and families.

Our activity ceased on 11 March, but our teams continued to work and by adapting our operations the restaurants were able to prepare for the reopening of the economy in May 2020. Over this period work was adjusted and we prepared for a new way of looking at the world and at catering events.

The catering of the Ibersol Group, represented by the Palace Catering and Silva Carvalho Catering brands, ended 2020 with a significant drop in sales relative to the previous year in the Porto and Lisbon markets. Our brands held more than 300 events and served over 70.000 customers.

Realising that the “new normal” will be a big challenge, we were selected to cater to many events, such as the National Internal Medicine Congress (CNMI), the largest post-pandemic event, in terms of sales volume, with around 500 participants over four days, for which we obtained a Covid Safety certificate.

Also worth mentioning were our participations in notable events such as Portugal Fashion, the Environment Ministry’s Climate Action Conference, CITIES Forum 2020 (together we shape a sustainable urban future) and the Cancer Research Congress.

During the year we invested in food safety training, adjusting our content to Covid-19, having obtained Covid Safety certification for our units.

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

The pandemic also changed the reality at football games, but Silva Carvalho adjusted to this new reality in both the Dragão and Alvalade stadiums.

At the Dragão Stadium we catered to 25 Futebol Clube do Porto games, as well as other events, including the National Team’s game against Croatia, in September.

We catered to 23 games in Alvalade and served a total of 18,000 meals, including the Champions League Final in June.

The Alcochete Academy, Sporting Clube de Portugal’s training ground, kept up its activity and our team was able to fulfil the demands of the club during the pandemic.

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, with an executive menu. In 2020 we organised 30 events in this space, including 5 weddings.

In terms of values and sustainability principles, catering has an active role in supporting humanitarian causes, through the donation of food and meals. In 2020, more than 22,000 meals were donated to various national institutions, such as Refood, in Lisbon, and the Coração da Cidade, in Porto.

In 2020 we managed to maintain our market position and we are sure that we will be able to rise to the different challenges and projects that 2021 will bring us.

This year of 2021 was extra challenging. Aware of the economic difficulties that the world will be going through, we believe that the return of consumer confidence will help with the resurgence of our activity. We are looking forward to a year that will demand maximum dedication from our teams, which will be keeping an eye on the signs from the market and maintaining the product and service quality standards that our clients have become used to.

Travel (Spain)

This division of the Group is dedicated to managing 58 restaurant points of sale in Spain, located in 9 airports, 3 train stations and other tourism 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. These brands have given the Group management skills in different types of restaurant format, from Grab&Go to Casual Dining, including Fast Food or traditional coffee shops.

2020 was marked by a significant reduction, of around -73%, in airport traffic, due to the pandemic leading to the temporary closure of most of the units.

During the financial year we opened a central production unit to support operations in the Barcelona airport.

During this period, the Group’s Travel division employed a staff of 895, positioning itself as one of the sector’s leaders in Spain.

8. Environmental Performance

We respect and work to improve the world we live in

One of the sustainability vectors defined as a priority by the Ibersol Group, in terms of performance, is the environmental dimension. One cannot separate the concept of social responsibility from the concept of sustainable development, which is why the reduction of the environmental impact of the activity of the Group is a constant concern.

Despite the context of 2020, we remain committed to the vision of a circular economy, which promotes a separation between economic growth and an increase of resource consumption. This vision continues to guide our strict environmental management practices in their different spheres.

In this sense, the Ibersol Group invests daily in reducing the environmental impact that its activities produce, namely at the level of:

RESOURCE PRESERVATION

- Structures/environmentally efficient restaurant models (construction materials/energetic efficiency of infrastructure, solar energy,…);
- Energy efficient equipment and lightbulbs;
- Programmes, procedures and devices that reduce energy and water consumption;
- Use of recycled materials, reduction in quantity of containers, use of biodegradable materials;
- Minimisation of waste produced.

CONTRIBUTIONS TO A CIRCULAR ECONOMY:

Promotion of recycling habits and transportation of used edible oil residues to be turned into biodiesel.

SUSTAINABLE PROCEDURES AND CUSTOMER RELATIONS

- Minimising the use of disposables + residue processing – e.g.: reducing the number of straws and cup lids and ensuring that waste is separated;
- Reducing food waste;
- Use of locally sourced and seasonal ingredients on menus;
- Practices and communication in line with Group policy.

SUPPLY CHAIN

Approval required for suppliers and products (sustainable origin) – e.g.: FSC/PEFC certified containers and animal welfare certification;

- Recycled materials, reduction of container size/quantity, use of biodegradable materials;
- C02 emissions control in the logistics operations – e.g.: multitemperature vehicles (simultaneous delivery of all products / < trucks in circulation).

With these concerns in mind, in 2020 the Group renewed certifications according to Norm NP EN ISO 14001:2015 – Environmental Systems Management, which certifies that the whole structure is committed to bettering its environmental performance in the management of natural resources, environmental protection and reducing its carbon footprint. This certification was also extended to the Estádio do Dragão Catering operations as well as all the Group's units in the Lisbon Airport.

8.1. Packaging and Packaging Waste

Over the past years, and especially in 2020, we have witnessed increasing pressure to reduce consumption of single-use plastic. For this reason, a taskforce was created to try and identify processes to minimise the use of single-use containers, solutions for environmentally sustainable containers and to boost principles of circularity in our performance.

Besides this, and to ensure the correct disposal and treatment of this waste, we also improved markings on service containers, which now include information about correct disposal, to guarantee their adequate treatment.

As with previous years, the contract with the Integrated Residue and Containers Management System, coordinated by the Sociedade Ponto Verde, was maintained.

This system is dedicated to guaranteeing the circuit of reuse, valuing and recycling, as well as reducing the volume of waste that is sent to landfills.

Equally relevant was the fact that all the Group's units took on an active role in the selection and separation of waste (paper/cardboard, plastic/metal, and glass), which was carried out daily in all restaurants and offices.

It was in this context, and within the scope of our partnership with the Sociedade Ponto Verde, that we communicated in our internal newsletter the #naoteseparaesdoessencial campaign, which insists on the idea that recycling must become a daily habit.

i-News

ibersol

Newsletter 5/2020 (dezembro)

DESTAQUES

#nãoteseparesdoessencial – Sociedade Ponto Verde

Se cuidarmos do nosso planeta, ele também cuidará de nós. A nova campanha de sensibilização da Sociedade Ponto Verde - "Não te Separes do Essencial" foi lançada como forma de agradecimento a todos os portugueses que, mesmo com todas as alterações vividas no dia-a-dia devido à Pandemia COVID-19, nunca deixaram de reciclar, na certeza de que "reciclar faz parte da solução". Para conheceres melhor a campanha e veres o vídeo de agradecimento, usa QR code.

Given the importance of the issue, the performance of the packaging waste indicator is watched carefully. In 2020 around 2 tonnes of waste were generated, an increase of 15% compared to 2019, which is explained by the Ibersol Group's increased use of take-away and home delivery services, opening of new restaurants and greater use of aggregator services such as Glovo and Uber Eats, covering more points of sale and territory.

Production of packaging waste – service packaging delivered to customers and raw-material and product packaging – is inevitable in a sector such as that in which the Ibersol Group operates and became even more relevant in the context of a pandemic such as that which was experienced in 2020, with an increase in take-away and home delivery services.

	Service Packaging (Kg)	**Imported Product Packaging (Kg)**	**Total (Kg)**
Plastic	110 362	45 844	156 205
Paper/Cardboard	1 237 328	556 227	1 793 555
Steel/Aluminium	1 122	3 021	4 143
Total	1 348 812	605 092	1 953 903

8.2. Cooking Oils

The production of cooking oil waste has also continued to be carefully monitored and managed, to guarantee that 100% of the waste produced is properly disposed of, recycled, and valued.

In 2020 approximately 550 tonnes of used cooking oils were sent to biodiesel production.

8.3. Consumption of Resources

The Ibersol Group has adopted measures to reduce the consumption of electricity, gas, and water, allowing for the identification of energy efficiency, namely through the renovation and/or modernisation of already installed technical systems.

Lighting

The Ibersol Group adopted the use of LED lighting in new stores and replacing lighting in existing stores with LED lightbulbs.

Replacing incandescent lightbulbs with LEDs allows for savings of up to 90% and, despite their higher cost compared to low consumption lightbulbs, last longer, providing around 50 thousand hours of instantaneous light when turned on.

Not all areas in a restaurant require the same type of lighting, nor do they require the lights to be on for the same period. The intensity and degree of lighting is also different if one wants to achieve better energy efficiency.

Besides replacing the lightbulbs, based on increasing efficiency and to achieve adequate lighting of the space, thereby reducing and optimising energy consumption, the Group decided upon:

- Painting walls and ceilings in light colours, to reduce the need for artificial lighting;

- Preferential use of natural light;

- Turning off lights in rooms that are not being used, adopting movement sensors in the halls, changing rooms and warehouses;

- Frequent cleaning of lightbulbs and accessories to ensure a good lighting without increasing power usage;

- Verifying outside lighting and timers.

Kitchen equipment

Kitchen equipment, such as refrigerators, toasters, ovens, dishwashers, air-conditioning, exhaust motors and freezing and conservation chambers, among others, are the major energy consumers in the Ibersol Group restaurants.

When these appliances are purchased it is necessary to compare estimated energy consumption and choose those that appear to be more efficient and adequate for their purpose, whenever possible. However, careful handling can also lower the impact of their use on the energy bill.

Regarding this equipment, it is possible to adopt a series of measures that allow for savings in consumption without further investment.

The proper use of dishwashers was elaborated on:

- Make the best use of the full capacity of the machine, using full loads;

- Using shorter and more economic cycles;

- Using cold water for pre-machine hand washing;

- Frequent cleaning of filters and rubber seals;

- Operating the machines during lower cost cycles, avoiding, wherever possible, their use during the higher cost periods.

Best practices measures are applied to all equipment through the On/Off Control Measures Plan.

Reactive Energy

Electrical equipment (motors, compressors, etc…) require reactive energy, which does not produce work, to function.

Excessive reactive energy consumption, linked to low potency factor values, have some disadvantages:

- Reduced service life;

- Higher electricity bills from the electricity distributor;

- Underuse of the installed capacity.

This type of energy was compensated for in the restaurants through the installation of capacitor banks.

AVAC and Exhaust Systems

Air renovation in Ibersol Group restaurants is done mechanically, through insufflation and extraction ventilators. Fresh air is introduced through the air-conditioning units.

Working air conditioning equipment represents a high cost which is directly related to the setpoint defined for the equipment's operation. By adjusting the working temperature to one more adequate (18ºC in Winter and 25ºC in Summer), which has no associated costs, savings of 7% in energy consumption were achieved.

Speed variators were installed in exhaust and smoke extraction vents, allowing for reductions of electricity consumption on average of 20 to 25%.

The Energy Performance Regulations for Commercial and Service Buildings (RECS) DL N. 101-D/2020 of 7 December, establishes the standards applicable to the improvement of their energy performance and regulates the Buildings Energy Certification System.

The regulation for buildings with almost no energy needs, known as NZEB, applies to new commercial and services buildings whose construction licencing or authorization processes were filed with the competent entities after January 2021.

These buildings are characterised by presenting a very high energy performance and for having very low or almost non-existent energy needs, which are largely covered by renewable energy sources.

To fulfil regulation obligations and obtain class A energy certification for restaurants equipped with drive services, a study on sizing, installation, and operation of a Self-consumption Production Unit (UPAC) aimed at producing photovoltaic electrical energy is being conducted.

The installation of photovoltaic solar panels has several advantages, namely:

- Clean electricity;

- Reducing electricity bills, reducing electrical grid energy consumption;

- Reducing CO2 emissions;

- Contributing to strengthening Ibersol’s sustainability standing.

Electric Mobility

Electric mobility is an important contribution to sustainable mobility and to increasing the energetic efficiency of transport.

Bearing in mind global emissions, that is, emissions from moving vehicles and those produced in the processing of the fuel they require, electric vehicles have a better environmental standing, even if they do run on energy produced exclusively from coal (the most polluting source).

Using electric vehicles contributes to making the air we breathe cleaner and to the reduction of greenhouse gasses while also reducing the country’s energy dependency.

Considering the increasing number of people who are opting for electric cars, and to contribute to client satisfaction, the Ibersol Group is looking at the possibility of installing fast charging stations at the restaurants with drive-thru services, adding to the network of electric car charging stations in Portugal.

Covid-19 Measures

Following the directives approved by the Government, some restaurant units were closed during lockdown. During this period, the restaurants maintained the necessary electricity usage to keep the refrigeration, freezing and conservation appliances running, as well as all safety and signalling systems.

During the period in which restaurants were closed, the following measures were adopted:

Electricity – Reduction of contracted capacity

Minimum contracted capacity levels registered during the period of closure were taken as references.

Before billing, the energy provider identified the power contracted on that date and invoiced accordingly.

This measure allowed for savings in the contracted capacity estimated at 35 thousand Euros.

Gas – Changes to invoicing tiers

The provider applied the lowest gas tariff to the following tiers:

- Annual consumption up to 10000m^3 was invoiced according to the first tier.

- Consumption above 10000m3 was invoiced according to the 4^{th} tier.

8.4. Consumption analysis

<u>Electricity</u>

The cost of the energy component in the electricity bill for 2020 remained the same, since the contract was signed in April 2019, on the electricity market. However, the value of the total of both components, energy plus grids, was 2.35% higher, due to a 5.94% increase in the grids.

This year of the pandemic, with people locked down at home and strong restrictions on global industry that closed major economies, oil prices went down and, with plenty of gas on offer, the average price of electricity on the retail market hit 40 euros/MWh, the lowest since 2004.

Following a study of the electricity market, with the decrease of values on the OMIP market, the price of electricity was renegotiated for the period of July 2020 to June 2022.

The renegotiation of the price of electric energy led to a 9.93% reduction in relation to the price of the energy component negotiated in 2019.

With the reduction of the price of energy for the period between July and December, and with grid values remaining steady for this period, the total impact of the renegotiation for this period is a 5.87% drop in relation to the previous period of January to June.

Period	2020	2019	2018	2017	2016
Electricity consumption points*	364	351	327	310	299
Global consumption (kWh)	39 243 448	38 652 469	35 982 997	35 482 475	35 042 964
Average consumption per point (kWh / store)	107 812	110 121	110 040	114 460	117 201
Consumption reduction – same stores as the previous period (kWh)	522 314	652 842	869 886	1 056 929	1 842 325

* Consumption points vary yearly, both due to opening and closing of stores and the number of units in which it was possible to get the figures.

Natural Gas

The global price of the natural Gas tariff after July 2019 decreased by 5.5% in relation to the period of July 2018 to June 2019, because of the effect of the decrease in the grid access tariff component.

After June 2020, the total invoice dropped by 5.8% because of the decrease in the energy component, achieved through tough renegotiation (market purchase in November 2019), for the period between June and September 2020.

Following October 2020, the total gas invoice increased by 4% due to the increase in the grid access component.

Period	2020	2019	2018	2017	2016
Consumption points **	202	195	182	168	158
Global consumption (kWh)	16 104 476	15 807 476	14 256 886	13 857 226	13 265 482
Average consumption per point (kWh)	79 725	81 064	78 335	82 483	83 959

** Consumption points vary yearly, both due to opening and closing of stores and the number of units in which it was possible to get the figures.

CO_2 Emissions

We remain committed to reducing CO_2 emissions and have insisted on finding solutions that allow for the mitigation of the impacts of this gas on the atmosphere.

Compared to the previous year, around 10 thousand tonnes of carbon dioxide were avoided, in total and indirectly, in the same universe of stores as in 2019.

Indirect CO_2 emissions

Period	**2020**	**2019**	**2018**	**2017**	**2016**
Specific CO_2 emissions (kg/kWh)	0,26	0,25	0,37	0,35	0,33
CO_2 emissions avoided in consumption (ton)	10 203	9 458	13 314	12 419	11 564
Production with renewable energy (KWh)	12 460	12 011	11 987	12 198	11 687
CO_2 emissions avoided through production with renewable energies (ton)	2,65	2,37	5	4,35	3,8
CO_2 emissions avoided TOTAL (Ton)	10 206	9 460	13 319	12 423	11 568

Direct CO_2 emissions

Period	**2020**	**2019**	**2018**	**2017**	**2016**
CO_2 emissions produced in gas consumption (ton)	1 900	1 747	2 644	2 345	2 242
CO_2 emissions produced in gas consumption (ton CO_2/store)	9	9	15	14	14

<u>Water</u>

The reduction of wastage in water consumption, besides being an environmental concern related to climate change, is also of economic importance, given the rise in water prices, that vary regionally, within the country.

Variation in water consumption:

Period	**2020**	**2019**	**2018**	**2017**	**2016**
Global consumption (m^3)	192 819	192 075	191 568	189 879	189 234

The reference concerning water consumption for 2020 covers all consumption points.

Some measures were adopted to reduce water consumption, such as:

- Installation of flow regulators. These are accessories that can be attached to taps and shower heads which replace the usual filter and allow for a flow reduction of over 50%, thereby reducing consumption;

- Changes to timings and schedules for watering systems in gardens;

- Implementation of routine tap, lavatory, plumbing, joints, and fittings checks to detect required repairs and eliminate leaks.

Production of hot water is a major energy consumer, making it important to select and use efficient associated equipment. Ibersol Group restaurants usually adopt systems composed of gas water heaters and electrical equipment (storage heaters) with the support, whenever possible, of thermal solar panels to heat water with renewable sources.

9. Social Performance

People Development has improved significantly at the Ibersol Group, gaining increasing notoriety on the work market. The constant mapping and updating of processes in the field of People Development has been a priority, especially in a year in which the context called for minimal hiring of new assets.

The company has gained a reputation as a “School for Life” and invests continually in training its people. This investment has taken the form of the Ibersol Academy, a global, inclusive, and modern academy, capable of endowing its employees, in whatever latitudes, with the skills that are currently most valued on the market. At the same time, we continue to partner with one of the most renowned business schools – Porto Business School – co-creating initial and continued training programmes for employees that show high development potential and who play key roles in the organisation.

9.1. Employee Profile

Portugal

Change in the number of employees by gender

	2020		2019		2018	
Employees	**No.**	**%**	**No.**	**%**	**No.**	**%**
Women	2 895	51%	3 622	52%	3 287	53%
Men	2 731	49%	3 372	48%	2 860	47%
Total	**5 626**		**6 994**		**6 147**	

Change in the number of employees by age group

	2020		2019		2018	
Age group	**N.º**	**%**	**N.º**	**%**	**N.º**	**%**
< 18 years	44	1%	238	3%	175	3%
18 to 25 years	2 456	44%	3 370	48%	2 951	48%
26 to 30 years	1 002	18%	1 120	16%	1 054	17%
31 to 35 years	752	13%	798	11%	701	11%
> 35 years	1 372	24%	1 468	21%	1 266	20%

Total	5 626		6 994		6 147	

Change in the number of employees by academic qualifications

Academic Qualifications	2020	2019	2018
< 12^{nd} year	36%	38%	40%
≥ 12^{nd} year	64%	62%	60%
Total	100%	100%	100%
Higher education	**11%**	**10%**	**9%**

Evolution of employee turnover rate

Employee Turnover	2020	2019	2018
Group	69%	104%	85%
Units	72%	107%	88%
Business Structure and Shared Services	10%	12%	17%
Management Teams (Units)	18%	30%	28%

Employee profile by career stage and gender

2020	Gender	
	Female	Male
Operation	47%	53%
Shift Management	66%	34%
Unit Management	53%	47%
Business Structure and Shared Services	62%	38%

Employee profile by career stage and age group

2020	Age group

	< 18 years	18 to 25 years	26 to 30 years	31 to 35 years	> 35 years
Operation	1%	55%	16%	10%	18%
Shift Management	0%	23%	30%	23%	24%
Unit Management	0%	3%	10%	27%	60%
Business Structure and Shared Services	0%	4%	12%	9%	74%

Employee profile by career stage and academic qualifications

2020	Academic Qualifications			
	< 9th Grade	9th Grade	High School	University
Operation	7%	33%	54%	7%
Shift Management	3%	28%	57%	11%
Unit Management	2%	25%	54%	19%
Business Structure and Shared Services	0%	6%	35%	59%

Profile of employees by Career Stage and Seniority

2020	Seniority				
	< 6 months	6 to 12 months	1 to 2 years	2 to 4 years	> 4 years
Operation	29%	5%	31%	24%	12%
Shift Management	4%	3%	14%	42%	38%
Unit Management	1%	1%	3%	17%	78%
Business Structure and Shared Services	2%	5%	11%	27%	55%

9.2. Training and Education

During 2020, the Ibersol Academy partnered with the Porto Business School to create and implement a new training programme to Develop Coordinators. This is one of the organisation's biggest challenges, which is why it intends that it should be executed with quality and results that are adjusted to the demands of the role.

A training course on Leadership for Intermediate Managers of Shared Services and Business Structure was also developed. The current context, in which we have fragmented teams, often working remotely from their managers, strengthens the need for working with these employees to enhance their people management, communication, and work-flow management skills.

In 2020 we also began a project to digitalise training content, using specialised and renowned tools, with the aim of making content more attractive and motivating for the trainees, as well as more accessible at any time and in different geographies.

Developed courses

Employee Health and Safety		
Content	**Training volume (h)**	**Trainees**
Work-related Accidents Prevention Work-related Accidents Accidents with Costumers Fire Safety Organisation First Aid Occupational Health	**56 716**	**6 397**
Food Safety		
Content	**Training volume (h)**	**Trainees**
Food Safety Different types of Contamination Food Microbiology Handler Hygiene Hygiene of Premises, Equipment, Utensils, and	**46 453**	**4 903**

Surfaces		
ISO 22:000 Certification		
Other Training Programmes		
Content	**Training volume (h)**	**Trainees**
Welcoming/Integration Operational Training Training for Management Teams Other Areas	324 597	5 989

Internships in 2020

In 2020, Ibersol welcomed 14 interns, 10 of which curricular, for a total of 14.737 hours in real work context and four professionals, which accounted for 2.687 hours.

Internships	**2020**		**2019**		**2018**	
	No.	**Training Volume (h)**	**No.**	**Training Volume (h)**	**No.**	**Training Volume (h)**
Curricular	10	14.737	30	37.390	32	10.694
Professional	4	2.687	6	9.342	5	7.800

9.3. Employee Well-being

Health and Safety in the Workplace is crucial to any organisation and affects not only personal well-being but also collective balance.

The Ibersol Group sees ensuring a culture of safety for all personnel as a mission it invests in daily, involving everyone in the same goal.

Prevention and protection, through the promotion of awareness of best practices in terms of collective and individual behaviour, is the most efficient formula to achieve the desired results.

In 2020, Ibersol concentrated essentially on controlling the new coronavirus, based on the adoption of measures and principles for the protection of its employees' health, full compliance with guidelines issued by the Health Board and, in this context, held several training, information and awareness sessions for workers.

Based on these principles, the Group ensured:

· Tracking all positive Covid-19 cases and supervision of low-risk suspicions, in close contact with health authorities and medical services;

· Over 850 principles and practices audit controls;

· Developing a best practices recognition programmed, through the following initiatives:

– “*Não Caias Nessa*!” (Don’t Fall For It!) *Teaser*, sharing the ranking of safest units to encourage the prevention of workplace hazards;

– “*Apanha a Tarefa Segura*” (Snatch the Safety Task) competition to commemorate the National Day for Safety and Prevention at Work, during which – exceptionally and due to the pandemic situation – awards were given to all the units that had not had accidents during 2019.

– Awarding of “Platinum” and “Gold” titles to the units with excellent results in their first four months of the year control audits;

Since the circumstances made it impossible to carry out the usual evacuation exercises in the central offices, we launched the “*Desafio em tempo de pandemia*” (Pandemic challenge), in which workers were invited to take part in an alternative emergency safety response situation.

• Consultations of workers regarding Occupational Health and Safety issues, which were attended by about 65% of the workers;

• Training and awareness sessions on Coronavirus protection and prevention measures to be adopted by workers, according to the contingency plan.

During 2020 the OHSAS 18001/ NP 4397:2008 was finally replaced by the ISO 45001:2018 standard, which was extended to other Ibersol Group units under the Integrated

Management System.

To better understand the employee's perception of the Organisation, the Ibersol Group carries out an annual survey on its Organisational Climate – "*Tenha a Palavra*" (Have a Say) – which measures the motivation and satisfaction of Operational professionals in Ibersol Portugal. Based on these results, each unit, through its Management, Coordination and HR Business Partners, draws up specific plans for improving its indicators.

Due to the pandemic situation during 2020, the Ibersol Group considered that the necessary conditions for carrying out this annual survey were not met.

Conditions permitting, we expect to return to this initiative in 2021, holding a new version of the "Have a Say" survey, which will also include gender equality and anti-discrimination issues. By carrying out the Equality and Non-Discrimination Plan we hope to open a communication channel on inclusion issues between Ibersol and its employees.

"Ibersol in Motion"

With a view to improving well-being and a sense of belonging amongst employees, the Ibersol Group continued its "*Ibersol em Movimento*" (Ibersol in Motion) programme. During an atypical year, where recreational time with colleagues was all but impossible, we found it necessary to adapt the different initiatives to the pandemic context.

In 2020, and due to Covid-19, the i-Office Break, an initiative we began in 2015 where different departments would prepare a lunch or tea, with the aim of getting to know the Group's different brands and products, while also giving the employees a chance to socialize and enjoy themselves, ran only until March.

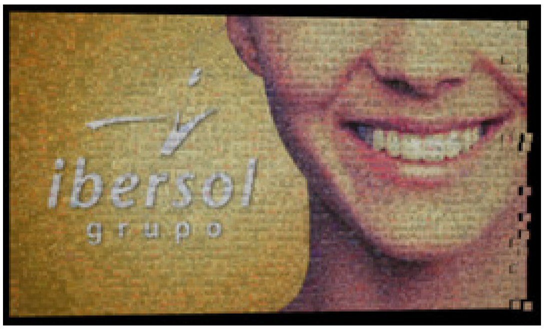
Since it was not possible to host the usual Ibersol Group Christmas Dinner, different initiatives were carried out to promote the spirit of unity and sharing that are typical of this occasion.

Thus, the usual dinner guests were offered 559 baskets prepared by José Silva Carvalho Catering.

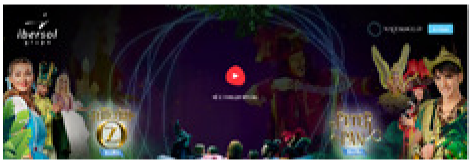
The board's speech was replaced by a message published on YouTube and aimed at all the employees in Portugal, Spain, and Angola. The message had a total of 2.433 hits, 133 interactions and 89 comments.

A total of 23 "*Valores Ibersol*" (Ibersol Values) awards were attributed to employees or teams of Ibersol Business and Shared Services that stood out during the period for their dedication, entrepreneurial spirit, and daily embodiment of the Ibersol Values.

All our employees were given the opportunity to participate in the Christmas Mosaic, made in real-time, using photographs of our employees.



In place of the Christmas Circus, all the children of our staff members aged 11 or less, were given access to the "*Magia no gelo*" (Magic on Ice) digital platform, which includes several educational activities and two of the most incredible ice shows, "Peter Pan on Ice" and "The Wizard of Oz".



We also held another edition of the "Christmas Drawings and Stories" competition for children. All the 26 participants received a gift.

We held the first Halloween costume competition, with 44 entries. The three best costumes in each age group were chosen.

9.4. Ties to the Community

Motivated by its own values and sustainability principles, the Ibersol Group plays an active role in promoting initiatives that involve the communities it is inserted in. As a trailblazer for the concept of modern restaurants, marked by an ethos of excellence in client services and a concern for the constant valuing of its employees, the Ibersol Group does not ignore its responsibilities as an active agent in the society in which it exists. Therefore, its policy is to be present in several sectors of society, through charity events, donations, training support and others.

PORTO de FUTURO

PORTO DE FUTURO

The Porto de Futuro (Porto Future) programme was launched by the Porto City Hall, with the aim of promoting relations between civil society and the school community, and the Ibersol Group has been a partner since the beginning. Within the scope of this partnership, several initiatives have been carried out by the companies involved, benefiting children and youth from the schools in the north that are part of the programme.

Junior Achievement

The Junior Achievement Portugal Association, which is part of the "Porto de Futuro" project, challenges regional schools to take part in training programmes focused on entrepreneurship, and includes the support of business partners that are responsible for providing school children up to grade 9 with this training.

“Innovation Challenge”

The Innovation Challenge invites students to solve real-life problems that companies often struggle with. For one day the secondary school students form teams to work on these challenges, with the help of volunteers from several companies, who act as consultants.

None of these activities were held during 2020, since their timing coincided with the beginning of the pandemic, in March.

“Open Kitchen” Visits

Given the context, in 2020 we witnessed a steep drop in the number of visits to Ibersol units.

The Burger King units in Estarreja and Albergaria were visited by a group of 30 children from the Aldeia de Crianças SOS in Gulpilhares. These villages were founded 70 years ago, and their mission is to safeguard children who have lost their families or are at risk thereof. These are children who need good experiences and this visit provided them not only with a different meal, but also an enriching experience.

The Burger King in Gaia partnered with Keller Williams to provide around 40 children from the Instituição Centro António Cândido with a different day. These children have moderate to serious handicaps and were given an opportunity to get to know the restaurant and enjoy a free lunch.

Food donations and other initiatives

In 2020 several of the Ibersol Group brands partnered with charities, mostly to offer meals.

Throughout the year, and despite a significant drop in business volume due to the Covid-19 pandemic, 7.5 tonnes of food products that were not consumed at Silva Carvalho Catering events were donated. The institutions that benefited from these donations were “*Coração da Cidade*” in Porto, and “Refood”, in Lisbon.

The Burger King unit in Maia donated around 510 loaves of rye bread to Socialis, to be distributed to local needy families.

The Marshopping Pizza Hut offered donated a meal to the Norte Vida Association, which supports needy people.

During its annual Business Structure and Unit Managers meeting, Pizza Hut ran a fundraiser to raise donations to help support the John Paul II Handicapped Support Centre, in Fátima. A donation was made of 605 euros, which helped to improve the conditions for people with severe handicaps that cannot live with their families.

Within the scope of the activities for the celebration of Pizza Hut’s 30th anniversary in Portugal, a partnership was established with the CASA association, which includes the donation of Pizza Hut products to the needy who are supported by said institution.

In the Azores, Burger King donated 18 boxes of bread to the Terceira Island Food Bank (*Associação de Combate à Insuficiência Alimentar* - ASTECIA), which were then distributed to needy families in the region.

The same unit provided lunch to 41 children and youths from the Casa do Gaiato – Obra do Padre Américo, in the Azores, on three different days, giving them the chance to enjoy a tasty meal of some of the brand's best products.

On the other hand, the Azores Pizza Hut units provided meals to about 20 members of the Ribeira Grande Volunteer Fire Brigade.

In the context of the Covid-19 pandemic, several brands and units donated their products to frontline professionals, contributing some comfort and recognition to those who have given and continue to give so much to the community.

Burger King's units in Amarante, Braga Arcada, Braga Media Market, Castelo Branco, Covilhã, Bragança Drive, Espaço Guimarães, Famalicão, Fórum Viseu, Gaia Jardim, Ikea Matosinhos, Oeiras, Paços de Ferreira, Montes Burgos, Nó do Fojo, Portalegre, Quinta do Conde, Santa Maria da Feira, Telheiras, Vila Real and Viseu donated meals to professionals from the following institutions: Amarante Hospital, Braga Hospital, Amato Lusitano Hospital, Cova da Beira Hospital, Bragança Hospital, Guimarães Hospital, Famalicão Health Centre, Santa Maria da Feira Fire Department, Pedro Hispano Hospital, Santa Cruz Hospital, Paços de Ferreira Health Centre, São João Hospital, Gaia Hospital, Portalegre Hospital, SCM Alhos Vedros, Santa Maria da Feira Hospital, Santa Maria Hospital, Trás os Montes Hospital Centre and Viseu Hospital, respectively.

Pizza Hut supported over 40 public safety institutions all over the country, both on the mainland and on the islands, from Republican Guard, Police and Municipal Police to several hospitals, providing meals to professionals on the frontline of the fight against Covid-19.

Pans also took part in this initiative. The Pans Vasco da Gama, Pans Castelo Branco, Pans Norteshopping, Pans Vila Real, Pans Bragança, Pans Covilhã, Pans Portimão, Pans Almada, Pans AlgarveShopping, Pans Montijo, Pans Guimarães and Pans Funchal units provided meals to the Volunteer Firemen in Sacavém, Castelo Branco, Leixões, Cruz Branca, Bragança, Covilhã, Portimão, Almada, Faro, Montijo, Guimarães, as well as to the Red Cross Firemen in Funchal.

This photograph was taken before the use of masks had been recommended by the health authorities

KFC donated meals to the Volunteer Firemen of Ermesinde and Amadora.

This photograph was taken before the use of masks had been recommended by the health authorities

In Madeira, KFC provided meals to Health Professionals at the Funchal and Marmeleiros hospitals. In a joint venture with Burger King, meals were also donated to the Police officers at the Madeira Airport.

In Spain, the warehouse located near the Barcelona Airport took part in a corporate social responsibility event for the prevention of food waste, having donated food valued at over 2,000.00 euros to the Fundació Privada Bancs del Aliments.

Within the scope of the promotion of sports and healthy lifestyle, Pizza Hut provided athletes from the Juventude Desportiva de Gaia with discounts for meals.

As during previous years, the Ibersol Group continues to maintain a close relationship with the Pauleta Foundation. In 2020 it donated meals to around 350 athletes and staff members of the Foundation, for its Christmas Party. These were provided by the Azores Pizza Hut and KFC units.

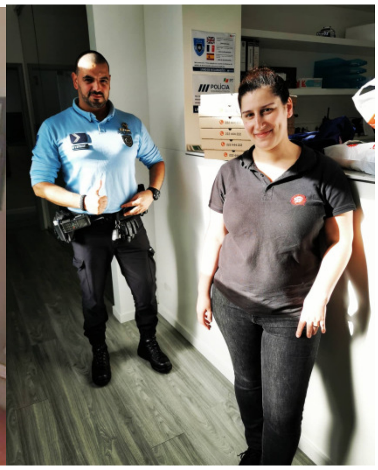
On the other hand, the Pizza Hut unit in Vila Real, located in the NossoShopping, sponsored the SC Cumieira sports club at its events and tournaments.

This photograph was taken before the use of masks had been recommended by the health authorities

The Group continues to be present on celebrations of special days. Pizza Hut in Foz, Colombo and Leiria Centro, in partnership with influencers and members of civil society, celebrated International Women's Day on 8 March 2020.

This photograph was taken before the use of masks had been recommended by the health authorities

Road safety is a very important issue for the Ibersol Group, considering a large portion of its staff are home delivery distributors. For this reason, on the 24 and 31 of December, respectively Christmas and New Year's Eve, Pizza Hut provided meals to several Police Stations and Fire Stations all over the country. Besides fostering good relations with these entities, this social responsibility gesture is aimed at holding the delivery team accountable for safety standards and garnering the support of police and firefighters at a time of greater unforeseen events and population support. It is also a way of giving thanks for their important work, carried out during the year, and comforting those who cannot be with their families on these important days because they must guarantee the safety of the rest of us.



The Group remains present at KidZania, a theme park in the Dolce Vita Tejo shopping centre, aimed at families with children and youngsters under the age of 15. However, following the Covid-19 pandemic, this park closed in March 2020. Nonetheless, in the first months of 2020 several children visited the Pizza Hut Unit and had the opportunity to "play grown-up" in a very realistic environment.

Rimkieta Friends Foundation

Lurca, one of the Ibersol Group companies that represents the Burger King brand in Spain, is a “friend company” of the Rimkieta Friends Foundation.

The purpose of this support is to help the Foundation in its mission to provide the best possible living conditions in the Rimkieta neighbourhood, and surrounding areas, in Ouagadougou, capital of Burkina Faso. The aid is mostly distributed among women and children and used for education, food, and health, as well as the professional and social advancement of women. In 2020, 25,000 Euros were delivered.

Source: www.amigosderimkieta.org

The Portuguese Federation of Food Banks Against Hunger

From 2 to 8 November the Ibersol Group partnered with the Portuguese Federation of Food Banks Against Hunger for another edition of the "*Graças a Muitos Espalhamos Sorrisos por quem mais precisa*" (Thanks to Many we Spread Smiles among those in need) donation drive.

Burger King, KFC, Pans & Company, Pizza Hut and Taco Bell clients, among other Group brands, took part in actively helping those in need. This gesture of solidarity, which involved all the group's staff, raised 29.697 Euros from Ibersol's clients, and a final donation of 33,000€, was delivered to the Portuguese Federation of Food Banks Against Hunger, converted into foodstuffs to be distributed among the 21 Food Banks that exist across the mainland and islands.

This was the 12th year in which the Ibersol Group organised this type of nationwide initiative in Portugal, and in all over 795,000 Euros have been raised in these Social Responsibility campaigns.

Caritas Angola

In 2020 the Ibersol Group once again became involved in the ADD HOPE project. This Social Responsibility project in Angola helped the Group raise 6,000,000 AKZ (six million Kwanzas) for Caritas Angolas.

The ADD HOPE project is part of Ibersol Angola's Social Responsibility strategy which, over the years, has carried out relevant community support initiatives. Trusting that it is possible to build a better world, Pizza Hut and KFC invited their clients to donate to Caritas.

Caritas is involved in strengthening institutional health skills (especially HIV-AIDS and maternal and child health); literacy and professional training; agriculture (especially in rural areas).

Ibersol Angola has been working with Caritas Angola since 2012 and in that space of time several projects have been carried out which are aimed at improving living standards for the most vulnerable families, in the poorest communities in the country.

10. Product Liability

We establish a connection with each of our clients through our restaurants

Ibersol is a multi-brand Group which aims to provide its clients with unique restaurant experiences. Good experiences are the cornerstone for relationships of trust, a crucial asset with impact across the whole organisation.

The group has clear strategic goals invested in the “Costumer” asset, in their level of satisfaction, the feedback they seek, evolutions in their consumption behaviour, wishes and expectations regarding the products and services made available to them. This focus helps identify faster and more clearly which trends to follow, which concepts to expect, how to innovate the offer, opening the way for greater complementarity with the client and strengthening the company’s competitive position.

2020 presented the Group with a major challenge in terms of customer relationships, because of the Covid-19 pandemic and the consequent closure of some of the restaurants and/or distribution channels. Nonetheless, the Ibersol Group’s performance continues to be guided by its focus on the customer, with the necessary adaptations, to ensure maximum safety conditions.

10.1. Passion for the Costumer

Costumers are the most important asset in the modern restaurant business, and the Ibersol Group takes that premise very seriously. The trust and preference that characterise us are the result of constant work on client satisfaction during the whole of the relationship with the Group's brands.

In this context, the Ibersol Group is dedicated to the daily and in-depth study of each client profile, seeking to identify the best practices to keep up with consumption trends, adapting and changing different units, in terms of space, products and services as well as internal procedures, information systems and new concepts.

To stay in touch with client experiences, the Group constantly measures and monitors the quality of service at its restaurants and services. From this perspective, tools are regularly applied that provide us with important indicators regarding client satisfaction, namely quality audits, satisfaction surveys and complaints management.

- *Programa Cliente Mistério* (Mystery Client Programme)

In Portugal, 99 quality audits were performed through this programme over 2020.

***Guest Experience Survey* (GES)**

Over 146,000 costumers' opinions were processed in 2020 through answers to this online satisfaction survey.

- Complaints

At the same time, all complaints received were carefully analysed, providing critical management indicators that support corrective acts and continued improvement.

10.2. Food Quality and Safety

Food quality and safety are essential values in the modern restaurant business. Their full and exhaustive application set the groundwork for overall sustainability.

With this in mind, the group monitors consumption trends and client expectations so that means and tools can be strengthened and improved every year, with the goal of providing an overall atmosphere of trust among those who visit our restaurants.

Ensuring that is stakeholders benefit from the maximum readiness and satisfaction in terms of food safety and quality in all markets, is part of the Ibersol Group's sustainability policy. For this reason, the Group's uses an integrated food quality and safety management system all along the value chain.

Food Quality and Safety Certifications

During 2020 the Ibersol Group continued its process of continuous improvement, according to the principles and certification norms that it adheres to, to guarantee food quality and safety, and client satisfaction.

In this context the following deserve special mention:

a) FSCC 22000 Certification (Version 5) of the Group's central production unit – IBERGOURMET - PRODUTOS ALIMENTARES, S.A. (UCP Modivas), a very demanding GFSI norm in food safety requirements:

FSSC 22000 (Version 5) – 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 containers, 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).

b) Certification according to standard NP EN ISO 9001 – Quality Management Systems:

The Group renewed these certifications, widening the scope of operations to the Dragão Stadium Catering and all the Group's units operating in the Lisbon Airport.

Management of the Ibersol Group's Restaurant Operations.

Provision of Restaurant and catering services: Catering Estádio do Dragão, VOG Tecmaia, Lisbon Airport – Terminal 1: Zona Terra: Burger King, Go To Aeroporto Lisboa, Go To – Go Natural; Zona Ar: Pizza Hut, KFC, Cockpit, Go Natural and Specially, including the multi-brand warehouse.

c) Certification according to the NP EN ISO 22000 – Food Safety Management Systems norm.

Portugal

HEAD OFFICE: Food Chain Management for restaurant operations of the Ibersol Group

RESTAURANT UNITS:

Provision of Restaurant/catering services in the following units: Catering Estádio do Dragão; VOG Tecmaia, Lisbon Airport – Terminal 1: Zona Terra: Burger King, Go To Aeroporto Lisboa, Go To – Go Natural; Zona Ar: Pizza Hut, KFC, Cockpit, Go Natural and Specially, including the multi-brand warehouse, Burger King Colombo, Pizza Hut Colombo, Pans&Company Colombo, KFC Colombo, KFC CascaisShopping, Burger King Cascais, KFC Amadora Estação, KFC Montijo, Burger King Alameda Shopping, KFC Alameda Shopping, Pizza Hut Alameda Shopping, Pans&Company (including the kiosk) Alameda Shopping, including the multi-brand support warehouse, Burger King Norteshopping, KFC Norteshopping, Pasta-Caffé Norteshopping, Pizza Hut Norteshopping, Pans&Company Norteshopping, Miit Norteshopping, including the multi-brand support warehouse, Pizza Hut Foz, Pizza Hut Matosinhos, GoTo Campanhã.

Angola

Ibersol Angola logistics chain and restaurant operations: 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.

Multiparques Rangel logistics operation.

Eat Out/Spain

Supply chain management for the Grupo Ibersol/Eat Out restaurant operations.

Pans Sabadell and Ribs Maquinista Provision of Restaurant Services.

It should also be noted, within the context of the Covid-19 pandemic in 2020:

a) Covid Safety Programme

The implementation of the “SAFETY COVID” Programme, in articulation with the Workplace Health and Safety services and the Brands, in partnership with ALS (a company that operates at an international level and is market leader in supplying lab test solutions, inspections and checks), with the aim of minimising health risks arising from the Covid-19 pandemic and guaranteeing consumers’ trust and business continuity.

This programme includes:

- Surprise audits carried out by independent and qualified inspectors in 100% of the units of the Pizza Hut, Burger King, KFC, Pans&Company and Taco Bell brands and catering events operated by Group companies and airport units to check up on the compliance with requirements issued by the health board (DGS) and the Authority for Labour Conditions (ACT), the International Labour Organisation (ILO) and the World Health Organisation (WHO) as well as legislation applicable within the context of Covid-19 control, which requirements are reflected in Covid-19 specific procedures and food safety/quality and workplace health and safety requirements;

- Two pools (lab and surface tests) of SARS-CoV-2 virus research swabs (SARS-CoV-2 and RT PCR research - Real Time Polymerase Chain Reaction), collected in two areas of the restaurants: internal and client areas;

- Granting of the SAFETY Covid seal - "Certification seal" – confirming conformity of lab tests (absence of SARS-CoV-2 virus) and compliance with audit requirements.

Within the scope of this programme, 302 audits for the attribution of the safety Covid seal were carried out (along with accompanying audits) and 2,500 surfaces were evaluated.

The results of this programme, with all 302 units certified with the SAFETY COVID seal, are a sign of the efficiency of implemented processes and, it follows, of the safety of the product facilities and services provided.

b) Suppliers and Products, and Restaurant Processes Control Programme

In a context of restrictions and unpredictability due to the states of emergency and other pandemic control measures, and given the critical need to maintain the supply chain functioning, minimising risks to supply and stock, food safety and quality and food waste, an effort was made – besides the already existing measures – to ensure that the respective stakeholders committed to continuing the audit programme and the food safety certifications of suppliers, product control (with suppliers, brands and authorities) and Group restaurant certification processes (with the brands).

In this setting it should be stressed that 106 product suppliers and 6 logistics operators involved themselves in the Group and international brands auditing programmes and/or in the food safety certification according to international (GFSI) norms.

Pertaining to Ibersol's operations, certification according to international norms was maintained/renewed, with special emphasis on:

.. Widening the scope of the ISO 9001:2015, 14001:2015 and 45001:2018 norms, applied to two important sectors of the Group's business, namely the Estádio do Dragão catering operations and the Travel – Airports operations, covering all the Group's units operating in Lisbon Airport.

.. FSCC Version 5 certification of the IBERGOURMET - PRODUTOS ALIMENTARES, S.A. (UCP Modivas) central production unit.

As of the end of 2020, the Ibersol Group holds certification according to 5 international norms, in 3 markets:

- Portugal - ISOs: 9001:2015, 22000:2018, 14001:2015 e 45001:2018 and FSCC 22000 (Version 5) in its central production unit;

- Spain - ISOs: 9001:2015 e 22000: 2005;

- Angola - ISO 22000: 2018

"*Te lo Sirvo Verde*" certification

In Spain, the Pans & Company, Ribs, Frescco and Dehesa Santa Maria brands, as well as those that operate in the Travel segment, worked according to the principles laid out in the "*Te lo Sirvo Verde*" principles, which specialise in sustainability consultancy for the restaurant sector.

Despite the pandemic context, which forced us to focus on safety related issues, important steps were taken in this field, namely regarding the definition of goals for 2021, as well as training on the legal framework to follow and best sustainability practices for this sector.

Both the Spanish and Portuguese structures took part in this training session, which was aimed at Business, Marketing/NPD Department, Quality and Purchases managers.

The following main goals were defined for 2021:

Redefinition of the Ibersol Group's sustainability policy regarding use and treatment of plastic articles, to abide by pending legislation;

Definition of concrete measures for reducing polluting disposable materials and replacing them with environmentally sound alternatives;

Revisiting and updating waste treatment processes and equipment at Ibersol Group restaurants.

Information on Allergens

According to the principles of transparency and client communication, information on possible allergens present in the more than 3.000 products and raw materials used in our kitchens is readily available in all our restaurant units. Said information is also available on the brands' websites and on www.vivabem.pt.

"*Viva Bem*" Programme: Quality, Food Safety and much more

A programme that includes all the Group's brands and whose mission is to spread information on nutrition, food safety, sports, and well-being, for a healthier lifestyle.

Customers can explore various dimensions of this programme through the www.vivabem.pt/site and https://vivabemoblog.wordpress.com website and blog.

11. GRI INDEX (GLOBAL REPORTING INITIATIVE)

GRI Standards		
GRI Standard Number	**Disclosure Number**	**Performance**
GRI 102	**102-1**	Cover, Chapter 6
GRI 102	**102-2**	Chapter 6; www.ibersol.pt
GRI 102	**102-3**	Chapter 6
GRI 102	**102-4**	Chapter 6
GRI 102	**102-5**	Chapter 6
GRI 102	**102-6**	Chapter 6
GRI 102	**102-7**	Chapters 5 and 6
GRI 102	**102-8**	Chapters 5 and 9
GRI 102	**102-9**	Integrated Management System; Chapters 6 and 7
GRI 102	**102-10**	Integrated Management System; Chapters 6 and 7
GRI 102	**102-11**	Integrated Quality, Environment, Employee Health and Safety and Food Safety Policy; www.ibersol.pt
GRI 102	**102-12**	Chapter 9; 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**	Chapters 1, 2, 3 and 6; Integrated Management System
GRI 102	**102-16**	Chapter 6; Good Conduct Code for Preventing and Fighting Harassment at work; Standards, Procedures and Internal Training Instruments
GRI 102	**102-17**	Chapter 6; Good Conduct Code for Preventing and Fighting Harassment at work; Standards, Procedures and Internal Training Instruments
GRI 102	**102-18**	Chapter 6; www.ibersol.pt; Corporate Governance Report
GRI 102	**102-19**	Chapter 6; www.ibersol.pt; Corporate Governance Report
GRI 102	**102-20**	Chapter 6; www.ibersol.pt
GRI 102	**102-21**	Customers surveys (GES and appreciation cards); Study of the brands' image and positioning; Shareholders' General Meetings; Organizational climate survey "Have a Say" (not held in 2020); Employee Consultation on Health and Safety
GRI 102	**102-22**	Chapter 6; www.ibersol.pt; Corporate Governance Report
GRI 102	**102-23**	Chapter 6; www.ibersol.pt; Corporate Governance Report
GRI 102	**102-24**	Chapter 6; www.ibersol.pt; Corporate Governance Report
GRI 102	**102-25**	Chapter 6; www.ibersol.pt; Corporate Governance Report
GRI 102	**102-26**	Chapter 6; www.ibersol.pt; Corporate Governance Report
GRI 102	**102-27**	Chapter 6; www.ibersol.pt; Corporate Governance Report
GRI 102	**102-28**	Chapters 4, 6, 7, 8, 9 and 10; www.ibersol.pt
GRI 102	**102-29**	Chapters 4, 6, 7, 8, 9 and 10; www.ibersol.pt; Integrated Management System; NP EN 14001: Environmental Management System certification; NP EN 9001: Quality Management System certification
GRI 102	**102-30**	Chapters 4, 6, 7, 8, 9 and 10; www.ibersol.pt; Integrated Management System; NP EN 14001: Environmental Management System certification; NP EN 9001: Quality Management System certification
GRI 102	**102-31**	Chapters 4, 6, 7, 8, 9 and 10; www.ibersol.pt; Integrated Management System; NP EN 14001: Environmental Management System certification; NP EN 9001: Quality Management System certification
GRI 102	**102-32**	The Board is responsible for the sustainability policy and for its implementation, as well as validating this Report Sustainability Report before its final approval in the General Meeting
GRI 102	**102-33**	Chapters 4, 6, 7, 8, 9 e 10; Integrated Management System (Revised by Management)
GRI 102	**102-34**	Chapters 4, 6, 7, 8, 9 e 10; Integrated Management System (Revised by Management)
GRI 102	**102-35**	Remuneration policies complies with legal and contractual requirements and with the internal regulations on this matter
GRI 102	**102-36**	Decisions regarding remuneration complies with legal and contractual requirements, as well as the internal regulations on this matter, and uses the input from the Performance Management System. The performance

		of the area to witch the employees belong is also considered, as well as the Ibersol Group's performance.
GRI 102	**102-37**	Chapter 9; Equality and Non-Discrimination in Remuneration Policy
GRI 102	**102-38**	11,18 Indicator calculated for Portugal, based on fixed remuneration.
GRI 102	**102-39**	0 Indicator calculated for Portugal, based on fixed remuneration.
GRI 102	**102-40**	Chapter 6; www.ibersol.pt
GRI 102	**102-41**	Portugal: 1,66% - collective contract (unionised workers) and 98,34% - collective contract via extension ordinance (non-unionised workers) Spain: 100% Angola: not applicable
GRI 102	**102-42**	Chapter 6; www.ibersol.pt
GRI 102	**102-43**	Identification and consultation of stakeholders (implemented consultation tools) and actions carried out according to expectations and needs; Integrated Management System (ISO 9001:2015 Certification)
GRI 102	**102-44**	Chapters 1,3, 4, 6, 7, 8, 9 and 10; Integrated Management System (Revised by Management)
GRI 102	**102-45**	Corporate Governance Report
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**	Calendar year (2020)
GRI 102	**102-51**	Sustainability Report 2019; Consolidated Accounts 2019.
GRI 102	**102-52**	Calendar year (2020)
GRI 102	**102-53**	Inside back cover; www.ibersol.pt
GRI 102	**102-54**	Inside back cover; www.ibersol.pt
GRI 102	**102-55**	Chapter 11
GRI 102	**102-56**	Corporate Governance Report
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**	Chapters 4, 5, 6, 7 e 13
GRI 201	**201-2**	Non applicable
GRI 201	**201-3**	Non applicable
GRI 201	**201-4**	Chapters 4, 5, 6, 7 e 13
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 Business and Shared Services Directors
GRI 203	**203-1**	Chapters 4, 5, 6, 7 and 13
GRI 203	**203-2**	Chapters 4, 5, 6, 7 and 13
GRI 204	**204-1**	Unreported
GRI 205	**205-1**	Considering corruption was not identified as a priority risk for business and operations, no evaluations were carried out in this field. There are no reports of corruption cases or attempts at bribes
GRI 205	**205-2**	Non-existent

GRI 205	**205-3**	There were no corruption cases in 2020.
GRI 206	**206-1**	Non-existent
GRI 301	**301-1**	Unreported
GRI 301	**301-2**	Chapter 8
GRI 301	**301-3**	Chapter 8
GRI 302	**302-1**	Chapter 8
GRI 302	**302-2**	The Ibersol Group fosters logistics efficiency, using a logistic partner, advanced warehouses, and establishes efficient routes, in order to minimise suppliers' journeys.
GRI 302	**302-3**	Chapter 8
GRI 302	**302-4**	Chapter 8
GRI 302	**302-5**	Chapter 8
GRI 303	**303-1**	Chapter 8
GRI 303	**303-2**	There are no operations that significantly affect water sources
GRI 303	**303-3**	Chapter 8
GRI 304	**304-1**	There are no facilities or operations in protected, or adjacent, areas
GRI 304	**304-2**	There are no operations with significant impacts on biodiversity.
GRI 304	**304-3**	There are no facilities or operations in areas classified as protected or restored habitat zones
GRI 304	**304-4**	There are no facilities or operations in areas classified as habitats of Species on the IUCN Red List and species on the national list
GRI 305	**305-1**	Chapter 8
GRI 305	**305-2**	Chapter 8
GRI 305	**305-3**	Chapter 8
GRI 305	**305-4**	Chapter 8
GRI 305	**305-5**	Chapter 8
GRI 305	**305-6**	Chapter 8
GRI 305	**305-7**	Chapter 8
GRI 306	**306-1**	Unreported
GRI 306	**306-2**	Chapter 8
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 evaluated according to environmental conformity requirements
GRI 308	**308-2**	Non-existent
GRI 401	**401-1**	Portugal: 2.858; 69%; Chapter 9
GRI 401	**401-2**	Non-existent
GRI 401	**401-3**	According to applicable legislation
GRI 402	**402-1**	All amendments are accordance with the law. When there are no regulations, deadlines were defined on a case -by-case basis, depending on the change in question, in accordance with the defined planning
GRI 403	**403-1**	Non-existent. There is an Occupational Health and Safety team which develops and monitors the best practices in the field and implements them in the Ibersol Group's standards and in training programmes
GRI 403	**403-2**	Chapter 9 Portugal: Work-related accidents in 2020 = 399 Accidents en Route in 2020 = 32

		Days lost due to work-related accidents during the year = 8.448 Days lost due to accidents en Route during the year = 1.089
GRI 403	**403-3**	There are no workers performing activities which are considered high risk
GRI 403	**403-4**	Non applicable
GRI 404	**404-1**	Chapter 9
GRI 404	**404-2**	Chapter 9
GRI 404	**404-3**	The frequency of performance appraisals depends on seniority and internal level, and are carried out, at least, once a year. Regarding the career progression processes, the analysis is case-by-case and is based, among others, on the input from the performance appraisal. Career development in Operations, Shift Management and some of the Unit Management roles is analysed monthly. For the remaining roles, career development is dealt within an annual process. Both processes apply to 100% of the Group's employees.
GRI 405	**405-1**	Unreported
GRI 405	**405-2**	The ratio for fixed remuneration of women to men: Operations:1,00 Shift Manager: 0,98 Unit Manager: 0,94 Business Structure: 0,69 Central Functions: 0,77 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 2020
GRI 412	**412-1**	In 2020 there were no cases of operations that were subject to Human Rights evaluations and/or impact evaluations in this field.
GRI 413	**413-1**	Chapter 9
GRI 413	**413-2**	Non-existent
GRI 414	**414-1**	Unreported
GRI 414	**414-2**	Non-existent
GRI 415	**415-1**	Non-existent
GRI 416	**416-1**	Chapter 9 and 10
GRI 416	**416-2**	Portugal: 0,22 complaints per 100.000 transactions /unconfirmed incidents following inquiries; 0 Product Safety non-conformities in lab controls. ISO 22000:2018 Certification - Food Safety Management Systems certificate that guarantees product safety. Spain/EO: 0,07 complaints per 100.000 transactions. 0 Product Safety non-conformities in lab controls. ISO 22000:2005 - Certification - Food Safety Management Systems certificate that guarantees product safety. Angola: 0 complaints: 0 Product Safety non-conformities in lab controls. ISO 22000:2018 Certification - Food Safety Management Systems

		certificate that guarantees product safety.
GRI 417	**417-1**	100% compliance confirmed by the approval of products
GRI 417	**417-2**	Non-existent
GRI 417	**417-3**	Portugal: 0,29 complaints per 100.000 transactions Spain/EO: 0,81 complaints per 100.000 transactions Angola: Non-existent
GRI 418	**418-1**	Non-existent
GRI 419	**419-1**	Nothing relevant to consider

12. Outlook

Recent IMF forecasts point to a 3.9% growth of GDP in Portugal and 5.6% in Spain, which indicates a slow and partial recovery, namely in business areas that depend on traffic and movement, such as airports and shopping centres.

As of the publication of this report, restrictions imposed following the new “lockdown” which affected Portugal and some regions of Spain in the first quarter of 2021, following the third wave of the Covid pandemic, which swept all of Europe, were being lifted.

Economic recovery will be directly related to the pace and efficiency of the vaccination process, both in the countries in which we operate and globally.

Despite the enormous challenges that resulted from a long period of operation below the normal capacity, Ibersol Group continues to monitor developments constantly, adjusting operations based on the behaviour of demand, to minimise the impacts of this crisis and safeguard the interests of all stakeholders.

The group remains committed to its enacted prevention/contingency plans and will resort, whenever possible, to labour protection mechanisms available, that allow for the minimisation of negative impacts for the group and its employees.

In 2021, the Group is expecting to open 20 new restaurants, in accordance with the expansion plans of the brands and formats that have shown greater resilience over the previous period.

13. Individual Net Result and Proposal for the Application of Results

During 2020, Ibersol SGPS, S.A. presented a consolidated net profit of -55.307.209,00 Euros and a net profit of individual accounts of 2.429.657,37 Euros.

Considering 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	121.482,87 Euros
Free reserves	2.308.174,50 Euros

14. Subsequent Events

At the beginning of the current year, faced with the impossibility of reaching a reasonable deal with AENA, we were forced to file injunctions to stop AENA from executing bank guarantees that were presented to guarantee the fulfilment of obligations regarding leasing contracts.

In early March, these injunctions were decreed. At the same time, we filed a suit in which we asked the court to rebalance the leases, in line with reductions in airport traffic.

In mid-January, a new lockdown was declared, the second in 10 months, which resulted in a new period of restaurant closure that extended to 19 April. It is expected that the state of emergency will be lifted on 3 May.

The severity of the third wave of Covid-19 during this first quarter of 2021 led to a tightening of health measures and the closure of restaurant activity between mid-January and the 19 April, when they reopened conditionally.

To suspend or reduce working hours, the Group signed up to the simplified lay-off scheme in Portugal and maintained the ERTE in Spain.

The "*apoiar*" and the "*apoiar restauração*" programmes were extended to non-small and medium sized companies but limited to companies with a business volume under 50 million Euros in 2019, so we were only able to make applications for approximately 1 million Euros.

At the funding level, we took advantage of the extension of the grace periods and State guaranteed funding deadlines.

i. Covid-19 economic support funding in Portugal, with 9 further months of grace period and maturity dates, which translates into 4.1 million Euros less expense in the short-term
ii. ICO line of 20 million Euros in Spain; 1-year increase in grace period and extension of maturity by 3 more years (2025 to 2028), translating into 2.5 million Euros less expense in the short-term
iii. Other ICO Funding in Spain, with a 1-year increase in grace period and maturity, translating into 0.5 million euros less expense in the short-term
iv. Current account ICO lines totalling 15 million euros extended by 1 year

Faced with the impact of this lockdown period on activity and the delay in European vaccination plans, the Group began negotiations for increasing available credit lines.

15. Acknowledgments

The Board of Directors would firstly like to thank all employees of the Group and franchisees of our brands in a year marked by temporary and permanent closings of our restaurants, which resulted in a brutal reduction in activity

We acknowledged the dedication, commitment and enthusiasm that was revealed to face the challenges that we faced in this financial 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, 27 April 2021

The Board of Directors

____

António Carlos Vaz Pinto de Sousa

____

António Alberto Guerra Leal Teixeira

____

Juan Carlos Vázquez-Dodero

Annexes to the Management Report

Statement of Responsibility

In accordance with paragraph 1-a), Article 245, 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, S.A. demanded by law or regulation, referring to 2020, were prepared in accordance with the applicable accounting standards, providing a true and appropriate image of the assets and liabilities, the financial situation and the results of Ibersol SGPS, S.A. and the companies included in the consolidation perimeter;
- the information included in the management report faithfully expresses the evolution of business, performance, and the position of Ibersol SGPS, S.A. and the companies included in the consolidation perimeter, and contains a description of the main risks and uncertainties they face.

Article 447 of the Commercial Companies Code and paragraph 7, Article 14, of CMVM Regulation No. 05/2008

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, according to Article 248-B of the Securities Code, and description of the transactions regarding said securities during the period under analysis.

Board of Directors	Acquisictions/Increases (a)		Sales		Balance at
	shares	avg price	shares	avg price	31.12.2020
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

Transactions made by persons discharging managerial responsibilities

In accordance with paragraph 7, Article 14, of CMVM Regulation No. 05/2008, no transactions were reported by persons discharging managerial responsibilities and people closely connected with them during 2020.

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 accordance with paragraph 1-b), Article 8, of CMVM Regulation No. 05/2008:

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	**1 341 500**	**3,73%**
Bestinver Gestion GGIIC			
	Total attributable	**3 720 260**	**10,33%**
Norges Bank			
	Total attributable	**742 601**	**2,06%**
Fidelity Managemment & Research Company LLC			
	Directly	**1 105 146**	**3,07%**
MCWIN S.R.O			
	Total attributable	**1 062 581**	**2,95%**

(*) The voting rights attributable to ATPS are likewise attributable to António Pinto Sousa and Alberto Teixeira, according to paragraph 1-b), Article 20, and paragraph 1, Article 21, both of which in the Securities Code, by virtue of their majority position in said company in which they have equal indirect shares through CALUM - SERVIÇOS E GESTÃO, S.A. tax number 513799486 and DUNBAR - SERVIÇOS E GESTÃO, S.A. tax number 513799257, respectively, and which, together, own the majority of ATPS' social capital.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

REPORT

2020

IBERSOL, SGPS SA.

Public Listed Company, with share capital in the amount of 36,000,000 Euros, with head office at Praça do Bom Sucesso, nºs 105/159, 9º andar, 4150-146 OPorto, registered at OPorto Commercial Registry with registration and tax 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, according to Article 4 and 5 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 2020 Ibersol SGPS SA. held 3.599.981 of its own shares, corresponding to near 10% of the share capital, with a nominal value of one euro per share, at an overall acquisition cost of 11,180,516.02 Euros (which would correspond to a percentage of about 10% of vote) – having not acquired or sold any own shares during 2020.

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, especially 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.

As at 31 December 2020, according to the notifications received by the Company and in accordance with Articles 16 and 20 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		
Total attributable	**1 341 500**	**3,73%**
Bestinver Gestion GGIIC		
Total attributable	**3 720 260**	**10,33%**
Norges Bank		
Total attributable	**742 601**	**2,06%**
Fidelity Managemment & Research Company LLC		
Directly	**1 105 146**	**3,07%**
MCWIN S.R.O		
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 according to paragraph 1-b), Article 20, and paragraph 1, Article 21, 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 most 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 31/12/2020 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 31/12/2020 holds 19,767,058 shares representing share capital of Ibersol, SGPS, SA.

Director – Prof. Doutor 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

According to paragraph 2, Article 4, 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. This statutory provision was subject to renewal through a resolution of the General Meeting of 29 June 2020, which approved this renewal of the powers conferred to the Board of Directors by article four, number two of the Company's by-laws - so that this corporate body may resolve on the next five years, counting from that resolution, the increase of the share capital, for one or more times, up to one hundred million euros;

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 2020 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, and the next general meeting 2021 shall be an electoral one.

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 and there are no statutory restriction to vote by correspondence either by post or electronically.

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. According to 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 paragraph 1, Article 20, of the Securities Code.

14. Resolutions which only may be taken by qualified majority

According to the 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 (Article 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 the law and the 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. Several 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 an 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 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 2020, 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 General Meeting on 26 May 2017 for a mandate with term at 31 December 2020, but these members will be in exercise until a new election of the members of the Board of Directors by the next General Meeting.

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

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

According to Article 27 of the by-laws, directors are elected for a four-year 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. Difference 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 26 May 2017, without the validity of the current Corporate Governance Code of 2018 issued by the Portuguese Corporate Institute Governance Committee (IPCG). It should be noted that this non-executive member has held his office continuously since 1999 as a result of successive elections held at subsequent general meetings - without this circumstance has been likely to affect or condition, in any respect, his necessary exemption of analysis and decision in the course of his necessary exemption of analysis and decision, in the course of his mandates until the present date.

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

BOARD OF DIRECTORS

President - António Carlos Vaz Pinto de Sousa

Academic qualifications

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

Professional activity

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

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

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

ASUREBI - SGPS, SA.

EGGON – SGPS, SA.

ANATIR – SGPS, SA.

CHARLOTTE DEVELOPS, SL.

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

FIRMOVEN - Restauração, SA.

FOODSTATION, SLU.

HCI - Imobiliária, SA.

IBERAKI - Restauração, SA.

IBERGOURMET - Produtos Alimentares, SA.

IBER KING - Restauração, SA.

IBERSANDE - Restauração, SA.

IBERSOL ANGOLA, S.A.

IBERSOL - Hotelaria e Turismo, SA.

IBERSOL - Restauração, SA.

IBERSOL MADEIRA e AÇORES, RESTAURAÇÃO, SA.

IBERUSA - Hotelaria e Restauração, SA.

IBERUSA - Central de Compras para a Restauração, ACE

IBR – Imobiliária, SA.

INVERPENINSULAR, SL.

JOSÉ SILVA CARVALHO – Catering, SA.

LURCA, SAL.

LUSINVER RESTAURACIÓN, SAL.

MAESTRO - Serviços de Gestão Hoteleira, SA.

PANSFOOD SA.

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

SEC - EVENTOS E CATERING, SA.

SUGESTÕES E OPÇÕES – Actividades Turísticas, SA.

THE EAT OUT GROUP, SLU.

CORTSFOOD,SLU.

VIDISCO, SL

Manager

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

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

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

MBR, IMOBILIÁRIA, SA.

ONE TWO TASTE, SA.

POLIATLÂNTICA SGPS, SA.

DUNBAR – SERVIÇOS E GESTÃO, S.A.

CALUM – SERVIÇOS E GESTÃO, S.A.

FOOD ORCHESTRATOR, SA.

<u>Vice – President, Dr. António Alberto Guerra Leal Teixeira</u>

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.

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.
DUNBAR – SERVIÇOS E GESTÃO, SA.

CALUM – SERVIÇOS E GESTÃO, 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 regarding 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 Article 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.

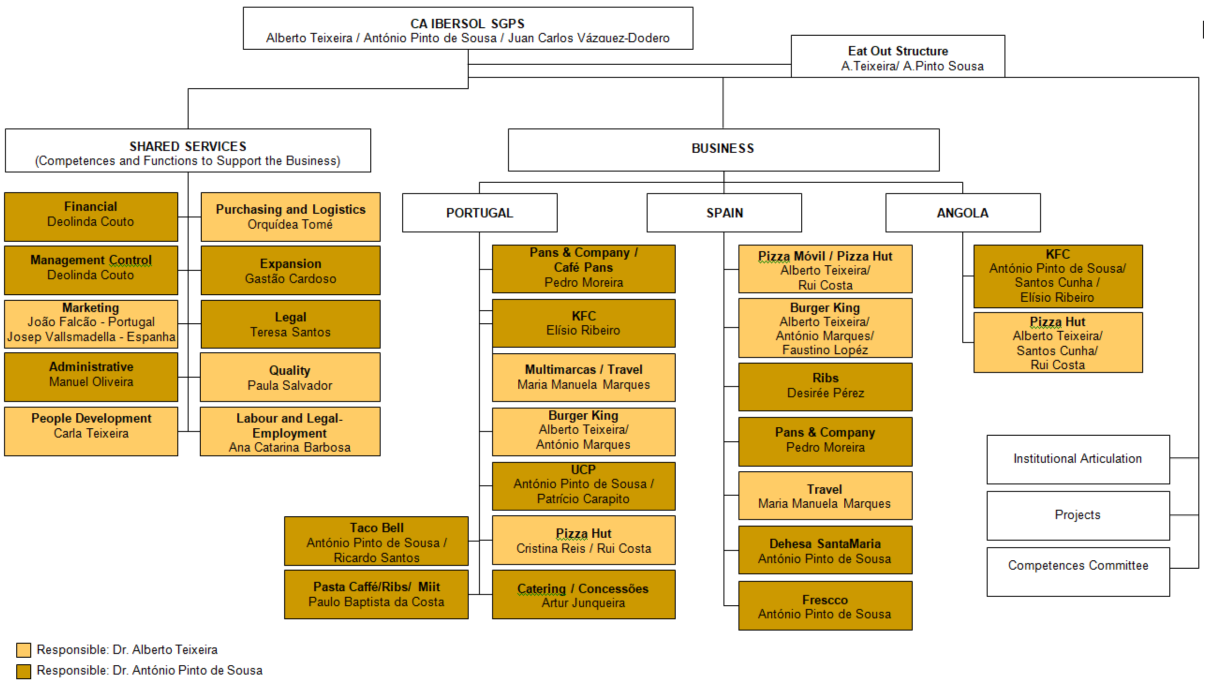
The powers delegated to the Executive Committee are as follows:

a) Exercise full powers of decision, management and monitoring of the Company's activity at a strategic level, within the legal limits of Article 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 2020, the Board held 19 (nineteen) meetings.

The Executive Members had a presence performance of 100% and the Non-Executive Member had a performance of 47%.

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 Article 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 31 meetings were held during 2020.

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 (Article 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.

<u>Member – Dr. Eduardo Moutinho Santos;</u>

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. In 2020, five formal meetings pf this Body were held. The President was present in all 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 of the Company, KPMG & Associados, performs functions in the Company from its nomination occurred at the General Meeting 14 May 2018 to the present, and its 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 8^{th} 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 2020 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

The services provided by the External Auditor and Statutory Auditor, other than Auditing, 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 of Statutory Auditors in force, in Portugal and abroad, which are approved by the Audit Committee. 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 Committee. In 2020, fees for services other than audit represented 3.6% of the total services provided by KPMG to the Group.

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 2020 to 216,850 Euros, as follows:

RESUME

	2020	%	2019	%
Company Ibersol SGPS SA.				
Audit and review	25,000	11,5%	25,000	10,4%
Other services				
Entities that integrate the Group				
Audit and review **(*)**	184,000	84,9%	209,000	87,1%
Tax consultancy				
Other services	7,850	3,6%	6,040	2,5%
TOTAL	**216,850**	**100%**	**240,040**	**100%**

(*) In 2019 includes 25,000 Euros of additional fees related to audit (2019 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 2020 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.

Regarding 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.

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 of Audit and Compliance.

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

The corporate reality of the Ibersol Group is, due the nature of its activity, highly volatile, permanently exposed to challenges, transformations, and changes, which impose an accelerated management rhythm. 2020, with the Covid-19 pandemic, was a year especially representative of this reality.

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 analysed. 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, 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 fulfil all obligations associated with contracts and maintain a good relationship with franchisors 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, among other instruments, by external audit programs in all units of the Group; microbiological analysis programs for raw materials and final products, carried out by sampling by an accredited external entity; Complaints Handling System. Also noteworthy are the certification audits and the certification itself in the standards NP EN ISO 9001: Quality Management System and NP EN ISO 22000: Food Safety Management System that ensure the demand and guarantee of compliance with international requirements quality and food safety.

- Viva Bem Program, through which Customers can obtain information on the Ibersol Group's Food Safety System and on healthy eating habits, guaranteeing them, in a transparent way, the knowledge necessary to make the most appropriate choices for their lifestyle.

In 2020, following the Covid-19 pandemic, specific risks in this regard were identified and managed.

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. Actually, and in the last two years, operators in general have access to foreign exchange with relative ease.

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. Regarding 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 30% 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, sales through aggregators and Franchisees, 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) analyse 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 interest-bearing debt / net interest-bearing debt + equity) with the aim of placing it between 50% -75%.

Environmental

Risk management in the environmental area falls within the domain of the Quality Department, responsible for implementing and reinforcing sustainability concepts with a view to adopting more sustainable and efficient practices in all aspects of the Ibersol group's activity.
In this context, there are several measures implemented in the promotion of responsible and proactive behaviors and procedures that distribute shared value to the business, environment and society, in areas considered as priorities, namely the circular economy and waste management, the preservation of resources and reducing the ecological footprint.

It is also worth noting the recertification in the NP EN ISO 14001: 2015 Standard - Environmental Management Systems, in different business areas of the Group, which attests to the commitment of the entire structure to reinforce its environmental performance in managing the impact of its activities, namely by optimizing the use of natural resources, protecting the environment and reducing the ecological footprint.

Legal

Ibersol and its subsidiaries have a Management and legal advisory function in permanent coordination with the other central and business functions, in order to preventively ensure the protection of the Group's interests and the fulfilment of the legal duties and obligations within the scope of the corporate activity.

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

Sectoral

The evolution of private consumption influences the sales of restaurants. The company adopted strict cost control with a monthly monitoring of market developments and the consequent review of the planning of resources to be used, to lessen the impact of eventual fluctuations in consumption.

On the other hand, operating in the food industry, possible epidemics or distortions in the supply markets, changes in mobility and consumption patterns can have important impacts on contractual compliance and 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 2020 were received 28 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 29 June 2020 approved the remuneration policy already in force, which has been implemented consistently and in this general meeting was present the President 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 2020 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 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 2021 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. Indication of the annual amount of remuneration earned, in an aggregate and individual manner, by the members of the company's management body, from the company, including fixed and variable remuneration and, in relation to this, mention of the different components that gave rise to it

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 2020, 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 1,000,000 euros in 2020, 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 2020 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 Board of Directors and the Statutory Audit Committee have approved the internal procedure in relation to transactions with related parties under the terms of law no. 50/2020 which, as of August 26, made the conditions for the control and disclosure of these transactions mandatory.

The criteria applicable to its intervention for the purpose of prior assessment of the business to be carried out between the company and holders of qualified participation or entities that are related to them under the terms of Article 20 of the Portuguese Securities Code, having set a qualifying criterion as a value of the transaction equal to or greater than two point five percent of the consolidated net assets of Ibersol SGPS, SA.

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

A business with a related party was carried out in the amount of 128,760.00 Euros.

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, according to Article 20 of the CVM

All transactions carried out in 2020 with related parties were communicated to the Audit Committee, together with the elements contained in paragraph 2-a) to d), Article 7, of the referred procedure.

The procedures applicable to the intervention of the Audit Committee in the prior assessment of any business to be carried out between the Company and holders of qualified holdings follow the rules of the respective Internal Procedure in matters of transactions with related parties and compliance with Recommendations I.5.1 and I.5.2 of the IPCG / 2020 Corporate Governance Code, followed in Appendix -A to this Governance Report the respective "Internal Procedure in Matters of Transactions with Related Parties".

II. Elements related to transactions

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

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

PART II - GOVERNANCE MODEL EVALUATION

1. IDENTIFICATION OF THE CORPORATE GOVERNANCE CODE ADOPTED

This Corporate Governance Report was prepared in accordance with CMVM Regulation 4/2013 of 1 August and with the new Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG) from 2018 revised in 2020. 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.

This 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 its 2018 Corporate Governance Code in its actual 2020 version.

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

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

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 the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets 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,	**Adopted**	**15, 17 a 19, 26, 31 to 33 and 36**

which may contribute to a better performance of the governing body and to the balance of its composition.		

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 —, disclosed in full on the company's website. Minutes of the meetings of each of these bodies should be drawn out.	**Adopted**	**22, 23, 27** **34 to 35**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.2.3. The composition and 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 and 64**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.	**Adopted**	**49 e 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		**21 to 23,**

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**	**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 members of the managing and supervisory boards and the internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.	**Adopted**	**49, 89 to 91**

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 91**

I.5. Related party transactions

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.5.1. The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.	**Adopted**	**89 to 91**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
I.5.2. The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.	**Adopted**	**89 to 91 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 remote participation by shareholders in the general meeting, which should be proportionate to its size.	**Not adopted**	**v.d. explanation below at the end of this frame**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	**partially adopted**	**12 - 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 the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator 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.1.1.	**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 activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.	**Adopted**	**17, 18, 28, 29, 31 to 33**

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

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i)having carried out functions in any of the company's bodies for more		

than twelve 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 paragraph (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'sbodies 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. The supervisory body, in observance of the powers conferred toit by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.	**Adopted**	**24 e 38**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.	**partially adopted**	**24, 66, 69 and following**

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 applicable to their performance of 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 the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensurethe long-term success of the company and which are the main contributions resulting therein for the community at large.	**Adopted**	**24, 29, 50 to 53, 54 and 55**

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 executive 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**

V.2 Remuneration

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.	**Adopted**	**66 to 68**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.	**Adopted**	**69 to 76**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.2.3. For each term of office, the remuneration committee or thegeneral meeting, on a proposal from that committee, should also approve 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. The said situation as well as the amounts should be disclosed in the corporate governance report orin the remuneration report.	**Not applicable**	**76, 83 e 84**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.2.4. 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.2.5. 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.	**Not applicable**	**67**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.2.6. The remuneration committee should ensure that those 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**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.2.7. 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, 70 to 74**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	**Not applicable**	**69, 70 to 74**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.2.9. 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**	**69, 70 to 74**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.2.10. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	**Adopted**	**69**

V.3 Appointments

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.3.1. 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.3.2. 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 a 29**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.3.3. This nomination committee includes a majority of non- executive, independent members.	**Not applicable**	**15, 27 a 29**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
V.3.4. 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 mechanismsof identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	**Not applicable**	**15, 27 a 29**

VI — INTERNAL CONTROL

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 the establishment of limits on risk-taking	**Adopted**	**24, 50, 52 to 55**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VI.2. 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**	**38**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.	**Adopted**	**38,50 and 51**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	**Adopted**	**38,50 and 51**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	**Adopted**	**38, 49 and 50 to 55**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VI.6. Based on its risk policy, the company should establish a risk management function, 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; and (iv) the monitoring procedures, aiming at their accompaniment.	**Adopted**	**24, 50 to 55**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VI.7. The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal complianceand the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.	**Adopted**	**24, 38, 50 to 55**

VII — FINANCIAL INFORMATION

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 and 38**

VII.2 Statutory audit of accounts and supervision

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.	**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 termination of their service contract by the competent body when this is justified for due cause.	**Adopted**	**37 and 38**

Explanation for not adopted or partially adopted Recommendations

Recommendation II.3 – In the absence of express requests from shareholders up to the present date regarding the form of participation in the General Meeting by telematic or remote means, and if this modality is not specifically provided in company's bylaws, the possibility of recommendation to use this same route at a distance if force majeure reasons, for example, justifies it, all without prejudice of such modality may be considered expressly in a future statutory revision.

Recommendation II.4 – In the absence of express requests from shareholders up to the present date regarding the method of exercising the right to vote electronically, this method is not yet foreseen in the company's articles of association, without prejudice to such modality be considered relevant in a future statutory review. However, the voting by correspondence method by email / via email is already operative.

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 accordance with paragraph 1-r), Article 245-A, 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 2020 exercise.

The diversity policy applied by the company related to its 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 1

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 2021

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:

- **Chairwoman** – Dr.ª Luzia Leonor Borges e Gomes Ferreira: 1,333.34 Euros ;
- **Vice-Chairwoman** – Dr.ª Raquel de Sousa Rocha: 667.92 Euros ;
- **Secretary –** Dr.ª Maria Leonor Moreira Pires Cabral Campello: 333.36 Euros;

b) The shareholder ATPS-SGPS, SA. provided administrative and management services to the Group and in 2020 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 2020, 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 2020.

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 2020 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 Euros;

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

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

The general principles observed are essentially those that emerge from the law, considering 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 broadest sense of the activity 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 annually 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, 27 April 2021

Remuneration Committee,

Vítor Pratas Sevilhano, Dr.

Joaquim Alexandre de Oliveira e Silva, Dr.

António Maria de Borda Cardoso, Dr.

ANNEX 2

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

1. According to Article 11 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, 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, 27 April 2021

The Board of Directors

ANNEX 3

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.

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, 27th April 2021.

ANNEX A

INTERNAL PROCEDURE REGARDING TRANSACTIONS WITH RELATED PARTIES

1. FRAMEWORK

Ibersol, SGPS SA, a publicly listed company ("Company") has approved and has in practice, since 2010, a specific procedure in relation to transactions with related parties, approved by the Board of Directors and the Statutory Audit Committee, which aim to materialize the objectives now pursued by Law 50/2020, which, as of August 26, made the conditions for the control and disclosure of these transactions mandatory, without prejudice to the autonomy of the tax law provisions on transfer pricing.

The procedure instituted at Ibersol aims to ensure that transactions with related parties are carried out:

1) - within the scope of its current activity and under market conditions, in compliance with legal requirements, being disclosed in a transparent manner and,

2) - in order to guarantee the protection of minority shareholders, being transactions of which benefit all shareholders in a balanced and equitable manner.

2. PURPOSE AND SCOPE OF THIS PROCEDURE

2.1 The internal procedures applicable to Transactions with Related Parties are established, under the terms of the applicable legislation of Articles 249-A to 249-D of the Securities Code and Article 397 of the Commercial Companies Code, the IAS 24 relevant forecasts in this regard, and Chapter I.5 of the IPCG 2020 Corporate Governance Code.

2.2. Typology of transactions in this scope:

* a) Transactions to be carried out between Ibersol, SGPS S.A. ("**Company"**) on one hand, and a Related Party of the Company (**Related Party**) on the other;

* b) Transactions to be carried out between a Related Party of the Company and a Subsidiary [2] of the Company for an amount equal to or greater than 2.5% of the Consolidated Asset of the Company ("**Subsidiary Transactions**").

2.3. Transactions carried out between a member of the Board of Directors (including members of the Executive Committee) and the Company or companies that are in a controlling or group relationship with the Company ("**Transactions with Directors**") shall be considered as Relationships with Related Parties or Affiliate Transactions, as the case may be.

3. GENERAL PRINCIPLES

3.1. Corporate interest, balance, and equity

A) Each member of the Board of Directors must ensure that **Related Party Transactions** comply with the following requirements:

a) They are carried out considering the best interests of the Company in the scope of its current activity, and

b) They are carried out under normal market conditions, that is, fulfilling an objective consideration that the parties involved in the transaction act there as independent entities, carrying out transactions comparable and consistent with market conditions in order to ensure the protection of the interests of shareholders.

B) The member of the Board of Directors or of the Executive Committee who is in a situation of conflict of interests must not interfere by any means in the decision-making process regarding any Transaction with Related Party, without prejudice to the duty to provide all information that the members of this body request it.

3.2. Transparency

Each one of the members of the Board of Directors must, when applicable under the terms of this Procedure:

---

2. The term "**Related Party"** has the meaning established in paragraph 9 of IAS 24 - according to Annex I which contains a list that summarizes the criteria here relevant for the identification of related parties.
"**Subsidiary**" means an entity over which the Company has a dominant influence under the terms of Article 21 of the Portuguese Securities Code.
3. "**Consolidated Company Assets**" means the value of the Company's assets in accordance with the most recent audited consolidated accounts, as publicly disclosed.
* the value of 2.5% applies in both cases.

a) Promote that Transactions with Related Parties and, when reasonable and insofar as they may exert influence, the Transactions of Affiliates, are duly documented and, when applicable, disclosed under the terms established in this Procedure;

b) Keep the Board of Directors informed of any Transactions with Related Parties or Transactions of Affiliates that they are aware of.

3.3. Current Activity

The Board of Directors or the Executive Committee, should promote that Related Party Transactions and Affiliate Transactions comply with the following conditions:

a)They are carried out within the scope of the current activity of the Company (considering that the Company is a Management Company of Social Participations, subject to the legal regime of Law Decree no. 495/88 of 30 December) or the respective Subsidiary; and

b) Are concluded under normal market conditions (not subject to any special terms and conditions, atypical or that are not normal and current practice in the market) and, with respect to Transactions with Directors, that no special benefits are granted to the director contracting party.

Transactions that comply with the requirements of these subparagraphs a) and b) should, for the purposes of this Procedure, be considered "**Current Activity Transactions".**

3.4. Failure to grant credit to members of the Board of Directors

The Company is prohibited from entering into, and the Board of Directors, or the Executive Committee is also prohibited from approving or entering into any Transactions with Directors in which the Company (or a company that is in a controlling or group relationship with the Company) directly or indirectly grant loans or credit to any member of the Board of Directors (including the members of the Executive Committee) or provide guarantees for obligations contracted by them, and it is also prohibited to provide advances of remuneration exceeding one month.

4. INTERNAL REGISTRATION AND REVIEW BY THE FISCAL COUNCIL

4.1. All Related Party Transactions must be notified to the Statutory Audit Committee by the Board of Directors, and the Board of Directors must ensure that the Company Secretary keeps a record of all transactions together with all relevant supporting documentation.

4.2. The Board of Directors, or the Executive Committee, must send to the Statutory Audit Committee, at least on a semi-annual basis, a list of Transactions with Related Parties that have been carried out since the last communication, together with supporting documentation and information, namely the elements referred to in points 7.2 a) to d) - this Procedure should start counting from the entry into force of Law 50/2020, of 25 August.

4.3. After receiving the elements referred to in point 4.2, the Audit Committee shall review all documentation and verify that the referred Transactions with Related Parties are Current Activity Transactions, and the conclusions of this review should be included in its annual report and presented to the Board of Directors.

4.4. The Audit Committee may request from the Board of Directors or the Executive Committee all information it deems relevant in relation to each Transaction carried out with a Related Party and may also issue the recommendations it deems necessary.

5. CURRENT ACTIVITY TRANSACTIONS AND EXEMPTED TRANSACTIONS

5.1. The following transactions shall be considered as Current Activity Transactions and, as such and to the extent applicable, subject only to the forecasts regarding internal registration and review by the Audit Committee under the terms of point 4 above - the following transactions:

a) Transactions with Related Parties whose respective terms and conditions (including price) are in accordance with the Company's usual transactions and are determined by external factors not controlled by the Company (for example, transactions carried out in a regulated market in line with market prices in force);

b) All Related Party Transactions and Affiliate Transactions entered into with credit institutions or financial institutions, provided that these transactions are in line with the Company's usual transactions and with the terms and conditions of previous transactions carried out with the same parties (for example, renewals or extensions of existing credit lines) or those whose terms and conditions are no less favorable to the Company (or to the Subsidiary) than the conditions offered by entities that are not Related Parties;

c) Transactions with Related Parties carried out by the Company in respect of conditions and / or prices previously established and applicable to any counterparty.

5.2. The process and requirements for disclosure set out in points 6.1. and 7.1 below are not applicable with respect to the following transactions (“Exempt Transactions”):

a) Transactions carried out between the Company and its Affiliates provided that they are in a controlling relationship with the Company [4] and no Party Related to the Company has an interest in that Affiliate;

b) Transactions related to the remuneration of the members of the Board of Directors, or to certain elements of that remuneration; and

c) Transactions proposed to all shareholders of the Company in the same terms in which the equal treatment of all shareholders and the protection of the interests of the Company are ensured.

6. TRANSACTIONS CARRIED OUT BETWEEN THE COMPANY AND ITS RELATED PARTIES

6.1. All transactions that are not excluded or exempted in accordance with point 5 above and that the Company plans to carry out with one or more Related Parties must be previously reviewed by the Administrative Department, which must send to the competent body for approval of the transaction, a report where:

a) the estimated value of the transaction is indicated, as well as whether the Related Party has carried out other Transactions with the Company in the last 12 months that have not been publicly disclosed under the terms of this Procedure, indicating the value of these Transactions;

b) it is stated and substantiated that the transaction in question is a Current Activity Transaction; and,

c) it is confirmed that the Company's Administrative Department has been informed of the potential transaction for the purpose of complying with the transfer pricing requirements, if applicable.

6.2. The Board of Directors (or the Executive Committee if within the scope of its delegated powers) - can approve a Transaction with Related Parties if: (i) the report issued by the Administrative Department of the Company confirms that the Transaction in question is a Current Activity Transaction and (ii) the value of the transaction is less than 2.5% of the Company's consolidated assets, here being considered all Transactions with the same Related Party entered into during any 12-month period or during the same year, and which have not been subject to the public disclosure obligations foreseen under the terms of this Procedure in Point 7 below;

[4] Entities that are co-controlled by the company are not included in this exclusion

6.3. If the Board of Directors (or Executive Committee) approves the Transaction with the Related Party pursuant to point 6.2. above, it must immediately inform the Audit Committee of this resolution, pursuant to points 4.1. and 4.2. supra;

6.4. The prior opinion of the Audit Committee to be issued within a period not exceeding 10 working days, which may be greater or lesser, depending on the complexity of the analysis and / or the urgency that may prove relevant - followed by a decision by the Board of Directors, will be necessary for approval of Related Party Transactions included or exempted under Point 5 above, that:

a) They are not Current Activity Transactions; or

b) Are equal to or exceed 2.5% of the Company's consolidated assets.[5]

6.5. Related Parties or their representatives may not be involved in the process of approving Related Party Transactions to which they are an interested party.

7. PUBLIC DISCLOSURE OF RELATED PARTY TRANSACTIONS

7.1. The Board of Directors must ensure that the Company publicly discloses, at the latest until the moment when they are carried out, all Transactions with Related Parties that: (i) are not Current Activity Transactions and (ii) are carried out for an amount (isolated or in conjunction with other Transactions carried out with the same Related Party in the previous 12 months and which have not been publicly disclosed under the terms of this Procedure) - equal to or greater than 2.5% of the Company's Consolidated Assets.

7.2. The public disclosure mentioned in point 7.1, must contain at least the following elements:

a) Identification of the Related Party;

b) Information on the nature of the relationship with the Related Party;

5. If applicable, this amount must be aggregated with that of other transactions carried out between the same Related Party and the Company in the last 12 months that have not been publicly disclosed pursuant to paragraph 7.1.

c) The date and amount of the Transaction with the Related Party;

d) The reasons for the balanced, normal, and reasonable nature of the transaction, from the point of view of the Company and the shareholders who are not Related Parties, including minority shareholders; and

e) Reference to the fact that the opinion of the Audit Committee regarding the Transaction with the Related Party is unfavorable, if applicable.

7.3. The Board of Directors must specify, in its annual report, the authorizations granted by the Board of Directors under the terms of article 397 of the Portuguese Companies Code, and the Supervisory Board must mention in its report the opinions given on these authorizations.

7.4. The public disclosure duties imposed by this Procedure apply without prejudice to the rules on the disclosure of inside information referred to in Article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council, of 16 April 2014.

8. TRANSACTIONS OF PARTICIPATES WITH RELATED PARTIES

8.1. The Board of Directors of the Company (or the Executive Committee) shall send to the Board of Directors of the Subsidiaries an updated list of the Related Parties with the Company and shall give instructions to each of these Subsidiaries to notify the Board of Directors of the Company whenever any of these Affiliates intend to carry out a transaction with a Related Party of the Company that: (i) has an amount equal to or greater than 2.5% of the Consolidated Assets of the Company (considering all the Affiliate Transactions carried out with the same Related Party in the last 12 months that have not been publicly disclosed in accordance with paragraph 7. above) and (ii) are not exempt under paragraph 5. above.

Such notification must include:

a) All the elements mentioned in point 7.2. supra;

b) Reference to the fact that the transaction is a Current Activity Transaction and its basis, and

c) Copy of all relevant documents related to the transaction.

8.2. If the Subsidiary's Transaction referred to in point 8.1 is not a Current Activity Transaction, it must be publicly disclosed by the Company, latest at the time it is carried out, pursuant to points 7.1 and 7.2 above.

9. IDENTIFICATION OF RELATED PARTIES, SUBSIDIARIES OF THE SOCIETY AND KEY MANAGEMENT STAFF

9.1. The Administrative Department of the Company, articulating with the other Financial Departments / Development Department / Legal Labor Relations Department of the Company must keep the following lists (“Lists”) permanently updated:

a) Key Management Personnel [6];
b) Subsidiaries of the Company; and
c) Parties Related to the Company.

9.2. The Lists must be available for consultation by the Board of Directors, the Executive Committee and the Statutory Audit Committee for the proper fulfillment of their duties arising from this Procedure.

10. REPORTING TRANSACTIONS WITH RELATED PARTIES

The procedure to be followed by the Board of Directors in relation to transactions with related parties will be resulting from the Internal Policy in relation to Transactions with Related Parties, approved by the Board of Directors, with a prior binding opinion of the Statutory audit Committee - and in compliance with articles 249.º-A to 249º- D of the Securities Code.

11. FINAL FORECASTS

11.1 The Board of Directors approved this Procedure, with a prior favorable and binding opinion from the Statutory Audit Committee.

11.2 Any changes to this Procedure must be approved by the Board of Directors with a prior favorable and binding opinion from the Statutory Audit Committee.

[6] "Key Management Personnel" means any individuals who have, directly or indirectly, authority or responsibility for the planning, direction and control of the Company's activities, including any director (executive or non-executive) of the entity in question.

11.3 This Procedure will be disclosed in the Corporate Governance Annual Report and made public through any other legally permissible means.

ATTACHMENT: Attachment I - Related Parties in accordance with IAS 24;

ANNEX I

RELATED PARTIES ACCORDING TO IAS 24

The list below includes a summary of the individual and collective legal persons considered Related Persons for the purposes of point 9 of IAS 24, as legislated by Commission Regulation (EC) No. 1126/2008 of November 3, 2008 in its current wording.

A. Individuals

i. Person holding Control or Joint Control of the Company;
ii. Person who has a Significant Influence on the Society;
iii. Person who is part of the Key Personnel of the Management of the Company or its holding company;
iv. Any Intimate Family Members of any of the persons identified in the points i. iii. above.

B. Collective Entities

i. Entities that belong to the same group as the Company;
ii. Entity that is an Associate of the Company (or Associate of any of the entities that belong to the same group as the Company) or that the Company is an Associate (or Associate of an entity that belongs to the same group as that Entity);
iii. Entities that are a joint venture of the Company (or a joint venture of an entity that is a member of the group to which the Company belongs) or the Company is a joint venture of an Entity (or joint venture of a group member to which this Entity belongs);
iv. Entities that are a joint venture of the same third party;
v. Entities that are a joint venture of a third party of which the Company is an Associate (or, if the Company is a joint venture of a third party, the Associated entity of that third party);
vi. The entity that is a post-employment benefit plan for the benefit of the Company's employees, or any entity that is a related party to the Company;
vii. Entities controlled or co-controlled by any of the natural persons mentioned in point A. above.
viii. Entities over which a person (or any close member of his family), who has Control or Joint Control of the Company, has a Significant Influence or is considered Key Management Personnel of that entity (or the parent company of that entity);
ix. Entity, or any member of the group of which it is a part, that provides Key Management Personnel services to the Company or its holding company.

C. Glossary

a) Associate: means an entity, including entities without legal personality such as partnerships, over which the person in question has significant influence, and which is neither a Subsidiary nor a joint venture;

b) Intimate Family Member: in relation to an individual, it refers to family members who are expected to influence, or be influenced by, that individual in their dealings with the Society, which may include:
i. The spouse or person with a similar affective relationship and the individual's children;
ii. Children of the spouse or similar person with an affectionate relationship; and
iii. Dependents of the individual, spouse, or person with a similar affective relationship.

c) Control: has the meaning determined by IFRS 10 - in general terms, one entity controls another when it has power over that entity that gives it the ability to manage the activities to which it is exposed, or when it has rights in relation to variable results through its relationship with that entity and has the capacity to affect those results through the power it exercises over the investee.

d) Joint Control: is the sharing of control, contractually agreed, of an economic activity that exists only when strategic decisions related to the activity require the unanimous consent of the parties that share control;

e) Significant Influence: it is the power to participate in the decisions of the financial and operational policies of a specific entity, but which does not confer control over those policies. Significant influence can be obtained through ownership of shares, by-laws, or agreement.

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

Consolidated Financial Statements

31 December 2020

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
ON 31 DECEMBER 2020
(values in euros)

ASSETS	Notes	31/12/2020	31/12/2019
Non-current			
Property, plant and equipment	2.7 and 8	213 304 027	216 563 700
Rights of use	2.2, 2.19 and 7	281 632 588	321 812 178
Goodwill	2.8 and 9	80 509 642	87 968 225
Intangible assets	2.8 and 9	36 849 594	36 440 964
Financial investments - joint controlled subsidiaries and associated	2.3 and 10	2 699 661	2 566 336
Non-current financial assets	2.10 and 10	574 737	435 226
Other financial assets	2.10 and 11	823 927	2 710 150
Other non-current assets	2.12 and 12	7 743 025	8 238 111
Deferred tax	2.16 and 18	14 914 797	4 010 940
Total non-current assets	6	**639 051 998**	**680 745 830**
Current			
Inventories	2.11 and 13	11 602 015	12 014 986
Income tax receivable	2.16 and 18	169 241	1 502 658
Other financial assets	2.10 and 11	1 618 259	12 916 621
Cash and cash equivalents	2.12 and 15	25 745 207	31 681 067
Other current assets	2.13 and 14	50 550 293	38 424 757
Total current assets		**89 685 015**	**96 540 090**
Total Assets		**728 737 013**	**777 285 920**
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	2.14 and 16.1	36 000 000	36 000 000
Own shares	2.14 and 16.2	-11 180 516	-11 180 516
Share premium		469 937	469 937
Legal reserves		1 629 598	1 075 511
Translation reserve		-12 821 109	-10 355 553
Other Reserves & Retained Earnings		197 372 003	180 376 862
Net profit for the period		-55 197 249	17 549 228
		156 272 664	**213 935 469**
Non-controlling interests	16.4	133 241	293 007
Total Equity		**156 405 905**	**214 228 476**
LIABILITIES			
Non-current			
Loans	2.15 and 17	145 494 956	74 763 367
Lease liabilities	2.2 and 17	254 632 020	286 206 086
Deferred tax	2.16 and 18	3 896 164	8 671 083
Provisions	2.17	33 257	33 257
Derivative financial instrument	2.22 and 19	63 078	128 699
Other non-current liabilities		6 026	6 146
Total non-current liabilities		**404 125 501**	**369 808 638**
Current			
Loans	2.15 and 17	19 573 625	46 399 315
Lease liabilities	2.2 and 17	74 382 513	53 777 115
Accounts payable to suppliers and accrued costs	2.12 and 20	61 958 343	77 816 608
Income tax payable	2.16 and 18	15 329	689 748
Other current liabilities	21	12 275 797	14 566 020
Total current liabilities		**168 205 607**	**193 248 806**
Total Liabilities		**572 331 108**	**563 057 444**
Total Equity and Liabilities		**728 737 013**	**777 285 920**

Porto, 27th April 2021

The Board of Directors,

IBERSOL S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED ON DECEMBER 31st 2020
(values in euros)

	Notes	2020	2019
Sales	2.18 and 6	287 641 094	481 761 253
Rendered services	2.18 and 6	1 231 197	3 626 196
Cost of sales	13	-73 729 378	-117 329 396
External supplies and services	22	-69 599 355	-105 017 345
Personnel costs	23	-106 529 115	-151 967 026
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	6, 8 and 9	-94 511 604	-86 615 669
Other operating gains (losses)	24	4 555 204	8 462 038
Operating Income		-50 941 957	32 920 051
Financial expenses and losses	25	-21 384 933	-22 673 915
Financial income and gains	25	1 744 362	1 969 405
Gains (losses) in associated and joint controlled sub. - Equity method		133 325	102 494
Profit before tax		**-70 449 203**	**12 318 035**
Income tax	26	15 141 994	5 321 775
Net profit		**-55 307 209**	**17 639 810**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-2 465 556	-3 214 646
TOTAL COMPREHENSIVE INCOME		**-57 772 765**	**14 425 164**
Net profit attributable to:			
Owners of the parent		-55 197 249	17 549 228
Non-controlling interest	16	-109 960	90 582
		-55 307 209	17 639 810
Total comprehensive income attributable to:			
Owners of the parent		-57 662 805	14 334 582
Non-controlling interest	16	-109 960	90 582
		-57 772 765	14 425 164
Earnings per share:	27		
Basic		**-1,70**	**0,54**
Diluted		**-1,70**	**0,54**

Porto, 27th April 2021

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 2020
(values in euros)

	Notes	4th TRIMESTER (unaudited) 2020	2019
Sales	2.18 and 6	74 711 431	128 261 835
Rendered services	2.18 and 6	270 842	973 474
Cost of sales	13	-19 760 450	-30 283 665
External supplies and services	22	-19 770 269	-30 295 736
Personnel costs	23	-27 974 441	-42 150 037
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	6, 8 and 9	-27 078 190	-26 531 066
Other operating gains (losses)	24	216 049	4 187 235
Operating Income	6	-19 385 028	4 162 040
Financial expenses and losses	25	-5 086 324	-4 866 155
Financial income and gains	25	809 263	737 404
Gains (losses) in associated and joint controlled sub. - Equity method		424 706	-49 808
Profit before tax		**-23 237 383**	**-16 519**
Income tax	26	4 816 498	7 130 824
Net profit		**-18 420 885**	**7 114 306**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-537 162	-2 237 358
TOTAL COMPREHENSIVE INCOME		**-18 958 047**	**4 876 948**
Net profit attributable to:			
Owners of the parent		-18 356 345	7 067 034
Non-controlling interest	16	-64 540	47 273
		-18 420 885	7 114 307
Total comprehensive income attributable to:			
Owners of the parent		-18 893 507	4 829 676
Non-controlling interest	16	-64 540	47 273
		-18 958 047	4 876 949
Earnings per share:	27		
Basic		**-0,57**	**0,22**
Diluted		**-0,57**	**0,22**

Porto, 27th April 2021

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Statement of Alterations to the Consolidated Equity
for the years ended 31 December, 2020 and 2019
(value in euros)

		Assigned to shareholders									
	Note	Share Capital	Own Shares	Share Premium	Legal Reserves	Translation Reserve	Other Reserves & Retained Earnings	Net Profit	Total parent equity	Non-controlling interests	Total Equity
Balance on 1 January 2019		36 000 000	-11 180 516	469 937	755 581	-7 140 907	158 974 733	24 962 061	202 840 888	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		0	0	-	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	29						-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**	**-11 180 515**	**469 937**	**1 075 511**	**-10 355 553**	**180 376 862**	**17 549 228**	**213 935 467**	**293 007**	**214 228 476**
Balance on 1 January 2020		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
Changes in the period:											
Application of the consolidated profit from 2019:											
Transfer to reserves and retained results					554 087		16 995 141	-17 549 228	-		-
Conversion reserves - Angola						-2 465 556			-2 465 556		-2 465 556
Net consolidated income for the year ended on 31 December, 2020								-55 197 249	-55 197 249	-109 960	-55 307 209
Total changes in the period		-	-	-	554 087	-2 465 556	16 995 141	-72 746 477	-57 662 805	-109 960	-57 772 765
Net profit								**-55 197 249**	**-55 197 249**	**-109 960**	**-55 307 209**
Total comprehensive income									-57 662 805	-109 960	-57 772 765
Transactions with capital owners in the period											
Application of the consolidated profit from 2019:											
Paid dividends	29								-	-49 806	-49 806
		-	-	-	-	-	-	-	-	-49 806	-49 806
Balance on 31 December 2020		**36 000 000**	**-11 180 516**	**469 937**	**1 629 598**	**-12 821 109**	**197 372 003**	**-55 197 249**	**156 272 664**	**133 241**	**156 405 905**

Porto, 27th April 2021

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Consolidated Cash Flow Statements
for the year ended 31st December, 2020
(value in euros)

	Note	Years ended on December 31st 2020	2019
Cash Flows from Operating Activities			
Receipts from clients		293 355 963	482 663 989
Payments to supliers		-136 760 450	-215 203 070
Staff payments		-94 831 388	-133 584 413
Flows generated by operations		61 764 125	133 876 506
Payments/receipt of income tax		320 046	-1 060 590
Other paym./receipts related with operating activities		-21 574 032	-14 142 446
Flows from operating activities (1)	14	**40 510 139**	**118 673 470**
Cash Flows from Investment Activities			
Receipts from:			
Financial investments		111 330	135 987
Tangible fixed assets		1 412	17 441
Investment benefits			
Interest received	25	1 125 648	1 937 966
Other financial assets	11	12 170 433	5 702 932
Payments for:			
Financial Investments	5	250 840	359 784
Tangible fixed assets		27 852 187	44 997 504
Intangible assests		2 299 083	3 614 955
Flows from investment activities (2)		-16 993 287	-41 177 917
Cash flows from financing activities			
Receipts from:			
Loans obtained	17	76 368 848	34 186 930
Payments for:			
Loans obtained	17	26 569 061	38 258 742
Leases agreements	17	35 396 611	43 819 138
Interest and similar costs	25	21 319 984	22 649 964
Dividends paid	29	-	3 366 781
Flows from financing activities (3)		-6 916 808	-73 907 695
Change in cash & cash equivalents (4)=(1)+(2)+(3)		**16 600 044**	**3 587 858**
Change in the perimeter			744 089
Effects of exchange rate differences		-735 471	-1 695 703
Cash & cash equivalents at the start of the period		34 684 804	32 048 560
Cash & cash equivalents at end of the period	2.24 and 14	**50 549 377**	**34 684 804**

Porto, 27th April 2021 The Board of Directors,

IBERSOL SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

(Values in euros)

1. INTRODUCTION

IBERSOL, SGPS, SA (Group or Ibersol) with 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, Quiosques, Pizza Móvil, Miit, Taco Bell, Sol, Silva Carvalho Catering e Palace Catering, coffe counters and other concessions. The group has 531 units which it operates and 92 units under a franchise contract. Of this universe, 362 are based in Portugal, of which 361 are owned and 1 franchised, and 248 are based in Spain, spread over 160 own establishments and 88 franchisees, and 10 in Angola and 3 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..

COVID-19

2020 is marked by the Covid-19 pandemic outbreak that spread worldwide, stopping global economic activity, with profound impacts on consumer behaviours and habits.

On 11 March the World Health Organization declared a pandemic associated with the spread of Covid-19, and a state of emergency was declared in all geographical locations in which the Group operates, which determined measures to contain the population and the closure of the majority of commerce and restaurants in order to halt the transmission of the virus.

As a result, we closed the restaurants that were unable to continue to operate through take-away, drive thru and delivery services, even if they were below their normal potential.

Gradually, at the beginning of the second semester, there was an upturn in activity, adjusted to the norms that aimed to guarantee safety and reduce the risk of infection, through the application of constraints to certain businesses, in order to guarantee social distance.

During this period, the Group's activity was conditioned by the following measures:
- 50% reduction in the capacity of restaurants;
- limitation of the opening hours of shopping malls in the region of Lisboa and Vale do Tejo;
- interruption of air corridors in England and Germany;
- absence of an audience at football stadiums and no events.

After the summer, there was an increase in the number of infections, which led to a second wave and the consequent worsening of the imposed conditions, with the governments decreeing additional restrictive measures, some of which are still in force:
- curfew;
- punctual closing of business;
- limitation of opening hours;
- restrictions on the mobility of people;
- border closure.

Ibersol Group, following the indications of the World Health Organization and General Health Directorates, activated the contingency plans that allowed the priority to guarantee the safety of all customers and employees and ensure the protection of the entire supply chain.

In order to reconcile the abrupt reduction in activity and protect jobs, the Group's companies joined ERTE *(Expediente de Regulación Temporal de Empleo)* in Spain and the simplified and normal Lay-off in Portugal, in the months of March and April, respectively.

The Group chose, in accordance with IAS 20 - Accounting for Government Grants and Disclosure of Government Support, to deduct these grants from the related expenses (Note 20).

In Portugal, the group joined the Extraordinary Incentive to the Standardization of Business Activity, while in Spain as at 31 December it remained with aproximately 1,370 employees in ERTE.

At the same time, cost reduction initiatives were taken through the renegotiation of contracts, including the financial rebalancing of lease contracts, which resulted in discounts in the amount of 10.4 million Euros.

However during the year the negotiation of airport concession contracts in Spain was not concluded, due to a lack of agreement with the concessionaire AENA. After a long negotiation process in which AENA proposed an adjustment of rents according to the number of passengers, Pansfood found itself faced with a proposal to reduce the income that would result in a reduction of the guaranteed minimum income of aproximately 60% in 2020 and 50% until September 2021, with the obligation to waive the request for further income reductions.

Since most entities expect that the recovery of air traffic to the levels of 2019 will only occur in 2026, the need to request an adjustment of income until this year, at least, has been determined, which implies the impossibility of denying the renegotiation of the rent.

As a result, the Group initiated a legal proceeding against AENA so that the aforementioned economic and financial balance of these contracts was restored. In March 2021, the Group obtained a favourable decision by the Court of El Prat de Llobregat regarding the constraint of AENA to execute bank guarantees (Note 31) and collateral provided by PansFood under these contracts. With regard to the rent negotiation process, the Board of Directors strongly expects, supported also by its legal advisors, that the outcome of the lease will be favourable to it, which will result in a guaranteed minimum rent payable to AENA lower than initially projected in the original contracts of around 95 million Euros, of which 24 million Euros referring to 2020 and another 24 million Euros to 2021, the remaining 47 million Euros referring to periods after 1 January 2022. AENA's latest proposal mentioned above would result in a reduction of the minimum guaranteed rents payable for 2020 and 2021 by around 36 million Euros.

It should be noted that the amount included in the lease liability recognized in Ibersol's consolidated accounts at 31 December 2020, and in accordance with IFRS 16, does not include any changes to the original amount provided for in the contracts.

In preparing these financial statements, the Board of Directors took into account this situation and the Management's best estimates as to its outcome, assessing its possible impact and the uncertainties that may be associated with it, disclosing, whenever relevant, alternative scenarios and sensitivity analyses, namely regarding to the impairment tests of the assets associated with the Travel and Spain operation.

At the date of publication of this report, we are ending another lockdown after a third wave of the pandemic, whose future evolution will be directly related to the rhythms and effectiveness of the vaccination processes, both locally and globally, which will condition mobility and consumption habits.

Ibersol Group continues to monitor, together with financial institutions, compliance with the financing covenants for 2021, having guaranteed the respective waivers before the end of 2020 to comply with them.

Ibersol Group has been updating financial plans and cash flow projections in line with pandemic developments and prospects for recovery, to allow due monitoring of the group's financial capacity to settle its liabilities.

At the end of the period, net interest-bearing debt (including debt in finance lease contracts) amounted to 121.2 million Euros, approximately 43.1 million Euros higher than the outstanding amount at the end of 2019 (78 million Euros) , to finance the needs generated by the pandemic crisis and coverage of expansion investment.

As at 31 December 2020, the Group had surplus availability and other applications that amounted to 50 million Euros and had contracted and unused lines that amounted to 46 million Euros.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in the preparation of these consolidated financial statements are described below. These policies have been applied consistently in comparative periods.

2.1 Presentation and consolidation basis, 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 1 January 2020. Regarding 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.

The preparation of these financial statements requires Management to perform estimates and judgments, as disclosed in Note 4.

Change in headings presented in the Consolidated Cash Flow Statement

As at 31 December 2020, Ibersol Group individualized the effect of the payment of interest and financial debt associated with the lease contracts, having started to present the interest component in the “Interest and similar costs” line. The Ibersol Group also decided to autonomize the effect of exchange rate differences.

For purposes of comparability, these changes were also made in the previous period.

2.2. New rules, changes and interpretations

2.2.1. Accounting standards and interpretations recently issued, which came into force and which the Group applied in the preparation of these financial statements, are as follows:

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

In March 2018, 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 for periods beginning 1 January 2020 for companies that use the Conceptual Framework to develop accounting policies when no IFRS standard applies to a specific transaction.

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

b) Definition of Materiality (changes to IAS 1 and IAS 8)

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

The amendments consist of (a) replacing the term "can influence" with "can reasonably be expected to influence"; (b) include the concept of "concealment" together with the concepts of "omission" and "distortion" of information in the definition of materiality; (c) clarify that the "users" referred to are the main users of the general financial statements referred to in the Conceptual Framework, and (d) align the definition of materiality among the 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 primary users of general financial statements will make based on those same financial statements, that provide financial information for a particular reporting entity.”.

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

c) Amendment to Interest Rate benchmarks (changes to IFRS 9, IAS 39 and IFRS 7)

On 26 September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7. The amendments modify certain specific hedge accounting requirements to mitigate 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 cash flows of the hedge instrument is based, 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 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, in order to measure 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 for the adoption of annual periods beginning on or after 1 January 2020. 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).

d) Definition of business (changes to IFRS 3 Business Concentration)

On 22 October 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 to produce outputs. The changes focus on whether the inputs acquired and the substantive processes acquired together contribute significantly to the ability to create outputs.

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

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

2.2.2. The Group decided to opt for the early application of the following standards and / or interpretations, adopted by the European Union:

a) Covid 19 - Rent concessions Amendment to IFRS 16

In May 2020, IASB issued “Covid-19 – Rent concessions”, which amended IFRS 16 Leases.

If certain conditions are met, the change allows tenants not to assess whether certain Covid-19-related rent concessions are lease modifications. Instead, lessees applying the practical expedient should account for these rental concessions as if they were not modifications of the lease, so that, for example, the rental amount cancelled on or before 30 June 2021 is recognized in profit or loss. in the same year in which the concession is granted, instead of being awarded over the duration of the contract, as would be the case if the practical expedient was not allowed.

The change must be applied for annual periods beginning on or after 1 June 2020. Early application is permitted.

The Group chose early application, since from the perspective of management it results in an improvement in the reading of the financial statements, and the application of this practical expedient had an impact on the Group's results (Note 22).

The Group applied this practical expedient to all concessions at the level of rents that fulfil the conditions set out in the amendment.

2.2.3. The Group decided to chose early application of the following standards and / or interpretations, adopted by the European Union:

a) Reform of the Interest Rate Reference Index - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

In August 2020, IASB issued the Interest Rate Reference Reform - Phase 2, which changes IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases.

The purpose of these changes is to help entities provide useful information to users of financial statements and to assist preparers in applying IFRS standards when changes are made to contractual cash flows or hedging relationships as a result of the transition from an interest rate. IBOR reference rate for alternative reference rates, in the context of the ongoing risk-free rate reform ('IBOR reform').

The changes are the result of the second phase of the IASB project, which deals with the accounting impacts of the IBOR reform, which led to the Interest Rate Reference Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) issued by the IASB on 26 September 2019. They complement the first phase of the project that dealt with the accounting impacts of pre-replacement of the IBOR reform and which were issued by the IASB in 2019.

The amendments must be applied retrospectively for annual periods beginning on or after 1 January 2021, with early application permitted.

The Group is currently evaluating the impacts that this standard will have on its financial statements.

b) Extension of the temporary exemption from application of IFRS 9 (amendments to IFRS 4)

IASB issued “Extension of the Temporary Exemption from Application of IFRS 9 (Amendments to IFRS 4) on 25 June 2020.

The purpose of the amendments is to extend the expiry date of the temporary exemption from the application of IFRS 9 by two years (ie, from 2021 to 2023), in order to align the effective dates of IFRS 9 Financial Instruments with IFRS 17 Contracts for Safe.

Not applicable to the Group's activity sector.

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

a) References to the Conceptual Framework (changes to IFRS 3)

In May 2020, IASB issued “References to the Conceptual Framework”, changing IFRS 3 Business Concentration.

The amendments updated IFRS 3, replacing the reference to an old version of the Conceptual Framework with a reference to the most recent version, which was issued in March 2018.

The changes must be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Early application is permitted if, at the same time or rather, an entity also applies all changes made to “Changes to references to the Conceptual Framework in IFRS standards”, issued in March 2018.

b) Property, plant and equipment - Revenue before intended use, changes to IAS 16 Property, plant and equipment

In May 2020, IASB issued "Property, plant and equipment - Revenue before Intended Use", which amended IAS 16 Property, plant and equipment.

The amendments prohibit the deduction at cost of an item of property, plant and equipment, of any revenue from the sale of items produced by bringing that asset to the location and condition necessary for it to be able to operate in the manner intended by management. Instead, the entity shall recognize these sales revenues in profit or loss.

The amendments must be applied retrospectively for annual periods beginning on or after 1 January 2022, with early application permitted.

c) Onerous Contracts - Cost of fulfilling a contract

In May 2020, IASB issued “Onerous Contracts - Cost of Completing a Contract”, which amended IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The purpose of the amendments is to clarify the requirements of IAS 37 on onerous contracts regarding to valuation if, in a contract, the unavoidable costs of meeting the obligations arising from the contract exceed the economic benefits expected from it.

The amendments must be applied for annual periods beginning on or after 1 January 2022, with early application permitted.

d) Improvements in the 2018-2020 cycle

On 14 May 2020, IASB issued improvements to IFRS 2018–2020 containing the following changes:

(i) allow an entity, as a subsidiary, associate or joint venture, that adopts IFRS for the first time after its parent company and chooses to apply paragraph D16 (a) of IFRS 1 First Time Adoption of International Financial Reporting Standards, can measure cumulative translation differences using the amounts reported by the parent company, based on the respective date of transition to IFRS;

(ii) clarify that the reference to fees in the 10 percent test includes only fees paid or received between the borrower and the creditor, including fees paid or received by the borrower or the creditor on behalf of the other (IFRS 9);

(iii) remove potential confusion regarding the treatment of lease incentives by applying IFRS 16 Leases, as illustrated in Illustrative Example 13 that accompanies IFRS 16; and

(iv) remove the requirement in paragraph 22 of IAS 41 Agriculture for entities to exclude cash flows for taxation when measuring fair value by applying IAS 41.

The changes will be applied for annual periods beginning on or after 1 January 2022, with early application permitted.

e) Clarification of the requirements for classifying liabilities as current or non-current (changes to IAS 1 - Presentation of Financial Statements)

On 23 January 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 clarify an IAS 1 criterion for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments aim to:
a. specify that an entity's right to defer settlement must exist at the end of the reporting period;
b. clarify that the classification is not affected by Management's intentions or expectations as to whether the entity will exercise its right to postpone liquidation;
c. clarify how loan conditions affect classification; and
d. clarify the requirements for classifying liabilities that an entity will settle, or may settle, through the issuance of its own equity instruments.

This change is effective for periods after 1 January 2023.

f) IFRS 17 - Insurance Contracts
To be developed only for insurance companies or insurance subsidiaries. Otherwise refer that it is not applicable.

On 18 May 2017, IASB issued a standard that came to replace IFRS 4 and completely reform the treatment of insurance contracts. The standard introduces significant changes to the way in which 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 2023.

The Group did not proceed with the early application of any of these standards in the financial statements for the period ended 31 December 2020, as their application is not mandatory. No significant impacts are expected on the financial statements resulting from their adoption.

The following standards / amendments have recently been published: "Amendments to IFRS 16 Leases: COVID 19 Rent concession beyond 30 June 2021", "" Disclosure of accounting policies (amendments to IAS 1 - Presentation of financial statements and IFRS Practice Statement 2), "Changes to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates"

Their impact is still being assessed by the Group.

2.3 Consolidation

(a) Controlled companies
Financial investments in companies in which the Group is exposed or has rights, to variable returns, as a result of its involvement in these companies, and has the ability to influence those returns, through the power over these companies (definition of control used by the Group) , were included in these consolidated financial statements through the full consolidation method. The equity and net income of these companies, corresponding to the participation of third parties, is presented separately in the consolidated statement of financial position and statement of comprehensive income, under the heading non-controlling interests. The companies included in the financial statements are detailed in Note 5.

When the losses attributable to the non-controlling interests exceed the minority interest in the subsidiary's equity, the non-controlling interests absorb this excess, in the% held.

The assets and liabilities of each Group company are identified at their fair value on the acquisition date as provided for in IFRS 3. Any excess of the acquisition cost over the fair value of the net assets and liabilities acquired is recognized as goodwill. If the difference between the acquisition cost and the fair value of the net assets and liabilities acquired is negative, it is recognized as an income for the period.

Transaction costs directly attributable to business combinations are immediately recognized in profit or loss.

Non-controlling interests include the proportion of third parties in the fair value of identifiable assets and liabilities at the date of acquisition of the subsidiaries.

Subsequent transactions for the sale or acquisition of interests to non-controlling interests, which do not imply a change in control, do not result in the recognition of gains, losses or goodwill, with any difference determined between the value of the transaction and the book value of the transaction, recognized in Equity, in other equity instruments.

Balances and gains arising from transactions between group companies are eliminated. Unrealized losses are also eliminated, unless the transaction reveals evidence of impairment of a transferred asset. The accounting policies of the subsidiaries are changed, whenever necessary, in order to ensure consistency with the policies adopted by the Group.

(b) Entities where the group exercises control jointly with other partners

The Group's interests in entities where the group exercises control jointly with other partners are measured through the equity method, using IFRS 11, from the date when joint control is acquired. The Group integrates its share in assets and liabilities in a heading in the Consolidated Statement of Financial Position and the costs and income of the joint venture in a line in the Consolidated Statement of Income and other comprehensive income. Balances and transactions between Group companies and entities where the group exercises control jointly with other partners are not eliminated in proportion to the control attributable to the Group. The excess of the acquisition cost over the fair value of identifiable assets and liabilities of the entity where the group exercises control jointly with other partners, on the acquisition date, is recognized as a financial investment.

The entities where the group exercises control jointly with other partners are detailed in Note 5.

(c) Entities where the group has significant influence

The existence of significant influence by the Group is usually demonstrated in one or more of the following ways:
- Representation on the Executive Board of Directors or equivalent governing body;
- Participation in policy-making processes, including participation in decisions on dividends or other distributions;
- Existence of material transactions between the Group and the investee;
- Exchange of management staff; and
- Provision of essential technical information.

Financial investments in associated companies are recorded using the equity method, being included in the consolidated statement of financial position under the heading “Financial investments in associated companies”.

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. For carrying out 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.

<u>2.4 Goodwill</u>

Goodwill represents the excess of the acquisition cost over the fair value of the identifiable assets and liabilities attributable to the Group at the date of the acquisition or the first consolidation. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognized directly in the income statement.

The Group performs impairment tests on Goodwill on an annual basis or more frequently, if events or changes in circumstances indicate a potential impairment. The recognized amount of Goodwill is compared with the recoverable amount, which is the higher of the value in use and the fair value less costs to sell. Whenever the book value of Goodwill exceeds its recoverable value, the impairment is immediately recognized as an expense and is not subsequently reversed (note 2.9).

<u>2.5 Report by segments</u>

The Group presents the operating segments based on the management information produced internally.
In accordance with IFRS 8, an operating segment is a component of the Group:
(i) that develops business activities from which it can earn revenue and incur expenses;
(ii) whose operating results are regularly reviewed by the chief operating decision maker of the Group (“chief operating decision maker”) for the purposes of making decisions on the allocation of resources to the segment and the assessment of its performance; and
(iii) for which separate financial information is available.

The group operates in three major segments of activity:
- Restaurants, which integrates the units offering catering for table service and home delivery;
- Counters, which comprises units for sale over the counter;
- Concessions and catering, which encompasses all other businesses, namely catering activities and units located in spaces under concession.

The segment assets mainly include property, plant and equipment, intangible assets, inventories, accounts receivable and cash and cash equivalents. Deferred taxes, financial investments and derivatives held for trading or designated as collateral for loans are excluded.

The segment liabilities correspond to operating liabilities. It does not include elements such as income taxes (current and deferred), loans and related hedging derivatives.

Investments include additions to property, plant and equipment (Note 8) and intangible assets (Note 9).

Investments are allocated, in terms of segments, according to this type of business.

2.6 Currency exchange rate

a) Working and reporting currency
The Financial Statements of each group entity are prepared using the currency of the region in which the entity operates ("working currency"). The consolidated financial statements are presented in Euro. Ibersol's working currency and the Group's reporting currency.

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 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 period 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 heading "Other operating income / (costs)".

c) Financial statements
Financial statements assets and liabilities of foreign entities are converted to Euro through the exchange rates at the balance sheet date. Profit and loss as well as the cash flows statements are translated into Euro through the average exchange rate recorded during the period. The resulting exchange difference is recorded in equity under the heading "Exchange rate reserves".

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.

As at 31 December 2020 and 2019 the exchange rate used for conversion of transactions and balances denominated in Kwanzas in were, respectively:

Dec/20

Euro exchange rates (x foreign currency per 1 Euro)	Rate on December, 31 2020	Average interest rate year 2020
Kwanza de Angola (AOA)	796,813	703,730

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

2.7 Property, plant and equipment

Buildings and other constructions include own properties assigned to restaurant activities and expenses on works at third-party properties, in particular those required for setting up restaurant shops.

Property, plant and equipment are presented 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 property, plant and equipment 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 useful life, 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 property, plant and equipment:	5 years

(*) Two buildings owned by the Group have an estimated useful life of up to 50 and 40 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 2.9).

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.

2.8 Intangible Assets

a) Industrial property

a.1) Concessions and exploitation rights
Concessions and exploitation rights are presented at historic cost. Concessions and exploitation rights have a finite useful life associated to the contractual periods and are presented at cost minus accumulated impairment and amortisation.

a.2) Software

The cost of acquiring software licences is capitalised and includes all costs incurred for acquiring and installing the software available for use. These costs are amortised during the estimated useful life (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).

a.3) Brands

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.

b) Other Intangible assets

Assets in progress

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.

2.9 Impairment of goodwill, rights of use, property, plant and equipment and intangible assets

Intangible assets that do not have a defined useful life are not subject to amortization but are subject to annual impairment tests (or in each reporting period in which there are signs of impairment). Assets subject to amortization are revaluated to determine any impairment whenever events or changes in circumstances occur that result in the amount at which they are recorded may not be recoverable. An impairment loss is recognized in the consolidated income statement and other comprehensive income for the amount in 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. For carrying out impairment tests, assets are grouped at the lowest level at which cash flows (cash flow generating units) can be separately identified.

A cash-generating unit (CGU) is the smallest group of assets that includes the asset and that generates cash inflows from continued use that are largely independent of the cash inflows from other assets or groups of assets. In the case of property, plant and equipment, intangible assets and rights of use, each restaurant was generally identified as a cash-generating unit. There are, however, other property, plant and equipment and intangible assets that are not associated with CGU - restaurants. Restaurants with signs of impairment are tested, considering operating results less amortization, depreciation and impairment losses on property, plant and equipment, intangible assets and goodwill, as well as other cash-generating units whenever circumstances dictate or unusual facts occur.
.

Goodwill is distributed among the units (or group of units) generating the flows (CGU) of the Group, identified in each business segment. The recognized amount of Goodwill is compared with the recoverable amount, which is the higher of the value in use and the fair value less costs to sell. The value in use of a CGU is determined based on cash flow projections based on financial budgets approved by managers, covering at least a period of 5 years.

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.

2.10 Financial assets

2.10.1 Classification

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 he underlying contractual cash flows represent only payment of principal and interest. 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.

2.10.2 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.

2.10.3 Impairment

IFRS 9 establishes a new impairment model based on "expected losses", which replaces the previous model based on "incurred losses" provided for in IAS 39. In this sense, the Group starts to recognize impairment losses before there is objective evidence of impairment. of value resulting from a past event. This model is the basis for the recognition of impairment losses on financial instruments held whose measurement is 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 expected loss that is expected to occur in the following 12 months. If the credit risk has increased significantly, the Group recognizes an accumulated impairment equal to the expected loss that is estimated to occur up to the respective maturity of the asset.

Once the loss event has been verified under the terms of IFRS 9 ("objective proof of impairment", according to the terminology of IAS 39), the accumulated impairment is directly attributed to the instrument in question, and its accounting treatment, starting from this similar to that provided for in IAS 39, including the treatment of the respective interest. The carrying amount of the asset is reduced and the amount of losses recognized in the income statement. If, in a subsequent period, the amount of impairment decreases, the amount of impairment losses previously recognized is also reversed in the income statement if the decrease in that impairment is objectively related to the event 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.

2.11 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.

2.12 Accounts receivable and other debtors and accounts payable to suppliers and other creditors

Accounts receivable 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.

2.13 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 heading “Loans obtained” item.

2.14 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.

2.15 Loans obtained

Loans are recorded in liabilities at the nominal value received, net of expenses with the issue, which corresponds to the respective fair value on that date. Subsequently, they are measured through the amortized cost method, with the corresponding financial charges calculated according to the effective interest rate and recorded in the income statement in accordance with the assumption of accrual basis, with the amounts past due and not settled at the date balance sheet, classified under “Accounts payable” (Note 20).

The effective interest rate is the rate that discounts future payments over the expected life of the financial instrument to the net carrying amount of the financial liability.

2.16 Income tax and deferred taxes

Current income tax is calculated based on the taxable results of the companies included in the consolidation perimeter in accordance with the tax rules in force at the location of the headquarters of each company. In Portugal, the tax estimate (IRC) was calculated according to the Special Regime for Taxation of Groups of Companies (RETGS). In Spain, the current tax of subsidiaries based in Vigo, Madrid and Barcelona (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 recognized globally using the liability method and calculated on temporary differences arising from the difference between the tax base of assets and liabilities and their values in the consolidated financial statements. However, if deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination or that at the date of the transaction does not affect either the accounting result or the tax result, it is not accounted for. Deferred taxes are determined by the tax rates (and legal) enacted or substantially enacted on the date of the consolidated statement of financial position and which are expected to be applicable in the period of realization of deferred tax assets or settlement of deferred tax liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available to use the temporary difference.

The Group offsets deferred tax assets and deferred tax liabilities if, and only if:
a) has a right of mandatory compliance to offset current tax assets against current tax liabilities; and
b) deferred tax assets and deferred tax liabilities relate to income taxes assessed by the same tax authority on or:
i) the same taxable entity, or
ii) different taxable entities that intend to either settle current tax liabilities and assets on a net basis, or realize the assets and settle the liabilities simultaneously, in each future period in which the significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.17 Provisions and contingent assets and liabilities

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.

2.18 Recognising revenue

Revenue is measured at the amount that the entity expects to be entitled to receive under the contract entered into with the customer.

The revenue recognition model is based on five steps of analysis, in order to determine when the revenue should be recognized and the amount to be recognized:
1) Identify the contract with the customer;
2) Identification of performance obligations;

3) Determine the transaction price;
4) Allocate the transaction price; and
5) Recognition of revenue.

Revenue is recognized only when the performance obligation is satisfied, which depends on whether the performance obligations are met over time or whether, on the contrary, control over the good or service is transferred to the customer in a given time.

Revenue is recognized as follows:

a) Sale of goods - retail
In most of the Group's sales of goods, there is only one performance obligation, so revenue is recognized immediately, with the delivery of the goods to the customer. A performance obligation corresponds to a commitment to deliver goods or services to customers that are different between.

When evaluating contracts with customers in which a third party is involved, namely at the level of deliverers (home delivery), the Group assesses its relationship between agent and principal, having concluded that with regard to the obligation of performance of delivery of the goods, it acts as an agent, since this performance obligation belongs to the respective aggregators, and in relation to the performance obligation for the sale of goods, Ibersol acts as the principal and the aggregators with an agent, since Ibersol is responsible for its production and manufacture.

2.19 Right of use and leases 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, 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.

Interest on leases is shown in the consolidated statement of cash flows, in payments related to cash flows arising from financing activities.

The amendment to IFRS 16 within Covid-19, allowed the use of a practical expedient for tenants, which exempts from the evaluation of the bonuses attributed by the lessors qualify modifications to the leases. The Group opted for the application of this exemption, accounting for changes in rental payments, as variable rental rents in the periods in which the event or condition that led to the reduction in payment occurs.

The practical expedient is only applicable when the following conditions are cumulatively met:
a) the change in lease payments results in a revised fee for the lease that is substantially equal to, or less than, the fee immediately prior to the change;
b) any reduction in lease payments only affects payments due on or before 30 June 2021; and
c) there are no substantive changes to other lease terms and conditions.

2.20 Profit per share

Basic
The basic profit per share is calculated by dividing the profit payable to shareholders by the weighted mean number of ordinary shares issued during the period, excluding ordinary shares acquired by the company and held as own shares (Note 16).

Diluted
The profit diluted per share is calculated by dividing the profit payable to shareholders – adjusted by the dividends of convertible preference shares, convertible debt interest and gains and expenses resulting from the conversion – by the average number of ordinary shares issued during the period plus the average number of ordinary shares that may be issued in the conversion of ordinary shares that may be potentially used in the dilution.

2.21 Subsequent events

Events occurring between the date of the statement of consolidated financial position and the date of issue of the consolidated financial statements and the consolidated financial position (“adjusting events”) are reflected in the consolidated financial statements. Events that occur 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 34.

2.22 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 performed 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.

2.23 Subsidiaries where the working currency is a currency of a hyperinflationary economy

Due to the fact that Angola in 2019 has failed 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 1 January 2019. The impacts determined in fiscal periods previous results resulting from this standard, namely those associated with non-monetary assets and liabilities, will remain in effect until the assets are disposed of, consumed or amortized and until the liabilities are disposed of or liquidated. Accordingly, IAS 29 was applied in 2017 and 2018, according to which the financial statements of a subsidiary that reports in the currency of a hyperinflationary economy need to be restated by applying a general price index of the country in whose currency it is reports before they are included in the consolidated financial statements.

2.24 Consolidated statement of cash flows

The Cash Flow Statement is prepared using the direct method, through which cash receipts and payments in operating, investing and financing activities are disclosed.

Operating activities include receipts from customers, payments to suppliers, payments to personnel and others related to operating activity, namely income tax.

Investment activities include, in particular, acquisitions and disposals of investments in subsidiaries, payments and receipts arising from the purchase and sale of assets and receipts of interest and dividends. Financing activities include payments and receipts related to loans obtained, finance lease contracts, interest paid and dividend payments.

Cash and cash equivalents
Cash and cash equivalents include amounts recorded in the statement of financial position with a maturity of less than three months from the balance sheet date, which includes cash and cash equivalents at credit institutions. It also includes other short-term investments, of high liquidity, of insignificant risk of change in value and convertible into cash, as well as mandatory sight deposits with Banco de Portugal in order to satisfy the legal requirements of minimum cash reserves.

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 Group's main source of exposure comes from investment outside the Euro zone, namely from the operation it is being developed in Angola, which is still small and losing importance in the group's activity. The imbalances of the Angolan economy lead to a shortage of foreign currency in Angola, so the devaluation of the Kwanza is a risk to be considered. Financing contracted by Angolan subsidiaries is denominated in the local currency, the same currency in which income is generated. Given the 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.

As at 31 December 2020 and 2019 currency exchange risk was as follows:

	YEAR 2020			
Financial Assets	Kwanzas	Equivalent EUR	USD (*)	Equivalent EUR
Cash and cash equivalents	2 999 003 479	3 763 749	4 759	3 996
Treasury bonds	2 076 445 638	2 605 939	-	-
Others	58 434 356	73 335	9 319	7 825
	5 133 883 473	6 443 024	14 078	11 821
Financial Liabilites				
Loans	741 666 667	930 792	-	-
Suppliers	233 790 783	293 407	112 855	94 765
Others	8 603 908	10 798	-	-
	984 061 358	1 234 997	112 855	94 765

	YEAR 2019			
Financial Assets	Kwanzas	Equivalent EUR	USD (*)	Equivalent EUR
Cash and cash equivalents	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

(*) exchange rate USD / EUR 0.84 and 0.93, respectively, in 2020 and 2019.

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 as at 31 December 2020, any simulation of a depreciation of the AOA (Kwanzas) 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 31 December 2020, a decrease from 10% to 15% in AOA, concerning EUR and USD currency, keeping everything else constant, would have an impact of 1.295 thousand and 1.943 thousand Euros (1.408 thousand Euros and 2.015 thousand Euros in 2019), respectively, on the Group's equity.

ii) Price risk
The Group is not greatly exposed to 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 30% of the outstanding amount.

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 19 million Euros are subject to interest maturities and repayment plans identical to the terms of the loans. A loan of 20 million Euros with fixed rate debt is contracted.

Based on simulations performed on 31 December 2020, an increase of 100 basis points in the interest rate, maintaining other factors constant, would have a negative impact in the net profit of 610,000 Euros (513,000 Euros in 2019).

b) Credit risk
The main activity of the Group is performed with sales paid in cash, or debit or credit card, so the Group has no significant credit risk concentrations. Regarding customers, the risk is limited to the Catering business and sales of merchandise to franchisees representing less than 3.5% of the consolidated turnover. The Group has policies to ensure that credit sales are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit that customers have access to.

The Group's cash and cash equivalents include mainly deposits resulting from cash provided by sales and its deposits in current accounts. Excluding these amounts, the amount of financial investments at 31 December 2020, is not significant, with the exception of the above mentioned Treasury Bonds of the Republic of Angola in the amount of 2.6 million Euros, 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.

As at 31 December 2020 and 2019, the ratings of the major credit institutions where Ibersol Group has its deposits are presented as follows:

Agency	Bank	Year 2020		Year 2019	
		Deposits	Rating	Deposits	Rating
Standard & Poor´s	Banco Santander (ES)	1 737 653	A	1 176 180	A
Standard & Poor´s	Banco Bilbao Vizcaya	822 113	A-	1 935 814	A-
Standard & Poor´s	La Caixa (ES) e Bankinter	10 289 245	BBB+	5 123 523	BBB+
Standard & Poor´s	Banco BPI	9 094 167	BBB	9 686 096	BBB
Standard & Poor´s	Banco Santander Totta	8 222 650	BBB	4 488 111	BBB
Standard & Poor´s	Banco Sabadell (ES)	3 129 181	BBB	3 511 857	BBB
Standard & Poor´s	Millenium BCP	3 814 145	BBB-	5 445 547	BBB-
Standard & Poor´s		-	BB-	-	BB-
Moody's	Banco Popular	-	Baa1	330 742	Baa1
Moody's		-	Baa2	-	Baa2
Moody's		-	Baa3	-	Baa3
Moody's	Caixa Geral Depósitos	2 867 157	Ba1	919 341	Ba1
Moody's		-	Ba3	-	Ba3
Moody's	Banco Montepio	474 437	B1	-	B2
Moody's	Banco Montepio	-	B3	351 749	B3
Moody's	Novo Banco	4 779 951	Caa2	2 846 633	Caa2
Not available (Angola)	n/a	4 229 828	n/a	1 380 641	n/a
Not available (others)	n/a	185 382	n/a	162 490	n/a
		49 645 909		**37 358 723**	

Deposits in Angola are distributed by four 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.

For this purpose, short-term bank loans are considered to expire on the renewal date and that commercial paper contracts expire on the termination dates, although renewal is usual.

At the end of the year, current liabilities reached 168 million Euros, compared with 90 million Euros in current assets. This disequilibrium is, on one hand, a financial characteristic of this business and, on the other hand, it is due to some Commercial Paper programs, with termination clauses, in which reimbursement on the termination date is considered regardless of the terms for which they are contracted and still circumstantially the option for issuance under contracts of lesser maturity at the expense of other programs of greater maturity that are left unused and consequently with amounts available for coverage. Loans in the form of commercial paper issues are classified as non-current liabilities when they are guaranteed to be placed for a period of more than one year and it is the intention of the Group's Board of Directors to use this funding source for a period of more than one year. Considering, the expected operating cash flows and, if necessary, the commercial paper and the contracted credit lines, the amounts of which have not yet been used, are sufficient to settle almost all current liabilities.

Even with reduced use of the group has contracted a significant amount of short-term lines. On 31 December 2020, the short term liquidity cash flow amounted to 14 million Euros and were not used. Investments in term deposits and other application of 50 million Euros, match 28% of liabilities paid.

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

	until December 2021	from December 2021 to 2039
Bank loans and overdrafts	19 573 625	145 494 956
Lease liabilities	74 382 513	254 632 020
Other non-current liabilities	-	6 026
Accounts payable to suppliers and accrued costs	52 715 370	-
Other current liabilities	5 632 840	-
Total	152 304 348	400 133 002

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 account payable) 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 50%-75% range.

As at 31 December 2020 and 2019 the gearing ratio was of 74% and 66%, respectively, as follows:

	Dec-20	Dec-19
Lease liabilities	329 014 533	339 983 201
Bank loans	165 068 581	121 162 682
Other financial assets	-2 442 186	-15 626 772
Cash and bank deposits	-50 550 293	-38 424 757
Net indebtedness	441 090 633	407 094 354
Equity	156 405 905	214 228 476
Total capital	597 496 538	621 322 830
Gearing ratio	74%	66%

b) Risk of franchise agreements

In restaurants where it operates with international brands, the group enters into long-term franchise agreements: 20 years for Burger King and 10 years for 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.

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. MAIN 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) Goodwill impairment analysis, financial investments in associated and jointly controlled companies, rights of use, property, plant and equipment and intangible assets.

Impairment analyses require the determination of the fair value and / or the use value of these assets (or of some CGU). This process requires a high number of judgments, namely the estimation of future cash flows associated with the assets or the respective CGU and the determination of an appropriate discount rate for calculating the present value of said cash flows. In this regard, the Group has, once again, established the requirement to use the maximum possible amount of observable market data. It also established mechanisms for monitoring calculations based on the critical challenge of the reasonableness of the assumptions used, their coherence and consistency (in similar situations).

Information on the most relevant assumptions used in the impairment analysis, as well as the sensitivity of the results obtained in the face of certain changes in assumptions, is disclosed in Notes 2.9, 8 and 9.

b) Measurement and recognition of deferred taxes

Deferred tax assets are recognized only when there are reasonable expectations of sufficient future taxable income to use these deferred tax assets. At the end of each year, a review of the deferred taxes recorded is made, as well as of the unrecognized taxes, which are reduced whenever their future use is no longer probable or recorded, provided that, and to the extent that, it becomes probable the generation of taxable profits in the future that allow their recovery.

c) Lease term and financing rate increases

In order to determine the estimated impacts of adopting IFRS 16, the Group makes estimates on lease terms and their incremental financing rates, when there is no information on the implicit interest rate, which incorporate specific market and entities own risks that require the Group to make relevant judgments and estimates, such as the lease term until Ibersol's unilateral Break Clauses, as well as any estimates and judgments used in the application of the practical file of IFRS 16 referred to as described in Note 2.19.

5. <u>INFORMATION ABOUT THE COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER AND OTHER COMPANIES</u>

5.1. The following Group companies were included in the consolidation perimeter as at 31 December 2020 and 2019:

Company	Head Office	% Shareholding Dec/20
Parent company		
Ibersol SGPS, S.A.	Porto	parent
Subsidiary companies		
Iberusa Hotelaria e Restauração, S.A.	Porto	100%
Ibersol Restauração, S.A.	Porto	100%
Ibersande Restauração, S.A.	Porto	100%
Ibersol Madeira e Açores Restauração, S.A.	Funchal	100%
Ibersol - Hotelaria e Turismo, S.A.	Porto	100%
Iberking Restauração, S.A.	Porto	100%
Iberaki Restauração, S.A.	Porto	100%
Restmon Portugal, Lda	Porto	61%
Vidisco, S.L.	Vigo - Espanha	100%
Inverpeninsular, S.L.	Vigo - Espanha	100%
Asurebi SGPS, S.A.	Porto	100%
Firmoven Restauração, S.A.	Porto	100%
IBR - Sociedade Imobiliária, S.A.	Porto	100%
Eggon SGPS, S.A.	Porto	100%
Anatir SGPS, S.A.	Porto	100%
Lurca, SA	Madrid-Espanha	100%
Sugestões e Opções-Actividades Turísticas, S.A	Porto	100%
José Silva Carvalho Catering, S.A	Porto	100%
(a) Iberusa Central de Compras para Restauração ACE	Porto	100%
(b) Vidisco, Pasta Café Union Temporal de Empresas	Vigo - Espanha	100%
Maestro - Serviços de Gestão Hoteleira, S.A.	Porto	100%
SEC - Eventos e Catering, S.A.	Porto	100%
IBERSOL - Angola, S.A.	Luanda - Angola	100%
HCI - Imobiliária, S.A.	Luanda - Angola	100%
Ibergourmet Produtos Alimentares (ex-Gravos 2012, S.A.)	Porto	100%
Lusinver Restauracion, S.A.	Vigo - Espanha	100%
The Eat Out Group S.L.U.	Barcelona - Espanha	100%
Pansfood, S.A.U.	Barcelona - Espanha	100%
Foodstation, S.L.U	Barcelona - Espanha	100%
Dehesa de Santa Maria Franquicias, S.L.	Barcelona - Espanha	100%
Cortsfood, S.L.	Barcelona - Espanha	50%
Volrest Aldaia, S.L	Vigo - Espanha	100%
Volrest Alcala, S.L	Vigo - Espanha	100%
Volrest Alfafar, S.L.	Vigo - Espanha	100%
Volrest Rivas, S.L.	Vigo - Espanha	100%
Voesmu Restauracion, SL	Vigo - Espanha	100%
Associated companies		
Ziaicos - Serviços e gestão, Lda	Porto	40%
Companies controlled jointly		
UQ Consult - Serviços de Apoio à Gestão, S.A.	Porto	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.

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. Changes to the consolidation perimeter

5.2.1. Acquisition of new companies

In the period ended 31 December 2020, the Group acquired the subsidiary Voesmu and formalized the purchase of Volrest companies, whose operation became controlled in the period ended in 2019. In addition, the adjustment to the acquisition price of the subsidiary Maestro was recognized.

These two changes resulted in a loss of 200,000 Euros (Maestro) and a gain of 46,373 Euros (Voesmu), recognized in the consolidated income statement and other comprehensive income for the amount of 153,627 Euros.

5.2.2. Disposals

In the periods ended 31 December 2020 and 2019 there were no disposals of subsidiaries.

5.2.3. Other changes in the consolidation perimeter

As at 30 November 2020, the subsidiary Charlotte Develops, SL merged into the subsidiary Inverpeninsular, S.L ..

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2 020	2 019
Turnover	**71 023 975**	**117 490 729**	**178 537 605**	**233 595 967**	**39 141 980**	**133 845 661**	**168 731**	**455 093**	**288 872 291**	**485 387 449**
Operating income net of Amortization, deprec. and impairment losses	**6 021 137**	**22 560 396**	**32 843 628**	**50 836 022**	**4 554 759**	**45 797 738**	**150 123**	341 564	**43 569 647**	**119 535 720**
Amortization, depreciation and impairment losses	-16 503 064	-16 277 812	-31 561 947	-28 200 572	-44 853 517	-40 458 672	-1 593 076	-1 678 613	-94 511 604	-86 615 669
Operating income	**-10 481 927**	**6 282 584**	**1 281 681**	**22 635 450**	**-40 298 758**	**5 339 066**	**-1 442 953**	-1 337 048	**-50 941 957**	32 920 051
Financial gains (losses)									-19 640 571	-20 704 510
Financial gains (losses)									133 325	102 494
Income tax									15 141 994	5 321 775
Net profit									**-55 307 209**	**17 639 809**
Total assets allocated	115 153 151	107 316 064	304 314 664	323 975 084	277 790 739	309 506 689	10 677 837	11 641 356	707 936 391	752 439 193
Total liabilities allocated	35 347 373	43 889 096	133 242 383	136 827 119	234 304 331	249 561 743	393 868	1 263 577	403 287 955	431 541 536
Net investment in fixed tangible and intagible assets	1 491 820	1 595 843	22 062 749	33 098 270	2 935 422	10 065 095	862 086	-	26 489 991	44 759 208

Unallocated assets and liabilities arising from investment, financing and tax activities are presented as follows:

	Dec/20		Dec/19	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Deferred taxes	14 914 797	3 896 164	4 010 940	8 671 083
Current taxes	169 241	15 329	1 502 658	689 748
Current bank loans	-	18 780 133	-	46 399 315
Non current bank loans	-	146 288 448	-	74 763 367
Derivative financial instrument	-	63 078	-	128 699
Non-current financial assets	574 737	-	435 226	-
Financial investments - joint controlled subsidiaries	2 699 661	-	2 566 336	-
Other financial assets	2 442 186	-	15 626 772	-
Others	-	-	704 795	863 695
Total	20 800 622	169 043 152	24 846 727	131 515 907

	Dec/20		Dec/19	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Allocated by segment	707 936 391	403 287 955	752 439 193	431 541 536
Not allocated	20 800 622	169 043 152	24 846 727	131 515 907
	728 737 013	572 331 108	777 285 920	563 057 444

BRAND INFORMATION (Turnover)

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

Brand/Segment	2020	2019	Var %
Pizza Hut	52 063 892	75 255 562	-30,8%
Pasta Caffe	1 001 559	3 315 905	-69,8%
Pizza Móvil	6 172 614	11 006 310	-43,9%
FrescCo	650 357	4 236 657	-84,6%
Ribs	11 093 296	23 553 724	-52,9%
Santa Maria	42 257	122 570	-65,5%
Restaurants	**71 023 975**	**117 490 729**	**-39,5%**
Burger King	117 697 970	134 669 270	-12,6%
Pans & Company	26 135 105	53 866 674	-51,5%
KFC	30 750 282	40 803 529	-24,6%
O'Kilo/Miit	817 914	2 066 486	-60,4%
Coffee Counters	1 016 620	2 171 502	-53,2%
Taco Bell	2 119 713	18 507	11353,8%
Counters	**178 537 605**	**233 595 967**	**-23,6%**
Sol (Service Areas)	4 159 868	6 832 223	-39,1%
Travel (Airports)	31 764 880	111 833 826	-71,6%
Catering	3 217 232	15 179 612	-78,8%
Concessions e Catering	**39 141 980**	**133 845 661**	**-70,8%**
Others	168 731	455 093	-62,9%
TOTAL	**288 872 291**	**485 387 449**	**-40,5%**

INFORMATION BY GEOGRAPHY

As at 31 December 2020 and 2019 income and non-current assets by geography is presented as follows:

31 DECEMBER 2020	Portugal	Angola	Spain	Group
Turnover	**190 529 880**	**7 371 461**	**90 970 950**	**288 872 291**
Property, plant and equipment and intangible assets	173 275 139	18 646 847	58 231 635	250 153 621
Rights of use	72 429 261	608 036	208 595 291	281 632 588
Goodwill	7 474 768	130 714	72 904 160	80 509 642
Deferred tax asset	1 379 018	-	13 535 779	14 914 797
Financial investments - joint controlled subsidiaries	2 699 661	-	-	2 699 661
Non-current financial assets	424 737	-	150 000	574 737
Other financial assets	-	823 927	-	823 927
Other non-current assets	-	-	7 743 025	7 743 025
Total non-current assets	**257 682 584**	**20 209 524**	**361 159 890**	**639 051 998**

31 DECEMBER 2019	Portugal	Angola	Spain	Group
Turnover	**260 956 704**	**13 399 927**	**211 030 818**	**485 387 449**
Property, plant and equipment 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**

7. RIGHTS OF USE

During the periods ended on 31 December 2020 and 2019, rights of use, as well as in the respective accumulated amortizations and impairment losses, were as follows:

	Rights of use
1 January 2019	
Initial net amount	291 085 260
Increases	88 072 137
Decreases	-1 467 059
Depreciation in the year	-55 878 164
Final net amount	**321 812 178**
31 December 2019	
Cost	384 554 772
Accumulated depreciation	-62 742 598
Net amount	**321 812 178**

Rights of use

1 January 2020	
Initial net amount	321 812 178
Currency conversion	-396 773
Increases	21 848 928
Decreases	-3 620 317
Transfers	-750 910
Depreciation in the year	-57 260 518
Final net amount	**281 632 588**
31 December 2020	
Cost	396 423 280
Accumulated depreciation	-114 790 692
Net amount	**281 632 588**

The value of the increases corresponds to 29 new contracts under IFRS 16, of which 24 refer to restaurants and 5 to equipment and the review of the estimated lease term of 11 contracts. The amount recognized as decreases relates to 18 contracts terminated by restaurant closures.

As mentioned in Note 2.9, the impairment of the right to use is analyzed on an aggregate bases with each Cash Generating Unit (Note 8).

8. PROPERTY, PLANT AND EQUIPMENT

During the periods ended 31 December 2020 and 2019, property, plant and equipment, as well as in the respective depreciation and accumulated impairment losses, were as follows:

	Land	Buildings	Equipment	Other property, plant and equipment	Property, plant and equipment in progress	Total
1 January 2019						
Cost	14 731 098	260 017 140	134 098 549	27 727 867	996 812	437 571 466
Accumulated depreciation	-240 212	-106 579 970	-99 691 547	-18 116 824	-	-224 628 553
Accumulated impairment	-	-10 635 741	-938 433	-58 448	-	-11 632 622
Net amount	**14 490 886**	**142 801 429**	**33 468 569**	**9 552 595**	**996 812**	**201 310 291**
1 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 consolidat 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
Charge-off	-	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**

	Land	Buildings	Equipment	Other property, plant and equipment	Property, plant and equipment in progress	Total
1 January 2020						
Initial net amount	13 919 470	151 249 408	36 687 810	11 132 865	3 574 147	216 563 700
Currency conversion	-332 567	-564 470	-202 939	-37 783	-81 974	-1 219 733
Charge-off	1 196 215	15 147 596	6 335 317	1 475 756	750 260	24 905 145
Decreases	-	-633 235	-201 798	-31 548	-20 440	-887 020
Transfers	-	1 621 180	1 170 107	110 079	-2 799 112	102 254
Depreciation in the year	-45 594	-14 422 726	-8 569 615	-2 290 821	-	-25 328 756
Impairment in the year	-	-831 559	-	-	-	-831 559
Final net amount	**14 737 524**	**151 566 194**	**35 218 881**	**10 358 548**	**1 422 880**	**213 304 027**
31 December 2020						
Cost	15 001 280	276 253 056	141 016 913	31 686 781	1 422 880	465 380 910
Accumulated depreciation	-263 756	-116 144 593	-105 430 174	-21 309 796	-	-243 148 319
Accumulated impairment	-	-8 542 269	-367 858	-18 437	-	-8 928 564
Net amount	**14 737 524**	**151 566 194**	**35 218 881**	**10 358 548**	**1 422 880**	**213 304 027**

The investment of approximately 25 million Euros in 2020 essentially refers to the opening of six KFC's, six Burger King's, two Taco Bell's and a Ribs restaurant.

In 2019, an investment of approximately 44 million Euros was made in the opening of 40 new units, mainly 14 Burger King, 3 KFC and 3 Pizza Hut in Portugal, and 5 concessions at the airports of Alicante, Barcelona and Las Palmas, 2 Burger King and 2 Pans in Spain.

Impairment tests on cash-generating units (CGU)

The assessment of the existence of signs of impairment at CGU and the respective tests, if necessary, were performed out on an annual basis as referred to in Note 2.9 .. Each store / restaurant is considered a CGU, and in the case of airports each airport it's a CGU.

Methods and assumptions

As at 31 December 2020 and 2019, the methods and main assumptions used in the preparation of impairment tests on the Group's main property, plant and equipment that showed signs of impairment were as follows:.

	2020		2019	
	Portugal	**Spain**	**Portugal**	**Spain**
Method used	Use Value		Use Value	
Base used*	Projections with perpetuity	Projections with perpetuity	Projections with perpetuity	Projections with perpetuity
Used Period (years)	5	5	5	5
Discount rate for the period (WACC)	7,3%/7,6%	6,6%/6,9%/8,5%	5,60%	5,20%

* The discount rate presented was calculated based on the methodology WACC (Weighted Average Cost of Capital).
** According to the business segment, Quick service (Burger King, Pans and KFC), Restaurants and Travel, respectively.

The growth rate in perpetuity used in cash flow projections is 2%.

Results of impairment tests

The tests performed on Ibersol Group restaurants with signs of impairment resulted in the need to record impairment in the amount of 831,559 Euros and 492,745 Euros in 2020 and 2019, respectively, relating to property, plant and equipment, as follows:

Year 2020	
Unit	Assets Impairment losses (*)
Service areas (2 units)	112 721
Pasta Caffe (1 unit)	542 735
Ribs (1 unit)	55 043
Pans & C.ª (1 unit)	121 060
TOTAL	831 559

(*) TFA+ROU+IA-Leases liabilities

Year 2019	
Unit	Assets Impairment losses (*)
Ribs (1 unit)	325 480
Pizza Movil (2 units)	167 265
TOTAL	492 745

(*) TFA+ROU+IA-Leases liabilities

Sensitivity analysis

The sensitivity analysis performed, with an increase of 1% in the discount rate used for each of the segments, did not lead to signs of additional impairments.

Since the CGU for which impairments were recognized, they were already recognized at 100%, at the store level. In addition, we have not identified any additional risks arising from greater volatility in terms of projections of business developments in the medium term, with the exception of the travel business in Spain, as described in Note 9.

The impairment determined in the CGU identified above was fully allocated to property, plant and equipment. Notwithstanding the CGU include other assets (RoU and intangible), considering the materiality of the impairment determined and the lower weight of the other assets of each CGU, the allocation of the impairment would not result in significant differences in the presentation of the financial statements.

Additionally, we recorded losses in the amount of approximately 887 thousand Euros due to the closure of restaurants during the year.

9. INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets are broken down as follows:

	Dec/20	**Dec/19**
Goodwill	80 509 642	87 968 225
Intangible assets	36 849 594	36 440 964
	117 359 236	**124 409 189**

During the periods ended 31 December 2020 and 2019, intangible assets, amortization and accumulated impairment losses were as follows:

	Goodwill	Brands	Industrial property	Other intangible Assets	Intangible Assets in progress	Total
1 January 2019						
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	-	-39 695 059
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**
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
Currency conversion	-	-	-74 408	-	-100 681	-175 089
Charge-off	-	-	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 December 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	Brands	Industrial property	Other intangible Assets	Assets in progress	Total
1 January 2020						
Initial net amount	87 968 225	18 516 667	14 416 923	2 092 155	1 415 225	124 409 189
Currency conversion	-	-	-33 119	-	-50 589	-83 708
Charge-off	-	-	2 454 032	106 500	823 252	3 383 784
Decreases	-	-	-27 023	-	-22 807	-49 831
Transfers	-	-	1 129 291	22 500	-509 569	642 222
Amortization in the year	-	-1 100 000	-1 914 481	-469 356	-	-3 483 837
Impairment in the year	-7 458 583	-	-	-	-	-7 458 583
Final net amount	**80 509 642**	**17 416 667**	**16 025 623**	**1 751 799**	**1 655 512**	**117 359 236**
31 Decemberr 2020						
Cost	80 509 642	22 000 000	49 137 541	12 867 206	1 655 511	166 169 900
Accumulated amortization	-	-4 583 333	-29 430 863	-11 075 698	-	-45 089 894
Accumulated impairment	-	-	-3 681 055	-39 711	-	-3 720 766
Net amount	**80 509 642**	**17 416 667**	**16 025 623**	**1 751 799**	**1 655 512**	**117 359 236**

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

	Dec/20	Dec/19
Restaurants	8 624 542	11 740 829
Counters	37 199 991	37 199 991
Concessions and Catering	34 505 388	38 847 684
Other, write off and adjustments	179 721	179 721
	80 509 642	87 968 225

Regarding the above segments, the following groups of homogeneous cash-generating units were identified:

CFU	Dec/20	Dec/19
Restaurants		
Ribs	5 175 479	5 175 479
Frescco	1 476 821	1 476 821
Pizza Movil	-	3 116 287
Pizza Hut	1 972 242	1 972 242
Sub-total	8 624 542	11 740 829
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	31 481 023	35 823 319
Catering	3 024 365	3 024 365
Sub-total	34 505 388	38 847 684
Outros	179 721	179 721
TOTAL	80 509 642	87 968 225

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 2.9.

For the purpose of impairment tests on CGU, the recoverable amount was determined based on the value in use, according to the discounted cash flow method. The recoverable value of the CGU derives from assumptions related to the activity, namely, sales volumes, operating costs, planned investments, namely the opening, remodelling 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 period 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.

Covid-19

Given the current context of the Covid-19 pandemic, the Group chose to reflect, in its medium and long-term projections, more defensive growth expectations, considering that the adverse economic effects would remain in the coming years. However, and despite the different business models and markets in which it operates, with expectations of recovery at different rates, it is reasonable to admit that the main impacts on cash flow may be felt in the next 2 years, but that all business units are in a phase of full recovery in the third year, with the exception of the travel operation in Spain, where full recovery may only occur in 2026 according to data published by the main bodies of the aviation market.

With the exception of the results obtained in the analyses of the travel operation in Spain and the Pizza Movil operation in Spain, the remaining impairment tests did not result in significant impairment losses, in line with Management's expectations, which effectively point out that there are no other permanent losses in its businesses, with a clear expectation of business recovery in the medium term to pre-Covid-19 levels.

Sensitivity analyses were also performed on the main assumptions used in the base calculation, with impairment losses only occurring in very conservative scenarios.

Methods and assumptions:

As at 31 December 2020 and 2019, the methods and main assumptions used in preparing the impairment tests for the Group's goodwill were as follows:

Year 2020	WACC (1)	Growth rate for residual value
Portugal - Quick Service	7,3%	2,0%
Portugal - Restaurantes e Catering	7,6%	2,0%
Espanha - Quick Service	6,6%	2,0%
Espanha - Restaurantes	6,9%	2,0%
Espanha - Travel	8,5%	2,0%

(1) According to the business segment, Fast Food (Burger King and KFC), Restaurants and Travel, respectively.

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

In 2020, given the impacts of Covid-19 in the catering sectors, impairment tests were performed on Goodwill, with the assumptions for the evolution of the different segments, the most recent market inputs and the evolution of the operation, of the performance in the gradual reopening of the restaurants, as well as local and international entities that operate in the air transport and tourism market, with decisive relevance for the Travel segment.

The discount rates adopted correspond to the estimated weighted average cost of capital (WACC) estimated for each of the segments operated in Portugal and Spain with the highest risk in those segments that have a tendency of greater resistance to the recovery from the pandemic crisis.

Results of impairment tests:

In 2020, the tests performed resulted in the need to record an impairment in the amount of 7,458,583 Euros in goodwill, as follows:

	Year 2020		
Unit	Recoverable amount (use value)	Assets account value	Impairment losses
EatOut (CFU)	30 630 919	34 973 215	4 342 296
Vidisco (CFU)	0	3 116 287	3 116 287
TOTAL	30 630 919	38 089 502	7 458 583

In 2020, following the decision not to reopen nine Pizza Móvil restaurants in Spain, there was a need to constitute impairment for the total amount of 3.1 million Euros in goodwill (restaurants).

Given the expectations of recovery of air traffic in Europe, which have been aggravated by the delay in vaccination processes against Covid-19, the group adjusted Travel projections to the new forecasts of airspace regulators, considering a scenario more delayed in the recovery of traffic at airports, following the successive projections that have been disseminated by specialist entities in the aviation sector. In addition, given the uncertainty regarding the final outcome of the negotiations with the airport concessionaire in Spain, the group also considered an additional risk for this business, with the consequent worsening of the discount rate, which led to the recognition of the aforementioned impairment, in the € 4,342,296 to Travel's goodwill.

The additional analyses of signs of impairment and revision of the projections did not result in the determination of more impairment losses to be recognized.

Sensitivity analysis:

In the current climate of uncertainty, 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.

From the sensitivity analysis performed, with an increase of 0.5% in the discount rate used for each of the segments, it would lead to an additional impairment to be recognized at the level of goodwill of travel in Spain of approximately 2.8 million Euros. The conclusion does not change in terms of the recoverability of the remaining goodwill value.

The analysis of impairment of goodwill associated with the travel operation in Spain took into account Management's best estimates regarding the outcome of the process with AENA, which means, the variability of minimum annual rents due to the recovery of traffic, and introduced the discount rate to uncertainty that may be associated with it.

Simulating a hypothetical scenario of the rents payable being those of the original contracts, that is, without any modification of the rents due to the profound changes in traffic, the amount of the impairment to be recognized on the goodwill associated with the travel operation in Spain would be a total loss, as well as an impairment on tangible and intangible non-transferable fixed assets could have to be recognized, which amount to approximately 9 million Euros at 31 December 2020. It should also be noted that on 31 December 2020 the value of the right of use recognized in the consolidated balance sheet associated with these contracts is 152 million Euros and the lease liability is 196 million Euros.

If we consider the last income reduction proposal for 2020 and 2021 presented by AENA as described in Note 1, the amount of the loss of goodwill to be recognized could also be total.

In addition, we have not identified any additional risks arising from greater volatility in the medium term projections of business evolution with the exception of the travel business in Spain, as described above.

Other Assets - Brands, Industrial Property and Other Intangible Assets

In the remaining intangible assets, with a defined useful life, the impairment tests performed revealed that the recoverable amount is higher.

Valuations were made based on the value in use calculated based on the Discounted Cash Flow (DCF) method and according to the Royalty Relief methodology, depending on the type of asset supporting the recoverability of its 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 for Burger King and 10 years for Pizza Hut and KFC, which are renewable by others 10 years by option of the franchisee.

On 31 December 2020, 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
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 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 "Property, plant and equipment".

10. FINANCIAL INVESTMENTS

10.1. Investments in jointly controlled entities and associated

	Dec/20	Dec/19
UQ Consult - Serviços de Apoio à Gestão, S.A.	2 699 661	2 566 336
Ziaicos - Serviços e gestão, Lda	838 737	699 226
	3 538 398	**3 265 562**
Accumulated impairment losses	264 000	264 000
	3 274 398	**3 001 562**

Investment related to the joint venture UQ Consult and associate Ziaicos (Note 5), the details of which are as follows:

	Dec/20	Dec/19
UQ Consult - Serviços de Apoio à Gestão, S.A. (1)	2 695 964	2 562 599
Ziaicos - Serviços e gestão, Lda	3 697	3 737
	2 699 661	**2 566 336**
Accumulated impairment losses	-	-
	2 699 661	**2 566 336**

(1) UQ Consult – Serviços de Apoio à Gestão, S.A.:

	Dec/20	Dec/19
Goodwill	2 168 982	2 168 982
Equity (50%)	526 982	393 617
	2 695 964	2 562 599

As at 31 December 2020 and 2019, statements of financial position and comprehensive income of Ibersol's jointly controlled interest UQ Consult, were as follows:

Balance sheet	Dec/20	Dec/19
Property, plant and equipment and intangible assets	1 486 329	1 050 353
Non-current financial assets	656	656
Receivables from third parties	1 528 442	1 312 708
Cash and cash equivalents	233 074	100 294
Accruals and deferrals	504 864	187 734
Total assets	3 753 365	2 651 745
Equity	1 053 964	787 233
Long-term term debts	1 356 245	335 943
Short-term debts	1 032 917	1 215 404
Accruals and deferrals	310 240	313 166
Total liabilities	2 699 402	1 864 513
Total equity and liabilities	3 753 365	2 651 747

Profit and loss account	Dec/20	Dec/19
Operating income	4 164 161	4 002 905
Operating costs	-3 872 610	-3 707 719
Net financing cost	-27 913	-32 133
Pre-tax income	263 638	263 053
Income tax	3 093	-57 539
Net profit	266 731	205 514

As at 31 December 2020 and 2019, statements of financial position and comprehensive income of Ibersol's jointly associated Ziaicos, were as follows:

Balance sheet	Dec/20	Dec/19
Non-current financial assets		
Cash and cash equivalents	9 241	9 341
Total assets	9 241	9 341
Equity	9 241	9 341
Total liabilities	0	0
Total equity and liabilities	9 242	9 341

Profit and loss account	Dec/20	Dec/19
Operating costs	-81	-609
Net financing cost	-20	-50
Pre-tax income	-101	-659
Income tax	0	0
Net profit	-101	-659

10.2. Non-current financial assets

Non-current financial assets are presented as follows:

	Dec/20	Dec/19
Non-current financial assets	838 737	699 226
	838 737	**699 226**
Accumulated impairment losses	264 000	264 000
	574 737	**435 226**

Since 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.

Therefore, the balance refers mainly to the Work Compensation Fund.

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/20			Dec/19		
	Current	**Non current**	**Total**	**Current**	**Non current**	**Total**
Treasury bonds	1 655 983	949 956	2 605 939	13 501 309	2 832 828	16 334 138
Sub-total	1 655 983	949 956	2 605 939	13 501 309	2 832 828	16 334 138
Accumulated impairment losses	37 724	126 029	163 753	584 688	122 678	707 366
TOTAL	1 618 259	823 927	2 442 186	12 916 621	2 710 150	15 626 772

Indices used for Probability of Default and Loss Given Default are in accordance with the publication of Moodys and S&P, about 7,34%, considering the rating of the Republic of Angola, and 59%, respectively.

11.1. Non-current

	Dec/20	Dec/19
Treasury bonds	949 956	2 832 828
	949 956	**2 832 828**
Accumulated impairment losses	126 029	122 678
	823 927	**2 710 150**

Non-current	
Issue date	22/01/2016
Due date	16/09/2022
BNA exchange rate	154,84
Amount	975
Amount as at 31/12/2020	949 956
Gross annual return	5%

11.2. Current

	Dec/20	Dec/19
Treasury bonds	1 655 983	13 501 309
	1 655 983	**13 501 309**
Accumulated impairment losses	37 724	584 688
	1 618 259	**12 916 621**

Current		
Issue date	17/03/2016	30/05/2018
Due date	15/03/2021	23/02/2021
BNA exchange rate	158,155	236,359
Amount	857	749
Amount as at 31/12/2020	876 149	779 834
Gross annual return	7,75%	7%

12. OTHER NON-CURRENT ASSETS

Other non-current assets breakdown is presented as follows:

	Dec/20	Dec/19
Other non-current assets (1)	7 743 025	8 164 336
Loans granted to third parties	-	464 334
Impaired balances	-	-390 559
	7 743 025	**8 238 111**

(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.

Securities related to contracts with AENA, under precautionary measures (Notes 1 and 34), amounts to 4,854,936 Euros.

In 2020, 2019 and 2018, a discount rate of 2% was applied, recognizing the current deferral in the amount of 228,532 Euros (Note 15) and noncurrent in the amount of 447,649 Euros. This update of Spain securities resulted in a loss in the amount of 8,283 Euros in 2018 and a gain in the amount of 15,397 Euros in 2019 (Note 27).

13. INVENTORIES

As at 31 December 2020 and 2019, stocks were broken down as follows:

	Dec/20	Dec/19
Raw material and consumables	11 309 509	11 701 304
Goods	367 487	388 663
	11 676 996	**12 089 967**
Decreases	-74 981	-74 981
Net inventories	**11 602 015**	**12 014 986**

The cost of inventories recognized in 2020 as an expense and included under "cost of sales" amounted to 73,729,378 Euros (2019: 117,329,396 Euros), as shown below:

	Dec/20	Dec/19
Opening balance	12 089 967	11 697 307
Currency conversion	-329 980	-546 938
Changes in the perimeter	-	40 909
Purchases	76 870 326	122 425 272
Inventories changes	-3 223 939	-4 197 186
Closing balance	11 676 996	12 089 967
Cost of sales	**73 729 378**	**117 329 396**

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

14. CASH AND CASH EQUIVALENTS

As at 31 December 2020 and 2019, Cash and cash equivalents were as follows:

	Dec/20	Dec/19
Cash	903 884	1 065 534
Bank deposits	49 645 909	37 358 723
Treasury applications	500	500
Cash and bank deposits in the balance sheet	50 550 293	38 424 757
Bank overdrafts	-916	-3 739 953
Cash and cash equivalents in the cash flow statement (1)	50 549 377	34 684 804

(1) there are no significant cash and cash equivalents unavailable for use by the Ibersol Group. From this amount 3,763,749 Euros (2019: 761,361 Euros) are deposited in Angola, with restrictions on its use outside the country, authorization from BNA (Banco Nacional de Angola) 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 heading “bank loans” (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

As at 31 December 2020 and 2019 Other current assets were as follows:

	Dec/20	Dec/19
Clients (1)	4 896 323	9 398 831
State and other public entities (2)	5 660 701	6 264 376
Other debtors (3)	11 239 465	8 659 243
Advances to suplliers	124 317	226 991
Advances to fixed suppliers	408 264	539 636
Accruals and income (4)	4 243 357	7 600 004
Deferred costs (5)	1 757 482	1 577 647
Other current assets	**28 329 909**	**34 266 728**
Accumulated impairment losses	2 584 702	2 585 661
	25 745 207	**31 681 067**

(1) Current balance arising essentially by the Catering and Franchising activity developed by Ibersol, respectively, from approximately 1 million Euros and 2.8 million Euros (2019: 3.3 million and 5.1 million, respectively).

(2) Current balance of recoverable VAT amounts 5,511,014 Euros (6,114,088 Euros in 2019).

(3) Other debtors detail:

	dez/20	dez/19
Aggregators	3 459 172	4 241 088
Other debtors	7 780 293	4 418 155
	11 239 465	**8 659 243**

As at 31 December the balance in Other debtors includes the balances receivable from aggregators and other debit balances mainly for 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/20	Dec/19
Suppliers contracts	1 902 850	5 660 143
Ascendi reimbursement	497 307	486 528
Program "Cartão Continente"	318 445	505 961
Other	1 524 755	947 373
	4 243 357	**7 600 004**

(5) Deferred costs are broken down as follows:

	Dec/20	Dec/19
Rents and condominium fees (outside the scope of IFRS16)	635 593	357 156
Discount value	228 532	163 257
External supplies and services	545 599	407 358
Expenses with raw material	95 424	66 122
Other	252 334	583 754
	1 757 482	**1 577 647**

Financial assets impairment is broken down as follows:

	Dec/20		Dec/19	
	With Impairment	**Without Impairment**	**With Impairment**	**Without Impairment**
Clients c/a	2 380 688	2 515 635	2 161 837	7 236 994
Other debtors	204 014	11 035 451	423 824	8 235 419
	2 584 702	**13 551 086**	**2 585 661**	**15 472 413**

With regard to non-impaired debts, their maturity is as follows:

	Dec/20	Dec/19
Debt not due	1 131 032	2 474 797
Debt due:		
For less than 1 month	6 192 007	3 896 995
From one to three months	2 167 650	4 883 702
Over three months	4 060 397	4 216 920
	13 551 086	15 472 413

The main activity of the Group 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, “cartão refeição”). With the appearance of sales platforms for home delivery, sales charged through the intermediary are growing. The greater volume of credits results from the activity of delivery through Aggregators, from catering sales, although the advance payment model was implemented at the time of contracting the event, as well as from the supply of goods and royalties to franchisees.

In other debtors, debts to suppliers for recovery of charges for marketing and rappel contributions are not at risk, as they are covered by credits from the same suppliers.

As at 31 December 2020, the accounts receivable, not past due and without impairment, in the amount of 1,131,032 Euros (2,474,797 Euros in 2019), do not present relevant balances referring to customers and other debtors with a history of default (2019: approximately 213 thousand Euros).

Impairment losses in 2020 and 2019 regarding other current assets are broken down as follows:

	Dec/20					
	Opening balance	Currency Conversion	Cancellation	Losses in the Year (note 24)	Impairment reversion (note 24)	Closing balance
Clients c/ a	2 378 212	-	-1 132 793	1 178 651	-43 383	2 380 687
Other debtors	207 449	-6 883	-	3 449	-	204 015
	2 585 661	-6 883	-1 132 793	1 182 100	-43 383	2 584 702

	Dec/19					
	Opening balance	Currency Conversion	Cancellation	Losses in the Year (note 24)	Impairment reversion (note 24)	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

16. EQUITY

16.1. Share Capital

As at 31 December 2020 and 2019, fully subscribed and paid up share capital was represented by, respectively, 36.000.000 shares to the bearer with a nominal value of 1 Euro each.

16.2. Own shares

There were no transactions with own shares in 2020 and 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 158,620,194 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. Non-controlling interests

In the periods ended 31 December 2020 and 2019, non-controlling interests were as follows:

	%		Dec/20	Dec/19
	Dec/20	Dec/19		
Restmon	39%	39%	-60 684	-53 342
Cortsfood	50%	50%	211 662	364 086
Others			-17 737	-17 737
			133 241	**293 007**

In 2020 and 2019 changes in non-controlling interests were as follows:

	2020	2019
1st January	293 007	329 204
Increases (1)	-	90 582
Decreases (2)	-159 766	-126 779
31st December	133 241	293 007

(1) changes in 2019 relate to the year income for the period of on-controlling interests , 90,582 euros.
(2) decreases in 2020 and 2019 resulting from the distribution of dividends (49,806 Euros and 126,779 Euros, respectively), and in 2020 of the profit and loss for the period of non-controlling interests in the amount of 109,960 Euros.

17. LOANS AND LEASE LIABILITIES

17.1 Loans

As at 31 December 2020 and 2019, current and non-current loans were as follows:

Non-current	**Dec/20**	**Dec/19**
Bank loans	66 088 448	16 763 367
Commercial paper programmes	80 200 000	58 000 000
	146 288 448	74 763 367
Financing fees	-793 492	-
	145 494 956	**74 763 367**

Current	**Dec/20**	**Dec/19**
Bank overdrafts	916	3 739 953
Bank loans	17 972 709	23 659 362
Commercial paper programmes	1 600 000	19 000 000
	19 573 625	**46 399 315**
Total loans	**165 068 581**	**121 162 682**
Average interest rate	**1,9%**	**2,7%**

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/20	**Dec/19**
From 1 to 2 years	33 815 546	28 421 835
From 2 to 5 years	112 342 860	46 241 284
> 5 years	130 042	100 248
	146 288 448	**74 763 367**

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).

The interest rate in force as at 31 December 2020 of CPPs and bank loans was on average around 1.24% (31 December 2019: 1.30%). Most bond loans and bank loans indexed to variable rates are indexed to Euribor.

Movements in 2020 and 2019 in current and non-current loans, except financial leases and bank overdrafts, are as follows:

1 January 2020	121 162 682
Loan receipts obtained	76 368 848
Financial debt payments	-26 569 061
Variation effect of bank overdrafts	-3 739 037
Financing assembly costs	-793 492
Others	-1 361 359
31 December 2020	165 068 581

Using the functional currency in which they were subscribed, total loans as at 31 December 2020 and 2019 were as follows:

	Dec/20	**Dec/19**
EUR	164 993 444	111 554 094
AOA	741 666 667	3 146 722 026

At the end of the period the Group had 46 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 a)	**2,5x to 1,5x** *from 2017 to 2021 with reductions of 0.25 per year*	**3,5x**
Debt/EBITDAR		**4,5x**
EBITDA/Financial Cost	**5x**	-
Equity/Assets	-	**30%**

a) Debt / EBITDA without effects from the application of IFRS 16 (fozzen gapp).

On 31 December 2020 Ibersol Group obtained exemption from compliance with financial covenants for financing contracts with a total amount owed at the end of the period in the amount of 60.2 million Euros. According to the contractual plans currently in force, this amount will amount to 61.4 million Euros at the end of 2021, and the Group is already in discussion with the respective financial institutions on this issue.

No relevant impacts of changes in financing contracts were identified in the light of the provisions of IFRS 9.

As at 31 December 2020 the future (contractual) Cash Flows concerning the above stated financial liabilities are broken down as follows:

	CF 2021	**CF 2022**	**CF 2023**	**CF 2024**	**CF 2025**	**CF 2026/29**
Bank loans	17 972 709	15 515 546	23 204 856	8 319 540	18 373 018	675 490
Commercial paper programmes	1 600 000	18 300 000	34 150 000	16 750 000	10 000 000	1 000 000
Interest	5 401 146	4 170 237	2 435 824	1 615 348	1 210 417	10 000

17.1 Lease liabilities

As at 31 December 2020, 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:

	Current	Non-current					
	FC 2021	FC 2022	FC 2023	FC 2024	FC 2025	FC 2026/39	Total non-current
Leases	74 382 513	50 004 296	46 565 548	41 852 221	42 109 285	74 100 671	**254 632 020**
Interest	14 324 175	12 017 762	9 693 883	7 400 466	5 172 661	16 200 343	**50 485 114**

During 2020, the Group obtained discounts on rent payments, which resulted in the respective decrease in liabilities without an outflow of funds.

According to Note 2.19, the group chose to adopt in advance the practical file issued by IASB regarding the accounting treatment of lease concessions, having recognized an impact, in the amount of 10,378,560 Euros, as less expense for the period (Note 22).

During March 2021, and as described in Note 1, the Group filed a lawsuit against AENA concerning the values of the minimum guaranteed rents of space rental contracts in airports in Spain. As a result, the Group intends for the contract to be modified which, if verified, will result in the reduction of the minimum lease payments that are, as at 31 December 2020, included in the Group's consolidated balance sheet as a current lease liability in the approximate amount of 48 million Euros (24 million Euros in 2020 and 2021) and non-current amount of 47 million Euros.

The periods movements in leasing responsibilities are presented as follows:

1 January 2020	339 983 201
Financial debt payments	-35 396 611
Update of liabilities with leases	16 770 370
Lease contract increases	21 972 110
Contract terminations / store closings	-3 625 157
Income concessions resulting from the COVID-19 pandemic	-10 378 560
Others	-310 820
31 December 2020	329 014 533

During 2020, the Group obtained discounts on rent payments that led to the respective decrease in liabilities without outflow of funds.

18. INCOMES TAXES AND DEFERRED TAXES

18.1. Income tax

18.1.1. Income tax receivable

As at 31 December 2020, income tax receivable amounts to 169.241 Euros (2019: 1.502.658 Euros), presented as follows:

	Dec/20	Dec/19
Inverpeninsular Group (1)	20 403	58 308
RETGS (2)	121 615	1 340 789
Dehesa (1)	-	62 437
Cortsfood	15 483	31 870
Others	11 740	9 254
	169 241	1 502 658

(1) tax amount resulting from the tax group of subsidiaries in Spain. Although full participation in non-controlling interests of the subsidiary Dehesa have been acquired in 2019, it only incorporated the tax group in 2020.
(2) income tax resulting from the tax group of subsidiaries in Portugal (RETGS), is presented as follows:

	2020	2019
Payments on account	599 662	4 594 197
Withholding taxes	144	109 770
Income tax - parent	-333 289	-253 083
Income tax - subsidiaries (RETGS)	-640 122	-3 469 367
Tax saving (RETGS)	495 220	359 272
Total	121 615	1 340 789

18.1.2. Income tax payable

Income tax payable in the periods ended 31 December 2020 and 2019 is broken down as follows:

	Dec/20	Dec/19
Ibersol Angola	5 473	678 567
Others (1)	9 856	11 181
	15 329	689 748

(1) excluded from RETGS, income tax to be paid by subsidiary Iberusa ACE.

18.2. Deferred tax

Changes in deferred taxes in the period are:

Deferred taxes	**31.12.2020**	**31.12.2019**	**Movement in the year (Note 26)**
Assets	14 914 797	4 010 940	-10 903 857
Liabilities	-3 896 164	-8 671 083	-4 774 920
Total	**11 018 633**	**-4 660 143**	**-15 678 777**

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

Portugal	21%
Spain	25%
Angola	25% (30% in 2019)

The Group offsets deferred tax assets and deferred tax liabilities if, and only if:

a) has a right of mandatory compliance to offset current tax assets against current tax liabilities; and

b) deferred tax assets and deferred tax liabilities relate to income taxes assessed by the same tax authority on or:

i) the same taxable entity, or

ii) different taxable entities that intend to either settle current tax liabilities and assets on a net basis, or realize the assets and settle the liabilities simultaneously, in each future period when significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

18.2.1 Deferred tax assets

As at 31 December 2020 and 2019 deferred tax assets on, according to jurisdiction and the temporary differences that generate them, are broken down as follows:

	2020			2019
Deferred tax assets	**Portugal**	**Spain**	**Total**	**Spain**
Tax losses carried forward	1 378 625	4 153 688	5 532 313	2 674 199
IFRS16	-	11 158 906	11 158 906	2 980 549
Taxable temporary differences	-33 859	-1 220 171	-1 254 030	-1 999 793
Homogenization of property, plant and equipment and intangible assets (1)	-5 606 236	-1 161 182	-6 767 418	-650 959
Other temporary differences (2)	5 640 488	604 538	6 245 026	1 006 944
	1 379 018	13 535 779	14 914 797	4 010 940

(1) deferred taxes that correspond to the difference in the net amount considered in the individual financial statements of the subsidiaries and the net amount to which they contribute in the consolidated financial statements.
(2) amount referring, essentially, in 2020 to tax benefits and in 2019 the impairment of accounts receivable, leasing, pension plan and tax benefits.

As at 31 December 2020 there are 5,626,294.99 Euros of tax benefits not deducted, to be used in subsequent periods, 1,942,829.89 Euros of RFAI for 2019, 2,528,198.58 Euros of RFAI for 2020 and 1,156,266.52 Euros of CFEI II for 2020 (deductible up to and including 2025). It should be noted that these credits have a reporting period of 10 tax periods, a period whose count was suspended during 2020 and during the following tax period, according to Law No. 21/2021, of 21 of April.

The detail of the reportable tax losses of the Spain jurisdiction is presented as follows:

	SP - no limit	SP - no limit	SP - no limit	SP - no limit	PT 2032 SP - no limit	
	previous to 2015	2016	2018	2019	2020	Total
Spain	1 091 044	3 212 698	90 386	6 825 144	25 086 629	36 305 901
Portugal					6 564 880	6 564 880
Total	1 091 044	3 212 698	90 386	6 825 144	31 651 509	42 870 781

Regarding the reportable tax losses of Spain, detailed above, the Group did not recognize deferred tax assets on reportable tax losses generated in Spain in the amount of 19,691,122 Euros (corresponding to 4,922,781 Euros in deferred taxes).

In analyzing the recoverability of deferred tax assets, the Group considered the best estimates of projections of future taxable profits against which tax losses, tax credits and deductible temporary differences can be used. Such estimates reflect conservative scenarios, given the current context of greater uncertainty.

Deferred tax assets relating to reportable tax losses are presented as follows:

Limit year of use	2032	unlimited	Total
Start year	2020		
Reportable tax losses			
Portugal	6 564 880		6 564 880
Spain		36 305 900	36 305 900
Deferred tax assets			42 870 780
Portugal			
Spaina	1 378 625		1 378 625
		4 153 688	4 153 688
			5 532 313

18.2.2 Deferred tax liabilities

As at 31 December 2020 and 2019, Deferred tax liabilities, according to jurisdiction and the temporary differences that generated them, are broken down as follows:

	Dec/20	Dec/19		
Deferred tax liabilities	**Angola**	**Portugal**	**Angola**	**Total**
Homogenization of property, plant and equipment and intangible assets (1)	-131 783	6 505 407	-128 393	6 377 014
Hyperinflationary Economies (IAS 29)	4 210 251	-	5 159 007	5 159 007
Tax credits carried forward	-	-2 346 447	-	-2 346 447
IFRS16	-34 217	-468 045	-54 113	-522 158
Other temporary differences	-148 087	215 878	-212 210	3 668
	3 896 164	3 906 793	4 764 291	8 671 083

(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.

19. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2020 and 2019 the detail of Ibersol derivative financial instruments are presented as follows:

	Dec/20	Dec/19
Swap	63 078	128 699
Derivative financial instruments	**63 078**	**128 699**

Ibersol Group's derivatives 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 *
Amounts at 31 December 2020	9 600 000	3 200 000

(*) with floor zero

These derivatives is classified as a level 2 category and its technical valuation is 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 for the period (Note 25).

20. ACCOUNTS PAYABLE TO SUPPLIERS AND ACCRUED COSTS

As at 31 December 2020 and 2019, accounts payable to suppliers and accrued costs were broken down as follows:

	Dec/20	Dec/19
Suppliers c/ a	26 475 002	32 908 102
Suppliers - invoices pending approval	2 760 018	5 548 999
Suppliers of fixed assets c/ a	15 406 934	19 231 301
Total accounts payable to suppliers	44 641 954	57 688 402

	Dec/20	Dec/19
Accrued costs - Payable insurance	124 828	109 426
Accrued costs - Payable remunerations	9 242 973	8 201 758
Accrued costs - Performance bonus	0	1 910 792
Accrued costs - Rent and lease (1)	480 010	1 842 319
Accrued costs - External services	5 591 633	6 219 141
Accrued costs - Other	1 876 945	1 844 770
Total acrrued costs	17 316 389	20 128 206
Total accounts payable to suppl.and accrued costs	61 958 343	77 816 608

(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.

21. OTHER CURRENT LIABILITIES AND INCOME TAX PAYABLE

As at 31 December 2020 and 2019, “Other current liabilities” may be broken down as follows:

	Dec/20	Dec/19
Other creditors (1)	5 632 840	4 576 409
State and other public entities (2)	4 857 655	9 143 072
Deferred income (3)	1 785 302	846 539
	12 275 797	14 566 020

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

(2) balance mainly arising from payable VAT amounts (2.062.191 Euros) and Social Security (2.080.719 Euros).

(3) Deferred Income includes the following amounts:

	Dec/20	Dec/19
Compensation	338 983	366 102
Contracts with suppliers (1)	1 229 109	213 914
Investment subvention	200 100	259 053
Other	17 110	7 470
	1 785 302	846 539

(1) the value of contracts with suppliers corresponds to revenue obtained from suppliers up to 31 December and for subsequent periods.

22. EXTERNAL SERVICES AND SUPPLIES

External services and supplies in the periods ended 31 December 2020 and 2019 are broken down as follows:

	2020	2019
Subcontracts	82 044	539 686
Electricity, water, fuel and other fluids	11 983 142	14 652 171
Rents and rentals (1)	-1 544 798	15 391 896
Condominium	4 679 272	4 753 071
Tools and utensils and office supplies	1 563 210	3 087 451
Royalties	11 669 478	14 793 996
Travel and accommodations and transportation of goods	1 130 051	2 094 668
Services fees	1 340 919	2 065 897
Conservation and repairs	7 436 143	8 790 413
Advertising and propaganda	11 399 102	17 056 813
Cleaning, hygiene and comfort	3 569 389	4 799 623
Specialised works	14 009 364	11 237 441
Communications, Insurance and Other ESS'	2 282 039	5 754 218
	69 599 355	105 017 345

(1) The negative amount of rents in 2020 reflects the application of the practical expedient introduced by the amendment to IFRS 16, according to Note 2.2.2.a), whereby the group recognized in income rents concessions in the amount of 10,378,560 Euros. On the other hand, expenses with lease rents with a lease term of less than 1 year and variable rents (2019: 13,043,772 Euros) are also recorded under this heading.

23. PERSONNEL COSTS

Personnel costs for the periods ended 31 December 2020 and 2019 are broken down as follows:

	2020	2019
Salaries and wages	81 742 374	116 488 670
Social security contributions	19 749 954	29 491 842
Personnel meals	3 216 062	4 179 464
Work accident insurance	964 099	1 020 423
Other personnel costs (1)	856 626	786 627
	106 529 115	151 967 026
Average number of employees	9 380	10 400

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

In 2020, with the adhesion to ERTE (*Expediente de Regulación Temporal de Empleo*) in Spain and the simplified and normal Lay-off in Portugal (Note 1), which enabled support in the amount of 3.5 million Euros in Portugal and 6.8 million Euros in Spain.

24. OTHER OPERATING INCOME AND COSTS

Other operating and income costs in the periods ended 31 December 2020 and 2019 are broken down as follows:

Other operating costs	**2020**	**2019**
Direct/indirect taxes not assigned to operating activities	994 677	1 364 139
Currency exchange differences	1 346 841	3 403 120
Losses in fixed assets	918 295	1 939 492
Membership fees, donations samples and inventory offers	96 013	122 827
Impairment adjustments (debts receivable) (Note 15)	1 182 100	1 002 267
Impairment adjustments (debts receivable) (Note 12)	-	50 559
Other operating costs	575 851	354 774
	5 113 777	8 237 177

Other operating income	**2020**	**2019**
Supplementary income (1)	2 942 989	6 504 893
Currency exchange differences	3 929 104	8 684 396
Compensations	547 190	500 000
Gains in fixed assets	76 005	60 015
Operating grants	1 915 210	155 596
Impairment adjustments reversion (debts receivable) (Note 15)	43 383	405 000
Reduction of provision	-	247 951
Investment grants	58 953	64 639
Other operating gains	156 147	76 725
	9 668 981	16 699 215
Other operating income / (costs)	4 555 204	8 462 038

(1) result mainly from revenues from franchise agreements (Eat Out Group) and suppliers.

25. EXPENSES AND LOSSES AND INCOME AND FINANCIAL GAINS

Financial expenses and losses in the periods ended 31 December 2020 and 2019 are broken down as follows:

Financial expenses and costs	**2020**	**2019**
Interest on rentals liabilities (IFRS16)	16 770 370	17 524 539
Interest paid	3 122 898	3 659 132
Other financial expenses and costs	1 491 665	1 490 244
	21 384 933	22 673 915

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

	2020	**2019**
Spain	12 615 118	13 334 544
Portugal	3 953 381	3 692 736
Angola	201 871	497 259
	16 770 370	17 524 539

Financial income and gains in 2020 and 2019 are broken down as follows:

Financial income and gains	**2020**	**2019**
Interest earned (1)	924 705	1 394 624
Other financial income and gains	819 657	574 781
	1 744 362	1 969 405

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

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

	2020	**2019**
Financial instruments - cash flow hedge (Note 19)	-65 620	-48 871
Commercial paper programmes charges	483 975	499 210
Discounted value (Note 12)	8 283	-15 397
Impairment reversal TB's (Note 11)	-543 613	-233 396
Other commissions	89 084	141 683
Other financial cost and gains	580 687	572 235
	552 795	915 463

26. INCOME TAX

Income tax recognised in 2020 and 2019 are broken down as follows:

	Dec/20	**Dec/19**
Current taxes	554 076	4 490 712
Income tax provision	-	-3 211 467
Insufficiency (excess) of income tax	-17 293	-705 133
Deferred taxes	-15 678 777	-5 895 887
	-15 141 994	-5 321 775

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:

	2020	**2019**
Pre-tax profit	**-70 449 203**	**12 318 035**
Tax calculated at the appliacble tax rate in Portugal (22,5%)	**-15 851 071**	**2 771 558**
Fiscal effect caused by:		
Income tax provisions	-	-3 211 467
Tax losses without deferred tax	4 922 780	-
Insufficiency (excess) of income tax	-3 279 848	-1 340 281
Tax credits (CFI)	-38 375	-3 136 787
Deferred tax credits	-17 293	-705 133
Special tax (independent)	38 375	521 954
Tax pours	401 131	212 372
Deferred tax adjustments and other effects	-1 317 693	-433 992
Income Tax Expenses	-15 141 994	-5 321 775

In 2020, the average tax rate is 21%.

27. INCOME PER SHARE

Income per share in the periods ended 31 December 2020 and 2019 was calculated as follows:

	Dec/20	Dec/19
Profit payable to shareholders	-55 197 249	17 549 228
Average weighted number of ordinary shares issued	36 000 000	36 000 000
Average weighted number of own shares	-3 599 981	-3 599 981
	32 400 019	32 400 019
Basic earnings per share (€ per share)	-1,70	0,54
Earnings diluted per share (€ per share)	-1,70	0,54
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.

28. FINANCIAL ASSETS AND LIABILITIES

At the end of the period 2020 and 2019, financial assets and liabilities were broken down as follows:

Financial Assets	**Category**	**Accounting Value**		**Valuation Method**
		2020	**2019**	
Other non-current assets	Loans and accounts receivable	7 743 025	8 238 111	Amortized cost
Other financial assets	Loans and accounts receivable	2 442 186	15 626 772	Amortized cost
Non-current financial assets	Other assets	574 737	435 226	Amortized cost
Cash and cash equivalents	Loans and accounts receivable	50 550 293	38 424 757	Amortized cost
Clients	Loans and accounts receivable	4 896 323	9 398 831	Amortized cost
Other debtors	Loans and accounts receivable	11 239 465	8 659 243	Amortized cost
		77 446 029	80 782 939	

Financial Liabilites	**Category**	**Accounting Value**		**Valuation Method**
		2020	**2019**	
Loans	Other liabilities	165 068 581	121 162 682	Amortized cost
Suppliers	Other liabilities	44 641 954	57 688 402	Amortized cost
Cost accruals	Other liabilities	8 073 416	10 015 656	Amortized cost
Other creditors	Other liabilities	5 638 866	4 582 555	Amortized cost
Derivative financial instruments	Other liabilities	63 078	128 699	Fair value
		223 485 895	193 577 994	

Financial assets (such as Accounts receivable and Other Debtors) and Other financial assets presents impairment losses, as shown in Note 15 and 11, respectively. As at 31 December 2020 and 2019, gains or losses related with these financial assets and liabilities were as follows:

	Profit/ (Loss)	
	Dec/20	**Dec/19**
Accounts receivable	-1 138 717	-597 267
Other financial assets	543 613	233 396
Non-current financial assets	-	-
Assets at amortised cost	-	-
	-595 104	**-363 871**

The interest of financial assets and liabilities were as follows:

	Interest	
	Dec/20	Dec/19
Accounts receivable	-	-
Non-current financial assets	-	-
Liabilities at amortised cost	3 122 898	3 659 132
	3 122 898	**3 659 132**

29. DIVIDENDS

At the General Meeting held on 29 June 2020, the company decided not to distribute dividends to shareholders. In 2019 Ibersol paid a gross dividend of 0,10 Euro per share, representing a total amount of 3,240,002 Euro for outstanding shares.

30. CONTINGENT ASSETS AND LIABILITIES

The Group has contingent liabilities related to its business (related to licensing, advertising fees, hygiene and food safety and employees, the success rate of Ibersol in these processes being historically high). It is not expected that there will be significant liabilities arising from contingent liabilities.

An indemnity proceeding was brought against a subsidiary of the Eat Out Group in Spain for alleged non-compliance with non-compete agreements in the amount of approximately 11.7 million Euros. The Board of Directors, supported by the position of the lawyers who accompany the process, considers that this situation represents a contingent liability. Additionally, it should be noted that the process concerns facts that occurred before the acquisition of this subsidiary by the Ibersol Group, and is therefore, under the liability and guarantees clauses provided for in the share purchase and sale agreement of the Eat Out Group, there is a right of return.

In addition, the Group currently has two legal proceedings underway with subcontracted service providers (for a maximum total amount of approximately 1.9 million Euros) for which it considers that there is no risk of any additional liabilities to be recognized in the consolidated financial statements, supported by in the opinion of its legal advisors.

31. OTHER COMMITMENTS ASSUMED

As at 31 December 2020, liabilities not recorded by Ibersol's subsidiaries are mainly made up of bank guarantees provided on their account, as follows:

	Dec/20	Dec/19
Bank guarantees	25 211 435	26 329 519

Bank guarantees by hedge type are as follows:

Leases and rents	Other supply contracts	Fiscal and legal proceedings	Other	Other legal claims
24 651 327	23 327	472 049	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 centres and other places) under concessions and rents, which amounts to 19,764,000 Euros with AENA Aeroportos.

Regarding the precautionary measures requested, aiming at preventing AENA from executing the guarantees and deposits (see Note 12), which has a 26 million Euros benefit. On 26 March 2021, the Court ruled in favour of the precautionary measure.

32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions with related parties in 2020 and 2019 can be presented as follows:

	Parent entitie		Jointly controlled entitie		Associated entitie		Other entities	
	2020	2019	2020	2019	2020	2019	2020	2019
Supplies and services	1 000 000	1 000 000	3 667 953	3 767 298	-	-	-	-
Rental lease	-	-	-	-	-	-	1 373 755	1 520 719
Accounts Payable	-	-	1 215 575	1 069 114	-	-	-	-
Other current assets	-	25 000	-	-	-	-	-	-
Other non-current assets	-	-	-	-	300 000	300 000	-	-

The parent company of Ibersol SGPS S.A. is ATPS - SGPS, SA, holder of 19.767.058 shares. The shareholder company provides 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 according to paragraph 1.b) Article 20, and paragraph 1 Article 21, both of the Portuguese Securities 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, S.A. with NIPC 513799486 and DUNBAR - SERVIÇOS E GESTÃO, S.A. 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 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. As at 31 December 2020, the estimated payment commitments for rents over the term of the respective contracts amount approximately to 18.4 million Euros (31 December 2019: 16.4 million Euros).

Transactions with related parties were performed under normal market conditions, thus corresponding to the amount that would be charged between unrelated companies.

33. IMPAIRMENT

During 2020 and 2019, impairment losses were as follows:

	Dec/20						
	Opening balance	**Perimeter variation**	**Charge-off and reclassification**	**Impairment assets disposals**	**Impairment in the year**	**Impairment reversal**	**Closing balance**
Property, plant and equipment	10 981 144	-	-285 115	-2 599 023 (5)	831 559 (1)	-	8 928 566
Intangible assets	3 722 929	-	-2 163	-	-	-	3 720 766
Inventories	74 981	-	-	-	-	-	74 981
Other current assets	2 585 661	-6 883	-1 132 793	-	1 182 100 (2)	-43 383 (3)	2 584 691
Other financial assets (current and non-current)	707 366	-	-	-	-543 613 (4)	-	163 753
	18 072 081	-6 883	-1 420 071	-2 599 023	1 470 046	-43 383	15 472 756

	Dec/19						
	Opening balance	**Perimeter variation**	**Charge-off and reclassification**	**Impairment assets disposals**	**Impairment in the year**	**Impairment reversal**	**Closing balance**
Property, plant and equipment	11 632 624	-	-	-206 746 (5)	492 746 (1)	-937 480 (1)	10 981 144
Intangible assets	3 722 929	-	-	-	-	-	3 722 929
Inventories	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 (4)	707 366
	19 302 416	-10 923	-931 803	-206 746	1 495 013	-1 575 876	18 072 081

During the period an impairment of 7.458.583 Euros (2019: 4.000.000 Euros) was recognized in Goodwill (Note 9).

(1) recorded in amortisation, depreciation and impairment losses of PPE and IA, Notes 8 and 9;
(2) recorded in other operating costs;
(3) recorded in other operating income;
(4) recorded in other financial expenses and losses and financial income and gains, Note 25;
(5) Write-off of assets with impairment losses are detailed as follows:

	Year 2020
Pans & C.ª (4 units)	1 258 554
Pizza Móvil (6 units)	385 346
Ribs (1 unit)	955 123
	2 599 023

	Year 2019
Bocatta (1 unit)	36 983
Pizza Móvil (2 units)	169 764
	206 746

34. SUBSEQUENT EVENTS

The closure of borders and the much lower mobility of the world population had an impact of drops in air traffic of more than 70%. Negotiations took place over several months with the owner of the Airports in Spain in order to obtain an adjustment of the contracts since the different specialist entities in the aviation sector expect that the normalization of traffic will take several years. As it was not possible to conclude the agreements, the largest commercial operators operating at the airports in Spain requested in court the financial rebalancing of the respective contracts.

On 9 March 2021, the subsidiary Pansfood SAU in *Juizo 1ª Instancia nº 1, Tribunal El Prat de Llobregat* filed a lawsuit against AENA, SME, SA claiming the adjustment of rents relating to 2020 (approximately 24 million Euros) and the rebalancing of guaranteed minimum rents as a result of traffic until 2026.

At the same time, urgent precautionary measures were requested, mainly aiming at preventing AENA from executing the guarantees it has in its favour in the amount of 26 million Euros. On 26 March 2021, the Court ruled in favour of the precautionary measure.

The severity of the third Covid-19 wave in this first quarter of 2021 resulted in a worsening of sanitary measures and the closure of the restoration activity enacted in mid-January and which lasted until April 19 for a conditional opening.

To suspend or reduce working hours, the Group adhered to the simplified lay-off in Portugal and maintained ERTE in Spain.

With the “support” “and support restoration” programs extended to non-SMEs but limited to companies with a turnover of less than 50 million Euros in 2019, we were only able to qualify for applications of approximately 1 million Euros.

In terms of financing, we adhered to the extension of grace periods and terms in financing guaranteed by the State:
i) Financing to support the Covid-19 economy, in Portugal, with adherence to another 9 months of grace period and maturity, which represents lower disbursements in the short term of 4.1 million Euros
ii) ICO line of 20 million Euros, in Spain; with an increase of another year of grace period and extension of maturity by another 3 years (2025 to 2028), representing a reduction of disbursements in the short term of 2.5 mn Euros
iii) Other ICO Financings, in Spain, with an increase in the grace period and maturity in 1 year, representing a reduction in short-term repayments of 0.5 million Euros
iv) ICO lines in current account, in the amount of 15 million Euros, increased the term by another 1 year

With the impact of this period of confinement on the activity and the delay in the European vaccination plans, the Group started negotiations to reinforce the available financing lines.

In mid-January a new confinement was decreed, the second within 10 months, resulting in a new period of closure of the restaurants, which lasted until 19 of April, with the expectation that the state of emergency will be lifted at 3 May.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for emission on 27 April 2021.

Shareholders are entitled to not approve the accounts authorized for issue by the Board of Directors and propose their amendment.

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A.
Edifício Burgo – Avenida da Boavista, 1837, 16º Andar
4100-133 Porto – Portugal
+351 22 010 23 00 – www.kpmg.pt

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 2020 (showing a total of Euro 728,737,013 and equity of Euro 156,405,905, including a net loss attributable to shareholders of Euro 55,197,249, the consolidated income statement, 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 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), 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 Consolidated Financial Statements" section below. We are independent of the entities that comprise the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of non-current assets (property, plan and equipment (Euro 213,304,027), right-of-use (Euro 281,632,588), goodwill (Euro 80,509,642), intangible assets (Euro 36,849,594) and deferred tax assets (Euro 14,914,797))

See Notes 2.4, 2.7, 2.9, 2.16 and 2.19 of the Main accounting policies, Notes 4.a) and 4.b) of the Important accounting estimates and judgments and Notes 7, 8, 9, 18 and 33 to the consolidated financial statements.

The Risk

The recoverability of non-current assets is considered a key audit matter due to the materiality of the amounts involved and the complexity and subjectivity associated with the recoverability tests, namely due to the uncertainty inherent in the financial projections, which are based on the Board of Directors' expectations.

These projections are materialised in valuation models based on business plans, which are supported by several assumptions not observable in the market, associated with discount rates, expected margins, short and long-term growth rates, investment plans and performance of demand. In the specific case of the travel area, included in the Concessions segment, as described in Note 6 to the consolidated financial statements, in Spain, it is based on Management's best estimate of the outcome of the dispute with AENA S.M.E., S.A. ("AENA") regarding the renegotiation of the lease agreements of airports within the current context of the COVID-19 pandemic (Note 1).

The valuation models, and the extent and depth of disclosures have been reviewed to incorporate the impact that the COVID-19 pandemic has had on the Group's operational performance and the increased uncertainty.

In 2020, as a result of the internal analysis of the recoverability of property, plan and equipment, right-of-use assets, goodwill and intangible assets, the Group recorded impairment losses amounting to approximately Euro 8.3 million. Additionally, deferred tax assets associated with tax losses of subsidiaries in Spain in the amount of

Our response to the identified risk

Our audit procedures included, among others, those that we describe below:

- We have inquired of the Board of Directors about the basis of their estimates and judgements and challenged the assumptions made;
- We have evaluated the design and implementation of the main controls implemented by the Group in this area and the reasonableness of the budgeting procedures on which the projections are based, by comparing past performance with estimates made in previous periods and by reference to macroeconomic and sectoral information and projections produced by independent external bodies;
- We have analysed the assumptions made by Management regarding the dispute between the Group, through its subsidiary Pansfood SAU, and AENA, and inquired of the Group's legal advisors on the prospects for the outcome of such actions, and the potential impacts of alternative scenarios for the outcome of this dispute;
- We have reviewed the assumptions used, such as inflation, projected economic growth and discount rates, and assessed their reasonableness and consistency, where applicable, for the various assets in the different locations and segments, and have also assessed the impacts of alternative scenarios;
- We have tested the integrity and mathematical accuracy of the discounted cash flow model;

approximately Euro 4.9 million were not recognised.

In Note 9 to the consolidated financial statements, the Group discloses the sensitivity analyses and additional impairment that would result should no renegotiation of the contract with AENA occur.

- We have carried out sensitivity analyses to changes in the relevant assumptions used;
- We have involved our experts in order to assess the discounted cash flow model and the average cost of capital rate considered in the valuations made by the Group;
- We have assessed the reasonableness of the projections that support the capacity of each tax group of the Ibersol Group to generate future taxable income over a foreseeable timeframe, which supports the recoverability of deferred tax assets, considering the consistency with the business projections used in the impairment analysis of other non-current assets; and
- We have reviewed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

Impacts of rent concessions of lease agreements (Euro 10,378,560)

See Notes 2.2.2.a) and 2.19 of the Main accounting policies, Note 4.c) of the Main accounting estimates and judgments and Notes 17.2 and 22 to the consolidated financial statements.

The Risk

During the period, and in response to the effects of the COVID-19 pandemic, several negotiations with lessors took place, as well as legislative changes regarding the rental of spaces in shopping centres, which resulted in rent concessions.

The accounting impacts of rent concessions under the applicable accounting policy is considered a key audit matter due to the large number of lease agreements impacted by such concessions, the materiality of the amounts involved and the complexity associated with the accounting treatment of such concessions.

Our response to the identified risk

Our audit procedures included, among others, those that we describe below:

- We have assessed the design and implementation of the main controls implemented by the Group in this area and the adequacy of the accounting policies adopted, considering the requirements and practical expedients foreseen in the standard;
- We have tested the completeness of the lease agreements and rent concessions considered;
- We have analysed, through sampling, the rent concessions obtained, arising from renegotiation agreements and legislative changes,

in order to validate the relevant conditions and framework under the applicable accounting policy or the general provisions of the standard for contractual modifications;

- We have validated the changes occurred in the right-of-use assets and lease liabilities;
- We assessed the adequacy of the related disclosures to the financial statements, in accordance with 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 consolidated financial position, financial performance and the consolidated cash flows, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union;
- the preparation of the consolidated management report, corporate governance report, non-financial information and remunerations' 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 misstatements 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 with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards.

Our responsibility also includes the verification that the information contained in the consolidated management report is consistent with the consolidated financial statements, and the verification of the requirements as provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code regarding the corporate governance report, as well as the verification that the non-financial information and the remunerations report were presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Consolidated Management Report

Pursuant to article 451, nr. 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the consolidated 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. As defined in the article 451, nr. 7 of the Portuguese Companies' Code this opinion is not applicable to the non-financial information included in the management report.

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 nr. 1 of that article.

On the consolidated non-financial information

Pursuant to article 451, nr. 6 of the Portuguese Companies' Code, we inform that the Group included in its management report the non-financial information defined in article 508-G of the Portuguese Companies' Code.

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 Group in the shareholders general assembly held on 14 May 2018 to complete the last three years of the term of office from 2017 to 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 consolidated 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 30 April 2021.

- 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.

30 April 2021

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 nr. 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 2020 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, 30th Abril 2021

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 2020, and issue its consequent opinion:

1. Supervision:

The Fiscal Board accompanied, within the scope of its competencies and mandate, during the 2020 financial year, the management of the company and its subsidiaries, having received for that purpose, timely and adequate information from the Company's Board of Directors and the Statutory 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 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 19 November 2020, convened for this purpose, the "2020 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 2021.

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, company employees, 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, in compliance with article 249-A, n.º1 of the Securities Code, in the version introduced by Law n.º50/2020, of 25 August, issued a prior binding opinion regarding the review of the internal policy on transactions with related parties, a policy that was approved by the Board of Directors. During the year, transactions with related parties or qualified shareholders were part of the company's current activity, were carried out under market conditions, in compliance with the applicable legal and regulatory requirements, without conflicts of interest identified.

The Fiscal Board observed the recommendations I.2.2, I.2.3, I.2.4, I.3.1, I.3.2, I.4.1, I.4.2., I.5.1, I.5.2, III.6, VI.2., VI.3, VI.4, VI.5, VI.7, VII.1.1, VII.2.1., VII.2.2., VII.2.3. of the Corporate Governance Code of the IPCG.

The Fiscal Board examined the individual and consolidated management report and the individual and consolidated financial statements, their respective attachments, including the 2020 Corporate Governance Report presented by the Board of Directors, having examined, as well, the Legal Certification of Accounts and Audit Report submitted by the Auditor ***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 2020 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, of the Covid-19 pandemic, the Fiscal Board monitors the apprehension and considerations made by the Board of Directors in Note 34 of the appendix to the consolidated financial statements, having in the fiscal year 2020 followed with particular attention the audit work in the context of uncertainty caused by the pandemic, taking into account the circular to the supervisory bodies of entities of public interest, of the CMVM, of December 18, 2020, on the audit of the accounts for this financial year.

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 Report, the financial consolidated and individual statements of 2020 and respective annexes, namely the Governance Report;

b) The proposal of distribution of year-end results presented by the Board of directors.

Porto, 30th April 2021

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)

Ibersol – SGPS, SA

Individual Financial Statements

31 December 2020

Contents

Ibersol – SGPS, SA 1

Statement of financial position 3

Statement of income and other comprehensive income 4

Statement of changes in equity 5

Statement of cash flows 7

Notes to the financial statements 8

1 INTRODUCTION 8
2 FINANCIAL STATEMENTS ACCOUNTING STANDARDS 9
3 MAIN ACCOUNTING POLICIES 14
4 CASH AND CASH EQUIVALENTS 21
5 PROPERTY, PLANT AND EQUIPMENT 21
6 FINANCIAL INVESTMENTS IN SUBSIDIARIES 22
7 INCOME TAX RECOVERABLE AND PAYABLE 24
8 EQUITY 25
9 SUBSIDIARIES LOANS 26
10 DEFERRED TAXES 27
11 LOANS AND DERIVATIVE FINANCIAL INSTRUMENTS 28
12 OTHER CURRENT LIABILITIES 29
13 SALES AND RENDERED SERVICES 29
14 PERSONNEL COSTS 30
15 FINANCIAL COSTS AND INCOME 30
16 INCOME TAX 30
17 OTHER COMMITMENTS ISSUED 31
18 REMUNERATION ASSIGNED TO GOVERNING BODIES AND THE STATUTORY AUDITOR 31
19 RELATED PARTIES 32
20 INCOME PER SHARE 35
21 SUBSEQUENT EVENTS 35

Financial Statements (in Euro)

Statement of financial position

	Notes	31/12/2020	31/12/2019
ASSETS			
Non-current Asset			
Property, plant and equipment	3.2 and 5	-	-
Financial investments in subsidiaries	3.1 and 6	99 426 347	99 426 347
Loans granted to subsidiaries	9	162 448 996	159 504 996
Deferred tax assets	10 and 17	7 019 113	2 375 404
Total non-current assets		**268 894 456**	**261 306 747**
Current Asset			
State and other public entities	8	121 615	1 231 213
Group subsidiaries	9	4 021 696	7 052 921
Other debtors		15 916	17 595
Deferrals		4 087	4 198
Cash and cash equivalents	3.5 and 4	313 046	737 032
Total current assets		**4 476 360**	**9 042 958**
Total Assets		**273 370 816**	**270 349 706**
EQUITY AND LIABILITIES			
Share capital	3.6 and 8	36 000 000	36 000 000
Own shares	8	-11 180 516	-11 180 516
Share premium		469 937	469 937
Legal reserves	8	1 629 598	1 075 511
Other reserves	8	134 507 395	123 979 762
Retained earnings		35 305 425	35 305 425
Net profit for the period		2 429 657	11 081 721
Total Equity		**199 161 496**	**196 731 838**
LIABILITIES			
Non-current			
Provisions	3.10	5 257	5 257
Loans obtained	3.7 and 11.1	70 200 000	58 000 000
Derivative financial instruments	11.2	63 078	128 699
Total non-current liabilities		**70 268 335**	**58 133 956**
Current			
Suppliers		1 573	7 422
Group subsidiaries	9	2 172 703	192 704
Loans obtained	3.7 and 11.1	1 398 100	14 793 187
Other current liabilities	12	368 609	490 598
Total current liabilities		**3 940 985**	**15 483 911**
Total Liabilities		**74 209 320**	**73 617 867**
Total Equity and Liabilities		**273 370 816**	**270 349 706**

Financial Statements (in Euro)

Statement of income and other comprehensive income

	Notes	2020	2019
Rendered services	3.12 and 13	720 000	720 000
External supplies and services		-74 048	-75 299
Personnel costs	14	-253 529	-357 376
Impairment of investments in subsidiaries (losses / reversals)	9.1	-1 276 000	-
Impairment of debts receivable (losses / reversals)	9.2	-336 473	-
Other operating income / (costs)	3.11	-40 615	-67 032
Operating Income		**-1 260 665**	**220 293**
Financial income/(costs)	15	1 129 477	893 497
Dividends	15	212 438	5 250 000
Pre-tax income		**81 250**	**6 363 789**
Income tax	3.8 and 16	2 348 407	-4 717 931
Net profit in the year		**2 429 657**	**11 081 721**
Other comprehensive income:		-	-
TOTAL COMPREHENSIVE INCOME		**2 429 657**	**11 081 721**
Earnings per share	20	0,07	0,34
Income per share		0,07	0,34

Financial Statements (in Euro)

Statement of changes in equity

		Share Capital	Own shares	Share premium	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	188 890 120
Changes in period									
Changes in accounting policies									0
Application of net profit					319 930	2 478 659	3 600 000	-6 398 589	0
Share capital increase									0
Acquisition / (disposal) of own shares									0
Realization of revaluation surpluses of tangible and intangible									
fixed assets									0
and their variations									0
Other changes in equity									
		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	20					359 998	-3 600 000		-3 240 002
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 Euro)

Statement of changes in equity

		Share Capital	Own shares	Share premium	Legal Reserves	Other reserves	Retained earnings	Net Profit	Total Equity
Balance on 1 January 2020		36 000 000	-11 180 516	469 937	1 075 511	123 979 762	35 305 425	11 081 721	196 731 838
Changes in period									
Changes in accounting policies									0
Application of net profit					554 087	10 527 634		-11 081 721	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**	**554 087**	**10 527 634**	**0**	**-11 081 721**	**0**
Net profit in the year								2 429 657	**2 429 657**
Total income								2 429 657	**2 429 657**
Transactions with capital owners in the period									
Capital increseases									0
Share prizes increases									0
Dividends paid	20								0
Losses coverage									0
Other transactions									0
		0	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Balance on 31 December 2020		**36 000 000**	**-11 180 516**	**469 937**	**1 629 598**	**134 507 395**	**35 305 425**	**2 429 657**	**199 161 495**

Financial Statements (in Euro)

Statement of cash flows

	Notes	31st December 2020	2019
Cash Flows from Operating Activities			
Receipts from clients		720 000	720 000
Payments to supliers		13 170	69 940
Staff payments		334 055	352 732
Operational cash flows		**372 775**	**297 328**
Payments/receipt of income tax		1 185 703	-1 275 757
Other paym./receipts related with operating activities		4 569 337	79 158
Flows from Operating Activities (1)		**3 756 409**	**1 652 243**
Cash Flows from Investment Activities			
Payments for:			
Tangible assets			
Intangible assests			
Financial Investments:			
Investments			
Capital contributions to subsidiaries	6	0	78 500
Loans granted to subsidiaries	9	4 550 000	16 250 000
Other assets			
Receipts from:			
Tangible assets			
Intangible assets			
Financial investments:			
Investments			
Capital contributions to subsidiaries	6	0	2 730 000
Loans granted to subsidiaries	9	330 000	2 720 000
Other assets			
Investment benefits			
Interest received	15	2 482 356	2 290 540
Dividends received	15	212 438	5 250 000
Flows from Investment Activities (2)		**-1 525 206**	**-3 337 960**
Cash flows from financing activities			
Receipts from:			
Loans obtained	11	14 000 000	22 000 000
Capital and other equity instruments increases			
Losses coverage			
Other financing activities			
Payments for:			
Loans obtained	11	15 265 620	15 139 324
Interest and similar costs	15	1 389 568	1 366 474
Dividends paid	20		3 240 002
Capital and other equity instruments reductions			
Other financing activities			
Flows from financing activities (3)		**-2 655 188**	**2 254 200**
Change in cash & cash equivalents (1)+(2)+(3)		**-423 985**	**568 483**
Cash & cash equivalents at the start of the period		**737 032**	**168 549**
Cash & cash equivalents at end of the period	3.5 and 4	**313 046**	**737 032**

Notes to the financial statements

1 Introduction

Ibersol – SGPS, SA ("Company" or "Ibersol") with head-office at Edifício Península – Praça do Bom Sucesso, 105/159 – 9º - 4150-146 Porto, Portugal, was incorporated on 30 December 1985. The company's main activity is the management of shareholdings.

Ibersol is owned by 54,91% by ATPS - SGPS, S.A., with 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 27h April 2021. The Board believes that these financial statements reflect the true and proper Ibersol operations, as well as its position and financial performance and cash flows.

COVID-19

2020 is defined by the Covid-19 pandemic outbreak that spread worldwide, stopping global economic activity, with profound impacts on consumer behaviours and habits.

On 11 March, the World Health Organization decreed a pandemic associated with the spread of Covid-19, and a state of emergency was decreed, which determined measures to contain the population and to close the majority of commerce and restaurants in order to halt the transmission of the virus.

Gradually, at the beginning of the second half, there was an upturn in activity, adjusted to the norms that aimed to guarantee safety and reduce the risk of infection, through the application of constraints to certain businesses, in order to guarantee social distance.

After the summer, there was an increase in the number of infections, which led to a second wave and the consequent worsening of the imposed conditions, with the governments decreeing additional restrictive measures, some of which are still in force:
- curfew;
- punctual closing of business;
- limitation of opening hours;
- restrictions on the mobility of people;
- border closure.

Ibersol, following the indications of the World Health Organization and General Health Directorates, activated the contingency plans that made it possible to give priority to the safety of all customers and employees and to ensure the protection of the entire supply chain.

In Portugal, Ibersol joined Extraordinary Incentive to the Standardization of Business Activity, while in Spain, as at 31 December, it remained with approximately 1,370 employees in ERTE.

At the same time, cost reduction initiatives were taken through the renegotiation of contracts, including the financial rebalancing of lease contracts.

However, during the year, however, the negotiation of airport concession contracts in Spain was not concluded, due to a lack of agreement with the concessionaire AENA. After a long negotiation process in which AENA proposed an adjustment of rents according to the number of passengers, Pansfood found itself faced with a proposal to reduce the income that would result in a reduction of the guaranteed minimum income of approximately 60% in the fiscal year 2020 and 50% until September 2021, with the obligation to waive the request for further income reductions.

Since most entities expect that the recovery of air traffic to the levels of 2019 will occur only in 2026, the need to request an adjustment of the rent until that year has been determined.

As a result, the Group initiated a legal proceeding against AENA so that the economic and financial balance of these contracts was restored. In March 2021, the Group obtained a favourable decision by

Tribunal de El Prat de Llobregat regarding the constraint of AENA to execute bank guarantees (Note 31) and collateral provided by PansFood under these contracts. With regard to the rent negotiation process, the Board of Directors strongly expects, supported also by its legal advisors, that the outcome of the lease is favourable to it, which will result in a value of guaranteed minimum rent to be paid to AENA lower than initially projected in the original contracts of around 95 million Euros, of which 24 million Euros referring to 2020 and another 24 million Euros to 2021, the remaining 47 million Euros referring to periods after 1 January 2022. The last proposal of the AENA mentioned above would result in a reduction of the guaranteed minimum rents payable for 2020 and 2021 of around 36 million Euros.

At the date of publication of this report, we are ending another lockdown after a third wave of the pandemic, whose future evolution will be directly related to the rhythms and effectiveness of the vaccination processes, both locally and globally, which will condition mobility and consumption habits.

Ibersol has been updating financial plans and cash flow projections in line with pandemic developments and prospects for recovery, to allow due monitoring of Ibersol's financial capacity to settle its liabilities.

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 1 January 2020. They have been prepared in accordance with the historical cost principle.

The preparation of these financial statements in accordance with IFRS requires the use of estimates, assumptions and critical judgments in determining the accounting policies to be adopted by Ibersol SGPS, with a significant impact on the amount 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 regarding 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 Euro (rounded to the unit).

2.2. Derogation from SNC standards

In these financial statements, there has not been any exception involving directly the derogation of any IFRS standard.

2.3. Comparability of Financial statements

The elements contained in these Financial Statements are, in their entirety, comparable with those of the previous period.

2.4. New standards, change and interpretations

2.4.1. Accounting standards and interpretations recently issued that came into force and which Ibersol applied in the preparation of these financial statements, are as follows:

a) 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 for periods beginning 1 January 2020 for companies that use the Conceptual Framework to develop accounting policies when no IFRS standard applies to a specific transaction.

The adoption of this standard had no impact on Ibersol's financial statements.

b) Definition of Materiality (changes to IAS 1 and IAS 8)

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

The amendments consist of (a) replacing the term "can influence" with "can reasonably be expected to influence"; (b) include the concept of "concealment" together with the concepts of "omission" and "distortion" of information in the definition of materiality; (c) clarify that the "users" referred to are the main users of the general financial statements referred to in the Conceptual Framework, and (d) align the definition of materiality among the 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 primary users of general financial statements will make based on those same financial statements, that provide financial information for a particular reporting entity.”.

The adoption of this standard had no impact on Ibersol's financial statements.

c) Amendment to Interest Rate benchmarks (changes to IFRS 9, IAS 39 and IFRS 7)

On 26 September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7. The amendments modify certain specific hedge accounting requirements to mitigate 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 cash flows of the hedge instrument is 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 hedg 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, in order to measure 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 market participants' expectations 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 1 January 2020. 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).

d) Definition of business (changes to IFRS 3 Business Concentration)

On 22 October 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 to produce outputs. The changes focus on whether the inputs acquired, and the substantive processes acquired together contribute significantly to the ability to create outputs.

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

This change to the standard had no impact on Ibersol's financial statements.

2.4.2. Ibersol decided to chose early application of the following standards and / or interpretations, adopted by the European Union:

a) Covid 19 - Rent concessions Amendment to IFRS 16

In May 2020, the IASB issued “Covid-19 – Rent concessions”, which amended IFRS 16 Leases.

If certain conditions are met, the change allows tenants not to assess whether certain Covid-19-related rent concessions are lease modifications. Instead, lessees applying the practical expedient should account for these rental concessions as if they were not modifications of the lease, so that, for example, the rental amount cancelled on or before 30 June 2021 is recognized in profit or loss. in the same year in which the concession is granted, instead of being awarded over the duration of the contract, as would be the case if practical expedition were not allowed.

The change must be applied for annual periods beginning on or after 1 June 2020. Early application is permitted.

Ibersol chose early application. This application had no impact on the individual financial statements of Ibersol SGPS.

2.4.3. Ibersol decided to chose early application of the following standards and / or interpretations, adopted by the European Union:

a) Reform of the Interest Rate Reference Index - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

In August 2020, IASB issued the Interest Rate Reference Reform - Phase 2, which changes IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases.

The purpose of these changes is to help entities provide useful information to users of financial statements and to assist preparers in applying IFRS standards when changes are made to contractual cash flows or hedging relationships as a result of the transition from an interest rate. IBOR reference for alternative reference rates, in the context of the ongoing risk-free rate reform ('IBOR reform').

The changes are the result of the second phase of the IASB project, which deals with the accounting impacts of the IBOR reform, which led to the Interest Rate Reference Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) issued by the IASB on 26 September 2019. They complement the first phase of the project that dealt with the accounting impacts of pre-replacement of the IBOR reform and which were issued by the IASB in 2019.

The amendments must be applied retrospectively for annual periods beginning on or after 1 January 2021, with early application permitted.

Ibersol is evaluating the impacts that this standard will have on its financial statements.

b) Extension of the temporary exemption from application of IFRS 9 (amendments to IFRS 4)

IASB issued “Extension of the Temporary Exemption from Application of IFRS 9 (Amendments to IFRS 4) on 25 June 2020.

The purpose of the amendments is to extend the expiration date of the temporary exemption from the application of IFRS 9 by two years (ie, from 2021 to 2023), in order to align the effective dates of IFRS 9 Financial Instruments with IFRS 17 Contracts for Safe.

This standard does not apply to Ibersol's activity sectors.

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

a) References to the Conceptual Framework (changes to IFRS 3)

In May 2020, IASB issued “References to the Conceptual Framework”, changing IFRS 3 Business Concentration.

The amendments updated IFRS 3, replacing the reference to an old version of the Conceptual Framework with a reference to the most recent version, which was issued in March 2018.

The changes must be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Early application is permitted if, at the same time or rather, an entity also applies all changes made to “Changes to references to the Conceptual Framework in IFRS standards”, issued in March 2018.

b) Property, plant and equipment - Revenue before intended use, changes to IAS 16 Property, plant and equipment

In May 2020, IASB issued "Property, plant and equipment - Revenue before Intended Use", which amended IAS 16 Property, plant and equipment.

The amendments prohibit the deduction at cost of an item of property, plant and equipment, of any revenue from the sale of items produced by bringing that asset to the location and condition necessary for it to be able to operate in the manner intended by management. Instead, the entity shall recognize these sales revenues in profit or loss.

The amendments must be applied retrospectively for annual periods beginning on or after 1 January 2022, with early application permitted.

c) Onerous Contracts - Cost of fulfilling a contract

In May 2020, IASB issued “Onerous Contracts - Cost of Completing a Contract”, which amended IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The purpose of the amendments is to clarify the requirements of IAS 37 on onerous contracts regarding valuation if, in a contract, the unavoidable costs of fulfilling the obligations arising from the contract exceed the economic benefits expected from it.

The amendments must be applied for annual periods beginning on or after 1 January 2022, with early application permitted.

d) Improvements in the 2018-2020 cycle

On 14 May 2020, the IASB issued improvements to IFRS 2018–2020 containing the following changes to IFRSs:

(i) allow an entity, as a subsidiary, associate or joint venture, that adopts IFRS for the first time after its parent company and chooses to apply paragraph D16 (a) of IFRS 1 First Time Adoption of International Financial Reporting Standards , can measure cumulative translation differences using the amounts reported by the parent company, based on the respective date of transition to IFRS;

(ii) clarify that the reference to fees in the 10 percent test includes only fees paid or received between the borrower and the creditor, including fees paid or received by the borrower or the creditor on behalf of the other (IFRS 9);

(iii) remove potential confusion regarding the treatment of lease incentives by applying IFRS 16 Leases, as illustrated in Illustrative Example 13 that accompanies IFRS 16; and

(iv) remove the requirement in paragraph 22 of IAS 41 Agriculture for entities to exclude cash flows for taxation when measuring fair value by applying IAS 41.

The changes will be applied for annual periods beginning on or after 1 January 2022, with early application permitted.

e) Clarification of the requirements for classifying liabilities as current or non-current (changes to IAS 1 - Presentation of Financial Statements).

On 23 January 2020, 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 clarify an IAS 1 criterion for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments aim to:
a. specify that an entity's right to defer settlement must exist at the end of the reporting period;
b. clarify that the classification is not affected by Management's intentions or expectations as to whether the entity will exercise its right to postpone settlement;
c. clarify how loan conditions affect classification; and
d. clarify the requirements for classifying liabilities that an entity will settle, or may settle, through the issuance of its own equity instruments.

This change is effective for periods after 1 January 2023.

f) IFRS 17 - Insurance Contracts
To be developed only for insurance companies or that have insurance subsidiaries. Otherwise refer that it is not applicable.

On 18 May 2017, the IASB issued a standard that came to replace IFRS 4 and completely reform the treatment of insurance contracts. The standard introduces significant changes to the way in which 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 2023.

Ibersol did not proceed with the early application of any of these standards in the financial statements for the period ended 31 December 2020, as their application is not mandatory. No significant impacts are estimated on the financial statements resulting from its adoption.

The following standards/amendments have recently been published: "Amendments to IFRS 16 Leases: COVID 19 Rent concessions beyond 30 June 2021", " Disclosure of accounting policies (amendments to IAS 1 - Presentation of financial statements and IFRS Practice Statement 2); "Changes to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates". Their impact is still being assessed by the Group.

3 Main accounting policies

The main accounting policies applied in preparing these financial statements are described below. Unless otherwise stated these policies have been consistently applied in comparative periods.

3.1. Financial investments in subsidiaries and associates

Investments in equity investments of subsidiaries, associates and joint ventures are measured in accordance with the provisions of IAS 27, at acquisition cost less any impairment losses.

Subsidiaries are all entities (including structured entities) over which Ibersol has control. Ibersol controls an entity when it is exposed to, or has rights to, the variable returns from its involvement with Ibersol, and can affect those returns through its power exercised over Ibersol. Subsidiaries are consolidated from the date on which control is transferred to Ibersol, being excluded from consolidation from the date on which that control ceases.

Joint Venture corresponds to joint agreements through which the entrepreneurs who exercise joint control over the agreement with the purpose of sharing the return obtained from the activity of the Joint Venture.

Associates are investments in which the Company has significant influence, but in which it does not have joint or individual control. Significant influence (assumed when voting rights are equal to or higher than 20%) is the power to participate in the entity's financial and operational policy decisions, without, however, exercising control or joint control of those policies.

The existence of significant influence is usually evidenced in one or more of the following ways:
• representation in the investee's management or equivalent management body;
• participation in policy decision-making processes, including participation in decisions on dividends and other distributions;
• material transactions between the investor and the investee;
• exchange of management personnel; or
• provision of essential technical information.

The excess of the acquisition cost in relation to the fair value of the identifiable assets and liabilities acquired, goodwill, is recognized as part of the financial investment in investments in subsidiaries, associates, and joint ventures. If the acquisition cost is less than the fair value of the assets and liabilities of these acquired entities, the difference is recognized as a gain directly in the separate income statement.

Dividends received from these investments are recorded as gains on investments, when attributed.

The entities that qualify as subsidiaries and associates are listed in note 19.

Ibersol, SGPS, S.A. prepares consolidated accounts.

3.2. Property, plant and equipment

Property, plant and equipment are stated at acquisition cost, net of amortizations and accumulated impairment losses.

The historical cost includes all expenses attributable directly to the acquisition of goods.

Borrowing costs incurred and borrowing costs for the construction of property, plant and equipment 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 useful life for the most significant property, plant and equipment are as follows:

	Years
Land and buildings	Between 10 and 35 years
Equipment	Between 4 and 20 years
Other property, plant and equipment	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 useful life are not subject to amortisation and are, instead, subject to annual impairment tests. Ibersol performs impairment test at 31 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

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

IFRS 9 establishes a new impairment model based on "expected losses". Therefore, Ibersol starts to recognize impairment losses before there is objective evidence of loss of value resulting from a past event. This model is the basis for the recognition of impairment losses on financial instruments held whose measurement is 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 expected loss that is expected to occur in the following 12 months. If the credit risk has increased significantly, Ibersol recognizes an accumulated impairment equal to the expected loss that is expected to occur up to the respective maturity of the asset.

Once the loss event has been verified under IFRS 9, the accumulated impairment is directly attributed to the instrument in question. The asset value is reduced and the amount of losses recognized in the income statement. If, in a subsequent period, the amount of impairment decreases, the amount of impairment losses previously recognized is also reversed in the income statement if the decrease in that impairment is objectively related to the event 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 heading “Loans Obtained” item, and are considered in 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 taxes are recognized globally using the liability method and calculated on temporary differences arising from the difference between the tax base of assets and liabilities and their values in the consolidated financial statements. However, if deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination or that at the date of the transaction does not affect either the accounting result or the tax result, it is not accounted for. Deferred taxes are determined by the tax rates (and legal) enacted or substantially enacted on the date of the consolidated statement of financial position and which are expected to be applicable in the period of realization of deferred tax assets or settlement of deferred tax liabilities.

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 9.2), 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 period 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.
Revenue is recognized only when the performance obligation is satisfied, which depends on whether the performance obligations are met over time or whether, on the contrary, control over the good or service is transferred to the customer in a given time.

3.13. Derivative 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 derivative financial instruments, Ibersol uses hedge accounting policies under the terms of the legislation in force. Derivatives financial instruments negotiation is performed 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. Main 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:

Main accounting estimates

3.14.1 Impairment

The Company performs impairment tests on financial investments in subsidiaries, joint ventures, and associates whenever events or changes in the surrounding conditions indicate that the amount for which they are recorded in the financial statements is not recoverable.

In addition to the recognition of impairment in these investments, Ibersol recognizes additional losses if it has assumed obligations, or if it has made payments for the benefit of these entities.

Impairment losses are calculated by comparing the recoverable amount of the investment, corresponding to the higher of the fair value less costs to sell and the value in use, and the book value of the financial holdings.

This estimate is made based on the valuation of holdings using discounted cash flow models in order to estimate the value in use of the said investments. In the case of subsidiaries or joint ventures whose most relevant assets correspond to holdings in real estate companies or real estate assets, the fair value of said holdings is estimated by reference to the market value of the real estate assets held by those held.

It is the opinion of the Board of Directors that the methodology described above leads to reliable results on the existence of any impairment of the investments under analysis since it considers the best information available at the date of preparation of the financial statements.

If, on a subsequent date, it is found that the impairment amount has decreased, and the decrease is objectively the result of a certain event that occurred after the initial recognition of the impairment, the amount then recorded is reversed up to the limit of the amount that would have been recognized, had it not been recognized any impairment loss is recorded.

The Board of Directors determines the gross budgeted margin based on past performance and its expectations for market development. The weighted average growth rate used is consistent with the forecasts included in sector reports. Discount rates are applied after tax and reflect specific risks related to CGU assets.

3.14.2 Taxes

The current income tax is calculated based on the results in accordance with the tax rules in force at the location of the headquarters of each company included in the consolidation perimeter of Ibersol. In

Portugal, the tax estimate (IRC) was calculated under the Special Regime for Taxation of Groups of Companies (RETGS).

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available to use the temporary difference.

3.15. Financial risk management

The group's activities are exposed to several financial risk factors: market risk (including interest rate risk), credit risk, liquidity risk and capital risk.

Ibersol maintains a risk management program that focuses its analysis on financial markets to minimise the potential adverse effects of those risks on the Ibersol's financial performance.

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

3.15.1 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.

The Group's main interest rate risk arises from liabilities, namely long-term loans. Loans issued at variable rates expose the Group to the cash flow risk associated with the interest rate. Loans issued at fixed rates expose the Group to the risk of the fair value associated with the interest rate. With the current level of interest rates, the policy of the group is, in financing of greater maturity, to proceed with the fixing of interest rates of around 30% of the amount owed.

Interest-bearing debt bears interest at a variable rate, having been part of an interest rate fixing through an interest rate swap derivative. The interest rate swap contracts to cover the interest rate risk of part of the loans (commercial paper) of 19 million euros are based on the maturity of interest and repayment plans identical to the conditions of the loans. A loan of 20 million euros is contracted at a fixed rate.

An increase on the interest rate, keeping everything else constant, would not have a negative impact on the company's accounts as Ibersol contractually affects the financing to subsidiaries.

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, considering 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 enough cash and cash equivalents, 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.

As at 31 December 2020, current liabilities amounted to 4 million Euros, compared to 4 million Euros in current assets. The non-current assets include 162 million Euros of loans to subsidiaries, of which 159 million Euros reimbursement may be requested in the short term, if necessary.

Financial Statements (in Euro)

3.15.4 Capital risk

The company aims to maintain an equity level suitable to the characteristics of its main business (cash sales and accounts payable) 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%.

As at 31 December 2020 and 2019, the gearing ratio was as follows:

	Dec/20	Dec/19
Loans granted	-162 448 996	-159 504 996
Loans obtained	71 800 000	73 000 000
Cash and cash equivalents	-313 046	-737 032
Net indebtedness	-90 962 043	-87 242 028
Equity	199 161 496	196 731 838
Total capital	108 199 453	109 489 810

3.16 Subsequent events

If material, events that occurred between the date of the consolidated statement of financial position and the date of issue of the financial statements that provide information on conditions that occur after the date of the statement of financial position (“non adjusting events”), are disclosed in note 21.

4 Cash and cash equivalents

As at 31 December 2020 and 2019, cash and cash equivalents were as follows:

	2020	2019
Bank deposits	313 046	737 032
Cash and cash equivalents	313 046	737 032

The detail of the amount considered as the final balance in "Cash and cash equivalents", for the preparation of the statement of cash flows for the period ended 31 December 2020 and 2019 is as follows:

	2020	2019
Bank deposits	313 046	737 032
Term deposits	-	-
Other deposits	-	-
	313 046	737 032
Cash and cash equivalents (asset)	313 046	737 032
Cash equivalents (liabilities)	-	-
Cash and cash equivalents on the cash flows statement	313 046	737 032

5 Property, plant and equipment

As the assets are fully reinstated, in the periods ended 31 December 2020 and 2019, there has been no movement in property, plant and equipments and no depreciations.

Financial Statements (in Euro)

	Land and buildings	Basic equipment	Transport equipment	Office equipment	Other tang. Assets	Total
31 December 2020						
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:

	2020	2019
Financial investments (6.1)	22 133 064	22 133 064
Supplementary capital contributions (6.2)	77 293 283	77 293 283
	99 426 347	99 426 347

6.1 Financial investments

Ibersol's financial investments are stated in the balance sheet through the cost method, as follows:

	%	2020 Acquisition value	2019 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.	0.2%	720	720
		22 632 512	22 632 512
Accumulated impairment losses (1)		-499 448	-499 448
		22 133 064	22 133 064

(1) Total impairment of financial participation in the subsidiary Restmon Portugal, Lda

In the period ended 31 December 2020 and 2019, changes under investments in subsidiaries are presented as follows:

Financial Statements (in Euro)

	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
1 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	-	-	-	-	-	-	-	-	-
31 December 2019	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
1 January 2020	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	-	-	-	-	-	-	-	-	-
31 December 2020	847 986	242 800	158 119	20 181 420	645 000	499 448	57 020	720	22 632 512

As at 31 December 2020 and 2019, assets and liabilities, and gain and losses earned in 2020 and 2019, as recognised in the separate financial statements of subsidiaries are as follows:

	2020							
	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	152 616 903	126 059 474	2 976 673	94 130 378	35 187 178	-2 272 914	3 758 675	5 773 900
Equity without supplementary capital contributions	152 616 903	56 059 474	2 898 173	-1 339 622	31 627 178	-2 272 914	1 858 675	5 209 475
Total income	91 458	1 316 521	-972 647	-2 874 927	165 294	-17 317	-584 985	1 096 917

	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

Impairment analyses require the determination of the fair value and / or use value of financial investments in subsidiaries. This process requires a high number of judgments, namely the estimation of future cash flows associated with said investments and the determination of an appropriate discount rate for calculating the present value of said cash flows. In this regard, Ibersol, once again, established the requirement to use the maximum possible amount of observable market data. It also established mechanisms for monitoring calculations based on the critical challenge of the reasonableness of the assumptions used, their coherence and consistency (in similar situations).

The impairment tests performed on the investments of the subsidiaries Asurebi and Iberusa did not result in impairment adjustments. The assumptions used were as follows:

Growth rate		
	Portugal	2,00%
Discount rate		
	Portugal	7,3%/7,6%
	Spain	6,6%/6,9%/8,5%

Financial Statements (in Euro)

The discount rates adopted correspond to the Weighted Average Cost of Capital (WACC) estimated for each of the segments operated in Portugal and Spain with the highest risk in those segments that have a tendency of greater resistance to the recovery from the pandemic crisis.

Covid-19

Given the current context of the Covid-19 pandemic, the Group chose to reflect, in its medium and long-term projections, more defensive growth expectations, considering that the adverse economic effects would remain in the coming years. However, and despite the different business models and markets in which it operates, with different recovery expectations and at different rates, it is reasonable to assume that the main impacts on cash flow may be felt in the next 2 years, but that all business units are in a phase of full recovery in the 3rd year, with the exception of the travel operation in Spain where full recovery is only expected to occur in 2026 according to data published by the main bodies of the aviation market .

The analysis of the impairment of the participation in Asurebi considered the possible effects associated with the travel operation, and it was based on the best estimates of the Management regarding the outcome of the process with AENA, that is, the variability of the annual minimum rents according to the recovery of traffic, and introduced into the discount rate the uncertainty that may be associated with it.

From the analysis performed, no impairment losses to be recognized were identified.

6.2 Supplementary capital contributions

As at 31 December 2020 and 2019, balances recognised under this heading relate to subsidiaries supplementary capital contributions. Subsidiaries supplementary capital contributions are not remunerated or have no fixed maturity.

	2020						
	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	78 500	77 293 283

	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	78 500	77 293 283

The changes in this heading are presented as follows:

	2020	**2019**
Opening amount	77 293 283	79 944 783
Additions	-	78 500
Decreases	-	-2 730 000
Closing amount	77 293 283	77 293 283

7 Income tax recoverable and payable

Financial Statements (in Euro)

As at 31 December 2020 and 2019, Income tax is presented as follows:

	2020		2019	
	Debit balance	**Credit balance**	**Debit balance**	**Credit balance**
Income tax - IRC (1)	121 615	-	1 231 213	-
	121 615	-	1 231 213	-

(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 9.2).

For the periods presented the debit balance of income tax has the following breakdown:

	2020	2019
Payments on account	599 662	4 594 197
Withholding taxes	144	194
Income tax - company (Note 16)	-333 289	-253 083
Income tax - subsidiaries (RETGS)	-640 122	-3 469 367
Tax saving (RETGS)	495 220	359 272
Total	121 615	1 231 213

8 Equity

8.1. Capital

As at 31 December 2020 and 2019, fully subscribed and paid up share capital was represented by 36.000.000 shares to the bearer with a nominal value of 1 Euro each.

8.2. Own shares

There were no transactions with own shares in 2020 and 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 period 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.

8.3. Reserves

As at December 2020 and 2019, reserves were broken down as follows:

8.4. Legal Reserves

	Legal reserves	
	2020	**2019**
1 January	1 075 511	755 581
Increase	554 087	319 930
Use	-	-
31 December	1 629 598	1 075 511

8.5. Other Reserves

Financial Statements (in Euro)

	Own shares reserves		Other reserves	
	2020	2019	2020	2019
1 January	11 180 516	11 180 516	112 799 246	109 960 589
Increase (1)	-	-	10 527 634	2 838 657
Use	-	-	-	-
Transfer	-	-	-	-
31 December	11 180 516	11 180 516	123 326 880	112 799 246

(1) changes in 2020 and 2019 result from the increase in free reserves in the distribution of the result of the previous period.

Ibersol available reserves and retained earnings amount to 158.620.194 Euros. Own shares reserves held by Ibersol (11.180.516 Euros) are unavailable for distribution.

9 Subsidiaries loans

9.1. Non-current assets

As at 31 December 2020 and 2019, 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.

An impairment was recognized in the year on the balance receivable from Restmon, considering that it is in a negative net position and has no activity.

	2020				
	Ibersol Restauração	Asurebi SGPS	Restmon	Iberusa	TOTAL
Non-current					
Loans granted					
Subsidiaries	96 128 996	66 220 000	1 276 000	100 000	163 724 996
Accumulated impairment losses	-	-	-1 276 000	-	-1 276 000
Non-current total	96 128 996	66 220 000	-	100 000	162 448 996

	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

The changes in this heading are presented as follows:

	2020	2019
Opening amount	159 504 996	145 974 996
Additions	4 550 000	16 250 000
Decreases	-1 606 000	-2 720 000
Closing amount	162 448 996	159 504 996

9.2. Current assets and liabilities

As at 31 December 2020 and 2019, balances recognised under this heading relate to interest concerning loans granted to subsidiaries of Ibersol and subsidiaries current year income tax, as follows:

Financial Statements (in Euro)

	2020		2019	
	Current asset	**Current liabilities**	**Current asset**	**Current liabilities**
Income tax - RETGS	355 354	2 172 703	3 662 071	192 704
Interest loans	3 666 342	-	3 390 850	-
	4 021 696	2 172 703	7 052 921	192 704

By applying RETGS, the shareholder Ibersol - SGPS, S.A. will perform income tax payments of its subsidiaries.

These balances are presented as follows (Note 19):

	2020		2019	
	Debit	**Credit**	**Debit**	**Credit**
Ibersol Restauração	-	61 249	-	59 462
Iberusa	-	693 163	1 761 879	-
Asurebi	-	61 632	-	127 615
IBR Imobiliária	146 606	-	150 819	-
Ibersol Hotelaria e Turismo	46 656	-	181 563	-
Eggon	-	2 580	-	3 053
Iber King	151 847	-	138 862	-
Ibersol Madeira & Açores	-	258 876	180 268	-
Sugestões & Opções	10 080	-	256 452	-
Anatir	165	-	150	-
Iberaki	-	43 814	180 094	-
Firmoven	-	151 897	-	2 573
JSCC	-	249 066	583 162	-
SEC	-	930	72 456	-
Ibersande	-	432 233	55 005	-
Ibergourmet	-	147 675	69 629	-
Maestro	-	69 588	31 731	-
	355 354	2 172 703	3 662 071	192 704

Regarding interest loans, short-term balances of the subsidiaries are presented as follows:

	2020	2019
Ibersol Restauração	2 094 315	2 018 217
Iberusa	2 504	-
Restmon	336 473	320 479
Asurebi	1 569 523	1 052 154
	4 002 815	3 390 850
Accumulated impairment losses	-336 473	-
	3 666 342	3 390 850

10 Deferred taxes

The detail of deferred tax assets is presented as follows:

Financial Statements (in Euro)

	2020	2019
Hedge instrument - SWAP	14 193	28 957
Reportable tax losses	1 378 625	-
Reportable tax credits	5 626 295	2 346 447
Deferred tax assets	7 019 113	2 375 404

Deferred taxes were recognized on tax losses for the period in the amount of 6,564,880 Euros, deductible from taxable profits in future periods, up to 2032.

As at 31 December 2020 there are 5,626,294.99 Euros of tax benefits not deducted, to be used in subsequent periods, 1,942,829.89 Euros of RFAI for 2019, 2,528,198.58 Euros of RFAI for 2020 and 1,156,266.52 Euros of CFEI II for 2020 (deductible up to and including 2025). It should be noted that these credits have a reporting period of 10 tax periods, a period whose count was suspended during the 2020 tax period and during the following tax period, under Law No. 21/2021, of 21 April.

In analyzing the recoverability of deferred tax assets, the Group took considered the best estimates of projections of future taxable profits against which tax losses, tax credits and deductible temporary differences can be used. Such estimates reflect conservative scenarios, given the current context of greater uncertainty.

11 Loans and derivative financial instruments

11.1. Loans obtained

As at 31 December 2020 and 2019, the detail of loans for the period (current and non-current) and by type of loan, is as follows:

	2020			2019		
	Current	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**
Commercial paper	1 600 000	70 200 000	71 800 000	15 000 000	58 000 000	73 000 000
	1 600 000	70 200 000	71 800 000	15 000 000	58 000 000	73 000 000
Financial fees	-201 901	-	-201 901	-206 813	-	-206 813
Total	1 398 100	70 200 000	71 598 100	14 793 187	58 000 000	72 793 187

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 termination in the amount of 5.000.000 Euros, being fully issued on 31 December 2020, and at that date was assured that it would not be exercised. The rest have long maturities, from 3 to 5 years.

During 2020 there were no increases or amortization of loans.

The (undiscounted) future cash flows associated with the loans (commercial paper) as at 31 December 2020 are detailed as follows:

	2021	2022	2023	2024	2025	2026
Commercial paper	1 600 000	18 300 000	27 150 000	15 750 000	8 000 000	1 000 000
Interest	1 207 600	917 350	383 250	168 750	100 000	10 000

In 2020, the average cost of the loans is 1.7%.

11.2. Derivative financial instruments

Financial Statements (in Euro)

Financial instruments relate to interest rate SWAP, as follows:

	2020			2019		
	Current	Non-Current	Total	Current	Non-Current	Total
Swap	-	63 078	63 078	-	128 699	128 699
Total	-	63 078	63 078	-	128 699	128 699

Swap contracts for interest rate risk coverage are associated with two commercial paper programs amounting to 9,6 million Euros and 3,2 million Euros and have underlying the interest maturities and reduction plans of these maximum amounts of issue. The last emission period will occur 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 as at 31 December 2020	9 600 000	3 200 000

(*) with floor zero

12 Other current liabilities

As at 31 December 2020 and 2019, Other current liabilities were as follows:

	2020		2019	
	Current	Total	Current	Total
Other creditors				
Creditors	-	-	-	-
State and other public entities				
Income tax withholding	4 684	4 684	9 752	9 752
VAT payable	163 472	163 472	162 924	162 924
Social Security	5 035	5 035	10 273	10 273
Accrued costs				
Payable remunerations	37 609	37 609	37 378	37 378
Premiums	-	-	83 083	83 083
Payable interest	138 054	138 054	173 972	173 972
Fee	1 255	1 255	713	713
Other	18 500	18 500	12 503	12 503
Total accounts payable to creditors and accrued costs	368 609	368 609	490 598	490 598

13 Sales and rendered services

The amount of sales and rendered services recognised in the income statement, is detailed as follows:

	2020	2019
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

Financial Statements (in Euro)

14 Personnel costs

Personnel cost for the periods ended on 31 December 2020 and 2019 are broken down as follows:

	2020	2019
Salaries and wages		
Board od directors	34 807	34 807
Employees	165 950	248 680
	200 757	283 487
Social costs		
Social security contributions	44 348	65 657
Other personnel costs	8 424	8 232
Sub-total	52 771	73 889
Personnel costs	253 529	357 376

The average number of employees in 2020 was 3 (2019:3)

15 Financial costs and income

15.1. Financial income/(costs)

Net Financing cost in the periods ended 31 December 2020 and 2019 are broken down as follows:

	2020	2019
Financial costs		
Interest on bank loans	807 781	817 551
Commercial paper commissions	461 475	493 663
Others	18 004	46 211
Sub-total	1 287 259	1 357 425
Financial income		
Interest subsidiaries debt	2 416 736	2 250 921
Sub-total	2 416 736	2 250 921
Total	1 129 477	893 497

24.2 Dividends

	2020	2019
Other financial income		
Dividends	212 438	5 250 000
	212 438	5 250 000

16 Income tax

Tax amount recognised in the financial statements of 2020 and 2019 is as follows:

	2020	2019
Current income tax	333 289	253 083
Income tax insufficiency (1)	-239	-608 004
Tax saving - RETGS (Note 8)	-495 220	-359 272
Income tax provision	-	-2 672 306
Income deferred tax (2)	-2 186 237	-1 331 433
Income tax	-2 348 407	-4 717 932

	2020	2019
Current tax for the year		
Tax base	311 070	236 211
Pours	22 219	16 872
	333 289	253 083

(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:

	2020	2019
Pre-tax profit	**81 250**	**6 363 789**
Tax calculated at the applicable tax rate in Portugal (22,5%)	**18 281**	**1 431 853**
Non-deductible costs	362 806	2 481
Non-deductible income (dividends)	-47 799	-1 181 250
Special tax (independent)	-	-
Income tax expenses	333 289	253 083
Current income tax	333 289	253 083
Income deferred tax	-2 186 237	-1 331 433
Income tax	-1 852 948	-1 078 350

To determine the amount of tax in the financial statements the tax rate is chosen as follows:

	2020	2019
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. Therefore statements from 2017 to 2020 are still open.

Ibersol's 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 as at 31 December 2020.

17 Other commitments issued

Bail in the amount of 28,342 Euros for the rental of a commercial shop of 231 m^2 took by the subsidiary Ibersol Restauração, S.A..

Additionally, Ibersol SGPS provided guarantees to the subsidiaries in the amount of 4,000,000 Euros and 645,000 USD.

18 Remuneration assigned to governing bodies and the Statutory Auditor

The compensation granted to governing bodies is related to Statutory Auditor fees, as follows:

Financial Statements (in Euro)

	2020	2019
Supervisory Board	27 500	27 500
General Meeting	2 335	2 335
Board of Directors (1)	6 000	6 000
	35 835	35 835

(1) earnings of non-Executive Director.

The fee for the Statutory Auditor was 25,000 Euros.

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 2020, in the amount of 1,000,000 Euros (1,000,000 Euros in 2019), 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.

19 Related parties

As at 31 December 2020, Ibersol is controlled by ATPS, SGPS, S.A. that holds a direct participation of 54,91%.

19.1. Transactions with related parties

(a) Nature of relationship with related parties:

Shareholders:

ATPS – SGPS, S.A.

Direct and indirect subsidiaries of Ibersol, SGPS:

Ibersande Restauração, S.A.
Iberusa – Hotelaria e Restauração, S.A.
Ibersol Madeira e Açores Restauração, S.A.
Ibersol Restauração, S.A.
Iberking Restauração, S.A.
Iberaki Restauração, S.A.
Restmon Portugal, Lda.
Ibersol – Hotelaria e Turismo, S.A.
Vidisco, S.L.
Inverpeninsular, S.L.
Ibergourmet Produtos Alimentares, S.A.
Asurebi SGPS, S.A.
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.

Financial Statements (in Euro)

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.
Volrest Aldaia, S.L.
Volrest Alfafar, S.L.
Volrest Alcala, S.L.
Volrest Rivas, S.L.
Voesmu Restauracion, 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 period ended 31 December 2020 Ibersol performed transactions with shareholders as follows:

Financial income

	2020	2019
ATPS SGPS, S.A.	-	200
	-	200

ii) Subsidiaries:

In the periods ended 31 December 2020 and 2019 Ibersol performed transactions with subsidiaries as follows:

Sales and rendered services

	2020	2019
Sales and rendered services		
Ibersol Restauração	720 000	720 000
	720 000	720 000

Financial income

	2020	2019
Financial income		
Asurebi	1 189 523	1 052 154
Ibersol Restauração	1 208 715	1 182 617
Iberusa	2 504	-
Restmon	15 994	15 950
	2 416 736	2 250 721

Financial Statements (in Euro)

Dividends received		
Ibersol Madeira e Açores	-	1 250 000
Asurebi	210 750	-
Ibersol Restauração	-	4 000 000
Eggon	1 688	-
	212 438	5 250 000

Products and services

	2020	2019
Products and services acquisition		
Ibersol Restauração	11 006	12 241
	11 006	12 241

Debit and credit balances

In the periods ended 31 December 2020 and 2019, the balances resulting from transactions with related parties are as follows:

	2020	2019
Debit balances		
Asurebi	1 569 523	1 052 154
Iber King	151 847	138 862
Iberaki	-	180 094
Ibergourmet	-	69 629
Ibersande	-	55 005
Ibersol Madeira e Açores	-	180 268
Ibersol Restauração	2 094 315	2 018 217
Iberusa	2 504	1 761 879
IBR	146 606	150 819
IHT	46 656	181 563
José Silva Carvalho	-	583 162
Restmon	336 473	320 479
SEC	-	72 456
Sugestões	10 080	256 452
Maestro	-	31 731
Anatir	165	150
	4 358 169	7 052 920
Loans		
Supplementary capital contributions (Note 6)	77 293 283	77 293 283
Subsidiaries (Note 9)	159 504 996	159 504 996
	236 798 279	236 798 279

Financial Statements (in Euro)

	2020	2019
Credit balances		
Asurebi	61 632	127 615
Eggon	2 580	3 053
Ibergourmet	147 675	-
Ibersol Restauração	61 249	59 462
Firmoven	151 897	2 573
Ibersande	432 233	-
Iberusa	693 163	-
Iberaki	43 814	-
Ibersol Madeira e Açores	258 876	-
José Silva Carvalho Catering	249 066	-
Maestro	69 588	-
Solinca	930	-
	2 172 703	192 703

20 Income per share

Income per share in the periods ended 31 December 2020 and 2019 was calculated as follows:

	Dec/20	Dec/19
Profit payable to shareholders	2 429 657	11 081 721
Average weighted number of ordinary shares issued	36 000 000	36 000 000
Average weighted number of own shares	-3 599 981	-3 599 981
	32 400 019	32 400 019
Basic earnings per share (€ per share)	0,07	0,34
Number of own shares at the end of the year	3 599 981	3 599 981

In 2020, no dividends were distributed to shareholders, according to the Annual General Meeting of 29 June. In 2019, gross dividends in the amount of 0.10 Euros per share were attributed, corresponding to an amount of 3,240,002 Euros for outstanding shares.

21 Subsequent events

On 9 March 2021, the subsidiary Pansfood SAU (Asurebi's indirect subsidiary) in *Juizo 1ª Instancia nº.1* of the *Tribunal El Prat de Llobregat*, filed a lawsuit against AENA, SME, SA claiming the adjustment of rents relating to 2020 (approximatelly 24 million Euros) and the rebalancing of guaranteed minimum rents as a result of traffic until 2026.

At the same time, urgent precautionary measures were requested, mainly aiming at preventing AENA from executing the guarantees it has in its favour in the amount of 26 million Euros. On 26 March 2021, the Court ruled in favour of the precautionary measure.

The severity of the third Covid-19 wave in this first quarter of 2021 resulted in a worsening of sanitary measures and the closure of the restoration activity enacted in mid-January and which lasted until April 19 for a conditional opening.

To suspend or reduce working hours, Ibersol joined the simplified lay-off in Portugal and maintained ERTE in Spain.

In terms of financing, Ibersol adhered to the extension of grace periods and terms in subsidiaries financing, guaranteed by the State:
i) Financing to support the Covid-19 economy, in Portugal, with adherence to another 9-month grace period and maturity, which represents lower disbursements in the short term of 4.1 million Euros
ii) ICO line of 20 million Euros, in Spain; with an additional one-year grace period and an extension of maturity by another 3 years (2025 to 2028), representing a reduction of disbursements in the short term of 2.5 million Euros
iii) Other ICO Financing, in Spain, with a grace period and maturity increase of 1 year, representing a reduction in short-term repayments of 0.5 million Euros
iv) ICO lines in current account, in the amount of 15 million Euros, increased the term by another 1 year

With the impact of this period of confinement on the activity and the delay in the European vaccination plans, it started negotiations to reinforce available financing lines for the Group.

The Board of Directors,

____
António Carlos Vaz Pinto de Sousa

____
António Alberto Guerra Leal Teixeira

____
Juan Carlos Vázquez-Dodero

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A.
Edifício Burgo – Avenida da Boavista, 1837, 16º Andar
4100-133 Porto – Portugal
+351 22 010 23 00 – www.kpmg.pt

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 2020 (showing a total of Euro 273,370,816 and equity of Euro 199,161,496, including a profit of Euro 2,429,657), 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 2020 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of financial investments (Euro 99,426,347) and loans granted to subsidiaries (Euro 162,448,996)

See Notes 3.1, 3.3 and 3.4 of the Main accounting policies, Note 3.14.1 of the Main accounting estimates and Notes 6 and 9 to the financial statements

The Risk

Financial investments and loans granted to subsidiaries are measured at cost or amortised cost less impairment losses.

The impairment assessment of the aforementioned investments and loans made by Management is based on the assessment of future cash flows to be generated by subsidiaries, thus incorporating several significant assumptions, namely those associated with the effects of the COVID-19 pandemic in operations, short and long-term growth rates, discount rates, investment plans and, in the specific case of Asurebi SGPS, S.A., the renegotiation of the lease agreements in airports within the current context of the COVID-19 pandemic (see Note 6).

The development of the economic environment, as well as the control and monitoring of the spread of COVID-19 and its related impacts have created greater uncertainty on the financial projections that support the impairment assessment.

Accordingly, considering the materiality of the investments and loans to subsidiaries, and the high degree of judgement inherent to the estimation of their recoverable amount, we consider this area to be a key audit matter.

Our response to the identified risk

Our audit procedures included, among others, those that we describe below:

- We have inquired of the Board of Directors about the basis of their estimates and judgements and challenged the assumptions made;
- We have evaluated the design and implementation of the main controls implemented by the Entity in this area and analysed the budgeting procedures on which the projections are based, by comparing past performance with estimates made in previous periods and by reference to macroeconomic and sectoral information and projections produced by independent external bodies;
- We have analysed the assumptions made by Management regarding the dispute between Pansfood SAU, a subsidiary of Asurebi SGPS, S.A., and AENA, and inquired the Entity's legal advisors on the prospects for the outcome of such actions, and the potential impacts of alternative scenarios for the outcome of this dispute;
- We have reviewed the assumptions used, such as inflation, projected economic growth and discount rates, and assessed their reasonableness and consistency, where applicable, for the various assets in the different locations and segments, and have also assessed the impacts of alternative scenarios;
- We have tested the integrity and mathematical accuracy of the discounted cash flow model;
- We have performed sensitivity analyses to changes in the assumptions and forecasts used;

- We have involved our experts in order to assess the discounted cash flow model and the average cost of capital considered in the valuations made by the Entity; and
- We assessed the adequacy of the respective disclosures to the financial statements, in accordance with 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, corporate governance report and remunerations' 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 the events in a manner that achieves fair presentation;
- communicate with those charged with governance 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 with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or 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 regarding the corporate governance report, as well as the verification that the remunerations' report 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 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 nr. 1 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 to complete the last three years of the term of office from 2017 to 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 30 April 2021.
- 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.

30 April 2021

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 nr. 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 2020 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, 30th Abril 2021

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 2020, and issue its consequent opinion:

1. Supervision:

The Fiscal Board accompanied, within the scope of its competencies and mandate, during the 2020 financial year, the management of the company and its subsidiaries, having received for that purpose, timely and adequate information from the Company's Board of Directors and the Statutory 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 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 19 November 2020, convened for this purpose, the "2020 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 2021.

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, company employees, 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, in compliance with article 249-A, n.º1 of the Securities Code, in the version introduced by Law n.º50/2020, of 25 August, issued a prior binding opinion regarding the review of the internal policy on transactions with related parties, a policy that was approved by the Board of Directors. During the year, transactions with related parties or qualified shareholders were part of the company's current activity, were carried out under market conditions, in compliance with the applicable legal and regulatory requirements, without conflicts of interest identified.

The Fiscal Board observed the recommendations I.2.2, I.2.3, I.2.4, I.3.1, I.3.2, I.4.1, I.4.2., I.5.1, I.5.2, III.6, VI.2., VI.3, VI.4, VI.5, VI.7, VII.1.1, VII.2.1., VII.2.2., VII.2.3. of the Corporate Governance Code of the IPCG.

The Fiscal Board examined the individual and consolidated management report and the individual and consolidated financial statements, their respective attachments, including the 2020 Corporate Governance Report presented by the Board of Directors, having examined, as well, the Legal Certification of Accounts and Audit Report submitted by the Auditor ***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 2020 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, of the Covid-19 pandemic, the Fiscal Board monitors the apprehension and considerations made by the Board of Directors in Note 34 of the appendix to the consolidated financial statements, having in the fiscal year 2020 followed with particular attention the audit work in the context of uncertainty caused by the pandemic, taking into account the circular to the supervisory bodies of entities of public interest, of the CMVM, of December 18, 2020, on the audit of the accounts for this financial year.

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 Report, the financial consolidated and individual statements of 2020 and respective annexes, namely the Governance Report;

b) The proposal of distribution of year-end results presented by the Board of directors.

Porto, 30th April 2021

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)