IBERSOL – SGPS, SA

Publicly Listed Company

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

Consolidated Report & Accounts
1st Half 2020

- **Consolidated Turnover of 133.6 million euros**
  Decrease of 39.6 % over 1st half of 2019

- **Consolidated EBITDA reached 15.5 million euros**
  Ebitda decreased 68.4% over 1st half of 2019

- **Consolidated net profit of -33.4 million euros**
  Decrease of 33.9 miilion euros when compared to the 1st half of 2019

Consolidated Management Report

COVID-19

The first half of 2020, was marked by the pandemic outbreak of Covid-19 that spread worldwide, putting a brake on the global economic activity, with profound impacts on consumer behaviors and habits.

The World Health Organization on 11 March declared a pandemic associated with the spread of Covid-19, and the state of emergency was declared in all geographical locations in which Ibersol operates, which determined measures to contain the population and the closure of most shops and restaurants.

This situation forced the restaurants to close, leaving only those that had the possibility of continuing through take-away and delivery, even though they were operating below their normal potential.

At the end of March, Ibersol Group closed about 73% of its restaurants. During the second quarter, it gradually reopened restaurants, initially to provide delivery, take-away and drive thru services, culminating in the reopening of restaurants located in shopping centers in June.

In restaurants located in concessions, namely airports, specific openings were carried out, in evaluation with the concessionaires, in order to adjust the offer with the passenger traffic as the restrictions on air spaces were lifted.

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

To reconcile the abrupt reduction in activity and the protection of employment, the Group's companies activated el ERTE (Expediente de Regulación Temporal de Empleo) in Spain and the simplified and normal lay-off in Portugal, which covered about 75% of the total group employees in April.

In Portugal, in August, the group joined the Extraordinary Incentive to Standardization of Business Activity, while in Spain it remained with around 35% on ERTE.

At the same time, cost reduction initiatives were taken through the renegotiation of contracts, in order to rediscover their financial rebalancing and adjust payment terms. During the first semester, some negotiations have already been concluded, resulting in a positive impact of around 2.5 million euros.

At the end of the second quarter, negotiations were still underway with the shopping centers and also with the concessionaires in Portugal and Spain.

At the date of publication of this report, there has been an increase in the spread of the Covid-19 outbreak, so there is still uncertainty about the evolution of the epidemiological situation and the measures to be implemented in different countries in the coming months. However, it is estimated that a second wave will not have such limiting effects on mobility as to compromise the continuity of the Group's operations.

Due to the great uncertainty regarding the evolution of the pandemic and its real effects on the national and international economy, as well as on the Group's future cash flows, we continue to monitor and update the business plans for 2020 and beyond.

In the context of the pandemic, we carried out the following additional analyzes, which effects were recognized in the second quarter consolidated financial statements:

-analysis of the verification of additional evidence of adjustments resulting from the impacts of COVID-19 on the results of the various businesses of the Group, according to the current forecasts, which could indicate impairments of goodwill and other non-current, tangible and intangible assets;

- revision of the different agreements under the current situation, with no contracts identified that should be considered onerous;

- we are monitoring, together with the financial institutions, the evolution of compliance with the financial covenants, taking into account the evaluation to be carried out on them at the end of the financial current year;

In order to strengthen its financial position and manage liquidity risk, in the second quarter the Group concluded the negotiation processes for additional lines of credit with the contracting of approximately 45 million euros. In July, the refinancing of 15 million euros was completed.

As of 30 June 2020, the Group had cash and other applications surplus that amounted to 60 million euros and had contracted and unused lines that amounted to 34 million euros.

Activity

Consolidated turnover in the first half of 2020 amounted to EUR 133.6 million, compared to EUR 221.3 million in the same period of the previous year, which represents a 39.6% reduction:

Turnover	1st Half 2020	
	euro million	% Ch. 20/19
Sales of Restaurants	130,5	-38,8%
Sales of Merchandise	2,5	-61,0%
Services Rendered	0,6	-65,5%
Net Sales & Services	133,6	-39,6%

The beginning of the year 2020 showed promising signs of restaurant sales, with growths above 15% until mid of March.

The development of the outbreak of COVID-19 at the beginning of March immediately caused a brutal reduction in demand for restaurants in all regions, which culminated in the closure of 73% of restaurants and losses of 50% in restaurant sales, following the decision to decree the state of emergency from the second week of March.

During the confinement period, the restaurants operated to provide delivery, take-away and drive-thru services and from June onwards they extended to the remaining segments with special relevance for the units located in Shopping Centers.

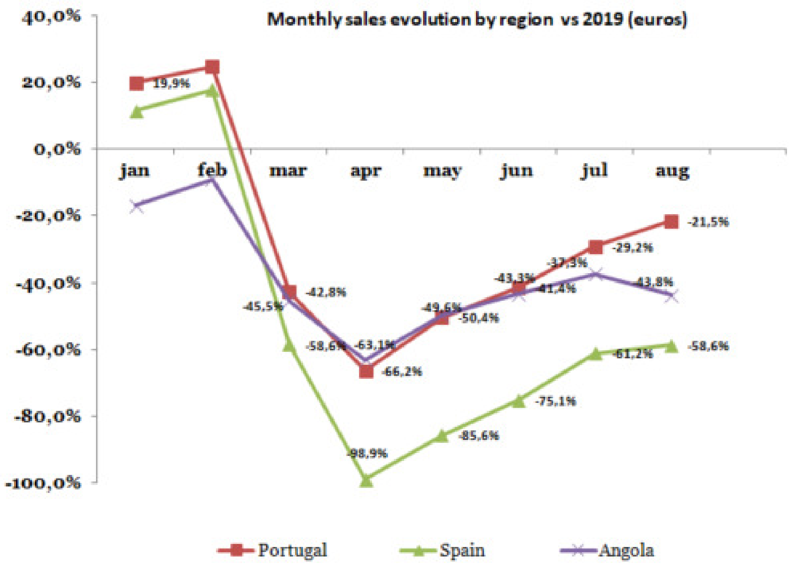
The restaurants located in concessions, namely airports, were strongly affected by the restrictions on airspace during this period, which led to the closure of all of our restaurants, with the exception of one at Barcelona airport and three at Portuguese airports that provided minimum services. We also kept two restaurants open at service stations.

In this context, sales in the second quarter decreased to 1/3 of sales in the same period last year.

SALES IN RESTAURANTS	1st Half 2020		2nd Quarter 2020	
	euro million	% Ch. 20/19	Milhões de euros	Var 20/19
Restaurants	31,1	-37,0%	9,6	-62,4%
Counters	77,1	-27,0%	27,8	-48,7%
Concessions&Catering	22,3	-61,6%	1,0	-97,0%
Total Sales	130,5	-38,8%	38,4	-66,4%

It is worth noting the good performance in restaurants with Drive services (operated by the brands Burger King and KFC), which overcame the closure of the service inside the restaurant and the growth in the Delivery segment that contributed to minimize the impacts and limitations of other more penalized segments.

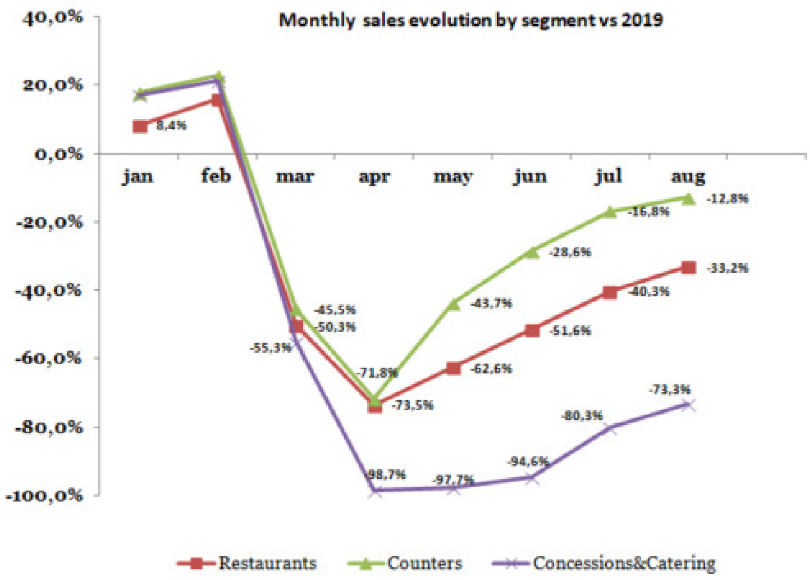
In Spain, due to a smaller number of restaurants with drive service and locations that are more dependent on tourism, the drop in sales was more abrupt and the recovery will be slower.



Sales of restaurants located in Angola reflect losses in local currency and the effects of converting them to euros.

Due to the weight of the "travel" segment in the group's operations in Spain, only 53% of all restaurants in this country had reopened, and in August, around 30% of our restaurants are still closed.

Concerning the segments, the impact of greater magnitude was felt in concessions and catering, which saw a reduction in activity in the quarter to 3% of restaurant sales compared to the same period in 2019, due to the restrictions imposed on the people's circulation and agglomeration which additionally led to the cancelation of all catering events in the quarter.



In the restaurant and counter segments, the impacts of closures and traffic restrictions has been partly minimized by keeping restaurants with delivery and take-away services in operations since the state of emergency was decreed.

The increase in delivery sales made it possible to minimize the impacts of confinement. The reinforcement of the internal response capacity and of the partnerships with home delivery operators allowed to reach a volume of sales that represented in the months of April and May more than 40% of the total restaurant sales.

Restaurants, with dinne-in service, were more penalized given the weight that this service represents in the segment.

In the counters segment, losses in the second quarter compared to same period in 2019, were minimized by 2 relevant facts:

i) the impact of the expansion, namely of the brands Burger King, KFC and Taco Bell that occurred in the second half of 2019;
ii) maintenance of open restaurants with delivery and take away services, namely through Drive-Thru, since the emergency state was decreed.

The combination of these factors, even allowed Burger King to achieve sales growth compared to the same period in August, which allows a faster return to pre-covid growth.

During the semester, 22 restaurants were closed, ten of which were franchised and six new restaurants were opened.

The closure of the twelve equity restaurants in Spain resulted from the decision to concentrate Pizza Móvil operation in urban centers, the option of not renewing the lease contracts of Pans Callao and Ribs Faro Guadiana, and from the end of the Pans concession contract at the FCB stadium.

Following the KFC strategy of expansion four new restaurants were opened, one of which in Spain, a Burger King in Portugal and the last restaurant that remained to be opened at Barcelona airport, under the contract that started in May 2018, to complete the commitments that resulted from tenders.

At the end of the semester, the total number of restaurants was 643 (541 equity and 102 franchises), as shown below:

Nº of Restaurants	2019 31-Dec	Openings	Transfer	Closures	2020 30/Jun
PORTUGAL	**355**	**4**	**0**	**0**	**359**
Equity Restaurants	**354**	**4**	**0**	**0**	**358**
Pizza Hut	98				98
Okilo+MIIT+Ribs	4				4
Pans+Roulotte	45				45
Burger King	101	1			102
KFC	30	3			33
Pasta Caffé	6				6
Quiosques	8				8
Taco Bell	2				2
Coffee Shops	27				27
Catering	10				10
Concessions & Other	23				23
Franchise Restaurants	**1**				**1**
SPAIN	**287**	**2**		**21**	**268**
Equity Restaurants	**183**	**2**		**12**	**173**
Pizza Móvil	23			9	14
Pizza Hut	5				5
Burger King	37				37
Pans	35			1	34
Ribs	15			1	14
FrescCo	3				3
KFC	1	1			2
Concessions	64	1		1	64
Franchise Restaurants	**104**	**0**		**9**	**95**
Pizza Móvil	12			2	10
Pans	52			2	50
Ribs	22			3	19
FrescCo	5				5
SantaMaria	13			2	11
ANGOLA	**10**				**10**
KFC	9				9
Pizza Hut	1				1
Other Locations - Franchise	**7**	**0**		**1**	**6**
Pans	7			1	6
Total Equity Restaurants	**547**	**6**	**0**	**12**	**541**
Total Franchise Restaurants	**112**	**0**	**0**	**10**	**102**
TOTAL	**659**	**6**	**0**	**22**	**643**

Results

The consolidated net income of 1H amounted to Eur -33.4 million euros compared to 0.6 million euros, in the same period of 2019.

The abrupt closure in March and the confinement period that continued until mid-May, during which 73% of the restaurants operated by the Group remained closed, strongly penalized the semester, and it was not possible in this period to adjust the cost items to the reduction sales, which inevitability led to increases in the weight of the items costs and inherent loss of profitability.

(Million euros)	1H 20	%	1H 19	%	yoy
Operating income					
Sales	133,0	100,0%	219,6	100,0%	-39,4%
Rendered services	0,6	0,4%	1,7	0,8%	-65,5%
Other operating income	6,1	4,6%	3,9	1,8%	55,3%
Total operating income	**139,7**	**104,6%**	**225,3**	**101,8%**	**-38,0%**
Operating costs					
Cost of sales	33,7	25,2%	54,2	24,5%	-37,8%
External supplies and services	36,7	27,5%	48,7	22,0%	-24,6%
Personnel costs	52,8	39,5%	71,5	32,3%	-26,2%
Amortisation, depreciation and impairment	47,0	35,1%	39,6	17,9%	18,5%
Other operating costs	1,4	1,0%	2,0	0,9%	-30,5%
Total operating costs	**171,5**	**128,4%**	**216,0**	**97,6%**	**-20,6%**
Operating Income	**-31,8**	**-23,8%**	**9,2**	**4,2%**	**-444,9%**
EBITDA	**15,2**	**11,3%**	**48,9**	**22,1%**	**-69,0%**
Net financing cost	10,3	7,7%	10,9	4,9%	-5,6%
Gains (losses) in joint controlled subsidiaries - Equity	-0,1	-0,1%	0,1	0,1%	-162,1%
Gain (loss) on the net monetary position	0,0	0,0%	0,6	0,3%	-100,0%
Profit before tax	**-42,1**	**-31,5%**	**-0,9**	**-0,4%**	**-4635,9%**
Income tax expense	-8,8	-6,6%	-1,5	-0,7%	486,6%
Net profit	**-33,4**	**-25,0%**	**0,6**	**0,3%**	**-5973,8%**

Turnover amounted to 134 million euros, a decrease of 88 million euros compared to the first half of 2019.

Gross margin was 74.8% of turnover, 0.7p.p lower than the previous year (1H19: 75.5%). This reduction was due to the loss of perishable raw materials in March, following the abrupt interruption of restaurant activity and the limited operation to segments of greater promotional aggressiveness and consequently with lower margins.

Staff costs decreased 26.2%, representing 39.5% of the turnover (1H19: 32.3%). The group joined ERTE in Spain from the 18th of March, while in Portugal the measures to protect and support employment through the simplified lay off only took place at the beginning of April.

Despite the gradual reopening of restaurants in the post-confinement period, constraints due to legal requirements and limitations on the number of customers with a relevant impact on turnover, led to the extension of these protection measures to 43% of employees at the end of the semester.

External Supplies and services decreased by 24.6%, representing 27.5% of turnover, which represents an increase of 5.5p.p. than in the first half of 2019 (1H19:22.0%).

In the second quarter, several contracts were cancelled and renegotiated, which made possible to mitigate part of the losses in result from the closure of restaurants. However, the increase in the weight of sales through delivery, did not allow for a greater reduction in the weight of this cost.

Other operating income and costs increased by 2.8 million euros, as a result from definitive rental fees granted by landlords until 30 june, which contributed with a total amount of 2.5 million euros. These situations mainly affected restaurant lease agreements located outside of shopping centers and concessions and represent only 30% of the leased units.

As of June 30, the other negotiations which have a very significant impact, were not yet concluded, namely those related to units located in shopping centers and airports. In the second quarter, leasing contracts with non negotiated shopping centers represent a cost of 2.1 million euros and with airports, a cost of 8.9 million euros.

Therefore **EBITDA** amounted to15.2 million euros, a decrease of 69.0% over 1H19. Consolidated **EBITDA** margin stood at 11.3% of turnover which compares with 22.1% in the same period of the previous year.

Amortization and impairment losses

Depreciation for the period of 42.8 million euros, which represents an increase of 3.1 million euros.

Impairment losses in the first half of 4.2 million euros, due to the relevant impact on the activity, impairment tests were carried out that led to the recognition of impairment losses on the following assets:

i) Pizza Móvil Goodwill – 3.1 million euros
ii) Tangible assets of seven restaurants – 1.1 million euros;

EBIT margin was -23.8% of turnover, which compares with 4.2% in the first half of 2019.

Consolidated **Financial Results** were 10.3 million euros, around 0.6 million euros lower than in the first half of 2019.

The cost of net debt decreased by 0.4 million euros compared to the same period of the previous year, to 1.7 million euros.

Average cost of loans was 1.9%, lower than 1H19(2.6%), due to the effect of loans in Angola and the lower cost contracted in this year.

Financial Situation

Total Assets amounted to 766.3 million euros and Equity stood at 180 million euros, representing 23.5% of assets. Eliminating the impact of IFRS16, Equity would represent 38% of total Assets.

CAPEX reached 6.7 million euros. About 5.6 million corresponds to the investment incurred in to complete the expansion plan and the remaining for the refurbishment and modernization of some restaurants.

Current assets amounted to 115 million euros, of which 7 million correspond to cash and cash equivalents.

Current liabilities amount to 170 million euros, of which 57.4 million correspond to Liabilities with Leases and 43.7 million euros to current loans. With regard to current loans, it should be noted that the Group has 21 million euros of contracted lines and not used with maturities over 1 year, 15 million euros were refinanced in July and 8 million are in the restructuring.

Without IFRS16, Net debt at 30th June 2020 increased by 40 million euros, to 118 million euros, to finance the needs generated by the pandemic crisis.

Balance Sheet (million euros)	**30/06/2020**	**31/12/2019**	**Δ**
Total non-current assets	651,6	676,7	-25,1
Total current assets	114,7	96,5	18,2
Total Assets	**766,3**	**773,3**	**-7,0**
EQUITY AND LIABILITIES			
Total Equity	**179,6**	**214,2**	-34,6
Total non-current liabilities	416,6	369,8	46,8
Total current liabilities	170,1	193,2	-23,2
Total Liabilities	**586,7**	**563,1**	23,6
Total Equity and Liabilities	**766,3**	**777,3**	**-11,0**

Outlook

ECB forecasts point to a recession of 10% of GDP for Portugal and Spain, with a partial and slow recovery over the following years, namely in the business areas that depend on flow and circulation of people, as well as airports and shopping centres;

As of the date of publication of this report, there has been an increase in the spread of the Covid-19 outbreak in European countries, which could affect circulation and consumer behaviour in the coming months.

Ibersol Group permanently assesses developments, adjusting operations according to the behaviour of demand, in order to minimize the impacts resulting from this crisis, in order to guarantee the interest of all stakeholders.

Despite the most recent positive signs of recovery, it is not possible to exclude that the spread of the Covid-19 pandemic, may cause a slowdown in the pace of recovery, in a non-homogeneous way depending on the locations and business segments.

We continue to make efforts to conclude rental negotiations with shopping centers and concessionaires, namely ANA and AENA, which are expected to have a significant impact on the annual accounts.

Despite the uncertainty regarding the development of the pandemic and taking into account the current situation, it is expected that this pandemic crisis will cause losses in turnover of around 35%

Seven new restaurants were opened in 2020, and we expect to open 2 Taco Bell's and 4 Drive Thru restaurants due to the good performance of these segment in the current pandemic context.

Porto, 28th September 2020

António Carlos Vaz Pinto de Sousa

António Alberto Guerra Leal Teixeira

Juan Carlos Vázquez-Dodero

Declaration of Conformity

In compliance with paragraph c) of section 1 of Article 246 of the Securities Market Code each member of the board identified below declares that to the best of their knowledge:

(i) the consolidated financial statements of Ibersol SGPS SA, referring to the first semester of 2020 were drawn up in compliance with applicable accounting rules and provide a true and suitable picture of the assets and liabilities, financial situation and results of Ibersol SGPS, SA and the companies included in consolidation perimeter;

(ii) the interim management report includes a fair review of the important events that have occurred in the period, the evolution of business performance and the position of all the companies included in consolidation.

António Carlos Vaz Pinto Sousa	Chairman of the Boards of Director
António Alberto Guerra Leal Teixeira	Member of the Board of Directors
Juan Carlos Vázquez-Dodero	Member of the Board of Directors

Own Shares

Under the terms defined in caption d) of no. 5 of article 66º of the Commercial Companies Code, we hereby declare that, during the first half of 2020, the company did not proceed with any transaction over own shares. Therefore, as at June 30, 2020, Ibersol SGPS, SA hold 3,599,981 own shares representing 9.9999% of its share capital, detailed as follows:

2019	Quantity	Amount (€)	Average price (€)
1 January	3,599,981	11,180,516	3.11
30 June	3,599,981	11,180,516	3.11

Qualified Shareholdings

Complying with article 9 nº1 of the 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	**1 182 535**	**3,28%**
Bestinver Gestion GGIIC			
	Total attributable	**3 845 161**	**10,68%**
River and Mercantile Asset Management LLP			
	Total attributable	**870 648**	**2,42%**
Norges Bank			
	Directly	**631 638**	**1,75%**
	Others	99 407	**0,28%**
	Total attributable	**731 045**	**2,03%**
FMR LLC			
	Fidelity Managemment & Research Company	**1 105 146**	**3,07%**
GOSHA HOLDINGS SARL			
	Total attributable	**1 062 581**	**2,95%**

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

Corporate Governing Bodies Information

Complying with article 9 nº1 of the CMVM Regulation nº 05/2008

Board of Directors	Acquisictions/Increases (a)		Sales		Balance at
	shares	av pr	shares	av pr	30.06.2020
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 responsabilities

Complying with article 14 nº7 of the CMVM Regulation nº 05/2008

No transactions were reported by persons discharging managerial responsabilities and people closely connected with them during the first half of 2020.

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

Interim Consolidated Condensed Financial Statements

30th June 2020

IBERSOL S.G.P.S., S.A.
CONDENSED STATEMENT OF INTERIM CONSOLIDATED FINANCIAL POSITION
ON JUNE 30, 2020
(values in euros)

ASSETS	Notes	30/06/2020	31/12/2019
Non-current			
Tangible fixed assets	8	210 047 550	216 563 700
Rights of use	7	297 408 317	321 812 178
Goodwill	9	84 851 938	87 968 225
Intangible assets	9	35 940 302	36 440 964
Financial investments - joint controlled subsidiaries		2 484 135	2 566 336
Non-current financial assets		508 056	435 226
Other financial assets	19	910 312	2 710 150
Other non-current assets	16	7 777 250	8 238 111
Deferred tax		11 658 678	4 010 940
Total non-current assets		**651 586 538**	**680 745 830**
Current			
Inventories		12 193 288	12 014 986
Cash and bank deposits	20	60 829 369	38 424 757
Income tax receivable		1 462 510	1 502 658
Other financial assets	19	13 230 516	12 916 621
Other current assets	16	26 978 535	31 681 067
Total current assets		**114 694 218**	**96 540 090**
Total Assets		**766 280 756**	**777 285 920**

EQUITY AND LIABILITIES	Notes	30/06/2020	31/12/2019
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	10	36 000 000	36 000 000
Own shares		-11 180 516	-11 180 516
Share prize		469 937	469 937
Legal reserves		1 075 511	1 075 511
Conversion Reserves		-11 583 229	-10 355 553
Other Reserves & Retained Results		197 926 090	180 376 862
Net profit in the year		-33 331 342	17 549 228
		179 376 451	**213 935 469**
Interests that do not control		212 455	293 007
Total Equity		**179 588 906**	**214 228 476**
LIABILITIES			
Non-current			
Loans	11	138 130 122	74 763 367
Liability for leases	11	270 833 880	286 206 086
Deferred tax		7 171 692	8 671 083
Provisions		33 257	33 257
Derivative financial instrument		92 945	128 699
Other non-current liabilities		6 026	6 146
Total non-current liabilities		**416 267 922**	**369 808 638**
Current			
Loans	11	44 049 004	46 399 315
Liability for leases	11	57 398 112	53 777 115
Accounts payable to suppliers and accrued costs	21	55 542 698	77 816 608
Income tax payable		807 095	689 748
Other current liabilities	16	12 627 019	14 566 020
Total current liabilities		**170 423 928**	**193 248 806**
Total Liabilities		**586 691 850**	**563 057 444**
Total Equity and Liabilities		**766 280 756**	**777 285 920**

Porto, 28th September 2020

The Board of Directors,

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

CONDENSED STATEMENT OF RESULTS AND OTHER INTERIM CONSOLIDATED INTEGRAL INCOME

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE, 2020 AND 2019

(values in euros)

	Notes	30/06/2020	30/06/2019
Sales	6	133 041 159	219 598 464
Rendered services	6	600 615	1 738 397
Cost of sales		-33 707 405	-54 179 091
External supplies and services		-36 726 602	-48 727 214
Personnel costs		-52 756 667	-71 487 268
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA	8 e 9	-46 954 410	-39 639 681
Other operating costs		4 700 665	1 917 535
Operating Income		-31 802 645	9 221 143
Financial expenses and losses	17	-10 968 404	-11 729 006
Financial income and gains	17	709 689	862 788
Gains (losses) in joint controlled subsidiaries - Equity method		-82 201	132 343
Gains (losses) on Net monetary position		-	583 621
Profit before tax		**-42 143 561**	**-929 111**
Income tax expense	18	8 781 473	1 497 093
Net profit		**-33 362 088**	**567 982**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-1 227 676	-627 951
TOTAL COMPREHENSIVE INCOME		**-34 589 764**	**-59 969**
Net profit attributable to:			
Owners of the parent		-33 331 342	565 142
Non-controlling interest		-30 746	2 840
		-33 362 088	567 982
Total comprehensive income attributable to:			
Owners of the parent		-34 559 018	-62 809
Non-controlling interest		-30 746	2 840
		-34 589 764	-59 969
Earnings per share:	10		
Basic		**-1,03**	**0,02**
Diluted		**-1,03**	**0,02**

Porto, 28th September 2020

The Board of Directors,

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

CONDENSED STATEMENT OF RESULTS AND OTHER INTERIM CONSOLIDATED INTEGRAL INCOME FOR THE SECOND TRIMESTER OF 2020 AND 2019

(values in euros)

	Notes	2nd TRIMESTER (unaudited) 2020	2019
Sales		38 607 000	117 659 359
Rendered services		8 480	896 946
Cost of sales		-9 792 816	-29 280 154
External supplies and services		-15 495 368	-25 101 762
Personnel costs		-15 946 693	-37 155 466
Amortisation, depreciation and impairment losses of TFA, Rights of Use, Goodwill and IA		-25 617 701	-20 960 082
Other operating costs		2 875 096	1 323 463
Operating Income		-25 362 002	7 382 305
Financial expenses and losses		-5 533 855	-6 402 960
Financial income and gains		363 060	464 351
Gains (losses) in joint controlled subsidiaries - Equity method		-67 753	49 830
Gains (losses) on Net monetary position		-	222 742
Profit before tax		**-30 600 550**	**1 716 268**
Income tax expense		6 243 291	842 699
Net profit		**-24 357 259**	**2 558 967**
Other comprehensive income:			
Change in currency conversion reserve (net of tax and that can be recycled for results)		-876 856	-576 841
TOTAL COMPREHENSIVE INCOME		**-25 234 115**	**1 982 126**
Net profit attributable to:			
Owners of the parent		-24 345 639	2 535 896
Non-controlling interest		-11 620	23 071
		-24 357 259	2 558 967
Total comprehensive income attributable to:			
Owners of the parent		-25 222 495	1 959 055
Non-controlling interest		-11 620	23 071
		-25 234 115	1 982 126
Earnings per share:			
Basic		**-0,75**	**0,08**
Diluted		**-0,75**	**0,08**

Porto, 28th September 2020

The Board of Directors,

IBERSOL S.G.P.S., S.A.
CONDENSED STATEMENT OF CHANGES IN INTERIM CONSOLIDATED EQUITY
for the six months period ended 30th June, 2020 and 2019
(value in euros)

	Note	Assigned to shareholders									
	Note	Share Capital	Own Shares	Share Prize	Legal Reserves	Conversion Reserves	Other Reserves & Retained Results	Net Profit	Total parent equity	Interests that do not control	Total Equity
Balance on 1 January 2019		36 000 000	-11 180 516	469 937	755 581	-7 140 907	158 974 733	24 962 061	202 840 889	329 204	203 170 093
Changes in the period:											
Application of the consolidated profit from 2018:											
Transfer to reserves and retained results					319 930		24 642 131	-24 962 061	-		-
Conversion reserves - Angola						-627 951			-627 951		-627 951
Net consolidated income for the six months period ended on 30 June, 2019								565 142	565 142	2 840	567 982
Total changes in the period		-	-	-	319 930	-627 951	24 642 131	-24 396 919	-62 809	2 840	-59 969
Net profit								**565 142**	**565 142**	**2 840**	**567 982**
Total comprehensive income									-62 809	2 840	-59 969
Transactions with capital owners in the period											
Application of the consolidated profit from 2018:											
Paid dividends							-3 240 000		-3 240 000	-126 779	-3 366 779
		-	-		-	-	-3 240 000	-	-3 240 000	-126 779	-3 366 779
Balance on 30 June 2019		**36 000 000**	**-11 180 516**	**469 937**	**1 075 511**	**-7 768 858**	**180 376 863**	**565 142**	**199 538 079**	**205 265**	**199 743 344**
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							17 549 228	-17 549 228	-		-
Conversion reserves - Angola						-1 227 676			-1 227 676		-1 227 676
Net consolidated income for the six months period ended on 30 June, 2020								-33 331 342	-33 331 342	-30 746	-33 362 088
Total changes in the period		-	-	-	-	-1 227 676	17 549 228	-50 880 570	-34 559 018	-30 746	-34 589 764
Net profit								**-33 331 342**	**-33 331 342**	**-30 746**	**-33 362 088**
Total comprehensive income									-34 559 018	-30 746	-34 589 764
Transactions with capital owners in the period											
Application of the consolidated profit from 2019:											
Paid dividends									-	-49 806	-49 806
		-	-	-	-	-	-	-	-	-49 806	-49 806
Balance on 30 June 2020		**36 000 000**	**-11 180 516**	**469 937**	**1 075 511**	**-11 583 229**	**197 926 090**	**-33 331 342**	**179 376 451**	**212 455**	**179 588 906**

Porto, 28th September 2020

The Board of Directors,

IBERSOL S.G.P.S., S.A.
Condensed Statement of Interim Consolidated Cash Flows
for the six months period ended 30 June, 2020 and 2019
(value in euros)

	Note	Six months period ended on June 30	
		2020	**2019**
Cash Flows from Operating Activities			
Receipts from clients		136 239 130	221 243 140
Payments to supliers		-77 453 851	-92 892 884
Staff payments		-44 365 345	-67 445 769
Flows generated by operations		14 419 934	60 904 487
Payments/receipt of income tax		-114 058	-150 797
Other paym./receipts related with operating activities		-11 349 859	-7 401 772
Flows from operating activities (1)		**2 956 017**	**53 351 918**
Cash Flows from Investment Activities			
Receipts from:			
Financial investments		55 195	61 139
Tangible fixed assets		1 412	21 348
Interest received		601 044	799 476
Other financial assets		1 509 173	3 471 601
Payments for:			
Financial Investments		128 025	101 899
Tangible fixed assets		17 248 416	22 170 371
Intangible assests		1 706 480	1 747 863
Flows from investment activities (2)		-16 916 097	-19 666 569
Cash flows from financing activities			
Receipts from:			
Loans obtained		62 286 425	7 740 349
Payments for:			
Loans obtained		1 633 794	7 082 498
Amortisation and interest of liability for leases		23 310 881	26 480 558
Interest and similar costs		2 271 161	2 620 891
Dividends paid			3 241 321
Flows from financing activities (3)		35 070 589	-31 684 919
Change in cash & cash equivalents (4)=(1)+(2)+(3)		**21 110 509**	**2 000 430**
Cash & cash equivalents at the start of the period		34 684 804	32 048 560
Cash & cash equivalents at end of the period	20	**55 795 313**	**34 048 990**

Porto, 28th September 2020

The Board of Directors,

IBERSOL SGPS, S.A.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED ON 30 JUNE 2020

(Values in euros)

1. INTRODUCTION

IBERSOL, SGPS, SA ("Company" or "Ibersol") has its head office at Praça do Bom Sucesso, Edifício Península n.º 105 a 159 – 9º, 4150-146 Porto, Portugal. Ibersol's subsidiaries (jointly called the Group), operate a network of 643 units in the restaurant segment through the brands Pizza Hut, Pasta Caffé, Pans & Company, Ribs, FresCo, SantaMaria, Kentucky Fried Chicken, Burger King, O' Kilo, Roulotte, Quiosques, Pizza Móvil, Miit, Taco Bell, Sol, Sugestões e Opções, Silva Carvalho Catering e Palace Catering, coffee counters and other concessions. The group has 541 units which it operates and 102 units under a franchise contract. Of this universe, 359 are headquartered in Portugal, of which 358 are owned and 1 franchised, and 268 are based in Spain, spread over 173 own establishments and 95 franchisees. Finally, 10 units are located in Angola and 6 in other locations.

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

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

2. MAIN ACCOUNTING POLICIES

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

2.1 Basis of presentation, consolidation and main accounting policies

These consolidated interim financial statements were prepared according to the international standard nº. 34 – Interim Financial Report, and therefore do not include all the information required by the annual financial statements, and should be read together with the company's financial statements for the period ended 31 December 2019.

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

The accounting policies applied on 30 June 2020 are identical to those applied for preparing the financial statements of 30 June and 31 December 2019, except for the exchange currency differences included in other income / other operating costs and excluded from net financing cost.

These financial statements were approved by the Board of Directors and authorised for emission on 28th September 2020.

3. New standards, amendments and interpretation adopted

The rules and interpretations that became effective on January 1, 2020 are as follows:

a) IFRS 3 (amendment), "Concentration of business activities" (effective for annual periods beginning on or after 1 January 2020). The intention of changing the standard is to overcome the difficulties that arise when an entity determines whether it has acquired a business or a set of assets.

b) IAS1 and IAS 8 (amendment), "Definition of material" (to be applied in annual periods beginning on or after 1 January 2020). The intention of changing the standard is to clarify the definition of material and align the definition used in international financial reporting standards.

c) Reform of the interest rate reference (issued on September 26, 2019, to be applied in years beginning on or after January 1, 2020). This reform aims to change the standards of financial instruments, provided for in IFRS 9

Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures.

d) Improvements to international financial reporting standards (issued on March 29, 2018, to be applied to annual periods beginning on or after January 1, 2020). These improvements involve the revision of several standards.

These standards and amendments had no material impact on the Group's consolidated financial statements.

At the date of approval of these financial statements, there are no standards and interpretations endorsed by the European Union, whose mandatory application occurs in future financial years.

The following standards, interpretations, amendments and revisions, with mandatory application in the year and in future economic years, were not, until the date of approval of these financial statements, endorsed by the European Union:

1. IFRS 3 (amendment), “Concentration of business activities” (effective for annual periods beginning on or after 1 January 2020). The intention of changing the standard is to overcome the difficulties that arise when an entity determines whether it has acquired a business or a set of assets.
2. IFRS 17 (new), “Insurance contracts” (effective for annual periods beginning on or after 1 January 2021). The general objective of IFRS17 is to provide a more useful and consistent accounting model for insurance contracts between entities that issue them globally.
3. IAS 1 (Amendment), “Presentation of the financial statements”. The intent of the standard is to clarify the classification of liabilities as current or non-current.
4. Improvements to international financial reporting standards 2018-2020 (issued on May 14, 2020, to be applied to annual periods beginning on or after January 1, 2022). These improvements involve the revision of several standards.
5. IFRS 16 (amendment), “Leases” (issued on May 28, 2020, to be applied in annual periods beginning on or after June 1, 2020). The general purpose of this change is to allow tenants, as a practical expedient, to treat the changes / concessions related to COVID-19 as not being a modification to the lease. The change does not affect owners.
6. IFRS 4 (amendment), “Insurance Contracts” (issued on 25 June 2020, to be applied in annual periods beginning on or after 1 January 2021). This amendment seeks to address concerns arising from the application of IFRS 9 before the new IFRS17.
7. IAS 16 (amendment). Income obtained before commissioning.
8. IAS 37 (amendment), “Onerous Contracts”. Costs of fulfilling a contract.

The Group is assessing the impact resulting from these changes and will apply these standards in the year in which they become effective, or in advance when permitted.

4. IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continuously evaluated and are based on past experience and on other factors, including expectations regarding future events that are believed to be reasonably probable within the respective circumstances.

Estimates, assumptions and circumstances will rarely, by definition, match actual reported results. Estimates and assumptions that present a significant risk of leading to a material adjustment in the accounting value of the assets and liabilities in the following year are described below:

a) Estimated impairment of goodwill
The group performs annual tests to determine whether the goodwill is subject to impairment, according to the accounting policy. Recoverable amounts from the units generating cash flows are determined based on the calculation of utilisation values. Those calculations require the use of estimates (Note 9).

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

b) Provisions

The group on a periodic basis examines possible obligations arising from past events that should be recognized or disclosed.

The subjectivity inherent in determining the probability and amount of internal resources required to settle these obligations may result in significant adjustments due to changes in the assumptions used or the future recognition of provisions previously disclosed as contingent liabilities.

c) Estimated lifetime and impairment of tangible and intangible assets
Tangible and intangible fixed assets are subject to systematic depreciation for the period determined to be their economic useful life. The determination of lifetime period of the assets and the depreciation method to be applied, is essential to determine the amount of depreciation to be recognized in the income statement for each year.

According to the best judgment of the Board of Directors and considering the practices adopted by companies in the sector internationally these two parameters are set for the assets and business in question.

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

d) Impairment losses foreseen
In applying the expected impairment loss models, the Group assesses the probability of default and estimated losses in the event of default. This evaluation involves relevant estimates by the Group, which are based on a set of historical information and assumptions, which may not be representative of the future uncollectibility of the Group's debtors.

e) Lease term and Incremental financing rates
To determine the estimated impacts of adopting IFRS 16, the Group makes estimates on the lease terms and their incremental financing rates, which incorporate specific market and entity risks that require the Group to make relevant judgments and estimates.

f) COVID 19

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

With the gradual opening of the economy and, despite being open, restaurants have been operating below their normal potential.

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

At the same time, and as detailed in Note 23, initiatives were taken to reduce costs, renegotiate contracts, including the financial rebalancing of lease contracts and the negotiation of payment terms.

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

5.1. The following group companies were included in the consolidation on 30 June 2020 and 30 June and 31 December 2019:

Company	Head Office	% Shareholding Jun/20	Dec/19	Jun/19
Parent company				
Ibersol SGPS, S.A.	Porto	parent	parent	parent
Subsidiary companies				
Iberusa Hotelaria e Restauração, S.A.	Porto	100%	100%	100%
Ibersol Restauração, S.A.	Porto	100%	100%	100%
Ibersande Restauração, S.A.	Porto	100%	100%	100%
Ibersol Madeira e Açores Restauração, S.A.	Funchal	100%	100%	100%
Ibersol - Hotelaria e Turismo, S.A.	Porto	100%	100%	100%
Iberking Restauração, S.A.	Porto	100%	100%	100%
Iberaki Restauração, S.A.	Porto	100%	100%	100%
Restmon Portugal, Lda	Porto	61%	61%	61%
Vidisco, S.L.	Vigo - Espanha	100%	100%	100%
Inverpeninsular, S.L.	Vigo - Espanha	100%	100%	100%
Asurebi SGPS, S.A.	Porto	100%	100%	100%
Charlotte Develops, SL	Vigo - Espanha	100%	100%	100%
Firmoven Restauração, S.A.	Porto	100%	100%	100%
IBR - Sociedade Imobiliária, S.A.	Porto	100%	100%	100%
Eggon SGPS, S.A.	Porto	100%	100%	100%
Anatir SGPS, S.A.	Porto	100%	100%	100%
Lurca, SA	Madrid-Espanha	100%	100%	100%
Sugestões e Opções-Actividades Turísticas, S.A	Porto	100%	100%	100%
José Silva Carvalho Catering, S.A	Porto	100%	100%	100%
(a) Iberusa Central de Compras para Restauração ACE	Porto	100%	100%	100%
(b) Vidisco, Pasta Café Union Temporal de Empresas	Vigo - Espanha	100%	100%	100%
Maestro - Serviços de Gestão Hoteleira, S.A.	Porto	100%	100%	100%
SEC - Eventos e Catering, S.A.	Porto	100%	100%	100%
IBERSOL - Angola, S.A.	Luanda - Angola	100%	100%	100%
HCI - Imobiliária, S.A.	Luanda - Angola	100%	100%	100%
Ibergourmet Produtos Alimentares (ex-Gravos 2012, S.A.)	Porto	100%	100%	100%
Lusinver Restauracion, S.A.	Vigo - Espanha	100%	100%	100%
The Eat Out Group S.L.U.	Barcelona - Espanha	100%	100%	100%
Pansfood, S.A.U.	Barcelona - Espanha	100%	100%	100%
Foodstation, S.L.U	Barcelona - Espanha	100%	100%	100%
Dehesa de Santa Maria Franquicias, S.L.	Barcelona - Espanha	100%	100%	100%
Cortsfood, S.L.	Barcelona - Espanha	100%	100%	50%
(d) Volrest Aldaia, S.L	Vigo - Espanha	100%	-	-
(d) Volrest Alcala, S.L	Vigo - Espanha	100%	-	-
(d) Volrest Alfafar, S.L.	Vigo - Espanha	100%	-	-
(d) Volrest Rivas, S.L.	Vigo - Espanha	100%	-	-
Associated companies				
(c) Ziaicos - Serviços e gestão, Lda	Porto	40%	40%	-
Companies controlled jointly				
UQ Consult - Serviços de Apoio à Gestão, S.A.	Porto	50%	50%	50%

(a) Company consortium agreement that acts as the Purchasing and Logistics Centre and provides the respective restaurants with raw materials and maintenance services.
(b) Union Temporal de Empresas which was founded in 2005 and that during the year functioned as the Purchasing Centre in Spain by providing raw materials to the respective restaurants.
(c) Associated constituted in 2019.
(d) Acquired subsidiaries related to the 4 units that the group started to control in 2019..

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

The shareholding percentages in the indicated companies imply an identical percentage in voting rights.

5.2. Alterations to the consolidation perimeter

5.2.1. Acquisition of new companies

In the six months period ended on 30 June 2020 there was no acquisition of subsidiaries.

5.2.2. Disposals

In the six months period ended on 30 June 2020 there was no disposals of subsidiaries.

6. INFORMATION PER SEGMENT

Ibersol Administration monitors the business based on the following segmentation:

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

The results by segment for the six-month periods ended June 30, 2020 and 2019, with and without impact of the application of IFRS 16, are presented as follows:

w/ IFRS 16	Restaurants		Counters		Concessions and Catering		Other, write off and adjustments		Total Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Turnover	**32 879 799**	**53 817 103**	**78 241 170**	**108 806 329**	**22 433 123**	**58 532 707**	**87 683**	**180 723**	**133 641 774**	**221 336 861**
Operating income net of Amortization, deprec. and impairment losses	**1 089 237**	**9 246 802**	**12 711 768**	**20 235 812**	**1 144 651**	**19 378 209**	**206 108**	-	**15 151 765**	**48 860 823**
Amortization, depreciation and impairment losses	10 413 553	5 806 716	15 762 827	13 588 772	20 245 198	19 659 126	532 832	585 066	46 954 410	39 639 681
Operating income	**-9 324 316**	**3 440 086**	**-3 051 059**	**6 647 040**	**-19 100 547**	**-280 917**	**-326 724**	-585 066	**-31 802 645**	9 221 142
Net financing cost									10 258 715	10 866 218
Other non-operating gains and losses									-82 201	715 964
Income tax expense									-8 781 473	-1 497 093
Net profit									**-33 362 088**	**567 981**
Total assets allocated*	104 975 223	107 316 064	316 908 350	323 975 084	302 755 548	309 506 689	11 387 428	11 641 356	736 026 549	418 394 747
Total liabilities allocated*	40 319 263	43 889 096	125 697 932	136 827 119	229 262 995	249 561 743	1 160 801	1 263 577	396 440 991	431 541 536

n/a IFRS 16	Restaurants		Counters		Concessions and Catering		Other, write off and adjustments		Total Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Turnover	**32 879 799**	**53 817 103**	**78 241 170**	**108 806 329**	**22 433 123**	**58 532 707**	**87 683**	**180 723**	**133 641 774**	**221 336 861**
Operating income net of Amortization, deprec. and impairment losses	**-2 967 564**	**5 722 441**	**3 426 106**	**12 890 151**	**-7 609 158**	**4 422 326**	-	-	**-7 150 616**	**23 034 918**
Amortization, depreciation and impairment losses	6 877 824	2 616 159	9 012 521	7 232 370	2 703 307	2 561 560	454 909	585 066	19 048 562	12 995 156
Operating income	**-9 845 388**	**3 106 282**	**-5 586 415**	**5 657 781**	**-10 312 465**	**1 860 766**	**-454 909**	-585 066	**-26 199 177**	10 039 762
Net financing cost									1 796 053	2 050 248
Other non-operating gains and losses									-82 201	715 964
Income tax expense									-5 270 093	913 871
Net profit									**-22 807 338**	**7 791 607**
Total assets allocated*	64 280 474	81 809 532	194 055 496	236 159 047	185 389 176	101 180 187	6 972 972	11 478 249	450 698 118	418 394 747
Total liabilities allocated*	8 014 024	18 232 074	24 984 244	47 499 872	45 569 267	25 783 042	230 726	43 348	78 798 261	91 558 335

* non allocated amounts on 30 June 2020 and 31 December 2019 refer essentially to other financial assets, loans and deferred taxes.

On June 30, 2020 and 2019 income and non-current assets by geography is presented as follows:

30 JUNE 2020	**Portugal**	**Angola**	**Spain**	**Grupo**
Total sales and services	**84 846 789**	**3 979 488**	**44 815 497**	**133 641 774**
Tangible fixed and intangible assets	152 763 445	20 874 913	72 349 494	245 987 852
Rights of use	85 131 791	883 517	211 393 009	297 408 317
Goodwill	7 605 482	-	77 246 456	84 851 938
Deferred tax asset	-	-	11 658 678	11 658 678
Financial investments - joint controlled subsidiaries	2 484 135	-	-	2 484 135
Non-current financial assets	508 056	-	-	508 056
Other financial assets	-	910 312	-	910 312
Other non-current assets	-	-	7 777 250	7 777 250
Total non-current assets	**248 492 909**	**22 668 742**	**380 424 887**	**651 586 538**

30 JUNE 2019	**Portugal**	**Angola**	**Spain**	**Grupo**
Total sales and services	**119 080 631**	**6 577 864**	**95 678 366**	**221 336 861**
Tangible fixed and intangible assets	150 936 909	25 493 046	58 497 345	234 927 300
Rights of use	67 900 618	2 770 396	257 674 951	328 345 965
Goodwill	7 605 482	-	83 240 845	90 846 327
Financial investments - joint controlled subsidiaries	2 592 185	-	-	2 592 185
Non-current financial assets	252 189	-	-	252 189
Other financial assets	-	15 098 929	-	15 098 929
Other non-current assets	-	-	12 125 349	12 125 349
Total non-current assets	**229 287 383**	**43 362 371**	**411 538 490**	**684 188 244**

7. RIGHTS OF USE

In the six months period ended 30 June 2020 and in the year ending on 31 December 2019, entries in the value of rights of use, depreciation and accumulated impairment losses were as follows:

	Rights of use
1 January 2019	
Initial net amount	291 085 260
Additions	88 072 137
Decreases	-1 467 059
Depreciation in the year	55 878 164
Final net amount	**321 812 178**
31 December 2019	
Cost	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	-199 688
Additions	5 979 041
Decreases	-532 492
Transfers	-750 909
Depreciation in the year	28 899 813
Final net amount	**297 408 317**
30 June 2020	
Cost	387 101 114
Accumulated depreciation	89 692 797
Net amount	**297 408 317**

8. TANGIBLE FIXED ASSETS

In the six months period ended 30 June 2020 and in the year ending on 31 December 2019, entries in the value of tangible fixed assets, depreciation and accumulated impairment losses were as follows:

1 January 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**

1 January 2019						
Initial net amount	14 490 886	142 801 429	33 468 569	9 552 595	996 812	201 310 291
Change in accounting policy (IFRS 16)	-	-3 335 985	-899 062	-47 363	-	-4 282 410
Changes in the perimeter	-	1 600 000	845 363	119 304	-	2 564 667
Currency conversion	-542 668	-1 209 078	-540 488	-117 382	-19 445	-2 429 061
Additions	-	25 420 469	11 712 366	3 596 959	3 144 834	43 874 629
Decreases	-	-1 298 973	-119 844	-25 680	-43 908	-1 488 404
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**	**151 249 409**	**36 687 809**	**11 132 867**	**3 574 146**	**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 tangible fixed Assets**	**Tangible Assets 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	-167 374	-284 086	-102 136	-19 016	-41 256	-613 868
Additions	-	3 609 084	1 184 519	194 403	1 697 980	6 685 986
Decreases	-	-7 200	-44 486	-7 556	-18 704	-77 946
Transfers	-	1 522 029	961 531	102 123	-1 967 708	617 975
Depreciation in the year	12 008	6 793 425	4 134 487	1 093 147	-	12 033 067
Impairment in the year	-	1 016 998	99 875	17 702	-	1 134 575
Impairment reversion	-	-20 610	-18 735	-	-	-39 345
Final net amount	**13 740 088**	**148 299 422**	**34 471 611**	**10 291 970**	**3 244 459**	**210 047 550**
30 June 2020						
Cost	13 982 878	270 604 652	139 363 429	31 008 324	3 244 459	458 203 742
Accumulated depreciation	242 790	111 612 916	104 099 183	20 655 650	-	236 610 539
Accumulated impairment	-	10 692 314	792 635	60 704	-	11 545 653
Net amount	**13 740 088**	**148 299 422**	**34 471 611**	**10 291 970**	**3 244 459**	**210 047 550**

The investment of 6.7 million euros in the first six months of 2020 mainly refers to the opening of concessions in the travel Spain segment (1.5 million euros), and the remaining investment in four KFCs, one Burger King and two Taco Bell.

In 2019, an investment of around 54 million 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. On part of the investment in Spain, leasing contracts were made in the amount of around 10 million (rights of use, note 7).

Tangible Fixed Assets - impairment tests

On June 30, 2020 and December 31, 2019, impairment tests were carried out on the Group's main tangible assets that showed signs of impairment. The methods and main assumptions used in the preparation of the impairment tests 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
Periodo Utiizado (anos)	5	5	5	5
Discount rate for the period (WACC)**	7,4%/7,8%/8,2%	6,5%/6,8%/7,2%	5.6%	5.2%

* The discount rate presented was calculated based on the WACC (Weighted Average Cost of Capital) methodology.
** According to the business segment, Fast Food (Burguer King and KFC), Restaurants and Travel, respectively.

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

The tests carried out on the Ibersol group restaurants with signs of impairment resulted in the need to record impairment in the amount of 1,134,575 euros and 492,745 euros as at 30 June 2020 and 31 December 2019, respectively, and impairment reversals in the amounts 39,345 euros and 937,480 euros, in the same period, related to tangible fixed assets, as follows:

June 2020			
Unit	Recoverable amount (use value)	Assets account value	Impairment losses
Pizza Hut (1 unit)	-	180 164	180 164
FresCo (1 unit)	-	24 743	24 743
Pizza Móvil (2 units)	-	374 488	374 488
Ribs (1 unit)	-	58 123	58 123
Pans & C.ª (2 units)	211 779	708 836	497 057
TOTAL	211 779	1 346 354	1 134 575

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

The reversals of impairment as at 30 June 2020 and 31 December 2019 are presented as follows:

Units	jun/20	Ano 2019
Pizza Hut (2 units)	-	403 720
Burger King (1 unit)	-	262 209
Pasta caffe (1 unit)	-	211 714
Roulotte (1 unit)	-	59 837
Pans & C.ª (1 unit)	23 247	-
Ribs (1 unit)	16 098	-
TOTAL	39 345	937 480

Sensitivity analysis

From the sensitivity analysis carried out, with an increase of 1% in the discount rate used for each of the segments, it did not lead to signs of additional impairments.

9. INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets are broken down as follows:

	Jun/20	Dec/19
Goodwill	84 851 938	87 968 225
Intangible assets	35 940 302	36 440 964
	120 792 240	**124 409 189**

The distribution of Goodwill allocated to the segments is presented as follows:

	Jun/20	Dec/19
Restaurants	8 624 542	11 740 829
Counters	37 199 991	37 199 991
Concessions and Catering	38 847 684	38 847 684
Other, write off and adjustments	179 721	179 721
	84 851 938	**87 968 225**

In the six months period ended 30 June 2020 and in the year ending on 31 December 2019, entries in the value of intangible assets and goodwill, 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	-	39 695 061
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
Change in accounting policy (IFRS 16)	-	-	-	-	-	-
Currency conversion	-	-	-74 408	-	-100 681	-175 089
Additions	-	-	3 372 763	317 030	244 781	3 934 574
Decreases	-	-	-37 273	-	-57 258	-94 530
Transfers	-	-	442 100	600 000	-1 042 100	-
Amortization in the year	-	1 100 000	1 737 240	532 903	-	3 370 143
Impairment in the year	4 000 000	-	0	-	-	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	-	-	-16 668	-	-25 460	-42 128
Additions	-	-	913 864	-	266 500	1 180 364
Decreases	-	-	-4 275	-	-	-4 275
Transfers	-	-	362 207	22 500	-258 209	126 498
Amortization in the year	-	550 000	933 720	258 613	-	1 742 333
Impairment in the year	3 116 287	-	-	18 788	-	3 135 075
Final net amount	**84 851 938**	**17 966 667**	**14 738 331**	**1 837 248**	**1 398 056**	**120 792 240**
30 June 2020						
Cost	84 851 938	22 000 000	46 935 259	13 626 965	1 398 056	168 812 218
Accumulated amortization	-	4 033 333	28 515 873	11 729 056	-	44 278 261
Accumulated impairment	-	-	3 681 055	60 662	-	3 741 718
Net amount	**84 851 938**	**17 966 667**	**14 738 331**	**1 837 248**	**1 398 056**	**120 792 240**

On June 30, 2020 and December 31, 2019, impairment tests were carried out on the Group's main assets that showed signs of impairment, and an impairment of 18,788 euros was recognized in intangible assets and of 3,116,287 in Goodwill.

Goodwill and brands - Impairment tests

Goodwill is not amortized. The Group performs impairment tests on goodwill annually, or whenever there are signs of impairment.

As of June 30, 2020 and December 31, 2019, the methods and main assumptions used in the preparation of impairment tests for goodwill and Group brands were as follows:

	2020			2019		
	Portugal	**Spain**	**Spain (Vidisco)**	**Portugal**	**Spain**	**Spain (Vidisco)**
Method used		Use Value			Use Value	
Base used*	Projections with perpetuity	Projections with perpetuity	Projections with perpetuity	Projections with perpetuity	Projections with perpetuity	Projections with perpetuity
Used Period (years)	5	5	5	5	5	5
Growth rate in perpetuity	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Discount rate for the period (WACC)**	7,4%/7,8%/8,2%	6,5%/6,8%/7,5%	7,50%	5.6%	5.2%	8%

* The discount rate presented was calculated based on the WACC (Weighted Average Cost of Capital) methodology.
** According to the business segment, Fast Food (Burguer King and KFC), Restaurants and Travel, respectively.

In the interim accounts for the semester, given the impacts of Covid-19 in the catering sectors, impairment tests were carried out on Goodwill, with the assumptions for the evolution of the different segments, the most recent market inputs and the evolution of the operation, in the gradual reopening restaurants, as well as local and international entities that operate in the air transport market, with decisive relevance for the Travel segment.

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 the segments that show a trend of greater resistance to the recovery from the pandemic crisis.

Results of impairment tests:

As of June 30, 2020, the tests performed resulted in the need to record an impairment in the amount of 3,116,287 euros in goodwill (restaurants), as follows:

June 2020			
Unit	Recoverable amount (use value)	Assets account value	Impairment losses
Vidisco (CFU)	-	3 116 287	3 116 287
TOTAL	-	3 116 287	3 116 287

Following the decision not to reopen nine Pizza Móvil restaurants in Spain, the need arose to constitute impairment for the total amount of 3.1 million euros. It should also be noted that, during the second quarter of the year, the remaining 17 restaurants resumed their activity.

Additional analyzes of signs of impairment and revision of projections did not result in the determination of losses.

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.

The sensitivity analysis carried out, with an increase of 1% in the discount rate used for each of the segments, did not lead to signs of additional impairments.

10. INCOME PER SHARE

Income per share in the six months period ended 30 June 2020 and 2019 was calculated as follows:

	Jun/20	**Jun/19**
Profit payable to shareholders	-33 331 342	565 142
Mean weighted number of ordinary shares issued	36 000 000	36 000 000
Mean weighted number of own shares	-3 599 981	-3 599 926
	32 400 019	32 400 074
Basic earnings per share (€ per share)	-1,03	0,02
Earnings diluted per share (€ per share)	-1,03	0,02
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.

11. LOANS AND LEASE LIABILITIES

11.1 Loans

On 30 June 2020 and 31 December 2019, current and non-current loans were broken down as follows:

Non-current	Jun/20	Dec/19
Bank loans	58 930 122	16 763 367
Commercial paper programmes	79 200 000	58 000 000
	138 130 122	**74 763 367**

Current	Jun/20	Dec/19
Bank overdrafts	5 034 056	3 739 953
Bank loans	30 014 948	23 659 362
Commercial paper programmes	9 000 000	19 000 000
	44 049 004	**46 399 315**
Total loans	**182 179 126**	**121 162 682**

There are no significant differences between the balance sheet amounts and fair value of current and non-current loans.

Long-term loans contracted under the acquisition of Eat Out Group include clauses with the following financial covenants:

Financial Covenants	SPAIN (EOG Consolidated)	PORTUGAL (Consolidated)
Debt/EBITDA	**2,5x to 1,5x** *from 2017 to 2021* *with reductions of 0.25 per year*	**3,5x or 4,5x**
EBITDA/Financial Cost	**5x**	-
Equity/Assets	-	**30%**

Loans whose associated covenants are not being paid are presented as current liabilities. The Group is monitoring, together with the financial institutions, the evolution of compliance with the financing covenants, taking into account the assessment to be carried out on them at the end of the year 2020.

11.2 Lease liabilities

On 30 June 2020 and December 31, 2019, the company has commitments made to third parties, arising from lease contracts, namely real estate contracts, as follows:

	jun/20			Dec/19		
	Corrente	**Não corrente**	**Total**	**Corrente**	**Não corrente**	**Total**
Leases	57 398 112	270 833 880	328 231 992	53 777 115	286 206 086	339 983 201
TOTAL	57 398 112	270 833 880	328 231 992	53 777 115	286 206 086	339 983 201

.

12. CONTINGENT ASSETS AND LIABILITIES

The group has contingent liabilities regarding bank and other guarantees and other contingencies related with its business operations (as licensing, advertising fees, food hygiene and safety and employees, and the rate of success of these processes is historically high in Ibersol). No significant liabilities are expected to arise from the said contingent liabilities.

On 30th June 2020 and 31st December 2019, responsibilities not recorded by the companies and included in the consolidation consist mainly of bank guarantees given on their behalf, as shown below:

	Jun/20	Dec/19
Bank guarantees	25 562 601	26 329 519

13. COMMITMENTS

On June 30th, 2020 there are no significant commitments for contracted investments not included in these financial statements.

14. IMPAIRMENT

Changes during the six months period ended on 30 June 2020 and in the year 2019, under the heading of asset impairment losses were as follows:

	Jun/20						
	Starting balance	**Currency conversion**	**Cancellation and reclassif.**	**Impairment assets disposals**	**Impairment in the year**	**Impairment reversion**	**Closing balance**
Tangible fixed assets	10 981 144	-	-	-530 721	1 134 575	-39 345	11 545 654
Intangible assets	3 722 929	-	-	-	18 788	-	3 741 717
Stocks	74 981	-	-	-	-	-	74 981
Other current assets	2 585 661	-3 464	-72 913	-	657 900	-	3 167 184
Other financial assets (current and non-current)	707 366	-	-	-	130 927	-	838 293
	18 072 081	-3 464	-72 913	- 530 721	1 942 190	- 39 345	19 367 829

	Dec/19						
	Starting balance	**Currency conversion**	**Cancellation and reclassif.**	**Impairment assets disposals**	**Impairment in the year**	**Impairment reversion**	**Closing balance**
Tangible fixed assets	11 632 624	-	-	-206 746	492 746	-937 480	10 981 144
Intangible assets	3 722 929	-	-	-	-	-	3 722 929
Stocks	74 981	-	-	-	-	-	74 981
Other current assets	2 931 120	-10 923	-931 803	-	1 002 267	-405 000	2 585 661
Other financial assets (current and non-current)	940 762	-	-	-	-	-233 396	707 366
	19 302 416	-10 923	-931 803	-206 746	1 495 013	-1 575 876	18 072 081

15. FINANCIAL RISK MANAGEMENT

15.1 Financial risk factors

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

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

a) Market risk

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

The main source of the Group's exposure arises from the investment outside the euro area of operation that develops in Angola, although it is still small is growing and consequently to gain weight in the group activity. The reduction of oil prices is to lead to a shortage of foreign currency in Angola by the devaluation of the kwanza is a risk to consider. Financing concerning Angolan subsidiaries are denominated in the local currency, the same in which the income is generated. In view of the current limitations on payments abroad, the group adopted a policy of monthly monitoring of credit balances in foreign currency and its full coverage with the acquisition of Treasury Bonds of the Republic of Angola, indexed to the USD.

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

Jun/20

Euro exchange rates (x foreign currency per 1 Euro)	Rate on June, 30 2020	Average interest 1st Semester 2020
Kwanza de Angola (AOA)	641,849	600,601

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

ii) Price risk
The group is not greatly exposed to the merchandise price risk.

iii) Interest rate risk (cash flow and fair value)
With the exception of the Angolan State Treasury Bonds (TB's), the group has no interest-bearing assets with significant interest. Therefore, the profit and cash flows from the investment activity are substantially independent of changes in the market interest rate. As regards the Angolan State Treasury Bonds, interest is fixed, so there is also no risk.

The Group's main interest rate risk arises from liabilities, namely long-term loans. Loans issued at variable rates expose the Group to cash flow risk associated with interest rates. Loans issued at fixed rates expose the Group to the fair value risk 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 50% of the amount owed.

Interest-bearing debt bears interest at a variable rate, having been part of an interest rate setting 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 16 million euros are based on interest maturities and repayment plans identical to the loan conditions. In 2019, 20 million euros of fixed-rate debt were contracted.

Based on simulations carried out on June 30, 2020, an increase of another 100 basis points in the interest rate, keeping everything else constant, would have a negative impact on the net profit for the period of 315 thousand euros (513 thousand euros in December 2019).

b) Credit risk
The Group's main activity is carried out with sales paid in cash, debit or credit card (meal cards, etc.) or other electronic payment, so the Group has no relevant credit risk concentrations. In relation to customers, the risk is limited to the Catering business and sales of goods and services to franchisees, which represent 6.4% of the consolidated turnover. The Group has policies that 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, with no information on the rating assigned to these entities.

The Group's cash and cash equivalents essentially include deposits arising from cash generated by operations and respective deposits in current accounts. Excluding these amounts, the value of financial investments is reduced on June 30, 2020, with the exception of the aforementioned TB's from the Republic of Angola in the amount of 13.9 million euros, subject to country risk.

Deposits and other financial investments are spread over several credit institutions, therefore, there is no concentration of these financial assets.

c) Liquidity risk
Liquidity risk management implies maintaining a sufficient amount of cash and bank deposits, the feasibility of consolidating the floating debt through a suitable amount of credit facilities and the capacity to liquidate market positions. Treasury needs are managed based on the annual plan that is reviewed every quarter and adjusted daily. Related with the dynamics of the underlying business operations, the group's treasury strives to maintain the floating debt flexible by maintaining credit lines available.

At 30 June 2020, current liabilities amounted to 170 million euros, compared to 115 million euros in current assets. This disequilibrium is, in part, a financial characteristic of this business and to which it adds a large component of leases, in other part it is due to some Commercial Paper programs, with termination clauses, in which reimbursement on the termination date is considered regardless of the deadlines for which they are hired and still circumstantially, the option for issuing under contracts of lesser maturity to the detriment of other programs of greater maturity that remain unused and consequently with amounts available for coverage. During the year 2020, the issue of Commercial Paper is considered to be considered as short-term debt (9,000,000 euros). 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. . With the restructuring of the financing due in 2020 and the financing contracted in the second quarter, the Group will have sufficient available means to settle the total current liabilities.

As of June 30, 2020, surplus availability and other investments amounted to 60 million euros, corresponding to 31% of interest-bearing liabilities. On the other hand, it has contracted and unused lines that amount to 34 million euros.

After June 30, 2020, the payment of € 15M financing has already been renegotiated, moving from short to medium to long term.

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

	to June 2021	from June 2021 to 2039
Bank loans and overdrafts	44 049 004	138 130 122
Liability for leases	57 398 112	270 833 880
Other non-current liabilities	-	6 026
Accounts payable to suppliers and accrued costs	44 174 563	-
Other current liabilities	5 476 881	-
Total	151 098 560	408 970 028

15.2 Capital risk

a) Gearing ratio
The company aims to maintain an equity level suitable to the characteristics of its main business (cash sales and credit from suppliers) and to ensure continuity and expansion.

The capital structure balance is monitored based on the gearing ratio (defined as: net remunerated debt / net remunerated debt + equity) in order to place the ratio within a 35%-70% interval.

The financial gearing ratio without the application of IFRS16, on June 30, 2020 and December 31, 2019, was 38% and 26%, respectively, as shown in the table below:

	jun/20	30/06/2020 (n/a IFRS16)	31/12/2019 (n/a IFRS16)	Dec/19
Liability for leases	328 231 992	-	-	339 983 201
Bank loans	182 179 126	192 768 388	132 095 130	121 162 682
Other financial assets	-14 140 828	-14 140 828	-15 626 772	-15 626 772
Cash and bank deposits	-60 829 369	-60 829 369	-38 424 757	-38 424 757
Net indebtedness	435 440 921	117 798 191	78 043 601	407 094 354
Equity	179 588 906	190 143 656	223 729 770	214 228 476
Total capital	615 029 827	307 941 847	301 773 371	621 322 830
Gearing ratio	71%	38%	26%	66%

b) Risk of franchise agreements

In restaurants where it operates with international brands, the group enters into long-term franchise agreements: 20 years in the case of Burger King and 10 years in the case of Pizza Hut and KFC, which are renewable for another 10 years at the franchise's option, provided certain obligations have been fulfilled.

It has become practical for these contracts to be renewed. However, nothing obliges the franchisees to do so, so the risk of non-renewal may be verified.

In these contracts it is normal to contract the payment of an "Initial Fee" at the beginning of each contract and a "Renewall Fee" at the end of the initial period, in addition to a royalty and marketing operations fee on the sales amount.

Periodically, development contracts are negotiated which guarantee the right to open new restaurants.

At the moment a contract has been signed for the implementation of 80 KFC restaurants in the period between May 2017 and May 2022.

15.3 Estimated fair value

The fair value of financial instruments commercialised in active markets (such as publicly negotiated derivatives and securities for negotiation) is determined based on the listed market prices on the consolidated statement of financial position date. The market price used for the group’s financial assets is the price received by the shareholders in the current market. The market price for financial liabilities is the price to be paid in the current market.

The nominal value of accounts receivable (minus impairment adjustments) and accounts payable is assumed to be as approximate to its fair value. The fair value of financial liabilities is estimated by updating future cash flows contracted at the current market interest rate that is available for similar financial instruments.

16. OTHER ASSETS AND LIABILITIES

16.1 Other current assets and liabilities

Other current assets and liabilities on 30th June 2020 and 31st December 2019 are broken down as follows:

Other current assets

	Jun/20	Dec/19
Clients	7 802 891	9 398 831
State and other public entities	5 792 304	6 264 376
Other debtors	11 475 595	8 659 243
Advances to suplliers	149 863	226 991
Advances to fixed suppliers	522 675	539 636
Accruals and income	2 673 703	7 600 004
Deferred costs	1 728 688	1 577 647
Other current assets	**30 145 719**	**34 266 728**
Accumulated impairment losses	3 167 184	2 585 661
	26 978 535	**31 681 067**

Other current liabilities

	Jun/20	Dec/19
Other creditors	5 476 881	4 576 409
State and other public entities	6 484 737	9 143 072
Deferred income	665 401	846 539
	12 627 019	14 566 020

16.2 Other non-current assets and liabilities

The breakdown of other non-current assets as at 30 June 2020 and 31 December 2019 is presented as follows:

	Jun/20	Dec/19
Other non-current assets (1)	7 777 250	8 164 336
Credits granted to third parties	344 013	464 334
Impairment balances	-344 013	-390 559
	7 777 250	**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.

Impairment refers to a balance receivable from a Vidisco franchise of 344.013 euros (390.559 euros in 2019).

17. FINANCIAL EXPENSES AND LOSSES / (INCOME AND GAINS)

Net financing cost on 30th June 2020 and 2019 are broken down as follows:

	2020	2019
Interest on rentals liabilities (IFRS16)	8 462 662	8 815 970
Interest paid	1 619 855	2 100 294
Interest earned	-582 803	-698 590
Currency exchange differences	113 781	-
Other financial costs and income	645 220	648 544
	10 258 715	10 866 218

The detail of other financial expenses and losses / (income and gains) is presented as follows:

	2020	2019
Financial instruments - cash flow hedge	-35 754	20
Commercial paper programmes charges	221 757	271 497
Discounted value	-	326
TB's Impairment (IFRS9)	130 927	-71 128
Other commissions	46 600	79 454
Other financial cost and gains	281 690	368 375
	645 220	648 544

18. INCOME TAX

Income taxes recognized as of June 30, 2020 and 2019 are detailed as follows:

	Jun/20	Jun/19
Current taxes	400 534	456 835
Insufficiency (excess) of income tax	12 000	300 811
Deferred taxes	-9 194 007	-2 254 739
	-8 781 473	-1 497 093

The effective tax rate on profits was 21% on June 30, 2020 and 10% in the same period of 2019, as follows:

	jun/20	Jun/19 (n/a IFRS16)	jun/19 (w/ IFRS 16)
Profit before tax	-42 143 561	8 705 478	-929 111
Income tax expense	-8 781 473	913 871	-1 497 093
Effective tax rate	21%	10%	n/a

On June 2019 the estimated effective tax rate in the period was lower than the nominal rate, mainly due to the tax benefits obtained under the terms of the Investment Tax Code (CFI).

19. OTHER FINANCIAL ASSETS

The amount of financial assets refers to the acquisition of Angola treasury bonds, resettable in accordance with the variation of the National Bank of Angola (BNA) exchange rate for the purchase of United States dollars, with rates interest coupon of default by maturity, as follows:

	Jun/20			Dec/19		
	Current	Non current	Total	Current	Non current	Total
Treasury bonds	13 933 451	1 045 670	14 979 121	13 501 309	2 832 828	16 334 138
Sub-total	13 933 451	1 045 670	14 979 121	13 501 309	2 832 828	16 334 138
Accumulated impairment losses	702 935	135 358	838 293	584 688	122 678	707 366
TOTAL	13 230 516	910 312	14 140 828	12 916 621	2 710 150	15 626 772

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

20. CASH AND CASH EQUIVALENTS

On 30th June 2020 and 31st December 2019, cash and cash equivalents are broken as follows:

	Jun/20	Dec/19
Cash	764 778	1 065 534
Bank deposits	60 064 091	37 358 723
Treasury applications	500	500
Cash and bank deposits in the balance sheet	60 829 369	38 424 757
Bank overdrafts	-5 034 056	-3 739 953
Cash and cash equivalents in the cash flow statement	55 795 313	34 684 804

21. ACCOUNTS PAYABLE TO SUPPLIERS AND ACCRUED COSTS

On 30th June 2020 and 31st December 2019, accounts payable to suppliers and accrued costs were broken down as follows:

	Jun/20	Dec/19
Suppliers c/ a	25 643 992	32 908 102
Suppliers - invoices pending approval	129 281	5 548 999
Suppliers of fixed assets c/ a	6 141 125	19 231 301
Total accounts payable to suppliers	31 914 398	57 688 402

	Jun/20	Dec/19
Accrued costs - Payable insurance	173 425	109 426
Accrued costs - Payable remunerations	8 708 369	8 201 758
Accrued costs - Performance bonus	2 659 766	1 910 792
Accrued costs - Rent and lease (1)	831 272	1 842 319
Accrued costs - External services	9 045 190	6 219 141
Accrued costs - Other	2 210 278	1 844 770
Total acrrued costs	23 628 300	20 128 206
Total accounts payable to suppl.and accrued costs	55 542 698	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.

22. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions with related parties in the six months period ended in June 2020 and in the year 2019 can be presented as follows:

	Parent entitie		Jointly controlled entitie		Associated entitie	
	Semester 2020	Year 2019	Semester 2020	Year 2019	Semester 2020	Year 2019
Supplies and services	241 185	1 000 000	1 747 402	3 767 298	-	-
Rental lease	-	-	-	-	-	-
Accounts Payable	-	-	1 096 319	1 069 114	-	-
Other current assets	25 000	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 administration and management services for the group, under a service provision agreement with the subsidiary Ibersol, Restauração, SA. company directors, Dr. António Carlos Vaz Pinto de Sousa and Dr. António Alberto Guerra Leal Teixeira, exercise their positions without the same company having to incur any additional charges. The company does not pay any remuneration directly to any of its directors.

Dr. António Carlos Vaz Pinto de Sousa and Dr. António Alberto Guerra Leal Teixeira each hold 2.520 shares of Ibersol SGPS, SA The voting rights attributable to ATPS are also attributable to António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira under the terms of paragraph b) of no. 1 of article 20 and no. 1 of article 21, both of the Portuguese Market Code, by holding the domain of ATPS, in which they participate indirectly in equal parts by their companies, respectively, the companies CALUM - SERVIÇOS E GESTÃO, SA with NIPC 513799486 and DUNBAR - SERVIÇOS E GESTÃO, SA with NIPC 513799257, which, jointly, hold the majority of the share capital of ATPS.

Transactions with related parties were carried out under normal market conditions, thus corresponding to the values that would be charged between unrelated companies..

23. <u>OTHER INFORMATION</u>

COVID-19

The semester of 2020, contrary to what the global outlook for this year was, is marked by the pandemic outbreak of Covid-19 that spread worldwide, putting a brake on global economic activity, with profound impacts on consumer behaviors and habits.

The World Health Organization on 11 March 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 to close the generality of commerce and restaurants in order to block transmission chains.

This situation forced the restaurants to close, leaving only those that had the possibility of continuing to operate through take-away and delivery, even though they were operating below their normal potential.

At the end of March, the Ibersol Group closed about 73% of its restaurants, having gradually reopened restaurants during the 2nd quarter, initially to provide delivery, take-away and drive-thru services, culminating in the beginning of the reopening. of restaurants located in shopping centers in June.

It is worth noting the good performance in restaurants with Drive services, which overcame the closing of the rooms and the growth in the Delivery segment, which contributed to minimize the impacts and limitations of other more penalized segments.

In restaurants located in concessions, namely airports, specific openings were carried out, in conjunction with the concessionaires, in order to have the offer compatible with passenger traffic as restrictions on air spaces were lifted.

The 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 ensuring the protection of the entire supply chain.

In order to reconcile the abrupt reduction in activity and the protection of jobs, the Group companies adhered to ERTE (Expediente de Regulación Temporal de Empleo) in Spain and the simplified and normal Lay-off in Portugal, covering approximately 75% of the total group employees in April.

In Portugal, in August, the group joined the Extraordinary Incentive to Standardization of Business Activity, while in Spain, it remained with around 35% of ERTE employees.

At the same time, initiatives were taken to reduce the cost of renegotiating contracts, including the financial rebalancing of lease contracts and payment terms. During the first semester, some negotiations have already been concluded, resulting in a positive impact of around 2.5 million euros, resulting from rental concessions already approved on 30 June 2020.

At the end of the semester, negotiations were still underway with shopping centers due to the impacts of the recent legislation as well as with the concessions in Portugal and Spain.

At the date of publication of this report, there has been an increase in the spread of the Covid-19 outbreak, so there is still uncertainty about the evolution of the epidemiological situation and the measures to be implemented in different countries in the coming months. However, it is estimated that a second wave will not have such limiting effects on mobility as to compromise the continuity of the group's operations. However, at this stage it is not possible to quantify the magnitude of the impacts.

In the context of the pandemic, the Group carried out the following additional analyzes, the effects of which were duly recognized in the half-yearly consolidated financial statements:

- Due to the great uncertainty regarding the evolution of the pandemic and its real effects on the national and international economy, as well as on the Group's future cash flows, we continue to monitor and update the business plans for 2020 and years following;
- The Group analyzed whether there were additional signs of impairment resulting from the impacts of COVID-19 on the results of the various businesses of the Group, according to current forecasts, which could indicate the existence of impairment of goodwill and other non-current assets, namely assets tangible and intangible assets, with no additional impairments to be recognized, in addition to those referred to in notes 8 and 9;
- Revised the existence of onerous contracts due to the current situation, having not identified any contracts that should be considered as onerous contracts;
- It is monitoring, together with the financial institutions, the evolution of compliance with the financing covenants, taking into account the evaluation to be carried out on them at the end of the financial year 2020;
- In order to strengthen its financial position and manage liquidity risk, in the second quarter the Group concluded the negotiation processes for additional credit lines with the contracting of approximately 45 million euros. In July, the refinancing of 15 million euros was completed, witch will change from short to medium to long term.

In addition, as mentioned above, on June 30, 2020, the Group has surplus availability and other investments amounting to 60 million euros, which correspond to 31% of interest-bearing liabilities. In addition, it has contracted and unused lines that amount to 34 million euros.

24. SUBSEQUENT EVENTS

After June 30, 2020 and to the present date, no relevant subsequent event has occurred that could have a material impact on the interim consolidated condensed financial statements, which has not been disclosed in the notes to the financial statements.

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

LIMITED REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(This report is a free translation to English from the original Portuguese version.
In case of doubt or misinterpretation the Portuguese version will prevail.)

Introduction

We have performed a limited review of the accompanying condensed consolidated interim financial statements of **Ibersol SGPS, S.A.** (the Group), which comprise the condensed consolidated interim statement of financial position as of 30 June 2020 (that presents a total of Euro 766 280 756 and total equity attributable to the shareholders of Euro 179 376 451, including a condensed consolidated interim net loss attributable to the shareholders of Euro 33 331 342 euros), the condensed consolidated interim statements of income and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and the accompanying explanatory notes to these condensed consolidated interim financial statements.

Management's responsibilities

Management is responsible for the preparation of this condensed consolidated interim financial statements in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union, and for the implementation and maintenance of an appropriate internal control system to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibilities

Our responsibility is to express a conclusion on the accompanying condensed consolidated interim financial statements. Our work was performed in accordance with the international standards on review engagements and further technical and ethical standards and guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). These standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared in all material respects in accordance with the IAS 34 – Interim Financial Reporting as adopted by the European Union.

A limited review of condensed consolidated interim financial statements is a limited assurance engagement. The procedures that we have performed consist mainly of making inquiries and applying analytical procedures and subsequent assessment of the evidence obtained. The procedures performed in a limited review are substantially less that those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on these condensed consolidated interim financial statements.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of **Ibersol S.G.P.S., S.A.**, on 30 June 2020, are not prepared, in all material respects, in accordance with the IAS 34 – Interim Financial Reporting as adopted by the European Union.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 23, where the decisions adopted by Group in the pandemic situation resulting from the spread of the new coronavirus ("COVID-19") are disclosed, namely, negotiations with lessors of commercial premises and negotiations for additional credit lines. In the same note, the impacts in the condensed consolidated interim financial statements that arose from COVID-19 pandemics are summarized, besides being referred that uncertainties over future cashflows subsist, namely those arising from the length of the pandemic scenario.

29 September 2020

SIGNED IN THE ORIGINAL

____

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(registered at CMVM under the nr. 20161489 and at OROC under nr. 189)
represented by
Pedro Manuel Bouça de Morais Alves da Costa (ROC nr 1466)