



being one of the European countries in which the restaurant sector contributes most to the growth of employment and the economy), the Government considered that the conditions were not fulfilled for a reduction in the rate of VAT applicable to the sector to more competitive levels, despite earlier promises. The sector continues to labour under the burden of an extremely high VAT rate, which has very negative consequences for the sector and the country as a whole.

There persists the mistaken notion that VAT on food service is a tax borne by the consumer, whereas the fact is that, as the burden cannot be passed on to consumers through prices, most operators have continued to see their margins squeezed. Yet this squeeze on margins affects only those who stay within the law, as the rest offset the extra cost by not paying tax on part of their income, putting honest competitors in a weaker position, although it has to be acknowledged that the authorities have made considerable efforts to combat the underground economy.

To alleviate this difficulty, the Ibersol Group, as a large restaurant operator, has tried to hone its management model by trimming variable costs and also, where possible, some of its fixed costs. At the same time, it has sought to implement an expansion plan in the Iberian market through very selective openings, while also modernizing existing units, so as to continue to offer customers a richer experience in terms of service and quality.

Given that the consumer decision-making process has become more complex and selective, as reflected in the different rates and habits of consumption, we took care, in these modernizations and remodels, to consolidate our operations so as to ensure the best possible consumer experience, as we have found it essential to always strive to strengthen the customer relationship and anticipate customers' needs at all times.

The above applies equally to the Spanish market, where we face similar challenges, since the Spanish economy is likewise undergoing severe adjustments.

The Group continued to reinforce its positioning, founded on three broad lines of action: readjusting and modernizing the Group's portfolio; adding value to the Group's human resources; and expanding the Group's operations to new markets in Portuguese-speaking countries, especially in Africa.

In all these lines of action we are making steady progress towards a new horizon of business and corporate development, introducing new concepts, opening new units in key locations and closing unprofitable ones, all thanks to the efforts of the operational teams, which have internalized the customer orientation.

As the largest Portugal-based multinational operating in the modern restaurants sector, the Ibersol Group continues to offer its stakeholders a robust vision of the future: a multi-concept Group, present in different geographical areas, that seeks to meet customers' needs through appropriate management of resources.